

UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

(UN WOMEN)

AUDIT REPORT AND MANAGEMENT LETTER

Partner name: BUREAU OF GENDER STRATEGY AND BUDGETING
Vendor ID: 68990
Country: Ukraine
Auditor: BDO LLP
Period subject to audit: 1 January to 31 December 2022

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1 EXECUTIVE SUMMARY

BDO LLP entered into a participation agreement with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) on 5 December 2019 for the provision of audit and assurance services under the HACT framework.

A breakdown of the expenditure reported by the partner for each of its projects selected for audit is presented in Annex I of this report.

The audit opinion in respect of the total project expenditure reported by the partner in the period from 1 January to 31 December 2022 is unmodified. A summary of the audit findings that have been raised is presented in the table below:

TABLE 1.1: SUMMARY OF AUDIT RESULTS

Partner	Audited expenditure US\$	Financial findings US\$	% of audited expenditure	Audit opinion	No. of FFs	No. of MCFs	No. of CFs	No. of OFs
Bureau of Gender Strategy and Budgeting	182,453	-	-	Unmodified	-	-	-	-

FF = Financial finding; MCF = Management control finding; CF = Compliance finding; OF = Other finding

2 AUDIT OPINION

PROJECT EXPENDITURE FOR 2022

UNMODIFIED OPINION

We have audited the project expenditure reported by Bureau of Gender Strategy and Budgeting for the period 1 January to 31 December 2022 as set out in Annex I. These amounts reflect the expenditure reported on the individual Funding Authorisation and Certification of Expenditures (FACE) forms, submitted by the partner to UN Women.

The contractual conditions of the project are set out in the relevant Project Cooperation Agreements (PCAs), Letters of Agreement (LOAs) and Partner Agreements (PAs), as applicable, and the project documents, between UN Women and the partner.

In our opinion, the expenditure reported by the partner, as represented by the FACE forms submitted by the partner, amounting to US\$ 182,453, presents fairly, in all material respects, the expenditure incurred for the projects by the partner for the period 1 January to 31 December 2022 in accordance with UN Women accounting policies and is: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UN Women regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the ‘Auditor’s responsibilities for the audit of the project expenditure’ section of this report.

We are independent of UN Women and the partner in accordance with the IESBA Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE PARTNER

In accordance with the contractual conditions, the partner’s management are responsible for the preparation of the FACE forms and other information detailing the actual expenditure and for being satisfied that together it presents fairly the actual expenditure incurred by the partner in conformity with the applicable contractual conditions.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF PROJECT EXPENDITURE

The scope of our audit is as set out in our terms of reference and includes obtaining reasonable assurance about whether the amount of project expenditure reported by the partner is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion to express an opinion on that expenditure. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the reported project expenditure.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the reported project expenditure, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partner's internal control.

We communicate with the management of the partner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

IMPACT OF PRIOR YEAR AUDIT RECOMMENDATIONS

We noted that the partner had not been subject to an audit of UN Women expenditure in the previous year.



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25 April 2023

3 THE AUDIT ENGAGEMENT

3.1 AUDIT OBJECTIVES AND SCOPE

The purpose of the audit was to express an opinion on the expenditure reported by the partner including:

- ▶ Whether the expenditure reported by the partner from 1 January to 31 December 2022 is presented fairly in accordance with UN Women accounting policies and that the expenditure reported is: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of the Government or UN Women; and (iv) supported by properly approved vouchers and other supporting documents.
- ▶ Whether the issues raised in the prior year's audit that had resulted in a modified audit opinion on the expenditure reported by the partner have been properly addressed with conclusive actions.

Our terms of reference also stated that a management letter should be attached to the audit report and cover the following topics / issues:

- ▶ A general review of the progress of project activities and timeliness in relation to progress milestones and the planned completion date;
- ▶ An assessment of the partner's internal control system in respect of the project with equal emphasis on: (i) the effectiveness of the system in providing the project management with useful and timely information for the proper management of the project; and (ii) the general effectiveness of the internal control system in protecting the assets and resources of the project;
- ▶ A description of any specific internal control weaknesses noted in the financial management of the partner and recommendations to resolve/eliminate the weaknesses.

The scope of audit services was in accordance with International Standards on Auditing (ISAs) and covered the overall management of the implementation, monitoring and supervision of project activities by the selected partner. The audit work included the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery, recruitment, operational and financial closing of projects (if applicable) and disposal or transfer of assets. To this effect, the scope of the audit covered the following areas where they related to the projects financed by UN Women:

HUMAN RESOURCES

The competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and including performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

FINANCE

The adequacy of the accounting and financial operations and reporting systems. These include budget control, cash management, certification and approving authority, receipt and disbursement of funds, recording of financial transactions in expenditure reports, and records maintenance.

PROCUREMENT

The competitiveness, transparency and effectiveness of the procurement activities of the partner in order to ensure that the equipment and services purchased meet the requirement of either the government or NGO, or UN Women, including the following:

- ▶ As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
 - ▶ Receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment;
 - ▶ Evaluation of the procedures established to mitigate the risk of purchasing equipment that does not meet specifications or is later proven to be defective;
-

- ▶ Management and control over variation orders; and
- ▶ The use of consulting firms and the adequacy of procedures to obtain fully qualified and experienced personnel combined with an assessment of their work before final payment is made.

ASSET MANAGEMENT

The adequacy of the procedures surrounding equipment (typically vehicles and office equipment) purchased for use of the project, such as receipt, storage, and disposal.

CASH MANAGEMENT

The adequacy of the review procedures enforced by the partner for the safeguarding of cash.

GENERAL ADMINISTRATION

The adequacy of the procedures surrounding travel activities, vehicle management, shipping services, office premises and lease management, office communications and IT systems, and records maintenance.

3.2 SCOPE LIMITATION

None.

4 MANAGEMENT LETTER

OVERVIEW OF PROJECT PROGRESS

We found that, in general:

- ▶ The project activities had been implemented in accordance with the stated objectives within the project documents; and
- ▶ The activities had been completed within the timeframes specified in the project documents.

ASSESSMENT OF INTERNAL CONTROL SYSTEMS

We found that the partner had, in general, adequate internal control systems.

A description of the risk severity ratings and causes of the audit findings, as provided in our terms of reference, is detailed below:

FINDING CAUSES

1	Lack of / or inadequate policies / procedures / guidelines
2	Lack of / or inadequate guidance / supervision at the project level
3	Inadequate guidance / monitoring at UN Women country office level
4	Lack of / or insufficient resources (financial, human or, technical resources)
5	Inadequate planning
6	Inadequate training
7	Human error
8	Intentional overriding of internal controls
9	Inadequate management structure

RISK RATINGS

High	Action that is considered imperative to ensure that UN Women is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).
Medium	Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
Low	Action that is considered desirable and should result in enhanced control or better value for money.

4.1 AUDIT FINDINGS

SUMMARY OF AUDIT FINDINGS

Financial findings			
No.	Title	Severity rating	Amount US\$
	None		-

Management control findings		
No.	Title	Severity rating
	None	

Compliance findings		
No.	Title	Severity rating
	None	

Other findings		
No.	Title	Severity rating
	None	

ANNEX I: SUMMARY TABLE

	BUREAU OF GENDER STRATEGY AND BUDGETING
	US\$
Atlas expenditure 2022	182,453
113153	182,453
Total Atlas expenditure 2022	182,453
Total audited amount per FACE	182,453
Difference between Atlas and FACE	-
Atlas balance of unliquidated advances	-
Balance per FACE	-
Difference between Atlas and FACE	-



FOR MORE INFORMATION:

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