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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA SPOTLIGHT INITIATIVE

FINAL REPORT
N° IA/2023-3

18 May 2023

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EXECUTIVE SUMMARY

1. As set out in the 2021 Annual Work Plan of the Office of Audit and Investigation Services (OAIS), an audit of the UNFPA Spotlight Initiative was conducted. The audit covered the period from 1 January 2020 to 30 September 2021. The audit engagement began on 13 December 2021 and substantive fieldwork phase concluded on 14 April 2022. Preliminary findings and recommendations resulting from the audit were discussed with the Office management at an exit meeting held on 4 November 2022. Comments and clarifications provided by management thereafter were reflected in a draft report submitted to the Office management on 31 January 2023, and a final management response was received on 27 March 2023 and is reflected in this report. The overall objective of the audit was to assess whether UNFPA's governance, risk management and reporting processes, including programme support and oversight arrangements, provide reasonable assurance that the goals and objectives of the Spotlight Initiative are attained.

Background

2. The Spotlight Initiative is the world's largest targeted effort to end all forms of violence against women and girls¹. The Initiative, a multiyear global endeavor between the European Union (EU) and the United Nations (UN), aimed at responding to all forms of violence against women and girls, with a particular focus on domestic and family violence, sexual and gender-based violence and harmful practices, femicide, trafficking in human beings and sexual and economic exploitation pillars.

3. Currently, 26 Country and 4 Regional Programmes are being implemented under the Initiative by all the UN implementing agencies. Together with UN Women and UNDP, UNFPA is one of the three core Spotlight Initiative implementing agencies along with UNICEF. UNFPA leads or co-leads the implementation of a number of programmes related to: prevention, strengthened provision of comprehensive services relating to Gender-Based Violence (GBV) and Sexual and Reproductive Health and Rights (SRHR), collection and use of data, as well as contributing to interventions across all pillars of the initiative.² The UNFPA governance and management of the Initiative is divided across relevant business units articulated in the Spotlight Initiative UNFPA Division of Labour document. The Gender and Human Rights Branch in the Technical Division provide overall management and support.

4. The UNFPA Spotlight Initiative had approved budget of USD 65.4 million² and related expenditures for the period under audit amounted to USD 47.3 million³, executed by 26 country offices (USD 41.1 million or 87 per cent), four regional programmes (USD 4.6 million or 10 per cent) and two headquarter programmes (USD 1.6 million or 3 per cent).

Methodology and scope

5. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. Due to the COVID-19 global pandemic, the audit was carried out using a remote audit and monitoring modality. Under this modality, desk reviews of documents and videoconference meetings with the UNFPA business units implementing the initiative being conducted from UNFPA Headquarters. Further, an online survey was undertaken to get feedback from different stakeholders⁴ on the Spotlight Initiative.

¹ <https://www.spotlightinitiative.org/what-we-do>

² UNFPA Spotlight Initiative Results and Highlights 2020

³ Source: Cognos budgets and expenditures by programme cycle output reports

⁴ UNFPA Country Offices, Regional Offices, Sub-Regional Offices, Liaison Offices, Headquarter units such as Technical Division, Finance Branch, Non-Core Funds Management Unit, Resource Mobilization Branch,

Audit rating

6. The overall audit rating is *"Partially Satisfactory with Some Improvement Needed"*, which means that the assessed controls were adequately established and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the Spotlight Initiative would be achieved. Issues and improvement opportunities identified did not significantly affect the achievement of the objectives. Management action is recommended to ensure that identified risks are adequately mitigated.

7. Ratings by key audit areas are summarized in the following table.

Audit ratings by key audit areas		
<i>Governance</i>		<i>Partially Satisfactory with Some Improvement Needed</i>
<i>Management and reporting</i>		<i>Partially Satisfactory with Some Improvement Needed</i>

Good practices noted during the audit

8. The audit identified the following good practices, which have enhanced governance, strengthened internal controls, and improved risk management:

- a) UNFPA implemented the Spotlight Initiative activities jointly with other UN agencies in alignment with the ongoing UN reforms under Delivering as One UN to promote coordination, harmonization, and coherence in the work of the UN system;
- b) Management set up oversight and reporting mechanisms to accelerate programme implementation and ensure that set targets were met annually at the headquarters, regional and country office levels;
- c) Internal and external coordination mechanisms and processes were set up to provide for a structured division of labor⁵, outlining the roles and responsibilities among different business units in UNFPA with the effect of assigning responsibilities and associated accountabilities;
- d) Robust reporting mechanisms and monitoring processes were developed to continuously monitor progress to ensure the Initiatives' deliverables were tracked against expected results;
- e) Annual account closure instructions were developed to meet the European Union expenditure eligibility requirements and to help reduce associated financial risks; and
- f) Through the use of webinars, capacity-building was conducted for both regional and country office programmes to strengthen technical and financial management capacities.

Areas with recommendations noted during the audit

9. The audit identified areas that require Management attention, some of which are strategic, and others are operational in nature.

Key recommendations: Total = 6, high priority = 3, medium priority = 3

10. For high (critical) priority recommendations, prompt action is required to ensure that UNFPA is not exposed to high risks. Failure to take action could result in significant negative consequences for UNFPA. All high (critical) priority recommendations are presented below.

⁵ Spotlight Initiative UNFPA Division of Labour document.

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Strategic level

11. At the strategic level, a more rigorous periodic programme-specific risk assessment should be performed in a timely manner. Also, a comprehensive coordination plans to support Country Offices and Regional Programmes should be developed in collaboration with other Recipient UN Organizations, to develop sustainability of the initiative and mainstreaming plans as well as exit strategies.

Operational level

12. From an operational standpoint, there is a need to develop business case detailing realignment strategies and an action plan for timely implementation by the business units across UNFPA implementing the Spotlight Initiative. In addition, UNFPA needs to review and revise the current budgets to accommodate technical staff across the outcome costs pursuant to the decision made by the Spotlight Initiative Operational Steering Committee in March 2022. Furthermore, UNFPA, together with other Recipient UN Organizations (RUNOs), negotiates with the European Union through the Executive Office of the Secretary-General to amend the current funds disbursement modality that is based on all RUNOs achieving a 70 per cent rate of fund utilization, given that individual agencies implement at different rates. Finally, there is a need to enhance the global central platform for Gender-based Violence, to include the good practices and lessons learnt gained from the Spotlight Initiative, leveraging on the functionalities offered by the 'My UNFPA' platform.

Management comments and action plan

13. UNFPA acknowledges the audit report of the Office of Audit and Investigation Services (OAIS) of UNFPA as a Recipient UN Organization (RUNO) of the Spotlight Initiative.

14. Management also acknowledges the OAIS opinion on the overall governance, management and reporting as partially satisfactory with some improvement needed which means that the assessed controls were adequately established and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the Spotlight Initiative would be achieved. However, the issues and improvement opportunities identified did not significantly affect the achievement of the objectives.

15. UNFPA Management appreciates the high professional standards with which OAIS fulfills its mandate and performs/manages the whole range of oversight functions. Senior management also appreciates the advice of the Director of OAIS on aspects of governance, management and reporting and emerging potential risks to UNFPA.

16. In summary, Management is pleased to note the number of good practices cited which have enhanced governance, strengthened internal controls, and improved risk management. The Office agrees with the recommendations outlined in this report and formulated an action plan to address them systematically, considering the management responses provided for each recommendation and the stated deadlines.

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Acknowledgement

17. The OAIS team thanks the Management and personnel of the Office of the Executive Director, the Technical Division, the Gender and Human Rights Branch, Finance Branch, Resource Mobilization Branch, the Media and Communications Branch, the Non-Core Funds and Management Unit, as well as the Regional and Country Offices covered by the audit for their active cooperation and assistance throughout the assessment.


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Director, *a.i.*
Office of Audit and Investigation Services


I. AUDIT BACKGROUND

1. As set out in the 2021 Annual Work Plan of the Office of Audit and Investigation Services (OAIS), an audit of the UNFPA Spotlight Initiative was conducted. The audit covered the period from 1 January 2020 to 30 September 2021. The audit engagement began on 13 December 2021 and substantive fieldwork phase concluded on 14 April 2022. The overall objective of the audit was to assess whether UNFPA's governance, risk management and reporting processes, including programme support and oversight arrangements, provide reasonable assurance of achieving the purpose and objectives of the Spotlight Initiative, particularly in the following areas:
 - a. Governance
 - b. Management and reporting

Overview of the Spotlight Initiative

2. The Spotlight Initiative⁶ is a multiyear global initiative between the European Union (EU) and the United Nations (UN) focused on eliminating all forms of violence against women and girls. The Initiative also contributes towards the achievement of the Sustainable Development Goals (SDGs), specifically SDG 5: *Achieve gender equality and empower all women and girls*, and SDG 16: *Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*.
3. The Spotlight Initiative has six primary outcomes designed to contribute to the overall goal of ending all forms of violence against women and girls, as follows⁷:
 - **Outcome 1:** Ensure legislative, and policy frameworks on violence against women and girls and harmful practices are in line with international human rights standards.
 - **Outcome 2:** The capacities of national and sub-national systems and institutions are strengthened for the improved planning, funding, and delivery of multi-sectoral programmes that prevent and respond to violence against women and girls and harmful practices—including through the implementation of the SDGs.
 - **Outcome 3:** Gender-equitable social norms, attitudes and behaviors are promoted at community and individual levels to prevent violence against women and girls and harmful practices.
 - **Outcome 4:** Women and girls who experience violence and harmful practices are empowered to use available, accessible, acceptable, and quality essential services, including sexual and reproductive health services and those meant for long-term recovery from violence.
 - **Outcome 5:** Quality, disaggregated, and globally comparable data on different forms of violence against women and girls and harmful practices will be collected, analyzed, and used in line with international standards to inform laws, policies and programmes.
 - **Outcome 6:** Women's and girls' rights groups, movements, and Civil Society Organizations (CSOs), including those facing intersecting and multiple forms of discrimination, more effectively influence and advance progress on Gender Equality and Women Empowerment (GEWE) and violence against women and girls, including Sexual Gender-based Violence and harmful practices (SGBV/HP).

⁶ European Union Delegation Agreement

⁷ Annex 1: Description of the Action Spotlight Initiative Rider

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4. Further, the Initiative considered the theories of change on thematic components according to regional contexts, where specific forms of gender-based violence are most prevalent, and where existing structures/momentum will enable rapid and efficient scale-up of activities⁴ as follows: (i) Trafficking of women and girls and exploitation (including sexual) in Asia, (ii) Domestic violence in the Pacific, (iii) Sexual and gender-based violence, and harmful practices in Sub-Saharan Africa, (iv) Femicide in Latin America, and (v) sexual and gender-based violence in Central Asia Eastern Europe, and (vi) Domestic and family violence in the Caribbean.

5. The Spotlight Initiative is pioneering an unprecedented integration of UN agency efforts under the leadership of the Executive Office of the Secretary-General (EOSG) at the global level and Resident Coordinators (RC) at the country and regional office levels⁸. UNFPA, UN Women and UNDP are the three core Spotlight Initiative agencies, along with UNICEF. The Initiative governance structure was aligned with UN development system reforms in order to effectively implement the 2030 Agenda for Sustainable Development. It envisioned the UN agencies working together in an integrated manner under the leadership of the EOSG at the global level and the RC at the country office level.

UNFPA Spotlight Initiative governance, monitoring and reporting frameworks

6. The Spotlight Initiative's governance structure consisted of two tiers, namely the Governing Body and the Operational Steering Committee, both of which were supported by the Spotlight Initiative Fund Secretariat. The Fund Secretariat was made up of two units, namely the Management Unit and Technical Unit.

7. In UNFPA, the governance, implementation, monitoring and reporting processes of the Initiative are carried out by relevant business units as articulated in the Spotlight Initiative UNFPA Division of Labour document. The Gender and Human Rights Branch in the Technical Division provides overall management and support to ensure effective coordination, technical coherence, harmonization and effective implementation of the Initiative, both internally and externally. At the country/regional levels, Steering Committees⁹ provide implementation oversight and coordination of the country/regional programme portfolio.⁴ The regional and country programmes also engage with regional entities and national governments as essential partners to foster regional and local ownership and political buy-in to the achievements of the objectives of the Initiative. A distinct fund code is established for the funding resources allocated to this Initiative at the business unit level.

Scope and methodology

8. The overall objective of the audit was to assess whether UNFPA's governance, risk management and reporting processes, including programme support and oversight arrangements, provide reasonable assurance of achieving the purpose and objectives of the Spotlight Initiative. The following questions guided the audit:

- a. *Question 1: Has UNFPA established an adequate governance structure and accountability framework to support and manage the Spotlight Initiative effectively?*

Question 2: Is UNFPA delivering on its programme activities and commitments to the Spotlight Initiative Fund Secretariat?

⁸ <https://www.spotlightinitiative.org/what-we-do>

⁹ Steering Committees are co-chaired by the designated government official and the United Nations Resident Coordinator (or his/her designate), and with the involvement of the Gender Thematic working Group.

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9. The audit covered the activities of the Spotlight Initiative from 1 January 2020 to 30 September 2021 with an approved budget of USD 65.4 million¹⁰ and related expenses amounting to USD 47.3 million¹¹. Activities reviewed amounted to USD 31.7 million or 67 per cent of the total expenditure using a risk-based approach. Audit testing covered 11 of 26 country offices implementing the Spotlight Initiative programme (USD 27.9 million or 59 per cent), all four regional programmes (USD 2.2 million or 5 per cent), and one headquarters programme (USD 1.6 million or 3 per cent). Table 1 below provides a financial overview of the UNFPA Spotlight Initiative covering the period 1 January 2020 to 30 September 2021.

No of Programs	Programs	Approved Budget (USD)	Budget Utilization (USD)	Utilization Rate (%)
26	Country Offices Programs	57,345,163	43,485,751	76%
4	Regional Programs	5,842,508	2,255,120	39%
2	Headquarter Programs	2,257,600	1,573,120	70%
		65,445,272	47,313,991	72%

10. An online survey was undertaken to get feedback from different stakeholders¹² on the Spotlight Initiative. The survey comprised 99 questions tailored to address the two main audit questions and covered 11 country offices, two sub-regional offices, four regional offices, two liaison offices, and five Headquarters branches. The overall survey response rate was 100 per cent (24 of 24). Guidance notes and key programme reports were also reviewed as appropriate.

11. This was the first OAIS audit of the UNFPA Spotlight Initiative and due to the COVID-19 global pandemic that limited mission travel, the audit was carried out using a remote audit and monitoring modality. Under this modality, desk reviews of documents and videoconference meetings with the UNFPA business units implementing the initiative were conducted from UNFPA Headquarters

12. The OAIS audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, which require that internal auditors plan, perform and report results of the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and reporting processes, including programme support and oversight arrangements in place.

¹⁰ Source: Cognos budgets and expenditures by programme cycle output reports

¹¹ The Spotlight Initiative funded programme activities implemented by 26 country offices (USD 43.5 million or 92 per cent), four regional programmes (USD 2.2 million or 5 per cent) and two headquarter programmes (USD 1.6 million or 3 per cent).

¹² UNFPA Country Offices, Regional Offices, Sub-Regional Offices, Liaison Offices, Headquarter units such as Technical Division, Finance Branch, Non-Core Funds Management Unit, Resource Mobilization Branch,

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13. The engagement was led by an OAI audit specialist, supported by one consultant, starting on 13 December 2021 and under the supervision of an Internal Audit Branch Unit Chief. The audit included a review of documents and records, written inquiries/surveys, interviews and discussions with various UNFPA stakeholders from different geographical locations, including relevant offices at the headquarters, regional, liaison and country offices¹³.

14. Audit results were discussed with UNFPA Management at briefing meetings held between 31 May 2022 and 2 June 2022. Comments and clarifications provided by Management were reflected in a draft report submitted to the Office Management on 03 March 2023. A final Management response was received on 21 March 2023 and additional comment were received on 10 May 2023. All comments are reflected in this report.

¹³ UNFPA Offices included the Asia and Pacific, East and Southern Africa, Latin America and Caribbean, and West and Central Africa Regional Offices, and the Country Offices of Argentina, Belize, Guyana, Jamaica, Mali, Mexico, Mozambique, Nigeria, Papua New Guinea, Uganda and Zimbabwe

II. AUDIT RESULTS

15. The results of the audit, including good practices identified and matters that require Management attention, are presented below by audit area:

Good practices identified

16. The audit identified the following good practices:

- a) The Spotlight Initiative governance structure was designed in line with UN development system reforms aimed at effectively implementing the 2030 Agenda for Sustainable Development. At the COs, ROs, and HQ levels, synergies were created through the coordination and alignment of workplans, thereby demonstrating the catalytic blueprint for the "*Delivering as One UN*" in line with the ongoing UN reforms. In eleven UNFPA country offices, the national governance structures were adapted to the country context, which included UN Country Teams (UNFPA is a key member), relevant government ministries, and civil society organizations as key stakeholders. At the regional level, UNFPA worked with Civil Society Regional Reference groups and other regional entities such as the African Union and Caribbean Community (CARICOM), to ensure that the Initiative's programmes are aligned with regional interventions.
- b) Corporate-wide programme continuity mechanisms were developed to ensure the achievement of programme objectives. A bridge funding mechanism¹⁴ was established as a gap financing arrangement that UNFPA business units can access to meet short-term resource needs before receipt of the next tranche of funds from the EU based on the established *70 per cent implementation rate* rule¹⁵.
- c) Due to significant delays in implementing programme activities in early 2020¹⁶, UNFPA established acceleration plans¹⁷ and monitoring mechanisms to support the acceleration of programme implementation with annual targets. A robust reporting mechanism was put in place by the Gender and Human Rights Branch (GHRB) in consultation with the Finance Branch (FB), the Brussels Liaison Office (BO), and the Non-Core Fund Management Unit (NCFMU), to ensure quality reviews and timely financial reporting by all the business units before these are submitted to the Multi-Partner Trust Fund Office (MPTFO) and Resident Coordinator's Office. Further, a corporate monitoring tool, the *SI Financial Matrix Tool*¹⁸, was developed to ensure timely benchmarking of programme implementation to improve funding and cash flow projections caused by delays in the receipt of funding from the MPTFO.
- d) Improved internal and external coordination mechanisms were set up under the leadership of the GHRB, outlining the roles and responsibilities¹⁹ among the different business units in UNFPA with the effect of clearly assigning responsibilities and associated accountabilities.

¹⁴ A bridge funding mechanism was used as a cashflow management tool with funding sourced from UNFPA internal reserves.

¹⁵ A guidance established by the Multi-Partner Trust Fund Office where each agency is only eligible to receive the next tranche of funds once all agencies achieve a 70 per cent rate of fund utilization of the funds that were previously transferred, including expenditures and commitments.

¹⁶ Management minutes indicated that in early 2020, several factors contributed to delays in Spotlight Initiative programme implementation by the country offices and the regional programmes.

¹⁷ Spotlight Initiative Accelerators to support and fast track implementation were implemented at the headquarters, regional programmes, as well as country offices levels.

¹⁸ Guidance Note on Completing the SI Matrix for financial updates and budget projections.

¹⁹ Spotlight Initiative UNFPA Division of Labour document.

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- e) The annual account closure instructions, integrating a review of the Spotlight Initiative projects by the various implementing business units, were developed by the FB to meet the European Union expenditure eligibility requirements and to reduce associated financial risks.
- f) Capacity-building activities, both technical and financial were provided to both regional and country offices. These activities were tailored to address the Initiative's requirements regarding the PAGoDA-2²⁰ contribution agreement, a guideline established by the MPTFO, and followed Gender Based Violence prevention best practices from the UNFPA GBV programme portfolio.

A. GOVERNANCE

**PARTIALLY SATISFACTORY WITH
SOME IMPROVEMENT NEEDED**

17. The audit team concluded that UNFPA had established an effective governance structure and accountability framework to support, manage and promote the Spotlight Initiative's objectives with some improvement needed. Roles and responsibilities were defined to advise, support and guide Headquarters units, regional offices, and country offices in implementing the Initiative's activities.

18. Based on the work performed, the audit noted the following matters that require Management attention:

Issue 1 *Spotlight Initiative strategic and fraud risk assessments not formalized*

19. Business units did not establish a formal and systematic process for identifying and assessing risks, and determining their impact on the Spotlight Initiative's programme using the 'myRisks' functionality in the Strategic Information System. The corporate risk management tool does not require business units to conduct risk assessment of global programmes such as this Initiative. Consequently, the necessary control processes were not developed to mitigate risks, such as inadequate implementation capacity, excessive staffing workload, delayed cashflow management, misreporting, and uncertainty of funding for the sustainability of the Initiative.

20. Although the risks and mitigation controls are not documented in "myRisks", business unit personnel were aware of the risks associated with the Initiative. Business unit personnel proactively collaborated with relevant Headquarters units to address risks, which was demonstrated through well-informed risk responses provided in the audit questionnaires and interviews.

21. The audit has acknowledged the recent corporate decision, necessitated by the COVID-19 pandemic, to introduce a risk-based differentiated approach to risk management that concentrates on the 30 business units facing the highest risk levels. The Management of the Spotlight Initiative is therefore, encouraged to prepare and implement periodic programme-specific risk assessments and risk mitigation plans, in line with programme management best practice. This is especially important given its planned expansion of service offerings and geographical coverage.

<i>Root Cause</i>	Guidelines: inadequate risk management processes. <i>(Undefined ERM processes to be applied for the specific programmes or projects in UNFPA)</i>
<i>Impact</i>	Limited capacity to identify, manage, and respond to critical risks in a timely and systematic manner can hinder personnel responsible for programme implementation, impeding their ability to achieve the Initiative's objectives and make effective decisions when risks arise.
<i>Category</i>	<i>Strategic continue here</i>

²⁰ European Commission Pillar Assessed Grant or Delegation Agreement (PAGoDA 2)

RECOMMENDATION 1

PRIORITY: HIGH

As part of the upcoming generation of Spotlight programmes, incorporate periodic programme-specific strategic and fraud risk assessments into the existing ERM programme component, ensuring alignment with the established timeline determined by the ERMS Secretariat. Further, once the identification of risk factors is complete, develop clear action plans with assigned responsibilities and timelines for risk management.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

STATUS: Agree

Deputy Executive Director – Programmes with support from Chief Risk Officer, Enterprise Risk Management Secretariat.

MANAGEMENT ACTION PLAN:

DUE DATE: January 2024

The recently updated ERM policy now features a distinct "programme" component, which will involve risk factors pertaining to the global/regional and country programmes, according to the established ERM calendar and operationalization timeline determined by the ERMS Secretariat. This means that the risk assessment for the new generation of Spotlight programmes will be carried out at a specific time and in accordance with the guidelines set by the ERM Secretariat.

Issue 2 Inadequate development of programme sustainability plans at the national level

22. One of the objectives of the Spotlight Initiative included in its terms of reference²¹ is to secure substantial, coordinated, and sustainable financial resources through strategic partnerships at the country level, including national resources to address violence against women and girls and harmful practices. This is to build national capacities to continue, sustain and mainstream these capabilities in other parts of the country.

23. Audit surveys and interviews with country offices' management revealed that eight of the eleven country offices had not developed their programme sustainability plans and exit strategies for the Spotlight Initiative in a participatory manner with their national government counterparts and other Recipient UN Organizations (RUNOs) to ensure programme sustainability for achieving the Initiative's six outcomes beyond the funding period. To allow programmes to complete implementation of allocated budgets, the maximum implementation timeframe was extended by one year from 31 December 2022 to 31 December 2023 as a no-cost extension, with no additional funding.

24. The audit acknowledges that some business units and UNFPA management had taken several actions to address programme sustainability when developing their strategies. For example, (a) the Spotlight Initiative Africa Regional Programme implements its strategic measures in consultation with the African Union, thus ensuring that these actions are aligned with the African Union's strategic framework. This strengthens UNFPA's relationship with the African Union, its commission, and other bodies in the region that have programmes related to Female Genital Mutilation (one of the priority areas of the Spotlight Initiative programme), which should increase the sustainability of the Spotlight Initiative outcomes in the long term; and (b) in keeping with the Spotlight Initiative being implemented as part of the broader UNFPA GBV portfolio, the GHRB is leading the process of developing a UNFPA value proposition for building on the Spotlight Initiative model to sustain the results and good practices beyond December 2023.

²¹ Annex 1 Description of the Action Spotlight Initiative Rider

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ROOT CAUSE	<i>Guidance: inadequate guidance at the Programme Management level. (Lack of timely follow-up with business units and collaboration with other RUNOs on the development of programme sustainability plans and exit strategies)</i>
IMPACT	<i>Spotlight Initiative programme outcomes may not be achieved and sustained beyond the programme period.</i>
CATEGORY	<i>Strategic</i>

RECOMMENDATION 2

PRIORITY: MEDIUM

In collaboration with other Recipient UN Organizations, develop comprehensive coordination plans to support Country Offices and Regional Programmes implementing the Spotlight Initiative to develop sustainability and mainstreaming plans and exit strategies.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:
Deputy Executive Director – Programmes

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: November 2023

As part of the second and final phase of the current Spotlight Initiative, COs were supported by the GHRB to ensure sustainability and exit strategies were written into proposals including to reflect sufficient time for closing the programme and ensuring that staff are in place to facilitate that process. As the next generation programmes will be more flexible and have a country-owned format, the GHRB will continue to support COs' efforts on sustainability measures including developing models for the next generation of Spotlight programmes.

Issue 3 *Staffing needs not adequately assessed and aligned to support programme implementation*

25. A comparative analysis of the sampled regional and country offices' Spotlight Initiative programme budgets²² showed that resources from Spotlight Initiative funding represented additional budget funds ranging from 2 to 14 per cent among the four regional programmes, and from 10 to 48 per cent among the eleven country offices that were covered in the audit. Further, the programme management costs (PMC) were set at 18 per cent of the available Spotlight Initiative budget for each business unit from where staff costs were allowed to be budgeted, as per the budget requirements outlined in the Country Programme Document development guidance shared with UN Resident Coordinators.²³

26. As per the UNFPA policy²⁴, the EB-approved RIAPs and CPDs reflected a set organizational structure based on the staff capacity assessments carried out in tandem with the new RIAPs and CPDs. Consequently, the additional programmatic and associated operational workload in the regional and country offices implementing the Spotlight Initiative programmes required additional staff capacity or reprioritization within UNFPA.

²² Based on indicative resources of the Executive Board (EB) approved Regional Intervention Action Plans (RIAPs) and Country Programme Documents (CPDs).

²³ The Spotlight Initiative Guidance Note on Programme Revision Requirement December 2019.

²⁴ PPMs for Development and approval of Country and Regional Programme Documents

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27. Given the resources limitation presented by PMC threshold of 18 per cent, the programmes lacked adequate resources to attract highly qualified candidates. When hired, Spotlight Initiative programme personnel were offered contracts on a short-term basis, i.e. Temporary Appointments (TA), increasing the frequency of staff turnover. Additional demands were therefore placed on the existing staff members to deliver the programme activities. Junior staff members are sometimes tasked to attend high-level meetings, such as the pillar technical working group meetings, instead of the programmatic or technical leads. The audit noted that the newly hired and existing junior staff members often lacked experience and faced a steep learning curve to understand the contractual obligations under the Spotlight Initiative as stipulated in the Special Conditions and General Conditions of the PAGODA-2 Contribution Agreements²⁵.

28. To shorten the learning curve, the UNFPA Brussels Office (BO), the Finance Branch (FB), and the Gender and Human Rights Branch (GHRB) developed relevant capacity-building activities, communicated through webinars, for new and existing staff of the Initiative. However, high turnover of staff and the demand for more capacity building have created higher workloads for the Management team. The workload imbalances also hampered business units' ability to provide timely programme and financial reports, given the manual nature of data analysis, reporting template demands, and reporting frequency.

29. The audit acknowledges the proactive actions taken by Management to address these challenges. For example, efforts were made to augment capacity by providing extended technical and operational support to programme managers, raising the PMC threshold to 22 per cent for the period up to December 2023²⁶ and creating budget flexibility to recruit technical staff. Notably, the GHRB undertook a mapping exercise of GBV prevention and response activities to identify opportunities for increased investment in the quality and coverage of UNFPA programming in the humanitarian, peacebuilding, and development contexts, including investment in UNFPA staff as a core resource²⁷.

30. While Management has made efforts to augment capacity, high staff turnover and workload imbalances continue to create risks that the existing structures and staffing arrangements in place may no longer be adequate to support programme delivery in a sustainable manner. In addition, there is the risk of loss of lessons learned needed for having institutionalized knowledge management

ROOT CAUSE	<i>Resources: Lack of or insufficient resources: financial and human resources. (Lack of adequate funds to hire additional staff having the right skills and profiles to support the implementation and to eventually mainstream the programme activities of the Spotlight Initiative).</i>
IMPACT	<i>Achievement and sustainability of the expected results and the efficiency of the GBV programme delivery and operations may be diminished due to inadequate staff capacity and capabilities. Loss of knowledge that need to be institutionalized in the Organization..</i>
CATEGORY	<i>Operational</i>

²⁵ The PAGODA-2 Contribution Agreements is an agreement signed with the EU in the framework of the EU-UN Spotlight Initiative.

²⁶ Operational Steering Committee Meeting #19 – 15 March 2022

²⁷ Report: Mapping of Gender-based Violence Prevention and Response

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RECOMMENDATION 3

PRIORITY: HIGH

Develop business case detailing realignment strategies and an action plan for timely implementation by business units across UNFPA implementing the Spotlight Initiative. The staffing workload issues highlighted by the audit is to be executed and periodically assessed to ensure that organizational structures, capacities and succession planning are aligned with programme delivery and operational requirements, and these are mainstreamed, knowledge is shared to build Office and national capacities in sustaining the Initiative long term.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

STATUS: Agree

Deputy Executive Director – Programmes with support from Director, DHR

MANAGEMENT ACTION PLAN:

DUE DATE: November 2023

In the remaining time frame of programme implementation, attention will be given to the staffing workload issues highlighted by the audit, also considering organizational structures, capacities and succession planning to be aligned with programme and operational requirements.

RECOMMENDATION 4

PRIORITY: HIGH

Considering the decision made by the Spotlight Initiative Operational Steering Committee in March 2022, review and revise the current budgets to incorporate technical staff across the outcome costs and factor this in the Project Management Cost increase to 22 per cent from 18 per cent to address the staffing capacity needs for the delivery of expected results and achieving sustainability of the initiative.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

STATUS: Agree

Deputy Executive Director – Programmes with support from Director, Division of Management Services

MANAGEMENT ACTION PLAN:

DUE DATE: September 2023

Programmes eligible for the increase in Programme Management Cost (those with a 5th year of implementation in Latin America and Africa and those with Phase II envelopes of around \$2M in the Caribbean, Pacific and Central Asia regions) reflected the increase from 18% to 22% in proposals and budgets.

B. MONITORING AND REPORTING

**PARTIALLY SATISFACTORY WITH
SOME IMPROVEMENT NEEDED**

31. The audit team concluded that UNFPA was able to deliver on its programme activities and commitments to the Spotlight Initiative Secretariat. Structured processes are in place to continuously monitor and adjust the programme activities to stay on track against Spotlight Initiative objectives. UNFPA regional offices and country offices collaborated with other UN agencies to deliver and report on the Initiative's programme activities, as indicated in the joint programme reports of the RUNOs at the country offices and based on interviews with regional office programme managers. Further, UNFPA has provided quality and timely performance and financial reports, as per the reporting matrix supported by a Guidance Note.

AUDIT OF THE UNFPA SPOTLIGHT INITIATIVE

Based on the work performed, the audit noted the following matters that require Management attention:

Issue 4 *Inflexible funding release and replenishment modality*

32. The Spotlight Initiative programme is delivered under the one UN modality rather than as separate UN agencies. The MPTFO acts as the administrative agent, using a pass-through modality in administering the funds. Due to the one UN approach in releasing funds or replenishing previous advances, agencies can only receive the next tranche of release or replenishment when all the agencies achieve a 70 per cent rate of fund utilization of the previously transferred funds to all of them, including expenditures and commitments.²⁸

33. This funding release and replenishment modalities by the donor is not working well for UNFPA and for other agencies as well. Other RUNOs have different fund implementation rates. While there are commonalities in their work, there are also elements specific to each organization's outcomes, activities, and implementation timelines, as well as administrative, procurement, and financial reporting procedures. The audit noted that eight of the eleven UNFPA country offices had reached the 70 per cent funds utilization threshold faster than other RUNOs, but due to the fund replenishment restrictions, some country offices experienced funding gaps resulting in delayed implementation of their programmes.

34. To mitigate the gap financing risks and to ensure continuity of operations, UNFPA established a bridge funding mechanism that programme managers can access when required²⁹ while waiting for replenishment of reported expenditures.

ROOT CAUSE	<i>Other: factors beyond the control of UNFPA (Replenishment restrictions in the Spotlight Initiative Fund Operational Steering Committee Guidance Note on Programme requirements)</i>
IMPACT	<i>Achievement of expected results may be diminished due to potential programme disruptions caused by cashflow delays.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 5

PRIORITY: MEDIUM

Should there be an extension of the Spotlight Initiative beyond the current implementation timeframe of December 2023, UNFPA, together with other Recipient UN Organizations, negotiate with the EU through the EOSG on behalf of other potential donors to amend the current funds disbursement modality of requiring all RUNOs to achieve a 70 per cent rate of fund utilization, before any replenishments are released to the participating agencies. In the absence of securing an amended fund release modality, UNFPA should consider including a cashflow risk-factor in its programme risk register and mitigation strategies to address the risk.

²⁸ The Spotlight Initiative Guidance Note on Programme Requirements.

²⁹ The Bridge Fund Mechanism avails business units access to funds on a clearly stipulated basis.

AUDIT OF THE UNFPA SPOTLIGHT INITIATIVE

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

STATUS: *Agree*

Deputy Executive Director – Programmes

MANAGEMENT ACTION PLAN:

DUE DATE: *November 2023*

Should there be an extension of the Spotlight Initiative fund and programme portfolios, both an updated Fund Terms of reference and a new Fund Manual will be developed, led by the Secretariat with RUNOs. As the new generation of programmes will be country owned and informed by evaluations and assessments done under the current Initiative, as a RUNO of the Initiative UNFPA will use the opportunity of the development of the updated TOR and new Fund Manual to include an amended fund release modality.

Issue 5 *Lessons learnt and good practices not adequately institutionalized*

35. The audit noted several lessons and good practices implemented at different levels of the Organization, covering interlinked programmes and operational activities. However, there is currently no comprehensive mechanism to help programme managers share these experiences and lessons learned as basis for adoption or replication in other relevant parts of the Organization.

36. Good practices were not systematically collated and shared in the global central platform developed specifically for the GBV programme portfolio, including the Spotlight Initiative programme. If shared globally, these good practices and lessons learnt can benefit UNFPA business units, other UN agencies and Civil Society Organizations to facilitate learning and replication, and enhance programming and operations, primarily in the GBV programming portfolio.

37. For example, Zimbabwe Country Office established a coding system that included the Spotlight Initiative United Nation Development Group (UNDG) categories to facilitate programmatic and financial reporting to meet the specific requirements of the European Union.³⁰ Numerous business units have cited challenges in complying with the time-consuming reporting requirements of the EU, without realizing that good practices related to this priority area could be applied to their context. An expanded global central platform would allow innovative ideas to be replicated quickly across the organization, ensuring continuous improvement, which could also help increase the Spotlight Initiative's impact and possible replications in relevant parts of the Organization.

38. The Media and Communications Branch is currently working on creating a dedicated UNFPA Community to serve as a repository of institutional knowledge related to the Spotlight Initiative's achievements. In addition, the Gender and Human Rights Branch has also created a community specific to the Spotlight Initiative; however, there have not been any good practices or lessons learnt proactively shared in this community as of the writing of this report.

³⁰ The Spotlight Initiative Guidance Note on Programme Requirements – required specific budgeting and subsequent reporting formats.

AUDIT OF THE UNFPA SPOTLIGHT INITIATIVE

ROOT CAUSE	<i>Guidance: inadequate guidance at the Programme Management level. (Unclear responsibility for sharing and advocating good practices and lessons learnt from the Spotlight Initiative within UNFPA)</i>
IMPACT	<i>The effectiveness and efficiency of UNFPA programmes may be diminished when programme managers cannot leverage their experiences, knowledge and good practices. This may result in missed opportunities to foster cross-learning among regional programmes, regional and country offices, other UN agencies, Civil Society Organizations, and national government ministries working in the GBV programming space and waste of resources of those trying to "reinvent the wheel".</i>
CATEGORY	Operational

RECOMMENDATION 6

PRIORITY: MEDIUM

Enhance the global central platform for Gender-based Violence, to include the good practices and lessons learnt gained from the Spotlight Initiative, leveraging on the functionalities offered by the 'My UNFPA' platform. Formally adopt the process of timely gathering, categorizing, prioritizing, and disseminating good programme practices and lessons learnt throughout the Organization.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

STATUS: Agree

Deputy Executive Director – Programmes with support from Director, Information Technology Solutions Office (ITSO), Division of Communications & Strategic Partnerships, and Director, Policy and Strategy Division (PSD)

MANAGEMENT ACTION PLAN:

DUE DATE: November 2023

Specific to UNFPA, as the Spotlight is part of the wider UNFPA GBV programme, the lessons, emerging good practices and innovations from the Initiative are included as part of the UNFPA GBV platform that offers qualitative data on gender-based violence and harmful practices and advances UNFPA's leadership in GBV data analysis and knowledge management.

The Global Platform, Shine, has been developed by the Spotlight Secretariat as a global/regional knowledge-sharing platform, a community of practice and an advocacy platform that houses the practical experiences, knowledge, lessons and best practices of the Spotlight Initiative's programmes. It is also linked to existing communities of practice including the GBV AoR (Area of Responsibility) for which UNFPA has the global leadership.

To reflect the UNFPA-specific results under the SI, the GHRB distills results that are attributable to UNFPA from the global annual reports to develop the UNFPA SI Newsletter reflecting results from ROs and COs. Several knowledge management initiatives are currently used at regional level to document/showcase good practices.

ANNEX I - DEFINITION OF AUDIT TERMS

A. AUDIT RATINGS

Audit rating definitions, adopted for use in reports for audit engagements initiated as of 1 January 2016³¹, are explained below:

Satisfactory	<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.</p>
Partially Satisfactory with Some improvement needed	<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.</p>
Partially Satisfactory with Major improvement needed	<p>The assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
Unsatisfactory	<p>The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could seriously compromise the achievement of the audited entity or area's objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

Guidelines: absence of written procedures to guide staff in performing their functions

- Lack of or inadequate corporate policies or procedures
- Lack of or inadequate Regional and/or Country Office policies or procedures
- Inadequate planning
- Inadequate risk management processes
- Inadequate management structure

³¹ Based on the proposal of the Working Group on harmonization of engagement-level audit ratings approved by the United Nations Representatives of Internal Audit Services (UN-RIAS) in September 2016

AUDIT OF THE UNFPA SPOTLIGHT INITIATIVE

Guidance: inadequate or lack of supervision by supervisors

- Lack of or inadequate guidance or supervision at the Headquarters and/or Regional and Country Office level
- Inadequate oversight by Headquarters

Resources: insufficient resources (funds, skills, staff) to carry out an activity or function:

- Lack of or insufficient resources: financial, human, or technical resources
- Inadequate training

Human error : un-intentional mistakes committed by staff entrusted to perform assigned functions

Intentional: intentional overriding of internal controls.

Other: factors beyond the control of UNFPA.

C. PRIORITIES OF AGREED MANAGEMENT ACTIONS

Agreed management actions are categorized according to their priority, as a further guide to Management in addressing the related issues in a timely manner. The following priority categories are used:

- High** Prompt action is considered imperative to ensure that UNFPA is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organisation).
- Medium** Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
- Low** Action is desirable and should result in enhanced control or better value for money. Low priority management actions, if any, are discussed by the audit team directly with the Management of the audited entity during the course of the audit or through a separate memorandum upon issued upon completion of fieldwork, and not included in the audit report.

D. CATEGORIES OF ACHIEVEMENT OF OBJECTIVES

These categories are based on the COSO framework and derived from the INTOSAI GOV-9100 Guide for Internal Control Framework in the Public Sector and INTOSAI GOV-9130 ERM in the Public Sector.

- Strategic** High level goals, aligned with and supporting the entity's mission
- Operational** Executing orderly, ethical, economical, efficient and effective operations and safeguarding resources against loss, misuse and damage
- Reporting** Reliability of reporting, including fulfilling accountability obligation
- Compliance** Compliance with prescribed UNFPA regulations, rules and procedures, including acting in accordance with Government Body decisions, as well as agreement specific provisions

GLOSSARY

Acronym	Description
BO	Brussels Liaison Office
CO	Country Office
CPD	Country Programme Document
CSO	Civil Society Organization
DMS	Division of Management Services
EOSG	Executive Office of the Secretary-General
EB	Executive Board
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
EU	European Union
FB	Finance Branch
GBV	Gender-Based Violence
GEWE	Gender Equality and Women Empowerment
GHRB	Gender and Human Rights Branch
MPTFO	Multi-Partner Trust Fund Office
NCFMU	Non-Core Fund Management Unit
OAIS	Office of Audit and Investigation Services
PMC	Programme Management Costs
RC	Resident Coordinator
RIAP	Regional Intervention Action Plans
RO	Regional Office
RUNO	Recipient United Nations Organisations
SDG	Sustainable Development Goals
SGBV	Sexual Gender-Based Violence
SGBV/HP	Sexual Gender-Based Violence/Harmful Practices
TD	Technical Division
UN	United Nations
UNDG	United Nation Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USD	United States Dollars