



## INTERNAL AUDIT DIVISION

### REPORT 2016/081

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Audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia

Overall results relating to the effective management of selected subprogrammes and related technical cooperation projects were initially assessed as partially satisfactory. Implementation of three important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

11 August 2016

Assignment No. AN2015/750/01

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# **AUDIT REPORT**

## **Audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia**

### **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia (ESCWA).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. ESCWA was established on 9 August 1973 pursuant to United Nations Economic and Social Council resolution 1818 (LV). The Commission comprises 18 Member States (12 in Western Asia and 6 in North Africa), and meets biennially (in even years) to provide overall direction to the work of the ESCWA secretariat and to report to the Economic and Social Council. ESCWA objectives are to: (a) support economic and social development in member countries; (b) promote interaction and cooperation between member countries; (c) encourage the exchange of experience, best practices and lessons learned; (d) achieve regional integration and ensure interaction between Western Asia and other regions; and (e) raise global awareness of the circumstances and needs of member countries. Nine inter-governmental legislative and consultative Committees (called subsidiary bodies) provide substantive guidance to seven subprogrammes. ESCWA programme of work is embodied in Programme 19 of the United Nations Strategic Framework.

4. The total ESCWA proposed programme budget for the biennium 2014-2015 was \$82 million, which included \$70 million from the regular budget and \$12 million from extrabudgetary funding. ESCWA also received \$6 million for projects and activities funded from the Regular Programme for Technical Cooperation (RPTC) and the Development Account.

5. The audit covered the largest two subprogrammes in ESCWA namely subprogramme 1: Integrated management of natural resources for sustainable development; and subprogramme 3: Economic development and integration. The Sustainable Development and Policies Division (SDPD) managed subprogramme 1, while the Economic Development and Integration Division (EDID) managed subprogramme 3. The total proposed programme budget of these two subprogrammes for the biennium 2014-2015 was \$24 million as shown in Table 1 and included 23 posts for SDPD and 29 posts for EDID.

**Table 1: 2014-2015 resources for subprogrammes 1 and 3 (amounts in thousands of United States Dollars)**

Subprogrammes	Regular budget		Extra budgetary	RPTC	Development account	Total
	2012-2013	2014-2015 (before recosting)				
1. Integrated management of natural resources for sustainable development	6,718.5	6,773.4	6,279.4	660.3	525.0	14,238.1
3. Economic development and integration	7,995.3	7,690.9	500.0	1,717.9	-	9,908.8
<b>Total</b>	<b>14,713.8</b>	<b>14,464.3</b>	<b>6,779.4</b>	<b>2,378.2</b>	<b>525.0</b>	<b>24,146.9</b>

6. Comments provided by ESCWA are incorporated in *italics*.

## II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of ESCWA governance, risk management, and control processes in providing reasonable assurance regarding the **effective management of selected subprogrammes and related technical cooperation projects in ESCWA**.

8. The audit was included in the 2016 work plan of OIOS because of the risks that the selected subprogrammes may not: (i) achieve their mandated goals and objectives; and (ii) effectively manage their related technical cooperation projects.

9. The key controls tested for the audit were: (a) subprogramme management; and (b) project management. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Subprogramme management** – controls that provide reasonable assurance that policies and procedures exist to plan, implement, monitor, and report on performance of the subprogramme activities in a timely and effective manner; and.

(b) **Project management** – controls that provide reasonable assurance that policies and procedures exist to identify, select and implement related technical cooperation projects and monitor, evaluate, and report on their performance.

10. The key controls were assessed for the control objectives shown in Table 2. One control objective (shown in Table 1 as “Not assessed”) was not relevant to the scope defined for this audit.

11. OIOS conducted the audit from March to May 2016. The audit covered the period from 1 January 2014 to 31 December 2015. The audit reviewed the planning and implementation of activities related to subprogrammes 1 and 3. The audit also included management of projects funded from extrabudgetary resources, Development Account, and RPTC that these two subprogrammes implemented during the period.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

13. The ESCWA governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of selected subprogrammes and related technical cooperation projects in ESCWA**. OIOS made three recommendations to address issues identified. ESCWA effectively implemented work planning processes and monitored outputs and expenditures of the selected subprogrammes. However, ESCWA needed to plan in advance to increase compliance with the Secretariat’s policy on official travel and ensure that consultants’ fees are in compliance with the administrative instruction on consultants and individual contractors. ESCWA satisfactorily managed RPTC activities and Development Account projects, and should use lessons learned exercises on the challenges faced in the implementation of two large projects by EDID during the audit period to inform the planning of similar projects in the future.

14. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of three important recommendations remains in progress.

**Table 2: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of selected subprogrammes and related technical cooperation projects in ESCWA	(a) Subprogramme management	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory
	(b) Project management	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

#### A. Subprogramme management

##### Work planning processes and monitoring of outputs were adequate

15. Heads of departments and offices are required to monitor expected accomplishments, as measured by the delivery of outputs scheduled in the approved programme budget.

16. SDPD and EDID prepared annual work plans for 2014 and 2015 for their respective subprogrammes. The work plans listed all planned activities and associated them with funding from the regular budget, RPTC and Development Account. The Programme Planning and Technical Cooperation Section (PPTCS) used an information technology (IT) application, ESCWA Performance Monitor (EPM), to monitor the status of expenditures by output. EPM was a useful IT application for PPTCS as well as for substantive divisions to track activities and related expenditures. However, EPM was discontinued after Umoja replaced the Integrated Management Information System in November 2015. After that the status

<sup>1</sup> A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

of activities was monitored manually and ESCWA was coordinating with the Umoja team to develop a suitable IT application to monitor subprogramme performance. Since ESCWA was taking action to address this issue, OIOS did not make any recommendation in this regard.

17. In addition, ESCWA used the Secretariat's web-based IT system, Integrated Monitoring and Documentation Information System (IMDIS), to monitor the implementation of planned outputs listed in its programme budget and record their performance status together with supporting information. Substantive divisions in coordination with PPTCS updated IMDIS with periodic status reports on the planned outputs. SDPD reported completion of 82 outputs (99 per cent of planned outputs) and one was terminated due to the unavailability of extrabudgetary funding to implement the activity. SDPD also produced nine additional discretionary outputs. EDID reported completion of all 68 outputs.

18. OIOS reviewed 50 per cent of the combined 150 outputs related to the expected accomplishments of subprogrammes 1 and 3 for the period 2014-2015 and noted that senior division managers actively monitored the progress of subprogramme activities through regular meetings, trip reports, and periodic activity reports to sectoral committees and intergovernmental bodies. The heads of subprogrammes 1 and 3 regularly reported on the subprogramme activities to the Executive Secretary. Accordingly, OIOS assessed that ESCWA monitoring activities regarding outputs related to the expected accomplishments and indicators of achievements of the two subprogrammes were adequate.

#### ESCWA was taking action to generate extrabudgetary funding

19. The ESCWA 2013 resource mobilization strategy emphasized the importance of broadening its donor base and the need to raise more funds for extrabudgetary activities. The strategy called for reaching out to Member States in the region to mobilize additional funding.

20. During 2014-2015, four donors contributed \$1.8 million to subprogramme 1 and five donors contributed \$5.6 million to subprogramme 3; this was against estimated extrabudgetary resource requirements stated in the proposed programme budget of \$6.3 million and \$0.5 million respectively. The target for subprogramme 3 as indicated in the 2013 resource mobilization action plan was \$6 million.

21. Due to the shortfall in extrabudgetary funding for subprogramme 1, one project was cancelled and two were merged, reducing the total budget from \$4.3 million to \$1.3 million. In addition, the ESCWA trust fund for regional activities, which provided a strategic source of seed money that subprogrammes used to develop concept papers to secure extrabudgetary funding, did not receive new contributions during the biennium. This limited ESCWA ability to generate funding to execute value-adding projects and capacity-building services in the region.

22. ESCWA explained that the dedicated resource mobilization function which was established in 2013, had developed a resource mobilization action plan to gradually increase the share of extrabudgetary funding and broadening the donor base. Overall, during the biennium, ESCWA had secured funding from 12 new donors. ESCWA further explained that it recognized the difficulty in soliciting unearmarked funding and had not actively sought to replenish the trust fund until it further expands its extrabudgetary portfolio. In light of actions being taken by ESCWA to generate extrabudgetary funding, OIOS did not make a recommendation on this issue.

#### ESCWA needed to plan in advance to increase compliance with the Secretariat's policy on official travel

23. In June 2014, ESCWA took the initiative of requiring each substantive division to prepare quarterly travel forecasts of staff travelling in the next quarter indicating staff name, duration of travel, and related programme and activity for which the official travel was planned. This initiative was

introduced to comply with the administrative instruction on official travel issued in 2013 which required the booking and purchase of tickets 16 calendar days in advance of the commencement of official travel. Further, in May 2015 ESCWA issued a standard operating procedure on the travel request clearance system, which included the travel forecast requirements.

24. OIOS reviewed 2014-2015 travel activities in SDPD and EDID to assess whether they complied with the travel policy. As summarized in Table 3, the noncompliance rate with the travel policy averaged 70 per cent.

**Table 3: Noncompliance with the requirement to purchase air tickets in advance**

<b>Division</b>	<b>No. of tickets purchased in 2014</b>	<b>No. of tickets purchased within 16 days of travel</b>	<b>%</b>	<b>No of tickets purchased in 2015</b>	<b>No. of tickets purchased within 16 days of travel</b>	<b>%</b>
SDPD	442	290	66	344	239	69
EDID	338	259	77	322	227	70
<b>Total</b>	<b>780</b>	<b>549</b>	<b>70</b>	<b>666</b>	<b>466</b>	<b>70</b>

25. The majority of tickets was purchased within 16 days of the travel date and hence did not comply with the travel policy. A large number of travel activities in ESCWA was related to Member States participants' attending meetings, workshops and training courses. These travel activities were not included in the quarterly travel forecasts. ESCWA explained that the difficulties in processing travel was due to late nomination of participants by Member States despite reminders, unpredictable security situation at the venues (countries) and long visa application formalities of Member States. Under this operating environment, advance planning of meetings, training and workshops was even more important so that the nomination of participants could be finalized well in advance of the actual date of planned events. OIOS noted in some cases, however, that the deadlines for nominating participants that ESCWA set were less than a month from the date of the request.

26. The low compliance rate with the travel policy could increase the costs of tickets, which totaled \$835,164 for SDPD and EDID in 2014-2015. This amount represented 39 per cent of the total costs of \$2,115,431 on airline tickets in ESCWA for the 2014-2015 period as of 31 October 2015. Inadequate planning to obtain the nomination of meeting participants increased noncompliance with the travel policy.

**(1) ESCWA should take action to make advance plans for its meetings, workshops and training courses so that the lists of participants can be finalized in time to comply with the travel policy of purchasing tickets at least 16 days in advance of travel.**

*ESCWA accepted recommendation 1 and stated that the management of the divisions responsible for subprogrammes 1 and 3 would conduct advance planning for their meetings and send invitations to Member States and other stakeholders at least two months ahead. This would give enough time for administrative arrangements (travel of participants and staff) to be completed as per the travel policy. Recommendation 1 remains open pending receipt of evidence of action taken to comply with the travel policy on advance purchase of tickets.*

Need to ensure that consultants' fees comply with related guidance

27. The administrative instruction on consultants and individual contractors (ST/AI/2013/4) requires Secretariat offices to comply with the selection process detailed in the instructions. ESCWA signed a Contribution Agreement with a United Nations agency (Agency A) to hire consultants for a project on the National Agenda for the Future of Syria (NAFS). According to the Agreement, ESCWA was responsible for: (i) undertaking the recruitment process of consultants; (ii) selecting them; and (iii) issuing pre-

selection letters indicating the names of successful applicants and corresponding fees. United Nations Agency A was to perform a limited review of the selection process and administer the consultants' contracts.

28. OIOS reviewed 33 out of 172 individual consultant contracts totaling \$2,557,682 to assess the adequacy of controls over the selection process. The audit results showed that ESCWA Human Resources Management Section was not involved in ensuring that consultant fees were aligned with the qualifications, skills and experience needed for the job and there was no evidence of how the fees were determined.

29. For example, five consultants were hired multiple times and were paid fees ranging between \$2,000 and \$7,500 per month with contract durations ranging from 2 to 13 months. These consultants alone received a total of \$296,100 during the 2014-2015 period. OIOS observed that their fees increased or decreased without proper justification. The project coordinator explained that ESCWA generally used the standard operating procedures of United Nations Agency A since its fee structure was lower than the one prescribed in the administrative instruction for consultants and individual contractors. This strategy was adopted given that ESCWA needed to deploy 172 consultants and it had the potential for cost savings. The project team had established an informal consultant fee structure of \$3,000 per month for an expert, and \$4,000 per month for a coordinator. However, there was no formal documentation or written policy in applying this fee structure.

30. One consultant was paid \$16,500 per month as consultancy fees. This compensation rate was above the threshold prescribed in the administrative instruction for a D level consultant, which required the approval of the Assistant Secretary-General for human resources management. However, there was no evidence that ESCWA obtained her approval. The project coordinator explained that they had used the policy of United Nations Agency A.

31. ESCWA also stated that since the recruitment was outsourced to United Nations Agency A, the Secretariat's administrative instruction was not applicable. However, Article IV of the memorandum of understanding between the Agency and the United Nations Secretariat dated 3 August 2014 stated that payment of fees to consultants should be in accordance with United Nations Staff Regulations and Rules and applicable General Assembly resolutions, any applicable Secretariat administrative issuances and decisions, as well as organizational directives and administrative instructions of United Nations Agency A. Since ESCWA managed the recruitment and selection process and United Nations Agency A had only a limited role in it, the recruitment of the consultants was not completely outsourced. Therefore, ESCWA was required to comply with the administrative instruction on the recruitment of consultants.

32. In the absence of the involvement of the Human Resources Management Section and lack of documented criteria for determining and revising consultant fees, there was a risk of overpaying consultants without proper justification.

**(2) ESCWA should take action to ensure that the Human Resources Management Section is involved in the determination of consultant fees to ensure compliance with the administrative instruction on consultants and individual contractors.**

*ESCWA accepted recommendation 2 and stated that with the upcoming NAFS II project, United Nations Agency A would be briefed on the pay rates applicable in the United Nations Secretariat. For monitoring purposes, regular reports would be requested from the Agency on contracts issued. Recommendation 2 remains open pending receipt of evidence of the monitoring activities carried out by the Human Resources Management Section to ensure consultant fees comply with the administrative instruction on consultants and individual contractors.*



## **B. Project management**

### Management of RPTC activities was satisfactory

33. ESCWA 2012 RPTC guidelines provided an overview of the modalities to implement technical cooperation activities under RPTC.

34. ESCWA used RPTC Tracker as its IT application to maintain data on requests by Member States for RPTC assistance, the Executive Secretary's approval of such requests, and instructions to substantive divisions to implement them.

35. OIOS review of relevant documents indicated that ESCWA coordinated with Member States' focal points (foreign ministries, planning ministries, etc.) in receiving requests for RPTC assistance on standard forms and for organizing and implementing assistance through advisory services, training or workshops. ESCWA also established and implemented a process to formulate and deliver the services as well as to prepare detailed periodic progress reports and evaluate project outcomes. OIOS therefore concluded that RPTC activities were managed satisfactorily.

### Management of Development Account projects was satisfactory

36. The Development Account Guidelines for ESCWA Project Managers outlined the purposes, processes, standards and guiding principles of a Development Account project cycle.

37. OIOS review of Development Account projects indicated that project documents were prepared in a proper format comprising important aspects of the project. The documents were reviewed and approved by the Department for Economic and Social Affairs (DESA). A review of a sample of expenditures found that they were adequately supported. ESCWA submitted periodic reports on the progress of projects to DESA, which also approved any requests for extensions. The projects were evaluated by external consultants upon completion. OIOS therefore concluded that Development Account projects were managed satisfactorily.

### Lessons needed to be learned in the implementation of two large projects

38. The ESCWA 2014 Evaluation Policy emphasized accountability, managing for results and continuous learning. The Policy further required that evaluations are planned, designed and implemented to feed into all levels of ESCWA planning and implementation processes, including the elaboration of a strategic vision, the strategic framework and work programme, the coordination and management of partnerships and resources mobilization as well as the management of specific subprogrammes and activities.

39. While ESCWA effectively implemented smaller projects funded from the Development Account and extrabudgetary resources, the following weaknesses were observed in the implementation of two large projects by EDID in the 2014-2015 biennium totaling \$7.6 million and involving over 150 consultants/experts.

(a) NAFS project

i. The project took longer than originally planned

40. The NAFS project document indicated that the project would be completed in 27 months in three phases (Phase I - 4 months; Phase II -11 months; and Phase III - 12 months). The third phase was to be formulated in a different document.

41. The project started in April 2013. Due to access limitation and the high security risk environment in the project beneficiary country, Phase II of the project was extended to March 2016 increasing its duration to 29 months. In addition, the project was granted a no cost extension up to June 2016; therefore the actual time taken to complete Phase II was substantially more than planned. ESCWA explained that the extended period of the project was due to a rapidly changing situation in the project country as well as delays and challenges in convening meetings to be attended by different stakeholders.

ii. There was no evidence that the budget was reviewed

42. Although the Project Committee reviewed and approved the project document in May 2013, the project document did not include the budget amount. Instead, the project coordinator maintained a separate excel file dated 10 April 2013 that indicated the total project budget as \$3,339,448. Another Excel file dated February 2014 indicated a budget of \$4,044,199 reflecting a revision to the initial budget. This was further revised to \$5,345,393 in May 2015. However, there was no evidence that any of these budgets were reviewed and approved by the Project Committee to ensure financial oversight of the project. ESCWA informed OIOS that the NAFS budget was reviewed and approved by PPTCS, but did not provide evidence of this. In addition, the project document did not indicate the implementation strategy of using United Nations Agency A as a partner for recruiting experts involving \$2.5 million.

(b) Preparation of Key Performance Indicators for State Actors with respect to the 10<sup>th</sup> National Development Plan (KSA) project

i. Governance mechanisms for managing the project were not established

43. The total budget for the project was \$2.3 million. The project was implemented under an agreement signed between the donor country and a United Nations agency (Agency B) on 27 January 2014. According to the agreement, ESCWA had responsibility to deliver three major outputs. The governance mechanisms necessary for managing the KSA project were not established. As a result, the roles and responsibilities of the three parties involved in the project were unclear regarding how they would: (i) coordinate the project; (ii) review and take decisions on project performance status; (iii) develop follow up action points; and (iv) assign appropriate responsibility.

ii. The project closed prior to completing all activities

44. The KSA project started in February 2014 and was to be implemented in two phases and completed by June 2015, which was extended to December 2015. ESCWA received funding of \$1.7 million from United Nations Agency B; however, the project was closed in December 2015 as per the decision of the donor country before completion of the three planned outputs. Expenditures to that date amounted to \$1.5 million.

45. A review of ESCWA communication with the donor country and United Nations Agency B indicated that ESCWA delivered two of the outputs by September 2015 and requested the donor country to provide feedback on them so that they could be fine-tuned, if necessary. However, the donor country did not provide the feedback nor did United Nations Agency B provide the remaining funding of \$588,667 as per the agreement. There were also: (i) delays in the recruitment of a key consultant; (ii) difficulty in obtaining visa for the consultant; and (iii) challenges related to data collection from various ministries in the donor country. Therefore, ESCWA could not complete all deliverables as planned.

46. EDID explained that the project manager who was hired on behalf of ESCWA had been directly recruited by United Nations Agency B to work on the project. This indicated that the donor country and United Nations Agency B directly managed the project without involvement of ESCWA.

(c) Both projects were not evaluated in a timely manner

47. A mid-term evaluation of the NAFS project was planned but was not done. The Strategy, Evaluation and Partnership Section explained that ESCWA took a strategic decision to combine the planned mid-term and final evaluations into a formative evaluation in June 2015. Therefore, the mid-term evaluation was not considered necessary. The ESCWA Biennial Evaluation Plan also included an evaluation of the KSA project in the third quarter of 2015 but none was carried out. ESCWA explained that the evaluation did not take place because the KSA project closed in December 2015 before all activities were completed; however, ESCWA had been actively working on launching the final evaluation before the closure. In OIOS opinion, mid-term evaluation of both projects with high monetary values was important in order to improve project management. Since the projects had been closed, OIOS did not make a recommendation on this issue.

48. The above weaknesses occurred because ESCWA did not establish adequate governance mechanisms and implementation strategy taking into consideration the size and complexity of the projects. ESCWA had also not conducted lessons learned exercises to analyze the factors that contributed to the challenges experienced in implementing the projects in order to improve management of similar projects in the future. ESCWA explained that the KSA project team conducted a lessons learned exercise through an internal review, which was included in the project Terminal Report. However, OIOS noted that the Terminal Report only included the issue relating to the engagement of consultants but did not include the other areas of project management including challenges faced in dealing with United Nations Agency B and the donor country. Regarding the NAFS project, ESCWA stated that the final evaluation was endorsed by the Evaluation Steering Group on 20 July 2016.

**(3) ESCWA should conduct a lessons learned exercise on the implementation of two large and complex projects by the Economic Development and Integration Division during the 2014-2015 biennium that would be used to guide the management of future projects of similar size and complexity.**

*ESCWA accepted recommendation 3 and stated that an evaluation that included a lesson learned section of the NAFS project had been completed. The terminal report for the KSA project includes a section on "Good Practices and Lessons Learned". In addition the management of EDID would present a comprehensive report reflecting a thorough review of the results/lessons learned on the implementation of both projects. Recommendation 3 remains open pending receipt of the comprehensive report on the results/lessons learned on the implementation of the NAFS and KSA projects.*

#### **IV. ACKNOWLEDGEMENT**

49. OIOS wishes to express its appreciation to the Management and staff of ESCWA for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	ESCWA should take action to make advance plans for its meetings, workshops and training courses so that the lists of participants can be finalized in time to comply with the travel policy of purchasing tickets at least 16 days in advance of travel.	Important	O	Submission of the evidence of action taken to comply with the travel policy on advance purchase of tickets.	December 2017
2	ESCWA should take action to ensure that the Human Resources Management Section is involved in the determination of consultant fees to ensure compliance with the administrative instruction on consultants and individual contractors.	Important	O	Submission of the evidence of the monitoring activities carried out by the Human Resources Management Section to ensure consultant fees comply with the administrative instruction on consultants and individual contractors.	December 2016
3	ESCWA should conduct a lessons learned exercise on the implementation of two large and complex projects by the Economic Development and Integration Division during the 2014-2015 biennium that would be used to guide the management of future projects of similar size and complexity.	Important	O	Submission of the comprehensive report on the results/lessons learned on the implementation of the NAFS and KSA projects.	December 2017

<sup>2</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>3</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by ESCWA in response to recommendations.

# **APPENDIX I**

## **Management Response**



CONFIDENTIAL

05 August 2016

TO: Muriette Lawrence-Hume, Chief  
New York Audit Service,  
Internal Audit Division, OIOS

FROM: Rima Khalaf, Executive Secretary  
Under-Secretary-General  
Economic and Social Commission for Western Asia

A handwritten signature in blue ink, appearing to read 'Rima Khalaf', is placed over the printed name of the sender.

SUBJECT: **Draft report on an audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia (Assignment No. AN2015/750/01)**

1. In response to your memorandum dated 20 July 2016 on the above subject, please find attached the duly completed Appendix I – Management Response.
2. ESCWA accepts all the recommendations and our comments on the detailed draft report are as follows:

**[Para 15]** The audit report notes that *“Although ESCWA satisfactorily managed RPTC activities and Development Account projects, it needed to conduct lessons learning exercises on the challenges faced in the implementation of the two large projects by EDID during the audit period.”*

ESCWA had previously shared with OIOS the penultimate evaluation report for the National Agenda for the Future of Syria, and now attaches the final report endorsed by the Evaluation Steering Group on 20 July 2016. As such, we suggest changing the sentence to *“Although ESCWA has satisfactorily managed RPTC activities and Development Account projects, and should use ~~it needed to conduct~~ lessons learning exercises on the challenges faced in the implementation of the two large projects by EDID during the audit period to inform future planning.”*

**[Overall Finding and Subtitle of Memo & Para 16]** The audit report notes that *“OIOS made three recommendations to address issues identified in this audit. ESCWA accepted the recommendations but is yet to initiate the necessary steps to implement them.”*

cc: Mr. Mohamed El Hacene, Director, EDID, ESCWA  
Ms. Roula Majdalani, Director, SDPD, ESCWA  
Mr. Pontus Molin, Director, Administrative Service Division, ESCWA  
Ms. Dilek Akyuz, Audit Focal Point, ESCWA  
Mr. Tilchand Acharya, Chief, Field Audit Section, OIOS  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

As indicated earlier ESCWA has completed the evaluation of the National Agenda for the Future of Syria Programme which responds (partially) to Recommendation 3 on Lessons Learning. As such, ESCWA's view is that it is not accurate to indicate that it has not initiate steps.

**[Para 51]** With reference to the NAFS evaluation, it is more accurate to state that the planned mid-term and final evaluations **were combined** into a formative evaluation that feeds into Phase 2 of the project.

With regards to the KSA mid-term evaluation, ESCWA would like to confirm once again that this **mid-term evaluation activity in the project document was not associated with any budget.**

**[Para 52]** The audit report notes "*ESCWA had also not conducted lessons learned exercises to analyse the factors that contributed to the challenges experienced in implementing the projects ...*"

ESCWA has already shared the penultimate NAFS evaluation report, and now attaches the final report endorsed by the Evaluation Steering Group on 20 July 2016. **This report should be kept confidential.**

3. It would be highly appreciated if you would take our comments into consideration when finalising the audit report.



## Management Response

## Audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ESCWA should take action to make advance plans for its meetings, workshops and training courses so that the lists of participants can be finalized in time to comply with the travel policy of purchasing tickets at least 16 days in advance of travel.	Important	Yes	Directors of Subprogramme 1 and 3	Q4/2017	The management of the divisions responsible for Subprogrammes 1 and 3 will conduct advance planning for their meetings and send invitations to member states and other stakeholders at least two months ahead. This will give enough time for administrative arrangements (travel of participants and staff) to be completed as per the travel policy.
2	ESCWA should take action to ensure the Human Resources Management Section is involved in the determination of consultant fees to ensure compliance with the administrative instruction on consultants and individual contractors.	Important	Yes	Director Administrative Services Division	Q4/2016	With the upcoming NAFS II Project, United Nations Agency A will be briefed on the stipulations of ST/AI/2014/4, specifically the pay rates applicable in the UN Secretariat. For monitoring purposes, regular reports will be requested from the Agency on contracts issued.
3	ESCWA should conduct a lessons learned exercise on the implementation of two large and complex projects by the Economic Development and Integration Division during the 2014-2015 biennium that would be used to guide the management of future projects of similar size and complexity.	Important	Yes	Director EDID	Q4/2017	Evaluation including lesson learned section of NAFS project has been completed. As for KSA project, the terminal report comprises a section on "Good Practices and Lessons Learned". Both reports were sent to OIOS on 13 July 2016. In addition, the management of Subprogramme 3

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

## Audit of selected subprogrammes and related technical cooperation projects in the Economic and Social Commission for Western Asia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						will present a comprehensive report reflecting a thorough review of the results/lessons learned on the implementation of both projects.