



INTERNAL AUDIT DIVISION

REPORT 2019/093

Audit of the United Nations Human Settlements Programme's Regional Office for Africa

**The Regional Office needs to strengthen
internal controls relating to programme
implementation, monitoring and reporting**

**31 October 2019
Assignment No. AA2018/250/02**

Audit of United Nations Human Settlements Programme's Regional Office for Africa

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Human Settlements Programme's (UN-Habitat) Regional Office for Africa (ROAF). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient and effective implementation of UN-Habitat programmes by ROAF. The audit covered the period from 1 January 2017 to 31 March 2019 and included a review of implementation of the programme of work, project and performance management, partnership management, resource mobilization and financial management.

The audit showed that internal controls relating to programme implementation, monitoring and reporting needed to be strengthened. OIOS made eight recommendations. To address the issues identified in the audit, ROAF needed to:

- Expedite the development of an action plan, taking into account the funding constraints, to ensure efficient and effective implementation of the programme of work over the sub-Saharan Africa region;
- Review its monitoring and reporting framework to align its reporting to the expected results in the project document and ensure that the progress on outputs and expected accomplishments are reported using appropriate reporting tools;
- Include project-specific monitoring responsibilities in staff performance appraisal goals to strengthen accountability for project implementation;
- Systematically report on the implementation of applicable cross-cutting issues in accordance with the project documents;
- Ensure that it evaluates all its projects in accordance with the criteria and guidelines established by the UN-Habitat evaluation framework and policy;
- Ensure that selection and retention of implementing partners is performed in accordance with the policy and guidelines including carrying out comprehensive due diligence, regular performance reviews and maintaining adequate documentation to support selection decisions;
- Enhance its resource mobilization efforts by strengthening staff accountability for mobilizing resources and improving the monitoring of pending contributions, and assessing its capacity to mobilize resources to suitably address any gaps; and
- Establish a mechanism to periodically review its projects, clear long outstanding accounts receivable and accounts payable balances, and take prompt action to operationally and financially close all completed projects.

ROAF accepted the recommendations and has initiated action to implement them.

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. AUDIT RESULTS	2-9
A. Implementation of the programme of work	2-3
B. Project and performance management	3-6
C. Management of partnerships	6-7
D. Resource mobilization	7-8
E. Financial management	8-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of the United Nations Human Settlements Programme’s Regional Office for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of United Nations Human Settlements Programme’s (UN-Habitat) Regional Office for Africa (ROAF).
2. UN-Habitat is mandated by the United Nations General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. UN-Habitat aims to achieve impact at two levels: at the operational level to implement technical cooperation projects; and at the normative level to influence governments and non-governmental actors in formulating, adopting, implementing and enforcing policies and standards conducive to sustainable urbanization. UN-Habitat is taking the lead in implementing Sustainable Development Goal (SDG) 11 which calls to “Make cities and human settlements inclusive, safe, resilient and sustainable” and the New Urban Agenda which sets global standards for achieving SDG11.
3. ROAF, based in Nairobi, Kenya, facilitates the implementation of the UN-Habitat mandate and strategies for the sub-Saharan Africa region consisting of 48 countries. ROAF had ongoing grants valued at \$223.4 million as of March 2019 including grants valued at \$106.5 million which were operationally closed or closing. Somalia and the Democratic Republic of Congo had the largest country project portfolios for UN-Habitat in sub-Saharan Africa, totaling between \$20 million and \$30 million each. In both countries, the projects focused on post-conflict reconstruction and rehabilitation. Other countries with portfolios between \$2 million and \$6 million included Ethiopia, Kenya, Mozambique, Nigeria, Ghana, Guinea (Conakry) and Sao Tome and Principe. The rest of the countries had smaller project portfolios (below \$2 million). The work of ROAF was overseen by the Programme Division.
4. ROAF had a core budget of \$611,766 and \$548,349 in 2017 and 2018, respectively, for personnel and other operational expenses. As of March 2019, ROAF had 26 staff positions in Nairobi. Out of the 48 countries covered, ROAF had physical presence in 19 countries with 141 personnel of whom 134 were recruited through the United Nations Development Programme (UNDP) and seven through the United Nations Office at Nairobi (UNON). The 141 personnel included personnel on service contracts (73), General Service (17), National Officers (21), consultants (26), Professional staff (3) and United Nations Volunteers (1).
5. Comments provided by ROAF are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient and effective implementation of UN-Habitat programmes by ROAF.
7. This audit was included in the 2019 risk-based work plan of OIOS due to the risk that potential weaknesses in the management and operations of ROAF could adversely affect the implementation of UN-Habitat’s mandate in the region.

8. OIOS conducted this audit from March to June 2019. The audit covered the period from 1 January 2017 to 31 March 2019. Based on an activity-level risk assessment, the audit covered risk areas relating to implementation of the programme of work, project and performance management, partnership management, resource mobilization and financial management.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of various programme and project activities.

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Implementation of the programme of work

Need to develop an action plan to implement the programme of work

11. ROAF derived its annual work plans from the UN-Habitat 2014-2019 strategic plan and programme of work. The 2018 Regional Office report showed that 21 out of 25 planned deliverables were fully achieved with only 4 partially achieved. The actual versus planned results were not provided for 2017. However, OIOS noted that the work plans for 2017 and 2018 specified a limited number of countries in which the planned activities would be implemented. ROAF had operational responsibilities over 48 African countries covering mainly sub-Saharan Africa. UN-Habitat had a presence in 19 out of the 48 countries, mainly where there were post-conflict and reconstruction activities and where there had been fruitful collaboration with the concerned government.

12. Further, the work plans did not include all the expected accomplishments contained in the programme of work. For example, the 2016-2017 work plan did not include seven expected accomplishments and 10 indicators of achievement which were in the UN-Habitat programme of work. Similarly, the 2018 work plan did not include four expected accomplishments and eight indicators of achievement which were in the UN-Habitat programme of work. According to ROAF, not all expected accomplishments could be covered due to lack of resources. Also, the technical assistance requested by Member States often did not cover all the expected accomplishments in UN-Habitat's work programme.

13. There were no clear criteria and action plans for implementing the programme of work in the sub-Saharan region which ROAF is responsible for. Therefore, it was not possible to identify the gaps that may preclude effective and efficient implementation of the UN-Habitat mandate in the region. It was also not possible to determine where additional resource mobilization efforts were needed. In January 2019, ROAF had started the process of identifying countries where operational presence is a priority. This was the first step towards developing an action plan.

(1) The UN-Habitat Regional Office for Africa should expedite the development of an action plan, taking into account the funding constraints, to ensure efficient and effective implementation of the programme of work over the sub-Saharan Africa region.

ROAF accepted recommendation 1 and stated that at the centre of the action plan will be the establishment of multi-country offices to cover all of Africa's sub-regions and, from there, all countries in each sub-region. Although ROAF will propose an action plan by 31 January 2020, the establishment of multi-country offices will be gradual, largely depending on availability of financial

resources. The action plan will explain clearly the criteria for the selection of expected accomplishments, and their related indicators of achievement, to be implemented in the Africa region. In addition, the scope of country programmes will be partly guided by UN-Habitat's new Typology of Human Settlements. Recommendation 1 remains open pending receipt of an action plan to ensure efficient and effective implementation of ROAF's programme of work for the region.

B. Project and performance management

Need to review the monitoring and reporting framework

14. According to UN-Habitat's 2012 Project Based Management Policy, project leaders are responsible for monitoring the progress of activities towards timely and effective delivery of outputs. UN-Habitat worked with implementing partners to assist in implementation of project activities. Funding to implementing partners was conditional on their submission of narrative and financial reports prior to each instalment payment from UN-Habitat. Project leaders were responsible for updating the progress in the Project Accrual and Accountability System (PAAS) on activities, outputs and expected accomplishments at least once every three months.

15. OIOS reviewed a sample of 20 ROAF projects valued at \$116 million for evidence of project monitoring and reporting, and noted the following:

(a) ROAF did not regularly monitor the implementation of project activities. Of the 20 projects reviewed by OIOS, only one project was monitored against the agreed milestones and outputs. Further, only 12 out of 20 projects reviewed had evidence of compliance with the donor reporting requirements. However, the donor reports did not capture the progress on the project implementation plan and programme of work because the report format did not reflect the logical framework contained in the project documents. Consequently, there was no linkage between the expected accomplishments in the logical framework and the results reported in the donor reports.

(b) The narrative and financial reports submitted by implementing partners did not reflect the milestones accomplished against target outputs as outlined in the agreements. As a result, OIOS could not establish whether instalment payments made were based on the accomplishment of the required milestones.

(c) Key documents such as donor agreements and information on related implementing partners were not consistently uploaded into PAAS as required. Instead, staff maintained these documents outside the system. According to UN-Habitat, PAAS was currently undergoing a review and upgrade to include, amongst others, a monitoring and reporting module. However, staff have the ability to upload documents into PAAS and the system should be updated as required.

(d) There was delayed implementation in 14 of the 20 projects reviewed. The delays ranged between one and five years, with some having up to four extensions. Only 3 of the 20 projects reviewed were still on track based on expected completion dates but these were all relatively new projects with expected completion dates beyond 2019. Notably, the Hargeisa Urban Water Supply Upgrading Project in Somalia, which had a project budget of Euros 22.5 million, was scheduled to end in 2016 but had not been completed as of June 2019. Progress reports showed that the project experienced poor workmanship, persistent financial issues with contractor staff salaries not being paid, frequent suspension of works and concerns about safety including theft and vandalism at the project site. According to ROAF, most country operations were taking place in post disaster/conflict environments which posed challenges such as diseases, violence, insecurity and inadequate banking systems. ROAF also stated that the delay was partly caused by an

increase in scope of work and despite the frequent suspensions, the overall quality of the main construction contract work was good.

(e) ROAF did not have an effective accountability system to hold the Human Settlement Officers (HSOs) and Programme Management Officers (PMOs) accountable for the accomplishment of project objectives. Except for performance plans for one HSO and one PMO, responsibilities such as monitoring and timely delivery of specific projects were not articulated in the annual performance plans which mostly focused on portfolio development, supervision and coordination aspects. Further, none of the annual performance plans reviewed were linked to ROAF's annual work plans or related indicators of achievement. According to ROAF, it scheduled periodic meetings to discuss financial targets, portfolio development and project delivery.

16. While ROAF had prepared annual work plans at the beginning of the year with target outputs and expected outcomes, the annual reports prepared at the end of the year did not adequately report on the accomplishment of the work plans. Instead, they highlighted in narrative form the achievements by country under each sub-programme but did not report against the indicators of achievement in the annual work plan and the programme of work. As a result, OIOS could not establish whether the target outputs and expected accomplishments outlined in the annual work plans had been met.

(2) The UN-Habitat Regional Office for Africa should review its monitoring and reporting framework to: (i) align its reporting to the expected results in the project document; and (ii) ensure that the progress on outputs and expected accomplishments are reported using appropriate reporting tools.

ROAF accepted recommendation 2 and stated that it will develop a monitoring and reporting template. Furthermore, a standing item on monitoring work programme implementation will be included in the agenda of meetings of all ROAF staff held every two months. More attention will be dedicated to delayed projects and in general projects considered “at risk” will be identified and monitored more closely. Recommendation 2 remains open pending receipt of evidence that the monitoring and reporting framework has been reviewed and progress on outputs and expected accomplishments are reported using appropriate reporting tools.

(3) The UN-Habitat Regional Office for Africa should include project-specific monitoring responsibilities in staff performance appraisal goals to strengthen accountability for project implementation.

ROAF accepted recommendation 3 and stated that starting from the next performance cycle, all ROAF staff responsible for implementing projects will be required to include in their annual performance plans a goal on project monitoring and reporting, with clear indicators of success. To facilitate this, ROAF will develop a generic performance plan for all staff with project responsibilities that will include, among other compulsory goals, a goal on project monitoring and reporting. Recommendation 3 remains open pending receipt of evidence that project-specific monitoring responsibilities are included in staff performance appraisal goals.

Need to systematically report on implementation of cross-cutting issues

17. The UN-Habitat strategic plan 2014-2019 reflected cross-cutting issues in all substantive focus areas including gender, youth, climate change and human rights. Projects throughout UN-Habitat were expected to incorporate cross-cutting issues into their project documents and compliance checked by the Programme Advisory Group (PAG) at regional or headquarters level prior to project approval.

18. While ROAF had appointed HSOs to be focal points for gender, youth and climate change, there was no focal point for human rights. ROAF stated that it relies on the UN-Habitat headquarters focal point for human rights. Since 2014, PAG commenced a review of cross-cutting issues in project documents for projects beginning that year. There was no evidence of review of cross-cutting issues in four of the six project documents that qualified for PAG review. Of the six projects, donor reports were issued in four cases but none of them reported on implementation of cross-cutting issues in line with the strategies articulated in the project documents.

19. Failure to report on implementation of cross-cutting issues makes it difficult to track progress on these important focus areas and can lead to misalignment between UN-Habitat strategies articulated in the project documents and the reported results.

(4) The UN-Habitat Regional Office for Africa should systematically report on the implementation of applicable cross-cutting issues in accordance with project documents.

ROAF accepted recommendation 4 and stated that it will establish necessary mechanisms to report systematically on the implementation of applicable cross-cutting issues in accordance with project documents. For that purpose, the monitoring and reporting template to be developed under recommendation 2 will include clear guidance on how to monitor and report on cross-cutting issues. Recommendation 4 remains open pending receipt of evidence that cross-cutting issues are being systematically reported in accordance with project documents.

Need to comply with the evaluation policy

20. UN-Habitat's 2013 evaluation policy requires project budgets to include funds for project evaluation. UN-Habitat's 2016 evaluation framework stipulates that all projects over \$300,000 would not be approved without an evaluation budget, and projects over \$1 million should be evaluated by external evaluators. Therefore, most donor agreements had requirements for mid-term and/or final evaluations as part of the project cycle.

21. Of the 20 projects reviewed by OIOS valued at \$116 million, 10 projects had allocated a budget for evaluation but only one project valued at \$4.5 million was evaluated. Further, ROAF did not share its evaluation plans with the UN-Habitat Evaluation Unit. In April 2018, the Evaluation Unit requested regional offices for their evaluation plans to update the UN-Habitat-wide draft evaluation plan but ROAF did not provide the requested information. However, the Evaluation Unit indicated that it was working with ROAF for the final evaluation of a project in the Democratic Republic of the Congo.

22. ROAF needs to implement UN-Habitat's evaluation requirements to enable independent assessment of whether the planned outputs, outcomes and impact were achieved, and draw lessons for improvement.

(5) UN-Habitat should ensure that the Regional Office for Africa evaluates its projects in accordance with the criteria and guidelines established by the UN-Habitat evaluation framework and policy.

ROAF accepted recommendation 5 and stated that it has already started implementing this recommendation by preparing an annual evaluation plan. Evaluation progress will be reviewed regularly. To facilitate this, the agenda of ROAF's staff meetings held every two months will contain a standing item on review of progress in the implementation of the Office's annual evaluation plan. UN-

Habitat's Evaluation Unit will also regularly monitor the projects under ROAF for compliance.
Recommendation 5 remains open pending receipt of evidence that ROAF projects are being evaluated in accordance with the UN-Habitat evaluation framework and policy.

C. Management of partnerships

Inadequate due diligence and performance reviews of implementing partners

23. According to standard operating procedures, identification and selection of implementing partners should be done through a competitive process involving an assessment of at least three potential partners' capacity to deliver. Government entities are exempt from such competitive selection, and single sourcing of non-governmental entities was only allowed if specific requirements were met, including if the solicitation had not produced satisfactory results. UN-Habitat's policy on implementing partners also requires maintaining a roster of properly screened partners in PAAS along with related supporting documentation. Implementing partners are required to undergo capacity assessments every two years. To justify retaining partners, previously screened partners also require regular performance checks.

24. During the period under review, UN-Habitat entered into 33 new partnerships and signed Agreements of Cooperation (AoCs) totaling \$4.8 million for ROAF. At the same time, 27 amendments were made to existing AoCs, 8 of which were for cost extensions totaling \$1.5 million while 19 amendments were for no cost extensions. OIOS reviewed 20 AoCs valued at \$5.1 million, comprising 13 new engagements amounting to \$4.6 million and seven amendments which included two cost extensions amounting to \$0.5 million. Of the 20 AoCs reviewed, 10 were signed with government entities while the remaining 10 were signed with seven non-governmental organizations. OIOS' review of the selection and retention process showed the following:

(a) Five of the seven non-governmental entities were single-sourced; no supporting documentation was provided to indicate whether the other two implementing partners were single-sourced or competitively selected. Single sourcing was decided on the basis of in-country experience, capacity to implement, and in one instance, because only one entity possessed the required skills. There was no documentation to support these justifications and no evidence to demonstrate that the solicitation process did not produce satisfactory results. One of the non-governmental entities that was single sourced three years in a row for three different projects consistently failed to meet deliverables in time. Project implementation was found to be inefficient as UN-Habitat continued to pay salary costs for the implementing partner staff even when implementation of activities had stalled. Further, despite consistent poor performance, ROAF increased the contract value from an initial amount of \$414,900 to \$592,430.

(b) Implementing partners in 8 of the 20 AoCs entered into after July 2017 were subject to integrity checks and capacity assessments. Only three of the eight capacity assessment documents were made available for OIOS review. However, there was no documentation to support the rating awarded to the three implementing partners. Further, ROAF had not established a roster of implementing partners in PAAS and no mechanism had been developed for conducting performance checks every two years of previously screened partners for purposes of their retention.

(c) PAAS was not used to maintain documentation pertaining to implementing partners as required. Hence, information for one of the implementing partners could not be provided for review as the staff within UN-Habitat who oversaw the project implementation had left the Organization without handing over information pertaining to the implementing partner. An upgrade of PAAS was ongoing which is expected to include new approval and monitoring features and simplified data entry mechanisms.

(d) There was delayed implementation of project activities by seven implementing partners while project activities of two other partners were terminated without completion in December 2017 (close to three years later) due to lack of capacity which had not been assessed prior to disbursement of funds.

25. In these circumstances, there was no assurance that UN-Habitat had engaged the most appropriate implementing partners in a transparent manner.

(6) The UN-Habitat Regional Office for Africa should ensure that selection and retention of implementing partners is performed in accordance with the policy and guidelines including carrying out comprehensive due diligence, regular performance reviews and maintaining adequate documentation to support selection decisions.

ROAF accepted recommendation 6 and stated that all its staff with project responsibilities will be trained on the selection and implementing partner management policy and procedures of UN-Habitat. Furthermore, they will be required to include in their annual performance appraisal plans a goal on management of implementing partners, with clear indicators of success, starting with the 2020-2021 performance appraisal cycle. Recommendation 6 remains open pending receipt of evidence that implementing partners are being selected and retained in accordance with the policy and guidelines.

D. Resource mobilization

Need to strengthen the resource mobilization effort at ROAF

26. The UN-Habitat Donor Relations and Income Strategy 2018-2019 (resource mobilization strategy) provides a framework on how UN-Habitat can increase the level, predictability and flexibility of income to enable it to effectively execute its mandate. It advocates an increase in the donor base, the need for establishing long term relations with donors, and to secure more unearmarked flexible funding.

27. In the biennium 2016-2017, ROAF received contributions amounting to \$36.3 million against a target of \$72.9 million. In 2018, contributions declined significantly to \$10.1 million, which was only 24 per cent of the target of \$42.8 million for the biennium. OIOS' review of the resource mobilization and related donor relations mechanisms for ROAF showed the following:

(a) According to the strategy, ROAF was required to enhance its monitoring of contribution agreements to prevent return of funds to donors and reduce the level of long-term overdue contributions. While ROAF only had an amount of \$10,890 awaiting return to donors, there were overdue contributions amounting to \$22.93 million, half of which were pending for 18 months and longer. Pending contributions from donors were primarily due to delayed implementation of activities as well as unadjusted balances where donor contributions had been written down but not updated in PAAS. There was limited evidence of systematic monitoring and follow up on these overdue contributions.

(b) A 2017 donor survey had indicated the need for improved trust and accountability to donors through timely, standardized and quality financial and narrative donor reports. The resource mobilization strategy also recommended having a centralized repository of reports for ease of reference and improved relations with donors. OIOS was not provided with donor reports for eight of the 20 projects selected for review. Further, there was no centralized repository of donor reports. In March 2019, the Donor Relations and Income Management Unit introduced a donor reporting calendar and a focal point from ROAF was appointed three months later to support tracking the timeliness in reporting and assessing the quality of reporting. Since this control was recently implemented, OIOS could not assess its effectiveness in strengthening accountability to donors.

(c) HSOs working under ROAF were aware of their respective project portfolios and the need to raise additional funding by securing new projects, but a mechanism to hold the HSOs accountable was not fully implemented. Performance plans for three of the six HSOs for 2017/2018 and 2018/2019 were not specific on expected funds to be generated by each. OIOS also noted a concentration of resource mobilization effort in one HSO who was responsible for about half of all the ROAF resources mobilized during the period under review. While the Donor Relations and Income Management Unit had provided training programmes on resource mobilization, none of the staff from ROAF had completed these courses.

(7) The UN-Habitat Regional Office for Africa should enhance its resource mobilization efforts by: (i) strengthening staff accountability for mobilizing resources and improving the monitoring of pending contributions; and (ii) assessing its capacity to mobilize resources to suitably address any gaps.

ROAF accepted recommendation 7 and stated that all Senior HSOs and HSOs at headquarters, Chief Technical Advisers and heads of country programmes will be required: (i) to undertake training on resource mobilization and preparation of bankable projects (tentatively scheduled for the first week of December 2019); and (ii) to include in their annual performance plans a goal on resource mobilization with clear indicators of success, one of which will be on monitoring of pending contributions. To facilitate this, the generic performance template to be developed under recommendation 3 will include a compulsory goal on resource mobilization and monitoring of pending contributions. Recommendation 7 remains open pending receipt of evidence that resource mobilization efforts have been enhanced, ROAF's capacity to mobilize resources has been assessed, and remedial measures have been taken as required.

E. Financial management

Need for timely closure of completed projects

28. OIOS' review of accounts receivable and accounts payable balances showed the following:

(a) A significant number of projects remained as "operationally closing" for many years. In July 2018, the UN-Habitat Executive Director issued instructions to all operational units to take corrective action and ensure that such completed projects are closed. At the time of commencing the close-out process, ROAF had 83 projects with open items amounting to \$2.7 million. PMOs and a consultant hired to support the close-out process reduced the number to 19 projects with outstanding amounts totaling \$251,788. In September 2018, UN-Habitat also issued standard operating procedures for future closure of projects.

(b) At the time of audit, ROAF had accounts receivable amounting to \$8.3 million, 80 per cent of which were over three years old. Similarly, the office had accounts payable amounting to \$6.2 million of which 42 per cent were over three years old. These old balances were brought forward from the previous Integrated Management Information System and included long outstanding payables owing to a vendor whose activities had stalled.

29. Delays in closing projects could result in: (a) additional administrative burden at a later stage to close them; (b) write-off of amounts owed due to insufficient supporting documentation resulting in loss to the Organization; (c) delayed refund of balances to donors; and (d) adverse impact on donor confidence as UN-Habitat may be perceived as lacking the capacity to complete projects in a timely manner. ROAF stated that it has made tremendous improvement in closing projects and is striving to monitor and expedite the closure of the remaining projects.

(8) The UN-Habitat Regional Office for Africa should establish a mechanism to periodically review its projects, clear long outstanding accounts receivable and accounts payable balances, and take prompt action to operationally and financially close all completed projects.

ROAF accepted recommendation 8 and stated that a lot of progress has already been made as part of the UN-Habitat change process. Further implementation of this recommendation will be expedited upon finalization of UN-Habitat's new policy on project closure. To facilitate regular project review, the agenda of all ROAF staff meetings, held every two months, will include a standing item on review of projects, including clearance of long outstanding accounts receivable and accounts payable balances, as well as operational and financial closure of projects. Recommendation 8 remains open pending receipt of evidence that a mechanism has been established to ensure prompt operational and financial closure of projects.

IV. ACKNOWLEDGEMENT

30. OIOS wishes to express its appreciation to the management and staff of UN-Habitat 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 United Nations Human Settlements Programme's Regional Office for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UN-Habitat Regional Office for Africa should expedite the development of an action plan, taking into account the funding constraints, to ensure efficient and effective implementation of the programme of work over the sub-Saharan Africa region.	Important	O	Receipt of an action plan to ensure efficient and effective implementation of ROAF's programme of work for the region.	30 June 2020
2	The UN-Habitat Regional Office for Africa should review its monitoring and reporting framework to: (i) align its reporting to the expected results in the project document; and (ii) ensure that the progress on outputs and expected accomplishments are reported using appropriate reporting tools.	Important	O	Receipt of evidence that the monitoring and reporting framework has been reviewed and progress on outputs and expected accomplishments are reported using appropriate reporting tools.	31 March 2020
3	The UN-Habitat Regional Office for Africa should include project-specific monitoring responsibilities in staff performance appraisal goals to strengthen accountability for project implementation.	Important	O	Receipt of evidence that project-specific monitoring responsibilities are included in staff performance appraisal goals.	31 March 2020
4	The UN-Habitat Regional Office for Africa should systematically report on the implementation of applicable cross-cutting issues in accordance with project documents.	Important	O	Receipt of evidence that cross-cutting issues are being systematically reported in accordance with project documents.	31 March 2020
5	UN-Habitat should ensure that the Regional Office for Africa evaluates its projects in accordance with the criteria and guidelines established by the UN-Habitat evaluation framework and policy.	Important	O	Receipt of evidence that ROAF projects are being evaluated in accordance with the UN-Habitat evaluation framework and policy.	31 January 2020
6	The UN-Habitat Regional Office for Africa should ensure that selection and retention of implementing partners is performed in accordance with the policy	Important	O	Receipt of evidence that implementing partners are being selected and retained in accordance with the policy and guidelines.	30 November 2019

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by UN-Habitat in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of United Nations Human Settlements Programme's Regional Office for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	and guidelines including carrying out comprehensive due diligence, regular performance reviews and maintaining adequate documentation to support selection decisions.				
7	The UN-Habitat Regional Office for Africa should enhance its resource mobilization efforts by: (i) strengthening staff accountability for mobilizing resources and improving the monitoring of pending contributions; and (ii) assessing its capacity to mobilize resources to suitably address any gaps.	Important	O	Receipt of evidence that resource mobilization efforts have been enhanced, ROAF's capacity to mobilize resources has been assessed, and remedial measures have been taken as required.	31 March 2020
8	The UN-Habitat Regional Office for Africa should establish a mechanism to periodically review its projects, clear long outstanding accounts receivable and accounts payable balances, and take prompt action to operationally and financially close all completed projects.	Important	O	Receipt of evidence that a mechanism has been established to ensure prompt operational and financial closure of projects.	31 March 2020

APPENDIX I

Management Response

UN HABITAT
UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
Programme des Nations Unies pour les établissements humains
OFFICE OF THE EXECUTIVE DIRECTOR

Ref: UNH-OED-OL-191028-01

Nairobi, 28 October 2019

Dear Mr. Kumar,

Subject: UN-Habitat comments on the Draft report on an audit of the United Nations Human Settlements Programme's Regional Office for Africa (Assignment No. AA2018/250/02)

I am pleased to present our comments to the above-mentioned detailed results in the attached Appendix 1. UN-Habitat accepted all audit recommendations and I would like to take this opportunity to thank OIOS for the services provided to UN-Habitat.

Yours sincerely,



Maimunah Mohd Sharif
Under-Secretary-General and
Executive Director

Mr. Gurpur N. Kumar
Deputy Director
Internal Audit Division, OIOS

Management Response

Audit of United Nations Human Settlements Programme's Regional Office for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UN-Habitat Regional Office for Africa should expedite the development of an action plan, taking into account the funding constraints, to ensure efficient and effective implementation of the programme of work over the sub-Saharan Africa region.	Important	Yes	Director, Regional Office for Africa.	30 June 2020	<p>The recommendation is accepted.</p> <p>At the centre of the action plan will be the establishment of multi-country offices to cover all of Africa's sub-regions and, from there, all countries in each sub-region. Although the Regional Office for Africa will propose an action plan by 31 January 2020, the establishment of multi-country offices will be gradual, largely depending on availability of financial resources. The action plan will explain clearly the criteria for the selection of Expected Accomplishments, and their related Indicators of Achievement, to be implemented in the Africa Region. In addition, the scope of country programmes will be partly guided by UN-Habitat's new Typology of Human Settlements.</p>
2	The UN-Habitat Regional Office for Africa should review its monitoring and reporting framework to: (i) align its reporting to the expected results in the project document; and (ii) ensure that the	Important	Yes	Director, Regional Office for Africa	31 March 2020	<p>The recommendation is accepted.</p> <p>The Regional Office for Africa will use project log-frames for monitoring and reporting as one of the key tools.</p>

¹ 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.

² 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 United Nations Human Settlements Programme's Regional Office for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	progress on outputs and expected accomplishments are reported using appropriate reporting tools.					The Regional Office for Africa will develop a monitoring and reporting template. Furthermore, a standing item on monitoring work programme implementation will be included in the agenda of meetings of all Regional Office for Africa staff held every two months. More attention will be dedicated to delayed projects and in general projects considered “at risk” will be identified and monitored more closely.
3	The UN-Habitat Regional Office for Africa should include project-specific monitoring responsibilities in staff performance appraisal goals to strengthen accountability for project implementation.	Important	Yes	Director, Regional Office for Africa.	31 March 2020	<p>The recommendation is accepted.</p> <p>Starting from the next performance cycle, all ROAF staff responsible for implementing projects will be required to include in their annual performance plans a goal on project monitoring and reporting, with clear indicators of success. To facilitate this, the Regional Office for Africa will develop a generic performance plan for all staff with project responsibilities that will include, among other compulsory goals, a goal on project monitoring and reporting.</p>
4	The UN-Habitat Regional Office for Africa should systematically report on the implementation of applicable cross-cutting issues in accordance with project documents.	Important	Yes	Director, Regional Office for Africa.	31 March 2020	<p>The recommendation is accepted.</p> <p>ROAF will establish necessary mechanisms to report systematically on the implementation of applicable cross-cutting issues in accordance</p>

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						with project documents. For that purpose, the monitoring and reporting template to be developed under recommendation 2 will include clear guidance on how to monitor and report on cross-cutting issues.
5	UN-Habitat should ensure that the Regional Office for Africa evaluates its projects in accordance with the criteria and guidelines established by the UN-Habitat evaluation framework and policy.	Important	Yes	Director, Regional Office for Africa.	31 January 2020	<p>The recommendation is accepted.</p> <p>The Regional Office for Africa has already started implementing this recommendation by preparing an annual evaluation plan. Evaluation progress will be reviewed regularly. To facilitate this, the agenda of the Regional Office's staff meetings held every two months will contain a standing item on review of progress in the implementation of the Office's annual evaluation plan.</p> <p>UN-Habitat Evaluation Unit will also regularly monitor the projects under ROAF for compliance.</p>
6	The UN-Habitat Regional Office for Africa should ensure that selection and retention of implementing partners is performed in accordance with the policy and guidelines including carrying out comprehensive due diligence, regular performance reviews and maintaining adequate documentation to support selection decisions.	Important	Yes	Director, Regional Office for Africa.	30 November 2019	<p>The recommendation is accepted.</p> <p>All Regional Office for Africa staff with project responsibilities will be trained on the selection and implementing partner management policy and procedures of UN-Habitat. Furthermore, they will be required to include in their annual performance appraisal plans a goal on</p>

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						management of implementing partners, with clear indicators of success, starting with the 2020-2021 performance appraisal cycle.
7	The UN-Habitat Regional Office for Africa should enhance its resource mobilization efforts by: (i) strengthening staff accountability for mobilizing resources and improving the monitoring of pending contributions; and (ii) assessing its capacity to mobilize resources to suitably address any gaps.	Important	Yes	Director, Regional Office for Africa.	31 March 2020	<p>The recommendation is accepted.</p> <p>All Senior Human Settlements Officers and Human Settlements Officers at Headquarters, Chief Technical Advisers and heads of country programmes will be required:</p> <ul style="list-style-type: none"> i) To undertake training on resource mobilization and preparation of bankable projects (tentatively scheduled for the 1st week of December 2019) ii) To include in their annual performance plans a goal on resource mobilization with clear indicators of success, one of which will be on monitoring of pending contributions. To facilitate this, the generic performance template to be developed under recommendation 3 will include a compulsory goal on resource mobilization and monitoring of pending contributions.
8	The UN-Habitat Regional Office for Africa should establish a mechanism to periodically review its projects, clear long outstanding accounts receivable and	Important	Yes	Director, Regional Office for Africa.	31 March 2020	<p>The recommendation is accepted.</p> <p>A lot of progress has already been made as part of the UN-Habitat</p>

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	accounts payable balances, and take prompt action to operationally and financially close all completed projects.					change process. Further implementation of this recommendation will be expedited upon finalization of UN-Habitat's new policy on project closure. To facilitate regular project review, the agenda of all Regional Office for Africa staff meetings, held every two months, will include a standing item on review of projects, including clearance of long outstanding accounts receivable and accounts payable balances, as well as operational and financial closure of projects.