Audit of programme and operational management of Peacebuilding Fund by the Peacebuilding Support Office

The Office established appropriate governance, coordination and quality assurance processes, but needed to improve monitoring, documentation and evaluation of projects, and application of project evaluation results

19 July 2019
Assignment No. AP2018/605/01
Audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office (PBSO) in the Department of Political and Peacebuilding Affairs (DPPA). The objective of the audit was to assess the adequacy and effectiveness of the programming and operational management of the Peacebuilding Fund (PBF) by PBSO. The audit covered the period from 1 January 2017 to 31 December 2018 and included: (a) interviews of key PBSO personnel involved in PBF operations management and support activities; (b) reviews of relevant policy and documentation on operational management and support processes; (c) analytical reviews of PBF project allocation data; and (d) detailed testing of samples of PBF allocation approvals and country portfolio reviews.

PBSO established appropriate governance and coordination arrangements to support the strategic management of the PBF and was enhancing its resource mobilization, funding risk management and project closure activities. PBSO also conducted detailed reviews of countries’ eligibility for PBF, project proposal requests and periodic narrative reports. However, PBSO had not standardized PBF project documentation management and performance monitoring procedures, and only partially complied with evaluation requirements and application of lessons learned in future projects.

OIOS made four recommendations. To address issues identified in the audit, PBSO needed to:

- Enhance the capability of its project management dashboard to highlight missing narrative and financial reports and consolidate project implementation challenges to facilitate systematic follow-up;
- Systematically consolidate the results of internal and independent evaluation assessments and apply lessons learned as further opportunities to enhance best practices in PBF management;
- Define criteria on the type and scope of evaluations that should be conducted on the diverse range of PBF projects; and
- Establish document management procedures to standardize the quality of folders maintained for PBF projects, and periodically coordinate with the United Nations Development Programme’s Multi Partner Trust Fund Office to ensure the accuracy of project information on the Office’s website.

DPPA accepted the recommendations and has initiated action to implement them.
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<td>APPENDIX I Management response</td>
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Audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of programme and operational management of the United Nations Peacebuilding Fund (PBF) by the Peacebuilding Support Office (PBSO) in the Department of Political and Peacebuilding Affairs (DPPA).

2. The PBF was established in 2006 by General Assembly resolution 60/180 and Security Council resolution 1645 (2005), as a multi-year standing trust fund for post-conflict peacebuilding and recovery. The PBF has since been expanded to include countries or situations at risk of or affected by violent conflict following General Assembly and Security Council resolutions on sustaining peace. It has therefore evolved into a crucial intervention mechanism in support of the Secretary-General’s reform efforts focused on conflict prevention by funding projects and programmes designed to: (a) respond to threats to peace; (b) build or strengthen national capacities to promote peaceful resolution of conflict; (c) stimulate economic revitalization; and (d) re-establish essential administrative services.

3. The PBF operates two funding mechanisms: (a) the Immediate Response Facility (IRF) – to support short-term (6 to 18 months’ duration) project-based peacebuilding requirements up to $3 million for countries not yet eligible for PBF funding; and (b) the Peacebuilding and Recovery Facility (PRF) – to support medium to longer term (18 to 36 months’ duration) strategic peacebuilding programme requirements above the $3 million IRF threshold, and usually up to $20 million annually.

4. Countries on the agenda of the United Nations Peacebuilding Commission, an inter-governmental advisory body, are automatically eligible for PBF support. Other countries formally request eligibility from the Secretary-General through PBSO based on a consultative process between the United Nations Country Team (UNCT), the national government and other development partners. The Assistant Secretary-General for Peacebuilding Support (ASG, PBSO) has delegated authority to approve all projects.

5. The ASG, PBSO provides overall direction on the operational programme management, monitoring and reporting of PBF operations. The Financing for Peacebuilding Branch of PBSO is responsible for the overall strategic programme management of the PBF, including supporting the Peacebuilding Commission; resource mobilization and reporting to donors; conducting quality assurance reviews on project proposals and reports; and fund allocations. Additionally, the United Nations Development Programme’s Multi Partner Trust Fund Office (MPTFO) is the Administrative Agent of the PBF in accordance with a memorandum of understanding signed with PBSO on 28 November 2006, that was last revised on 15 December 2016.

6. PBF cumulative contributions from inception to 31 December 2018 totaled approximately $951 million, $840 million of which had been transferred to participating organizations to finance 603 projects. About $151 million was held with participating organizations as at 31 December 2018, reflecting amounts yet to be spent for project implementation or expenses incurred for which the participating organizations were yet to file the financial reports. The Fund balance with MPTFO as at that date was $102 million.

7. PBSO had an approved budget of $11.4 million for the 2018-2019 biennium and an authorized staffing complement of 31 posts, 18 of which were assigned to the Financing for Peacebuilding Branch, including two posts provided through non-reimbursable secondments by other United Nations system entities.
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the adequacy and effectiveness of the programming and operational management of the PBF by PBSO.

10. This audit was included in the 2018 risk-based work plan of OIOS due to the Secretary-General's increased emphasis on rapidly deployable crisis prevention and peacebuilding services in the context of preventive conflict resolution and sustaining peace.

11. OIOS conducted this audit from February to May 2019. The audit covered the period from 1 January 2017 to 31 December 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in governing, supporting and monitoring the PBF programme. This included country eligibility reviews and needs assessments; mobilization and allocation of resources; and management, monitoring and reporting on project implementation. The audit did not cover PBF administration conducted by MPTFO.

12. The audit methodology included: (a) interviews of key PBSO personnel involved in PBF operations management and support activities; (b) reviews of relevant policy and documentation on operational management and support processes; (c) analytical reviews of PBF project allocation data; and (d) detailed testing of stratified random samples of 21 out of 178 PBF allocation approvals in 2017 and 2018, and 22 out of 49 PBF country portfolio reviews as at 31 December 2018.

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

III. AUDIT RESULTS

A. Governance and coordination

Appropriate governance and coordination mechanisms were established for the PBF

14. The PBF terms of reference (TOR) and 2017-2019 strategic plan outline the multi-level governance structure that guides PBF operations. This included: (a) the Independent Advisory Group for high-level advocacy to advise on and oversee PBF performance and management; (b) the Group of Friends of the PBF, currently composed of about 40 Member State contributors to the Fund; and (c) the Senior Peacebuilding Group and the Peacebuilding Contact Group to facilitate a coherent and integrated United Nations system approach to PBF management. Additional matters for potential PBF intervention were also identified during meetings of the policy and management related committees of the United Nations Secretariat, specifically the Executive Committee, Deputies Committee and inter-agency task forces.

15. The PBF governance groups met regularly according to their established schedules, with a PBSO representative in attendance, and participated in activities as described in this report. At the country-level, field-based Joint/PBF Steering Committees co-chaired by the United Nations resident coordinator and a government representative are responsible for project design and implementation monitoring. Recipient organizations (United Nations system organizations and qualifying non-United Nations organizations) are responsible for project operations and financial management. PBSO had also established PBF secretariats in 14 countries with major PRF project portfolios, while UNCT staff provided part-time support for PBF operations in countries without PBF secretariats.
16. OIOS concluded that PBSO had established appropriate governance and coordination arrangements to support the strategic management of the PBF.

PBSO was enhancing resource mobilization and managing funding risks

17. The PBF strategic plan for 2017-2019 projected the approval of $500 million for over 40 countries during the period to springboard the catalytic role of the Fund. According to data available on the MPTFO website or Gateway, donors, largely composed of Member States, contributed $221 million from 1 January 2017 to 31 December 2018, in addition to commitments of $43 million as at 30 April 2019. The total contributions of $264 million combined with the cumulative $119 million brought forward from the 2014-2016 cycle resulted in $383 million available for PBF support. This represented 77 per cent of the projected approvals, leaving PBSO with approximately eight months to achieve the target set in its 2017-2019 strategic plan. The potential contribution shortfall reflects a recurrent pattern when compared to the 2014-2016 strategic planning period, when PBF raised $191 million (or 61 per cent) of the $300 million target.

18. In June 2018, PBSO engaged an Innovative Finance Specialist to explore ways to widen the peacebuilding resource mobilization base and supplement voluntary contributions by Member States. Plans were at an advanced stage to launch an online donation platform to mobilize individual donations, and a pilot project design was underway to leverage private sector resources and form a blended finance fund through private-public partnership.

19. Meanwhile, to manage possible funding limitations, PBSO started, from January 2017, to transfer funds to projects in tranches established at the inception of the projects. They amended PBF project documents and funds transfer request templates to emphasize that budget approvals and release of subsequent tranches were conditional upon the availability of PBF funds. In 2017 and 2018, PBSO approved 82 and 96 projects totaling $157 million and $183 million, respectively, with approximately 65 per cent and 57 per cent of the allocations disbursed in the fourth quarter. Also, PBSO attended quarterly meetings with the Group of Friends of the PBF and arranged partner visits to PBF beneficiary countries. These activities collectively facilitated direct interaction with donor countries to increase the Fund’s visibility and influence contributions. Discussions with the Chief of the Financing for Peacebuilding Branch indicated that PBSO expected an increase in donor contributions and was confident of surpassing its target for the 2017-2019 cycle.

20. OIOS concluded that although it was too early to assess the effectiveness of the resource mobilization efforts, PBSO was taking action to enhance its resource mobilization and effectively manage funding risks. Therefore, OIOS did not make a recommendation on this issue.

B. Peacebuilding Fund programme management

PBSO conducted detailed reviews of formal country eligibility requests for PBF

21. According to the PBF TOR, countries are approved for PBF support following a formal eligibility review process, and the approval is valid for five years. Renewals are subject to a fresh review.

22. During the audit period, United Nations resident coordinators transmitted formal eligibility requests for five countries through the PBSO for consideration by the Secretary-General. The eligibility requests, prepared as a collaborative effort between the UNCT and national authorities, were based on PBF templates and included analyses of the conflict, country fragility and risks, as well as country-specific priority areas for PBF support. Assigned programme managers conducted pre-submission quality assurance reviews during the drafting process and post-submission consultative reviews with United Nations system partners,
followed by a further review and endorsement by the Senior Peacebuilding Group. The Financing for Peacebuilding Branch thereafter communicated its recommendations for the decision of the ASG, PBSO and subsequent concurrence of the Secretary-General, who notified requesting countries of his approval through their Permanent Representatives. The ASG, PBSO also communicated the Secretary-General’s decision to the Peacebuilding Commission.

23. The Secretary-General formally declared five countries (Burkina Faso, Colombia, El Salvador, The Gambia and Solomon Islands) eligible for PBF support in 2017 and 2018 and renewed the PBF eligibility requests from Chad and Guinea in the same period. As at 31 December 2018, 25 countries had been formally declared as eligible for PBF allocations. In addition to those countries formally declared as eligible for PBF allocations, countries that had not yet undergone a formal eligibility assessment could access PBF support through the IRF funding mechanism, often in preparation for future formal eligibility requests. OIOS concluded that PBSO had adopted collaborative and consultative review processes for countries that submitted formal PBF eligibility requests.

24. During the audit period, PBSO approved 45 PRF project allocations in 15 countries with an estimated budget of $99 million, and 133 IRF project allocations in 51 countries with an estimated budget of $241 million. The projects were in priority focus areas and priority windows identified in the PBF 2017-2019 strategic plan.

25. United Nations resident coordinators led the country-level preparation and review of PBF project concept notes and final project proposals with the full participation of national governments or their designated national authorities and were responsible for submitting PBF proposals to PBSO. Programme managers conducted pre-submission quality assurance reviews of the draft project concept notes and proposals to ensure proposed projects conformed to PBF qualifying criteria. The final project documents were then submitted for further review by the Peacebuilding Contact Group and Project Appraisal Committee before approval by the ASG, PBSO.

26. OIOS concluded that PBSO had established appropriate quality assurance review and approval processes for PBF projects.

There was a need to enhance PBF project performance monitoring process

27. Recipient organizations did not always timely submit periodic narrative and financial progress reports as required by PBF guidelines and by the memoranda of understanding and financial agreements. Field-based PBF secretariat personnel or PBF focal points in locations without a PBF secretariat were responsible for timely submission of the required reports.

28. PBSO programme managers established an Excel-based project management dashboard in 2018 summarizing general performance data from the periodic narrative (operational) reports to enhance the quality of their project management information. Although the dashboard highlighted key performance indicators for ongoing projects and identified off-track projects, it did not flag all the issues that required attention. These included scope for increased collaboration between United Nations system organizations and increased engagement by governments as indicated in Table 1.
<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Start date</th>
<th>End date</th>
<th>Budget $</th>
<th>Reported challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guinea-</td>
<td>PBF/IRF 213 00108262</td>
<td>19-Dec-17</td>
<td>30-Jun-19</td>
<td>944,356</td>
<td>• Collaboration gaps between United Nations organizations</td>
</tr>
<tr>
<td>Bissau</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Capacity building required to enhance project implementation knowledge, methodologies and skills of implementing partners</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>PBF/KZG/B-6 00108336</td>
<td>11-Jan-18</td>
<td>31-Dec-20</td>
<td>1,758,000</td>
<td>• State prison management capacity challenges and insufficient budget allocations for prison reforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Low forensic expertise in terrorism and extremism cases</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Extensive research required to determine drivers, causes and consequences of extreme violence and terrorism</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>PBF/KZG/A-7 00108337</td>
<td>11-Jan-18</td>
<td>31-Dec-20</td>
<td>2,601,082</td>
<td>• Absence of a shared understanding on prevention of violent extremism issues</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>PBF/KZG/H-1 00108374</td>
<td>11-Jan-18</td>
<td>31-Dec-20</td>
<td>551,653</td>
<td>• Slow implementation starts by recipient United Nations organizations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Cross-border projects on hold for long periods pending the establishment of operating procedures for infrastructure projects by the local authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Differing views on prevention of violent extremism within United Nations organizations may hinder joint project implementation</td>
</tr>
<tr>
<td>Mali</td>
<td>PBF/IRF 165 00105537</td>
<td>08-May-17</td>
<td>30-Nov-18</td>
<td>1,000,022</td>
<td>• Government delays in establishing interim authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Access difficulties hindering contractor visits and implementation delays</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Emergence of non-signatory armed groups and higher frequency of conflict</td>
</tr>
<tr>
<td>Papua New</td>
<td>PBF/PNG A-2 00111260</td>
<td>25-Jul-18</td>
<td>31-Jul-20</td>
<td>4,000,000</td>
<td>• Slow implementation due to Government delays in release of funds</td>
</tr>
<tr>
<td>Guinea</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somalia</td>
<td>PBF/IRF 120 00096372</td>
<td>17-Aug-15</td>
<td>28-Feb-18</td>
<td>586,974</td>
<td>• Passive engagement of Government and donors in project implementation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Limited impact to decision making</td>
</tr>
</tbody>
</table>

Source: PBF project narrative reports

29. PBSO circulated details of projects with reported implementation challenges, whose resolution required the support of participating United Nations organizations’ headquarters, during quarterly meetings of the Peacebuilding Contact Group. However, the follow-up remedial actions were not always timely or
apparent. For example, PBSO deployed a Peacebuilding Specialist in February 2019 to support the PBF secretariat in Guinea-Bissau by assessing its PBF portfolio implementation and identifying challenges. However, six of the eight ongoing projects were four months away from their expected end dates therefore it was too late to effectively address implementation challenges. Also, the Kyrgyzstan programme manager organized a country-level coordination meeting for United Nations recipient organizations in November 2018 and indicated that remedial action for implementation challenges would be reflected in subsequent narrative reports. However, it was not apparent whether this coordination and follow-up process was common for all PBF countries and it was too early to assess its impact on the implementation challenges identified.

30. Additionally, programme managers did not routinely act to rectify off-track projects, including prompting Joint/PBF Steering Committees to submit revised documents for the required pre-approval of changes to project scope, budgeted cost or duration. Moreover, 54 PBF projects with an approved value of $94.9 million and project end dates ranging from December 2014 to December 2018 were still reflected on the dashboard as ongoing as at 30 April 2019.

31. Consequently, the audit could not confirm the completeness and accuracy of operating and financial information uploaded on the MPTFO Gateway as a basis for PBSO to prepare consolidated annual narrative and financial reports. At the time of the audit, the project management dashboard was being enhanced to improve its utility in informing advisory discussions between programme managers and implementing partners or initiating strategic policy and operational management decisions by PBSO leadership. Such enhancements needed to incorporate tracking submission of reports and consolidating project implementation challenges among other performance metrics.

(1) PBSO should enhance the capability of the project management dashboard to highlight missing narrative and financial reports and consolidate project implementation challenges to facilitate systematic follow-up.

PBSO accepted recommendation 1 and stated that it would continue to devote resources to monitoring compliance and apply conditions for disbursement linked, amongst others, to the submission of required reports. By the end of 2019, PBSO would also include additional categories in its monitoring dashboard to detail which reports remain pending and coordinate with MPTFO to include a monitoring feature in the new Gateway scheduled to be launched in 2020. Recommendation 1 remains open pending receipt of evidence of the enhanced project monitoring dashboard and systematic follow-up of implementation challenges.

PBSO was taking action to ensure timely completion of PBF project closure activities

32. Recipient organizations should notify the MPTFO once project implementation is complete and commence operational and financial closure activities. End-of-project reports are due within three months of project completion, and financial closure, including the submission of certified financial statements, must be completed within 18 months of project completion.

33. PBSO circulated, during quarterly meetings of the Peacebuilding Contact Group, lists of operationally closed projects pending financial closure. Although PBSO reported significant overall progress in closing projects, a review of the status of projects on the list circulated on 19 February 2018 indicated that only 65 (or 35 per cent) of the 184 projects in 31 countries had been financially closed as at 30 April 2019. Also, as at 30 April 2019, financial closure was still pending for another 85 operationally closed PBF projects with an approved value of $149.4 million that had been completed between February 2009 and June 2017. United Nations system entities comprised 18 of the 20 recipient organizations that had
delayed financial closure of projects and submission of the necessary end-of-project narrative reports and financial closure information to MPTFO and PBSO.

34. Delayed project closures increased the accounts receivable balances from participating organizations, which totaled $151 million at 31 December 2018. This could potentially lead to a decline in stakeholder engagement, particularly PBF contributors, as they indicate absence of timely assurance that PBF resources were used for their intended purposes and that funded projects achieved their intended objectives. In accordance with the recently revised tranche-based project funds transfer approach, PBSO and MPTFO had jointly started to enforce a policy of suspending subsequent funds transfers to recipient organizations that did not comply with PBF requirements, including project closure.

35. OIOS acknowledged action taken by PBSO to ensure timely completion of project closure activities but concluded that it was too early to assess the effectiveness of the transfer suspension policy. Therefore, OIOS did not make a recommendation on this issue.

**PBSO needed to apply lessons learned to enhance its practices in PBF management and define criteria for the type and scope of future evaluations**

36. The PBF TOR require an evaluation of the Fund every three years to assess its effectiveness in achieving its objectives and impact on peacebuilding. The PBF revised guidelines effective May 2018 require independent final evaluations for each PBF project, prior to which the qualifying criteria were projects with budgets over $1.5 million and lasting more than 12 months. They also require PBSO to coordinate portfolio evaluations\(^1\) every five years for countries seeking renewal of their PBF eligibility.

37. PBSO had not procured consultant services to conduct an independent evaluation of the PBF for the 2014-2016 cycle. This was partly due to challenges in determining an appropriate evaluation scope of the programmatically diverse PBF projects, each implemented within the context of beneficiary countries’ unique peacebuilding needs. However, a Member State’s donor agency conducted annual evaluations of the PBF per established agreements with MPTFO and PBSO, and rated programme performance at A+ in 2017 and 2018. The agency directed contributions of approximately $38 million to the PBF for the period July 2016 to March 2020 in unearmarked funds, which enabled it to conduct a broad assessment of the PBF.

38. PBSO and field PBF secretariats conducted or commissioned, in 2017, three portfolio evaluations, one evaluability assessment\(^2\) and 14 project-level evaluations covering 16 projects. In 2018, one evaluability assessment, one portfolio evaluation, and 14 project-level evaluations were conducted, covering 17 projects. The Chief, Financing for Peacebuilding Branch made the final evaluation reports available to the Group of Friends of the PBF and uploaded them to a publicly accessible website. However, 11 out of 14 financially closed projects and 17 out of 40 operationally closed projects reviewed by OIOS that met the pre-May 2018 criteria were not yet formally independently evaluated. Two of the three financially closed projects that were evaluated were assessed as part of their respective countries’ portfolio evaluations.

39. This was partly because implementing partners considered internal self-assessments, conducted by field-based monitoring and evaluation officers, as adequate and only commissioned independent evaluations on an ad-hoc basis for high-value or high-risk PBF projects. The internal self-assessments were included in end-of-project reports; however, they generally focused on activity outputs or outcomes that

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1. A holistic assessment of the peacebuilding impact of the portfolio of PBF projects in a country and continuing strategic relevance of PBF.
2. An assessment to determine whether projects and portfolios are well placed to achieve relevant results and be evaluated, and to implement recommended corrective actions.
did not always clearly demonstrate the project impact or effect on peacebuilding. Also, it was not apparent whether and how PBSO consolidated and subsequently used the results of the evaluations to improve PBF operations. The current strategic plan envisaged a knowledge management system for collaboration and sharing of lessons learned, but implementation of this initiative was pending the recruitment of a Communications Advisor.

40. The extensive reliance on internal self-assessments limited the objective evaluation of PBF projects to determine whether they were achieving their intended impact. The PBF strategic plan for 2017-2019 strengthened the monitoring and evaluation framework by introducing evaluability assessments and PBSO quality assurance reviews of terms of reference for project evaluations and draft reports. However, it also introduced the requirement for an independent evaluation of all projects, which may be onerous and inefficient. For example, operationally closed projects during the audit period had budgets ranging from $130,000 to $10 million and were varied in complexity, criticality and risk profiles. The new policy did not distinguish the type and scope of evaluations that should be conducted on the diverse range of projects, based on an assessment of risks and to ensure efficient use of resources.

(2) **PBSO should systematically consolidate the results of internal and independent evaluation assessments and apply lessons learned as further opportunities to enhance best practices in Peacebuilding Fund management.**

*PBSO accepted recommendation 2 and stated that as the new monitoring and evaluation policy is rolled out, greater amounts of data and evaluations would be gathered during 2020. This would allow for a more systematic inclusion of evaluation results in new programmes PBSO would launch using new tools such as periodic thematic reviews to systematically consolidate and compare results of evaluations and facilitate learning. PBSO would also work with MPTFO to automate reporting allowing more detailed analysis. Recommendation 2 remains open pending receipt of evidence of the implementation of these actions.*

(3) **PBSO should define criteria on the type and scope of evaluations that should be conducted on the diverse range of Peacebuilding Fund projects.**

*PBSO accepted recommendation 3 and stated that it would define criteria for the type and scope of evaluations required by issuing more detailed guidance on PBF monitoring and evaluations for all PBF recipient organizations. It would furthermore identify options with partners on how to strengthen the monitoring and evaluation practice as part of the new strategic plan to be launched in March 2020. Recommendation 3 remains open pending the receipt of evidence of the enhanced monitoring and evaluation guidance and its application.*

PBSO needed to establish project document management standards and synchronize project management information with MPTFO

41. Programme managers maintained individual PBF project folders to record project management actions and to serve as a key reference source of project management information and institutional knowledge. However, PBSO had not established any standard documentation management procedures, and the folders varied in content and extent of completeness in documenting PBF project approval and management activities, leading to delays in retrieving project information. For example, whereas one project folder for The Gambia was reasonably comprehensive and contained project approval, extension and reporting documents, a comparative one for Guinea-Bissau was skeletal and only contained three related project approval documents.
42. In accordance with memoranda of understanding between the MPTFO and PBSO and the recipient United Nations organizations, MPTFO published relevant Fund information, including information on individual projects, on its website. The audit review identified various discrepancies in the MPTFO project data, including project end dates and durations that were inconsistent with underlying documents, incorrect budget amounts and unsupported revised project budgets. MPTFO was solely responsible for maintaining PBF information contained on the MPTFO Gateway and programme managers, whose access rights were restricted to viewing, periodically sent project documents to MPTFO but did not monitor the Gateway content to ensure its completeness, accuracy and consistency with the available information.

| 4 | PBSO should establish document management procedures to standardize the quality of folders maintained for Peacebuilding Fund projects, and periodically coordinate with the Multi Partner Trust Fund Office (MPTFO) to ensure the accuracy of project information on the MPTFO website. |

PBSO accepted recommendation 4 and stated that it would update and standardize its project file management structure and work with the MPTFO to ensure that the new Gateway rollout in 2020 includes such a system. Recommendation 4 remains open pending evidence of the establishment of a standardized filing system in PBSO and the MPTFO Gateway.

IV. ACKNOWLEDGEMENT

43. OIOS wishes to express its appreciation to the management and staff of PBSO 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 programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

<table>
<thead>
<tr>
<th>Rec. no.</th>
<th>Recommendation</th>
<th>Critical/Important</th>
<th>C/O</th>
<th>Actions needed to close recommendation</th>
<th>Implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PBSO should enhance the capability of the project management dashboard to highlight missing narrative and financial reports and consolidate project implementation challenges to facilitate systematic follow-up.</td>
<td>Important</td>
<td>O</td>
<td>Recommendation will be closed upon submission of evidence of the enhanced project monitoring dashboard and systematic follow-up of implementation challenges.</td>
<td>31 December 2019</td>
</tr>
<tr>
<td>2</td>
<td>PBSO should systematically consolidate the results of internal and independent evaluation assessments and apply lessons learned as further opportunities to enhance best practices in Peacebuilding Fund management.</td>
<td>Important</td>
<td>O</td>
<td>Recommendation will be closed upon submission of evidence of systematically consolidating the results of internal and independent evaluation assessments and applying lessons learned as further opportunities to enhance best practices in Peacebuilding Fund management.</td>
<td>30 June 2021</td>
</tr>
<tr>
<td>3</td>
<td>PBSO should define criteria on the type and scope of evaluations that should be conducted on the diverse range of Peacebuilding Fund projects.</td>
<td>Important</td>
<td>O</td>
<td>Recommendation will be closed upon submission of evidence of the enhanced monitoring and evaluation guidance and its application.</td>
<td>30 June 2020</td>
</tr>
<tr>
<td>4</td>
<td>PBSO should establish document management procedures to standardize the quality of folders maintained for Peacebuilding Fund projects, and periodically coordinate with the Multi Partner Trust Fund Office (MPTFO) to ensure the accuracy of project information on the MPTFO website.</td>
<td>Important</td>
<td>O</td>
<td>Recommendation will be closed upon submission of evidence of the establishment of a standardized filing system in PBSO and the MPTFO Gateway.</td>
<td>31 December 2019</td>
</tr>
</tbody>
</table>

3 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.

4 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.

5 C = closed, O = open

6 Date provided by client in response to recommendations.
APPENDIX I

Management Response
TO       Ms. Muriette Lawrence-Hume, Chief, New York Audit Service, Internal Audit Division, OIOS
          DATE  15 July 2019
FROM    Rosemary A. DiCarlo, Under-Secretary-General for Political and Peacebuilding Affairs
REFERENCE

SUBJECT  Response to the draft report on an audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office (Assignment No. AP2018/605/01)

OBJET

1. We acknowledge receipt of the draft report of the audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office.

2. Please find attached the management responses to the recommendations made in Appendix I.
Management Response

Audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

<table>
<thead>
<tr>
<th>Rec. no.</th>
<th>Recommendation</th>
<th>Critical¹/ Important²</th>
<th>Accepted? (Yes/No)</th>
<th>Title of responsible individual</th>
<th>Implementation date</th>
<th>Client comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PBSO should enhance the capability of the project management dashboard to highlight missing narrative and financial reports and consolidate project implementation challenges to facilitate systematic follow-up</td>
<td>Important</td>
<td>Yes</td>
<td>Chief, Financing for Peacebuilding Branch, PBSO</td>
<td>December 2019</td>
<td>PBSO recognizes the importance of tracking and encouraging Recipient UN Organisations (RUNOs) and Non-UN Organisations (NUNOs) to submit reports. Project implementation and the responsibility to submit in a timely manner narrative and financial reports rests with the RUNO and NUNOs which have established procedures, systems and capacities to generate and submit said reports and which commit to do so through signing the PBF project document. PBSO will continue to devote resources to monitoring compliance and will continue to apply conditions for disbursement linked, amongst others, to the submission of reports. By the end of 2019, it will also include additional categories in its monitoring dashboard to detail which reports remain pending. It will work with MPTFO to include such feature in the new Gateway which is planned to be launched during 2020.</td>
</tr>
<tr>
<td>2</td>
<td>PBSO should systematically consolidate the results of internal and independent evaluation assessments and apply lessons</td>
<td>Important</td>
<td>Yes</td>
<td>Chief, Financing for</td>
<td>June 2021</td>
<td>PBSO recognizes the importance of continued strengthening of the M&amp;E practice to inform new programming.</td>
</tr>
</tbody>
</table>

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 programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

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<td></td>
<td>learned as further opportunities to enhance best practices in Peacebuilding Fund management</td>
<td></td>
<td></td>
<td>Peacebuilding Branch, PBSO</td>
<td></td>
<td>and improve learning for the wider peacebuilding community. As the new M&amp;E policy is rolled out, greater amounts of data and evaluations will be gathered during 2020 which will allow for a more systematic inclusion of evaluation results in new programs. PBSO will launch new tools such as periodic thematic reviews to systematically consolidate and compare results of evaluations and facilitate learning. PBSO will also work with MTFO to automatize reporting allowing more detailed analysis.</td>
</tr>
<tr>
<td>3</td>
<td>PBSO should define criteria on the type and scope of evaluations that should be conducted on the diverse range of Peacebuilding Fund projects.</td>
<td>Important</td>
<td>Yes</td>
<td>Chief, Financing for Peacebuilding Branch, PBSO</td>
<td>June 2020</td>
<td>PBSO recognizes the importance of improving its evaluation framework. It will define criteria concerning the type and scope of evaluations required by issuing more detailed guidance on PBF monitoring and evaluation requirements for all RUNOs and NUNOs. PBSO will furthermore identify options with partners on how to strengthen the monitoring and evaluation practice as part of the new Strategic Plan to be launched by March 2020.</td>
</tr>
<tr>
<td>4</td>
<td>PBSO should establish document management procedures to standardize the quality of folders maintained for Peacebuilding Fund projects, and periodically coordinate with the Multi</td>
<td>Important</td>
<td>Yes</td>
<td>Chief, Financing for Peacebuilding Branch, PBSO</td>
<td>December 2019</td>
<td>PBSO recognizes the importance of strong document management systems. PBSO will update and standardize its project file management structure and make use</td>
</tr>
</tbody>
</table>
Management Response

Audit of programme and operational management of the Peacebuilding Fund by the Peacebuilding Support Office

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<td></td>
<td>Partner Trust Fund Office (MPTFO) to ensure the accuracy of project information on the MPTFO website</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of new IT platforms being put in place in the UN Secretariat. PBSO will also work with MPTFO to ensure a system is in place to regularly verify the accuracy of project information as part of the new Gateway to be rolled out in 2020</td>
</tr>
</tbody>
</table>