



INTERNAL AUDIT DIVISION

REPORT 2019/072

**Audit of the management of trust
funds at the Economic and Social
Commission for Asia and the Pacific**

**Controls relating to governance and project
management needed to be strengthened to
increase the impact of extrabudgetary
activities**

**16 August 2019
Assignment No. AG2019/740/01**

Audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific (ESCAP). The objective of the audit was to assess the adequacy and effectiveness of internal controls over the effective management of trust funds at ESCAP. The audit covered the period from 1 January 2017 to 31 December 2018 and included a review of risk areas relating to governance, project management and mainstreaming of Sustainable Development Goals.

The trust funds at ESCAP supported project activities in accordance with the mandate and terms of reference, and donor reporting requirements were complied with. However, controls relating to governance and project management needed to be strengthened to increase the impact of extrabudgetary activities.

OIOS made five recommendations. To address the issues identified in the audit, ESCAP needed to:

- Develop a consolidated document such as an online handbook covering its various policies and procedures relating to extrabudgetary resources to ensure their consistency and alignment;
- Take steps to highlight the key results of capacity development projects with measurable and quantifiable outcomes to enhance donor confidence and facilitate more effective partnerships with stakeholders;
- Promulgate comprehensive guidelines on the use of unspent balances of completed projects and ensure that they are implemented consistently;
- Update its needs assessment to identify areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness to ensure that its activities are appropriately targeted; and
- Establish a mechanism to critically examine the need to use consultants when reviewing the divisions' project cost plans to ensure that consultants are not hired to perform the functions of regular staff.

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

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Audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific (ESCAP).

2. ESCAP is the regional development arm of the United Nations for the Asia-Pacific region. ESCAP comprises 53 Member States and nine associate members. The objective of ESCAP is to promote inclusive and sustainable economic and social development in the Asia-Pacific region. ESCAP's research and analysis, coupled with its policy advisory services, capacity building and technical assistance to governments, aims to support countries' sustainable and inclusive development ambitions. Its programme of work comprises nine mutually supportive and interconnected sub-programmes namely: (i) macroeconomic policy and financing for development; (ii) trade, investment and innovation; (iii) transport; (iv) environment and development; (v) information and communications technology and disaster risk reduction; (vi) social development; (vii) statistics; (viii) subregional activities for development; and (ix) energy. In addition to four subregional offices, ESCAP has five regional institutions located in five countries in the region.

3. Capacity development is at the core of the ESCAP technical cooperation programme. The main objective of ESCAP's capacity development work is to develop the technical, managerial and institutional capacities of member and associate member governments to plan and deliver more effective policies and programmes in support of inclusive and sustainable development.

4. ESCAP managed two trust funds with a total income of \$36.5 million during 2017-2018. Both trust funds were used to implement capacity development work. The Technical Cooperation Project Trust Fund (BKT) was established by the Secretary-General on 31 December 1992 to support the capacity development projects implemented by ESCAP. BKT also included a Multi-Donor Fund for Tsunami Disaster and Climate Preparedness aimed at narrowing the capacity gaps in the region and ensuring the development of an integrated regional tsunami early warning system. The Trust Fund for ESCAP Regional Activities (BTF) was established by the Secretary-General on 1 March 2011 to support ESCAP's programme of work, including the receipt and administration of contributions for operation of the ESCAP subregional offices in the Asia-Pacific region. ESCAP had four main traditional donors (the Republic of Korea, China, Russian Federation and Japan).

5. The total income and expenditure for the two trust funds for 2017 and 2018 are shown in Table 1.

Table 1: Income and expenditure of trust funds at ESCAP

	Fund	Trust fund name	Income (\$)		Expenditure (\$)	
			2017	2018	2017	2018
1	BKT	Technical Cooperation Project Trust Fund	11,957,745	23,613,333	15,603,278	12,777,494
2	BTF	General Trust Fund for ESCAP Regional Activities	497,064	391,212	1,967,849	1,483,396
Total			12,454,809	24,004,545	17,571,127	14,260,890

6. The Strategy and Programme Management Division (SPMD) of ESCAP monitors the implementation of the mandated work, including technical cooperation projects funded from various sources, and manages and supports periodic thematic, subprogramme, and project evaluations. SPMD also provides support to ESCAP Divisions and Offices in planning and mobilizing extrabudgetary resources for activities and creating partnerships.

7. Comments provided by ESCAP are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of internal controls over the effective management of trust funds at ESCAP.

9. This audit was included in the 2019 risk-based work plan of OIOS due to the risk that potential weaknesses in the management of trust funds at ESCAP could adversely affect the achievement of its objectives and may have an adverse impact on donor confidence as well as the Organization’s reputation.

10. 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 risk areas in the management of trust funds at ESCAP, which included: (i) governance; (ii) project management; and (iii) mainstreaming of Sustainable Development Goals (SDGs).

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing. Using the stratified sampling method, OIOS selected for detailed review 31 projects amounting to \$38 million out of a total of 82 projects in 2017-2018 aggregating \$44 million. OIOS also reviewed the activities performed by 61 consultants costing \$1.4 million out of 611 consultants engaged by ESCAP during 2017-2018 at a total cost of \$3.9 million.

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

III. AUDIT RESULTS

A. Governance

Need to institute a mechanism to update policies and procedures concurrently

13. ESCAP had developed and implemented policies and procedures for management of extrabudgetary resources in the areas of capacity development, resource mobilization, project management, grants management, risk assessment and monitoring and evaluation, as summarized in Table 2.

Table 2: ESCAP’s policies and procedures for management of extrabudgetary resources

Policies/procedures	Focus areas	Date of issue
Capacity development strategy	The document outlined the overall strategy to provide coherent direction for ESCAP capacity development work to further increase the effectiveness and impact of ESCAP work.	6 January 2017
Resource mobilization strategy	The overall objective is to identify and set out the process, sources and activities for mobilizing voluntary extra budgetary	10 March 2014

	resources for the organization’s capacity development work, in support of the intergovernmental and analytical work of ESCAP.	
Project management guide	Provided guidance on the use of the results-based management approach in the design, planning, appraisal, approval, implementation, monitoring, evaluation and reporting of projects (including the budgetary aspects). Areas covered include: (i) resource mobilization and funding; (ii) project management; and (iii) partnerships and memoranda of understanding.	27 March 2017
Grants guidelines	Provided guidance on the management approach in the grant agreement, agreement requests, eligible partner institutions, choice of partner, scope of activities, guidelines for drafting a grant agreement, payments and financial reporting, assurance activities, record keeping, amendments, procurement of non-expendable equipment and closure of agreements.	18 March 2014
Risk assessment of ESCAP	ESCAP had in place a preliminary risk register identifying major risks and controls.	6 August 2018
Monitoring and evaluation strategy	Describes the policy, norms and standards, procedures and processes for monitoring and evaluation of ESCAP programme of work, including technical cooperation projects.	10 August 2017

14. These policies and procedures had been developed over the last several years with updates being made over a period of time. The resource mobilization strategy recognized the need to focus mainly on a limited number of programme priorities identified in the capacity development strategy. Similarly, the project management guide and grants management guidelines provide detailed guidance for identification and selection of partners to achieve the objectives/goals envisaged in the capacity development strategy. These needed to be updated concurrently to ensure consistency and uniformity because of their interrelationships. However, while the project management guide and capacity development strategy were updated in 2017, the resource mobilization strategy and grants guidelines were not updated accordingly.

15. In addition, the Secretary-General’s reforms on the development pillar which brought the Resident Coordinators under the United Nations Secretariat would have an impact on activities of regional commissions that are funded from extrabudgetary sources. This would require the policies and procedures relating to management of extrabudgetary resources to be aligned with the Secretary-General’s reforms concerning the development pillar. ESCAP could assure consistency and alignment of its various policies and procedures by consolidating them into a single document such as an online handbook and updating it periodically to ensure its relevance.

(1) ESCAP should develop a consolidated document such as an online handbook covering its various policies and procedures relating to extrabudgetary resources to ensure their consistency and alignment.

ESCAP accepted recommendation 1 and stated that it will consolidate all documents on policies and procedures related to programme management into a single online gateway through iSeek to ensure their consistency and alignment. Recommendation 1 remains open pending receipt of the handbook on programme management.

Need to highlight the impact of the capacity development projects

16. One of the principles enunciated in the ESCAP capacity development strategy is that capacity development activities consider the need to maximize their impact on the national capacity of its Member States with economies in transition. To demonstrate the effectiveness of its capacity development activities and maximize the opportunities for partnership, ESCAP needs to appropriately highlight the wide variety

of work it carries out in the region. Currently, in addition to annual and terminal reports to donors, ESCAP submits reports to the Economic and Social Council. These are: (i) annual report on overview of partnerships, extrabudgetary contributions and capacity development; (ii) biennial report on evaluation activities; and (iii) report on specific mandated evaluations.

17. These reports did not have an outreach focus and were not specifically intended to highlight selected success stories of the key capacity development projects with measurable and quantifiable outcomes. OIOS is of the view that ESCAP needs to showcase its major achievements in the capacity development area to ensure that project impact is effectively communicated to all stakeholders. ESCAP acknowledged the need to highlight its capacity development work with donors and stakeholders by publishing selected success stories periodically.

(2) ESCAP should take steps to highlight the key results of capacity development projects with measurable and quantifiable outcomes to enhance donor confidence and facilitate more effective partnerships with stakeholders.

ESCAP accepted recommendation 2 and stated that it will highlight selected results and success stories of key capacity development projects through the preparation of a Technical Cooperation Yearbook. Recommendation 2 remains open pending receipt of evidence of steps taken to highlight the key results of capacity development projects with measurable and quantifiable outcomes.

B. Project management

Project activities were in accordance with the mandate and terms of reference

18. According to the terms of reference of the two trust funds, their main purpose was to support and assist ESCAP in implementing its mandated activities.

19. OIOS' review of project activities and substantive reports relating to a selected sample of projects funded by the trust fund indicated that their objectives matched with ESCAP's mandate and prioritization criteria. Project objectives were aligned with priorities in the ESCAP strategic plan, and project activities were in accordance with the terms of reference of the trust funds.

Guidelines on use of unspent funds needed to be promulgated

20. ESCAP maintained three global accounts (G005, G001 and G007) to account for unspent funds from completed BKT projects. Table 3 shows the purpose of the three global accounts.

Table 3: Purpose of the three global accounts

Sub-account	Purpose of global account
G005	Suspense account which holds all unspent funds. Upon confirmation from donors, unspent funds were either returned or transferred to global accounts G001 or G007.
G001	Contains non-earmarked funds provided by Member States and other organizations and also balance funds remaining after the completion of extrabudgetary projects, where the donors have agreed for the funds to be used for implementation of the programme of work.
G007	Contains unspent funds that remained after closure of a project, when these unspent balances did not have to be returned to the donor(s) and will be used to cover potential future liabilities that could arise in relation to extrabudgetary funded activities.

21. Global account G005 was a suspense account which held unspent funds that were yet to be allocated to projects, or where decisions from donors were awaited. During the review period, three projects relating to implementation of SDGs involving an expenditure of \$408,744 were funded from global account G001. OIOS' review of a sample of donor letters indicated that ESCAP had processed the unspent balances in accordance with donor agreements.

22. Expenditure amounting to \$267,000 was charged during the review period to global account G007, which was primarily used as a reserve. This included funding for a Public Information Officer (P-3) for 11 months during 2016-2017 in the Office of the Executive Secretary to produce information and communication products. The basis for using funds from global account G007 to finance a post not related to any project was unclear. ESCAP had developed an informal guidance note on the use of unspent project funds from the three global accounts but this guidance was not comprehensive and had not been formalized. ESCAP needs to promulgate comprehensive guidelines and implement them consistently to assure that unspent project funds are utilized in a transparent manner.

(3) ESCAP should promulgate comprehensive guidelines on the use of unspent balances of completed projects and ensure that they are implemented consistently.

ESCAP accepted recommendation 3 and stated that it has already issued officially a guideline on the process of accessing funds from global accounts of the Technical Cooperation Trust Fund. ESCAP considers this recommendation is implemented. Based on the action taken by ESCAP, recommendation 3 has been closed.

Need to update needs assessment of climate and disaster preparedness activities

23. The Multi-Donor Fund for Tsunami Disaster and Climate Preparedness (within BKT) was established in 2005 to build and enhance tsunami early warning capacities at various levels by responding to the needs of Indian Ocean and South East Asian countries. In 2011, the scope of the fund was expanded to include climate and disaster preparedness within the core areas of support, while retaining a focus on early warning for coastal hazards. In 2015, the geographic scope was expanded to cover Small Island Developing States in the Southwestern Pacific.

24. The Tsunami Disaster and Climate Preparedness Fund had financed 29 technical assistance projects with a budget of approximately \$15.5 million directly benefiting 20 countries in the Indian Ocean, South East Asia and the Pacific area. ESCAP conducted needs assessment in the region in 2009 and 2011 and prioritized technical assistance projects to cater to unmet needs of least developed and low capacity countries. However, since 2011, there has been no needs assessment to assure that ESCAP's technical assistance and capacity building efforts matched the regional needs. ESCAP stated that it had prioritized 'high-risk low-capacity' countries in the region while formulating the technical assistance projects. OIOS is of the view that following the expansion of core areas and geographic scope of this Fund in 2015, it is essential that ESCAP updates its needs assessment to ensure that its technical assistance activities are appropriately targeted and remain relevant.

(4) ESCAP should update its needs assessment to identify areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness to ensure that its activities are appropriately targeted.

ESCAP accepted recommendation 4 and stated that it will update its needs assessment, subject to agreement of the donors and a new injection of funds into the Trust Fund. Recommendation 4 remains open pending receipt of updated needs assessment identifying the areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness.

Donor reporting requirements were complied with

25. Reporting requirements were stipulated in donor agreements. OIOS review of selected projects showed that ESCAP had a system to monitor compliance with donor reporting requirements. Financial reports were produced on a monthly basis to monitor income and expenditures of projects. ESCAP monitored the reporting requirements and submitted reports to donors in a timely manner. OIOS therefore concluded that controls over monitoring of projects and donor reporting process were adequate.

Need to strengthen controls over the use of consultants

26. According to administrative instruction ST/AI/2013/4, a consultant is an individual who is a recognized authority or specialist in a specific field, engaged by the United Nations under a temporary contract in an advisory or consultative capacity and consultants shall not perform the functions of regular and continuing staff members.

27. During the review period, ESCAP engaged 611 consultants involving an expenditure of \$3.9 million (or 13 per cent of the total extrabudgetary resources). ESCAP had 93 posts funded from extrabudgetary sources to implement capacity development activities. The use of consultants across the divisions varied considerably. For example, the Macroeconomic Policy and Financing for Development Division and the Environment and Development Division engaged 115 and 53 consultants, respectively, during the reporting period. Apart from substantive divisions, 63 consultants were also engaged to support the administrative work in the areas of logistics, procurement, human resources, finance and engineering.

28. Out of the sample of 61 consultant files reviewed, 23 (38 per cent) showed that consultants were engaged to perform the functions of regular staff such as organizing regional conferences and workshops, preparing reports, and assisting in the management of projects which are the core functions of project staff. ESCAP stated that cost plans of individual capacity development projects budgeted funds for the use of consultants. Accordingly, divisions engaged the consultants to support their work. There was no evidence that ESCAP questioned the need for consultants to perform such functions when the individual project cost plans were reviewed/approved. Given the high number of consultants engaged (611 consultants as against 93 regular staff) and the resultant financial implication on extrabudgetary resources, ESCAP needs to institute a mechanism to critically review the divisions' proposals for use of consultants before their cost plans and related budgets are approved to ensure that the need for consultants is adequately justified.

(5) ESCAP should establish a mechanism to critically examine the need to use consultants when reviewing the divisions' project cost plans to ensure that consultants are not hired to perform the functions of regular staff.

ESCAP accepted recommendation 5 and stated that it will institute an assessment on the need to use consultants. Recommendation 5 remains open pending receipt of evidence showing that a mechanism has been established to assess the need to use consultants.

Action was taken to require project managers to sign a conflict of interest disclosure statement

29. ESCAP grants guidelines state that a partner institution must be selected based on a competitive evaluation of several suitable candidates when applicable. The requesting division or office is required to submit to the Grants Committee a justification document indicating the evaluation criteria used, the candidates, the evaluation of each candidate for each of the criteria and the outcome of the evaluation.

30. ESCAP approved 44 grants during 2017-2018 amounting to \$1.7 million. OIOS' review showed that grants aggregating \$979,765 (57 per cent) were awarded on a sole source basis. Although the grants were approved by the Grants Committee, the grants guidelines did not require the staff involved in the grantee selection process to sign a statement confirming that they were not affiliated to grantees and were free of any conflict of interest. Considering that more than half of the approved grants were awarded on a sole source basis, it is particularly important for ESCAP to include a requirement for staff to declare any conflict of interest in the selection of grantees so that prompt remedial action could be taken to ensure the integrity of the grant award process. During the audit, ESCAP updated its grant templates requiring project managers to sign a conflict of interest declaration. In view of the action taken by ESCAP, OIOS did not make a recommendation in this regard.

C. Mainstreaming of SDGs

Actions were taken to mainstream SDGs in activities funded from the extrabudgetary resources.

31. ESCAP revised its capacity development strategy with a primary focus on SDGs. The strategy aligned the planning and implementation of ESCAP capacity development work directly with the 2030 agenda and the SDGs. In addition, all extrabudgetary projects had to be aligned with the regional roadmap adopted by ESCAP Member States for implementation of the 2030 agenda and the SDGs. The project document template had specific sections to indicate the SDG goals and targets being addressed along with justification and linkages to the programme of work. The project document also required projects to be aligned with specific elements of the regional roadmap for Asia-Pacific for achievement of the SDGs. The criteria for assessing projects included a focus on how SDGs and targets were specifically addressed. The project management tool (projects.un.org) also tagged projects as per the SDGs addressed. OIOS therefore concluded that ESCAP had initiated steps to mainstream SDGs in activities funded from the extrabudgetary activities.

IV. ACKNOWLEDGEMENT

32. OIOS wishes to express its appreciation to the management and staff of ESCAP 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 the management of trust funds at the Economic and Social Commission for Asia and the Pacific

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ESCAP should develop a consolidated document such as an online handbook covering its various policies and procedures relating to extrabudgetary resources to ensure their consistency and alignment.	Important	O	Receipt of the handbook on programme management.	31 December 2020
2	ESCAP should take steps to highlight the key results of capacity development projects with measurable and quantifiable outcomes to enhance donor confidence and facilitate more effective partnerships with stakeholders.	Important	O	Receipt of evidence of steps taken to highlight the key results of capacity development projects with measurable and quantifiable outcomes.	30 June 2020
3	ESCAP should promulgate comprehensive guidelines on the use of unspent balances of completed projects and ensure that they are implemented consistently.	Important	C	Action completed.	Implemented
4	ESCAP should update its needs assessment to identify areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness to ensure that its activities are appropriately targeted.	Important	O	Receipt of updated needs assessment identifying the areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness.	31 December 2020
5	ESCAP should establish a mechanism to critically examine the need to use consultants when reviewing the divisions' project cost plans to ensure that consultants are not hired to perform the functions of regular staff.	Important	O	Receipt of evidence showing that a mechanism has been established to assess the need to use consultants.	30 June 2020

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 ESCAP in response to recommendations.

APPENDIX I

Management Response



INTEROFFICE MEMORANDUM

TO: Mr. Gurpur Kumar, Deputy Director
Internal Audit Division, OIOS

16 August 2019

FROM: Armida Salsiah Alisjahbana
Executive Secretary, ESCAP

OES/A/1.1

A handwritten signature in blue ink, appearing to be 'AS'.

SUBJECT: **Draft report on an audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific**

With reference to your interoffice memorandum of 29 July 2019 on the above-mentioned subject, I am pleased to inform that ESCAP welcomes the findings and recommendations of the OIOS audit and appreciates the opportunity to provide an ESCAP comments.

In this regard, please find attached ESCAP's comments to the draft report and response to the audit recommendations, including an action plan with target dates for implementing the recommendations.

cc: Mr. Hongjoo Hahm, Deputy Executive Secretary, ESCAP
Mr. Kaveh Zahedi, Deputy Executive Secretary, ESCAP
Mr. Adnan Aliani, Director, Strategy and Programme Management Division, ESCAP
Ms. Anne Matthews, Director, Division of Administration, ESCAP
Mr. Ka-Fa Wong, Audit Focal Point, ESCAP
Mr. Zachary Ikiara, Chief, Oversight and Coordination Support Unit, DM
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

ESCAP comments
Audit of the management of trust funds at the Economic Commission for Asia and the Pacific

ESCAP welcomes the findings and recommendations of the OIOS audit and expresses its appreciation to the OIOS audit team for undertaking the audit in a participatory and consultative manner. ESCAP accepted all the recommendations and has already implemented one of them. In addition, ESCAP would like to provide further comments on the draft audit reports as provided below.

Regarding paragraph 14, ESCAP agrees that the various policies and guidelines should be consolidated into a single online gateway for easy access that is regularly and concurrently updated. Furthermore, ESCAP clarifies that the current resource mobilization strategy is valid until 2019 (five years from 2014) and is in the process of developing a new resource mobilization strategy covering the next five-year period from 2020.

Regarding paragraph 20, the referenced guidance note has been formalized through an official memo issued by the Executive Secretary dated 14 June 2019. The guidance note provides a comprehensive guide covering the types of global accounts, their respective purpose and description, the authority for managing the funds, the procedures for accessing the funds and the approval process. ESCAP considers that the associated recommendation 3 is therefore implemented.

Management Response

Audit of the management of trust funds at the Economic and Social Commission for Asia and the Pacific

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ESCAP should develop a consolidated document such as an online handbook covering its various policies and procedures relating to extrabudgetary resources to ensure their consistency and alignment.	Important	Yes	Director, Strategy and Programme Management Division	31 December 2020	ESCAP accepts the recommendation and will consolidate all documents on policies and procedures related to programme management into a single online gateway through iSeek to ensure their consistency and alignment.
2	ESCAP should take steps to highlight the key results of capacity development projects with measurable and quantifiable outcomes to enhance donor confidence and facilitate more effective partnerships with stakeholders.	Important	Yes	Director, Strategy and Programme Management Division	30 June 2020	ESCAP accepts the recommendation and will highlight selected results and success stories of key capacity development projects through the preparation of a Technical Cooperation Yearbook.
3	ESCAP should promulgate comprehensive guidelines on the use of unspent balances of completed projects and ensure that they are implemented consistently.	Important	Yes	Director, Strategy and Programme Management Division	Action already taken	ESCAP accepts the recommendation and has already issued officially a guideline on the process of accessing funds from global accounts of the Technical Cooperation Trust Fund. ESCAP considers this recommendation is implemented.
4	ESCAP should update its needs assessment to identify areas for technical assistance from the Multi-Donor Fund for Tsunami Disaster and Climate Preparedness to ensure that its activities are appropriately targeted.	Important	Yes	Director, Information and Communications Technology and Disaster Risk Reduction Division	31 December 2020	ESCAP accepts the recommendation and will update its needs assessment, subject to agreement of the donors and a new injection of funds into the Trust Fund.

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 the management of trust funds at the Economic and Social Commission for Asia and the Pacific

5	ESCAP should establish a mechanism to critically examine the need to use consultants when reviewing the divisions' project cost plans to ensure that consultants are not hired to perform the functions of regular staff.	Important	Yes	Director, Strategy and Programme Management Division	30 June 2020	ESCAP accepts the recommendation and will institute an assessment on the need to use consultants.
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