INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/067

Audit of project management at the International Trade Centre

Overall results relating to effective project management at ITC were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

21 August 2013
Assignment No. AE2012/350/01

CONTENTS

AUDIT REPORT

Audit of project management at the International Trade Centre

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of project management at the International Trade Centre (ITC).

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

3.   ITC is the joint technical cooperation agency of the United Nations and the World Trade Organization (WTO) for business aspects of trade development. It operates under the joint auspices of the WTO and the United Nations Conference on Trade and Development (UNCTAD). The WTO General Council and the UNCTAD Trade and Development Board annually review the programme of work of ITC, including recommendations of the Joint UNCTAD/WTO Advisory Group (the main intergovernmental policy forum of ITC). ITC serves three client groups: policymakers; trade support institutions; and the private sector. The ITC Strategic Plan for 2012-15 outlines four strategic areas of focus:

   a) Improving the availability and use of trade intelligence;
   b) Enhancing trade support institutions and policies for the benefit of exporting enterprises;
   c) Strengthening the export capacity of enterprises to respond to market opportunities; and
   d) Mainstreaming inclusiveness and sustainability into trade promotion and export development policies.

4.   Pursuant to recommendations made by an external evaluation in 2006, ITC took a strategic decision to use large multi-year projects as a way to increase the value, impact and volume of its technical assistance in beneficiary countries. This strategic shift required ITC to manage numerous structural, operational, and cultural changes. This was a challenge for an organization, which traditionally delivered a significant proportion of its work through small one-off projects with support from non-integrated tools and systems. The first challenge was to generate, mobilize resources for and manage the biggest pipeline of large projects in ITC. The bulk of this pipeline was launched in 2008. In 2009, a Large Projects Management Unit was established. This initiative was aimed at giving visibility and importance to large projects and enabling ITC management to grasp important lessons on large projects delivery. In 2011, ITC started capitalizing on the lessons learned and moved into implementation of various initiatives.

5.   Over the life-cycle of the first generation of large projects (2008-2013), ITC initiated and developed, *inter alia*, the following internal procedures and practices needed to ensure effective project management and delivery: Results-Based Management (RBM) methodologies and tools; project manager and project team training on project management; an online customer relationship management tool; automation and integration of a corporate results reporting tool; an online Integrated Reporting Architecture to external stakeholders; a Country Needs Assessment methodology; quality assurance review procedures, bodies and personnel; corporate strategic planning and monitoring practices; and enhanced financial accountability through upgraded traceability of funds and financial management controls.

6.   ITC project expenditures grew consistently from 2009 to 2011, from $31.5 million to $42.7 million, but dropped slightly in 2012 to $39.8 million. In 2012, ITC recorded transactions for 217 projects.

7.   Comments provided by ITC are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

8.   The audit was conducted to assess the adequacy and effectiveness of ITC governance, risk management and control processes in providing reasonable assurance regarding **effective project management**.

9.   The audit was included in the 2012 internal audit work plan for ITC because project management is a core business function of ITC involving significant risks, especially in light of its continuing investment in large projects over the last five years.

10.   The key controls tested for the audit were: (a) a) Strategic planning and risk management; and (b) Project management. For the purpose of this audit, OIOS defined these key controls as follows:

(a)   **Strategic planning and risk management** – controls that provide reasonable assurance that ITC strategic management and governance arrangements for projects, including risk management, are implemented in compliance with relevant mandates, rules and regulations, and internal policies and procedures.

(b)   **Project management** - controls that provide reasonable assurance that the ITC project management cycle is implemented in an effective manner and there is sufficient project management capacity such as human and financial resources to achieve project mandates.

11.   The key controls were assessed for the control objectives shown in Table 1.

12.   OIOS conducted this audit from September 2012 to March 2013. The audit covered the period from 1 January 2011 to 30 November 2012.

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

III.   AUDIT RESULTS

14.   The ITC governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding **effective project management**. OIOS made six recommendations to address the issues identified in the audit.

15.   Strategic planning and risk management were assessed as partially satisfactory. ITC was investing in strengthening its needs assessment process and had made a commitment to develop a corporate fundraising strategy by 2014. It had also taken action to address a number of identified challenges and staff concerns related to its strategic orientation towards large projects. It had further developed a mechanism to collect and share good practices via a dedicated webpage and established a satisfactory quality assurance mechanism for the project planning and development stages. In addition,

internal controls to define performance indicator baselines were in place. However, ITC had not formalized the approach for integrating its needs assessment and fundraising initiatives, and there was a need to develop a mechanism to record past and ongoing fundraising initiatives to facilitate the monitoring, follow-up and coordination of its overall fundraising efforts. Knowledge sharing practices needed strengthening in terms of the mechanisms to ensure that the good practices webpage remains relevant and that project closure reports are consistently received to facilitate collection of lessons learned. Also, there was a need to ensure that project communication plans were updated.

16. Project management was assessed as partially satisfactory. ITC had established mechanisms to ensure effective internal coordination on project activities and to monitor the delegated authority for approval of grants below the value of $30,000. However, there was a need for ITC to strengthen project status tracking and to strengthen the accountability of project managers for verifying grant expenditures.

17. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of six important recommendations remains in progress.

<p align="center">**Table 1: Assessment of key controls**</p>

| Business objective | Key controls | Control objectives | | | |
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective project management	(a) Strategic planning and risk management	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and risk management

<u>Fundraising initiatives needed to be recorded and integrated with needs assessments to ensure their sustainability</u>

18. ITC had recognized the need to develop a corporate needs assessment process for projects and had initiated efforts to develop formal procedures in this regard. In 2000, it had developed a handbook on "Needs assessment and project design", which was later considered non-practical and was no longer being used. An external evaluation of ITC conducted in 2006 had highlighted the need to establish a function to develop a systematic needs assessment for the services and products developed by ITC and to integrate it with the Centre's external relations function to ensure its sustainability. In 2012, a Needs Assessment Working Group (NAWG) was established to streamline and improve the existing needs assessment methodologies in ITC. NAWG found a lack of a coherent and systematic approach to identify country-specific needs and priorities. It concluded that the absence of a consistent, integrated and systematic approach to needs assessments gave rise to "inconsistencies and biases depending on the individual, section or counterpart tasked with carrying it out" and that the needs assessments were "frequently solutions-driven, not results oriented". NAWG also developed databases on country strategies and trade performance, and completed 26 country profiles. Building on the initial results, ITC was planning to invest $500,000 in a formal project ("Building a project pipeline for ITC's future") aimed

at strengthening the Needs Assessment Project Design (NAPD) process. The new process was expected to generate eight to ten marketable project concepts by the end of 2013. The project idea was approved on 30 January 2013. ITC expected the new mechanism to strengthen the Organization's project pipeline and to increase the effectiveness of its country projects and the efficiency in generating new projects. The project represented a mechanism for ITC to ensure implementation of its needs assessment strategy and overcome the existing shortcomings identified by NAWG.

19. ITC management agreed that its needs assessment methodologies should feed into its fundraising strategy. This would enable ITC to steer programme design, communication and donor solicitation and mitigate the risk of beneficiary needs not matching with donors priorities. The ITC Strategic Plan for 2012-15 called for development of a fundraising strategy elaborating framework objectives with the major traditional donors and targeting new potential donors. ITC had committed to developing the new fundraising strategy by 2014; however, it did not have a work plan for its development and it had not formalized the approach for integrating the needs assessment and fundraising initiatives. The existing fundraising efforts were driven by corporate as well as individual sections' initiatives. Project managers looked for funds during their planning activities and donors (or potential donors) were generally identified when project proposals were submitted for approval. Although the section chiefs were regularly informed of corporate fundraising initiatives in the context of the ITC Management Advisory Group, some units who had developed their own fundraising strategies had not shared them with the ITC Senior Management Committee (SMC). There were neither guidelines nor requirements for individual divisions or sections to develop and share their fundraising strategies. As a result, ITC had no mechanism to generate a comprehensive record (i.e. logbook) of all ongoing fundraising initiatives. Such a record could enhance the opportunity for coordination, monitoring and follow-up of current fundraising initiatives. In addition, whilst in 2012 ITC started promoting several initiatives to improve coordination of fundraising activities, there was no clear interaction between these initiatives and the needs assessment exercises. For example, a "Case for Support" tool was developed, listing cases of large projects and programmes (unit composed of multiple projects) available for funding, however, it did not expressly link these projects to the corporate needs assessments.

20. ITC stated that, in the absence of donor management guidelines, project managers used many channels to solicit donors for specific projects and a more coordinated approach was required at the corporate level. ITC explained that it was moving towards a new fundraising model with greater coordination at the corporate level. The existing fundraising practices were continued during the transition period to sustain fundraising efforts, so as not to jeopardize the overall funding capacity of ITC. The new fundraising strategy was meant to incorporate the benefits of existing practices and enhance the opportunity for developing a coherent approach and information sharing system of ongoing initiatives.

> **(1) The International Trade Centre should ensure integration between its needs assessment initiative and its planned fundraising strategy, and develop a mechanism to record past and ongoing fundraising initiatives to facilitate the monitoring, follow-up and coordination of its overall fundraising efforts.**
>
> *ITC accepted recommendation 1 and stated that it has already started to implement this recommendation. Concretely, there are now needs assessments taking place which are funded by a Project Development Fund. Project ideas emerging from the needs assessment initiative will be the main topic of discussion for a donors' conference in winter 2013. The draft Fundraising Strategy and Action Plan will also be finalized and will address many areas related to resource mobilization including how ITC plans to manage its fundraising efforts internally.* Recommendation 1 remains open pending receipt of evidence of the successful integration of the needs assessment and fundraising initiatives and the mechanism established to record past and ongoing fundraising efforts.

<u>Action had been taken to address a number of identified challenges and staff concerns related to the strategic orientation of ITC towards large projects</u>

21.   To understand the difficulties associated with the transition to an increased portfolio of large projects and to maintain its commitment towards large projects, ITC established a Working Group on Large Projects to identify opportunities for new projects and to scale up project generation. The working group's efforts from September 2012 captured the challenges and staff concerns regarding large projects. The working group identified a number of short and medium term suggestions to address the challenges identified, including a call for further clarification of definitions, operating procedures and training in relation to large projects.   ITC took action on a number of these suggestions.   For instance, the finalization of the methodologies for increased product and service integration in the framework of a demand-driven approach, the decision to invest in the large projects pipeline regeneration, and the strategic orientation of ITC towards large projects were communicated to external and internal stakeholders. Other measures included:

(i)   Management's decision to integrate the Large Projects Management Unit staff and projects into ITC operational divisions to facilitate embedding of the best managerial practices developed;

(ii)   Training of ITC project managers on project design and project inception;

(iii) Development of an integrated and automated RBM reporting architecture, including ad-hoc project manager coaching on RBM; and

(iv) Issuance of an Information Circular on large projects (ITC/IC/2013/03) to take stock of milestones and observations with regard to the first phase of large projects.

<u>Need to strengthen procedures for knowledge sharing practices</u>

22.   The ITC project management cycle was guided by both formal guidelines and a collection of good practices, which were included in an electronic repository. ITC believed that this approach provided the flexibility required for management of projects and was better suited to its needs than a static project manual.   The collection of good practices was planned under the Large Projects Management Unit and a webpage of good practices was launched in 2012. While the Office of Executive Director had the overall responsibility for its content, each project cycle had been assigned to a different process owner for update, the Project Quality Assurance Officer liaised with the expert focal points to enquire about any new or amended good practices, and the Information Technology Control Officer made the changes to the webpage. The good practices webpage was, therefore, a live knowledge sharing tool, which required continuous update to maintain its relevance.   The mechanism to ensure that good practices were continuously collected, shared and endorsed needed further strengthening. For instance, there was no schedule of meetings among the focal points of different project cycle areas, and there was no formal work plan to identify areas requiring update. A focal point for project closure was not assigned and good practices were not collected for this stage of the project management cycle. In addition, despite the requirement for project managers and section chiefs to submit a project closure report, out of 20 projects closed financially only two uploaded a closure project report into a system called Project Portal. This was due to lack of monitoring of project closure procedures and the absence of a focal point for the collection of good practices in the areas of project closure. Lack of closure project reports limited the potential for knowledge sharing, including the collection and review of lessons learned and good practices.

> **(2) The International Trade Centre should establish a formal work plan among focal points of different project cycle areas to ensure that the good practices webpage remains relevant. This should include the identification of a focal point also for the project closure stage.**
>
> **(3) The International Trade Centre should ensure that Section Chiefs submit closure reports**

> **before the projects are financially closed.**
>
> *ITC accepted recommendations 2 and 3. With regard to recommendation 2, ITC stated that reference to the Good Practices website is made regularly to project managers to ensure that the website is visited and used. ITC is currently working on a formal work plan for all the good practices focal points. With reference to recommendation 3, ITC stated that it plans a full review of the project cycle, one result of which will be to clarify closedown responsibilities and procedures.* Recommendation 2 remains open pending receipt of the work plan for continuous update of the good practices webpage. Recommendation 3 remains open pending receipt of evidence that closure reports are consistently submitted before projects are financially closed.

Adequate internal controls were in place for the quality assurance process for the project planning and development stages

23.   Although ITC did not have a formal project risk management process in place, it had initiated discussion on developing a structured project risk framework. In the absence of such a framework, the quality assurance process played a key role in risk assessment of projects. ITC guidelines stated that quality assurance encompasses any activity that is concerned with assessing and improving the merit or the worth of a development intervention or its compliance with given standards. ITC established two committees, Project Quality Assurance Group (PQAG) and Project Appraisal Committee (PAC), respectively for peer review and quality control at the project planning and development stages to ensure that project ideas and project documents were aligned with the organization-wide requirements and standards. Project managers who benefitted from this two-tier system appreciated the added value of the peer review process. Internal controls for the management of the quality assurance process for the project planning and development stages were therefore considered satisfactory.

Need to ensure that all large projects and programmes develop a communication plan

24.   The ITC Project Design Guidelines and the project design template required all large projects to develop a communication plan to determine key stakeholders and their needs and to link the communication plan with the project work plan. The project design template also required that the communication plan be reviewed by the quality assurance committees. The ITC good practices webpage referred to three levels of communication: project management, information sharing and promotional activities. Each project was accountable for developing its own communication plan. OIOS reviewed the communication practices of four large projects. While all projects held several communication activities during 2012, both internally within ITC and externally with their stakeholders, including dissemination activities, publications and attendance to conferences and seminars, only one large project had an updated and formal communication plan. Therefore, it was not possible to assess whether the communication efforts were aligned with the project work plan and the broader communication activities of ITC at the corporate level. The large projects reviewed were originally approved before the adoption of the current quality assurance system, which included the review of the project communication plans; however, this should not exempt the large projects from the requirement to update their communication plans.

> **(4) The International Trade Centre should ensure that communication plans are updated for all large projects and programmes.**
>
> *ITC accepted recommendation 4 and stated that it will continue to reinforce the overall need for updated communication plans among project and programme managers. Selected staff will be assigned to liaise with relevant project and programme managers with a view to identifying cases where communication plans need to be updated and ensuring timely compliance with this recommendation.* Recommendation 4 remains open pending receipt of evidence that communication

plans have been updated for all large projects and programmes.

Internal controls to define performance indicator baselines were in place

25.   The ITC strategic framework for 2014-15 included six new indicators of achievement. These indicators required the establishment of new baselines and methodology for the follow-up and assessment of project results. There were adequate internal controls in place to identify the baselines and indicators of achievement for the new indicators. These included an assigned focal point for the activity, ongoing implementation of the automated RBM platform and a survey of the new indicators requiring further research.

B.   Project management

ITC needed to strengthen the status tracking of main project activities

26.   Monitoring of time is key to ensuring that projects are aligned with expected targets and implemented using resources effectively and efficiently. ITC was using a Project Design Portal (different from the Project Portal) for recording milestones for project development and approval, including the date of beginning of the idea, the expected date of project start, and the different stages of approval. OIOS selected 25 approved project ideas (out of 30 open in the ITC Project Portal at the time of the audit) to review the records of milestones. Only six ideas included an estimate for the expected start date, and in 14 ideas the sequence of approvals was not reliable because approval dates were not in a logical order. Milestones did not include the date when the idea development was started. Similarly, out of 12 approved projects, seven recorded the approval milestones in a non-logical order. Therefore it was not possible to assess average time lags between different milestones of idea and project development. ITC explained that often managers did not approve the project in the Project Design Portal until the final SMC decision was taken to avoid re-works. They also explained that the Project Design Portal mostly recorded milestones of the approval process and did not capture other project stages, such as beginning of the idea development, expected and actual closure of the project, and completion of major project activities, such as quality assurance and implementation of project components. Based on a record of dates of quality reviews carried out since September 2012 on nine projects, it took around 122 days for the approval of project plans (i.e. from SMC approval of project idea to SMC approval of project plan). There was therefore a need to strengthen project status tracking and to record time lags between main project activities.

(5) The International Trade Centre should establish a mechanism for tracking and facilitating reporting on the time lag between main project activities.
ITC accepted recommendation 5 and stated that it is already scoping out a system change to allow for better status tracking. ITC also plans to do a thorough review of the project cycle and implement a better project cycle architecture to enable much clearer project tracking. Recommendation 5 remains open pending receipt of evidence of the mechanism adopted for strengthening project status tracking and reporting.

Mechanisms had been established to ensure effective internal coordination on project activities

27.   ITC projects required frequent coordination between technical and country units and among units of the same division in the implementation of project activities. Coordination allowed for synergic use of resources, avoided duplication and ensured consistency with the overall strategy of ITC. The mechanisms

established by ITC were sufficient to ensure effective coordination from the early stages of the project development. They included the following:

    a. project managers had to identify project implementation structures in the Project Portal, including those for coordination with other units for shared responsibilities;

    b. as part of the quality assurance process, PAC ensured that internal coordination arrangements and integration of services were established before submission to SMC;

    c. mandated logframe meetings required attendance by relevant technical officers, country managers, the PQAG focal representative and national counterparts, ensuring that potential coordination requirements were assessed by relevant stakeholders;

    d. approved projects included workplans with indication of responsibilities and established the criteria for coordination during the implementation stage;

    e. the checklist used by PAC included coordination as criteria for deliberation.

<u>ITC effectively monitored the delegation of authority for the approval of grants with value below $30.000</u>

28.   When establishing a partnership with other organizations ITC had a procedure in place to sign a Memorandum of Understanding (MoU). In the period 2010-12, ITC signed 142 MoUs with grantees, with values ranging from a few thousand dollars up to $900,000, and for a total value of $5.8 million. Delegation of authority for grants approval was based on thresholds. Directors of substantive divisions could approve grants up to $30,000. Above this threshold, the approval was delegated to the Director of Division of Programme Support (DPS), and when the grant was above $50,000, the Grants Committee reviewed the proposal before DPS approval. In 2012, DPS conducted an assessment of the delegation of authority for approval of grants below $30,000. Nine recommendations were identified and were being followed-up on.

<u>Need to strengthen the accountability of project managers for verifying the grantees' financial submissions</u>

29.   For the payment of outstanding balances, grantees must submit a performance monitoring report and a financial statement of expenditures. The statement must be accompanied by original invoices certified by the grantee's Chief Financial Officer or equivalent. ITC project managers were responsible for reconciling the statement of expenditures with the invoices and to ensure that expenditures were aligned with project activities, before requesting the release of follow-up payments. The certifying officers were responsible for certifying the statement of expenditures and actual invoices to ensure that the expenditures were incurred during the period of the grant. Some project managers had records of the reconciliation exercise while for others no evidence of such reconciliations could be found. The project managers for three out of eight MoUs of large projects reviewed confirmed that the relevant reconciliations had taken place; however, there was no evidence of the exercise in the file. DPS stated that it was not responsible for verifying the reconciliations once project managers had ensured that expenses were aligned with grant requirements. Two project managers, however, explained that they relied on re-performance of the reconciliation by DPS.

> **(6) The International Trade Centre should introduce measures to strengthen the accountability of project managers for verifying grant expenditures, including through training.**
>
> *ITC accepted recommendation 6 and stated that over the last two years, ITC has been consistently clarifying the accountability lines among all involved in implementing projects at ITC and will continue to do so, through for example, staff training on accountability. ITC has also requested OIOS to advise on further specific measures which may be appropriate for ITC to implement.*

Recommendation 6 remains open pending confirmation of measures taken to strengthen the accountability of project managers for verifying grant expenditures.

IV.   ACKNOWLEDGEMENT

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

(*Signed*) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of project management at the International Trade Centre

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	The International Trade Centre should ensure integration between its needs assessment initiative and its planned fundraising strategy, and develop a mechanism to record past and ongoing fundraising initiatives to facilitate the monitoring, follow-up and coordination of its overall fundraising efforts.	Important	O	Submission to OIOS of evidence of the successful integration of the needs assessment and fundraising initiatives and the mechanism established to record past and ongoing fundraising efforts.	31 December 2013
2	The International Trade Centre should establish a formal work plan among focal points of different project cycle areas to ensure that the good practices webpage remains relevant. This should include the identification of a focal point also for the project closure stage.	Important	O	Submission to OIOS of the work plan for continuous update of the good practices webpage.	31 December 2013
3	The International Trade Centre should ensure that Section Chiefs submit closure reports before the projects are financially closed.	Important	O	Submission to OIOS of evidence that closure reports are consistently submitted before projects are financially closed.	31 December 2013
4	The International Trade Centre should ensure that communication plans are updated for all large projects and programmes.	Important	O	Submission to OIOS of evidence that communication plans have been updated for all large projects and programmes.	31 December 2013
5	The International Trade Centre should establish a mechanism for tracking and facilitating reporting on the time lag between main project activities.	Important	O	Submission to OIOS of evidence of the mechanism adopted for strengthening project status tracking and reporting.	30 June 2014

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[1] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[2] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 ITC in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of project management at the International Trade Centre

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
6	The International Trade Centre should introduce measures to strengthen the accountability of project managers for verifying grant expenditures, including through training.	Important	O	Submission to OIOS of confirmation of measures taken to strengthen the accountability of project managers for verifying grant expenditures.	31 December 2014

[1] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[2] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 ITC in response to recommendations.

APPENDIX I

Management Response

MEMORANDUM

TO-A:	Mr. Gurpur Kumar Deputy Director Internal Audit Division, OIOS OIOS/IAD - UNHQ	**REF:**	IAD: 13-00398
THROUGH-VIA:		**GENEVA-GENÈVE:**	
FROM-DE:	Eva K. Murray Director, Division of Programme Support International Trade Centre (ITC)	**DATE:**	5 August 2013
SUBJECT-OBJET:	**Assignment No. AE2012/350/01 – Audit of project management at the International Trade Centre**		

1. Reference is made to your memorandum of 22 July 2013 addressed to Mr. Jean-Marie Paugam, the International Trade Centre's (ITC) Acting Executive Director, concerning the draft report of the above-mentioned audit.

2. We note that the overall results relating to the effective project management at ITC were partially satisfactory and that recommendations have been classified as "important". Following the detailed audit results of 13 June 2013, ITC's Senior Management has initiated the necessary steps to address the identified issues. We understand that outstanding important recommendations will be followed up on an annual basis.

3. Please find attached ITC's detailed action plan showing target dates, ITC's representatives responsible for implementation of recommendations 1 to 6, as well as ITC's comments on each of the recommendations.

4. Further steps for implementing your recommendations have been taken and we expect to meet the target dates of implementation as contained in Appendix I.

cc: Mr. Jean-Marie Paugam, Acting Executive Director, ITC
Mr. Ashish Shah, Acting Deputy Executive Director, ITC
Mr. Robert Whitehead, Chief, Strategic Planning, Performance & Governance, ITC
Ms. Nneka Henry, Junior Adviser, Office of the Executive Director, ITC
Ms. Anna Halasan, Professional Practices Section, Internal Audit Division, OIOS

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MANAGEMENT RESPONSE

Audit of project management at the International Trade Centre

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The International Trade Centre should ensure integration between its needs assessment initiative and its planned fundraising strategy, and develop a mechanism to record past and ongoing fundraising initiatives to facilitate the monitoring, follow-up and coordination of its overall fundraising efforts.	Important	Yes	Chief, Strategic Planning	31 December 2013	ITC has already started to implement this recommendation. Concretely, there are now needs assessments taking place which are funded by a Project Development Fund. Project ideas emerging from the needs assessment initiative will be the main topic of discussion for a donors' conference in Winter 2013. The draft Fundraising Strategy and Action Plan will also be finalized and will address many areas related to resource mobilization including how ITC plans to manage its fundraising efforts internally.
2	The International Trade Centre should establish a formal work plan among focal points of different project cycle areas to ensure that the good practices webpage remains relevant. This should include the identification of a focal point also for the project closure stage.	Important	Yes	Project Quality Assurance Officer	31 December 2013	Reference to the Good Practices website is made regularly to project managers to ensure that the website is visited and used. ITC is currently working on a formal work plan for all the good practices' focal points.
3	The International Trade Centre should ensure that Section Chiefs submit closure reports before the projects are financially closed.	Important	Yes	Chief, Strategic Planning	31 December 2013	ITC plans a full review of the project cycle, one result of which will be to clarify project closure procedures.
4	The International Trade Centre should	Important	Yes	Project	31 December	ITC will continue to reinforce the

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[1] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[2] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 project management at the International Trade Centre

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	ensure that communication plans are updated for all large projects and programmes.			Quality Assurance Officer	2013	overall need for updated communication plans among project and programme managers. Selected staff will be assigned to liaise with relevant project and programme managers with a view to identifying cases where communication plans need to be updated and ensuring timely compliance with this recommendation. Please note that for purposes of accuracy and in accordance with ITC Project Design Guidelines and Templates all references to "communication strategies" should be replaced with "communication plans". For the same reason, paragraph 27 should be amended to read: "Need to ensure that all large projects and programmes develop a communication plan The ITC Project Design Guidelines and Template required all large projects to develop a communication plan to determine key stakeholders and their needs and to link the communication plan with the project work plan. The Project Design template for submitting a project plan also required that the communication

MANAGEMENT RESPONSE

Audit of project management at the International Trade Centre

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						plan be reviewed by the quality assurance committees. The ITC good practices webpage also referred to three levels of communication: project management, information sharing and promotional activities. Each project was accountable for developing its own communication plan. OIOS reviewed the communication practices of four large projects. While all projects held several communication activities during 2012, both internally within ITC and externally with their stakeholders, including dissemination activities, publications and attendance to conferences and seminars, only one large project had an updated and formal communication plan. Therefore, it was not possible to assess whether the communication efforts were aligned with the project work plan and ITC's broader communication activities at the corporate level. The large projects reviewed were originally approved before the adoption of the current quality assurance system, which included the review of the project communication plans; however, this should not exempt the large projects from the requirement to update their communication plans.

MANAGEMENT RESPONSE

Audit of project management at the International Trade Centre

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						(4) The International Trade Centre should ensure that communication plans are updated for all large projects and programmes."
5	The International Trade Centre should establish a mechanism for tracking and facilitating reporting on the time lag between main project activities.	Important	Yes	Chief, Strategic Planning	30 June 2014	ITC is already scoping out a system change to allow for better status tracking. ITC also plans to do a thorough review of the project cycle and implement better project cycle architecture to enable much clearer project tracking.
6	The International Trade Centre should introduce measures to strengthen the accountability of project managers for verifying grant expenditures, including through training.	Important	Yes	Director, Division of Programme Support	January – 31 December 2014	Over the last two years, ITC has been consistently clarifying the accountability lines among all involved in implementing projects at ITC and will continue to do so, through for example, staff training on accountability. ITC has also requested OIOS to advise on further specific measures which may be appropriate for ITC to implement.