OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/102

Audit of the United Nations Conference on Trade and Development arrangements for initiation, review and clearance of technical cooperation projects

Overall results relating to arrangements for initiation, review and clearance of technical cooperation projects were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

26 November 2013
Assignment No. AE2013/340/01

CONTENTS

AUDIT REPORT

Audit of the United Nations Conference on Trade and Development arrangements for initiation, review and clearance of technical cooperation projects

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Conference on Trade and Development (UNCTAD) arrangements for initiation, review and clearance of technical cooperation projects.

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.   Technical cooperation is one of the three pillars of UNCTAD together with consensus building and research and analysis. UNCTAD provides technical assistance tailored to the specific requirements of developing countries, with special attention to the needs of the least developed countries and economies in transition. The main forms of delivery of technical cooperation at UNCTAD are: (a) policy and technical advisory services; (b) in-depth policy reviews of particular subjects; (c) training courses, seminars, simulation exercises, workshops or symposia on specific issues; (d) computer-based technical cooperation packages; and (e) supply of trade and investment related data.

4.   UNCTAD technical cooperation activities are financed from three main sources: (a) bilateral funding; (b) United Nations regular programme of technical cooperation, including the Development Account; and (c) "One United Nations" funds and other multi-donor trust funds. In 2012, the overall expenditure on technical cooperation activities was $36.3 million. Trust fund expenditures were the main source of disbursement of UNCTAD's technical cooperation activities, accounting for 91.9 per cent of total expenditures in 2012.

5.   The UNCTAD Technical Cooperation Service (TCS) provides policy guidance and promotes a coordinated approach to technical cooperation, including in terms of the substantive review of project proposals, fundraising and liaison with beneficiaries, donors and other organizations involved in development and trade-related technical cooperation. After the review and endorsement of the director or head of the substantive UNCTAD division or branch, project proposals are cleared for the legal, financial and substantive aspects by the Senior Legal Adviser, the Chief of Budget and Project Finance Section and the Head of TCS, respectively. Following the clearance by these three functions, project documents are approved by the Chief of Resources Management Service and the respective donor. The UNCTAD Project Review Committee (PRC), which includes one representative from each substantiate division, is the interdivisional mechanism that takes collegial decisions on UNCTAD's technical assistance operations and fundraising.

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

II.   OBJECTIVE AND SCOPE

7.   The audit was conducted to assess the adequacy and effectiveness of UNCTAD governance, risk management and control processes in providing reasonable assurance regarding **effective arrangements for initiation, review and clearance of technical cooperation projects**.

8.   The audit was included in the 2012 internal audit work plan for UNCTAD because of the risk that inconsistencies or weaknesses in dealing with technical cooperation projects could expose UNCTAD to fragmentation of its technical cooperation project portfolio and reputational risks vis-à-vis donors and beneficiaries.

9.   The key controls tested for the audit were: (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 arrangements relating to the initiation, review and clearance of technical cooperation projects at UNCTAD are properly planned and designed, the related risks are clearly identified, and action is taken to mitigate them.

(b)   **Project management** - controls that provide reasonable assurance that: (i) there is sufficient project management capacity, such as human and financial resources, to ensure efficient and effective management of the processes for technical cooperation projects at UNCTAD; and (ii) appropriate policies and procedures and project management tools, such as guidelines and templates, are established to guide UNCTAD project officers and project reviewers in their tasks.

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

11.   OIOS conducted this audit from April to September 2013. The audit covered the period from 1 January 2010 to 30 June 2013.

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

III.   AUDIT RESULTS

13.   UNCTAD governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding **effective arrangements for initiation, review and clearance of technical cooperation projects**.   OIOS made seven recommendations to address the issues identified in the audit.

14.   Strategic planning and risk management was assessed as partially satisfactory. There was a need for UNCTAD to develop instructions that guide substantive divisions in the development of work plans, including in terms of financial requirements, for technical cooperation. UNCTAD should also strengthen information sharing on fundraising initiatives. The responsibilities of the Regional Focal Points required further clarification, in particular during the initiation and review stages of project development. The Evaluation Unit was not consistently involved in the assessment of the evaluability of logical frameworks for new project proposals, in line with the requirements of the UNCTAD Evaluation Policy. In addition,

the Project Review Committee needed to meet periodically in a formal setting and record its decisions in line with its Terms of Reference.

15.	Project management was also assessed as partially satisfactory. There was a need to develop common guidance for administrative requirements related to technical cooperation projects. There was also a need to ensure that project documents include the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.

16.	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 the implementation of seven important recommendations remains in progress.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective arrangements for initiation, review and clearance of technical cooperation projects	(a) Strategic planning and risk management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

# A.	Strategic planning and risk management

Need to develop guidelines for UNCTAD's substantive divisions for the preparation of annual work plans of technical cooperation activities, and to consolidate such plans at the organization level

17.	UNCTAD presented its new fundraising strategy to the Working Party on the Strategic Framework and the Programme Budget in September 2013. The fundraising strategy called, among other initiatives in strengthening the existing fundraising process, for the establishment of an annual work plan of technical cooperation activities. Such a plan would be based on the consolidation of individual work plans of UNCTAD's substantive divisions, suggesting a bottom-up approach. The proposed fundraising strategy also stated that the annual work plan should be discussed and endorsed at a session of the Working Party devoted to technical cooperation. The fundraising strategy and the proposed work plans, both individual and consolidated, were expected to facilitate the synchronization of fundraising efforts at the division and organization level, thus enhancing the predictability and sustainability of UNCTAD's technical cooperation efforts. The Working Party took note of the draft fundraising strategy and recognized its importance for technical cooperation. However, the fundraising strategy was still under discussion and had not been formally approved as of October 2013.

18.   A consolidated technical cooperation work plan, as foreseen by the proposed fundraising strategy, would provide beneficiaries, donors and other stakeholders with a coordinated, organization-wide plan for the technical cooperation pillar and would support the fundraising efforts. This would eventually lead the substantive divisions to identify their longer-term plans and needs based on donor requirements. However, pending the decision of Member States on the fundraising strategy, the UNCTAD secretariat was yet to issue guidelines for the preparation of the annual work plans. Such guidelines would assist the divisions in the preparation of their individual work plans on technical cooperation activities and would better guide them in the identification of the financial gaps between the current situation and the expected funding needs to achieve their goals in the technical cooperation area. In order to implement the bottom-up approach suggested in the proposed fundraising strategy, the substantive divisions also needed a consistent format, such as a common template, that they could apply in preparing their work plans, which could then be consolidated into an organization-wide annual work plan. Over time, this process could lead to the development of a multi-year technical cooperation strategy for UNCTAD as a whole.

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(1) UNCTAD should develop guidelines to assist the substantive divisions in preparing their annual technical cooperation work plans, including the related financial requirements, and consolidate such plans into an UNCTAD-wide annual plan for technical cooperation activities.

UNCTAD accepted recommendation 1 and stated that the modalities for implementation of this recommendation would be subject to the outcome of ongoing discussions with Member States about the fundraising strategy and other related matters. Recommendation 1 remains open pending receipt of the guidelines developed to assist substantive divisions in preparing their annual technical cooperation work plans for consolidation into an UNCTAD-wide annual plan for technical cooperation activities.

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Need to strengthen information sharing and coordination on fundraising initiatives

19.   Given the funding nature of technical cooperation at UNCTAD, it was in most cases the individual project officers who initiated the work on project ideas after funding opportunities had been identified.   UNCTAD had adopted a mixed centralized/decentralized fundraising approach.   TCS identified and coordinated fundraising activities with some donors. At the same time, project managers, in agreement with their substantive directors, also established contacts with potential donors as needed. There were no official targets for fundraising results at the organization level and UNCTAD management stated that "the nature of many requests (demand-driven, short-term, small scope and finite) renders such targets meaningless". The substantive divisions kept TCS informed about their individual fundraising initiatives and strategies, and when discussions led to concrete outcomes TCS was involved. There was, however, no formal requirement for divisions and project managers to share with TCS their fundraising initiatives at an early stage and TCS did not have a record of all ongoing fundraising activities, including those at the stage of negotiation. TCS stated that in some instances it was only informed of the ongoing negotiations with donors at a very advanced stage, thus limiting its capacity to promote organization-wide coordination in the fundraising area.

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(2) UNCTAD should ensure that all fundraising initiatives are shared at an early stage with the Technical Cooperation Service.

UNCTAD accepted recommendation 2. Recommendation 2 remains open pending receipt of confirmation of the mechanism established to ensure that all fundraising initiatives are shared at an early stage with the Technical Cooperation Service.

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20.   Following the Accra Accord request for designating regional focal points to deepen UNCTAD's regional perspectives, the UNCTAD secretariat identified five regional focal points and issued a guidance paper on their liaison and information related responsibilities in March 2009. The regional focal point functions were assigned to existing staff members in addition to their normal responsibilities. In order to strengthen internal coordination and enhance their role on technical cooperation activities, the Deputy Secretary-General of UNCTAD issued a memo in April 2010 requesting that regional focal points should be included in the PRC mailing list, attend PRC meetings, establish alternates and report quarterly to the Deputy Secretary-General on UNCTAD's regional activities. This demonstrated that UNCTAD had recognized the important role that regional focal points played in ensuring that regional perspectives and needs were considered especially at the initiation and review stages of technical cooperation projects.

21.   The regional focal points were regularly included in the PRC mailing list for the sharing of the project documents that had already been reviewed and cleared. For practical reasons, as project documents could be as long as 60 pages long and block e-mail accounts, TCS shared only the project cover pages with them, with the understanding that full versions of the documents could be separately requested. However, the regional focal points had not attended any of the PRC meetings after April 2010. The system of alternates was not put in place and in two cases the designated regional focal points interviewed were not aware of their responsibilities vis-à-vis cooperation with PRC or TCS. One of them indicated that he had not received any instructions about his responsibilities or a copy of the guidance paper and was not sure whether he had any responsibilities in respect of the review of technical cooperation projects. Only one of the regional focal points kept a list of ongoing activities in the region and met regularly with the Deputy Secretary-General. In addition, the regional focal points received the cover pages of all project documents regardless of the relevance for their region, and in some cases the cover page was not sufficient to understand whether the project was relevant for their region (e.g., when the focus was multi-regional). There was also skepticism about the relevance of any comments issued after the documents had already been reviewed for clearance.   The regional focal points stated that they would benefit from receiving information about planned technical cooperation activities ahead of time, i.e. before the clearance process.

> **(3) UNCTAD should formally clarify the responsibilities of regional focal points in the initiation and review stages of project development.**
>
> *UNCTAD accepted recommendation 3.*   Recommendation 3 remains open pending receipt of evidence of the steps undertaken to clarify the responsibilities of regional focal points in the initiation and review stages of project development.

The Evaluation Unit should ensure the evaluability of the logical frameworks of new project proposals before the clearance process is completed

22.   According to the UNCTAD Evaluation Policy (2011), the Evaluation Unit was a member of the PRC and should participate in the clearance of project documents of new project proposals with a view to ensure the evaluability of each project's logical framework. Some of the PRC members and project officers interviewed were not aware of the role of the Evaluation Unit for project document clearance and whether the Unit was even part of the PRC. Two PRC members stated that the Evaluation Unit was only consulted in evaluation related activities. The project officers for the projects selected for detailed testing by OIOS were unfamiliar with the role and responsibilities of the Evaluation Unit in terms of the project clearance process and the assessment of the evaluability of the logical framework. In practice, TCS informed the Evaluation Unit when new project documents had already been cleared. The Unit could

subsequently request a copy of the full project document if it deemed necessary. Of 11 projects reviewed by OIOS, the Evaluation Unit had not received a copy of the full project document and was not familiar with the respective logical frameworks. This limited the Evaluation Unit's opportunity to ensure the evaluability of the projects' logical frameworks as required by the UNCTAD evaluation policy.

> **(4) UNCTAD should ensure that the Evaluation Unit receives all project proposals containing new logical frameworks and provides its clearance for the evaluability of such logical frameworks, in line with the UNCTAD Evaluation Policy.**
>
> *UNCTAD accepted recommendation 4.* Recommendation 4 remains open pending receipt of confirmation of the mechanism established to ensure that the Evaluation Unit receives all project proposals containing new logical frameworks.

PRC meetings needed to be formalized

23. According to its terms of reference, the PRC was responsible for ensuring overall coordination and sharing of information about technical cooperation activities, identifying common difficulties experienced at the level of substantive divisions, and identifying proposals for streamlined administrative procedures. In addition, it monitored and assessed the utilization of the thematic clusters, supported the role of UNCTAD at the country level and assessed the implementation of technical cooperation assistance. Its monthly meetings and agendas were to be organized by TCS to comply with these responsibilities. To ensure that technical cooperation activities would be coherent with the overall technical cooperation strategy of UNCTAD, the PRC terms of reference also required it to work closely with the UNCTAD Strategy and Policy Coordination Unit (SPCU), with the aim of promoting a direct link between UNCTAD senior management and the PRC. There were no records of the meetings between PRC and SPCU. Following a restructuring of senior management functions in 2012, the SPCU functions were shared among senior managers; however, the responsibility that SPCU used to have for liaising with the PRC had not been re-allocated.

24. In 2009, PRC met four times and recorded all these meetings. In the following years records existed for only one meeting per year. The existing minutes proved that substantive discussions on relevant subjects took place during the meetings. Other meetings took place but they were not formalized with agendas or minutes. TCS shared a lot of relevant information with the PRC members via e-mail and the exchange was open for contribution by all stakeholders, but there was no structured record of discussions and decisions taken during these informal meetings and electronic exchanges. This practice guaranteed, in TCS' view, the flexibility that was required in case of conflicting agendas of participants and the need for timely decisions. In OIOS' opinion, the practice of coordinating in a flexible and informal manner did not replace the need for structured discussions, such as in respect of follow-up on previous agenda items and recorded decisions, sharing of common difficulties experienced at the level of substantive divisions, or direct interaction between the PRC and senior management as required by the PRC terms of reference.

> **(5) UNCTAD should ensure that the Project Review Committee meets periodically in a formal setting and records its decisions in line with its Terms of Reference.**
>
> *UNCTAD accepted recommendation 5 with the understanding that the specific periodicity would be subject to an appropriate balance between the benefits of meeting in a formal setting and the time element that this represents for the PRC members.* Recommendation 5 remains open pending receipt of evidence of the formalization of the PRC meetings.

B.   Project management

<u>UNCTAD had established an RBM manual for technical cooperation projects, but there was a need to develop common guidance for administrative requirements related to technical cooperation projects</u>

25.   In November 2012, UNCTAD issued a "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.   The manual was a flexible guideline, which explained the logical framework approach and its components, such as the logical framework tool, the work plan and the monitoring and evaluation framework. The manual did not, however, cover all the stages of the project management cycle.   For instance, there were no consolidated procedures for the administrative requirements related to technical cooperation projects. The UNCTAD Administrative Procedures and Guidelines document (2008) referred to the "Reference Kit for Project Officers" for administrative and management guidance on projects. TCS drafted the "Kit" in 2002 to assist project officers through the different stages of project development. The "Kit" was also expected to contain information about budget revision, hiring of personnel, decentralization of funds and information on the main donor requirements. In 2007, UNCTAD stated that the "Kit" was under review. However, following the loss of the draft soft copy, the "Kit" was not finalized and shared with relevant stakeholders. UNCTAD therefore did not have a comprehensive set of administrative procedures for technical cooperation projects.

26.   The ASYCUDA and DMFAS programmes had developed their own project officer's manuals, which included guidance on both the logical framework approach from initiation to the closure of technical cooperation projects and the administrative responsibilities. However, because of their tailored nature for the programmes in question, these manuals had resulted in a fragmented body of guidelines co-existing in UNCTAD.   Multiple manuals on project management needing separate maintenance and updating also resulted in inefficient use of staff resources. In addition, project officers who were not involved in ASYCUDA and DMFAS projects did not have access to the same uniform and comprehensive depository of administrative procedures. While specific guidelines were needed for complex projects and programmes, UNCTAD should have at least a common guidance document for those administrative responsibilities that are identical for all technical cooperation projects.   In this respect, the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual reiterated the need for a more practical document providing step-by-step instructions for preparation of project documents and templates, as well as examples to facilitate the standard application of administrative procedures. UNCTAD management agreed to the need to have such a guidance document for administrative requirements, but was of the view that the manuals already existing at ASYCUDA and DMFAS could be adopted for UNCTAD-wide use.

> **(6) UNCTAD should develop common guidance for the administrative requirements related to technical cooperation projects.**
>
> *UNCTAD accepted recommendation 6.* Recommendation 6 remains open pending receipt of the guidance developed for the administrative requirements related to technical cooperation projects.

<u>Need to ensure that project documents adopt the logical framework and other required project components</u>

27.   The "Results-Based Management for UNCTAD Technical Cooperation Projects" manual and the project officer's manuals of ASYCUDA and DMFAS identified mandatory project components within the RBM framework. Common components included, *inter alia*, a logical framework, a risk analysis, indicators and means of verification, and a project work plan. They also provided standard formats for

developing each project component, in order to ensure comparability and integration within the Organization's overall RBM approach. The "Results-Based Management for UNCTAD Technical Cooperation Projects" manual explained that RBM could be mainstreamed in project and programme management cycles by using the logical framework approach, which it recognized as the standardized format to design development projects. The substantive divisions and TCS were responsible, as part of their substantive review and clearance of project documents, for ensuring that the mandatory components were in place for each project. The substantive divisions had established their own processes to review documents before submission for clearance. Some of them had established a peer review practice using their designated PRC member.

28. OIOS reviewed 13 approved project documents to verify whether the main logical framework and other required project components were incorporated. All projects documents included: an analysis of the situation, stakeholders and problems, and identified goals; and legal and financial conditions. The following exceptions were noted, which highlighted the need to improve compliance with the requirements:

- Seven of the 13 project documents did not use the logical framework format. According to the respective project officers interviewed, two of these seven project documents did not require the logical framework because they were part of a multi-component project. In another two cases, the donors in question did not require the inclusion of the logical framework even though the project officers recognized the value of the framework. In one case, the logical framework was considered unsuitable to capture complex "soft-targets";
- Indicators of achievements included in four of the six projects with logical frameworks were too generic and not measurable;
- Three project documents did not have a work plan, including tasks, timelines and responsibilities;
- Only one of the project documents included a risk assessment analysis. However, it was also only partially developed.

> **(7) UNCTAD should ensure that all project documents adopt the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.**
>
> *UNCTAD accepted recommendation 7 with the understanding that certain exceptions would be necessary for projects of limited timeframe, reach, scope or size.* Recommendation 7 remains open pending receipt of confirmation of the mechanism UNCTAD has put in place to ensure that project documents adopt the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.

IV.   ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of UNCTAD 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 the United Nations Conference on Trade and Development
arrangements for initiation, review and clearance of technical cooperation projects**

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNCTAD should develop guidelines to assist the substantive divisions in preparing their annual technical cooperation work plans, including the related financial requirements, and consolidate such plans into an UNCTAD-wide annual plan for technical cooperation activities.	Important	O	Submission to OIOS of the guidelines developed to assist substantive divisions in preparing their annual technical cooperation work plans for consolidation into an UNCTAD-wide annual plan for technical cooperation activities.	31 December 2014
2	UNCTAD should ensure that all fundraising initiatives are shared at an early stage with the Technical Cooperation Service.	Important	O	Submission to OIOS of confirmation of the mechanism established to ensure that all fundraising initiatives are shared at an early stage with the Technical Cooperation Service.	30 June 2014
3	UNCTAD should formally clarify the responsibilities of regional focal points in the initiation and review stages of project development.	Important	O	Submission to OIOS of evidence of the steps undertaken to clarify the responsibilities of regional focal points in the initiation and review stages of project development.	30 June 2014
4	UNCTAD should ensure that the Evaluation Unit receives all project proposals containing new logical frameworks and provides its clearance for the evaluability of such logical frameworks, in line with the UNCTAD Evaluation Policy.	Important	O	Submission to OIOS of confirmation of the mechanism established to ensure that the Evaluation Unit receives all project proposals containing new logical frameworks.	30 June 2014
5	UNCTAD should ensure that the Project Review Committee meets periodically in a formal setting and records its decisions in line with its Terms of Reference.	Important	O	Submission to OIOS of evidence of the formalization of the PRC meetings.	30 June 2014
6	UNCTAD should develop common guidance for the administrative requirements related to technical cooperation projects.	Important	O	Submission to OIOS of the guidance developed for the administrative requirements related to technical cooperation projects.	31 December 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 UNCTAD in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the United Nations Conference on Trade and Development
arrangements for initiation, review and clearance of technical cooperation projects**

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
7	UNCTAD should ensure that all project documents adopt the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.	Important	O	Submission to OIOS of confirmation of the mechanism UNCTAD has put in place to ensure that project documents adopt the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.	31 December 2014

APPENDIX I

Management Response

CONFÉRENCE DES NATIONS UNIES SUR
LE COMMERCE ET LE DÉVELOPPEMENT

UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

CABINET DU SECRÉTAIRE GÉNÉRAL
DE LA CNUCED

SECRETARY-GENERAL'S
OFFICE

MEMORANDUM

13 November 2013

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

FROM: Petko Draganov
Deputy Secretary-General of UNCTAD

SUBJECT: Audit of UNCTAD arrangements for initiation, review and clearance of technical cooperation projects

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1.   This is in reference to your memorandum dated 8 November 2013 addressed to the Secretary-General of UNCTAD on the above-mentioned subject.

2.   We would like to thank you for the report and for the work undertaken by your team. As the report correctly points out, technical cooperation is one of the three pillars of UNCTAD's work. We therefore welcome the independent and impartial views put forward by the audit and will use them to improve our work in this area.

3.   As requested, Annex I of the audit report has been duly completed and is enclosed.

CC: Mr. M. Kituyi
Ms. M. Tortora
Mr. A. Issa
Mr. V. Rousak
Mr. J. Martinez Badillo
Ms. A. Halasan, OIOS

MANAGEMENT RESPONSE

Audit of the United Nations Conference on Trade and Development arrangements for initiation, review and clearance of technical cooperation projects

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNCTAD should develop guidelines to assist the substantive divisions in preparing their annual technical cooperation work plans, including the related financial requirements, and consolidate such plans into an UNCTAD-wide annual plan for technical cooperation activities.	Important	Yes	Chief, Technical Cooperation Service	31 December 2014	The modalities for implementation of this recommendation would be subject to the outcome of on-going discussions with Member States about the fund-raising strategy and other related matters.
2	UNCTAD should ensure that all fundraising initiatives are shared at an early stage with the Technical Cooperation Service.	Important	Yes	Deputy Secretary-General of UNCTAD	30 June 2014	
3	UNCTAD should formally clarify the responsibilities of regional focal points in the initiation and review stages of project development.	Important	Yes	Deputy Secretary-General of UNCTAD	30 June 2014	
4	UNCTAD should ensure that the Evaluation Unit receives all project proposals containing new logical frameworks and provides its clearance for the evaluability of such logical frameworks, in line with the UNCTAD Evaluation Policy.	Important	Yes	Deputy Secretary-General of UNCTAD	30 June 2014	
5	UNCTAD should ensure that the Project Review Committee meets periodically in a formal setting and records its decisions in	Important	Yes	Deputy Secretary-General of UNCTAD	30 June 2014	This recommendation is accepted with the understanding that the specific

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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 the United Nations Conference on Trade and Development arrangements for initiation, review and clearance of technical cooperation projects

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	line with its Terms of Reference.					periodicity would be subject to an appropriate balance between the benefits of meeting a formal setting and the time element that this represents for the PRC members.
6	UNCTAD should develop common guidance for the administrative requirements related to technical cooperation projects.	Important	Yes	Chief, Resources Management Service	31 December 2014	
7	UNCTAD should ensure that all project documents adopt the logical framework and other project components in line with the "Results-Based Management for UNCTAD Technical Cooperation Projects" manual.	Important	Yes	Chief, Technical Cooperation Service	31 December 2014	This recommendation is accepted with the understanding that certain exceptions would be necessary for projects of limited timeframe, reach, scope or size.