INTERNAL AUDIT DIVISION

REPORT 2015/174

Audit of management of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific

Overall results relating to effective management of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

16 December 2015
Assignment No. AN2014/740/01

CONTENTS

AUDIT REPORT

Audit of management of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

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.   The mandate of ESCAP, which is derived from Economic and Social Council resolutions 37 (IV) and 414 (XIII), is to promote regional cooperation for inclusive and sustainable economic and social development in Asia and the Pacific region. ESCAP comprises 53 Members and nine associate member countries and territories. ESCAP is headquartered in Bangkok, Thailand.

4.   The key objectives of ESCAP were to: (a) foster economic integration at the subregional and regional levels; (b) promote the regional implementation of the internationally agreed development goals, including the Millennium Development Goals; and (c) support regional sustainable development by helping to bridge economic, social and environmental gaps among Member States and between subregions. Its programme of work comprised eight mutually supportive and interconnected subprogrammes: (i) macroeconomic policy and inclusive development; (ii) trade and investment; (iii) transport; (iv) environment and development; (v) information and communications technology and disaster risk reduction and management; (vi) social development; (vii) statistics; and (viii) subregional activities for development. The two subprogrammes and related capacity development projects covered in this audit are described below.

   (i)   The Statistics subprogramme

5.   According to the ESCAP strategic framework, the substantive responsibility for the subprogramme rested with the Statistics Division, with support from the Statistical Institute for Asia and the Pacific. The overall objective was to improve the use of statistics for evidence-based decision-making and to develop and disseminate quality statistics for inclusive, sustainable and resilient societies in the Asia and Pacific region. The responsibilities of the Division included: (a) servicing intergovernmental and expert bodies, (b) carrying out its substantive activities, and (c) managing its capacity development projects.

6.   The Statistical Institute for Asia and the Pacific (SIAP) was established in 1970 and became a subsidiary body of ESCAP in 1995 (Commission resolutions 50/5 and 51/1). SIAP was the training arm of the statistics subprogramme of ESCAP. Its objectives were to: (a) strengthen the capability of developing member States and associate members to collect, analyze, and disseminate statistics; and (b) assist them in establishing or strengthening their statistical training capability and related activities.

(ii)   Subregional Activities for Development

7.   ESCAP has four subregional offices (SROs) located in: (i) North and Central Asia region in Almaty, Kazakhstan; (ii) East and North-East Asia region in Incheon, Republic of Korea; (iii) South and South-West Asia region in New Delhi, India; and (iv) Pacific region in Suva, Fiji. The SROs were established to strengthen the ESCAP programme on subregional activities for development and the Commission's presence and interventions at the subregional level. The programme on subregional activities was to provide more focused and in-depth technical assistance to address key development challenges. Upon the request of Member States, ESCAP would provide advisory services, organize training workshops, and implement field projects. The subregional work was also to serve as a means of putting into action the analytical and normative work of ESCAP at the subregional and national levels.

(iii)   Capacity development projects

8.   For the subprogrammes covered by the audit, ESCAP implemented 40 capacity development projects totaling $18.3 million during the 2012 to 2014 period. These projects were funded from: (i) extrabudgetary resources; (ii) the Regular Programme for Technical Cooperation; and (iii) the Development Account.

9.   ESCAP budgetary requirements for the selected subprogrammes, including SIAP and selected capacity development projects, totaled approximately $52.5 million for the biennia 2012-2013 and 2014-2015 and included extrabudgetary resources of $30 million.

10.   Comments provided by ESCAP are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

11.   The audit was conducted to assess the adequacy and effectiveness of ESCAP governance, risk management and control processes in providing reasonable assurance regarding **effective management of selected ESCAP subprogrammes and related capacity development projects.**

12.   The audit was selected due to the risk that the selected subprogrammes and related capacity development projects may not achieve their stated objectives.

13.   The key controls tested for the audit were: (a) subprogramme management; and (b) capacity development project management. For the purpose of this audit, OIOS defined these key controls as follows:

(a)   **Subprogramme management** – controls that provide reasonable assurance that systems exist for effective and efficient implementation of mandated objectives based on clearly articulated strategies and guidelines for planning and executing subprogramme activities.

(b)   **Capacity development project management** – controls that provide reasonable assurance that systems exist for planning, fundraising, executing, monitoring and reporting on the performance and results of capacity development projects in an efficient and effective manner.

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

15.   OIOS conducted the audit from January to June 2015 in New York, Bangkok, Tokyo and Incheon. The audit covered the period from January 2012 to December 2014. The scope of the audit

covered two areas: (i) the management of two subprogrammes - Statistics and Subregional activities for development; and (ii) management of capacity development projects. The audit team also visited the SIAP in Tokyo, Japan, and the Subregional Office for East and North-East Asia in Incheon, South Korea.

16.   The audit team 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

17.   The ESCAP governance, risk management and control processes examined were initially assessed as **partially satisfactory**[1] in providing reasonable assurance regarding **effective management of selected ESCAP subprogrammes and related capacity development projects**. OIOS made six recommendations to address issues identified in this audit. There was a need for the Statistics Division to develop standard operating procedures for the management of its database system and for the collection and quality assurance of data to ensure that the statistical data met its needs and those of other users. Additionally, SIAP needed to strengthen its project management capacity to effectively implement projects funded through partnerships and complete the development of its e-learning platform.

18.   The strategy of SROs needed to be better articulated to strengthen their relevance and financial sustainability. In addition, there was no system in place to determine whether the activities currently undertaken by the SROs and the resulting impact were effectively linked to the overall priorities of the ESCAP programme of work and the sub-regions.

19.   The work plans formulated to implement individual capacity development project activities were outdated and the project outputs could not be clearly linked to the expected accomplishments of the related subprogrammes. Furthermore, there was no adequate assurance mechanism to ensure effective monitoring and evaluation of capacity development projects in line with the relevant guidelines.

20.   The initial overall rating is 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.

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[1] A rating of **"partially satisfactory"** means that important (but not critical or pervasive) deficiencies exist 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.

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 management of ESCAP subprogrammes and related capacity development projects	(a) Subprogramme management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Capacity development project management	Partially satisfactory	Satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Subprogramme management

a) **Statistics subprogramme**

Standard operating procedures for managing the ESCAP statistical database were required

21.   According to ESCAP programme budget for the 2014-2015 biennium, the Statistics Division was responsible for maintaining a regional statistics database on socioeconomic, environment, and other emerging areas. As part of this responsibility, the Division was expected to develop standard operating procedures to ensure the integrity and quality of the statistical data collected.

22.   The Statistics Division did not establish standard operating procedures regarding the management of its database and gathering of statistical data. There was also no clear policy regarding how the Statistics Division determined what data, in what form, and from what sources were to be collected for inclusion in the database for use by ESCAP and regional users. The Division did not develop a formal strategy regarding the quality assurance of data collection.

23.   The lack of procedures on a standard approach to collect statistical data could result in inconsistent data collection processes and data sources. According to ESCAP, while the analyses contained in the Statistical Yearbook were based exclusively on the regional statistical database, which was assembled from about 30 international organizations, other flagship publications drew on the analyses of data from sources other than the regional statistical database.

> **(1) ESCAP should develop standard operating procedures for the management of its database system and for the collection and quality assurance of data to ensure that the statistical data meet its needs and those of other users.**
>
> *ESCAP accepted recommendation 1 stating that the standard operating procedures established for the management of its regional statistics database would be formalized and procedures developed for the collection and quality assurance of data.* Recommendation 1 remains open pending receipt of the standard operating procedures for the management of regional statistics database in ESCAP and for the collection and quality assurance of data.

<u>ESCAP needed to conduct a needs assessment to determine its requirements for an effective statistical database system</u>

24.　　According to ESCAP programme budget for the 2014-2015 biennium, the Statistics Division was responsible for maintaining a regional statistics database on socioeconomic, environment, and other emerging areas. This required ESCAP to put in place a resilient information management system that met the technical requirements of users.

25.　　The Division used a statistical database system since 2007, using for free an application developed by a partner. ESCAP did not update the application despite increasing demand for a more up-to-date database. According to users, the database was not user-friendly for data analysis.

26.　　ESCAP had not conducted a needs assessment for the statistical database system and did not provide adequate resources to support it. This presented a risk as ESCAP may not be able to effectively maintain the regional statistics database. ESCAP stated that it was in the process of reviewing its statistical database in the context of the new international development agenda and the related mandates of the regional commissions. The review would determine the related hardware and software requirements. In light of this, OIOS did not make a recommendation on this matter.

b)　**The Statistical Institute for Asia and the Pacific**

<u>The project management capacity of SIAP needed strengthening</u>

27.　　ESCAP resource mobilization policies required that in developing project proposals for donor funding, ESCAP had to take into consideration its capacity to implement and manage the proposed projects in an effective and efficient manner.

28.　　SIAP did not develop a strategy to effectively implement its partnerships. SIAP signed agreements to implement the following two projects funded through partnerships with United Nations Agencies:

   a. A statistical training project funded by the Food and Agricultural Organization with a budget of about $1.6 million for the period 2013-2014; and
   b. A statistics capacity building training project funded by the United Nations Population Fund for about $208,000.

29.　　OIOS observed that the projects had low delivery rates. For example, the delivery rate for the project funded by the Food and Agricultural Organization was less than 37 per cent. A review of the project annual progress report showed that for the 2013 work plan, only 7 out of the 25 activities were completed with the remaining postponed to 2014 and 2015. For the 2014 work plan, only two out of seven planned outputs were undertaken. Although SIAP made efforts to efficiently use the funds for the project funded by the United Nations Population Fund, the project had to be extended twice. SIAP returned about 40 per cent of approved funds after two years of implementation. SIAP indicated that the low expenditure was due to several factors including lower airfares; experts who ran the course at no costs; and cost-sharing arrangements with host institutions. However, SIAP missed the opportunity to explore options, in coordination with the donor, to maximize the available project resources by expanding the project outputs and conducting additional training courses.

30.　　SIAP lacked project management capacity to effectively implement its projects as its main function was to conduct training activities. There was no staff specifically dedicated to project management. Both the Director and the Deputy Director were actively involved in training in addition to

their administrative and leadership functions. Furthermore, SIAP indicated that it was short-staffed as one project staff had not been recruited since the inception of the projects implemented in partnership with United Nations Agencies.

31.   As a result, the project activities were significantly delayed and the impact of SIAP training activities was reduced.

(2) ESCAP should develop adequate project management capacity at the Statistical Institute for Asia and the Pacific to effectively manage projects funded through partnerships.
ESCAP accepted recommendation 2 stating that it had decided to establish a new post in SIAP that would provide more capacity for project management. Recommendation 2 remains open pending receipt of evidence that adequate project management capacity had been established at SIAP to effectively manage projects funded through partnerships.

Need to strengthen capacity to expedite the completion of the design of the e-learning platform

32.   The SIAP Governing Council requested the Institute to develop an e-learning platform to supplement traditional in-class learning and to improve efficiency and effectiveness in training activities. Accordingly, ESCAP was expected to support the Institute in implementing this request.

33.   SIAP had initiated efforts to develop an e-learning platform. However, the process of designing the platform was driven by the existing lecturers with the support of a consultant. SIAP indicated that the completion of the design and testing of the system may be protracted because the participation of the lecturers depended on their training workload.

34.   The e-learning platform design was not planned with adequate resources and an established timeline. Developing the e-learning platform required specific skills and dedicated resources. Despite the good progress, SIAP needed additional resources and support from ESCAP without which the completion of the design of the e-learning platform would be further delayed. SIAP had however started utilizing partnership arrangements by collaborating with a University to deliver e-learning courses to respond to stakeholder demand and needs.

35.   Further delays could diminish the effectiveness and efficiency of SIAP to deliver capacity development training activities.

(3) ESCAP should take action to strengthen the capacity of the Statistical Institute for Asia and the Pacific to enable the Institute to complete the development of its e-learning platform in a timely manner.
ESCAP accepted recommendation 3 stating that the anticipated addition of a new position to SIAP would strengthen the capacity of SIAP to complete the development of its e-learning platform in a timely manner. Recommendation 3 remains open pending receipt of evidence that SIAP project management capacity had been strengthened to complete the development of the e-learning platform.

c) **Subregional activities**

ESCAP needed to develop a strategy for the substantive activities of its subregional offices to ensure their relevance and financial sustainability

36.   In his report (A/62/708) to the General Assembly dated 26 February 2008, the Secretary-General defined the functions of SROs and the United Nations Special Programme for the Economies of Central Asia. The responsibilities were generally an extension of the overall mandate of the core substantive subprogrammes of ESCAP. Therefore, establishing clearly the subregional priorities, and defining accountability for the stakeholders involved, constituted a prerequisite for the effectiveness of the ESCAP subregional strategy.

37.   OIOS observed that the SROs needed to be more strategically focused on the key priorities of their respective subregions. ESCAP dedicated about $6.4 million for the biennium 2012-2013 and $7 million for the biennium 2014-2015 from its regular budget funding for its four SROs. In addition, about $3.8 million were budgeted for 2012-2013 and $6 million for 2014-2015 in extrabudgetary resources. The current activities of SROs, however, consisted of short duration projects conceived prior to their establishment in 2008 and often implemented on behalf of other United Nations organizations. For example, as an implementing partner:

   a. The SRO for North and Central Asia implemented projects for the United Nations Special Programme for the Economies of Central Asia which was launched in 1998 to strengthen subregional cooperation in Central Asia and its integration into the world economy;
   b. The SRO for East and North-East Asia took over the implementation of the North-East Asian Subregional Programme for Environmental Cooperation established in 1993 as a comprehensive intergovernmental cooperation framework addressing environmental challenges in North-East Asia;
   c. The SRO for South and South-West Asia implemented a United Nations agency project to prepare a report on accelerating Millennium Development Goals in India; and
   d. The SRO for the Pacific implemented projects for the European Union.

38.   While the SROs were expected to contribute to outputs under ESCAP core subprogrammes and to implement specific outputs related to the subregional priorities, their activities were mostly project focused, generally addressing ad hoc issues that were not easily linked to ESCAP priorities. Thus, they became largely implementing tools for programmes and strategies of other organizations. The heads of SROs expressed concern regarding the substantive direction and clarity of their expected roles and contributions to the implementation of the priority areas of ESCAP. The blurred lines between the work of the SROs and that of the other subprogrammes defined in the Strategic Framework had been raised before as a weak area in the ESCAP programme of work. An OIOS evaluation carried out in 2014 also noted that the subprogrammes and SROs did not have a shared understanding of their roles and responsibilities in substantive work.

39.   While the roles and responsibilities of the SROs had been clarified in a policy statement by the Executive Secretary, their strategies vis-a-vis the priorities of the subregions were yet to be fully formulated. The current leadership of ESCAP initiated a strategic redirection of the SROs in order to take into account the priorities defined by the respective regional Member States and/or the focus areas of ESCAP. As a pilot, for the 2016-2017 biennium, the subregional office in the Pacific region developed a strategy document taking into consideration the regional strategic priorities outlined by the Member States at the subregional level in line with ESCAP programme of work. The strategy also included the implementation modality outlining clear roles and responsibilities of the SRO and ESCAP divisions.

Similar strategy exercises, based on subregional realities and priorities, were not yet carried out by other SROs.

40. ESCAP did not have a strategy based on clearly identified common priorities for each subregion to form the basis of the SRO activities vis-à-vis the ESCAP programme of work. The respective subregions of the SROs were diverse in terms of their levels of economic development requiring targeted assistance to each subregion. Establishing a coherent SRO strategy for each subregion would be a challenge for ESCAP but it would also enhance the relevance of SROs.

41. The lack of an SRO strategy for each subregion that clearly linked with the priority areas defined in the Strategic Framework for the ESCAP subprogrammes prevented the SROs from fully developing their core activities and identifying the required funding to implement them. In some of the offices, the regular budget portion of their funding only covered staff costs while they had to rely on voluntary contributions from Member States, in particular from the host countries to cover their overhead (office space and administrative staff) as well as operational (programme-related) costs. Voluntary contributions were inherently subject to fluctuations related to the financial situations of relevant donors. For example, the share of the host-country's contribution in the annual operational budget of the largest SRO was about 82 per cent in 2012, 75 per cent in 2013, and 94 per cent in 2014. The donor reduced its contribution by 20 per cent for the period 2015 to 2020. Overreliance on host country contributions for the operational activities of SROs presented risks for their long term sustainability. Consequently, the SROs took on implementing partner roles in the form of partnerships due to lack of reliable funding for their core operational activities.

> **(4) ESCAP should develop a strategy for the substantive activities of its subregional offices taking into consideration the priorities of each subregion and the ESCAP programme of work in order to ensure their relevance and financial sustainability.**
>
> *ESCAP accepted recommendation 4 stating that it would develop a strategy and coordinate the implementation of its overall programme of work through strategic meetings between SROs and substantive divisions. ESCAP had initiated strategic exercises through internal consultations in 2015, in readiness for the biennium 2016-2017.* Recommendation 4 remains open pending receipt of a copy of the strategy for the substantive activities of ESCAP SROs.

B. Capacity development project management

Project progress and financial reports were submitted as required

42. ESCAP capacity development project guidelines required programme managers to submit periodic substantive progress and financial reports to the donors through the Strategy and Programme Management Division (SPMD).

43. OIOS reviewed 18 out of the 40 technical cooperation projects implemented by the subprogrammes covered by the audit. The projects were valued at $13.9 million, and their expenditures as of the end of 2014 totaled $9.6 million. OIOS observed that financial reporting to donors was adequate. Also, programme managers responsible for the implementation of the projects submitted project progress, annual and terminal reports to SPMD as required. The annual and terminal reports were subsequently submitted to the donors together with the financial statements provided by the Financial Resources Management Section of ESCAP. OIOS concluded that the controls over submission of project progress and financial reporting were adequate and operating effectively.

<u>Activities and outputs of capacity development projects needed to be linked with the expected accomplishments of related subprogrammes</u>

44.   The core of the ESCAP programmatic approach to capacity development projects adopted in August 2011 was: (i) to ensure that all activities and outputs were linked to the achievement of the expected accomplishments of the relevant subprogramme; and (ii) to collect necessary data and information on the results of project activities and outputs that demonstrated this linkage. The implementation of the programmatic approach was guided by the capacity development project management guidelines for ESCAP.

45.   To implement the programmatic approach, ESCAP developed capacity development projects covering its key organizational entities (divisions, SROs and regional institutes) for the period 2011-2013. The projects integrated funding from extrabudgetary resources under the ESCAP programme budget with regular budget resources from the Regular Programme for Technical Cooperation and the Development Account. Although the capacity development project management guidelines were followed in planning, designing, appraising and approving the projects, OIOS observed the following weaknesses in the implementation of the programmatic approach:

(a) The organizational entities generally were unable to implement all activities and outputs planned under the overarching capacity development projects because the actual amount of extrabudgetary resources mobilized fell significantly short of the indicative total budget for these projects; and

(b) Capacity development projects approved for the period 2011-2013 were extended for a further two-year period through 2015 without modification of their objectives, performance indicators or budgets to ensure that the project results would contribute to the expected accomplishments of the related subprogrammes.

46.   Project managers stated that the linkage between individual projects and activities under the overarching capacity development project and the expected accomplishments of the related subprogrammes was found to be cumbersome to establish. Moreover, the extrabudgetary funding sources used for planning the capacity development projects with the integrated approach were based on estimated resources with no assurance that actual contributions against the estimates could be secured.

47.   There was no oversight to ensure that the project managers complied with the project management guidelines to collect, report and link data and information on project implementation results to the expected accomplishment of the related subprogrammes. SPMD monitoring activities did not ensure that programme managers were actively monitoring projects towards the delivery of activities and outputs identified in project documents, taking corrective actions when required and assessing performance results. At the time of the audit fieldwork, ESCAP senior management was in the process of restructuring its budget planning and monitoring function to further enhance its programme oversight function. Although ESCAP indicated that it occasionally reviewed the capacity development project management guidelines, it did not use the results of such reviews in drawing lessons learned and in revising the guidelines. As a result, the guidelines were ineffective to ensure that the project results contributed to the achievement of the expected accomplishments of the related subprogrammes.

> **(5) ESCAP should review and update its capacity development project management guidelines and ensure that project managers comply with the revised guidelines to collect, report and link data and information on project implementation results to the expected accomplishment of related subprogrammes.**

> *ESCAP accepted recommendation 5 stating that it was formulating a revised capacity development project architecture, which would take effect starting 2016 when the current procedures for capacity development projects would expire. The new project architecture would draw from the lessons learned and experiences of the ESCAP capacity development programmatic approach.* Recommendation 5 remains open pending receipt of the revised capacity development project architecture for ESCAP.

Capacity development projects were not evaluated to assess whether their results achieved the project objectives

48.   The capacity development project guidelines required that a project evaluation be planned in the project formulation as an integral part of the project document and that adequate resources be allocated to assess whether the project achieved the objectives outlined in the project logical framework.

49.   OIOS observed that project evaluations were not planned or carried out to assess the impact of capacity development projects and identify lessons learned for improved performance. Of the 18 capacity development projects reviewed, none was the subject of a formal evaluation.

50.   The capacity development project documents did not include budgets for project evaluations. ESCAP management indicated that it would consult with donors to include resources for project evaluations. Furthermore, systems were not put in place to collect and analyze data on project results to determine whether the capacity development projects were having an impact along the priorities of ESCAP programme of work.

51.   As a result, ESCAP could not fully demonstrate that the capacity development projects were making the expected impact outlined in project documents.

> **(6) ESCAP should make the evaluation of high value projects mandatory and seek funds in project documents to enable it to systematically assess whether projects are achieving their stated objectives.**
>
> *ESCAP accepted recommendation 6 stating that it was updating its Monitoring and Evaluation System issued in 2009 and would take into account the recommendation of making evaluation mandatory for larger-scale capacity development projects, including earmarking a budget for evaluation in the project. The new Monitoring and Evaluation system would be issued in 2016.* Recommendation 6 remains open pending receipt of a copy of the new Monitoring and Evaluation system.

IV.   ACKNOWLEDGEMENT

52.   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*) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of management of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	ESCAP should develop standard operating procedures for the management of its database system and for the collection and quality assurance of data to ensure that the statistical data meet its needs and those of other users.	Important	O	Formal issuance of the standard operating procedures for the management of the regional statistics database and for the collection and quality assurance of data.	31 January 2017
2	ESCAP should develop adequate project management capacity at the Statistical Institute for Asia and the Pacific to effectively manage projects funded through partnerships.	Important	O	Establishment of adequate project management capacity at SIAP to effectively manage projects funded through partnerships.	31 December 2016
3	ESCAP should take action to strengthen the capacity of the Statistical Institute for Asia and the Pacific to enable the Institute to complete the development of its e-learning platform in a timely manner.	Important	O	Submission of evidence that SIAP capacity has been strengthened to complete the development of the e-learning platform.	31 December 2016
4	ESCAP should develop a strategy for the substantive activities of its subregional offices taking into consideration the priorities of each subregion and the ESCAP programme of work in order to ensure their relevance and financial sustainability.	Important	O	Formal issuance of the strategy for the substantive activities of ESCAP SROs.	31 December 2016
5	ESCAP should review and update its capacity development project management guidelines and ensure that project managers comply with the revised guidelines to collect, report and link data and information on project implementation results to the expected accomplishment of related subprogrammes.	Important	O	Formal issuance of the revised capacity development project architecture for ESCAP.	31 December 2016

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[2] 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.

[3] 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.

[4] C = closed, O = open

[5] Date provided by ESCAP.

STATUS OF AUDIT RECOMMENDATIONS

Audit of management of selected subprogrammes and related capacity development projects in the United Nations Economic and Social Commission for Asia and the Pacific

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
6	ESCAP should make the evaluation of high value projects mandatory and seek funds in project documents to enable it to systematically assess whether projects are achieved their stated objectives.	Important	O	Formal issuance of the new ESCAP Monitoring and Evaluation system.	31 December 2016

APPENDIX I

Management Response

Management Response

Audit of management of selected subprogrammes and related capacity development projects in the United Nations 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 standard operating procedures for the management of its database system and for the collection and quality assurance of data to ensure that the statistical data meet its needs and those of other users.	Important	Yes	Director, Statistics Division	31 Jan 2017	While a standard operating procedure has already been established for the management of its database, ESCAP agrees that this can be formalized. Furthermore, ESCAP agrees with the recommendation to develop procedures for the collection, analysis, and quality assurance of data to ensure that the statistical data meets its needs and those of other users.
2	ESCAP should develop adequate project management capacity at the Statistical Institute for Asia and the Pacific to effectively manage projects funded through partnerships.	Important	Yes	Director, SIAP	31 Dec 2016	ESCAP has decided to establish a new post in SIAP which will provide more capacity for project management
3	ESCAP should take action to strengthen the capacity of the Statistical Institute for Asia and the Pacific to enable the Institute to complete the development of its e-learning platform in a timely manner.	Important	Yes	Director, SIAP	31 Dec 2016	The addition of a position to SIAP, as mentioned above, will strengthen the capacity of the SIAP to complete the development of its e-learning platform in a timely manner.
4	ESCAP should develop a strategy for the substantive activities of its subregional offices taking into consideration the priorities of each subregion and the ESCAP programme of work in order to ensure their relevance and financial sustainability.	Important	Yes	Director, SPMD, in coordination with Heads of Subregional Offices.	31 Dec 2016	We accept the recommendation. ESCAP will develop a strategy and coordinate the implementation of its overall programme of work through strategic meetings between subregional offices and substantive divisions. Strategic exercises have been initiated through internal consultations in 2015 and will be organized for the biennium 2016-2017.

[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 management of selected subprogrammes and related capacity development projects in the United Nations 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
5	ESCAP should review and update its capacity development project management guidelines and ensure that project managers comply with the revised guidelines to collect, report and link data and information on project implementation results to the expected accomplishment of related subprogrammes.	Important	Yes	Director SPMD	31 Dec 2016	ESCAP is currently formulating a revised capacity development project architecture which will take effect starting 2016 when the current capacity development projects will expire. The new project architecture will draw from the lessons learned and experiences of the ESCAP capacity development programmatic approach. Accordingly, an updated ESCAP capacity development project management guideline will be issued during 2016 to reflect the new project architecture
6	ESCAP should make the evaluation of high value projects mandatory and seek funds in project documents to enable it to systematically assess whether projects are achieved their stated objectives.	Important	Yes	Director, SPMD	31 Dec 2016	ESCAP is in the process of updating its Monitoring and Evaluation System (M&E system) issued in 2009 and will take into account the recommendation of making evaluation mandatory for larger-scale capacity development projects, including earmarking a budget for evaluation in the project. The new M&E system will be issued in 2016.