



INTERNAL AUDIT DIVISION

REPORT 2016/012

Audit of the management of the technical cooperation project on Information and Communication Technologies in Africa - Phase II in the Economic Commission for Africa

Overall results relating to the effective management of the technical cooperation project were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

4 March 2016
Assignment No. AN2015/710/02

CONTENTS

	<i>Page</i>
I. BACKGROUND	1-2
II. OBJECTIVE AND SCOPE	2
III. AUDIT RESULTS	3-7
Project management	3-7
IV. ACKNOWLEDGEMENT	7
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of the management of the technical cooperation project on Information and Communication Technologies in Africa – Phase II in the Economic Commission for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the technical cooperation project on Information and Communication Technologies in Africa – Phase II in the Economic Commission for Africa (ECA).
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. ECA entered into an agreement with a donor on 4 December 2008 to implement the second phase of a technical cooperation project on Information and Communication Technologies (ICT). Phase I of the project was implemented during 2004-2008, while Phase II was to be implemented during 2008-2010. The donor agreed to contribute up to Euro 3,750,000 (\$6,160,664).
4. The objective of the project was to: improve capacities at the national and regional levels to formulate, coordinate and implement information technology policies and strategies; and analyze, monitor and evaluate the impact of these policies on African development. Phase II of the project had three components:
 - a. Develop national information and communications infrastructure (NICI) plans in eight countries, and support the implementation of NICI plans in the nine countries covered in Phase I of the project;
 - b. Evaluate and monitor the ICT sector and its impact on information society (Scan-ICT) in six countries, and continue support to five Phase I countries; and
 - c. Build stakeholders' capacity in 15 countries to support NICI development and implementation.
5. No-cost extensions of the project were granted on 10 July 2013 to complete the project in June 2014, and on 7 July 2014 to complete by 30 September 2014. The project was closed in September 2014.
6. ECA received a total of \$6,181,887 in contributions for the period December 2008 to April 2015. Total expenditures on the project were \$6,044,029 of which \$2,299,403 was expended during the audit period. Details of the project budget and expenditure are shown in Table 1.

Table 1: Budget and expenditures on the technical cooperation project on ICT in Africa – Phase II

	<i>Project Budget</i>	<i>Total project expenditure</i>		<i>Project expenditure January 2012 to April 2015</i>
	<i>Euro</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
A. Project personnel	1,311,000	2,153,771	2,103,401	1,314,391
B. Project technical support	2,077,695	3,413,332	3,245,297	720,479
C. Project evaluation	15,000	24,643	-	-
D. Total Programme Funds	3,403,695	5,591,746	5,348,698	2,034,870
E. Programme support (13 per cent)	342,252	562,267	695,331	264,533
F. Total Funds	3,745,947	6,154,013	6,044,029	2,299,403

7. The Information and Communications, Science and Technology Division of ECA was responsible for implementing the project up to March 2013. After a restructuring exercise at ECA, responsibility for implementing the project was reassigned to the Special Initiative Division. The Partnership Office managed donor relationships.

8. Comments provided by ECA are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

9. The audit was conducted to assess the adequacy and effectiveness of ECA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the technical cooperation project on ICT in Africa – Phase II**.

10. The audit was included in the IAD work plan for 2015 at the request of ECA in view of the risk that weaknesses in project management could adversely affect the achievement of objectives.

11. The key control tested for the audit was project management. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that: (i) policies and procedures exist to guide the project activities; (ii) a mechanism exists to ensure that project objectives are achieved and funds are used for the intended purposes; and (iii) financial and operational information are reliable and submitted on time.

12. The key control was assessed for the control objectives shown in Table 2.

13. OIOS conducted this audit from June to August 2015. The audit covered the period from January 2012 to April 2015.

14. 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

15. The ECA governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of the technical cooperation project on ICT in Africa – Phase II**. OIOS made two recommendations to address an issue identified in the audit.

16. ECA processed expenditures relating to personnel, travel, training, subcontractors and miscellaneous expenses in accordance with the Financial Rules. Project reports were submitted to the donor as required. ECA did not initially have processes to ensure that: (i) project documents included adequate indicators to monitor and assess whether project objectives were achieved; (ii) the project was completed on time; and (iii) consultants were competitively selected. The ECA Project Management Manual issued in 2010, an Executive Performance Management Dashboard introduced in 2015, and an enhanced process to competitively select consultants implemented in June 2015 had addressed these weaknesses. However, ECA still needed to develop procedures to address noncompliance by beneficiaries with the terms set in agreements.

17. The initial overall rating was based on the assessment of the key control presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of one important recommendation remains in progress.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the technical cooperation project on ICT in Africa – Phase II	Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Project management

ECA introduced a process for project documents to include indicators to assess the achievement of project objectives

18. ECA was expected to develop and measure output, outcome and impact level indicators to demonstrate whether the project’s objectives had been achieved. The programme document annexed to the donor agreement listed the various activities and outputs that were expected to be carried out or produced for each of the components of the project, and the expected achievements.

19. ECA project reports indicated that the following activities were completed:

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 is at risk regarding the achievement of control and/or business objectives under review.

(i) NICI plans were developed in the eight Phase II countries and completed in two of the seven Phase I countries.

(ii) Scan-ICT activities were undertaken in five of six Phase II countries and continued in the five Phase I countries. Studies were also undertaken in five countries not listed in the programme document to assess ICT policy development and implementation processes, and to develop a draft set of e-Government indicators within the framework of the International Partnership for Measuring ICT for Development.

(iii) Stakeholder capacity building activities were carried out in 15 new countries to support NICI development and implementation. ECA also conducted additional activities after agreement by the donor. These included: (a) development of an African eLearning Initiative in the areas of ICT, Geo-Information System and cyber legislation; (b) launching of the African Science, Technology and Innovation Endowment Fund and the African Technology Development and Transfer Network; (c) conducting a pilot project on developing the street “Address System for Accra, Ghana, in the Policy Framework for Systems”; and (d) acquisition of Science and Technology Initiative datasets to support ECA Science and Technology Initiative policy research.

20. However, it was not clear whether these activities resulted in the achievement of the stated project objective. The indicators of achievement listed in the programme document were not adequately defined to enable them to be objectively measured. The indicators included: “increased awareness of policy makers on Information Society”; “number of countries that have developed national and sectoral ICT strategies”; and “increased availability of ICT data”. However, the baseline measurements and the percentage increases or numbers that were anticipated to be achieved were not specified. The indicators were to be achieved in the medium term but the expression “medium term” was not defined.

21. ECA stated that the indicators of achievement in its proposed programme budget for the information and science and technology for development subprogramme were applicable to the project. However, since the period covered by the budget was different from that of the project, and the budget included funds from other sources, the indicators attributable to the project could not be separately identified. Without baseline measurements and separately identifiable anticipated targets, it was not possible to determine objectively whether the project had achieved its purpose.

22. The project document for the technical cooperation project on ICT in Africa was prepared in 2008. Since then, ECA issued a Project Management Manual in 2010 that requires project documents to specify objectively verifiable indicators of achievement together with the sources of the data to be used for measurement. In view of the additional guidance provided in the Manual to address this issue, OIOS did not make a recommendation in this regard.

ECA introduced a process to strengthen the consultant selection process

23. According to the administrative instruction on consultants and individual contractors (ST/AI/2013/4), heads of departments and offices are responsible for instituting competitive selection procedures to engage consultants. Documented justification must be provided for any exceptions.

24. OIOS reviewed the engagement of 31 consultants contracted during the audit period. The consultants were from different countries in Africa and were contracted to undertake various studies at a total cost of \$499,641. All consultants’ contractual files included: (i) documentation on the evaluation of at least three candidates prior to engagement; (ii) copies of personal history forms; (iii) terms of reference

for the project to be undertaken; and (iv) copies of special service agreements. However, the method used to solicit applicants for the consultancy services was not indicated in all instances. There was no evidence of the announcement of the consultancy, responses received, and the evaluation process undertaken to arrive at the three candidates shortlisted for selection. Exceptions from using a competitive basis for selection were not documented as required.

25. This occurred because ECA did not have a comprehensive process to engage consultants, including a platform to announce advertisements and a roster of consultants. Instead, project managers relied on their knowledge of technical experts in the required fields of expertise. An inadequate competitive process for selecting consultants could result in non-consideration of the best candidates available in the various areas of expertise.

(1) ECA should institute a more competitive selection process to engage consultants, including developing a platform to advertise openings for consultancies and maintaining a roster of consultants.

ECA accepted recommendation 1 and stated that it had instituted a more competitive and robust selection process, which included a platform for advertising and maintaining a consultant roster. Based on the measures introduced by ECA to improve the competitive selection process for hiring consultants, recommendation 1 has been closed.

Expenditures on personnel, travel, training, subcontractors and miscellaneous expenses were adequately supported in accordance with the Financial Rules

26. The Financial Rules require expenses to be certified and approved with proper supporting documents to ensure that payments are made against actual receipt of goods and services.

27. OIOS reviewed 90 transactions totaling \$400,082 (or 17 per cent of total expenditures). This included 67 transactions relating to project personnel costs and travel, 10 relating to training activities, 7 relating to subcontractors, and 6 relating to miscellaneous expenses. The audit results showed that expenses were processed according to the Financial Rules. Relevant documentation was available to support payments, which were in line with the project objectives, and the transactions were certified and approved by the authorized officers.

28. Based on the information reviewed, OIOS concluded that the controls established by ECA were satisfactory to ensure that expenditures on personnel, travel, training, subcontractors and miscellaneous expenses were adequately supported.

ECA implemented procedures to monitor project activities

29. The donor agreement required ECA to monitor project activities in accordance with the programme document and the ECA business plan.

30. ECA prepared Programme Implementation Plans as well as work plans for the Information and Communications Technology, Science and Technology Division and the Special Initiative Division that outlined the project activities, outputs and implementation timeframes. However, the Plans were not actively used by the Divisions to monitor project activities. The completion or non-completion of each project activity, any changes to the activities as a result of the inability to perform, or as a result of the delays encountered during the project implementation were not tracked. Moreover, the ECA Programme Implementation Plans for 2014 did not include pending project activities to be completed by the Special Initiative Division during the extension in 2014.

31. Performance of activities in the Programme Implementation Plans was not adequately monitored. Consequently, the project was completed in September 2014, four years after the scheduled completion of 2010, requiring two extensions before its completion.

32. In 2015, ECA developed and implemented a self-monitoring tool, the Executive Performance Management Dashboard. The dashboard was developed as a monitoring platform to be administered by the Strategic Planning and Operational Quality Division. All ECA subprogrammes were required to submit subprogramme achievements and timelines through the dashboard on a quarterly basis, and the inputs were used to monitor their activities. Since ECA had developed and implemented a tool that should enhance the monitoring of its subprogrammes, OIOS did not make a recommendation in this regard.

ECA did not have a mechanism to address noncompliance by beneficiaries of the programme

33. The memorandum of understanding (MOU) between ECA and 20 countries for assistance in developing their NICI and ICT activities set out the terms of agreement. These terms included a requirement for fund recipient governments to submit final reports on project activities to ECA.

34. OIOS reviewed project documents for six of the 20 countries and noted that final reports were not submitted by four of them. ECA had paid \$91,920 of the total amount of \$121,420 approved for these countries. ECA was therefore unable to assess whether the activities financed by the project funds were completed.

35. ECA repeatedly requested the countries to submit the final reports; however, these four countries did not provide the requested information. They indicated that due to changes of government/minister and staff responsible for conducting the activities, the reports could not be located and concluded. There were no provisions in the MOUs with project fund recipient countries prescribing actions to be taken by ECA in light of non-submission of final reports.

(2) ECA should develop and include in memoranda of understanding a mechanism to address noncompliance by beneficiaries with terms under which they received funding to conduct project activities.

ECA accepted recommendation 2 and stated that the Partnership and Resource Mobilization Section, in collaboration with the Legal Office, would develop and include in memoranda of understanding and letters of agreement a mechanism for addressing noncompliance by partners and beneficiaries. Recommendation 2 remains open pending receipt of evidence that ECA has included relevant clauses in MOUs and letters of agreement to address noncompliance by beneficiaries and partners of project funds.

Reports were submitted to the donor as required

36. The donor agreement required ECA to submit the following reports to the donor: (i) an annual report of the achievements of the division implementing the project and financial reporting on the use of funds; (ii) six monthly financial statements; and (iii) an implementation report including certified financial statements six months after completion of the project.

37. ECA submitted activity reports to the donor for the periods: (i) January to December 2012; (ii) January to March 2013; (iii) April to December 2013; and (iv) January to September 2014. Each activity report included financial statements for the year ended prior to the period reported and six-month financial statements were submitted for June and December 2012, June 2013 and 2014. The

implementation report and certified financial statements due in March 2015 on completion of the project were submitted to the donor on 10 July 2015. OIOS therefore concluded that ECA had submitted reports to the donor as required in the donor agreement.

IV. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the management of the technical cooperation project on Information and Communication Technologies in Africa – Phase II
in the Economic Commission for Africa**

Recom. no.	Recommendation	Critical²/ Important³	C/ O⁴	Actions needed to close recommendation	Implementation date⁵
1	ECA should institute a more competitive selection process to engage consultants, including developing a platform to advertise openings for consultancies and maintaining a roster of consultants.	Important	C	Action completed.	Implemented
2	ECA should develop and include in memoranda of understanding a mechanism to address noncompliance by beneficiaries with terms under which they received funding to conduct project activities.	Important	O	Receipt of evidence that ECA has included relevant clauses in memoranda of understanding and letters of agreement to address noncompliance by beneficiaries and partners of project funds.	30 June 2016

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 ECA in response to recommendations.

APPENDIX I

Management Response



United Nations
Economic Commission for Africa

INTEROFFICE MEMORANDUM — MEMORANDUM INTERIEUR

To: Ms. Muriette Lawrence-Hume, Chief
New York Audit Service
Internal Audit Division OIOS

Date: 1 March 2016

Ref.: SPOQD/16/02/0057 *hw*

From: *hw* Ingrid Cyimana, Director
Strategic Planning and Operational Quality Division

Subject: **ECA Management Response to the Draft Report on an Audit of Management of the Technical Cooperation Project on Information and Communication Technologies in Africa-Phase II in the Economic Commission of Africa (Assignment No. AN2015/710/02)**

Reference is made to interoffice memo (Ref.: IAD: 16-00046) dated 2 February 2016 on the above subject.

ECA has accepted both recommendations, 1 and 2. Kindly, note that ECA has already implemented recommendation 1. Please find attached management response with ECA's comments and target date and responsible person for implementing the recommendations. In addition, find attached evidence of implementation of recommendation 1.

Thank you.

cc: Mr. Abdalla Hamdok, Deputy Executive Secretary, Knowledge Generation
Mr. Tilchand Acharya, Chief, Field Audit Section, IAD-OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

INTEROFFICE MEMORANDUM — MEMORANDUM INTERIEUR

Management Response
Audit of Management of the Technical Cooperation Project on Information and Communication Technologies in Africa – Phase II
in the Economic Commission of Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ECA should institute a more competitive selection process to engage consultants, including developing a platform to advertise openings for consultancies and maintaining a roster of consultants.	Important	Yes	Jit Gurung (Mr.), Chief Human Resources Service Section	Implemented since June 2015	This recommendation is already implemented- effective 1 June 2015. ECA instituted a more competitive and robust selection process which include a platform for advertising and maintaining a roster of consultants. This is done through inspira. Evidence regarding the same was sent to OIOS in an email dated 17/12/2015 and is attached for reference.
2	ECA should develop and include in memoranda of understanding, a mechanism to address non-compliance by beneficiaries with terms under which they received funding to conduct project activities.	Important	Yes	Marlon Lezama (Mr.), Chief, Partnerships and Resource Mobilization Section	June 2016	ECA's Partnerships and Resource Mobilization Section in collaboration with the Legal Office will develop and include in Memoranda of Understanding (MoU) and Letters of Agreement (LoA) a mechanism for addressing non-compliance by partners and beneficiaries.

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.