



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/051

Audit of the Economic and Social Commission for Asia and the Pacific

Overall results relating to the Economic and Social Commission for Asia and the Pacific's executive direction and management, programme management, and programme support functions were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

13 June 2013
Assignment No. AN2012/740/01

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AUDIT REPORT

Audit of the Economic and Social Commission for Asia and the Pacific

I. BACKGROUND

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

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. ESCAP is the regional development arm of the United Nations (UN) for the Asia-Pacific region, which comprises 53 Members and nine associate Member countries and territories. ESCAP's mandate derives from Economic and Social Council (ECOSOC) resolutions 37 (IV) and 414 (XIII), which is to promote regional cooperation for inclusive and sustainable economic and social development in the Asia-Pacific region. The region is home to 4.1 billion people, more than 60 per cent of the world's population. It has a marked distinction of fast changes of growth in wealth and diversity. At the same time, the region is challenged by poverty, environmental degradation, inequality, and insecurity, all of which occur simultaneously with mutually reinforcing impact, leaving many countries economically vulnerable and weak in achieving progress toward meeting the Millennium Development Goals (MDGs).

4. The Commission provides overall direction to the work of its secretariat through its Annual Commission Session and eight technical committees. The latter meet biennially to guide ESCAP's programme of work within their respective purviews. ESCAP's key objectives are to: (a) foster economic integration at the subregional and regional levels; (b) promote regional implementation of the internationally agreed development goals, including the MDGs; and (c) support regional sustainable development by helping to bridge economic, social, and environmental gaps among Member States and sub-regions, including through the facilitation of trade and transport. Its programme of work comprises eight mutually supportive and interconnected subprogrammes: (1) macroeconomic policy and inclusive development; (2) trade and investment; (3) transport; (4) environment and development; (5) information and communications technology and disaster and risk reduction; (6) social development; (7) statistics; and (8) subregional activities for development.

5. ESCAP is headquartered in Bangkok, Thailand. ESCAP's budgetary requirements totalled approximately \$128.5 million for the biennium 2010-2011 and approximately \$129.4 for the biennium 2012-2013, including extrabudgetary resources of \$30 million and \$33 million, respectively, for the same periods. In addition to its four subregional offices (SROs), the Commission has five regional institutes (RIs) located in five countries in the region. Table 1 highlights the RIs, their resources, and related subprogrammes and substantive divisions under the current integration strategy implemented as at 31 December 2011.

Table 1: ESCAP's regional institutes and related subprogrammes as at 31 December 2011

Regional Institute	2010-2011 Total Budget (\$)	Extrabudgetary Resources (%)	Related Subprogramme	Related Division
Centre for Sustainable Agricultural Mechanization (CSAM)	1,498,304	74.3%	Trade and Investment (Subprogramme 2)	Trade and Investment Division
Asia and Pacific Training Centre for Information and Communication Technology for Development (APCICT)	3,396,368	100.0%	Information and communications technology and disaster risk reduction (Subprogramme 5)	Information and Communications Technology and Disaster Risk Reduction Division
Asian and Pacific Centre for Transfer of Technology of the United Nations Economic and Social Commission for Asia & the Pacific (APCTT)	1,384,129	72.2%	Trade and investment (Subprogramme 2)	Trade and Investment Division
Centre for the Alleviation of Poverty through Sustainable Agriculture (CAPSA)	855,616	54.6%	Macroeconomic policy and inclusive development (Subprogramme 1)	Macroeconomic Policy and Development Division
Institute for Asia and the Pacific (SIAP)	5,464,100	100.0%	Statistics (Subprogramme 7)	Statistics Division
TOTAL	12,598,517			

Source: ESCAP

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

II. OBJECTIVE AND SCOPE

7. The audit of ESCAP was conducted to assess the adequacy and effectiveness of ESCAP's governance, risk management and control processes in providing reasonable assurance regarding **effective ESCAP executive direction and management, programme management, and programme support functions**.

8. The key controls tested for the audit were: (a) mandates and delegation of authority system; (b) risk management and financial forecasting capability; (c) results-based management, (d) consultancy services; and (e) contracts management. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Mandates and delegation of authority system** – controls that provide reasonable assurance on the clarity of the authority, roles and responsibilities of ESCAP, and other UN departments or other entities involved in a programme, to ensure effective and efficient programme delivery.

(b) **Risk management and financial forecasting capability** – controls that provide reasonable assurance that risks relating to the financing of ESCAP's operations are identified and assessed, and that a financial forecasting capability exists to anticipate and plan for shortfalls.

(c) **Results-based management** – controls that provide reasonable assurance that: (i) expected results are realistic; (ii) there is a system in place to monitor progress toward the

achievement of expected results of subprogrammes and projects; (iii) lessons learned in programme implementation are integrated into management decisions; and (iv) performance against expected results is reported periodically.

(d) **Consultancy services** – controls that provide reasonable assurance that the use of consultancy services in ESCAP complies with established UN policies to augment professional competencies not available within its staff resources.

(e) **Contracts administration** – controls that provide reasonable assurance that ESCAP's administration of contracts comply with established policies and procedures.

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

10. OIOS conducted this audit from 6 August to 1 September 2012. The audit covered the period from January 2010 to June 2012. It focused on: (a) systems to collect, compile, record, and report on outcome results of ESCAP's programme of work; (b) fundraising strategy; (c) governance, strategic planning, and management of five regional institutes; (d) management of technical cooperation projects; (e) hiring of consultants; and (f) contracts administration. The audit team visited ESCAP headquarters in Bangkok to conduct the audit. Furthermore, audit visits were undertaken to the Centre for Sustainable Agricultural Mechanization (CSAM) in Beijing, and to the Asian and Pacific Training Centre for Information and Communication Technology for Development (APCICT) in the Republic of Korea. Video interviews were held with the heads of Asian and the Pacific Centre for Transfer of Technology (APCTT) in India, the Centre for Alleviation of Poverty through Secondary Crops' Development in Asia and the Pacific (CAPSA) in Indonesia and Statistical Institute for Asia and the Pacific (SIAP) in Japan.

11. 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

12. ESCAP's governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding **effective ESCAP executive direction and management, programme management, and programme support functions**. OIOS made six recommendations to address issues identified in the audit. ESCAP had taken initial steps to strengthen the integration of the work of the RIs with that of the substantive divisions. Considerable progress was made to integrate the RIs and strengthen their relevance in advancing sustainable development in the region. ESCAP had also established necessary controls to ensure an effective and operational results-based management system. However, more effective support and oversight were needed to enhance the management and performance of the RIs. High turnover in the director's position in CSAM led to unstable leadership and lack of long-term vision and strategic direction. There was a need to develop and implement a more efficient administrative support services model for the RIs and subregional offices. While ESCAP had established a comprehensive fundraising strategy, it needed to diversify the donor base for its RIs, and establish clear guidelines to account for in-kind contributions. Accountability for its contracts administration functions was not clearly established.

13. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory**.

Table 2: Assessment of key controls

Business objective(s)	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective executive direction and management	(a) Mandates and delegation of authority system	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Risk management and financial forecasting capability	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
Effective programme management	(c) Results-based management	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Effective programme support	(d) Consultancy services	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(e) Contracts administration	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Mandates and delegation of authority system

The Economic and Social Commission for Asia and the Pacific has put in place a strategy for integrating the regional institutes with the subprogrammes

14. The Commission had five RIs and each had a governing council to review administrative and programmatic matters. Three of the RIs also had technical committees which were responsible for advising the RI directors on the formulation of their programmes of work and on other technical matters concerning the institutes' operations. Since their establishment, the institutes had worked independently of ESCAP's substantive divisions and implemented their own programmes of work. While two of the RIs, CAPSA and SIAP, had been working with their substantive divisions to some extent, OIOS' audit in 2010 drew attention to the need for ESCAP to develop an action plan to better integrate the RIs' work and reporting with that of the substantive divisions. The 2010 audit also highlighted the need for ESCAP to further review and rationalize the governance structure of the RIs in order to revitalize their activities and provide for their continued relevance and viability.

15. Following the 2010 audit, ESCAP re-arranged the first reporting lines of the RIs directly to the related substantive divisions, with the second reporting lines to the Deputy Executive Secretary. In addition, procedures were put into place to integrate the RIs' activities in the overall programme of work of the respective substantive divisions. In 2011, ESCAP established a task force to strengthen and re-profile the RIs to a more relevant role in advancing sustainable development in the region. The task force recommended involving both the RIs and SROs in the planning and implementation of relevant collaborative activities, as well as periodically establishing their work as a regular agenda item at the Senior Management Team (SMT) meetings. Based on these initiatives, the strategy for integrating the RIs with the subprogrammes was considered to be satisfactory.

High turnover in the director's position in the Centre for Sustainable Agricultural Mechanization

16. Since its inception in 2003, CSAM's leadership changed seven times in nine years. Between March 2006 and April 2010, CSAM was without a director and the leadership of the institute was under the deputy director until his departure at the end of 2008. In April 2010, a director was appointed to stabilize the institute's leadership. However, as of July 2012, CSAM was once again without a director due to the retirement of the incumbent. The Director's position was vacant for 59 of 112 months, or 53 per cent of the operational time between May 2003 and August 2012. The high turnover significantly impacted CSAM's long-term vision and strategy, and affected the effectiveness in the delivery of the institute's programme. There was no obvious cause for the high turnover in directors. However, ESCAP should identify the underlying causes of the high turnover and address them to ensure continuity of leadership in the future.

(1) ESCAP should ensure that there is continuity in the leadership of the Center for Sustainable Agricultural Mechanization in order to avoid the related negative impact on the institute's management and programme delivery.

ESCAP accepted recommendation 1 and stated that a new Director of CSAM has been appointed. He assumed the function on 3 December 2012 and was expected to provide the much needed leadership, vision and guidance in strengthening the relevance of the Institute. Based on the action taken by ESCAP, recommendation 1 has been closed.

Need for an effective administrative support services model for regional institutes and subregional offices

17. ESCAP had a field presence of nine offices in the Asia and Pacific region, comprising five RIs and four SROs as shown in Tables 3 and 4. ESCAP established these offices at different times, each with its own administrative support services unit. In order to operate efficiently, these offices would need an effective administrative service structure to ensure timely delivery of support services related to procurement, information systems, and general and administrative services, as well as logistics and security.

Table 3: ESCAP's RIs by location as of 31 December 2012

Name	Location
CSAM	Beijing, China
APCICT	Incheon, South Korea
APCTT	New Delhi, India
CAPSA	Bagor, Indonesia
SIAP	Chiba/Tokyo, Japan

Source: ESCAP

Table 4: ESCAP's SROs by location as of 31 December 2012

Name	Location
ESCAP SRO for North and Central Asia	Almaty, Kazakhstan
ESCAP SRO for East and North-East Asia	Incheon, South Korea
ESCAP SRO for South and South-West Asia	New Delhi, India
ESCAP SRO for the Pacific	Suva, Fiji

Source: ESCAP

18. ESCAP made efforts to achieve economies of scale and synergies among the various offices. For example, due to their co-location in the same premises, the RI and SRO in Delhi were supported by one administrative support unit. In Incheon by contrast, the RI and SRO occupying two separate premises provided by the Government of the Republic of Korea, had two separate information and communications technology (ICT) systems and logistics arrangements. For other RIs and SROs, the administrative services were either supported by a small unit or outsourced to another UN agency. This reflected inconsistent practices and potential missed opportunities for cost-savings and efficiency gains.

19. In 2010, following the OIOS audit on Governance and Organizational Structure, and further to the recommendation of the Department of Management, ESCAP undertook a management review, titled “Organizational Effectiveness Initiative” (OEI), to improve and streamline its operational processes. As part of the OEI, ESCAP undertook a review of the administrative functions of its RIs and SROs co-located in the same cities, aiming to streamline and consolidate them. The recommendations of this review were yet to be fully implemented. For Incheon, the financial and procurement functions are already consolidated and co-locating the offices into a new premise in early 2013 will allow for further consolidation of support services. Despite these various managerial efforts, there was still a need for ESCAP to develop a common services support strategy for the RIs and SROs across all locations, to simplify service delivery and realize additional savings through the sharing of resources, facilities, vehicles, ICT systems, training, and security.

(2) ESCAP should develop and implement an efficient and flexible administrative support services model for its regional institutes and subregional offices.

ESCAP accepted recommendation 2 and stated that ESCAP has already created cost-effective administrative support services models, first for Incheon then for Delhi. These models would continue to be strengthened and ESCAP would continue to review its administrative support mechanisms with a view to further achieving efficiency gains. Recommendation 2 remains open pending receipt of the administrative support service model for all RIs and SROs.

B. Risk management and financial forecasting capability

The Economic and Social Commission for Asia and the Pacific had established a comprehensive fundraising strategy

20. As mandated by the General Assembly, ESCAP provided technical assistance to Member States in response to their requests through its programme of work. The technical assistance was funded from extrabudgetary resources, which amounted to \$30 million for the 2010-2011 biennium and \$33 million for the 2012-2013 biennium.

21. ESCAP developed a comprehensive fundraising strategy for extrabudgetary resources. The strategy outlined ESCAP’s (i) strengths, opportunities, and challenges in raising extrabudgetary funds; (ii) related resource mobilization principles; (iii) extrabudgetary funding needs and gaps; (iv) resource mobilization action plan; and (v) monitoring and evaluation of the strategy’s implementation. The strategy also included a framework for cooperation between ESCAP and the private sector, and methods for raising funds from the business community. In addition, the strategy outlined the various roles and responsibilities for fundraising activities of managers. Given this, controls over fundraising for extrabudgetary resources were considered to be adequate.

Regional institutes were dependant on extrabudgetary resources, and most from a single donor

22. All RIs depended on extrabudgetary resources. As such, they required adequate and predictable voluntary contributions to effectively continue their activities and remain sustainable. For the biennium 2012-2013, the two largest institutes, APCICT and SIAP, were 100 per cent funded with extrabudgetary resources, while, on average, the remaining three RIs were 80 per cent funded with extrabudgetary resources. Total extrabudgetary funding for RI operations for the 2012-2013 period was \$11.4 million.

23. The RIs, particularly APCICT and CSAM, mainly depended on a single donor country for their extrabudgetary funding. ESCAP acknowledged the need to diversify further the RIs' donor base and had taken some initial steps to address this need. For example, ESCAP undertook efforts to align CSAM and CAPSA in mutual areas where they could create synergy. ESCAP had also encouraged the institutes to partner with other UN entities, as well as access the private sector for new sources of funding to leverage existing donor bases. According to ESCAP, efforts had already been made, particularly with respect to CAPSA and SIAP, to address this issue. Despite these initial efforts, however, the funding structure of the RIs still showed an overreliance on the host country and certain other donors for the majority of contributions, as in the case of APCICT and CSAM, for which the Republic of Korea and China, respectively, had provided more than 90 per cent of funding of these institutes.

(3) ESCAP should ensure that the regional institutes' donor base is diversified to reduce dependency on single donors.

ESCAP accepted recommendation 3 and stated that ESCAP was conscious of the need to diversify further the RIs' donor base and was taking steps to this end. Recommendation 3 remains open pending receipt of documentation showing the diversification of the RI's donor base.

Lack of clear guidance to account for and manage in-kind contributions

24. ESCAP did not provide clear and specific operational guidance to managers for accepting in-kind contributions from donors, including: (i) the types of in-kind contributions that would be acceptable by ESCAP within the UN financial regulations and rules; (ii) the modalities under which such in-kind contributions could be accepted; and (iii) the related reporting and disclosure requirements. As a result, managers accepted in-kind contributions but did not assign any value to them or record them as required under the established acceptance and disclosure procedures for in-kind contributions.

25. Although instructions from the UN Controllers' Office, dated 23 November 2011 and updated in 2012, state that host country contributions are not considered as in-kind contributions under the rules, it is necessary to track and monitor the types of contributions received from host countries and to determine whether those contributions were accepted within the terms and conditions of the host country agreement and the UN rules. For example, host country and the private sector contributions to APCICT included conference facilities, transportation for participants, and other expendable items. However, these contributions were not documented or reported. Further, there was no documentary evidence of ESCAP's clearance of in-kind contributions prior to their acceptance by the institute and the total monetary value of these contributions could not be determined. In the context of these practices, and in view of the lack of clear guidance from ESCAP regarding in-kind contributions beyond the UN Controller's instructions, there was a risk that unauthorized contributions could be accepted by managers, and that full disclosure might not be made in compliance with the established UN practices to demonstrate transparency and accountability regarding receipt and use of external resources.

(4) ESCAP should: (a) provide operational guidance to programme managers in accepting in-kind contributions and require them to obtain clearance prior to accepting in-kind contributions and (b) determine and track the monetary value of all in-kind contributions and report on them.

ESCAP accepted recommendation 4 and stated that that it would improve procedures for accepting in-kind contributions. ESCAP also indicated that, to the extent that these in-kind contributions needed to be reported on, the monetary value was always determined. Recommendation 4 remains open pending receipt of written operational guidance and directives to programme managers (a) requiring them to obtain prior clearance from ESCAP when accepting in-kind contributions from donors, including the host country and the private sector, and (b) assigning monetary values to all in-kind contributions within the established UN Controller's requirements.

C. Results-based management

The Economic and Social Commission for Asia and the Pacific has taken steps to strengthen results-based management system

26. PPD was responsible for coordination and review of ESCAP's programme monitoring activities and performance reporting. It had developed a results-based management (RBM) framework and established two sets of guidelines, outlining the RBM framework: (i) the Capacity Development Project Management Guidelines; and (ii) the ESCAP Capacity Development Project Documents. The latter documents were each carefully reviewed from an RBM perspective by the ESCAP's Quality Assurance Team before being finalized for approval by the Executive Secretary.

27. In addition, ESCAP established internal processes to record programme results and report them in ESCAP's publications and official communications. ESCAP revised the standard financial templates for reporting to partners and donors to reflect underlying results-based principles in a fair and transparent manner. Ongoing efforts to strengthen RBM across ESCAP were also supported through opportunities for staff members to participate in specialized internal and external trainings, and workshops on lessons learned from evaluations and reviews. Based on the measures taken by ESCAP to strengthen its internal monitoring capacity for measuring programme results using an RBM approach, ESCAP's internal programme-monitoring procedures pursuant to the PPBME requirements were assessed as adequate.

D. Consultancy services

Controls over maintenance and use of consultant rosters were adequate

28. In ESCAP, consultants were mainly sourced from two rosters of consultants: (i) the Bangkok Common Services expert roster, managed by the United Nations Development Programme (UNDP); and (ii) a consultants' list maintained by each division. According to ESCAP, Human Resources Management Section also offered support to the substantive divisions in providing potential consultants; however, this option was rarely exercised.

29. The UNDP roster of consultants comprised over 500 candidates from various professional disciplines. ESCAP stated that while the UNDP roster was useful, the pool of candidates did not always suit its highly specialized consultancy needs and was only used as a reference tool to search for consultants in specific areas of expertise. As a result, ESCAP stated that each substantive division individually maintained its own internal list of consultants with previous consultants, as well as

collaborated and shared information on consultants. Based on this information, controls on selection of consultants were considered to be adequate.

E. Contracts administration

Invoices were matched at requisitioning offices rather than matching in the Finance Section

30. The UN Financial Regulations and Rules govern the procurement of goods, services, and works needed to support activities in the UN, including offices away from Headquarters. The procurement manual provides a compendium of procurement policies, procedures, and practices, and subject all managers involved in the procurement activities to certain provisions. Accordingly, to ensure adequate segregation of duties and checks and balances in the procurement chain, invoice matching is distinctly assigned to the Finance Section.

31. During 2010-2011, ESCAP processed over 1,300 procurement cases, with a total value of approximately \$18.1 million. A review was conducted of a sample of 26 of these procurement cases approximating \$7.4 million, or 64.9 per cent of all procurement cases for the period. The review highlighted a standard practice of instructing vendors to submit their invoices to the Facilities Management Section (FMS), which was a key requisitioning office. FMS matched the vendor invoices for its own contracts and routed other invoices to the requisitioning offices concerned. These invoices were subsequently forwarded to the Finance Section for payment action.

(5) ESCAP should instruct vendors to submit their invoices directly to the Finance Section to ensure adequate segregation of duties in the matching of vendor invoices and thus maintain integrity in the procurement process.

ESCAP accepted recommendation 5 and stated that invoices were matched in the Finance Section but in some cases, also in other Sections prior to sending these to Finance for payment. As of November 2012, vendors have been instructed to send all invoices to the Finance Section directly. Based on the action taken by ESCAP, recommendation 5 has been closed.

Contracts administration functions were not clearly established

32. Personnel systems contracts for administrative support services were being administered in substantive and support divisions, while the Central Support Services Section (CSSS) within ESCAP was charged with the overall monitoring responsibility for these personnel contractors. During 2010-2011, 28 systems contracts, which totaled \$588,681, were awarded to a local recruitment agency to procure outsourced personnel to support the substantive divisions. These outsourced personnel included market research assistants, help desk assistants, and protocol office assistants and they reported to the managers of the various substantive divisions. While ESCAP had been using these outsourced personnel services for several years, there was no focal point within the Central Support Services Section, which was charged with responsibility to monitor the administration of the personnel service contracts or to ensure that the obligations of contractors were being met in accordance with UN procurement practices. ESCAP indicated that since the arrival of the new Chief of CSS in October 2011, the contracts administration function was made a high priority, and that it would continue to make further improvements in this area.

(6) ESCAP should establish contracts administration functions and assign these to a focal point to ensure efficient and cost-effective contract administration and monitoring of vendors' performance.

ESCAP accepted recommendation 6 and stated that a detailed proposed Standard Operating Procedure (SOP) has been drafted and is being reviewed. Recommendation 6 remains open pending receipt of documentary evidence of the SOP for contracts management.

IV. ACKNOWLEDGEMENT

33. 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 the Economic and Social Commission for Asia and the Pacific (ESCAP)

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ESCAP should ensure that there is continuity in the leadership of the Center for Sustainable Agricultural Mechanization in order to avoid negative impact of leadership vacuum on the institute's management and programme delivery.	Important	C	Implemented	December 2012
2	ESCAP should develop and implement an efficient and flexible administrative support services model for its regional institutes and subregional offices.	Important	O	Receipt of the administrative support service model for all regional institutes and sub-regional offices	28 February 2014
3	ESCAP should ensure that the regional institutes' donor base is diversified to reduce dependency on single donors.	Important	O	Receipt of documentation showing the diversification of the regional institutes' donor base	31 December 2014
4	ESCAP should: (a) provide operational guidance to programme managers on in-kind contributions and require them to obtain clearance prior to accepting in-kind contributions; and (b) determine and track the monetary value of all in-kind contributions and report on them.	Important	O	Receipt of written operational guidance and directives to programme managers (a) requiring them to obtain prior clearance from ESCAP when accepting in-kind contributions from donors, including the host country and the private sector, and (b) assigning monetary values to all in-kind contributions within the established UN Controller's requirements.	31 December 2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness 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 ESCAP in response to recommendations.

Recom. no.	Recommendation	Critical¹/ important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
5	ESCAP should instruct vendors to submit their invoices directly to the Finance Section for ensuring adequate segregation of duties in the matching of vendor invoices and thus maintain integrity in the procurement process.	Important	C	Implemented	November 2012
6	ESCAP should establish contract administration functions and assign these to a focal point to ensure efficient and cost-effective contracts administration and monitoring of vendors' performance.	Important	O	Receipt of documentary evidence of the Standard Operating Procedures for contracts management.	30 September 2013

AUDIT RECOMMENDATIONS

Audit of the Economic and Social Commission for Asia and the Pacific (ESCAP)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ESCAP should ensure that there is continuity in the leadership of the Center for Sustainable Agricultural Mechanization in order to avoid negative impact of leadership vacuum on the institute's management and programme delivery.	Important	Yes	Executive Secretary/ Chief,IDD	December 2012	Implemented
2	ESCAP should develop and implement an efficient and flexible administrative support services model for its regional institutes and subregional offices.	Important	Yes	Chief, DA	28 February 2014	The most appropriate support services model for a specific location will be identified and implemented accordingly.
3	ESCAP should ensure that the regional institutes' donor base is diversified to reduce dependency on single donors.	Important	Yes	Chief, PPD	31 December 2014	Initial steps are underway to develop RI-specific resource mobilization strategies and plans, with support from PPD
4	ESCAP should: (a) provide operational guidance to programme managers on in-kind contributions and require them to obtain clearance prior to accepting in-kind contributions; and (b) determine and track the monetary value of all in-kind contributions and report on them.	Important	Yes	Chief, PPD	31 December 2013	ESCAP's 2012 report to HQ for Contributions in kind was considered satisfactorily completed (i.e. the monetary amounts were determined and reporting accordingly). A copy of this report is attached
5	ESCAP should instruct vendors to submit their invoices directly to the Finance Section for ensuring adequate segregation of duties in the matching of vendor	Important	Yes	Chief, DA	Nov 2012	Implemented

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.

Rec. no.	Recommendation	Critical¹/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	invoices and thus maintain integrity in the procurement process.					
6	ESCAP should establish contract administration functions and assign these to a focal point to ensure efficient and cost-effective contracts administration and monitoring of vendors' performance.	Important	Yes	Chief, DA/ Chief,CSSS	30 September 2013	A detailed proposed SOP has been drafted and is being reviewed.