



INTERNAL AUDIT DIVISION

REPORT 2017/100

Audit of environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific

While the environment and development subprogramme adequately serviced the intergovernmental processes, the secretariat needed to strengthen risk management and annual work planning processes and clarify roles and responsibilities of senior management and lead divisions

29 September 2017
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Audit of the environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific (ESCAP). The audit covered the period from January 2014 to March 2017 and it included: (i) the planning and implementation of activities related to the environment and development subprogramme including coordination of mainstreaming the Sustainable Development Goals; and (ii) management of technical cooperation activities by the subprogramme.

While the environment and development sub-programme adequately serviced the intergovernmental processes, ESCAP needed to strengthen risk management and annual work planning processes and clarify the roles and responsibilities of senior management and lead divisions.

OIOS made six recommendations. To address issues identified in the audit, ESCAP needed to:

- Implement a risk management process in line with United Nations Secretariat guidelines;
- Require the Environment and Development Division to prepare annual work plans;
- Issue internal guidance to clarify and enforce roles and responsibilities of key authorities and organizational units following changes in their core functions;
- Internally clarify the organizational roles and responsibilities of the Deputy Executive Secretaries in the delivery of its programme of work;
- Establish a mechanism to use voluntary national reports and their review results as a source of identifying Member States' needs in programming capacity building activities to support them; and
- Explore the possibility of promoting accountability of Member States in implementing the 2030 Sustainable Development Agenda and, where necessary, cooperate with Member States' oversight institutions such as the Supreme Audit Institutions on activities related to the follow-up and review of the 2030 Agenda.

ESCAP accepted the recommendations and has initiated action to implement them.

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Audit of the environment and development subprogramme in 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 environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific (ESCAP).
2. In accordance with the Economic and Social Council (ECOSOC) resolutions 37 (IV) and 414 (XIII), the mandate of ESCAP is to promote regional cooperation for inclusive and sustainable economic and social development in Asia and the Pacific region. The Commission comprises 53 Members and nine associate Member countries and territories.
3. ESCAP's key objectives are to: (a) foster economic integration at the regional and sub-regional levels; (b) promote regional implementation of internationally agreed development goals, including the Sustainable Development Goals (SDGs); and (c) support regional sustainable development by helping to bridge economic, social and environmental gaps among Member States and between sub-regions. ESCAP is led by an Executive Secretary at the Under-Secretary-General level, who is supported by two Deputy Executive Secretaries at the D-2 level. Its programme of work comprises nine mutually supportive and interconnected subprogrammes.
4. This audit covers ESCAP subprogramme 4 on environment and development, and capacity development projects related to it. The objective of the subprogramme is to establish improved policies for integrating environment into development, management of energy and water resources, and urban development. The core objective of the subprogramme has evolved over the last three biennia linking it more clearly to the 2030 Agenda for Sustainable Development. The Committee on Environment and Development is the intergovernmental subsidiary body of the Commission that provides policy direction to the subprogramme. The Committee meets biennially. The subprogramme was reorganized in ESCAP's 2016-2017 strategic framework separating energy related activities into a new subprogramme 9. The Environment and Development Division (EDD) is responsible for the management of subprogramme 4. In addition, EDD, under the supervision of the Deputy Executive Secretary for Sustainable Development, functions as the secretariat servicing the Asia and the Pacific Forum for Sustainable Development (APFSD). APFSD, which was established in 2014, provides input to the High-Level Political Forum (HLPF) on sustainable development on the implementation of SDGs in the region.
5. The subprogramme's proposed programme budget for the 2016-2017 biennium included \$6.9 million of regular budget and \$1.5 million of extrabudgetary funding whereas it had \$7.5 million of regular budget and \$3.5 million of extrabudgetary for the 2014-2015 biennium. The reduction in the regular budget was due to the relocation of the energy activities into a separate subprogramme as part of the conference structure reform mandated by the Commission. EDD is headed by the Director at the D-1 level and has 30 posts authorized from the regular budget. The Strategy and Programme Management Division (SPMD) and the Division of Administration support the ESCAP programme of work. The Capacity Development and Partnerships Section of SPMD oversees the planning and execution of technical cooperation activities funded from: (i) extrabudgetary resources under programme budget Section 19; (ii) regular programme for technical cooperation (RPTC – Section 23); and (iii) Development Account (Section 35).
6. Comments provided by ESCAP are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of environment and development subprogramme and related technical cooperation projects in ESCAP.

8. This audit was included in the 2017 risk-based work plan of OIOS due to the risk that ESCAP may not have established adequate controls for managing the subprogramme and related technical cooperation activities.

9. OIOS conducted this audit in March and April 2017. The audit covered the period from January 2014 to March 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: (i) the planning and implementation of the environment and development subprogramme and its functions as the secretariat servicing APFSD to promote the coordination of implementation of SDGs; and (ii) the management of technical cooperation activities by the subprogramme funded from extrabudgetary resources and allocations from the Development Account and RPTC.

10. The audit methodology included: (a) review of relevant documentation, (b) interviews of key personnel responsible for managing subprogramme 4 and related technical cooperation activities, and for coordinating the mainstreaming SDGs in ESCAP programme of work, and (c) analytical reviews of data. The audit fieldwork was conducted at Bangkok, Thailand.

III. OVERALL CONCLUSION

11. The environment and development subprogramme adequately serviced the related intergovernmental processes. However, ESCAP needed to enhance management of the EDD subprogramme by implementing a risk management process and strengthening its annual work planning processes. ESCAP also needed to clarify roles and responsibilities following revisions in core functions of EDD and the organizational roles and responsibilities of the Deputy Executive Secretaries.

12. ESCAP implemented several technical cooperation activities but needed to access voluntary national reports and their review results to identify Member States' needs and develop programme capacity building activities to support them, and explore the possibility of promoting accountability of Member States in implementing the 2030 Sustainable Development Agenda and, where necessary, cooperate with Member States' oversight institutions such as the Supreme Audit Institutions on activities related to the follow-up and review of the 2030 Agenda.

IV. AUDIT RESULTS

A. Subprogramme management

EDD satisfactorily serviced the intergovernmental processes of the subprogramme

13. EDD is responsible for servicing intergovernmental and expert bodies including the Ministerial Conference on Environment and Development, the Committee on Environment and Development (CED), and APFSD through the substantive servicing of meetings, production of parliamentary documentation and facilitation of meetings of ad hoc expert groups.

14. EDD supported the fourth session of CED that was held in 2015. Per its report E/ESCAP/72/15 dated 17 February 2016, the Committee shared outcomes of key regional dialogues on sustainable development and provided guidance on preparations for the seventh Ministerial Conference on Environment and Development in Asia and the Pacific. APFSD was created in 2014 to promote the coordination of implementation of SDGs in the Asia and Pacific region focusing on regional priorities, determining the road map and implementing the strategy of the 2030 Agenda, and providing input to the global HLPF process as contribution from the Asia and the Pacific region. APFSD meets annually and at its fourth session in March 2017, the Forum approved its terms of reference and the road map for the implementation of SDGs in the region. They were submitted to the Commission in May 2017. As its secretariat, EDD supported the session.

15. OIOS' review of ESCAP's reports to the Commission, publications, management reports, and performance reports supported with interviews, concluded that EDD adequately achieved its objectives in servicing intergovernmental bodies. The Secretary-General's programme performance report for the biennium 2014-2015 showed that EDD delivered 100 per cent of its planned outputs. For the 2016-2017 period, EDD was on target to achieve its objectives as shown by data in the Integrated Monitoring and Documentation Information System (IMDIS) on the delivery of its outputs. OIOS concluded that EDD adequately serviced the intergovernmental process.

ESCAP needed to implement a risk management process

16. According to her 2016 compact with the Secretary-General, the ESCAP Executive Secretary is responsible for proactively managing risks that could impact the Organization's ability to achieve its objectives. As part of her performance measures, the Executive Secretary is expected to: (i) actively participate in relevant risk treatment working group(s); and (ii) contribute to the updating of the Secretariat-wide risk assessment.

17. ESCAP indicated that it had been managing its risks through existing mechanisms and frameworks such as: (a) programmatic risks reflected in the programme budget as external factors; (b) risks included in logical frameworks of capacity development projects; and (c) a business continuity plan that identified risks and indicated mitigating measures for security and communication and information technology areas, designating essential staff in the leadership chain of command. While these are elements of ESCAP's risk environment, they do not constitute a systematic and comprehensive risk assessment approach. For example, the business continuity plan did not cover programmatic risks such as those that might threaten the ability of EDD to meet its objectives, and external factors did not detail risks and assess their likelihood of occurrence and impact. Also, the external factors indicated in the biennial proposed programme budgets do not normally reflect the reality on the ground as they are formulated nearly two years prior to the appropriation of the biennial programme budgets and they are not updated periodically, based on the effectiveness of associated mitigating measures.

18. The United Nations Secretariat has developed procedures to identify, assess and rate risks related to its core business processes. The Secretary-General's report on the accountability system (A/69/676) mapped the key risk areas of the Secretariat, and programme managers are required to participate in developing mitigating measures. This could only be done systematically if a similar framework and processes are put in place at the ESCAP level. ESCAP stated that it expects the Department of Management to roll out a new risk management policy soon following the completion of the transition of the new management. As it is part of the Secretariat, ESCAP did not want to roll out a system independently. However, the approval of the 2030 Agenda for Sustainable Development in 2015 provided an opportunity to mainstream SDGs and also presented challenges in developing strategies to support Member States in implementing them without leaving anyone behind. Therefore, ESCAP needed to implement a risk

management process to consider risks associated with the management of its programme of work including the mainstreaming of SDGs as cross-cutting issues affecting all subprogrammes.

(1) ESCAP should implement a risk management process in line with the United Nations Secretariat guidelines to take into account risks associated with the management of its programme of work and the mainstreaming of sustainable development goals as cross-cutting issues to effectively support Member States.

ESCAP accepted recommendation 1 and stated that ESCAP conducted risk analyses as part of the preparation of the regular budget programme of work, project documents produced under the development account and for extrabudgetary funding. ESCAP would implement an overall risk management process in line with United Nations Secretariat guidelines. Recommendation 1 remains open pending receipt of evidence that ESCAP has implemented a risk management process in line with United Nations Secretariat guidelines.

EDD needed to strengthen its work planning processes

19. The Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2016/6) require establishing, inter alia, a strategic framework and programme budget. An effective programme management system should translate the strategic framework into annual work plans, which clearly define annual objectives, provide a description of activities to be implemented to attain these objectives, identify the expected accomplishments and establish indicators to assess progress made towards achievement of the objectives.

20. EDD did not develop a division level work plan that outlined its objectives and outputs, timelines, and responsibilities of its core organizational units. An informal document provided to OIOS as a work plan referred to outputs and tasks at the level of the EDD's sections but it was meant for compiling performance data through IMDIS. This document did not reflect the timelines and criticality of the processes to allow senior managers to prioritize activities, monitor progress and measure performance towards achieving the overall objectives of the Division.

21. ESCAP explained that its Monitoring and Evaluation System had provided the policy and instructions requiring divisions and offices to prepare a detailed annual work plan. This policy and instructions did not, however, specifically require a divisional level work plan.

22. In the absence of work plans, there was inadequate clarity of the overall performance indicators of the Division and measure of their substantive contribution to the Executive Secretary's compact with the Secretary-General. Inadequate work planning framework and processes could also result in ineffective identification and mitigation of risks relating to the achievement of subprogramme objectives and monitoring of implementation and performance activities.

(2) The Executive Secretary of ESCAP should require the Environment and Development Division to prepare annual work plans to prioritize its activities and resources, monitor progress and measure performance towards its overall objective.

ESCAP accepted recommendation 2 and stated that it would issue a memorandum on the preparation of annual divisional work plans, which would include objectives, activities, sources of funding, timeframes/deadlines, responsible staff members, monitoring activities and planned evaluations in line with the ESCAP Monitoring and Evaluation Policy and Guidelines. Recommendation 2 remains open pending receipt of a copy of the memorandum.

ESCAP needed to clarify roles and responsibilities following revisions in core functions

23. In line with their mandates, programme managers are expected to propose and/or establish organizational structures and clearly assign responsibilities to allow efficient and effective achievement of the objectives of the organization.

24. On 12 March 2016, the Executive Secretary mandated EDD to lead the coordination of SDGs follow-up and review processes at the ESCAP level and at other platforms such as the Asian Development Bank/United Nations Development Programme/ESCAP partnership. The scope of work of EDD had also evolved since it assumed responsibility for the substantive servicing of APFSD in 2014, and responsibility for the energy component of its mandate was transferred into a separate subprogramme in 2016. In addition, the Division assumed responsibility for coordinating relationships and reports on SDGs with the other eight subprogrammes. This evolution in EDD's functions represented a significant change in its responsibilities.

25. However, this change in the Division's scope of work was not formally established through issuance of internal guidance on its revised core functions; although in April 2017, EDD prepared a draft note covering its responsibilities for environment and development activities and servicing the APFSD. The 2016 e-mail mentioned above did not outline the coordination authority of EDD with the other subprogrammes. ESCAP indicated that coordinating the mainstreaming of the SDGs was the responsibility of all divisions and offices led by the Executive Secretary but this could be effective only with the formal clarification of their roles and responsibilities. Inadequate clarity on roles and responsibilities could also limit the effectiveness of ESCAP support to Member States in the implementation of the SDGs.

26. Subsequent to the audit fieldwork, the Executive Secretary issued on 6 June 2017 a memorandum clarifying the coordination of ESCAP's work on the 2030 Agenda for Sustainable Development and specifying roles and responsibilities at the senior management and division level. Therefore, OIOS did not make a recommendation in this regard. However, ESCAP had no procedures to promulgate internal guidance outlining revisions in core functions following restructuring or redistribution of organizational responsibilities.

(3) ESCAP should institute standard operating procedures on the issuance of internal guidance to clarify and enforce the roles and responsibilities of key authorities and organizational units following changes in their core functions.

ESCAP accepted recommendation 3 and stated that it would review the current process of issuing internal guidance that clarify and enforce the roles and responsibilities of key authorities and organizational units following changes in their core functions. On the basis of the review, ESCAP would institute standard operating procedures on the issuance of such internal guidance. Recommendation 3 remains open pending receipt of the standard operating procedures.

ESCAP needed to internally clarify the organizational roles and responsibilities of the Deputy Executive Secretaries

27. Within their delegated authority, programme managers are responsible for justifying organizational changes in their programme of work by demonstrating effectiveness and accountability resulting from such changes.

28. In its 2012-2013 biennial programme budget, the General Assembly approved the establishment of an additional Deputy Executive Secretary position at the D-2 level. The two positions of Deputy Executive

Secretaries were intended to assume functions in two distinct areas: (i) Operations; and (ii) Programmes. This is still how the positions are reflected in ESCAP's proposed programme budget for the biennium 2016-2017. However, in anticipation of the post 2015 development Agenda, ESCAP decided to use the D-2 position for operations to oversee technical work in the areas of sustainable development and the 2030 Agenda in its programme of work given that SDGs represented cross-cutting issues affecting all subprogrammes.

29. In accordance with the Executive Secretary's memorandum dated 22 March 2016, the eight subprogrammes of ESCAP were split between the two Deputy Executive Secretaries with one overseeing (i) environment and development, (ii) social development, (iii) energy (iv) information and communications technology, and disaster risk reduction. The other Deputy Secretary overseeing (i) macroeconomic policy and financing for development, (ii) trade and investment, (iii) transport, and (iv) statistics. ESCAP proposed further changes to the coordination structure in its 2018-2019 programme budget proposal, which once approved, should be reflected in the next update of the Secretary-General's bulletin on the organization of the secretariat of ESCAP (ST/SGB/2005/11).

30. However, the coordination needed between the two Deputy Executive Secretaries to implement the technical programme of work was not clarified internally in the 12 March 2016 e-mail instruction from the Executive Secretary. ESCAP had also not documented how this reorganization would bring about effectiveness and accountability in its programme of work, especially in coordinating the mainstreaming of SDGs, or analyzed the added value and impact on its operations given that one D-2 position was intended for operations. The current structure may blur roles and responsibilities and limit ESCAP's ability to effectively deliver its mandate.

(4) ESCAP should internally clarify the organizational roles and responsibilities of the Deputy Executive Secretaries to better reflect the changes as presented in the 2018-2019 proposed programme budget and to demonstrate effectiveness and efficiency in the delivery of its programme of work.

ESCAP accepted recommendation 4 and stated that the Executive Secretary had issued an interoffice memorandum on the organizational structure of ESCAP on 6 June 2017 clarifying the roles of the Deputy Executive Secretaries. Once the proposed programme budget for the 2018-2019 biennium is approved, ESCAP would review the need for revising the 6 June 2017 memorandum. Recommendation 4 remains open pending receipt of evidence that the organizational roles and responsibilities of the Deputy Executive Secretaries have been clarified.

B. Management of technical cooperation activities

ESCAP needed to access voluntary national reports and their review results

31. General Assembly resolution 70/1 encouraged Member States to "conduct regular and inclusive reviews of progress at the national and sub-national levels, which are country-led and country-driven". Voluntary national reports (VNRs) serve as the basis for the HLPF to review progress on the implementation of SDGs. VNRs aim to facilitate Member States' sharing of experiences, successes, challenges and lessons learned, with the objective of accelerating the implementation of the 2030 Agenda

32. Eight countries from the ESCAP region submitted their VNRs to HLPF through the Department of Economic and Social Affairs (DESA) for review, and this number will increase to 12 in 2017. At its fourth session, APFSD had a panel discussion, composed of representatives that submitted VNRs in 2016 and 2017, on the successes and challenges in developing VNRs. The number of countries that submitted VNRs

shows the region's commitment in implementing SDGs. However, SPMD had not yet established a mechanism to access the VNRs and their review results as a source to identify Member States' needs in order for ESCAP to support them with capacity building activities. The VNRs and their review results could provide best practices and lessons learned, which could be used as a source of programming capacity building activities.

(5) ESCAP should establish a mechanism to use voluntary national reports on implementation of sustainable development goals and their review results as a source of identifying Member States' needs in programming capacity building activities to support them.

ESCAP accepted recommendation 5 and stated it would continue reviewing VNRs prepared by Asia Pacific countries and offering them necessary guidance. The review document would be used as one of the means to identify Member States' needs in programming capacity building activities, to supplement other sources including the Asia Pacific Regional Roadmap for Implementation of the 2030 Agenda and direct Member State requests. Recommendation 5 remains open pending receipt of evidence that VNRs are used as a source of identifying Member States' needs in programming capacity building activities to support them.

Awareness of Supreme Audit Institutions' role is needed in improving the accountability on SDGs

33. General Assembly resolution 70/1 stated that Member State Governments have the primary responsibility for implementing SDGs. ECOSOC has recognized the essential role that national oversight institutions can play in the implementation of the post-2015 development agenda. In its 2016 Abu Dhabi declaration, the International Organization of Supreme Audit Institution (INTOSAI) committed to make a meaningful independent audit contribution to the 2030 Agenda for Sustainable Development. It further stated that at the global level, INTOSAI had committed to strengthening its long tradition of collaborating with the United Nations.

34. The SDGs provide a significant opportunity to ensure that Supreme Audit Institutions' (SAIs) contribute a valuable voice at global, regional and sub-regional levels on matters relating to the independent audit contributions SAIs can make to the 2030 Agenda. SAIs could play an important role in assessing the adequacy and effectiveness of policies, capacity and progress status of Member States in implementing SDGs. However, ESCAP's capacity development strategy had not considered collaborating with Member States' oversight mechanisms such as SAIs. ESCAP could promote awareness of the oversight role of SAIs in the implementation of the 2030 Agenda at the national level and provide capacity development activities if needed. SAIs could also use regional platforms to share their experiences and best practices within the region in performing their audit functions. This would complement Member States' efforts in improving their accountability for meeting SDG goals and targets. In order to promote the role of SAIs, DESA recently organized, in partnership with INTOSAI Development Institute, a meeting of SAI leadership and stakeholders following the HLPF in New York on "Auditing preparedness for the implementation of the SDGs" to foster substantive discussions and knowledge-sharing on critical issues related to preparedness for SDGs implementation.

(6) ESCAP should explore the possibility of promoting accountability of Member States in implementing the 2030 Sustainable Development Agenda and, where necessary, cooperate with Member States' oversight institutions such as the Supreme Audit Institutions on activities related to follow up and review of the 2030 Agenda.

ESCAP accepted recommendation 6 and stated that that it would reach out to national audit institutes when seeking participants for expert group meetings and relevant events related to the follow-up and review of the 2030 Agenda. ESCAP would also encourage governments to consider

including representatives from national audit institutes in their delegations to the Asia Pacific Forum for Sustainable Development. Recommendation 6 remains open pending receipt of evidence that ESCAP has taken steps to promote, in collaboration with the Member States, the roles of the national audit institutions in the implementation of the 2030 Agenda.

Completed capacity development projects needed to be financially closed in a timely manner

35. As outlined in the strategic frameworks and proposed programme budgets, technical cooperation activities complement the core substantive work in achieving ESCAP programme objectives and to support Member States with capacity development assistance based on identified needs. In its resolution 72/6, the Commission requested the Executive Secretary to strengthen support to Member States in their efforts to implement the 2030 Agenda in an integrated approach, *inter alia*, with analytical products, technical services and capacity building initiatives through knowledge-sharing products and platforms, and to enhance data and statistical capacity.

36. For the biennia 2014-2015 and 2016-2017, EDD undertook 17 technical cooperation projects and activities with expenditures of about \$3.3 million, including \$1.9 million for 14 extrabudgetary-funded projects and about \$1.4 million for three projects funded from the Development Account. Also, several individual activities relating to RPTC amounted to \$1.3 million.

37. Three projects funded with Development Account funds were adequately reported on. There were also 22 RPTC-funded activities through memoranda of agreement with implementing partners (United Nations agencies, government and non-governmental organizations), 12 of which were implemented in 2014 when energy, environment and development components were under EDD. Subsequently 10 activities were implemented under EDD, five in 2015 and five in 2016. OIOS also reviewed all 14 extrabudgetary-funded projects. Eleven of these projects were completed as of December 2016, and three projects were ongoing.

38. The technical cooperation projects were strategically in line with the work programme of EDD for the period 2014-2017. Three projects related to energy activities were moved into the new subprogramme 9 in 2016. On the other hand, one extrabudgetary funded project was transferred in 2016 to EDD from the Macroeconomic Policy and Financing for Development Division. With its additional coordination mandate to mainstream SDGs into the programmatic activities of ESCAP, EDD effectively aligned the new projects started in 2016 and 2017 taking into consideration the three dimensions of social, environmental and economic. For the mainstreaming of SDGs under its environment and development mandate, EDD developed and/or extended projects in the areas of green growth, integrated urban resources management, climate financing and municipal waste management.

39. However, out of the 11 completed projects, 8 had yet to be financially closed, 4 of which were completed after more than 12 months. During the audit, SPMD initiated actions to financially close the completed projects that require completion on priority. Based on the action taken by ESCAP, OIOS is not making a recommendation in this matter.

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ESCAP should implement a risk management process in line with the United Nations Secretariat guidelines to take into account the risks associated with the management of its programme of work and the mainstreaming of sustainable development goals as cross-cutting issues to effectively support Member States.	Important	O	Receipt of evidence that a risk management process has been implemented in line with United Nations Secretariat guidelines.	31 December 2018
2	The Executive Secretary should require EDD to prepare annual work plans to prioritize its activities and resources, monitor progress and measure performance towards its overall objective.	Important	O	Receipt of a copy of the memorandum on the preparation of annual divisional work plans.	31 December 2018
3	The Executive Secretary should require EDD to prepare annual work plans to prioritize its activities and resources, monitor progress and measure performance towards its overall objective.	Important	O	Receipt of standard operating procedures on issuing internal guidance to clarify and enforce roles and responsibilities of key authorities and organizational units following changes in their core functions.	31 December 2018
4	ESCAP should internally clarify the organizational roles and responsibilities of the Deputy Executive Secretaries to better reflect the changes as presented in the 2018-2019 proposed programme budget and to demonstrate effectiveness and efficiency in the delivery of its programme of work.	Important	O	Receipt of evidence that the organizational roles and responsibilities of the Deputy Executive Secretaries have been clarified.	31 December 2018
5	ESCAP should establish a mechanism to use voluntary national reports and their review results as a source of identifying Member States' needs in	Important	O	Receipt of evidence that VNRs are used as a source of identifying Member States' needs in programming capacity building activities to support them.	31 December 2018

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.

³ C = closed, O = open

⁴ Date provided by ESCAP in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of environment and development subprogramme in the Economic and Social Commission for Asia and the Pacific

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	programming capacity building activities to support them.				
6	ESCAP should explore the possibility of promoting accountability of Member States in implementing 2030 Sustainable Development Agenda and, where necessary, cooperate with Member States' oversight institutions such as the Supreme Audit Institutions on activities related to follow up and review of the 2030 Agenda.	Important	O	Receipt of evidence that ESCAP has taken steps to promote, in collaboration with the Member States, the roles of national audit institutions in the implementation of the 2030 Agenda.	31 December 2018

APPENDIX I

Management Response

**ESCAP comments on
OIOS draft report on an audit of the environment and development
subprogramme in the Economic and Social Commission
for Asia and the Pacific**

ESCAP welcomes the findings contained in the draft detailed audit report and ensures the full implementation of specific actions in response to the relevant audit recommendations. ESCAP notes with appreciation the finding that the subprogramme satisfactorily serviced its intergovernmental processes, including the successful servicing of the Asia and Pacific Forum for Sustainable Development. The secretariat takes pride of its efforts to move towards supporting member States coherently and systematically in the follow up and review of the implementation the SDGs and the adoption by the member States of the Regional Road Map for 2030 Agenda, a milestone setting the stage for capacity building and technical cooperation programmes.

This was achieved through upfront clarity from the Executive Secretary on how the ESCAP secretariat will collaborate and ensure a strong interdivisional coordination within ESCAP in its work to mainstream sustainable development in its programme of work with support of two DES assigned full oversight under their respective mandates. To formalize and deepen institutionalization of the internal coordination mechanism, and in direct response to the present OIOS audit, the Executive Secretary building on SMT instructions further issued a memo dated 6 June 2017 clarifying and reinforcing the coordination of ESCAP's work on the 2030 Agenda for Sustainable Development.

In response to the recommendations, ESCAP has committed to take specific actions with a clear time frame for implementation. These actions will ensure that ESCAP implements an overall risk management process in line with the UN secretariat guidelines, an annual divisional work planning process in line with ESCAP Monitoring and Evaluation Policy and Guidelines and standard operating procedures for issuance of internal guidance to clarify and enforce the roles and responsibilities of key authorities and organizational units.

AUDIT RECOMMENDATIONS
Audit of environment and development subprogramme in the 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 implement a risk management process in line with the United Nations Secretariat guidelines to take into account the risks associated with the management of its programme of work and the mainstreaming of sustainable development goals as cross-cutting issues to effectively support Member States.	Important	Yes	Director, DA	Dec 2018	ESCAP presently undertakes risk analysis as part of the preparation of the regular budget programme of work, project documents produced under the development account and for extra-budgetary funding. In line with the recommendation, ESCAP will implement an overall risk management process in line with the UN secretariat guidelines.
2	The Executive Secretary should require EDD to prepare annual work plans to prioritize its activities and resources, monitor progress and measure performance towards its overall objective.	Important	Yes	Director, SPMD	Dec 2018	ESCAP divisions and offices, including EDD, have prepared divisional/sectional work plans. This was possible as the Deputy Executive Secretaries approve the work plans/programmes, oversee divisions' implementation of work plans/programmes and are in charge of performance and management of Directors reporting to them. Oversight of the work programme and budget and its accountability is additionally conducted by SPMD and reviewed at the Senior Management Team level. ESCAP will issue a memo on the preparation of annual divisional work plan which includes objectives, activities, source of funding, timeframe/deadlines, responsible staff members, monitoring activities and planned evaluations in line with the ESCAP Monitoring and Evaluation Policy and Guidelines.

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.

3	ESCAP should institute standard operating procedures for issuance of internal guidance to clarify and enforce the roles and responsibilities of key authorities and organizational units following changes in their core functions.	Important	Yes	Director, DA/ Director, SPMD	Dec 2018	ESCAP will review the current process in issuing internal guidance which clarify and enforce the roles and responsibilities of key authorities and organizational units following changes in their core functions. On the basis of such a review, ESCAP will institute standard operating procedures of issuance of such internal guidance.
4	ESCAP should internally clarify the organizational roles and responsibilities of the Deputy Executive Secretaries to better reflect the changes as presented in the 2018-2019 proposed programme budget and to demonstrate effectiveness and efficiency in the delivery of its programme of work.	Important	Yes	Director, DA/ Director, SPMD	Dec 2018	The Executive Secretary issued an interoffice memorandum on the Organizational Structure of ESCAP on 6 June 2017 clarifying the roles of the Deputy Executive Secretaries. Once the proposed programme budget is approved, ESCAP will review the need for revising that memo.
5	ESCAP should establish a mechanism to use voluntary national reports and their review results as a source of identifying Member States' needs in programming capacity building activities to support them.	Important	Yes	Director, EDD	Dec 2018	<p>In 2017, ESCAP undertook a review of the Voluntary National Reviews (VNR) presented by Asia Pacific countries ahead of both the Asia Pacific Forum on Sustainable Development (APFSD) 2017 (for the 2016 VNRs) and the High Level Political Forum (HLPF) 2017 (for the 2017 VNRs). This analysis was presented by ESCAP at the HLPF 2017 during a dedicated side event on VNRs.</p> <p>ESCAP will continue the existing VNR review process and offer the needed guidance to member States. The review document will be used as one of the means to identify member States needs in programming capacity building activities to supplement other sources, including the Asia Pacific Regional Roadmap for Implementation of the 2030 Agenda and direct member State requests.</p>

6	<p>ESCAP should explore the possibility of promoting accountability of Member States in implementing 2030 Sustainable Development Agenda and, where necessary, cooperate with Member States' oversight institutions such as the Supreme Audit Institutions on activities related to follow up and review of the 2030 Agenda.</p>	Important	Yes	Director, EDD	Dec 2018	<p>ESCAP will reach out to national audit institutes when it is seeking participants for expert group meetings and relevant events related to the follow up and review of the 2030 Agenda.</p> <p>ESCAP will also encourage governments to consider including representatives from national audit institutes in their delegations to the Asia Pacific Forum for Sustainable Development.</p>
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OIOS audit on environmental and development subprogramme of ESCAP

Additional factual corrections

Reference	ESCAP comments	Suggestions
Para 20	The following statement is factually incorrect: “This policy and instructions were, however, not complied with by EDD”. EDD prepares section-based divisional work.	Indicate that EDD has complied section-based divisional workplan.
Para 23	The following statement is factually incorrect, “The scope of work of EDD had also evolved since it assumed responsibility for the substantive servicing of APFSD in 2013.” As stated earlier, the inaugural session of APFSD was held in 2014.	<p>To be factually correct the first sentence of para 23 should be replaced with the following: “On 12 March 2016, the Executive Secretary of ESCAP issued a communication regarding internal institutional arrangements for the coordination of the annual follow up and review of the SDGs reports with the key development partner. In this communication, the Executive Secretary mandates EDD to lead the coordination of the relationship and reports on SDG done under the ESCAP/ADB/UNDP partnership with strong internal partnership of other divisions, including SD, MPFD, TIID and SDD.”</p> <p>Replace “2013” with “2014”</p>
Para 28 and 29	<p>The paragraphs refer to the Executive Secretary’s memorandum dated 22 March 2016 and email instruction dated 12 March 2016. Please verify if these are the same memo or separate.</p> <p>On the subprogramme responsibilities of the Deputy Executive Secretaries, information and communications technology and disaster risk direction constitutes one subprogramme at ESCAP.</p>	<p>Verify the dates of the referred communications.</p> <p>Replace “(iv) information and communications technology, and (vi) disaster risk reduction” with “(iv) information and communications technology and disaster risk direction”</p>