



## INTERNAL AUDIT DIVISION

### REPORT 2017/152

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Audit of the International Trade Centre  
projects and activities funded by  
unearmarked funds

Risk management and monitoring of projects  
needed to be strengthened

21 December 2017

Assignment No. AE2017/350/02

# **Audit of the International Trade Centre projects and activities funded by unearmarked funds**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the International Trade Centre (ITC) projects and activities funded by unearmarked funds. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes at ITC over the management and use of unearmarked funds (W1 funds). The audit covered the period from January 2015 to June 2017 and included a review of fundraising and relationship with donors, planning and use of W1 funds, and monitoring and reporting.

There were adequate arrangements for donor reporting and managing relationships with donors. There were also adequate arrangements for reviewing and approving allocations of W1 funds to projects and activities in line with ITC guidelines. OIOS review of a sample of expenditures financed by W1 funds showed that they were adequately supported and aligned to approved projects and activities. However, risk management and monitoring of projects needed to be strengthened.

OIOS made five recommendations. To address issues identified in the audit, ITC needed to:

- Evaluate its current resource mobilization strategy and ensure that the lessons learned are taken into account in the revised strategy to be implemented in 2018;
- Define a minimum level of surplus W1 funds it should maintain to cover for potential gaps or shortfalls in funding that could arise due to delays or failure to receive anticipated funds from donors;
- Complete and operationalize its risk management framework to ensure that appropriate measures are established to address risks relating to projects and activities funded by W1 funds;
- Establish requirements for justifying and approving variances between the budget and actual expenditure, including those that would require approval by senior management;
- Establish: (a) a mechanism to ensure that cumulative achievements are monitored and reported for long-term projects funded by W1 funds; and (b) a timeline for evaluation of the Assessment Improvement, Measurement for Results project to inform the next phase of the project.

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

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# Audit of the International Trade Centre projects and activities funded by unearmarked funds

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the International Trade Centre (ITC) projects and activities funded by unearmarked funds.

2. ITC is a technical cooperation agency jointly funded by the United Nations and the World Trade Organization (WTO). It supports small and medium-sized enterprise's international competitiveness for inclusive and sustainable growth through value addition, trade, investment and global partnerships.

3. ITC is funded by both regular budget and extra-budgetary (XB) funds. XB funds are divided into two categories: (a) unearmarked and soft-earmarked contributions referred to as Window 1 (W1) funds; and (b) earmarked contributions for specific projects and programmes referred to as Window 2 (W2) funds. The 2016 XB budget was \$50.4 million of which \$11.8 million related to W1 funds. W1 funds received in 2016 decreased by almost 30 per cent compared to 2015 due to reduced funding from two major donors. Table 1 presents the budgets and expenditures of W1 funds from 2014 to 2016 and Table 2 presents the five largest projects funded by W1 funds in 2016.

**Table 1: Budget and actual expenditure of W1 funds from 2014 to 2016 (in thousands of US\$)**

Year	2014	2015	2016
Total budget	26,800	18,900	11,800
Total expenditure	24,500	18,100	10,500

**Table 2: Budget and actual expenditure of the five largest W1 projects in 2016 (in thousands of US\$)**

	Project title	Budget	Expenditure
1	Poor Communities and Trade Programme	1,074	1,003
2	Export Strategy Design and Management	623	620
3	Assessment Improvement, Measurement for Results project (Phase I)	600	599
4	Improving the business environment for exporting SMEs through trade facilitation	600	431
5	East African Community: Trade and regional integration	552	551

4. The ITC Senior Management Committee (SMC) approved allocation of W1 funding to projects and activities annually based on proposals from the Divisions. The SMC comprised of the ITC Executive Director, her Deputy, and Directors of the four ITC Divisions. According to the guidelines established for the use of W1 funds, the purpose of the funds is to support expenditures contributing to “preparing the future” of ITC and to finance initiatives which are critical to ITC’s corporate interests and performance. The guidelines state that W1 funds have in the past been used in the development of new tools, research and development of new products and programmes, and initiatives aimed at improving efficiency in the way ITC delivers.

5. ITC’s governance structure consisted of the Joint Advisory Group comprising of representatives from WTO and the United Nations Conference on Trade and Development (UNCTAD) and the Consultative Committee of the ITC Trust Fund (CCITF) comprising of 22 member states. The CCITF was tasked with periodically reviewing the use of funds made available through the ITC Trust Fund and monitoring the progress made in implementation of programmes and projects financed by the Trust Fund.

ITC prepared reports and updates on key developments in its work (including activities and projects funded by W1 funds) at annual sessions of the Joint Advisory Group and biannual meetings of the CCTIF.

6. Comments provided by ITC 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 at ITC over the management and use of unearmarked funds.

8. This audit was included in the 2017 risk-based work plan of OIOS due to operational and financial risks related to the management and use of unearmarked funds.

9. OIOS conducted this audit from July to October 2017. The audit covered the period from January 2015 to June 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management and use of unearmarked funds including: (a) fundraising and relationship with donors; (b) planning and use of the funds; and (c) monitoring and reporting.

10. The audit methodology included: (a) interviews with key personnel; (b) reviews of relevant documentation; (c) analytical review of data; and (d) sample testing.

11. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Fundraising and relationship with donors**

#### Arrangements for donor reporting and managing of relationships with donors were adequate

12. ITC had developed a resource mobilization strategy document (Boosting ITC's Resource Mobilization for Greater Impact 2015-2017) that outlined its strategy and roles and responsibilities for resource mobilization. A P-4 staff member within the Strategic Planning, Performance and Governance Section (SPPG) was responsible for coordinating fundraising activities and donor relations. Interviews with project managers, directors and donors and review of project reports showed that ITC had made efforts to match donor countries' areas of focus with relevant projects. ITC submitted detailed reports on the use of W1 and W2 funds to the CCITF biannually. In addition, ITC organized individual annual review meetings with W1 donors where it presented more detailed reports and information on its work and achievements on W1 projects and activities. OIOS review of the reports showed that they contained important information on project achievements based on key performance indicators identified in project plans. Interviews with five W1 donor countries' representatives showed that ITC had maintained good relationships with donors who were generally satisfied with ITC's work and the quality of reports. Further, ITC had established mechanisms to track the status of agreements with donors and initiated negotiations for renewal of the agreements in a timely manner. Based on the above, OIOS concluded that the arrangements for donor reporting and managing of donor relationships were adequate.

#### Need to identify and address lessons learned from the 2015-2017 resource mobilization strategy

13. W1 funds have played an important role in helping ITC to develop expertise and tools and to demonstrate results in new areas of work which ITC then used as a basis to solicit for W2 funding. OIOS

noted that some long-term projects funded by W1 funds such as the East African Community Trade Regional Integration; Trade for Sustainable Development; and Ethical Fashion had been successful in attracting W2 funds as envisaged. W1 funds had also been used to fund core staff that were used in various initiatives in line with ITC's strategic framework. For instance, W1 funds were used to finance core staff of the Global Public Goods – a trading tool with over 700,000 regular users. In view of the above, it is essential that ITC maintains its current W1 donors and explores ways to increase the W1 funding levels.

14. The level of W1 funds decreased from 2015 to 2017, mainly because of the withdrawal of two donors in 2016. Otherwise, ITC had maintained a relatively stable base of donors. The resource mobilization strategy for 2015-2017 included an ambitious plan for diversification of donors from emerging economies, international financial organizations, private sectors and foundations. However, there was limited success in expansion of the donor base.

15. The Board of Auditors had recommended that ITC should formally assess the success of its resource mobilization strategy but this had not yet been done at the time of the audit although the strategy was due to end on 31 December 2017. The limitations and success of the 2015-2017 strategy need to be reviewed in a timely manner so that the strategy could be updated based on lessons learned. There was an initiative to consolidate projects under an umbrella of 15 programmes which could potentially be used to encourage donors to soft-earmark their contributions to specific programmes. Feedback from donors showed that ITC had demonstrated good results which it could use to articulate its competitive advantage more clearly to donors.

**(1) ITC should evaluate its current resource mobilization strategy and ensure that the lessons learned are taken into account in the revised strategy to be implemented in 2018.**

*ITC accepted recommendation 1 and stated that an assessment of the resource mobilization strategy is currently undertaken and findings will be integrated into the revised strategy 2018-2021. Recommendation 1 remains open pending receipt of the results of the assessment of the current strategy and evidence that they have been integrated in the revised strategy for 2018-2021.*

## **B. Planning and use of funds**

### Arrangements for budgeting and planning the use of W1 funds were adequate

16. Allocation of W1 budget was approved annually by the SMC depending on: (i) funds available and forecasted; (ii) programmatic priorities of ITC; (iii) commitments against funds which were soft-earmarked; (iv) plans and justification submitted by each Division; and (v) potential of new projects. OIOS reviewed nine projects totaling \$5.2 million out of \$10.9 million of W1 expenditure in 2016 and noted that yearly work plans were in place, reasons for funding the projects and activities were documented and in line with W1 guidelines, and performance measures were established as required. Six out of the nine projects reviewed were long-term projects. ITC had adequate review mechanisms to ensure that the project plans were of appropriate quality, including reviews by Division Directors and the Project Design Task Force. Project plans for the six long-term projects reviewed had the essential elements including logical framework, results framework, and monitoring and evaluation plans. Project managers indicated that the allocation of budgets on an annual basis affected the effectiveness of planning for long-term projects due to uncertainty regarding availability of funds in future years. ITC stated that it had moved to a programmatic approach and plans to establish a new practice of setting two-year W1 project objectives in relation to the respective programme theories of change, which could also serve as a basis for monitoring the performance of such long-term projects and providing some assurance on allocation of funds for the

two years. Since a new initiative to address the issue was ongoing, OIOS did not make a recommendation in this area.

W1 funds were used for approved projects and activities

17. OIOS reviewed a sample of 104 staff, travel and other operating expenditures relating to projects and activities funded by W1 funds to determine whether they were adequately supported, and were used for approved projects and activities. This included verifying that: (a) the goals in the performance evaluation of staff, and the terms of reference for consultants and contractors, showed that the deliverables and activities related to the projects from which they were paid; (b) travel expenditures were supported by mission reports and that the purpose of travel was aligned to approved projects and activities; and (c) procurement related expenditures were supported by invoices and items procured were for approved projects or activities. OIOS review of the sample showed that W1 funds had been used for approved W1 projects and activities.

Need to define the minimum level of surplus W1 funds that should be maintained

18. ITC policy is to maintain a minimum reserve of 15 per cent of its annual estimated expenditure to cover for shortfalls and delays in payments of pledged contributions and to meet the final expenditures or liabilities of the trust funds. In addition to this, for W1 funds, ITC had over the years established a practice of maintaining a surplus that it carried over to subsequent years to cover for potential funding gaps or shortfalls in order to ensure timely implementation of projects and activities funded by W1 funds. Shortfalls and gaps could occur if anticipated donations are delayed or end up not being received. For example, as at September 2017, the estimated W1 income used as a basis to allocate budgets to projects and activities included income expected from two donors for which formal agreements had not been signed. ITC had already initiated negotiations with these donors and had reasonable expectations that the funding would be received but there was a potential risk of donors pulling out last minute or giving less than was anticipated which would lead to shortfalls. The risk of delays in receipt of funds was evidenced by the fact that in 2016, about 30 percent of the estimated income for the year had not been received as of September.

19. ITC indicated that it had decreased the level of W1 surplus because of donor concerns that a large surplus should not be maintained since they expected the funds to be utilized in a timely manner. However, ITC had not defined the level of surplus it should maintain to manage the risk of funding gaps and shortfalls. OIOS review of the financial status in the third quarter of 2017 showed that W1 surplus funds of about \$2 million carried over from 2016 to 2017 had been fully utilized and an additional borrowing of \$1 million from the main operating reserve would be needed if additional W1 funds were not received. ITC needs to define a minimum level of surplus it needs to maintain to adequately cover such gaps and potential shortfalls in line with its risk appetite. The minimum balance could be defined based on number of months' expenditure or other such criteria.

**(2) ITC should define a minimum level of surplus W1 funds it should maintain to cover for potential gaps or shortfalls in funding that could arise due to delays or failure to receive anticipated funds from donors.**

*ITC accepted recommendation 2 and stated that it will carry forward a minimum amount of funding to cover four months of staff costs and 10 per cent of non-staff costs based on the previous year's W1 expenditure. Recommendation 2 remains open pending receipt of evidence that the proposal to carry forward a minimum level of surplus W1 funds to cover four months of staff costs and 10 per cent of non-staff costs based on previous year's expenditure has been approved by the Senior Management Team.*

## Risk management framework needs to be operationalized

20. ITC Strategic Plan 2015-2017 states that it will complete an ITC-wide risk management and accountability framework in order to improve financial management and streamline administrative processes for better effectiveness. In addition, in its 2017 operational plan, ITC indicated that it would operationalize a risk management framework, including a register of risks and an escalation mechanism for high probability and/or high impact project-level risks. Discussions with donors showed that they also expect ITC to have a risk management framework as a good management practice.

21. Although the risk policy had been developed, the risk framework had not been completed at the time of the audit. ITC indicated that the risk register and risk appetite statements were still to be finalized in the context of the risk management framework. As a result, risks associated with the receipt and use of W1 funds had not been formally assessed and managed. When two donors unexpectedly stopped their contributions in 2016, ITC had to cut the budget across the board for W1 projects. Project managers interviewed indicated that this resulted in the need to invest time in re-planning. There was an instance of postponement of a contract that was already signed before it was decided that the project would not be implemented in that particular country due to budget cuts after the initial planning. Although it was resolved amicably, it represented a risk of litigation. These are examples of potential risks related to the use of W1 funds that need to be assessed and measures to mitigate them identified depending on the extent to which the SMC was willing to accept any residual risks. For instance, as noted above, ITC needs to define the minimum level of W1 surplus to be maintained based on its risk appetite.

**(3) ITC should complete and operationalize its risk management framework to ensure that appropriate measures are established to address risks relating to projects and activities funded by unarmarked funds.**

*ITC accepted recommendation 3 and stated that risk management at project level is an established practice. ITC's 'corporate' risk management framework is currently being finalized and will be operationalized in 2018. Recommendation 3 remains open pending receipt of the approved corporate risk management framework and evidence that the risk framework has been operationalized.*

## **C. Monitoring and reporting**

### Need to establish clear requirements for approval of variances between budget and actual expenditures

22. Budget allocations for W1 funds were linked to targeted outputs and outcomes of projects and activities. As part of project monitoring, it is essential that significant variations between budgeted and actual expenses for each budget line or a group of budget lines are analyzed and the impact on project deliverables explained where applicable. OIOS noted that there were mechanisms to ensure that W1 projects and activities do not spend above total allocated budgets. However, there was no formal policy for reporting and approving deviations between budget and actual expenditure in individual budget lines. In the absence of a formal policy, there were inconsistencies in how different divisions documented and approved budget line level deviations.

23. ITC had a mechanism for monitoring yearly project expenditures against the allocated budget lines in its new project portal. Using this tool, OIOS found that in 2016, all the nine sampled projects had variances between budget and actual expenditures for some budget lines. For instance, for the Assessment Improvement, Measurement for Results (AIM) project, there was higher than planned expenditure in 2016 (variance of 133 per cent) on the budget line for "operating and other direct costs" and 66 per cent variance in the budget line for travel. Project managers provided explanations for the variances and indicated that

some of them were due to the differences in categorization of budget lines following the implementation of Umoja. With respect to variances noted in the AIM project, the project manager mainly attributed them to project staff spending more time in beneficiary countries than anticipated, to achieve the targeted results.

24. Establishing clear requirements for justifying and explaining variances in expenditure would help enhance accountability and improve project planning based on actual experience.

**(4) ITC should establish requirements for justifying and approving variances between the budget and actual expenditure, including those that would require approval by senior management.**

*ITC accepted recommendation 4 and stated that a threshold for budget variances will be established, beyond which variances have to be justified and approvals need to be obtained from Division Directors or SMC. Recommendation 4 remains open pending receipt of evidence that formal requirements and thresholds have been established for justifying and approval of budget variances by senior management.*

#### Need to review cumulative achievements of the AIM project and establish timelines for evaluation

25. Donors have increasingly advocated for United Nations organizations to strengthen reporting of results compiled by management and other oversight bodies. Effective performance monitoring is essential to monitor progress made in achieving targeted outputs and outcomes and to identify lessons learned and take corrective actions where necessary. ITC had a mechanism in place for tracking and reporting project performance in its new project portal. There was evidence that SPPG did periodic reviews to check discrepancies and validity of data entered in the portal and ensure the information is up to date. OIOS review of progress reports of the nine sampled projects showed that actual achievements and outputs were compared to the performance indicators and targets established in the annual work plans, and variances were explained.

26. According to the ITC Evaluation Policy, all projects with a budget over \$2 million should be evaluated. Seven out of the nine W1 projects reviewed had budgets of more than \$2 million and all seven had been evaluated except the AIM project. According to the project plan, AIM was a five-year project to be implemented from February 2014 to January 2019. The budget was originally \$14 million but up to 2017, only \$2.46 million had been received. In February 2017, a revised version of the project plan was presented to SMC for approval. The revisions made were mainly to adjust the budget and the results framework since the initial project budget had been significantly overstated. However, the section on evaluation in the revised plan had not been correctly updated and still referred to a mid-term evaluation which had not been done and was not expected to be done. The project manager clarified that the plan was to have only one final evaluation which was to take place in 2017 but was deferred because of the audit. This needed to be indicated in the revised project plan.

27. OIOS reviewed the AIM project in more detail to assess the adequacy of arrangements for monitoring long-term projects funded by W1 funds. The review showed that AIM's long-term plan adequately addressed all important issues relating to the project and had a comprehensive logical framework with specific and measurable performance indicators and targets. The logical framework in the revised project plan was an improvement over the initial one with more focused outputs and performance indicators, and better alignment with the ITC strategic plan. The annual performance reports were comprehensive and included comparisons between the actual and targeted outputs for the year. Challenges faced in implementing the projects were also documented. However, the cumulative results achieved were not reported and compared against the targeted outputs in the project plan. This needed to be done to determine cumulative progress made in achieving the long-term targets established in the project plan, so that

significant variances between actual and targeted outputs could be explained and lessons learned as appropriate. The information on cumulative achievements could also be a useful basis for ITC to assess the rationale for continued use of W1 funds for such long-term projects. OIOS review of performance reports of other long-term projects funded by W1 funds showed that they also did not report cumulative achievements in the project performance reports.

28. AIM performance reports showed that the project outputs were significantly lower than originally targeted in 2014 by more than 50 per cent. ITC attributed this to the fact that the actual budget allocations (\$2.46 million) were significantly lower than had been envisaged (\$14 million). Such explanations and any other possible reasons for variances should have been included in performance reports. Some of the targets in the revised logical framework were new. There was a need to ensure that the statistics relating to the new indicators were available from 2014 if they are to be used as a basis of assessing the project's cumulative achievements. According to the project plan, there is an intention to extend the project to a second phase. It is essential that the cumulative performance of AIM is reviewed and taken into account in developing the second phase of the project.

**(5) ITC should: (a) establish a mechanism to ensure that cumulative achievements are monitored and reported for long-term projects funded by unearmarked funds; and (b) establish a timeline for evaluation of the AIM project to inform the next phase of the project.**

*ITC accepted recommendation 5 and stated that: (a) now that the AIM project sits under the TISI Strengthening Programme, the project can ensure that they report on cumulative results of unearmarked funds that leverage on the work of AIM; and (b) the project is in discussion with the internal evaluation team and the evaluation is scheduled for 2019. Recommendation 5 remains open pending receipt of evidence of: (a) the mechanisms established to ensure that cumulative achievements of long-term projects funded by unearmarked funds are reported and monitored; and (b) a timeline established for evaluation of the AIM project.*

#### **IV. ACKNOWLEDGEMENT**

29. OIOS wishes to express its appreciation to the management and staff of ITC 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 International Trade Centre projects and activities funded by unearmarked funds

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	ITC should evaluate its current resource mobilization strategy and ensure that the lessons learned are taken into account in the revised strategy to be implemented in 2018.	Important	O	Receipt of the results of the assessment of the current strategy and evidence that they have been integrated in the revised strategy for 2018-2021.	31 December 2018
2	ITC should define a minimum level of surplus W1 funds it should maintain to cover for potential gaps or shortfalls in funding that could arise due to delays or failure to receive anticipated funds from donors.	Important	O	Receipt of evidence that the proposal to carry forward a minimum level of surplus W1 funds to cover four months of staff costs and 10 percent of non-staff costs based on previous year's expenditure has been approved by the Senior Management Team.	31 December 2018
3	ITC should complete and operationalize its risk management framework to ensure that appropriate measures are established to address risks relating to projects and activities funded by unearmarked funds.	Important	O	Receipt of the approved corporate risk management framework and evidence that the risk framework has been operationalized.	31 December 2018
4	ITC should establish requirements for justifying and approving variances between the budget and actual expenditure, including those that would require approval by senior management.	Important	O	receipt of evidence that formal requirements and thresholds have been established for justifying and approval of budget variances by senior management.	31 December 2018
5	ITC should: (a) establish a mechanism to ensure that cumulative achievements are monitored and reported for long-term projects funded by unearmarked funds; and (b) establish a timeline for evaluation of the AIM project to inform the next phase of the project.	Important	O	Receipt of evidence of: (a) the mechanisms established to ensure that cumulative achievements of long-term projects funded by unearmarked funds are reported and monitored; and (b) a timeline established for evaluation of the AIM project.	31 December 2019

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by ITC in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of the International Trade Centre projects and activities funded by unearmarked funds

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ITC should evaluate its current resource mobilization strategy and ensure that the lessons learned are taken into account in the revised strategy to be implemented in 2018.	Important	Yes	Chief SPPG	31 December 2018	An assessment of the ITC's resource mobilisation strategy is currently undertaken and findings will be integrated into the revised strategy 2018-21.
2	ITC should define a minimum level of surplus W1 funds it should maintain to cover for potential gaps or shortfalls in funding that could arise due to delays or failure to receive anticipated funds from donors.	Important	Yes	Director DPS	31 December 2018	ITC will carry forward a minimum amount of funding to cover 4 months of staff costs and 10% of non staff costs based on the previous years W1 expenditure.
3	ITC should complete and operationalize its risk management framework to ensure that appropriate measures are established to address risks relating to projects and activities funded by unearmarked funds.	Important	Yes	Chief SPPG	31 December 2018	Risk Management at project level is an established ITC practice. ITC's 'corporate' risk management framework is currently being finalised and will be operationalised in 2018.
4	ITC should establish requirements for justifying and approving variances between the budget and actual expenditure, including those that would require approval by senior management.	Important	Yes	Chief SPPG	31 December 2018	A threshold for budget variances will be established, beyond which variances have to be justified and approvals need to be obtained from Division Directors or SMC.
5	ITC should: (a) establish a mechanism to ensure that cumulative achievements are monitored and reported for long-term projects funded by unearmarked funds; and (b) establish a timeline for evaluation of the AIM project to inform the next phase of the project.	Important	Yes	Chief DEI/TISI	(a) 31 December 2019  (b) 31 December 2019	(a) Now that the AIM projects sits under the TISI Strengthening programme we can ensure that we report on cumulative results of unearmarked funds that leverage on the work of AIM and that seek to report against ITC B1 indicator

<sup>1</sup> 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.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the International Trade Centre’s projects and activities funded by unearmarked funds

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						(Improved performance of TISI thanks to ITC assistance). (b) We are in discussion with the internal evaluation team and this is scheduled for 2019.