INTERNAL AUDIT DIVISION

REPORT 2016/060

Audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission for Africa

Overall results relating to the effective management of the regular programme for technical cooperation projects and activities were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

27 May 2016
Assignment No. AN2015/710/01

CONTENTS

AUDIT REPORT

Audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission for Africa

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission for Africa (ECA).

2.   In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3.   ECA was established by the Economic and Social Council of the United Nations in 1958, resolution 671A (XV), with the overall objective of assisting African countries to formulate and implement policies and programmes that will lead to sustainable economic growth and inclusive development.

4.   During the biennia 2012-2013 and 2014-2015, ECA conducted its work through various projects and activities funded by the regular programme of technical cooperation (RPTC). The objective of RPTC is to develop the capacity of governments to formulate and implement policies for sustainable economic and social development. The programme is required to be flexible to respond to: (i) urgent requests from Member States that fit within the ECA programme of work; (ii) requests from legislative bodies; and (iii) outcomes of African Union meetings that match the thematic strategic direction and guidelines for RPTC funding. The RPTC programme is presented under Section 23 of the regular budget. The budgets for the biennia 2012-2013 and 2014-2015 included 527 projects/activities amounting to $22.5 million for implementation by ECA. These comprised advisory services, seminars and workshops, fellowships and field projects, as shown in Table 1.

Table 1: Project/activities for 2012-2013 and 2014-2015

Activities	Actual 2012-2013	Appropriation 2014-2015	Total
Advisory Services	294	128	**422**
Seminars/workshops	40	36	**76**
Fellowships	2	24	**26**
Field Projects	3	0	**3**
Total projects/activities	**339**	**188**	**527**
Total Amount ($000)	**9,707**	**12,765**	**22,472**

Source: Proposed budget for biennium 2016-2017 - A/70/6(Sect 23)

5.   For the biennium 2012-2013, RPTC projects and activities were conducted by 7 of the 10 ECA subprogrammes and were implemented by the divisions responsible for those subprogrammes until August 2013. After ECA restructuring in March 2013, RPTC projects and activities were streamlined under four priority areas: (i) macroeconomic policies; (ii) regional integration and trade; (iii) innovations, technology and management of Africa's natural resources; and (iv) development planning and

administration. They were managed by the Capacity Development Division individually or in conjunction with other divisions.

6.   Comments provided by ECA are incorporated in italics.

II.   OBJECTIVE AND SCOPE

7.   The audit was conducted to assess the adequacy and effectiveness of ECA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of RPTC projects and activities in ECA**.

8.   The audit was included in the 2015 risk-based work plan of OIOS due to the operational and financial risks related to implementing RPTC.

9.   The key control tested for the audit was project management. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that ECA: (i) has a methodology to formulate and approve RPTC projects and activities; and (ii) manages and reports on RPTC effectively.

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

11.   OIOS conducted the audit from June to August 2015. The audit covered the period from January 2012 to December 2014. The audit covered the following processes: (i) technical cooperation strategy that supported the overall ECA objective; (ii) methodology used to identify technical cooperation activities; and (iii) management of technical cooperation activities. A sample of projects was selected and reviewed for implementation, management, monitoring and reporting of the various activities.

12.   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

13.   The ECA governance, risk management and control processes examined were initially assessed as **partially satisfactory[1]** in providing reasonable assurance regarding the **effective management of RPTC projects and activities in ECA**. OIOS made two recommendations to address issues identified in the audit. ECA did not have a plan to implement the approved RPTC budget or a process to formulate, approve and monitor RPTC projects and activities. ECA also did not have evidence to support the results reported in the 2012-2013 programme performance report on RPTC.

14.   The initial overall rating was based on the assessment of the key control presented in Table 2. The final overall rating is **partially satisfactory** as implementation of two important recommendations remains in progress.

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[1] A rating of "partially satisfactory" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance is at risk regarding the achievement of control and/or business objectives under review.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	**Accurate financial and operational reporting**	**Safeguarding of assets**	**Compliance with mandates, regulations and rules**
Effective management of RPTC projects and activities in ECA	Project management	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Project management

ECA needed a plan to implement the approved ECA RPTC budget

15.   The draft RPTC Inter-Regional Guidelines and Principles for Effective Delivery of Capacity Development Support encouraged subprogrammes, armed with the RPTC logical framework, to develop detailed results-based annual work plans to deliver national, sub-regional and regional capacity development activities. This is to ensure that RTPC services, although demand-driven, complement and promote regional commissions' overall strategic priorities and are not delivered on an ad-hoc basis. The draft Guidelines also stated that RPTC resources should not be used to cover a shortfall in the regular programme of work, but should focus on operationalizing and translating policy directives and complementing technical assistance available from other funding sources.

16.   ECA did not have a work plan of RPTC projects and activities scheduled for the period January 2012 to December 2014. ECA was also unable to identify RPTC activities and projects undertaken during 2012. After the restructuring, the Capacity Development Division maintained information on 18 RPTC projects for 2013. This was against 339 projects and activities anticipated in the approved RPTC budget for the biennium 2012-2013. The Division also provided information on 64 projects and activities for 2014, even though 188 were anticipated for the biennium 2014-2015.

17.   During 2014, ECA had in excess of $1.6 million from that year's allotment that was not used for RPTC activities and projects. The funds were released to the Advisory Committee on Administrative and Budgetary Matters in ECA to be made available to other divisions for their activities. The Committee approved nine activities including some that could be classified as supporting ECA regular programme of work such as: (i) extending the contracts of six fellows until the recruitment of professional staff; (ii) supporting the implementation of ECA core strategic business priority; and (iii) providing communities of practice platforms to connect development professionals.

18.   The above condition was partly attributed to absence of internal procedures to guide RPTC work planning activities. ECA had also recruited only two out of the planned eight regional advisors who were to provide key input into technical cooperation projects and programmes. As a result, ECA could not demonstrate that it implemented the RPTC budget efficiently and effectively, increasing the risk that the objectives of the programme may not be achieved.

> **(1) ECA should develop and implement work planning activities under the regular programme for technical cooperation, including developing appropriate guidelines and recruiting the required regional advisors.**

> *ECA accepted recommendation 1 and stated that the Capacity Development Division developed an annual work plan for each RPTC thematic area in 2015 and would update the ECA 2008 RPTC guidelines and finalize the recruitment of regional advisors.* Recommendation 1 remains open pending receipt of the updated RPTC guidelines and notification of the recruitment of regional advisors.

ECA needed a process to formulate and approve RPTC projects and activities

19.   The draft RPTC Inter-Regional Guidelines and Principles for Effective Delivery of Capacity Development Support stated that RPTC services were typically offered in response to an official request from a Member State. Mandates and outcomes of meetings of legislative organs, committees and conventions were also expected to provide guidance in identifying projects and services to be conducted under RPTC.

20.   There was no indication of how ECA identified its RPTC funded projects and activities for the period 2012 to 2014. The Capacity Development Division indicated that 18 RPTC activities were conducted in 2013 and 64 in 2014. However, apart from nine requests for technical cooperation assistance that were received from six countries and three African organizations, one in 2012 and eight in 2013, there was no information on how the rest of the projects and activities were formulated.

21.   ECA also did not have sufficient information to demonstrate that the activities took into consideration the legislative organs' priorities and governmental requests.

22.   While RPTC funding provided ECA with the flexibility to respond quickly to developing country's needs, ECA had no mechanism to capture, identify and process mandates and outcomes of meetings of legislative organs, committees and conventions related to RPTC projects and activities. There was also no concerted effort to engage governments to identify their needs and to submit their requests as proposals into RPTC projects and activities.

23.   ECA Capacity Development Division developed an Advisory Service Handbook in 2015 to formulate ECA response to receiving and addressing Member States' requests for assistance. The Handbook provided guidelines for planning and developing a response strategy for RPTC, including the need to engage with Member States. In light of the steps taken by ECA to develop the Handbook, OIOS made no recommendation on this issue.

ECA did not have evidence to support the results reported in the programme performance report for the biennium 2012-2013

24.   ECA was required to maintain information on the delivery of its outputs for inclusion in biennial programme performance reports.

25.   ECA reported in the RPTC programme performance report for the biennium 2012-2013 (A/69/144) that it carried out approximately 35 RPTC projects and activities during the period undertaking studies in and providing advisory services, training, support and assistance to over 70 countries, regional communities, fora, networks and officials. However, as stated above, the Capacity Development Division was only able to provide a list of 18 activities for 2013. The 2014 RPTC programme performance report is not yet due and will be prepared for the 2014-2015 biennium.

26.   ECA did not prepare regular reports indicating the missions and advisory work undertaken and did not maintain records on activities undertaken for the biennium 2012-2013. There were no handover files or notes on RPTC activities prior to the restructuring and activities had no audit trail.

27.   This was because ECA did not identify the need to capture information for all RPTC projects and activities. ECA could therefore not demonstrate that the approved RPTC budget was used for the intended purpose with verifiable activities and outputs. ECA could also not substantiate some of the outputs described in the programme performance report.

> **(2) ECA should develop and implement a mechanism to record projects and activities funded by the regular programme for technical cooperation to enable it to substantiate the outputs described in programme performance reports.**
>
> *ECA accepted recommendation 2 and stated that the Capacity Development Division was developing a system to record and maintain documentation relating to RPTC activities.* Recommendation 2 remains open pending submission of evidence of the system implemented by the Capacity Development Division to document RPTC activities.

IV.   ACKNOWLEDGEMENT

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

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

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STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission of Africa

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	ECA should develop and implement work planning activities under the regular programme for technical cooperation, including developing appropriate guidelines and recruiting the required regional advisors.	Important	O	Submission of a copy of the updated RPTC guidelines and evidence that regional advisors have been recruited.	30 April 2017
2	ECA should develop and implement a mechanism to record projects and activities funded by the regular programme for technical cooperation to enable it to substantiate the outputs described in programme performance reports.	Important	O	Submission of evidence of the system implemented by the Capacity Development Division to document RPTC activities.	31 December 2016

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[2] Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

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

[4] C = closed, O = open

[5] Date provided by ECA

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM — MEMORANDUM INTERIEUR

To:	Ms. Muriette Lawrence-Hume, Chief New York Audit Service Internal Audit Division OIOS	Date: 26 May 2016 Ref.: SPOQD/16/05/0125
From:	Ingrid Cyimana, Director Strategic Planning and Operational Quality Division (SPOQD)	

Subject: **Draft report on an audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission for Arnica (Assignment No. AN2015/710/01)**

Reference is made to OIOS interoffice memo dated 28 April 2016 on the above subject.

Kindly find attached ECA's management response to the above mentioned audit report.

Thank you.

cc: - Ms. Giovanie Biha, Deputy Executive Secretary (DES)
  Knowledge Delivery (KD)
  - Ms. Aida Opoku-Mensah, Officer-In-Charge
  Capacity Development Division (CDD)
  - Ms. Cynthia Avena-Castillo, Professional Practices Section
  Internal Audit Division, OIOS

United Nations
Economic Commission for Africa

INTEROFFICE MEMORANDUM — MEMORANDUM INTERIEUR

MANAGEMENT RESPONSE

Audit of the management of the regular programme for technical cooperation projects and activities in the Economic Commission of Africa

Para. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Client comments[3]
18	ECA should develop and implement work planning activities under the regular programme for technical cooperation Including developing appropriate guidelines and Recruiting the required regional advisors.	Important	Accepted	With regard to work planning activities, the recommendation is already implemented. CDD, since 2015, has developed an annual work plan of each RPTC thematic areas (work plan for 2015 is attached as evidence) CDD will update the 2008 RPTC Guidelines. Deadline for implementation is December 2016 ECA will finalize the recruitment of regional advisors by April 2017
28	ECA should develop a mechanism to record projects and activities funded by the regular programme for technical cooperation to enable it to substantiate the outputs described in programme performance reports.	Important	Accepted	CDD is in the process of fine tuning its RPTC recording system. The main documents that will be recorded included are the Request letters, related TORs/Project documents, Missions Reports and technical reports as well as any relevant document related to the project The deadline for implementation is December 2016

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[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.

[3] Please indicate feasibility and realistic timelines for implementation of the recommendation.