



INTERNAL AUDIT DIVISION

REPORT 2017/055

Audit of the United Nations Human
Settlements Programme Urban
Legislation, Land and Governance
Subprogramme

Project management processes need to be
further strengthened to increase the
Subprogramme's effectiveness

23 June 2017

Assignment No. AA2016/250/03

Audit of the United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective and efficient management of the United Nations Human Settlements Programme (UN-Habitat) Urban Legislation, Land and Governance (ULLG) Subprogramme. The audit covered the period from January 2014 to December 2016 and included a review of: (a) project management; (b) programme and project evaluation; and (c) financial management. The audit excluded areas that were adequately covered in previous audits, where the implementation of audit recommendations was ongoing.

ULLG Subprogramme activities relating to strategic planning, coordination and reporting were being implemented in accordance with the strategic framework and the approved programme of work and budget for 2014-2015 and 2016-2017. However, to increase the Subprogramme's effectiveness, UN-Habitat needed to strengthen its project management processes.

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

- Ensure that the ULLG Subprogramme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation;
- Ensure that recommendations made by the Project Approval Group (PAG) are implemented prior to approval of project documents, and the PAG holds quarterly project reviews as required to ensure the effectiveness of its role;
- Ensure that accepted evaluation recommendations are implemented in a timely manner and that the implementation status of recommendations is periodically reviewed and updated to enhance Subprogramme effectiveness;
- Ensure that mandatory internal self-evaluations are conducted for all projects with a budgetary allocation of less than \$1 million so that lessons learned are incorporated in subsequent projects, and specify the timeframe within which self-evaluations should be completed to ensure their relevance; and
- Implement a mechanism to ensure that personnel costs are allocated to projects accurately based on actual work performed.

UN-Habitat accepted the recommendations and has initiated action to implement them.

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Audit of the United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Human Settlements Programme (UN-Habitat) Urban Legislation, Land and Governance (ULLG) Subprogramme.

2. UN-Habitat is the United Nations agency for human settlements mandated by the General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. UN-Habitat has articulated seven focus areas in its 2014-2019 strategic plan, which are also the subprogrammes in its biennial strategic framework, work programme and budget. Programme implementation was coordinated by seven thematic branches bearing the same titles as the subprogrammes. The strategic plan also had four related cross-cutting issues, namely: gender, youth, climate change and human rights.

3. The ULLG Subprogramme is one of UN-Habitat's subprogrammes whose aim is to foster equitable sustainable development through the formulation and adoption of enabling legislation, increased access to land and strengthening of systems of decentralized governance for improved safety and service delivery. By promoting proven international guidelines and best practices, it supports the development of governance models that are equitable, gender-responsive, and socially inclusive, advocating fair land use and access to basic services and infrastructure for all. The ULLG subprogramme implemented its mandate through three functional areas. These were the Urban Legislation Unit (ULU), the Land and Global Land Tool Network Unit (GLTN) and the Local Governance and Decentralization Unit (LGD).

4. According to the biennial work programme and budget for 2014-2015 and 2016-2017, the budgets for ULLG Subprogramme were \$46.5 million and \$64.9 million, respectively. The budgets were funded from three sources: (i) United Nations regular budget; (ii) the United Nations Habitat Foundation funded by voluntary contributions for two purposes: general purpose for funding core activities and special purpose for specific activities; and (iii) technical cooperation contributions for specific regional and country level projects. The Subprogramme was headed by a P-5 in an acting capacity and had 47 personnel comprising of the following: 20 Professional staff, 1 Junior Professional Officer, 3 National Officers, 9 General Service staff, 13 consultants and 1 staff member on secondment.

5. Comments provided by UN-Habitat are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective and efficient management of the UN-Habitat ULLG Subprogramme.

7. This audit was included in the 2016 risk-based work plan of OIOS due to the risk that potential weaknesses in management of the ULLG Subprogramme may have an adverse impact on attainment of its objectives and goals.

8. OIOS conducted this audit from December 2016 to March 2017. The audit covered the period from January 2014 to December 2016. Based on an activity-level risk assessment, the audit covered

higher and medium risk areas in the ULLG Subprogramme, which included: (a) project management; (b) programme and project evaluation; and (c) financial management. The audit excluded areas that were adequately covered in previous audits, where the implementation of audit recommendations was ongoing.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) judgmental sampling approach.

III. OVERALL CONCLUSION

10. ULLG Subprogramme activities relating to strategic planning, coordination and reporting were being implemented in accordance with the strategic framework and the approved programme of work and budget for 2014-2015 and 2016-2017. However, UN-Habitat needed to strengthen the management of the ULLG Subprogramme by: (i) enhancing integration of cross-cutting issues in project formulation, implementation and evaluation; (ii) ensuring that Project Approval Group (PAG) recommendations are implemented prior to approval of project documents; (iii) instituting a follow-up mechanism for evaluation recommendations and accurately reporting on them; (iv) ensuring that mandatory self-evaluations are conducted for all projects and specifying the timeframe after project closure within which self-evaluations should be conducted; and (v) ensuring accurate allocation of personnel costs to projects.

IV. AUDIT RESULTS

A. Project management

Need to enhance integration of cross-cutting issues in project formulation, implementation and evaluation

11. In the UN-Habitat 2014-2019 strategic plan, the biennial strategic framework, work programme and budget, emphasis was made on the fact that cross-cutting issues such as youth, gender, human rights and climate change were to be mainstreamed throughout the seven subprogrammes and would be consistently and systematically incorporated in all policies, knowledge management tools and operational activities. These cross-cutting issues would be factored into projects during design, implementation, monitoring and evaluation. Mainstreaming of these cross-cutting issues was aimed to ensure that they were integrated in the work of all focus areas, both conceptually and operationally.

12. In September 2015, UN-Habitat developed markers to support the integration of cross-cutting issues. These markers had a four-step rating scale with zero (0) being the lowest rating (blind) and three (3) being the highest (transformative). Markers were used by project managers during the development of project documents and also during vetting and review of these documents by the PAG to assess the extent to which cross-cutting issues were appropriately integrated.

13. OIOS interviewed project managers and reviewed the documentation of nine projects pertaining to ULU and LGD and noted the following:

- a. Gender was the only cross-cutting area incorporated in the nine project documents reviewed. However, the ULLG Subprogramme had not assessed its expected accomplishments, indicators and outputs against the Gender Equality Action Plan (GEAP) for the strategic plan period 2014-2019 to ensure that gender was fully mainstreamed as outlined in the plan. Using GEAP, Subprogramme coordinators were required to review their expected accomplishments, indicators and outputs to ensure that they were gender responsive. Illustrative examples were outlined for each subprogramme to guide in the review process. OIOS also noted that only one project mentioned climate change in the project document

while youth and human rights were not incorporated in any of the projects. From discussions with project managers, it was established that there were challenges in demonstrating how the projects would contribute towards addressing all the four cross-cutting areas.

- b. Of the nine projects reviewed, five were new and were reviewed by the PAG between June and November 2016. All the cross-cutting markers for the five projects scored poorly with a rating of either zero (denoting complete lack of integration of cross-cutting issues) or one (denoting recognition of cross-cutting issues in context to the project).
- c. Monitoring of cross-cutting issues was limited because they were not included in the logical framework. In three out of the five new projects reviewed, the PAG recommended that both gender and youth strategy be linked to the logical framework and the related risks included in the risk assessment. However, there was no indication that this was done. For four earlier projects, the Subprogramme was also not able to demonstrate how the cross-cutting issues outlined in the project documents were monitored during project implementation.

14. Without adequate monitoring to ensure mainstreaming of cross-cutting issues, there was a risk that they would not be implemented as part of the urban agenda, as articulated in the strategic framework, work programme and budget.

(1) UN-Habitat should ensure that the Urban Legislation, Land and Governance Subprogramme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation.

UN-Habitat accepted recommendation 1 and stated that it will devise a mechanism to ensure that the ULLG Subprogramme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation. Recommendation 1 remains open pending receipt of evidence that the four cross-cutting issues have been embedded in project design, implementation, monitoring and evaluation.

PAG recommendations need to be implemented prior to project approval

15. The UN-Habitat Project Based Management Policy provides guidance on the project review and approval process. This review process is spearheaded by the PAG which assesses project documents to ensure that they are relevant to the UN-Habitat mandate, are results focused, and cost effective. Project managers are required to implement recommendations made by the PAG and amend project documents accordingly. To strengthen the review process, the PAG is required to hold quarterly project implementation reviews where branches and regional offices share their experiences in project implementation.

16. OIOS reviewed various PAG minutes for ULLG projects and noted that projects were approved pending implementation of PAG recommendations. However, there was no follow-up mechanism to ensure that those recommendations were subsequently incorporated in the final project documents. As a result, not all PAG recommendations were implemented, which compromised the relevance of the PAG review process. For example, PAG recommendations to enhance integration of cross-cutting issues were not implemented. Also, the PAG did not conduct quarterly project implementation reviews which would have enabled it to assess the extent to which its recommendations were implemented.

(2) UN-Habitat should ensure that: (i) recommendations made by the Project Approval Group (PAG) are implemented prior to approval of project documents; and (ii) the PAG holds quarterly project reviews as required to ensure the effectiveness of its role.

UN-Habitat accepted recommendation 2 and stated that the Project Quality checklist is in the final approval stage and minutes of the PAG ensure recommendations of the meeting are implemented. Further, PAG quarterly project reviews will commence during the third quarter of the year. Recommendation 2 remains open pending receipt of: (i) evidence that PAG recommendations are implemented prior to approval of project documents; and (ii) minutes of quarterly PAG reviews.

Need to enhance monitoring and reporting throughout the project cycle

17. The UN-Habitat Project Based Management Policy requires project managers to update the Project Accrual and Accountability System (PAAS) once every three months with project outputs achieved and expected accomplishments. Further, the UN-Habitat Results Based Management (RBM) Handbook requires managers to complete a project implementation report outlining accomplishment of project objectives against expected results, including experiences and lessons learned. The monitoring process extends to project risks which are supposed to be assigned to risk owners and monitored within PAAS either quarterly or annually, depending on the risk rating assigned. The risk monitoring process is done using risk management tools which include a risk treatment and response plan and register.

18. From a review of 15 projects valued at \$73 million out of 28 projects valued at \$76 million, OIOS noted that project management did not utilize PAAS for monitoring project performance as outlined in the Project Based Management Policy. There was no information within the system showing progress of project activities, outputs and expected accomplishments against the projects' logical framework. Further, project risks were not monitored, reported and updated periodically to ensure that corrective action was taken during project implementation.

19. UN-Habitat is required to report to multiple stakeholders such as donors and Committee of Permanent Representatives and prepare different types of reports for each project. It also responds to ad hoc requests and contributes to key reports such as the Habitat Global Activities Report and the UN-Habitat Annual Progress Report. In addition, UN-Habitat is required to report through the United Nations Secretariat's monitoring system – the Integrated Monitoring and Documentation Information System (IMDIS). However, the information used for reporting purposes was not maintained in a centralized location but held by project managers and in PAAS. Consequently, it was not clear how the subprogramme was measuring project effectiveness, efficiency, relevance, sustainability and lessons learned. Further, there was no assurance that all the information maintained by project managers and used for detailed reporting to donors would be preserved once the staff left the Organization.

20. The lack of comprehensive monitoring systems was highlighted in the OIOS audit of the UN-Habitat project management process (Report 2016/155) and the related recommendations are still being implemented. Therefore, OIOS did not make additional recommendations in this report.

B. Programme and project evaluation

Need to strengthen self-evaluations and implementation of evaluation recommendations

21. According to the UN-Habitat Evaluation Policy, the UN-Habitat RBM Handbook, and the United Nations Evaluation Group Standards for Evaluation in the United Nations system, mandatory and discretionary evaluations were to be conducted for all projects. Internal self-assessments were to be done

for small projects with budgets of less than \$1 million and external evaluations conducted for projects above this threshold. Evaluations were to assess the projects' relevance, efficiency, effectiveness, sustainability and impact outlook, and how the cross-cutting issues were integrated. Follow-up on implementation of the evaluation recommendations was carried out by the Evaluation Unit and reported periodically to management and the Committee of Permanent Representatives. Tracking of implementation of recommendations was done using an online Evaluation Recommendation Tracking System which was integrated with PAAS.

22. During the period under review, UN-Habitat had several major evaluations carried out, such as the evaluation of the Cooperation Agreement between UN-Habitat and Sweden which covered five ULLG projects and a mid-term review conducted for GLTN Phase two. An end-of-project evaluation was also done for a project titled "Identification of Best Practices, Policies and enabling legislation in the Local delivery of Basic Urban Services Phase II". In assessing the evaluation of the ULLG Subprogramme, OIOS noted the following:

- a. According to the UN-Habitat Evaluation Policy, the Evaluation Unit was required to prepare a synthesis of the evaluation findings and report to the Governing Council on a biennial basis. The last biennial evaluation report submitted to the Governing Council was for 2012-2013; there was no recent submission. Therefore, the information provided to the Governing Council and management was outdated and may affect their decision making.
- b. Not all the completed projects were evaluated after closure. This was noted for three projects that were operationally closed in 2015 and 2016. Two of these projects, i.e., grant number M1-32FGR-000002 and S1-32QXB-000193, were supposed to have self-evaluation done after closure but at the time of the audit, three months after the projects were concluded, these had not been undertaken. The RBM Handbook and the UN-Habitat Revised Evaluation Framework did not specify a timeframe within which the self-evaluations should be completed after project closure. UN-Habitat may therefore have missed an opportunity to incorporate any evaluation findings into the design of Phase II of the project due to lack of evaluation of a third project (grant number M1-32FNO-000005) which transitioned to Phase II. This shortcoming was noted by the PAG during its assessment of the Phase II project. There was no budget provision for the evaluation of project M1-32FNO-000005. The need for making necessary budgetary provision for evaluation was raised during the OIOS audit of the UN-Habitat project management process (Report 2016/155). In January 2016, UN-Habitat circulated an internal memorandum to managers requiring all new projects valued above \$1 million to provide sufficient budget for end-term evaluations. Therefore, OIOS did not make a recommendation on this matter in the present report.
- c. The implementation status reported on the OIOS evaluation conducted in 2015 was inaccurate as recommendations were not adequately addressed, yet they were shown as implemented. For example, the Evaluation Unit reported that PAAS was up to date and was continuously updated, which was not accurate. The status report also indicated that the template titled "Project Quality at Entry Checklist" was added into PAAS and used for all projects, yet only one of the five new projects reviewed utilized this template. Further, the status report indicated that risk management tools were now fully utilized, yet project risk was not monitored.

23. Infrequent follow-up of evaluation recommendations and inaccurate reporting may lead to deficiencies remaining unaddressed. Further, compliance with self-evaluation requirements is necessary to ensure that lessons learned from project implementation are incorporated in the design of new projects.

- (3) UN-Habitat should ensure that accepted evaluation recommendations are implemented in a timely manner and that the implementation status of recommendations is periodically reviewed and updated to enhance Subprogramme effectiveness.**

UN-Habitat accepted recommendation 3 and stated that the on-line Evaluation Recommendation Tracking System is in place to ensure accepted evaluation recommendations are implemented in the timelines specified. Recommendation 3 remains open pending receipt of evidence that the implementation status of evaluation recommendations is periodically reviewed and updated.

- (4) UN-Habitat should: (i) ensure that mandatory internal self-evaluations are conducted for all projects with a budgetary allocation of less than \$1 million as outlined in the UN-Habitat Evaluation Policy and the UN-Habitat Results-Based Management Handbook so that lessons learned are incorporated in subsequent projects; and (ii) specify the timeframe after project closure within which self-evaluations should be completed to ensure their relevance.**

UN-Habitat accepted recommendation 4 and stated that the recommendation is being implemented. The UN-Habitat Revised Evaluation Framework requires that all evaluations above \$300,000 should have an evaluation budget and all projects with less than \$1 million and above \$300,000 should have self-evaluation report at closure of the project. In three months after the closure of the project, a self-evaluation report should be ready. OIOS review of the UN-Habitat Revised Evaluation Framework dated September 2015 showed that there was no timeframe specified after project closure within which self-evaluations should be completed. Recommendation 4 remains open pending receipt of evidence that: (i) mandatory internal self-evaluations are conducted for all projects with budget allocation between \$300,000 and \$1 million upon closure of the project; and (ii) a timeframe has been specified within which self-evaluations should be completed.

C. Financial management

Need for accurate allocation of personnel costs

24. According to section 3.1 of the UN-Habitat Cost Allocation and Recovery Policy, costs that are directly attributable to a project should be allocated and charged directly to that project. Therefore, costs relating to staff time spent on a project are attributable to that project.

25. At UN-Habitat, project managers were responsible for multiple projects and their personnel costs were allocated and charged to these projects. However, allocation of costs was not based on the percentage of time spent on the project but on availability of budget. For two projects reviewed, for example, personnel costs were transferred to other projects due to insufficient funds.

26. Within PAAS, UN-Habitat had developed a comprehensive timesheet mechanism that could allocate staff time to each project based on accomplishment of project outputs. Use of this system would enhance accuracy of cost allocation due to its linkage to project outputs. However, the existing timesheet mechanism within PAAS was not used and there was no explanation for its non-utilization.

27. Due to the lack of a clear cost allocation mechanism, and the fact that budgeting and reporting was not output-based, the ULLG Subprogramme could not accurately measure project costs and efficiency, which was a key measurement in the RBM approach.

- (5) UN-Habitat should implement a mechanism to ensure that personnel costs are allocated to projects accurately based on actual work performed.**

UN-Habitat accepted recommendation 5 and stated that it will develop a formal mechanism which should form the basis to allocate personnel costs within the constraints of Umoja and the United Nations rules and regulations. Recommendation 5 remains open pending receipt of evidence of the mechanism established for allocation of personnel costs to projects based on actual work performed.

V. ACKNOWLEDGEMENT

28. OIOS wishes to express its appreciation to the management and staff of UN-Habitat 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 United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UN-Habitat should ensure that the Urban Legislation, Land and Governance Subprogramme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation.	Important	O	Receipt of evidence that the 4 cross-cutting issues have been embedded in project design, implementation, monitoring and evaluation.	30 September 2017
2	UN-Habitat should ensure that: (i) recommendations made by the Project Approval Group are implemented prior to approval of project documents; and (ii) the Project Approval Group holds quarterly project reviews as required to ensure the effectiveness of its role.	Important	O	Receipt of: (i) evidence that PAG recommendations are implemented prior to approval of project documents; and (ii) minutes of quarterly PAG reviews.	30 September 2017
3	UN-Habitat should ensure that accepted evaluation recommendations are implemented in a timely manner and that the implementation status of recommendations is periodically reviewed and updated to enhance Subprogramme effectiveness.	Important	O	Receipt of evidence that the implementation status of evaluation recommendations is periodically reviewed and updated.	31 October 2017
4	UN-Habitat should: (i) ensure that mandatory internal self-evaluations are conducted for all projects with a budgetary allocation of less than \$1 million as outlined in the UN-Habitat Evaluation Policy and the UN-Habitat Results-Based Management Handbook so that lessons learned are incorporated in subsequent projects; and (ii) specify the timeframe after project closure within which	Important	O	Receipt of evidence that: (i) mandatory internal self-evaluations are conducted for all projects with budget allocation between \$300,000 and \$1 million upon closure of the project; and (ii) a timeframe has been specified within which self-evaluations should be completed.	31 December 2017

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 UN-Habitat in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	self-evaluations should be completed to ensure their relevance.				
5	UN-Habitat should implement a mechanism to ensure that personnel costs are allocated to projects accurately based on actual work performed.	Important	O	Receipt of evidence of the mechanism established for allocation of personnel costs to projects based on actual work performed.	31 January 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.

¹ 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.

¹ C = closed, O = open

¹ Date provided by UN-Habitat in response to recommendations.

APPENDIX I

Management Response

UN HABITAT

UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

Programme des Nations Unies pour les établissements humains
Programa de las Naciones Unidas para los Asentamientos Humanos

OFFICE OF THE EXECUTIVE DIRECTOR

13 June 2017

Gurpur N. Kumar, Deputy Director
Internal Audit Division, OIOS

Subject: **Draft report on the Audit of the United Nations Human Settlements
Programme Urban Legislation, Land and Governance Subprogramme**

Dear Mr. Kumar

I am pleased to present our comments to the above-mentioned report in the attached Appendix I.

We would take this opportunity to thank OIOS for the services provided to UN-Habitat.

Yours sincerely,



Dr. Joan Clos,
Under-Secretary-General and Executive Director
United Nations Human Settlements Programme

Management Response

Audit of the United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UN-Habitat should ensure that the Urban Legislation, Land and Governance Subprogramme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation.	Important	Yes	Coordinator, Legislation, Land and Governance Branch	30/09/2017	UN-Habitat will devise a mechanism to ensure that the Urban Legislation, Land and Governance Sub-programme's expected accomplishments, indicators and outputs incorporate cross-cutting issues of youth, gender, human rights and climate change where relevant and that they are embedded in project design, implementation, monitoring and evaluation.
2	UN-Habitat should ensure that: (i) recommendations made by the Project Approval Group are implemented prior to approval of project documents; and (ii) the Project Approval Group holds quarterly project reviews as required to ensure the effectiveness of its role.	Important	Yes	Secretary, Program Advisory Group (PAG)	30/09/2017	Project Quality checklist is in the final approval stage for projects and minutes of the Project Approval Group ensure recommendations of the meeting are implemented. Further, Project Approval Group quarterly project reviews will commence during the third quarter of the year.
3	UN-Habitat should ensure that accepted evaluation recommendations are implemented in a timely manner and that the implementation status of recommendations is periodically reviewed and updated to enhance Subprogramme effectiveness.	Important	Yes	Chief, Evaluation Unit	31/10/2017	The on-line Evaluation Recommendation Tracking System is in place to ensure accepted evaluation recommendations are implemented in timelines specified.

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.

Management Response

Audit of the United Nations Human Settlements Programme Urban Legislation, Land and Governance Subprogramme

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UN-Habitat should: (i) ensure that mandatory internal self-evaluations are conducted for all projects with a budgetary allocation of less than \$1 million as outlined in the UN-Habitat Evaluation Policy and the UN-Habitat Results-Based Management Handbook so that lessons learned are incorporated in subsequent projects; and (ii) specify the timeframe after project closure within which self-evaluations should be completed to ensure their relevance.	Important	Yes	Chief, Evaluation Unit	31/12/2017	The recommendation is being implemented. The UN-Habitat Revised Evaluation Framework requires that all evaluations above \$300,000 should have an evaluation budget and all projects with less than \$1 million and above \$300,000 should have self-evaluation report at closure of the project. In three months after the closure of the project, a self-evaluation report should be ready.
5	UN-Habitat should implement a mechanism to ensure that personnel costs are allocated to projects accurately based on actual work performed.	Important	Yes	Director, Management and Operations Division	31/1/2018	UN-Habitat will develop a formal mechanism which should form the basis to allocate personnel costs within the constraint of Umoja and the UN rules and regulations.