



## INTERNAL AUDIT DIVISION

# REPORT 2014/153

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### Audit of the United Nations Office for Disaster Risk Reduction

Overall results relating to the effective management of the United Nations Office for Disaster Risk Reduction were initially assessed as partially satisfactory. Implementation of four important remains in progress.

FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY

23 December 2014  
Assignment No. AN2013/387/01

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# AUDIT REPORT

## Audit of the United Nations Office for Disaster Risk Reduction

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office for Disaster Risk Reduction (UNISDR).
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. The General Assembly established UNISDR through a resolution made in December 1999. The UNISDR mandate was to serve as the focal point in the United Nations system for the coordination of disaster reduction and to ensure synergies among the disaster reduction activities of the United Nations system and regional organizations and activities in the socio-economic and humanitarian fields. UNISDR core functions included: coordination within the United Nations system on disaster risk reduction related issues; partnership development and stakeholder mobilization; communication and advocacy; generation of evidence and knowledge for action, including monitoring the implementation of the Hyogo Framework for Action; knowledge management; resource mobilization; and regional coordination and support. UNISDR supported the establishment and strengthening of relevant national disaster risk reduction mechanisms, such as countries' national platforms for disaster risk reduction.
4. UNISDR was funded primarily from voluntary donor contributions. Contributions for 2012 and 2013 were \$33 million and \$29 million respectively. The UNISDR budget for the 2012-2013 biennium was \$62 million. The budget was included in the programme budget on humanitarian assistance managed by the Office for Coordination of Humanitarian Affairs.
5. UNISDR was headed by an Assistant Secretary General/Special Representative of the Secretary-General (SRSG) comprising 117 staff. UNISDR had its headquarters in Geneva and five regional offices for the Americas, Africa, Europe, Asia and the Pacific, and the Arab States. It also had two sub-regional offices, two liaison offices and three other country offices.
6. Comments provided by UNISDR are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of the UNISDR governance, risk management and control processes in providing reasonable assurance regarding **effective management of UNISDR**.
8. The audit was included in the 2013 OIOS risk-based work plan because of the operational risks related to delivering the UNISDR mandate. The audit was also requested by UNISDR.
9. The key controls tested for the audit were: (a) subprogramme management system; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Subprogramme management system** - controls that provide reasonable assurance that:  
(i) UNISDR has systems in place to ensure that its coordination of activities for disaster risk reduction is adequately designed to ensure achievement of its mandate; (ii) risks relating to UNISDR operational activities and fundraising are identified and assessed and that actions are taken to mitigate them; and (iii) work plans and accountability framework, with appropriate performance indicators, exist to monitor progress and measure performance.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide UNISDR administrative operations; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

11. OIOS conducted this audit from 20 January to 28 February 2014. The audit covered the period from 1 January 2010 to 31 December 2013.

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. OIOS reviewed UNISDR operational and financial activities covering: (i) the execution of the programme of work; (ii) reporting to donors and compliance with donor agreements; and (iii) administration of UNISDR staff, offices, financial resources and budgets, and fundraising.

### III. AUDIT RESULTS

13. The UNISDR governance, risk management and control processes examined were **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding **effective management of UNISDR**. OIOS made four recommendations to address issues identified in the audit. Controls over the implementation and monitoring of the UNISDR strategic framework were operating effectively. UNISDR managed projects effectively and produced timely reports to donors. However, organizational arrangements for UNISDR had not been updated in a Secretary-General's bulletin. There was also a need for UNISDR to review its fundraising strategy and targets to ensure they were achievable. An annual procurement plan was not prepared to guide UNISDR procurement activities and UNISDR needed to conduct a security assessment of its new premises.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress.

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<sup>1</sup> 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 may be at risk regarding the achievement of control and/or business objectives under review.

**Table 1: Assessment of key controls**

Business objectives	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the UNISDR	(a) Subprogramme management system	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### **A. Subprogramme management system**

Controls over the implementation and monitoring of the strategic framework were operating effectively

15. The Secretary-General's 2000 bulletin on planning, programming, budgeting, monitoring and evaluation stated that the Secretary-General shall monitor accomplishments, as measured by the delivery of outputs scheduled in the approved programme budget.

16. The UNISDR strategic framework and programme of work were divided into four thematic areas: (i) lead and coordinate; (ii) provide credible evidence; (iii) advocacy and outreach; and (4) deliver and communicate results. Additionally, UNISDR was required to monitor the Hyogo Framework for Action. The Framework's three strategic goals were to: (i) integrate disaster risk reduction into sustainable development policies and planning; (ii) develop and strengthen institutions, mechanisms and capacities to build resilience to hazards; and (iii) incorporate risk reduction approaches into emergency preparedness, response and recovery programmes.

17. UNISDR developed departmental work plans that were consistent with the strategic framework as well as the goals of the Hyogo Framework for Action. The organizational structure for UNISDR supported and covered major tasks within the four thematic areas. UNISDR developed a management system that recorded and tracked periodic management meetings, departmental performance and implementation of recommendations on corrective actions. Reports such as the Secretary-General's reports on the implementation of the International Strategy for Disaster Reduction and the UNISDR annual reports on Disaster Risk Reduction were issued.

18. OIOS concluded that controls over the implementation and monitoring of the strategic framework for UNISDR were operating effectively.

Organizational arrangements for the United Nations Office for Disaster Risk Reduction had not been established

19. The Secretary-General, pursuant to his 1997 bulletin on the Organization of the Secretariat, established the mandate, functions and organization of each office in the Secretariat.

20. General Assembly resolution 54/219 established the inter-agency secretariat for disaster risk reduction under the direct authority of the Under-Secretary-General for Humanitarian Affairs for the initial period of the 2000-2001 biennium. These arrangements were to be reviewed after the first year of

UNISDR operations by submitting proposals for adjustments to the Assembly. However, proposals for the reporting arrangements for UNISDR were not presented to the General Assembly. The Secretary-General's bulletin on the organization of the Office for the Coordination of Humanitarian Affairs was also not amended to reflect the establishment of UNISDR. The mandate, functions and organization of UNISDR were therefore not reflected in any Secretary-General's bulletin, although its strategic framework and budget continued to be approved as part of the programme on humanitarian affairs.

21. In recognition of the expanded mandate of UNISDR, the Secretary-General, in 2008, appointed an Assistant Secretary General for disaster risk reduction and SRSG for the implementation of the Hyogo Framework for Action. However, the reporting lines of this function were not clarified to reflect the cross-cutting nature of disaster risk reduction across the United Nations development and humanitarian spheres of activity.

**(1) UNISDR should initiate the clarification of the organizational arrangements for its office.**

*UNISDR accepted recommendation 1 and stated that UNISDR would initiate clarification of its organizational arrangements in February 2016, after the adoption of the successor instrument to the Hyogo Framework for Action and the endorsement by the General Assembly of the post-2015 framework for disaster risk reduction. Recommendation 1 remains open pending notification of the actions initiated by UNISDR to clarify its organizational arrangements.*

Need to review fundraising strategy and resource mobilization plan

22. General Assembly resolution 54/219 requested the Secretary-General to establish, from voluntary contributions, a Trust Fund for Disaster Reduction to enable the funding of the inter-agency secretariat for disaster reduction. The UNISDR Resource Mobilization Unit developed a fundraising strategy and resource mobilization plan for the trust fund, setting out how funds were to be mobilized from donors along with funding targets.

23. UNISDR voluntary contributions totaled \$62 million for the 2012-2013 biennium. It also received in-kind contributions of \$1.7 million during the biennium. Additionally, UNISDR received funding for one D-1 post from the regular budget. There was however a shortfall of approximately \$15 million between the projected cost of UNISDR activities and donor contributions. Timeliness in the receipt of funding also presented a challenge.

24. UNISDR undertook a number of initiatives aimed at increasing stability and predictability of funding, including through concluding multi-year agreements with donors and broadening the donor base. The General Assembly, by resolution 68/211, also requested the Secretary-General to consider how best to ensure adequate resources for UNISDR operations. However, UNISDR did not have a process to review its fundraising strategy to determine whether the targets set in the resource mobilization plan were achievable. OIOS review of the 2012-2015 fundraising strategy and plan against actual donor contributions showed that a number of the targets had not been met, such as increasing: (i) the number of Member States and non-humanitarian actors that contributed to the trust fund; (ii) the number of donors that contributed over \$1 million per biennium; and (iii) the percentage of in-kind and un-earmarked contributions. Furthermore, the resource mobilization plan did not set funding targets for regional offices, and there was no comprehensive fundraising strategy for each region. While the 2013 funding target from the private sector was set at \$500,000 or 1.7 per cent of the 2013 income, there was no clarity on which organizational unit was responsible for raising the funds. The Resource Mobilization Unit indicated that the Advocacy Unit was responsible for fundraising with the private sector. However, the Advocacy Unit stated that it engaged with the private sector only for disaster risk reduction awareness and not for fundraising.

25. Consequently, UNISDR had to take a number of measures to limit the effects of the shortfall in funding.

**(2) UNISDR should review its fundraising strategy to ensure that the targets set in the resource mobilization plan are achievable, and the responsibility for raising funds is clearly assigned.**

*UNISDR accepted recommendation 2 and stated that UNISDR had a fundraising strategy for 2015 and would develop a longer-term strategy on the basis of current and projected resources requirements. Responsibility for raising funds amongst headquarters units and regional offices had been defined and resource mobilization targets and achievements were being reviewed by senior management. Recommendation 2 remains open pending finalization of a review of the UNISDR fundraising strategy.*

#### There were adequate controls over the management of trust fund projects

26. The Secretary-General's bulletin on the establishment and management of trust funds required that the aims, purposes and terms of reference of trust funds be consistent with overall policy directives and guidance and that the obligations in the trust fund agreements be fulfilled.

27. OIOS reviewed four UNISDR trust fund projects totaling \$14 million (46 per cent of total funding) including memorandums of understanding with and reports to donors to assess whether: (i) the terms of the memorandum of understanding were adequately defined; (ii) UNISDR had complied with and implemented the projects' objectives; (iii) project expenditures were duly approved and were incurred for the intended purpose; and (iv) reporting on the trust fund activities were conducted in a timely manner in accordance with the donor agreements. The projects were implemented by UNISDR and were mainly for organizing conferences and meetings. OIOS determined that UNISDR adequately defined, complied with and implemented the objectives identified in the memorandums of understanding. Project expenditures were adequately supported and duly approved project activities were reported on a timely basis to donors and the reports were in line with the agreed financing agreements. OIOS concluded that UNISDR had implemented adequate controls to manage trust fund projects in accordance with memoranda of understanding with donors.

## **B. Regulatory framework**

#### Lack of an annual acquisition plan

28. The United Nations Procurement Manual required requisitioners to: (i) prepare an annual acquisition plan at least six months before the required goods were needed; (ii) appropriately approve requisition requests; and (iii) sign for receipt of goods in accordance with the agreed terms before payments were made. The United Nations Office at Geneva conducted the procurement function on behalf of UNISDR.

29. OIOS reviewed five procurement activities totaling \$1.2 million (52 per cent of total procurement activities) and noted that the procurement activities were conducted within the United Nations procurement manual guidelines. For the five procurement activities reviewed, the requisitions were appropriately approved by the relevant authority and documentation for goods received were appropriately signed before payments were made to the supplier. However, UNISDR did not have an

annual acquisition plan as required by the Procurement Manual to enable proper planning of procurement activities and ensure best value for money.

**(3) UNISDR should prepare annual acquisition plans as required by the Procurement Manual.**

*UNISDR accepted recommendation 3 and stated that it was in the process of preparing an annual acquisition plan. Instructions had been received from United Nations Office at Geneva regarding the 2015 acquisition plan, which was due to be submitted by 31 January 2015. Recommendation 3 remains open pending receipt of a copy of the 2015 UNISDR acquisition plan.*

Security assessment of new premises was not conducted

30. The United Nations Security Management Operations Manual required that the security officials use the security risk management system to determine appropriate situation-specific security procedures and measures for the safety and security of office premises.

31. OIOS reviewed security arrangements for UNISDR office premises in Geneva at two locations. While security risk assessments were conducted for one of the office premises, the Safety and Security Section of the United Nations Office at Geneva had not conducted a risk assessment for the other location in Geneva. UNISDR informed the Safety and Security Section of its move but the Section and UNISDR did not consider it necessary to conduct a security risk assessment for the location. Absence of a security risk assessment of UNISDR office premises may result in inadequate consideration of mitigating measures required to protect United Nations staff and property.

**(4) UNISDR should request the Safety and Security Section of the United Nations Office at Geneva to conduct a security risk assessment of its new office premises.**

*UNISDR accepted recommendation 4 and stated that it was in the process of submitting a request to the Safety and Security Section of the United Nations Office at Geneva to conduct a security risk assessment of its office premises. Recommendation 4 remains open pending submission of the security risk assessment of UNISDR office premises.*

#### **IV. ACKNOWLEDGEMENT**

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

(Signed) David Kanja  
Assistant Secretary-General for Internal Oversight Services



## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations Office for Disaster Risk Reduction

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	UNISDR should initiate the clarification of the organizational arrangements for its office.	Important	O	Notification of the actions initiated by UNISDR to clarify its organizational arrangements.	29 February 2016
2	UNISDR should review its fundraising strategy to ensure that targets set in the resource mobilization plan are achievable and responsibility for raising funds is clearly assigned.	Important	O	Finalization of a review of the UNISDR fundraising strategy.	30 June 2015
3	UNISDR should prepare an annual acquisition plan to ensure best value for money as required by the Procurement Manual.	Important	O	Submission of a copy of the 2015 UNISDR acquisition plan.	31 January 2015
4	UNISDR should request the Safety and Security Section of the United Nations Office at Geneva to conduct a security risk assessment of its new office premises.	Important	O	Submission of the security risk assessment of UNISDR office premises.	31 January 2015

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by UNISDR in response to recommendations.

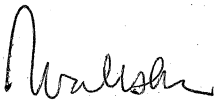
# **APPENDIX I**

## **Management Response**

TO: Muriette Lawrence-Hume, Officer-in-Charge  
A: New York Audit Service  
Internal Audit Division, OIOS  
New York

DATE: 18 December 2014

cc: Valerie Amos  
: Under-Secretary-General for Humanitarian Affairs and Emergency  
Relief Coordinator, OCHA  
New York

FROM: Margareta Wahlstrom   
DE: Special Representative of the Secretary General for Disaster Risk  
Reduction, UNISDR

SUBJECT: **"Confidential: Draft report on an audit of the United Nations International  
OBJET: Strategy for Disaster Risk Reduction secretariat (Assignment No.  
AN2013/387/01)**

1. UNISDR wishes to thank the Office of Internal Oversight and, in particular, the Internal Audit Division for transmitting the Draft report on the audit of the United Nations International Strategy for Disaster Risk Reduction secretariat, which was conducted - at UNISDR's request - in January and February 2014. We note that in the report two of the four control objectives, through which the achievement of the Business Objective was assessed, were rated as "Satisfactory" and two were "Partially Satisfactory". No control objective was rated as "unsatisfactory".
2. UNISDR accepts all four recommendations contained in the report, noting that they were all rated as "important". No recommendation was rated as "critical". In particular, with regard to recommendation 1 "UNISDR should initiate the clarification of the organizational arrangements for its secretariat", UNISDR confirms that it will initiate the clarification of the organizational arrangements in February 2016 following the expected endorsement by the UN General Assembly of the post-2015 framework for disaster risk reduction, the successor instrument to the Hyogo Framework for Action, which will be adopted by the Third UN Conference on Disaster Risk Reduction in March 2015.

cc: Mr, Christopher Phum, Internal Audit Division, OIOS  
Mr. Marco Toscano-Rivalta, Chief, OSRSG, UNISDR  
Ms. Dionyssia Geka, Chief, Executive Office, UNISDR

3. With regard to Recommendation 2 "UNISDR should review its fundraising strategy to ensure that targets set in the resource mobilization plan are achievable and responsibility for raising funds is clearly assigned", UNISDR has a fundraising strategy for 2015 and will develop a longer-term strategy on the basis of current and projected resource requirements following the 2015 World Conference on Disaster Risk Reduction. Responsibility for raising funds amongst HQ units and regional offices has now been defined and resource requirements for each Regional Office have been clearly presented in the programme update for the 2014-2015 Biennium issued in November 2014 and shared with UNISDR donors in a meeting held on 19 November, 2014. The UNISDR work programme update 2014-2015 is available on UNISDR website <http://www.unisdr.org/we/inform/publications/40896>. Moreover, resource mobilization targets and achievements are being reviewed by senior management, including all Heads of Regional Offices, as an integral component of UNISDR mid-year programme review. It is also noted that staff changes were made in the Resource Mobilization Unit
4. With regard to recommendation 3, "UNISDR should prepare an annual acquisition plan to ensure best value for money as required by the Procurement Manual", UNISDR is in the process of preparing its annual acquisition plan that will enable it to properly plan procurement activities in order to ensure best value for money, following instructions received by UNOG (see attached) regarding the 2015 Acquisition Plan which is to be submitted by 31 January 2015, as per their request.
5. With regard to recommendation 4, "UNISDR should request the Safety and Security Section of the United Nations Office at Geneva to conduct a security risk assessment of its new office premises", we believe that the wording of the recommendation could benefit from specificity and therefore would suggest that the wording 'its new premises' in the recommendation be replaced with 'its office premises at 9-11 Rue de Varembe, Geneva' (UNISDR only other location in Geneva is within the UNOG compound which is subject to the security risk management which UNOG is directly handling through its Safety and Security Section). UNISDR is in the process of submitting a request to the Safety and Security Section of the United Nations Office in Geneva to conduct a security risk assessment of its office premises at 9-11 Rue de Varembe, Geneva in 2015.

## Management Response

## Audit of the United Nations International Strategy for Disaster Risk Reduction secretariat

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNISDR should initiate the clarification of the organizational arrangements for its secretariat.	Important	YES	Chief, Office of the Special Representative of the Secretary-General for Disaster Risk Reduction	February 2016	UNISDR confirms that it will initiate the clarification of the organizational arrangements in February 2016 following the expected endorsement by the UN General Assembly of the post-2015 framework for disaster risk reduction, the successor instrument to the Hyogo Framework for Action, which will be adopted by the Third UN Conference on Disaster Risk Reduction in March 2015
2	UNISDR should review its fundraising strategy to ensure that targets set in the resource mobilization plan are achievable and responsibility for raising funds is clearly assigned.	Important	YES	Chief, Resource Mobilisation	June 2015	UNISDR has a fundraising strategy for 2015 and will develop a longer-term strategy on the basis of current and projected resource requirements following the 2015 World Conference on Disaster Risk Reduction. Responsibility for raising funds amongst HQ units and regional offices has now been defined and resource requirements for each Regional Office have been clearly presented in the programme update for the 2014-2015 Biennium issued in November 2014 and shared with UNISDR donors in a meeting held on 19 November, 2014. The UNISDR work programme update 2014-2015 is available on UNISDR website <a href="http://www.unisdr.org/we/inform/publications/40896">http://www.unisdr.org/we/inform/publications/40896</a> . Moreover, resource mobilization targets and achievements are being reviewed by senior management, including all Heads of Regional Offices, as an integral component of UNISDR mid-

<sup>1</sup> 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.

<sup>2</sup> 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.

## Management Response

## Audit of the United Nations International Strategy for Disaster Risk Reduction secretariat

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						year programme review. It is also noted that staff changes were made in the Resource Mobilization Unit
3	UNISDR should prepare an annual acquisition plan to ensure best value for money as required by the Procurement Manual.	Important	YES	Chief, Executive Office	31 January 2015	UNISDR is in the process of preparing its annual acquisition plan that will enable it properly plan procurement activities in order to ensure best value for money, following instructions received by UNOG regarding the 2015 Acquisition Plan due to be submitted to UNOG by 31 January 2015, as requested by UNOG.
4	UNISDR should request the Safety and Security Section of the United Nations Office at Geneva to conduct a security risk assessment of its new office premises.	Important	Yes	Chief, Executive Office	31 January 2015	UNISDR is in the process of submitting a request to the Safety and Security Section of the United Nations Office in Geneva to conduct a security risk assessment of its office premises at 9-11 Rue de Varembe, Geneva in 2015.