



INTERNAL AUDIT DIVISION

REPORT 2016/037

Audit of the management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs

Overall results relating to the effective management of the public administration and development management subprogramme and related technical cooperation projects were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

29 April 2016
Assignment No. AN2015/540/03

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	3-5
A. Subprogramme management	3-4
B. Regulatory framework	4-5
IV. ACKNOWLEDGEMENT	5
 ANNEX I	
Status of audit recommendations	

AUDIT REPORT

Audit of the management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs (DESA).

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 responsibility for the management of the public administration and development management subprogramme is vested in the Division for Public Administration and Development Management (DPADM) in DESA. The objective of the Division is to foster effective, efficient, transparent, accountable and citizen-centred public governance, administration and services. It contributes to the identification of options, mechanisms and practices for strengthening key governance institutions and undertakes policy research analysis on governance systems and institutions in various areas. It also assists governments by providing access to information on improving public administration, disseminating good practices and strengthening the capacity of developing countries and countries in economic transition. The United Nations Committee of Experts on Public Administration (CEPA), established by the Economic and Social Council (ECOSOC) under resolution 2001/45 of 10 January 2002, guides and monitors the performance of the Division.

4. DPADM is headed by a Director at the D-2 level and has 47 posts of which 23 are at the General Service level. The Division has three branches namely: (i) Public Administration Capacity Branch; (ii) E-Government Branch; and (iii) Development Management Branch. For the biennium 2014-2015, the subprogramme was allocated \$17.6 million from the regular budget under the: (i) DESA programme budget - \$13.3 million; (ii) regular programme of technical cooperation - \$2.7 million; and (iii) Development Account - \$1.6 million. The Division also implemented 10 technical cooperation projects funded from extrabudgetary resources with a budget of \$4.4 million.

5. Comments provided by DESA are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of DESA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the public administration and development management subprogramme and related technical cooperation projects in DESA.**

7. The audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks in delivering the subprogramme and the related technical cooperation projects.

8. The key controls tested for the audit were: (a) subprogramme management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Subprogramme management** - controls that provide reasonable assurance that adequate and effective processes are established to guide the planning, direction, coordination, and execution of the public administration and development management subprogramme activities.

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

9. The key controls were assessed for the control objectives shown in Table 1. One control objectives (shown in Table 1 as “Not assessed”) was not relevant to the scope defined for this audit.

10. OIOS conducted this audit from October 2015 to March 2016. The audit covered the period from January 2014 to December 2015.

11. 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

12. The DESA governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of the public administration and development management subprogramme and related technical cooperation projects in DESA**. OIOS made one recommendation to address the issue identified.

13. The objectives and strategy of DPADM for the biennium 2014-2015 were articulated in the strategic framework for DESA. As of December 2015, 99 per cent of the outputs for the biennium were completed and this significantly contributed to the achievement of the Division’s programme of work. However, to improve operations further, DESA needed to ensure DPADM synchronizes reporting dates in donor agreements with United Nations financial reporting timeframes to facilitate meeting the reporting deadlines.

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

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

Table 1: Assessment of key controls

Business objective	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 public administration and development management subprogramme and related technical cooperation projects in DESA	(a) Subprogramme management	Satisfactory	Satisfactory	Not assessed	Satisfactory
	(b) Regulatory framework	Satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Subprogramme management

DPADM largely completed its outputs for the biennium 2014-2015 except for the publication of the World Public Sector Report

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

16. The strategy to achieve the objective, expected accomplishments, and indicators of achievement for DPAPM for the biennium 2014-2015 was outlined in the strategic framework for DESA. The expected accomplishments and indicators of achievement were recorded and monitored in the United Nations Integrated Management and Document Information System, as per the advisory notes from the Department of Management, after 12 months, at the end of 18 months, and after two years. A total of 197 outputs were expected to be accomplished in the biennium. The Division’s outputs included: substantive servicing of meetings; parliamentary documentation; expert groups, rapporteurs, and depository services; recurrent and non- recurrent publications; advisory services; and field projects.

17. As of December 2015, 99 per cent of the outputs were completed except for the latest edition of the World Public Sector Report. Since the report was launched in 2001, it had become a major reference document on governance and public administration trends and issues for policymakers, academia and practitioners from around the world. So far, five editions of the report have been published in a number of crucial thematic areas. Management explained that the report was not produced as scheduled due to the need to align it to the 2030 sustainable development goals, which came into force in September 2015. Management anticipated that the report would be produced by July 2016.

18. Given the planned action by DPADM, OIOS did not make a recommendation on this issue.

DPADM presented highlights of its major activities to CEPA for review

19. ECOSOC resolution 1199 (XLII) of 24 May 1967 decided that the United Nations programme in public administration and development management should be reviewed from time to time by a meeting of experts, who should submit their report to ECOSOC for consideration.

20. DPADM presented annual reports for review to CEPA every January, highlighting major activities carried out under the United Nations programme in public administration and development management in the previous year and the Division's plans for the current year. CEPA included the results of its review in annual reports to ECOSOC. OIOS concluded that the Division had presented its activities to CEPA as mandated.

B. Regulatory framework

DESA was taking action to develop a risk register and risk response action plan at the subprogramme level

21. The United Nations Secretariat implemented a policy and framework of enterprise-wide risk management which defines a consistent methodology for assessing, monitoring and managing risks.

22. As DESA had not implemented the enterprise risk management framework, DPADM did not establish a documented risk assessment process. While no formal risk assessment was conducted at the operational level, managers were aware of the risks and opportunities facing the Division and took them into account when preparing annual work plans. The last risk assessment exercise at DESA was conducted by the Capacity Development Office (CDO) in conjunction with the Department of Management in 2013 but this exercise was limited to CDO. The risks were classified in four major categories: strategic, governance, operational, and financial. Six risks were rated as significant, 13 were moderate, and 4 were lower risks. Four of the six significant risks were identified in operations and appeared to be generic to the whole Department. In April 2014, CDO conducted a workshop to share the final assessment and the proposed risk responses/treatments, updated existing controls and identified and prioritized relevant actions. However, even though the risks identified were generic to the whole Department, other divisions of DESA, including DPADM, did not take part in the process.

23. OIOS observed that there was a lack of policy guidelines within the Department regarding the implementation of enterprise risk management. The Division had no formal risk assessment process to develop a divisional risk register and risk response action plan. Without a documented risk assessment methodology, the Division may not be mitigating risks adequately, which could impact the achievement of objectives.

24. *DESA advised that it was participating in several working groups related to the Secretariat-wide enterprise risk assessment. Before considering developing risk assessments at subprogramme level, DESA was eager to learn lessons from the exercises conducted by other departments.* In view of the explanation provided and action being taken by the Department, no recommendation was made.

The Division needed to fully comply with donor reporting requirements

25. DESA signed a Memorandum of Understanding (MOU) with the donor for each donor funded project outlining specific requirements for use of the funds and execution of the project. The MOU outlines requirements for reporting to the donor and monitoring and evaluating the project. A project document outlines the logical framework including expected accomplishments, project budget and cost plans.

26. OIOS reviewed four extrabudgetary projects that were completed in the biennium 2014-2015 valued at \$1,750,578 and four which were still ongoing with initial budgets totaling \$2,600,000. The completed projects were as follows:

- a) United Nations e-Government Forum for 2014, Kazakhstan (Project A) - \$500,000.
- b) 9th Internet Governance Forum in Turkey (Project B) - \$414,112.
- c) E-Government research and insights initiative for Qatar (Project C) - \$17,017.
- d) Public Service day Event 2015 in Colombia (Project D) - \$635,411.

27. The project documents included the expected accomplishment, project budget and cost plans. The projects were adequately monitored and were either completed on time or progressing as planned. However, DPADM did not fully comply with the donor reporting requirements for the completed projects. For example, the agreement for Project A required annual financial statements and narrative reports to be provided to the donor by 30 June of each year. The first meeting was completed in October 2014 and therefore the reports were due to the donor by 30 June 2015. As of March 2016, the reports were still outstanding and there was no information available at the time of the audit as to when it will be submitted to the donor. Although the narrative reports for Projects B and C were issued on time, the financial statements were outstanding as of March 2016. The reports for Project D were not due until June 2016.

28. The cause of the delays in submitting financial statements was because donor reporting requirements were not synchronized with the United Nations financial reporting timeframes. Also, for the biennium 2014-2015, the implementation of Umoja exacerbated the delays by the Office of Programme Planning Budget and Accounts in providing financial data to donors.

(1) DESA should take action to ensure that the Division of Public Administration and Development Management synchronizes reporting dates in donor agreements with United Nations financial reporting timeframes to facilitate meeting related deadlines.

DESA accepted recommendation 1 and stated that it would take more proactive action to synchronize donor reporting dates within the United Nations financial reporting timeframes. Recommendation 1 remains open pending notification of the action taken to synchronize donor reporting dates with the United Nations financial reporting timeframes.

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of DESA 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 management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs

Recom. no.	Recommendation	Critical²/ Important³	C/ O⁴	Actions needed to close recommendation	Implementation date⁵
1	DESA should take action to ensure that the Division of Public Administration and Development Management synchronizes reporting dates in donor agreements with United Nations financial reporting timeframes to facilitate meeting related deadlines.	Important	O	Notification of the action taken to synchronize reporting dates in donor agreements with the United Nations financial reporting timeframes.	31 December 2016

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 DESA in response to recommendations.

APPENDIX I

Management Response

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO: Ms. Muriette Lawrence-Hume, New York Audit Service
A: Internal Audit Division, OIOS

DATE: 22 April 2016

REFERENCE: DESA-16/00486

FROM: Haitian Lu, Chief of Office
DE: Office of the Under-Secretary-General
Department of Economic and Social Affairs



SUBJECT: **Draft report on an audit of the management of the public
administration and development subprogramme and related
technical cooperation projects in the Department of Economic and
Social Affairs
Assignment no. AN2015/540/03**

With reference to your memo dated 7 April 2016, we are pleased to submit DESA's comments on the draft recommendations as follows:

#1 - DESA should implement the organizational enterprise risk management framework requiring the Division for Public Administration and Development Management, amongst others, to develop a divisional risk register and risk response action plan

DESA is not in agreement with the recommendation to develop a divisional risk register at the moment. The Department is participating in several working groups in the secretariat wide enterprise risk assessment. While different departments and offices have developed their own risk register, the framework for such departmental risk assessments should be established before being replicated in all departments and offices. We are also eager for the lessons learned from the exercises in other departments before considering requiring risk assessments at the subprogramme level.

Best regards

Cc: Executive Office/DESA

Management Response

Audit of the management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	DESA should implement the organizational enterprise risk management framework requiring the Division for Public Administration and Development Management, amongst others, to develop a divisional risk register and risk response action plan	Important	No			DESA is not in agreement with the recommendation to develop a divisional risk register at the moment. The Department is participating in several working group in the secretariat wide enterprise risk assessment. While different departments and offices have developed their own risk register, the framework for such departmental risk assessments should be established before replicated such risk assessments in all departments and offices. We are also eager for the lessons learned from the exercises in other departments before considering requiring risk assessments at the subprogramme level.
2	DESA should take action to ensure that the Division of Public Administration and Development Management synchronizes reporting dates in donor agreements with United Nations financial reporting timeframes to facilitate meeting related deadlines	Important	Yes	Office of the Director	Continuous but no later than 4Q 2016	DPADM will take more proactive action to synchronize the reporting dates within the United Nations financial reporting timeframes. However the implementation of this recommendation is subject to the agreement of donors. Some of them have strict requirements regarding the

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 management of the public administration and development management subprogramme and related technical cooperation projects in the Department of Economic and Social Affairs**

Rec. no.	Recommendation	Critical¹/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						timing of reporting on implementation, which are related to their own budgetary process