



INTERNAL AUDIT DIVISION

REPORT 2016/147

Audit of the Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

Programme activities were implemented in accordance with the budget but there was need to develop a strategic plan for programmatic decisions and operations

7 December 2016
Assignment No. AA2016/241/01

Audit of the Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of the Mitigation, Data and Analysis (MDA) programme at the United Nations Framework Convention on Climate Change (UNFCCC). The audit covered the period from January 2014 to March 2016 and included a review of: strategic planning and organizational structure; programme and project management; and coordinated management mechanisms.

The MDA programme was implementing its activities in accordance with the programme budget and performance reporting requirements. The programme participated in various coordination initiatives within UNFCCC. However, there was a need to strengthen strategic planning, issue appropriate guidance, implement risk management, and develop specific and measurable performance indicators.

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

- Develop an overarching strategic plan to provide a framework to guide its programmatic decisions and ensure accountability for its operations;
- Ensure that guidelines are issued to all staff members clarifying roles, responsibilities, reporting lines and accountabilities under the new structure;
- Develop programme and project guidelines to facilitate efficient and effective implementation of activities and enhance accountability;
- Develop and implement a risk management framework for the projects and revise the project proposal template accordingly to ensure that risks are adequately addressed; and
- Ensure that specific and measurable performance indicators are established for each expected result.

The UNFCCC Secretariat accepted the recommendations and initiated action to implement them.

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Audit of the Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Mitigation, Data and Analysis (MDA) programme at the United Nations Framework Convention on Climate Change (UNFCCC).
2. UNFCCC is an international treaty established as an overall framework for intergovernmental process to combat climate change. The Convention was ratified by 192 countries and came into force in 1994. The Convention was complemented by the Kyoto Protocol (or the Protocol) which was adopted in December 1997 and has 192 Parties. The Protocol established legally binding emission reduction requirement for 37 industrialized countries. The ultimate objective of both treaties is to “stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system.”
3. The Conference of the Parties (COP) is the Convention’s supreme legislative body which is supported by the UNFCCC secretariat. The secretariat is required to provide support to intergovernmental negotiations, assist the Parties in implementing the Convention and its Kyoto Protocol, and facilitate the flow of authoritative information on the implementation of the Convention.
4. The MDA programme is a substantive programme of the UNFCCC secretariat tasked to support the Parties in scaling up their efforts to mitigate climate change with emphasis on transparency, accountability and capacity building through innovation, expertise and collaboration with stakeholders.
5. For the biennium 2014-2015, the MDA programme has a total of 59 posts funded from the UNFCCC core budget as well as 9 staff funded from the trust fund for supplementary activities. The programme was headed by a Director and comprised of three Sub-programmes, each headed by a Sub-programme Manager at the P-5 level. The approved core budgets for the MDA programme were Euro 9.9 million and Euro 14.4 million for the 2012-2013 and 2014-2015 biennia, respectively. In addition, the programme had received voluntary contributions amounting to \$18.4 million and \$16.8 million for the 2012-2013 and 2014-2015 biennia, respectively.
6. Comments provided by UNFCCC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of the MDA programme at UNFCCC.
8. This audit was included in the 2016 risk-based work plan of OIOS due to the risks relating to implementation of the MDA programme.
9. OIOS conducted this audit from June to August 2016. The audit covered the period from January 2014 to March 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management of the MDA programme, which included: strategic planning and organizational structure; programme and project management; and coordinated management mechanisms.

10. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data, and (d) tests of controls.

III. OVERALL CONCLUSION

11. The MDA programme was implementing its activities in accordance with the programme budget and performance reporting requirements. The programme participated in various coordination initiatives within UNFCCC. However, there was a need to: (a) develop a strategic plan to provide a framework to guide the programmatic decisions and operations; (b) issue guidelines on the roles, responsibilities and accountabilities under the new structure; (c) develop programme and project guidelines to facilitate efficient and effective implementation of activities; (d) develop and implement a risk management framework for projects; and (e) develop specific and measurable performance indicators.

IV. AUDIT RESULTS

A. Strategic planning and organizational structure

Need to develop a strategic plan to guide programmatic decisions and operations

12. The report of the Secretary-General titled “Towards an accountability system in the United Nations Secretariat” (A/64/640) states that the core component of the United Nations Secretariat’s accountability is composed of the strategic framework and programme budget which seek to achieve the results mandated by Member States. The results-based approach focuses on results and outcomes, implementing performance measurement, evaluation and reporting.

13. In 2008, UNFCCC adopted biennial results-based budgeting focused on expected results of mandated activities. UNFCCC also developed its vision and mission statements, secretariat-wide objectives for 2014-2015, and a strategic framework for major change initiatives during the period 2012-2015. The MDA programme and performance reporting were based on the biennial budget approved by the Parties.

14. The secretariat had not yet developed an overarching strategic plan to provide a framework which could guide organizational priorities, expected outcomes/results and enhance its accountability to the Parties. In April 2016, the Convention’s management team discussed various strategic priority areas for the post-Paris Agreement secretariat and also recognized the need to ensure that programme objectives reflected concrete, measurable results. However, the secretariat was yet to translate the priority areas into a strategic plan with a clear link to the vision, goals and expected results/outcome in the programme budget. Without such an overarching strategic plan and framework for the secretariat, individual programmes may not have a clear basis for operational decisions to ensure that the Parties’ expectations are appropriately channeled into operational plans, and accountability is appropriately assigned.

(1) The UNFCCC secretariat should develop an overarching strategic plan to provide a framework to guide its programmatic decisions and ensure accountability for its operations.

UNFCCC accepted recommendation 1 and stated that it will implement the recommendation as part of a four-year plan to improve its programme planning and budgeting, with incremental movement in this direction in the context of the preparation of the 2018-2019 and 2020-2021 biennial budgets. Recommendation 1 remains open pending receipt of an overarching strategic plan for the UNFCCC secretariat.

Need to issue guidelines on roles, responsibilities and reporting lines

15. In June 2016, the MDA programme adopted a new organizational structure and proceeded to provisionally implement it, pending completion of job classification review by the Human Resources Unit.

16. OIOS interviews with six team leaders of the MDA programme indicated the need for issuance of appropriate guidance to clarify the roles and responsibilities of the units and the reporting lines under the new organizational structure. Some team leaders stated that there should have been transitional arrangements to enable staff to complete tasks in their former teams. They also expressed the need for job descriptions to clarify reporting relationships. At the time of audit, the Human Resources Unit was yet to review the job descriptions in light of changes in staff functions.

17. The MDA Director stated that he held discussions with managers and team leaders to explain the changes in the organizational structure but agreed with the need to issue additional guidance.

18. Lack of clear guidance on the new matrix organizational structure could lead to confusion and ambiguity over roles, responsibilities, accountabilities and reporting relationships.

(2) The UNFCCC secretariat should ensure that guidelines are issued to all staff members clarifying roles, responsibilities, reporting lines and accountabilities under the new structure.

UNFCCC accepted recommendation 2 and stated that the MDA Programme is working with Human Resources towards completing the review exercise by end of 2016. MDA management will also communicate roles, responsibilities and reporting lines to MDA staff. Recommendation 2 remains open pending receipt of guidelines clarifying roles, responsibilities, reporting lines and accountabilities.

B. Programme and project management

Need to develop programme and project guidelines

19. A results-based management framework should integrate and strengthen the cycle of strategic planning, budgeting, monitoring, evaluation and lessons learnt into the secretariat's management system. To this end, programme and project guidelines incorporating results-based management principles should be in place to assist managers in ensuring that activities are undertaken efficiently and effectively to achieve the objectives of the organization.

20. MDA Sub-programmes prepared detailed annual work plans based on the approved programme budget of mandated activities. There were no secretariat-wide programme and project guidelines that staff could reference in planning, implementing, reporting, monitoring and evaluating programme/project activities. Sub-programme managers were responsible for monitoring the implementation of annual work plans and reporting the results to the Programme Director. For time-driven outputs such as technical analyses or reviews, each Sub-programme developed monitoring tools to ensure that necessary steps were completed within the established milestones and in time for the Parties' meetings or conferences. However, there were no secretariat-wide guidelines to ensure consistency and adoption of best practices. The lack of such guidelines posed a risk that tasks relating to programme implementation in UNFCCC may not be performed consistently across the secretariat to ensure efficiency, effectiveness and accountability.

(3) The UNFCCC secretariat should develop programme and project guidelines to facilitate efficient and effective implementation of activities and enhance accountability.

UNFCCC accepted recommendation 3 and stated that it will develop a fully modernized approach to programme and project guidelines by July 2018. Recommendation 3 remains open pending receipt of programme and project guidelines to facilitate implementation of programme/project activities and enhance accountability.

Need to implement a risk management framework for projects

21. UNFCCC had administrative guidelines in place for managing trust funds for supplementary activities which included a prescribed project proposal template. The MDA programme used the project proposal template for implementing its activities.

22. OIOS noted that the project proposal template did not include requirements to identify risks, including financial risks, and necessary mitigation plans to manage the projects. UNFCCC developed an organization-wide risk register in 2015 but was still in the process of developing its risk treatment plans including promoting risk-based planning at the programme and project level.

23. An effective risk management mechanism at the project level would strengthen the programme's ability to manage risks and achieve its strategic goals and objectives.

(4) The UNFCCC secretariat should develop and implement a risk management framework for projects and revise the project proposal template accordingly to ensure that risks are adequately addressed.

UNFCCC accepted recommendation 4 and stated that it will develop and implement a risk management framework for projects and revise the project proposal template by July 2018. Recommendation 4 remains open pending receipt of a risk management framework for projects and a revised project proposal template to ensure adequate management of risks.

Need for performance indicators to be specific and measurable

24. A good performance indicator needs to be specific, measurable, attainable, relevant, and time-bound (SMART). Baselines and targets against which progress can be measured over a period of time should be established.

25. The UNFCCC budget support guide for 2014-2015 states: "Performance indicators will measure whether and/or the extent to which expected results have been achieved as a result of the programme's intervention. Good indicators should be measurable, telling us the kind of data that need to be collected. Each performance indicator must be accompanied by related baseline data and target data, which should normally be formulated in numeric/quantifiable terms. Baseline data will be comprised of two segments, measurement data for the biennium 2010-2011 where available, and measurement data (estimated at time of submission) for the biennium 2012-2013. Target data will be comprised of measurement data as estimated for the period covered by the proposed 2014-2015 programme budget."

26. Twenty-four performance indicators were defined for the expected results stated in the 2014-15 programme of work for the UNFCCC core budget. Some of the performance indicators were as follows: (a) the number of forums supported; (b) the proportion of mandated outputs delivered and delivered on time for work on methodological and scientific matters; (c) the number of experts trained to provide

International Consultation and Analysis support; and (d) the number of mitigation actions and provision of support recorded in the registry. However, 69 per cent of the performance indicators in the core programme budget did not define the related baseline and target data to serve as benchmarks for assessing the achievement of expected results.

27. UNFCCC explained that the nature of operations performed related to activities determined by the Parties and therefore those activities needed to take place unless the Parties cancelled the events. The secretariat provided services to support mandated activities of the Parties which include arranging meetings, forums, workshops and preparation of reports that were discussed at the meetings of the Parties. OIOS is of the view that for output-based activities determined by the Parties, there is a need to specify the expected results. For example, performance indicators need to specify the minimum expected number of representatives and experts to assess whether the expectations were achieved.

28. On the other hand, the budget for supplementary activities endorsed by the Parties for voluntary contributions showed only the mandates, objectives and major activities with corresponding budget estimates. The outcomes, expected results and performance indicators related to the objectives and activities were not defined. Further, the project proposals prepared for each project funded by voluntary contributions did not define target outcomes or impact.

29. While the MDA programme maintained a portfolio of evidence for activities it implemented, there was a need for specificity in performance indicators. Without establishing expected results and specific performance indicators, it is difficult for the MDA programme to demonstrate that it achieved or exceeded the expected results.

(5) The UNFCCC secretariat should ensure that specific and measurable performance indicators are established for each expected result.

UNFCCC accepted recommendation 5 and stated that it will implement this recommendation as part of a project system modernization and in the context of the preparation of the 2018-2019 biennial budget. Recommendation 5 remains open pending receipt of evidence that specific, measurable performance indicators are established for each expected result in the biennial budget.

C. Coordinated management mechanisms

Measures were underway to improve collaboration across programmes and activities

30. The MDA programme participated in various coordination initiatives at UNFCCC. Until 2016, the main coordination mechanism for cross-programme collaboration of activities in UNFCCC was through the management team meetings and its sub-committees. The Intergovernmental Planning Committee and the respective coordinators for subsidiary bodies and ad-hoc committees ensured that required actions from programmes were in time for the intergovernmental process. Various teams were also established to address specific cross-programme tasks, such as preparation of the secretariat's reports.

31. For a number of cross-programme activities, coordination of work was informal, through emails or ad-hoc meetings, because there was no formal mechanism in place. In April 2016, the management team discussed a concept note with the planned strategic goal to have effective collaboration across programmes, work streams and bodies. The concept note presented a matrix which listed the main mandates of the outcome of the Paris Agreement and identified the lead and collaborating programmes to ensure effective visioning and delivery within the existing structural arrangements of the UNFCCC

secretariat. In view of the actions being taken by UNFCCC to enhance collaboration within the secretariat, OIOS did not make any recommendation.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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STATUS OF AUDIT RECOMMENDATIONS

Audit of the Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNFCCC secretariat should develop an overarching strategic plan to provide a framework to guide its programmatic decisions and ensure accountability for its operations.	Important	O	OIOS receipt of an adopted overarching strategic plan for the UNFCCC secretariat.	31 December 2020
2	The UNFCCC secretariat should ensure that guidelines are issued to all staff members clarifying roles, responsibilities, reporting lines and accountabilities under the new structure.	Important	O	Submission to OIOS of adopted guidelines clarifying roles, responsibilities, reporting lines and accountabilities.	30 April 2017
3	The UNFCCC secretariat should develop programme and project guidelines to facilitate efficient and effective implementation of activities and enhance accountability.	Important	O	OIOS receipt of adopted guidelines to facilitate implementation of programme/project activities and enhance accountability.	31 July 2018
4	The UNFCCC secretariat should develop and implement a risk management framework for projects and revise the project proposal template accordingly to ensure that risks are adequately addressed.	Important	O	Submission to OIOS of adopted risk management framework for projects and a revised project proposal template to ensure adequate management of risks.	31 July 2018
5	The UNFCCC secretariat should ensure that specific and measurable performance indicators are established for each expected result.	Important	O	Submission to OIOS of evidence that specific, measurable performance indicators established for each expected result in the biennial budget.	31 December 2020

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 UNFCCC in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNFCCC secretariat should develop an overarching strategic plan to provide a framework to guide its programmatic decisions and ensure accountability for its operations.	Important	yes	Deputy Executive Secretary	December 2020	UNFCCC will implement this recommendation as part of a four-year plan to improve its programme planning and budgeting, with incremental movement in this direction in the context of the preparation of the 2018-2019 biennial budget and the 2020-2021 biennial budget.
2	The UNFCCC secretariat should ensure that guidelines are issued to all staff members clarifying roles, responsibilities, reporting lines and accountabilities under the new structure.	Important	yes	Director, MDA Programme	1 April 2017	MDA Programme is working with HR towards completing the review exercise by end of 2016. MDA management will also communicate roles, responsibilities and reporting lines to MDA staff.
3	The UNFCCC secretariat should develop programme and project guidelines to facilitate efficient and effective implementation of activities and enhance accountability.	Important	yes	Director, Administrative Services Programme	July 2018	UNFCCC will develop a fully modernized approach to programme and project guidelines by July 2018.
4	The UNFCCC secretariat should develop and implement a risk management framework for projects and revise the project proposal template accordingly to ensure that risks are adequately addressed.	Important	yes	Director, Administrative Services Programme	July 2018	UNFCCC will develop and implement a risk management framework for projects and revise the project proposal template by July 2018.
5	The UNFCCC secretariat should ensure that specific and measurable performance indicators are established for each	Important	yes	Deputy Executive Secretary	December 2020	UNFCCC will implement this recommendation as part of a project system modernization and in 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 Mitigation, Data and Analysis Programme at the United Nations Framework Convention on Climate Change

Rec. no.	Recommendation	Critical¹/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	expected result.					context of the preparation of the 2018-2019 biennial budget.