



INTERNAL AUDIT DIVISION

REPORT 2023/063

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

**There is need to improve the documentation
of the sub-delegation structure and
strengthen monitoring and reporting of
performance indicators and exceptions**

**12 December 2023
Assignment No. AE2023-340-01**

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the delegation of authority framework at the United Nations Conference on Trade and Development (UNCTAD). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in implementing the delegation of authority framework at UNCTAD. The audit covered the period from 1 January 2021 to 30 June 2023 and included a review of risk areas relating to delegation of authority including: (a) the sub-delegation structure; (b) reporting and monitoring; and (c) service providers.

The audit showed that there was a need to improve the documentation of the sub-delegation structure and strengthen monitoring and reporting of performance indicators and exceptions.

OIOS made three recommendations. To address the issues identified in the audit, UNCTAD needed to:

- Clearly document its sub-delegation structure, communicate it to all concerned, and ensure that the actions delegated to staff are clearly specified in the delegation of authority portal;
- Clearly define its approach to monitoring the 16 key performance indicators and ensure that management-level staff have access to the reports in the Business Transformation and Accountability Division's dashboard, and that all underperforming indicators are effectively monitored; and
- Strengthen its monitoring of human resources exceptions to ensure that they are reported to the Business Transformation and Accountability Division in a timely manner.

UNCTAD accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the delegation of authority framework at the United Nations Conference on Trade and Development (UNCTAD).

2. UNCTAD is the principal organ of the United Nations General Assembly dealing with trade, investment, and development issues. Its work is focused on three pillars that complement each other, namely: (a) intergovernmental machinery and consensus-building; (b) research and analysis; and (c) technical cooperation. UNCTAD is headed by a Secretary-General who is supported by a Deputy Secretary-General and 406 staff. UNCTAD’s expenditure for 2021 and 2022 was \$114.8 million and \$115.8 million, respectively.

3. On 1 January 2019, the United Nations Secretary-General introduced a new framework for delegating increased authority directly to heads of entities, as outlined in ST/SGB/2019/2. The framework is a key pillar of the Secretary-General’s management reforms and aims at further decentralizing decision-making, aligning authority with responsibilities, and strengthening accountabilities. The Department of Management Strategy, Policy and Compliance (DMSPC) has the overarching role of monitoring the use of delegated authority through key performance indicators (KPIs), while the Department of Operational Support (DOS) has the role of advising, guiding, training and supporting entities on implementation of the framework.

4. The United Nations Secretary-General delegated to the UNCTAD Secretary-General the authority for 79 actions relating to various aspects of the Staff Regulations and Rules and Financial Regulations and Rules in line with ST/SGB/2019/2. The UNCTAD Secretary-General retained 23 of the delegated actions and sub-delegated the rest to the Chief, Programme Support and Management Service, who in turn sub-delegated to other officials along functional and reporting lines. There were 39 delegated actions that were not exercised by UNCTAD because they pertained to roles that were being performed by the United Nations Office at Geneva (UNOG) on behalf of UNCTAD as its administrative service provider.

Table 1: Distribution of the 79 actions delegated to the UNCTAD Secretary-General

Functional area	Delegated actions			
	Total	Retained by UNCTAD Secretary-General	Delegated to other UNCTAD officials	Exercised by UNOG
Budget and finance	15	4	6	5
Human resources	53	18	11	24
Procurement	7	1	0	6
Property management	4	0	0	4
Total	79	23	17	39

5. Comments provided by UNCTAD 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 in implementing the delegation of authority framework at UNCTAD.

7. This audit was included in the 2023 internal audit work plan for UNCTAD due to risk that potential weaknesses in implementing the delegation of authority framework could affect the achievement of its business objectives.

8. OIOS conducted this audit from May to October 2023. The audit covered the period from 1 January 2021 to 30 June 2023. The audit included a review of risk areas relating to delegation of authority including: (a) the sub-delegation structure; (b) reporting and monitoring; and (c) service providers.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing. Systemic issues identified during the audit will be referred for further assessment and consideration at Headquarters, as they may support Organization-wide changes.

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Sub-delegation structure

Need to clearly document and communicate the sub-delegation structure

11. UNCTAD documented its sub-delegation structure in an Information Note of March 2019 which briefly explained the delegation of authority framework and the sub-delegation structure it had adopted. The Information Note clearly outlined the actions that should be sub-delegated to the Chiefs of Programme Support and Management Service, the Human Resources Management Section (HRMS), and the Budget and Finance Section. As required, UNCTAD delegated authority to its staff using the delegation of authority portal. The delegates received an automated notification from the portal specifying their delegated authority. As of September 2023, there were 15 UNCTAD staff with delegated authority.

12. However, in four cases, the totality of information in the delegator's comments box of the portal and documents attached in the portal did not clearly specify the delegated authority as required by DOS guidelines. This included: (i) one case of human resources authority delegation where the details in the delegator's comments box were too general, and the only attachment was the standard delegation of authority instrument for human resources; and (ii) three cases relating to certifying officers where the comments in the delegator's comments box were also general and the only attachment was an email indicating that additional budget and finance authority was needed for the roles the three staff had in Umoja.

13. Further, the Information Note did not indicate which of the delegated actions could be further sub-delegated and to whom, as recommended in the template in the DOS guidelines. Given that the Information Note is the only place where the approved sub-delegation structure is documented, it is essential that it clearly indicates actions that can be sub-delegated further at each level. In addition, the Information Note was not attached in the online portal for most of the staff. It was also not evident that it had been disseminated through other means. OIOS is of the view that the sub-delegation structure is an important part of the accountability framework and should, at a minimum, be communicated to UNCTAD senior management as well as staff with delegated authority.

(1) UNCTAD should: (a) clearly document its sub-delegation structure and communicate it to all concerned; and (b) ensure that the actions delegated to staff are clearly specified in the delegation of authority portal.

UNCTAD accepted recommendation 1 and stated that it will: (a) develop a visual to clearly illustrate and document the delegation structure of the organization which will be circulated to all concerned and made available on its intranet page; and (b) align the presentation of the delegations on the portal and provide more details for staff, as necessary.

Portal administration roles were properly performed, and training requirements were complied with

14. UNCTAD designated two staff as administrators for the delegation of authority portal. They made changes to the portal and reported to the UNCTAD Secretary-General the delegated authorities recorded in the portal. Revocation of delegation of authority was done within 30 days of staff separation or change in staff roles, as required. Only one exception was noted where revocation was done after two months. The staff with delegated authority had undertaken the required training relating to their role. Interviews with staff showed that they understood the authorities sub-delegated to them. OIOS also verified that staff who had roles in Umoja had the required delegated authority.

B. Reporting and monitoring

Need to improve the arrangements for monitoring of reports

15. The Business Transformation and Accountability Division (BTAD) of DMSPC monitors the use of delegated authority using 16 KPIs (see Table 2 below) to ensure that the delegates are complying with the applicable policy framework and internal controls. BTAD had developed a dashboard to provide results against each KPI through charts and graphs as well as detailed reports. As of the third quarter of 2023, UNCTAD was underperforming (i.e., not meeting the established targets) in 6 of the 16 KPIs. UNCTAD also had its own internal dashboard with 13 KPIs which included 6 KPIs monitored by BTAD and 7 UNCTAD-specific internal KPIs.

Table 2: Analysis of KPIs monitored by BTAD

Functional area	KPI	KPI in the UNCTAD Dashboard	KPI Underperforming
Human resources	1. Equitable geographical representation	Yes	No
	2. Gender parity	Yes	Yes
	3. Recruitment process	No	Yes
	4. Mandatory learning	Yes	Yes
	5. Timely reporting of HR exceptions	No	No
Budget and finance	6. Cost recovery sustainability	No	No
	7. Timely payment for goods and services	No	Yes
	8. Expenditure against appropriations	Yes	Yes
	9. Voluntary contribution management	Yes	No
	10. Advance travel purchase	Yes	Yes
Property management	11. Prevention of loss of property	No	No
	12. Property management mandatory training	No	No
	13. Write-off and disposal of property	No	No
Procurement	14. Exceptions to formal solicitation	No	No
	15. Procurement approvers with delegation	No	No
	16. Standalone purchases	No	No targets

16. Some managers (Directors and Chiefs) did not have access to the BTAD dashboard and reports because UNCTAD had limited such access to staff who had delegated authority. Given that 10 of the 16 indicators are not in the UNCTAD dashboard, it would be useful for all managers to have access to the BTAD dashboard and reports for information and monitoring purposes.

17. UNCTAD issued monthly reports on the performance against the 13 KPIs in its internal dashboard and held management meetings at regular intervals to discuss the performance. Four of the underperforming KPIs were in the internal dashboard and were therefore monitored through the monthly reports. However, the other two underperforming KPIs (timeliness of payments, and the recruitment process) were not in the internal dashboard and were therefore not covered in the monthly reports. UNCTAD monitored the two areas through other mechanisms but it was not evident that the KPIs and reports in the BTAD dashboard were regularly reviewed, as explained below:

(a) UNCTAD monitored the timeliness of payments through monthly reports provided by UNOG. UNCTAD considered the monthly review of UNOG reports to be satisfactory and did not review the reports in the BTAD dashboard relating to timely payment of goods and services. The reports in the BTAD dashboard had data on certification timelines and payment processing timelines which could help UNCTAD to assess reasons why it was not achieving the KPI targets and take remedial action.

(b) With regard to the KPI on recruitment process, UNCTAD had taken various actions aimed at improving recruitment timelines, including actions recommended by the Board of Auditors. The quarterly BTAD reports provided data on cases where the KPI target was not met. Review of these reports would help UNCTAD to discern trends in the KPI and assess the extent to which the efforts made to improve timeliness in recruitment were successful.

18. The observations noted above show the need for UNCTAD to clearly define its approach to monitoring the 16 KPIs, taking into account other monitoring practices already in place at the operational level. The approach could address issues such as how frequently it needs to review the data for each KPI, who would perform the reviews, who should have access to the BTAD dashboard, and mechanisms through which the results would be reported or discussed.

19. Some of the KPIs on property management and procurement were not relevant to UNCTAD because they related to actions performed by UNOG on its behalf. Also, since physical verification of assets is done annually, it may be more efficient to monitor the property management KPIs annually rather than quarterly. Since these are systemic issues that need to be addressed by BTAD, OIOS will review and assess them further at Headquarters.

(2) UNCTAD should clearly define its approach to monitoring the 16 key performance indicators and ensure that: (a) management-level staff have access to the reports in the Business Transformation and Accountability Division's dashboard; and (b) all underperforming indicators are effectively monitored.

UNCTAD accepted recommendation 2 and stated that it will continue its efforts of synchronizing and aligning its internal dashboard and the BTAD dashboard, so it can fully benefit from both. An access link to the BTAD dashboard will be incorporated into the UNCTAD internal dashboard and placed on the front page. At the same time it will ensure that access to the BTAD dashboard is provided for all UNCTAD internal dashboard users. UNCTAD will also ensure that all KPIs in the BTAD dashboard are included and monitored in its internal dashboard, which already contains 13 KPIs and goes way beyond the BTAD dashboard in its granularity and scope.

Need to improve the monitoring of human resources exceptions

20. ST/SGB/2019/2 and the delegation instrument on human resources require all exceptions to be fully documented, including the reasons thereof, and to be reported in the exception log within four business days of the decision. BTAD monitors the reported exceptions for compliance with established guidelines.

21. Out of 64 exceptions to human resources administrative instructions that UNCTAD approved in 2020-2023, as many as 24 were reported late, with delays ranging between 5 and 305 days from the date of the decision instead of four days as required. Delays in reporting the exceptions could affect the effectiveness of the monitoring done by BTAD.

22. Additionally, two exceptions were beyond the scope of authority delegated to the UNCTAD Secretary-General. They involved two consultants, one whose earnings limit had been exceeded by \$3,000 and another whose contract exceeded the maximum time allowed of 24 months by 11 days. As there was no evidence that these exceptions were systemic, OIOS did not make a recommendation on this aspect.

(3) UNCTAD should strengthen its monitoring of human resources exceptions to ensure that they are reported to the Business Transformation and Accountability Division in a timely manner.

UNCTAD accepted recommendation 3 and stated that reporting exceptions in a timely manner remains a priority and it will be taking additional measures to improve their logging speed into the portal by assigning to the monitoring and reporting process, two more additional persons from HRMS. In addition, to enhance the monitoring, the Chief HRMS will review the quarterly BTAD reports and analyze all exceptions in respect of their timely recording in the exception log. Periodic lessons learned sessions within the HRMS team will be scheduled to avoid any delays.

C. Service providers

Service provider arrangements were satisfactory

23. UNCTAD had clearly documented the delegated actions that were exercised by UNOG on its behalf. The Memorandum of Understanding between UNCTAD and UNOG also described in detail the respective duties and responsibilities of both parties, and KPIs to be used as benchmarks for the services rendered. UNOG had also established feedback mechanisms such as client satisfaction surveys and client board meetings. There were several cases where contracts from other United Nations entities were used in accordance with the mutual recognition principle that allowed the use of system contracts of other United Nations entities for meeting UNCTAD's needs. UNCTAD was of the view that the use of system contracts under mutual recognition principles would be clearer and more efficient if there were local standard operating procedures. OIOS referred this issue to UNOG for consultation with UNCTAD through the established client engagement mechanisms.

IV. ACKNOWLEDGEMENT

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

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNCTAD should: (a) clearly document its sub-delegation structure and communicate it to all concerned; and (b) ensure that the actions delegated to staff are clearly specified in the delegation of authority portal.	Important	O	Receipt of evidence that the sub-delegation structure has been clearly documented and communicated to all concerned, and actions delegated to staff are clearly specified in the delegation of authority portal.	31 March 2024
2	UNCTAD should clearly define its approach to monitoring the 16 key performance indicators and ensure that: (a) management-level staff have access to the reports in the Business Transformation and Accountability Division's dashboard; and (b) all underperforming indicators are effectively monitored.	Important	O	Receipt of evidence that UNCTAD has defined its approach for monitoring the 16 KPIs; and that management-level staff have access to the reports in the BTAD dashboard.	31 December 2024
3	UNCTAD should strengthen its monitoring of human resources exceptions to ensure that they are reported to the Business Transformation and Accountability Division in a timely manner.	Important	O	Receipt of evidence of action taken to strengthen monitoring of human resources exceptions to ensure they are reported in a timely manner.	31 March 2024

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNCTAD in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNCTAD should: (a) clearly document its sub-delegation structure and communicate it to all concerned; and (b) ensure that the actions delegated to staff are clearly specified in the delegation of authority portal.	Important	Yes	Director, Programme Support and Management Service Designated Focal Point for delegation authority	By 31 March 2024 By 31 March 2024	(a) UNCTAD will develop a visual to clearly illustrate and document the delegation structure of the organization which will be circulated to all concerned and in addition, made available on the intranet page of the organization. (b) UNCTAD will align the presentation of the delegations on the portal and will provide more details for staff, as necessary.
2	UNCTAD should clearly define its approach to monitoring the 16 key performance indicators and ensure that: (a) management-level staff have access to the reports in the Business Transformation and Accountability Division's dashboard; and (b) all underperforming indicators are effectively monitored.	Important	Yes	Director, Programme Support and Management Service Lead, Programme Planning, Data Analytics	By 31 December 2024	UNCTAD will continue its efforts of synchronizing and aligning its internal Management Dashboard and the BTAD Management Dashboard, so the organization can fully benefit from both. In this context, an access link to the BTAD Management Dashboard will be incorporated into the UNCTAD Management Dashboard and placed on the front page. At the same time, UNCTAD will ensure that access to

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				and Reporting		<p>BTAD Management Dashboard is ensured to all UNCTAD Management Dashboard users.</p> <p>UNCTAD will also ensure that all BTAD Management Dashboard KPIs are included and monitored by the UNCTAD Management Dashboard, while already contains 13 KPIs and goes way beyond the BTAD Dashboard in its granularity and scope.</p>
3	UNCTAD should strengthen its monitoring of human resources exceptions to ensure that they are reported to the Business Transformation and Accountability Division in a timely manner.	Important	Yes	Chief, Human Resources Management Section	<p>By 31 March 2024</p> <p>Done – two additional staff have been assigned and granted access to BTAD reporting portal.</p> <p>By 31 March 2024</p>	<p>UNCTAD is well aware of its delegated authority and consistently adheres to its framework and to the guidelines issued by BTAD for recording exceptions.</p> <p>Reporting exceptions in a timely manner remains a priority and UNCTAD will be taking additional measures to improve their logging speed into the portal by assigning to the monitoring and reporting process two more additional persons from the Human Resources Management Section.</p> <p>In addition, to enhance the monitoring, the Chief of HRMS will review the quarterly BTAD reports</p>

Management Response

Audit of the delegation of authority framework at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						and analyze all exceptions in respect of their timely recording in the Exception Log. Periodic lessons learned sessions within the HRMS team will be scheduled to avoid any delays.