INTERNAL AUDIT DIVISION

REPORT 2018/140

Audit of the United Nations Office for Disaster Risk Reduction

The Office established key foundational elements for supporting the implementation of the Sendai Framework but needed to strengthen its governance arrangements and periodically evaluate key programmes

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Audit of the United Nations Office for Disaster Risk Reduction

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office for Disaster Risk Reduction (UNISDR). The objective of the audit was to assess whether UNISDR governance, risk management and control processes were efficient and effective to achieve its strategic objectives in compliance with relevant administrative issuances. The audit covered the period from January 2017 to August 2018 and included: (a) coordination of the implementation of the Sendai Framework for Disaster Risk Reduction with United Nations organizations and external stakeholders; (b) programme planning, implementation and monitoring; and (c) management of UNISDR resources, including financial and human resources.

UNISDR established key foundational elements for supporting the implementation of the Sendai Framework, including developing a six-year strategic framework and a four-year work programme. It also established processes to ensure achievement of its strategic objectives, including a mechanism for monitoring results, a resource mobilization strategy, a comprehensive capacity development strategy, a draft partnership strategy and an action plan to reduce vacancies and increase compliance rates for mandatory training. However, UNISDR needed to strengthen its governance arrangements and periodically evaluate key programmes.

OIOS made eight recommendations. To address issues identified in the audit, UNISDR needed to:

- Develop an action plan to conduct periodic evaluations of its key programmes;
- Clarify the process for prioritizing engagement with stakeholders that ensures coherence between headquarters and regional offices and maps current partnerships across its priority areas;
- Develop standard templates for documenting the governance arrangements for its partnerships that cover the minimum key clauses;
- Conduct a fraud risk assessment and communicate significant risks on its risk register through the Secretary-General's report to the General Assembly on the implementation of the Sendai Framework;
- Include all key project activities related to flagship reports and events in its 2019 and subsequent cost plans;
- Streamline the reporting of results in its annual report to improve clarity on the achievement of annual key performance targets;
- Work in collaboration with the Department of Management, Executive Office of the Secretary-General and other relevant departments to establish a compact between the Secretary-General and the Special Representative of the Secretary-General for Disaster Risk Reduction, as well as document UNISDR's mandate, functions and organization in a Secretary-General's bulletin; and
- Finalize key guidance notes to enhance effective management of the related processes.

UNISDR accepted the recommendations, implemented one of them and initiated action to implement the others.

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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.   UNISDR's mandate is to serve as the focal point in the United Nations system for disaster risk reduction, and to support Member States and all of society in the implementation, monitoring and review of progress on the Sendai Framework. The United Nations General Assembly endorsed the Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework) through its resolution 69/283 as a successor to the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters (Hyogo Framework), shifting focus from managing disasters to managing disaster risks. The Sendai Framework set four priorities for action on disaster risk reduction, namely:

   a.   Understanding disaster risk;
   b.   Strengthening disaster risk governance;
   c.   Investing in disaster risk reduction for resilience; and
   d.   Enhancing disaster preparedness for effective response and to "Build Back Better" in recovery, rehabilitation and reconstruction.

3.   While Member States have the primary responsibility to prevent and reduce disaster risk, the Sendai Framework encourages engagement and partnership with all of society, including the science and technology community, civil society and the private sector. According to paragraph 48(c) of the Sendai Framework, UNISDR is expected to support the implementation of the Framework through the following, among other tasks:

   a.   Preparing periodic reviews on progress;
   b.   Supporting the development of indicators to monitor progress on the implementation of the Sendai Framework;
   c.   Generating practical guidance for implementation of the Framework in close collaboration with Member States and experts;
   d.   Reinforcing a culture of prevention among relevant stakeholders through advocacy and other initiatives;
   e.   Supporting countries in their development of national plans and monitoring trends and patterns in disaster risk, loss and impacts;
   f.   Convening the Global Platform for Disaster Risk Reduction; and
   g.   Supporting the organization of Regional Platforms for Disaster Risk Reduction.

4.   Following adoption of the Sendai Framework, UNISDR developed a new strategic framework (2016-2021) and work programme (2016-2019). The strategic framework is focused on building the key foundational elements necessary to achieve Sendai Framework targets. UNISDR also underwent significant reorganization from 2016 to 2018 to better position itself to deliver on its strategic objectives. It is currently organized around three core functions, which are aligned with its three strategic objectives, namely: (a) supporting and monitoring Sendai Framework implementation; (b) supporting intergovernmental processes, interagency cooperation and partnerships; and (c) supporting regional, national and local implementation and monitoring. The support organizational units consist of: (a) the Resources Planning and Management Section (RPMS), which is responsible for strategic planning and monitoring as well as management of human resources, finance and budget; (b) Resource Mobilization Section; and (c) Communication, Advocacy and Knowledge Management Section.

5.   During the 2016-2017 biennium, UNISDR received total revenues of $67.0 million, including $65.1 million in voluntary contributions, and expended $53.3 million, against a budget of $65.8 million. As of 31 December 2017, UNISDR reported an accumulated surplus of $32.8 million.

6.   Comments provided by UNISDR are incorporated in italics.

II.   AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7.   The objective of the audit was to assess whether UNISDR governance, risk management and control processes were efficient and effective to achieve its strategic objectives in compliance with relevant administrative issuances.

8.   This audit was included in the 2018 risk-based work plan of OIOS due to the risk that inadequate coordination and support to Member States and other key stakeholders may threaten the overall success of the Sendai Framework, resulting in failure to stem human and economic losses from disasters.

9.   OIOS conducted this audit in September and October 2018. The audit covered the period from January 2017 to August 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in UNISDR, which included: (a) coordination of the implementation of the Sendai Framework for Disaster Risk Reduction with United Nations organizations and external stakeholders; (b) programme planning, implementation and monitoring; and (c) management of UNISDR resources, including financial and human resources.

10.   The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, (c) analytical reviews of data, and (d) sample testing of control activities.

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

III.   AUDIT RESULTS

A.   Coordination of the implementation of the Sendai Framework for Disaster Risk Reduction

UNISDR established the foundational elements for strengthening disaster risk governance

12.   Effective and efficient governance mechanisms are required to serve as a solid platform for meeting the priorities of the Sendai Framework. To fulfil its role as outlined under paragraph 48(c) of the Sendai Framework and described in paragraph 3 of this report, UNISDR supported Member States, regional organizations, the United Nations system and other stakeholders in strengthening disaster risk governance and operational mechanisms. The governance mechanisms that UNISDR supported in fulfilling its role are described below.

    a.   Stakeholder platforms

13.   Biennially, UNISDR convenes the Global Platform for Disaster Risk Reduction. Member States, United Nations organizations and other non-United Nations stakeholders participate in the Global Platform to strengthen partnerships, share knowledge and best practices on disaster risk reduction and to assess progress towards the implementation of the Sendai Framework. The first such event was held in Mexico in

2017. After the event UNISDR conducted after-action reviews incorporating feedback from various stakeholders, with lessons learned being considered in the preparations for the Global Platform 2019. In the lead-up to the Global Platform 2019, UNISDR also organized Regional Platforms in collaboration with regional geo-political organizations such as the African Union (AU), European Union and the League of Arab States.

14.   UNISDR's regional offices also worked with these organizations to establish governance structures to coordinate implementation of the respective regional strategies/action plans for disaster risk reduction. In Africa, for example, UNISDR co-chaired the Africa Working Group for Disaster Risk Reduction (AWGDRR) that was established by the AU to coordinate implementation of the Africa Regional Strategy for Disaster Risk Reduction and its Programme of Action. In addition, a liaison officer from UNISDR was embedded in the Economic Commission for Africa to work with the AU, and four technical advisors were embedded in Africa's regional economic communities, such as the Southern African Development Community, to work with the respective organizations' disaster risk reduction focal points.

    b.   United Nations Plan of Action

15.   In 2016, the United Nations Chief Executive Board endorsed the "United Nations Plan of Action on Disaster Risk Reduction for Resilience: Towards a Risk Informed and Integrated Approach to Sustainable Development" (UN Plan of Action). Its implementation is overseen by the Senior Leadership Group (SLG), which is chaired by the Assistant Secretary-General/SRSG for Disaster Risk Reduction and composed of senior leaders at the Assistant Secretary-General level of the United Nations organizations that have subscribed to the Plan. SLG met for the first time in April 2016 and has worked actively to ensure that activities related to disaster risk reduction are conducted in coherence with other relevant intergovernmental frameworks and related processes, such as the Sustainable Development Goals and the Paris Agreement on climate change. The Disaster Risk Reduction Focal Points Group, which is chaired by the UNISDR Chief of the Support to Intergovernmental Processes, Interagency Cooperation and Partnerships Branch, supports the SLG. Its members are technical representatives of participating United Nations organizations. As of the audit date, the Focal Points Group was finalizing key documentation, such as its terms of reference (TORs) and work plan.

16.   At the regional level, the implementation of the UN Plan of Action is coordinated through regional groupings of the United Nations Development Group (UNDG). As of the audit date, the United Nations Development system was undergoing reforms that will see changes to its reporting lines, funding and operating model. It is important that UNISDR remains fully engaged in the reform conversations to ensure that any resultant risks are identified, assessed and responded to in a timely manner.

    c.   Knowledge management and other advocacy platforms

17.   With support from UNISDR, the Open-ended Intergovernmental Expert Working Group on Indicators and Terminology Relating to Disaster Risk Reduction updated definitions of key terms and developed specific indicators that are used to monitor progress of the implementation of the Sendai Framework through the Sendai Framework Monitor system, which went live in March 2018. The revised terminology is also accessible through the preventionweb.net website. UNISDR was also in the process of procuring a vendor to migrate the rest of its online ecosystem, including its external websites and intranet, to the Drupal platform.

18.   The Global Assessment Report (GAR) has been the flagship biennial report prepared by the Office that has fed into Global Platforms since 2009. UNISDR commissioned an evaluation of this report in 2016 in readiness for the transition from the Hyogo Framework to the Sendai Framework. The next GAR, incorporating lessons learned from the evaluation, is expected to be completed in March 2019 and launched

at the Global Platform in May 2019. Support for the project to prepare the GAR was provided by a 27-member GAR Advisory Board.

19.   Furthermore, as part of the process to build risk knowledge and risk management tools, UNISDR ventured into a long-term project to develop the Global Risk Assessment Framework (GRAF) through an iterative process that will last until 2029. Project oversight will be provided by a GRAF Expert Group. UNISDR had therefore made reasonable progress to update its flagship report as well as its advocacy and communication platforms.

d. Evaluation plan

20.   As part of the transition from the Hyogo Framework to the Sendai Framework, UNISDR reengineered its structure, processes and governance mechanisms. However, it had not developed a plan for periodic evaluation of its substantive activities. Updates to the evaluation policy were delayed due to the ongoing recruitment processes to fill key posts within RPMS. In addition to the proposed updated evaluation policy, UNISDR should also develop an action plan for periodic evaluations of its key programmes. The plan should be developed in consultation with oversight bodies to prevent duplication of effort. Such evaluations will be important to ensure that UNISDR obtains timely assurance on the efficiency and effectiveness of the various strategies, governance mechanisms and policies it has either developed or updated since the adoption of the Sendai Framework.

> **(1) UNISDR should develop an action plan to conduct periodic evaluations of its key programmes.**
>
> *UNISDR accepted recommendation 1 and stated that it would develop an action plan to conduct periodic evaluations that are focused and topic specific.* Recommendation 1 remains open pending receipt of the action plan.

UNISDR needed to clarify the criteria for prioritization of partnerships and engagement

21.   Promoting and enabling an inclusive approach to disaster risk reduction is a key element of the "all of society" approach advanced by the Sendai Framework. UNISDR is therefore expected to take a leading role in engaging with governmental, United Nations system and other stakeholders.

22.   During the audit period, UNISDR engaged with a broad set of stakeholders through self-managed mechanisms to advocate for and influence implementation of disaster risk reduction strategies at the global, national and local levels. Formal partnerships were developed with a subset of the stakeholder community to focus on delivery of concrete results and/or products. These formal partnerships, such as the Global Science and Technology Advisory Group (STAG), had a more direct influence on the decisions and actions of UNISDR than the broader engagement arrangements such as the Science and Technology Partnership. However, there was no complete register of stakeholders that UNISDR was actively engaged with, showing the nature and extent of engagement. Such a register would facilitate preparation of reports to the Senior Management Team (SMT) giving an overview of the overall status of partnerships and engagements covering headquarters and field offices.

23.   UNISDR developed a partnership strategy that sets out its vision for engaging stakeholders that have an interest in advancing the disaster risk reduction agenda. The strategy, which was finalised in November 2018, outlined the modalities for partnerships and stakeholder engagement. However, the partnership strategy did not have a clear implementation plan with clear milestones and deliverables to ensure successful implementation. It also did not indicate how stakeholder engagement, including requests for support from stakeholders, will be prioritized to channel investments into groups that will provide the

best outcomes within resource constraints. As a result, there was a risk of lack of coherence, coordination and ineffective use of resources as the Office acts in a reactive manner to stakeholder demands rather than proactively managing its engagements.

24. Also, the draft partnership strategy and partnership TORs did not outline the approaches for measuring/evaluating the effectiveness of partnerships, to facilitate regular reviews and recalibration to achieve the desired level of maturity in line with the strategic framework and partnership strategy. The TORs were not prepared in consistent formats covering specific topics. For example, Global STAG covered the subject of funding for its activities, while the European STAG did not. None of the TORs specifically addressed stakeholders' responsibilities to comply with relevant United Nations Regulations and Rules, including ethical conduct.

25. Key documents related to partnerships were still under development as of audit date in part because the Partnerships Branch and the related regional architecture were not fully staffed for parts of the period under audit. The Partnerships Branch was created as a result of the change process initiated in 2016, which also strengthened UNISDR's regional offices.

> **(2) UNISDR should clarify the process for prioritizing engagement with stakeholders that ensures coherence between headquarters and regional offices and maps current partnerships across its priority areas to enable review by the Senior Management Team.**
>
> *UNISDR accepted recommendation 2.* Recommendation 2 remains open pending receipt of the complete mapping of partnerships and clarification of the prioritization process to engage with stakeholders.
>
> **(3) UNISDR should develop standard templates for documenting the governance arrangements for its partnerships that cover the minimum key clauses.**
>
> *UNISDR accepted recommendation 3.* Recommendation 3 remains open pending receipt of updated TORs that cover the minimum key clauses.

B. Programme planning, implementation and monitoring

UNISDR needed to conduct a fraud risk assessment

26. Following the General Assembly resolution 64/259 that stressed the importance of promoting a culture of enterprise risk management (ERM), among other activities, the Department of Management developed an ERM and Internal Control policy and methodology to improve the Organization's governance and risk management practices. Consequently, UNISDR included strengthening ERM "to effectively anticipate and mitigate the risks on work programme delivery" as one of its key deliverables under "Enabler 2: Strengthened organizational performance" in its 2016-2019 work programme, and finalized its risk register in November 2018. UNISDR is also expected to undertake systematic fraud risk assessments in accordance with the anti-fraud and anti-corruption framework of the United Nations Secretariat (ST/IC/2016/25). This work had not yet begun.

> **(4) UNISDR should: (a) conduct a fraud risk assessment in accordance with the requirements of the United Nations anti-fraud and anti-corruption framework; and (b) communicate significant risks on its risk register and how they are being managed through the Secretary-General's report to the General Assembly on the implementation of the Sendai Framework.**

> *UNISDR accepted recommendation 4 and stated that the Office would undertake a fraud risk assessment, and any significant risks identified would be reported through the Secretary-General's report to the General Assembly on the implementation of the Sendai Framework.* Recommendation 4 remains open pending receipt of the fraud risk register and the next Secretary-General's report to the General Assembly on the implementation of the Sendai Framework that includes significant risks.

While the strategic planning processes were adequate, UNISDR needed to strengthen its cost planning process

27.   UNISDR's internal strategic framework 2016-2021 was developed after the adoption of the Sendai Framework in 2015, but before the change management process. UNISDR developed a costed work programme and related results framework for the period 2016-2019. In addition, UNISDR is required to submit an annual cost plan for review by the Chief of the United Nations Office at Geneva's (UNOG) Financial Resources Management Services.

28.   The Planning and Monitoring Unit, Finance and Budget Unit and Chief of RPMS reviewed draft work plans prepared by each branch, section or office for the biennium 2018-2019. The work plans included a description of activities, the responsible sections, and focal points. Details of the work plans were consolidated into one final work plan, which was reviewed against the results framework to ensure that all strategic objectives, deliverables and targets were covered and addressed by the proposed activities. In addition, total resource requirements were reviewed to ensure that they were in alignment with expectations of the SMT. The final work plan was approved by the SMT.

29.   The cost plan for 2018 amounted to $29.5 million. Upon review, OIOS noted that some key project activities had not been included in the approved cost plan. These activities were however tracked by UNISDR as unfunded activities that amounted to $10 million. For example, while a project plan that included resource requirements for the Global Platform 2019 was developed, key elements such as the cost of the venue and some staff that needed to be incurred in 2018 were not included in UNISDR's official 2018 cost plan. This, based on discussions with UNISDR, was because negotiations with the host country were still ongoing, therefore the activities were not yet funded. UNISDR had however developed a resource mobilization action plan to address the funding gap. The exclusion of key activities from the cost plan could lead to an inaccurate and incomplete presentation of the Office's requirements, which could have a negative impact on the achievement of its strategic objectives and weaken the quality of the review by the UNOG Chief of Financial Resources Management Services.

> **(5) UNISDR should include all key project activities related to flagship reports and events in its 2019 and subsequent cost plans.**
>
> *UNISDR accepted recommendation 5 and provided evidence of its implementation.* Based on the action taken by the Office, recommendation 5 has been closed.

Implementation and monitoring of the strategic plan was adequate, but reporting of results needed to be streamlined

30.   The results framework provides a basis for monitoring progress against the deliverables and results included in the strategic plan through a set of specific, measurable, achievable and time-bound indicators with respective baselines and targets.

31.   The SMT, extended SMT, and Project Management Oversight Committee (PMOC) monitor UNISDR activities. The SMT is the primary platform for internal coordination to ensure efficient and effective support to Member States and stakeholders in accordance with the UNISDR strategic framework. It comprises the SRSG for Disaster Risk Reduction, the UNISDR Director and all D-1 and P-5 heads of branch/section/office who report to the Director, including the heads of regional offices. Since April 2017, SMT meetings have been held monthly. The PMOC is an oversight body that ensures that UNISDR projects are aligned programmatically with the strategic framework and work programme and are delivered effectively and timely within the available resources. Its TORs were being updated.

32.   On a quarterly basis, RPMS collects information on work programme implementation from all branches and summarizes it for SMT review. The SMT reprioritizes activities and projects based on available funds and other considerations. Progress against output indicators is also reported as an annex to the annual report. RPMS also prepares monthly implementation reports on the status of expenditures for the regular budget funds.

33.   UNISDR's work programme for 2016-2019 included 10 results and 20 deliverables against its strategic objectives, as well as 5 results and 10 deliverables against its programme support objectives. OIOS reviewed the progress reports against output indicators for the biennium 2016-2017 (Annex 1 of the 2017 annual report) and the mid-year report as of August 2018 and noted that UNISDR had further broken down the output indicators into 66 targets for the strategic objectives and 35 for the programme support objectives. However, the actual reporting included significant narratives that at times did not give a clear picture of progress against the target but resulted in a 23-page Annex 1 to the 64-page 2017 annual report. Some of the details in the annex had already been included in the main body of the report. Streamlining the reporting of results is therefore necessary to improve its clarity.

34.   As part of the results-based budgeting, UNSIDR also monitored 46 performance indicators on the Integrated Management and Document Information System, which were largely aligned with the UNISDR results framework noted above. Nine of the indicators were under the responsibility of the United Nations Development Programme. UNISDR met 33 out of the 37 performance targets that were under its responsibility.

> **(6) UNISDR should streamline the reporting of results in its annual report to improve clarity on the achievement of annual key performance targets.**
>
> *UNISDR accepted recommendation 6 and stated that the issue would be addressed during the development of the 2020-2021 Results Framework and subsequent annual reporting on deliverables.* Recommendation 6 remains open pending receipt of the streamlined results framework.

C.   Management of UNISDR resources

UNISDR needed to formalize accountability mechanisms of its SRSG

35.   The 2015 Secretary-General's bulletin on the organization of the Secretariat of the United Nations identified UNISDR as a major organizational unit of the Secretariat, headed by an official accountable to the Secretary-General. It also stated that the mandate, functions and organization of each major organizational unit would be prescribed in separate Secretary-General's bulletins. The Secretary-General typically uses senior managers' compacts as a tool for accountability, transparency and performance management. Senior managers' performance is reviewed annually by the Management Performance Board based on the programmatic and performance goals set out in the compact for a given year.

36.   The SRSG for Disaster Risk Reduction was first appointed in November 2008 and given the relevant delegation of authority. However, the SRSG had historically not had a compact with the Secretary-General, nor had his/her performance been formally reviewed by the Management Performance Board or other party. The SRSG's leave and travel approvals had also historically not followed the standard processes for officials who report directly to the Secretary-General, in that they were only certified internally within UNISDR before approval by UNOG Travel Unit. The Office indicated that subsequent to audit date, a delegated official in the Executive Office of the Secretary-General began approving the SRSG's leave requests.

37.   UNISDR's mandate, functions and organization have also not been documented in a separate Secretary-General's bulletin. The bulletin on the organization of Office for the Coordination of Humanitarian Affairs (OCHA) issued in 1999, which still included UNISDR as a unit of OCHA, had not been updated to reflect significant changes in both Offices since then. Substantively, the SRSG for Disaster Risk Reduction reports to the Secretary-General, and has freedom to determine UNISDR's strategic priorities, conduct fundraising, and prepare the annual report to the General Assembly on the implementation of the Sendai Framework.

38.   OIOS made recommendations in the past, which are still relevant, for UNISDR to address these issues. The lack of a compact for the SRSG for Disaster Risk Reduction led to non-assessment of performance and inadequate approval of leave and travel.

> **(7) UNISDR should work in collaboration with the Department of Management, Executive Office of the Secretary-General and other relevant departments to establish a compact between the Secretary-General and the Special Representative of the Secretary-General for Disaster Risk Reduction, as well as document UNISDR's mandate, functions and organization in a Secretary-General's bulletin.**
>
> *UNISDR accepted recommendation 7.* Recommendation 7 remains open pending receipt of the first compact between the SRSG and the Secretary-General and the Secretary-General's bulletin on the organization of UNISDR.

Guidance notes needed to be updated

39.   To strengthen organizational performance in light of the ongoing organizational change process, the UNISDR work programme for 2016-2019 required a review and standardization of guidelines.

40.   One of the eight priorities of the change management process was to review business processes and policies, including operations workflow and standardized processes. A task team of business process owners was created to identify critical processes to the Office's operations. A consultant with technical expertise on the subject was also hired to work with the business process task team to identify, design and streamline key processes and workflows, and develop guidance notes. Twenty-one guidance notes were identified for development and nine had been completed as of August 2018. The guidance notes that still needed to be finalized relate to key processes such as procurement, planning and monitoring of the results framework, work planning, cost planning, donor relations management, and preparation of the annual report.

41.   Outstanding or outdated guidance notes could lead to inconsistent performance of activities, lack of accountability by responsible parties and ineffective use of funds and other resources.

> **(8) UNISDR should finalize key guidance notes to enhance effective management of the related processes.**

> *UNISDR accepted recommendation 8.* Recommendation 8 remains open pending receipt of finalized key guidance notes.

<u>UNISDR was implementing an action plan to reduce vacancies and increase compliance rates for mandatory training</u>

42.   With Enabler 2 in the strategic framework, UNISDR aimed to enhance its human resource management and staff development, with due consideration of the United Nations system-wide policy on gender equality and women empowerment.

43.   UNISDR had developed and promulgated an action plan on prevention of sexual exploitation and abuse to all its staff members. It had also prepared a gender equality and parity strategy. As of August 2018, the gender balance in UNISDR was 45 per cent male to 55 per cent female. Additionally, the rate of completion of performance evaluations for the period 2017/2018 was 99 per cent.

44.   There were significant staff movements during 2017 and 2018 as a direct result of the ongoing organizational changes. During the reorganization, most posts were reclassified and advertised, requiring staff members to apply for the reclassified posts. The reclassification of posts was staggered over time. Consequently, there were some posts that remained vacant for significant periods during the audit period, which delayed the achievement of some strategic objectives.   There were 19 vacant posts or 17 per cent vacancy rate as of December 2017. As of August 2018, the vacancy rate was at 13 per cent or 14 vacant posts. However, UNISDR was implementing an action plan to further reduce the vacancy rate to 5 per cent by the end of December 2018.

45.   The compliance rate for completing mandatory training courses was low. Eight out of ten mandatory courses had a compliance rate below 50 per cent. However, UNISDR developed a mandatory learning compliance action plan to ensure compliance with the Secretary-General's bulletin on mandatory learning. The Office also developed a staff engagement action plan and staff development strategy to foster and sustain high performing teams and to create an enabling environment for each staff member.

46.   Due to the progress made by UNISDR, OIOS did not make a recommendation at this time.

<u>Trust fund management process was adequate</u>

47.   The management of the Trust Fund for Disaster Risk Reduction and the United Nations Sasakawa Award for disaster risk reduction was primarily the responsibility of UNISDR under delegated authority from the Controller.

    a.   <u>Resource mobilization, revenue recognition and donor reporting requirements</u>

48.   UNISDR receives 99.9 per cent of its funding from extrabudgetary sources. As a result, UNISDR developed a strategy that summarized its resource mobilization principles, approaches, targets and division of labour necessary to raise the required funding to support its operations. Implementation of the strategy was led by the Resource Mobilization Section. UNISDR also developed an action plan that highlighted specific opportunities to strengthen engagement with existing donors and engage with potential new donors.

49.   UNISDR met two of the three performance targets related to resource mobilization during the 2016-2017 biennium. It increased the number of multi-year funding agreements to seven and received 100 per cent of contributions to its cost plan in cash, as opposed to the targeted 70 per cent. However, about 30 per

cent of its funding was unearmarked, which was lower than the target of 45 per cent. It also received significant in-kind contributions for the Global Platform 2017.

50.   UNISDR received voluntary cash contributions amounting to $27.3 million in 2017 and $23.9 million as of August 2018. As of 31 December 2017, the Trust Fund for Disaster Risk Reduction reported unrestricted accumulated surpluses of $32.8 million. Most of the surpluses were related to multi-year contribution agreements. For presentation in the financial statements, UNISDR recognized revenue when an agreement to provide unconditional voluntary funding was signed, in accordance with the Secretariat's accounting policy. Revenue from voluntary contributions was recognized for the total amount of the agreement, including any pledge for funding to be received in future years. The United Nations Board of Auditors made a recommendation for the Secretariat to review the criteria it followed for identifying conditionality in the voluntary contribution agreements and bring them in line with the provisions of International Public Sector Accounting Standards number 23. OIOS will therefore not make a recommendation on this issue at this time.

51.   OIOS reviewed 6 out of 34 projects in the UNISDR work plan representing $40.5 million out of a total of $60.6 million, including multi-year projects. The review noted that each of the projects had signed voluntary contribution agreements with the donors. However, payments from six donors were received late leading to some activities not being implemented and the return of funds to the donor in one instance. RPMS prepared donor financial reports at the conclusion of each project, while substantive programme officers prepared the relevant final narrative reports. Interim and final financial and substantive reports were submitted in accordance with the donor's agreements.

52.   A separate legacy trust fund was maintained for the United Nations Sasakawa Award for disaster risk reduction, whose interest income was used to finance all activities related to running the award. The trust fund was started with a $2 million endowment but due to the decreasing accrued interest income, the donor had authorized UNISDR to use a portion of the principal to cover expenditures. The balance as of December 2017 was $1.8 million.

    b. Expenditure monitoring

53.   All approving and certifying officers in UNISDR had adequate delegated authority. RPMS monitored expenditures monthly using an excel spreadsheet. Expenditures were tracked by type of funding used, earmarked and unearmarked, as well as by category. Funding status, project implementation rate and expenditures were discussed at the SMT and PMOC meetings.

54.   UNISDR had signed memoranda of understanding with three service providers for administrative services. UNISDR also used the services of consultants to achieve its strategic objectives and performed contract management responsibilities on its contracts. For the period under audit, consultant fees amounted to $3.1 million. OIOS reviewed the recruitment process for the 10 highest paid consultants totalling $1 million and noted that the process was undertaken in compliance with the human resource management policies.

55.   RPMS was responsible for grant management. UNISDR had a grant management committee with TORs. Due to the change management process and new organizational structure, sections/branches have been restructured. However, the committee's TORs had not been updated since March 2014 and RPMS was planning to update them. Grants allocated to implementing partners amounted to $3.3 million during the period under audit. OIOS reviewed two grants amounting to $2.6 million or 79 per cent of the total. OIOS noted that the grants were reviewed and approved by the grant committee. There were signed agreements with the implementing partners, which included the standard legal terms and requirements. Interim financial and substantive reports were submitted by implementing partners as required and

instalments payments made as stipulated in the terms of the grant agreements. The implementation of the projects was ongoing.

56.   OIOS concluded that the trust fund management process was adequate.

IV.   ACKNOWLEDGEMENT

57.   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.

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STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Office for Disaster Risk Reduction

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1.	UNISDR should develop an action plan to conduct periodic evaluations of its key programmes.	Important	O	Submission of the action plan to conduct periodic evaluations.	30 September 2019
2.	UNISDR should clarify the process for prioritizing engagement with stakeholders that ensures coherence between headquarters and regional offices and maps current partnerships across its priority areas to enable review by the Senior Management Team.	Important	O	Submission of the complete mapping of partnerships and clarification of the prioritization process to engage with stakeholders.	30 September 2019
3.	UNISDR should develop standard templates for documenting the governance arrangements for its partnerships that cover the minimum key clauses.	Important	O	Submission of updated TORs for partnerships that cover the minimum key clauses.	30 June 2019
4.	UNISDR should: (a) conduct a fraud risk assessment in accordance with the requirements of the United Nations anti-fraud and anti-corruption framework; and (b) communicate significant risks on its risk register and how they are being managed through the Secretary-General's report to the General Assembly on the implementation of the Sendai Framework.	Important	O	Submission of the fraud risk register and the next Secretary-General's report to the General Assembly on the implementation of the Sendai Framework that includes significant risks.	31 March 2019
5.	UNISDR should include all key project activities related to flagship reports and events in its 2019 and subsequent cost plans.	Important	C	Action completed.	Implemented
6.	UNISDR should streamline the reporting of results in its annual report to improve clarity on the achievement of annual key performance targets	Important	O	Submission of the streamlined results framework.	30 September 2019
7.	UNISDR should work in collaboration with the Department of Management, Executive Office of the	Important	O	Submission of the first compact between the SRSG and the Secretary-General and the	30 June 2019

[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 UNISDR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Office for Disaster Risk Reduction

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
	Secretary-General and other relevant departments to establish a compact between the Secretary-General and the Special Representative of the Secretary-General for Disaster Risk Reduction, as well as document UNISDR's mandate, functions and organization in a Secretary-General's bulletin			Secretary-General's bulletin on the organization of UNISDR.	
8.	UNISDR should finalize key guidance notes to enhance effective management of the related processes.	Important	O	Submission of finalized key guidance notes.	31 March 2019

APPENDIX I

Management Response

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

DATE: 19 December 2018

FROM: **DE:**	Ms. Mami Mizutori, Assistant Secretary-General and Special Representative of the Secretary-General for Disaster Risk Reduction United Nations Office for Disaster Risk Reduction

SUBJECT: **Detailed results of an audit of the United Nations Office for Disaster Risk**
OBJET: **Reduction (Assignment No. AN2018/387/01)**

1.   Thank you for your letter on the draft results on the audit of UNISDR dated 5 December 2018.

2.   Having reviewed the draft recommendations I confirm that UNISDR accepts the recommendations and have completed the attached **Appendix I** as per your instructions.

3.   I would like to take this opportunity to thank you and your team for the assistance and cooperation extended to UNISDR as well as the constructive recommendations that will strengthen our ability to deliver on our mandate.

Best regards.   *With many Thanks.*

Mami Mizutori

CC: Mr. Mark Lowcock, Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator
Ms. Kirsi Madi, Director, UNISDR
Ms. Sandya Prasad, Chief Resource Planning and Management Section
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS
Mr. Tilchand Acharya, Chief, Field Audit Services, IAD-OIOS

Management Response

Audit of United Nations Office for Disaster Risk Reduction

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNISDR should develop an action plan to conduct periodic evaluations of its key programmes.	Important	Yes	Director UNISDR	30 September 2019	UNISDR will develop an action plan to conduct periodic evaluations that are focused and topic specific.
2	UNISDR should clarify the process for prioritizing engagement with stakeholders that ensures coherence between headquarters and regional offices and maps current partnerships across its priority areas to enable review by the Senior Management Team.	Important	Yes	Chief of Branch, Partnerships, Inter-governmental process and Inter-agency cooperation	30 September 2019	
3	UNISDR should develop standard templates for documenting the governance arrangements for its partnerships that cover the minimum key clauses.	Important	Yes	Chief of Branch, Partnerships, Inter-governmental process and Inter-agency cooperation	30 June 2019	
4	UNISDR should: (a) conduct a fraud risk assessment in accordance with the requirements of the United Nations anti-fraud and anti-corruption framework; and (b) communicate significant risks on its risk register and how they are being managed through the Secretary-General's	Important	Yes	Chief, Resource Planning and Management Section	31 March 2019	Any significant risks (as defined in the United Nations Enterprise Risk Management and Internal Control Framework) identified will be reported through the Secretary-General's report to the General Assembly on the

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[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 United Nations Office for Disaster Risk Reduction

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	report to the General Assembly on the implementation of the Sendai Framework.					implementation of the Sendai Framework.
5	UNISDR should include all key project activities related to flagship reports and events in its 2019 and subsequent cost plans.	Important	Yes	Chief, Resource Planning and Management Section	Implemented 7 December 2018	
6	UNISDR should streamline the reporting of results in its annual report to improve clarity on the achievement of annual key performance targets.	Important	Yes	Chief, Resource Mobilization Section and Chief, Resource Planning and Management Section	30 September 2019	This will be addressed during the development of the 2020-2021 Results Framework and the reporting on deliverables thereafter in subsequent annual reports
7	UNISDR should work in collaboration with the Department of Management, Executive Office of the Secretary-General and other relevant departments to establish a compact between the Secretary-General and the Special Representative of the Secretary-General for Disaster Risk Reduction, as well as document UNISDR's mandate, functions and organization in a Secretary-General's bulletin.	Important	Yes	Chief, Resource Planning and Management Section	30 June 2019	
8	UNISDR should finalize key guidance notes to enhance effective management of the related processes.	Important	Yes	Chief, Resource Planning and Management Section	31 March 2019	