



# **INTERNAL AUDIT DIVISION**

## **REPORT 2021/051**

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### **Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species**

**There is need to strengthen internal controls  
in the areas of strategic management,  
operations, finance and administration**

**4 November 2021**

**Assignment No. AA2021-220-02**

# **Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat of the Convention on International Trade in Endangered Species (CITES). The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the CITES Secretariat. The audit covered the period from 1 January 2018 to 31 December 2020 and included a review of: (i) strategic management and governance; (ii) operations management; and (iii) finance and administration.

The audit showed that there was need to strengthen internal controls in the areas of strategic management, operations, finance and administration.

OIOS made nine recommendations. To address the issues identified in the audit, the CITES Secretariat needed to:

- Propose to the Conference of the Parties (COP) to develop mechanisms for: (i) reviewing the approved programme of work and budget to align them to the CITES strategic vision and COP decisions and resolutions; and (ii) tracking and reporting on implementation of the programme of work;
- Establish a mechanism for systematically tracking the implementation of the decisions of the COP to ensure that they are implemented as intended by the Parties;
- Develop a resource mobilization strategy to raise resources and facilitate effective implementation of the Convention's activities;
- Develop an action plan to address delays in project implementation through effective monitoring;
- Establish mechanisms to ensure full compliance with donor agreements including reporting requirements, implementation requirements, and mainstreaming of gender and human rights in project implementation;
- Establish mechanisms to ensure that due diligence and comparative assessments are invariably conducted before selection of non-governmental organizations as implementing partners and should liaise with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively;
- Strengthen its monitoring of implementing partners by ensuring that reports submitted by partners are thoroughly examined and partners required to be audited duly submit the audit certificates in a timely manner;
- Ensure that staff complete all mandatory and other training that are essential for effectively fulfilling their roles and responsibilities; and
- Establish mechanisms to ensure that consultants and individual contractors are hired through a competitive process and that their re-hiring is based on a properly documented evaluation of their performance.

The CITES Secretariat and UNEP accepted the recommendations and have initiated action to implement them.

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# **Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat of the Convention on International Trade in Endangered Species (CITES).
2. CITES is an international agreement among governments aimed at ensuring that international trade in specimens of wild animals and plants does not threaten their survival. CITES entered into force on 1 July 1975 and has a membership of 183 parties. It currently regulates trade of more than 36,000 species of wild animals and plants.
3. The Conference of Parties (COP) is the supreme decision-making body of the Convention which meets every three years to review the implementation of the Convention. The COP has three subsidiary bodies – the Standing Committee, the Animals Committee and the Plants Committee. The Standing Committee provides policy guidance, oversees the management of the budgets, coordinates the work of other committees and working groups, and drafts resolutions for consideration by the COP. The Animals and Plants Committees are scientific advisory bodies that provide specialized knowledge regarding species of animals and plants that are subject to CITES trade controls.
4. CITES has a Secretariat that is administered by UNEP in accordance with a memorandum of understanding between the CITES Standing Committee and the UNEP Executive Director. The CITES Secretariat is located in Geneva, Switzerland. Among other roles, the CITES Secretariat is responsible for coordinating, advising and servicing the working of the Convention as well as arranging meetings for the COP and its subsidiary bodies. The Secretariat is accountable to the Parties through the COP and its Standing Committee for the implementation of the costed programme of work and all other functions entrusted to it by the Convention and the Parties. The Secretariat is headed by a Secretary-General who has dual reporting lines to the Parties through the Standing Committee and to the UNEP Executive Director.
5. CITES' budget is funded through assessed and voluntary contributions. For the triennium 2017-2019, the operational budget under the assessed and voluntary contributions was \$18.6 million and \$40.2 million respectively, while for the triennium 2020-2022, they were \$18.7 million and \$40.2 million, respectively.
6. As of 31 December 2020, the CITES Secretariat had 37 posts: 23 professional (including the Secretary-General at D-2 level) and 14 General Service, of which 23 were funded by the assessed contributions, 11 by voluntary contributions, and three from income received from programme support costs.
7. Comments provided by the CITES Secretariat and UNEP are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the CITES Secretariat.
9. This audit was included in the 2021 risk-based work plan of OIOS due to the risk that potential weaknesses in the provision of Secretariat services to the Convention could adversely affect its operations.

10. OIOS conducted this audit from January to June 2021. The audit covered the period from 1 January 2018 to 31 December 2020. Based on an activity-level risk assessment, the audit covered risk areas which included: (i) strategic management and governance; (ii) operations management; and (iii) finance and administration.

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) judgmental sample testing of projects. Due to the COVID-19 pandemic, the audit team was unable to travel to the CITES Secretariat and other locations to conduct onsite verification of projects. The audit team relied on: (i) progress and monitoring reports and data produced by CITES staff and implementing partners; and (ii) data extracted from Umoja.

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

### **III. AUDIT RESULTS**

#### **A. Strategic management and governance**

##### Work was ongoing to align the CITES strategic vision to the Sustainable Development Goals

13. The COP developed the first CITES strategic vision in 2000 with the aim of guiding the Convention in safeguarding against extinction and endangerment of animal and plant specimens during international trade. In October 2015, the United Nations General Assembly adopted resolution 70/1 on “Transforming our world: the 2030 Agenda for Sustainable Development”. The Sustainable Development Goals (SDGs) included specific targets under Goal 15 on ending poaching and trafficking in wildlife, as follows: (a) take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products; and (b) enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.

14. In preparing the strategic vision for 2021-2030, the COP took into account CITES contribution to the SDGs, the Strategic Plan for Biodiversity, the Aichi Biodiversity targets, and the relevant resolutions of the United Nations General Assembly, among others. Work was ongoing to implement COP Decision 18.24 to illustrate the linkages between the strategic vision and the SDGs, and to undertake a comparative analysis with the Convention on Biological Diversity’s post-2020 Global Biodiversity Framework, once adopted. At the time of the audit, the CITES Secretariat had prepared a draft that mapped the Convention’s strategic objectives to the SDGs.

15. The strategic vision did not have indicators of progress, or broad-based timelines within which the strategic goals were to be accomplished. To address this, the Parties directed the Standing Committee in August 2019 to make recommendations on new or revised indicators of progress to support the CITES strategic vision for 2021-2030. At the time of the audit, the Standing Committee was implementing this decision and had established an intersessional working group for this purpose.

##### Need to align and report on the CITES programme of work

16. The CITES programmatic direction and resultant deliverables were articulated in the programme of work (PoW) prepared by the Secretariat and approved by the COP. The Parties adopted the

accompanying core budget funded under assessed contributions and noted the budget for voluntary contributions during the same meeting. OIOS noted the following:

(a) PoW activities were not linked to the strategic vision. Further, the Secretariat did not track and report on the implementation of activities in the PoW because no indicators of achievement had been defined. As a result, OIOS could not establish the extent to which the Secretariat's activities contributed to the accomplishment of the strategic vision. The Secretariat stated that it did not have the authority to align the PoW to the strategic vision unless such authority was provided by the COP. The Secretariat could make recommendations to the Standing Committee regarding the implementation of the Convention, including streamlining the linkage between the PoW and the strategic vision.

(b) CITES activities were driven by COP decisions and resolutions, not necessarily by the PoW. In practice, the COP approved the PoW alongside the decisions and resolutions it passed. It was therefore not possible for the Secretariat to ensure that all actions arising from the COP decisions and resolutions were integrated in the PoW prior to its approval. Therefore, the completeness of budgetary estimates made for the PoW could not be established since some activities were not included in the approved PoW. There was no mechanism to review and align the approved PoW with the COP decisions and resolutions and accordingly adjust the approved budget during the triennium.

**(1) The CITES Secretariat should propose to the Conference of the Parties (COP) to develop mechanisms for: (i) reviewing the approved programme of work and budget during the triennium period to align them to the CITES strategic vision and COP decisions and resolutions to ensure accuracy and completeness; and (ii) tracking and reporting on implementation of the programme of work.**

*The CITES Secretariat accepted recommendation 1 and stated that it did not have the authority to realign the PoW and budget, but it could draw the issue to the attention of the Standing Committee at its next meeting in March 2022. At the joint session of the 31st meeting of the Animals Committee and the 25th meeting of the Plants Committee on 17 July 2021, the working document AC31 Doc. 8/PC25 Doc. 9 was presented by the Secretariat on the mapping of the CITES strategic vision against the CITES decisions and resolutions. Recommendation 1 remains open pending receipt of evidence that a proposal has been made to the COP to develop mechanisms for reviewing the approved PoW and budget as well as tracking and reporting on implementation of the PoW.*

#### Need to track COP decisions

17. For the triennium 2017-2019, the CITES Secretariat was to implement 129 of the 265 decisions adopted during COP 17, and 120 of the 332 decisions adopted in COP 18 covering the period 2020-2022. The Secretariat did not have a system for tracking the implementation of COP decisions. As a result, it was not clear whether all the past COP decisions had been successfully implemented or were on track to be implemented. From a sample review of 25 decisions from COP 17, OIOS established that nine were either not implemented or partly implemented by the commencement of COP 18 in August 2019. According to the Secretariat, implementation of seven decisions was subject to external funding which was not forthcoming, while one decision awaited further action from the Standing Committee and an element of another decision was found unfeasible to implement. The Secretariat stated that it had reported this information to the Parties.

18. The Secretariat also stated that while it recognized the value of tracking the implementation of COP decisions, it has not been requested by the COP to develop such a mechanism. Further, the Secretariat did not have a centralized software to support this assessment. Each operational unit reported on the status of

its work to the governing bodies and subsidiary committees. The Secretariat also informed Parties of decisions that lacked funding.

19. The absence of a mechanism for tracking implementation of COP decisions could adversely affect timely implementation and monitoring of key activities of the Convention, thereby potentially compromising the achievement of its strategic objectives and goals.

**(2) The CITES Secretariat should establish a mechanism for systematically tracking the implementation of the decisions of the Conference of the Parties to ensure that they are implemented as intended by the Parties.**

*The CITES Secretariat accepted recommendation 2 and stated that in addition to the reporting that was already in place with the documentation provided to the governing and permanent bodies of the Convention, the Secretariat will add indicators to the PoW assigned to it in the decisions adopted at the meeting of the COP. Regular reporting to the Standing Committee would be done on whether the outcome and outputs had been achieved. Recommendation 2 remains open pending receipt of evidence that a mechanism for tracking the implementation of the decisions of the COP was implemented.*

#### Need for a resource mobilization strategy

20. One of the key goals of the CITES strategic vision 2021-2030 is to ensure that Parties have the tools, resources, and capacity to effectively implement the Convention. Therefore, resource mobilization is an important element to realize the Convention's strategic vision.

21. The CITES Secretariat did not have a resource mobilization strategy to support the effective implementation of its mandate. While the Secretariat stated that it regularly engaged with donors and communicated the status of contributions to the Parties, the lack of a strategic approach to fundraising was evident from the following:

(a) The Secretariat did not have sufficient staff to implement COP decisions. This was noted in the June 2019 report to the Parties on administrative and financial matters where the COP was informed that over the last ten years, COP decisions directed to the Secretariat had doubled from 61 to 120 while core posts funded by assessed contributions had declined from 26 to 21. This had resulted in a significant increase in workload and caused enormous strain on the staff. To alleviate the situation, the Secretariat was using consultants and individual contractors to undertake assignments that should have been done by staff.

(b) There were delays in receipt of contributions from Parties. As of 31 December 2020, unpaid assessed contributions amounted to \$1.7 million with an average collection rate of 58 per cent between 2018 and 2020. There were also delays in receipt of voluntary funding for 2020 with only \$7.8 million collected against a PoW budget of \$14.3 million. The CITES Secretariat sent written notifications to the Parties to follow up the matter.

(c) The Secretariat had a narrow funding base for its voluntary resources, with three donors contributing to the Convention's largest portion of this funding. Between 2018 and 2020, out of the \$28.3 million received by the Convention, \$16.8 million (or 60 per cent) came from the European Union and \$4.7 million (or 17 per cent) from Switzerland and the United States of America.

22. A resource mobilization strategy that also seeks to expand the support base could facilitate the provision of adequate, predictable and sustainable funding to implement the Convention activities.

**(3) The CITES Secretariat should develop a resource mobilization strategy to raise resources and facilitate effective implementation of the Convention’s activities.**

*The CITES Secretariat accepted recommendation 3 and stated that the Parties were currently discussing the development of a capacity building strategy, with the Standing Committee intersessional working group planning to meet in late August or early September 2021. The strategy will likely include a resource mobilization strategy segment, the elements of which will be proposed to the 74th meeting of Standing Committee for onward consideration at the 19th meeting of the COP. Recommendation 3 remains open pending receipt of evidence that a resource mobilization strategy has been developed to raise resources and facilitate effective implementation of the Convention’s activities.*

## **B. Operations management**

### Need to strengthen controls over project management

23. Based on the analysis of data extracted from Umoja, OIOS established that the Secretariat had 81 grants or projects in the system. The grant value of 18 projects was not indicated in the system, while the remaining 63 projects were valued at \$88 million. Of the 81 projects, only 29 were ongoing; the remaining 52 were either closing, closed or cancelled. OIOS’ detailed review of a sample of nine major projects with multiple implementing partners indicated the following.

#### (a) Need to address delays in project implementation

24. There were delays in implementing CITES projects. Seven of the nine major projects sampled were delayed between one to three years, with two projects requiring multiple extensions up to four times. Reasons for delays included delays in receipt of funding from donors, delayed processing of transactions owing to transition to Umoja Extension II, and more recently, the COVID-19 pandemic which paralyzed in-country and international travel and limited implementation of activities on site. Further, there were delays in project planning which resulted in some activities commencing only a few months prior to the prescribed implementation deadlines. The Secretariat explained that during the period under review, it was involved in organizing various meetings and conferences, including the COP 18 meeting.

25. Implementing partners also contributed to delayed project implementation. OIOS’ review of 50 reports from the partners indicated delayed implementation and reporting for 22 projects. The Secretariat attributed these delays to several factors including delayed processing of legal instruments, delayed disbursement of funds by the Secretariat, and lack of internal capacity within the implementing partners to deliver. These delays not only led to delayed execution of activities but also resulted in the expiration of 19 grants before the implementing partners could account for the advances given to them which totaled \$1 million at 31 December 2020.

26. The CITES Secretariat did not have a centralized project monitoring system. Internal monitoring was decentralized and varied, with some operational units using manual worksheets and others adopting planning software. Without centralized monitoring of project implementation, the Secretariat was not able to identify and address the delays effectively. Consequently, the Secretariat and implementing partners continued to incur operational costs such as salaries, rent and office expenses, even though “no cost extensions” were granted for delayed projects.

**(4) The CITES Secretariat should develop an action plan to address delays in project implementation through effective monitoring.**



*The CITES Secretariat accepted recommendation 4 and stated that, as part of the United Nations Secretariat, it was involved in the deployment of Umoja Extension 2 related to the Integrated Planning, Monitoring and Reporting (IPMR) tool that was a centralized project monitoring system. The CITES Secretariat was currently involved in discussions with UNEP on the enrichment exercise of its existing projects. In addition to this, it is undertaking a voluntary performance evaluation of two projects completed recently. The CITES Secretariat will ensure that these exercises address the delays in project implementation and will have recommendations on this issue to implement consistently for all projects and PoW activities. Recommendation 4 remains open pending receipt of evidence of action taken to address delays in project implementation.*

(b) Need to ensure compliance with donor agreements

27. Full compliance with the provisions of donor agreements is essential to assure accountability, maintain the trust of donors, and enhance the Organization's reputation. OIOS' review indicated the following:

(a) The CITES Secretariat did not fully comply with the reporting requirements stipulated in the contribution agreements. Reports were either missing, delayed or submitted according to timelines that were different from what was stipulated in the agreements. For example, the Monitoring the Illegal Killing of Elephants (MIKE) Programme's MIKE European Commission (EC) and MIKE Asia projects did not adhere to the 12-month reporting cycles whereas the activities of the CITES Tree Species Programme (CTSP) were reported after two years instead of every six months. Reports for the CRWCP project were also delayed; OIOS did not receive a narrative report to account for the project's 2019 activities. There was also no evidence that the Global Public Goods and Challenges (GPGC) project submitted interim reports to the Subsidiary Committees, and the 2018 and 2019 narrative reports for the Swiss project were not made available for review. Further, the 2018 reports for the International Consortium on Combating Wildlife Crime (ICWC) Monaco project and 2020 reports for the ICWC United Kingdom project were also delayed.

(b) There were instances of non-compliance with the implementation requirements indicated in the donor agreements. For example, between 2017 and 2019, the United States provided a total of \$878,119 to the CITES Secretariat for implementation of COP 17 and 18 decisions and implementation of enforcement activities under the USA Project. Specifically, the funds were to be used on COP decisions 17.48, 17.97, 17.295, 17.296, 18.205, 18.115, 18.245, and 18.251. Contrary to the donor agreement, the Secretariat utilized the funds to execute COP decisions (17.239, 17.240, 17.87, 17.102 and 17.284) that were not included in the award letters. Further, by December 2020, the Secretariat had only utilized \$356,692 of the awarded amount. Consequently, the intended decisions were not implemented.

(c) There is need to mainstream gender and human rights, which were a key requirement for some donors. Notably, in the implementation of MIKE Asia and CRWCP projects, CITES was required to promote gender equality and adhere to human rights principles. Also, in the implementation of the GPGC project, the Convention was to ensure a balanced perspective of different stakeholders in terms of gender and other socio-economic situations. However, there was no evidence that these principles were followed through during project implementation. Implementing partners were also not required to consider these vital principles in project execution. As a result, the Secretariat could not demonstrate its consideration of gender and human rights in project implementation.

**(5) The CITES Secretariat should establish mechanisms to ensure full compliance with donor agreements including reporting requirements, implementation requirements, and mainstreaming of gender and human rights in project implementation.**

*The CITES Secretariat accepted recommendation 5 and acknowledged that there was need for consistency among all programme managers who were managing projects and PoW activities with external funding to ensure full compliance with donor reporting, implementation and mainstreaming of gender and human rights. However, as there are limited resources dedicated to monitoring projects and PoW activities for the entire Secretariat, management could take a two-pronged approach of either requesting Parties for an additional staff to monitor overall implementation of all Secretariat activities or develop a proposal on a mechanism that could be implemented, within the existing limited resources, to ensure full compliance with the requirements mentioned, using existing tools available to the Secretariat and UNEP. Recommendation 5 remains open pending receipt of evidence of action taken to ensure full compliance with donor agreements including reporting and implementation requirements and mainstreaming of gender and human rights in project implementation.*

#### Need to strengthen the management of implementing partners

28. COP Decisions and PoW activities were primarily executed through implementing partners who were to be managed in accordance with United Nations Regulations and Rules and UNEP Partnership Policies and Procedures. Since the inception of Umoja in 2015, the Secretariat had engaged 95 implementing partners and entered into 227 partnership agreements valued at over \$67.8 million.

29. OIOS selected a sample of 68 implementing partners for review, with whom the Secretariat had entered into 116 partnership agreements valued at \$33.5 million that were either closed or ongoing at the time of the audit. OIOS noted the following.

##### (i) Selection and identification of implementing partners

30. In line with UNEP policies and procedures, sourcing of collaborating entities entailed solicitation through a call for proposal which was followed by a comparative analysis of at least three competing organizations. At this phase, the potential partners underwent a validation and due diligence process which involved a review of their legal status as well as an assessment of their capacity to implement projects. This process was primarily for Non-Governmental Organizations (NGOs) because United Nations agencies, government entities and inter-governmental organizations were exempted from the validation and due diligence process.

31. All the 22 NGO partners reviewed by OIOS on sample basis were sole sourced. There was no evidence of formal solicitation, comparative analysis, or assessment of their capacity. Therefore, there was no assurance that the Secretariat had engaged the most appropriate implementing partners. Some of the delays in project implementation were due to the partners' incapacity to effectively implement the projects entrusted to them by the Secretariat.

32. The exemption of government entities and inter-governmental organizations from capacity assessment procedures impaired the Secretariat's ability to determine whether the entities could manage project funds effectively. The Secretariat did not apply alternative means of ascertaining the capacity of these entities to manage funds. Knowledge sharing with entities such as UNEP which works extensively with implementing partners should enable the Secretariat to determine capacity gaps of such government entities and inter-governmental organizations before projects are entrusted to them.

**(6) The CITES Secretariat should: (i) establish mechanisms to ensure that due diligence and comparative assessments are invariably conducted before selection of non-governmental organizations as implementing partners; and (ii) liaise with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively.**

*The CITES Secretariat accepted recommendation 6 and stated that it was using UNEP’s partnerships portal for reviewing and processing implementing partners. Internal due diligence outside of the UNEP portal was done on all projects included in the Tree Species Project from 2018. The Secretariat was also establishing a new internal process for competitive selection with the introduction of an online “Call for proposals” section on the CITES website similar to what is done when advertising and hiring staff and engaging consultants. Future implementing partners could apply and be selected based on criteria included for each project. In addition, there was an ongoing exercise for the development of an Implementing Partner module under Umoja Extension 2 that would strengthen the due diligence and comparative assessments of implementing partners prior to selection. The Secretariat would also liaise with UNEP for knowledge sharing. Recommendation 6 remains open pending receipt of evidence that: (i) a due diligence and comparative assessment mechanism has been established for the selection of NGOs as implementing partners; and (ii) the CITES Secretariat has established mechanisms for liaising with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively.*

(ii) Monitoring and reporting on deliverables

33. Partnership agreements between the Secretariat and implementing partners specify the project activities, deliverables, outputs and outcomes. Based on the agreements, the Secretariat is required to disburse instalment payments to partners, and the partners are responsible to account for the funds through periodic narrative and financial reports. Secretariat staff are responsible for ensuring quality, efficiency and effectiveness of project implementation through review of reports, validation of data and scientific research as well as field visits. Annual audits were required for projects with grants of \$200,000 and above. OIOS’ review indicated the following:

(a) The Secretariat monitored partner activities primarily through review of periodic narrative and financial reports against set indicators of progress. While a major part of the partners’ work involved office-based scientific research, data analysis, and case studies, projects implemented under MIKE, ICCWC and CTSP required extensive collaboration with national wildlife authorities, forest research institutes and law enforcement organizations, which required on-site visits. The advent of the COVID-19 pandemic necessitated a shift to remote monitoring instead of site visits. Accordingly, managers adopted remote participation in virtual stakeholder meetings, receiving pictures of ongoing activities, and review of global positioning system coordinates on site locations. The Secretariat was yet to establish standard practices for this new monitoring approach to ensure efficiency and effectiveness.

(b) The Secretariat did not examine in detail the expenditure incurred by partners. Financial monitoring was limited to review of the partner’s periodic financial reports. In 2019, the Secretariat initiated an independent assessment of its internal control systems and processes with focus on the MIKE EC project. The assessment revealed potential questionable expenditure by implementing partners amounting to \$1.2 million (Euro1.06 million) owing to inadequate supporting documentation for reported costs and misapplication of procurement procedures. The MIKE Project Coordination Unit was in the process of addressing these deficiencies and had initiated additional monitoring of implementing partners, including expenditure verification and financial capacity building. However, these measures had not been replicated across other projects in the Secretariat.

(c) The Secretariat only provided two audit reports out of 28 partnership agreements that were required to be audited. The remaining 26 partners either were not audited or did not submit audit reports to the Secretariat. This further limited the Secretariat’s oversight of the funds entrusted to implementing partners and increased the risk of waste or mismanagement of resources.

- (7) The CITES Secretariat should strengthen its monitoring of implementing partners by ensuring that: (i) reports submitted by partners are thoroughly examined, including for adequacy of supporting documentation; and (ii) partners required to be audited duly submit the audit certificates in a timely manner.**

*The CITES Secretariat accepted recommendation 7 and stated that the work on strengthening the oversight of implementing partners had already started for part of the larger projects and programmes within the Secretariat and this was shared with the audit team. The work that remained was similar to recommendation 5, which was to ensure consistency among all project managers when implementing projects and PoW activities. Therefore, the aspects of monitoring implementing partners will also be included in the proposal to be developed as suggested in recommendation 5. Recommendation 7 remains open pending receipt of evidence of: (a) action taken to strengthen the monitoring of implementing partners through thorough examination of their reports and supporting documentation; and (b) audit certificates submitted by partners in a timely manner.*

## **C. Finance and administration**

### Need to improve the process for financial reporting to donors

34. The CITES Secretariat is required to regularly submit periodic financial reports to donors in accordance with the donor agreements. According to the United Nations Office at Nairobi (UNON) Standard Operating Procedure 117 on Financial Reporting to Donors, the Accounts Services Unit of UNON is responsible for reviewing and certifying the interim and final financial reports to donors using a standard report format. If donors required customized reports, these were to be prepared by the substantive offices (in this case the Secretariat) and submitted to UNON for clearance.

35. The CITES Secretariat did not submit financial reports to UNON for review and certification. Instead, it submitted the reports directly to donors. Also, the Secretariat's Head of Administration and Finance prepared and certified the financial reports for four of the nine major projects reviewed by OIOS. This practice provided for no segregation of duties. Notably, for five of the reports reviewed by OIOS, the expenditure reported to donors did not agree with the General Ledger in Umoja. The Secretariat attributed the variances to timing differences in recognition of expenditure.

36. To assure the accuracy and reliability of reports submitted to donors, it is necessary that the reports are independently reviewed and certified by UNON. *The Secretariat stated that all final financial reports to donors were requested through UNON to confirm the data, but the time taken to produce the reports from UNON was often not in line with the timelines requested by donors. UNEP will work with UNON to review the key performance indicators and response times in this regard. Also, the format required by the respective donors may differ from the final statements produced by UNON and therefore, the Secretariat must manually prepare a final report based on the format requested by the donor.*

### Need to complete mandatory and essential training

37. In support of its global workforce in delivering the mandates entrusted to the Organization by Member States, the United Nations Secretariat offers a wide range of learning opportunities to its staff, including nine mandatory training courses to be completed by staff globally, regardless of their function, level or duty station. Additionally, staff are offered other learning and development opportunities to enhance their skills, knowledge, competencies and performance.

38. The CITES Secretariat staff did not comply with the mandatory training requirements. Only 17 out of 34 staff (50 per cent) had completed the mandatory training by March 2021. Also, in some cases, staff did not undertake training courses that were essential for their roles and responsibilities. For example, managers and project coordinators had only attended one brief training session on the use of Umoja Extension II and were not trained in results-based management and project management, even though they were assigned the responsibility of overseeing significant project portfolios.

39. Instilling a culture of learning and development is essential to ensure that the Secretariat's staff remain sufficiently competent to efficiently and effectively undertake their duties and obligations.

**(8) The CITES Secretariat should ensure that staff complete all mandatory and other training that are essential for effectively fulfilling their roles and responsibilities.**

*The CITES Secretariat accepted recommendation 8 and stated that given the workload of the Secretariat, the staff could not participate in as many trainings as would be ideal. Concerning mandatory training, as of 3 September 2021, 94 per cent or 33 staff members had completed all 9 mandatory training courses. The Administrative Unit was sending regular reminders to staff members and their First Reporting Officers on the status. The CITES Secretary-General had decided that all First Reporting Officers should include in their performance workplans the accountability related to the completion of mandatory training as an attempt to ensure staff compliance. Recommendation 8 remains open pending receipt of evidence that staff have completed all mandatory and other training that were essential for effectively fulfilling their roles and responsibilities.*

Need to streamline systems and processes on management of consultants and individual contractors

40. The Secretariat relied on consultants and individual contractors for its regular operations and short-term assignments. Until March 2017, the Secretariat solely sourced consultants and individual contractors through UNON. Subsequently, the Secretariat also started obtaining these services through a United Nations agency ("Agency A") which had a Global Support Services (GSS) agreement with UNEP. ST/AI/2013/4 on Consultants and Individual Contractors governs the management of consultants hired through UNON, while the GSS agreement guided the recruitment of consultants through Agency A.

41. Generally, the Secretariat used UNON for its short-term requirements and Agency A for longer term engagements. The Secretariat explained that this approach gave it greater flexibility as Agency A was not bound by ST/AI/2013/4, which made the recruitment process faster. However, recruiting consultants through Agency A was costly to the Secretariat. Between January 2018 and December 2020, the administrative fees paid to Agency A for contracting four consultants and two individual contractors reviewed on a sample basis amounted to \$91,697. If contracted through UNON, this would have been catered for by UNEP as part of programme support costs. The consultants were assigned roles and responsibilities that would normally have been performed by staff. The consultants were included in the staff list with two of them shown in the Secretariat organigram. One consultant had been with the Secretariat for over six years.

42. According to the GSS agreement, the Secretariat was responsible for pre-selection of consultants and individual contractors hired through Agency A. With the exception of the two individual contractors, there was no evidence that the positions for consultants and individual contractors were openly advertised or sourced through a roster-based competitive process. According to the Secretariat, the four consultants had previously been contracted through UNEP and had therefore undergone a prior pre-selection process. The GSS agreement also indicated that the Secretariat was required to certify that the consultants and individual contractors were eligible for contract renewal. From a review of the contract renewal process,

OIOS noted that the Secretariat did not undertake any output evaluations at the completion of their assignments, even though the consultants and individual contractors were regularly re-engaged.

**(9) The CITES Secretariat should establish mechanisms to ensure that: (i) consultants and individual contractors are hired through a competitive process; and (ii) their re-hiring is based on a properly documented evaluation of their performance.**

*The CITES Secretariat accepted recommendation 9 and stated that the majority of its consultant contracts were processed through UNEP and advertised in the recruitment web portal “Inspira”. Hiring of consultants through Agency A was not required to go through “Inspira” but the Secretariat would ensure that new Agency A contractors would be engaged through a competitive process. The CITES Secretary-General had instructed that going forward, the Secretariat would evaluate the Agency A consultants’ performance before re-hiring (UNEP consultants/individual contractors were automatically evaluated when making payments) and a “note to the file” on justification/reasons for engaging Agency A consultants beyond 24 months during a 3-year period would be included. All extensions from August 2021 were now including this information. Recommendation 9 remains open pending receipt of evidence that a mechanism has been established to ensure that: (i) consultants and individual contractors are hired through a competitive process; and (ii) their re-hiring is based on a properly documented evaluation of their performance.*

#### **IV. ACKNOWLEDGEMENT**

43. OIOS wishes to express its appreciation to the Management and staff of the CITES Secretariat and UNEP for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The CITES Secretariat should propose to the Conference of the Parties (COP) to develop mechanisms for: (i) reviewing the approved programme of work and budget during the triennium period to align them to the CITES strategic vision and COP decisions and resolutions to ensure accuracy and completeness; and (ii) tracking and reporting on implementation of the programme of work.	Important	O	Receipt of evidence that a proposal has been made to the COP to develop mechanisms for reviewing the approved PoW and budget as well as tracking and reporting on implementation of the PoW.	29 April 2022
2	The CITES Secretariat should establish a mechanism for systematically tracking the implementation of the decisions of the Conference of the Parties to ensure that they are implemented as intended by the Parties.	Important	O	Receipt of evidence that a mechanism for tracking the implementation of the decisions of the COP has been implemented.	31 December 2022
3	The CITES Secretariat should develop a resource mobilization strategy to raise resources and facilitate effective implementation of the Convention's activities.	Important	O	Receipt of evidence that a resource mobilization strategy has been developed to raise resources and facilitate effective implementation of the Convention's activities.	31 December 2022
4	The CITES Secretariat should develop an action plan to address delays in project implementation through effective monitoring.	Important	O	Receipt of evidence of action taken to address delays in project implementation.	28 February 2022
5	The CITES Secretariat should establish mechanisms to ensure full compliance with donor agreements including reporting requirements, implementation	Important	O	Receipt of evidence of action taken to ensure full compliance with donor agreements including reporting and implementation requirements and	30 April 2022

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>4</sup> Date provided by the CITES Secretariat and UNEP in response to recommendations. Dates marked with an asterisk (\*) have been indicated by OIOS for implementation monitoring purposes.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species

	requirements, and mainstreaming of gender and human rights in project implementation.			mainstreaming of gender and human rights in project implementation.	
6	The CITES Secretariat should: (i) establish mechanisms to ensure that due diligence and comparative assessments are invariably conducted before selection of non-governmental organizations as implementing partners; and (ii) liaise with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively.	Important	O	Receipt of evidence that: (i) a due diligence and comparative assessment mechanism has been established for the selection of NGOs as implementing partners; and (ii) the CITES Secretariat has established mechanisms for liaising with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively.	30 April 2022
7	The CITES Secretariat should strengthen its monitoring of implementing partners by ensuring that: (i) reports submitted by partners are thoroughly examined, including for adequacy of supporting documentation; and (ii) partners required to be audited duly submit the audit certificates in a timely manner.	Important	O	Receipt of evidence of: (a) action taken to strengthen the monitoring of implementing partners through examination of their reports and supporting documentation; and (b) audit certificates submitted by partners in a timely manner.	31 December 2022*
8	The CITES Secretariat should ensure that staff complete all mandatory and other training that are essential for effectively fulfilling their roles and responsibilities.	Important	O	Receipt of evidence that staff have completed all mandatory and other training that were essential for effectively fulfilling their roles and responsibilities.	31 December 2021*
9	The CITES Secretariat should establish mechanisms to ensure that: (i) consultants and individual contractors are hired through a competitive process; and (ii) their re-hiring is based on a properly documented evaluation of their performance.	Important	O	Receipt of evidence that a mechanism has been established to ensure that: (i) consultants and individual contractors are hired through a competitive process; and (ii) their re-hiring is based on a properly documented evaluation of their performance.	31 December 2021*



# **APPENDIX I**

## **Management Response**

## Memorandum

To: **Ms. Eleanor T. Burns,  
Director, Internal Audit Division  
Office of Internal Oversight Services**

Date **29 October 2021**

From:   
**Inger Andersen, Executive Director  
UNEP**

Reference **UNE-2021-01997-  
CITES**

Subject: **Draft report on an audit of the United Nations Environment Programme, Secretariat of the Convention on International Trade in Endangered Species (CITES) (Assignment No. AA2021-220-02)**

1. This memo refers to the draft report on an audit of the United Nations Environment Programme, Secretariat of the Convention on International Trade in Endangered Species (CITES) (Assignment No. AA2021-220-02).
2. Management has reviewed the draft report and I am pleased to inform you that all recommendations are accepted.
3. Please find attached the Management Response (Appendix I) for you to include in the final draft of the report.
4. The Management Response includes an action plan with target dates and the titles of the individuals responsible for implementing the recommendations.

**Management Response**  
**Audit of the United Nations Environment Programme Secretariat of the Convention on International Trade in Endangered Species**

Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The CITES Secretariat should propose to the Conference of the Parties (COP) to develop mechanisms for: (i) reviewing the approved programme of work and budget during the triennium period to align them to the CITES strategic vision and COP decisions and resolutions to ensure accuracy and completeness; and (ii) tracking and reporting on implementation of the programme of work.	Important	Yes	Secretary-General CITES Secretariat	The Secretariat will be able to report back on the decision of the Standing Committee by April 2022.	<p>The CITES Secretariat takes note of the recommendation on better aligning the decisions/resolutions with the Strategic Vision.</p> <p>The CITES Secretariat does not have the authority to realign the programme of work and budget, but it can draw the issue to the attention of the Standing Committee at its next meeting in March 2022.</p> <p>The CITES Secretariat also notes that at the joint session of the 31<sup>st</sup> meeting of the Animals Committee and the 25<sup>th</sup> meeting of the Plants Committee on 17 July 2021 (online), the attached working document AC31 Doc. 8 / PC25 Doc. 9 was presented by the Secretariat on the mapping of the CITES Strategic Vision against the CITES Decisions and Resolutions.</p>
2	The CITES Secretariat should establish a mechanism for systematically tracking the implementation of the decisions of the Conference of the Parties to ensure that they are implemented as intended by the Parties.	Important	Yes	Secretary-General CITES Secretariat	The Secretariat can implement this decision by the end of December 2022,	The CITES Secretariat takes note of this recommendation and, in addition to the reporting that is already in place with the documentation provided to the

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.

					after the new programme of work for the Secretariat is developed based on the decisions of the 19 <sup>th</sup> meeting of the Conference of the Parties (Panama, 13-24 November 2022).	governing and permanent bodies of the Convention, the CITES Secretariat will add indicators to the POW assigned to it in the decisions adopted at the meeting of the Conference of the Parties. A reporting on a regular basis to the Standing Committee can be done on whether the outcome/outputs have been achieved.
3	The CITES Secretariat should develop a resource mobilization strategy to raise resources and facilitate effective implementation of the Convention's activities.	Important	Yes	Secretary-General CITES Secretariat	The Secretariat will be able to report at the end of December 2022 on implementation of the recommendation after the outcome of the decision-making of the Parties.	<p>The CITES Secretariat takes note of the recommendation and would like to highlight that CITES Parties are currently discussing the development of a capacity building strategy, with the Standing Committee intersessional working group planning to meet in late August/early September 2021. The strategy will likely include a <i>resource mobilization strategy segment</i>, the elements of which will be proposed to the 74<sup>th</sup> meeting of Standing Committee for onward consideration at the 19<sup>th</sup> meeting of the Conference of the Parties (Panama, 13-24 November 2022).</p> <p>It is important to note that the Parties to the Convention take Decisions and agree on Resolutions that assign tasks for the Parties, the Committees, and the Secretariat, and have an obligation to finance</p>

						the implementation of the Decisions.
4	The CITES Secretariat should develop an action plan to address delays in project implementation through effective monitoring.	Important	Yes	Secretary-General CITES Secretariat	The Secretariat will develop an action plan to address non justified delays based on the results of these exercises by February 2022.	<p>The CITES Secretariat, as part of the UN Secretariat, is involved in the deployment of Umoja extension 2 related to the Integrated Planning, Monitoring and Reporting (IPMR) tool that is a centralized project monitoring system. The Secretariat is currently involved in the discussion with UNEP on the enrichment exercise of its existing projects.</p> <p>In addition to the above, the CITES Secretariat is currently undertaking a voluntary performance evaluation of the UNEP/EU GPGC CoP17 project. Also note that the evaluation of the ICCWC Strategic Programme was completed recently and the ICCWC Senior Experts Group (SEG) will consider its findings in the upcoming SEG meetings and take appropriate action.</p> <p>The CITES Secretariat will ensure that the above exercises address the delays in project implementation and will have recommendations on this issue to implement consistently across the Secretariat for all projects/POW activities.</p>
5	The CITES Secretariat should establish mechanisms to ensure full compliance with donor agreements including reporting	Important	Yes	Secretary-General CITES Secretariat	The proposal will be ready after the 74 <sup>th</sup>	The CITES Secretariat acknowledges that there is a need

	<p>requirements, implementation requirements, and mainstreaming of gender and human rights in project implementation.</p>				<p>meeting of the Standing Committee by April 2022.</p> <p>The information and request to the CoP will be included in the Secretary-General's budget scenario for the triennium 2023-2025 in November 2022.</p>	<p>for consistency among all programme managers who are managing projects/POW activities with external funding to ensure full compliance with donor reporting, implementation and mainstreaming of gender and human rights in implementation.</p> <p>However, as there are limited resources for a staff dedicated to monitoring projects/POW activities for the entire Secretariat, we can take a two-pronged approach:</p> <ol style="list-style-type: none"> <li>1. The Secretariat will inform the 19<sup>th</sup> Meeting of the Conference of the Parties (CoP) of the recommendation of the OIOS auditors and request for an additional staff to monitor overall implementation of all Secretariat projects/POW activities.</li> <li>2. As it is highly unlikely that, given the socioeconomic impacts of COVID-19 on our Parties, they will agree to any increases of staff in the CITES Secretariat at this time, we will develop a proposal on a mechanism that could be implemented, within the existing limited resources, to ensure full compliance</li> </ol>
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						with the requirements mentioned, using existing tools available to the CITES Secretariat and UNEP.
6	The CITES Secretariat should: (i) establish mechanisms to ensure that due diligence and comparative assessments are invariably conducted before selection of non-governmental organizations as implementing partners; and (ii) liaise with UNEP for knowledge sharing on the capacity of government entities and inter-governmental organizations in delivering projects effectively.	Important	Yes	Secretary-General CITES Secretariat	The CITES Secretariat can begin with the implementation of this recommendation immediately with a view of fully finalizing implementation by April 2022	<p>The CITES Secretariat is using UNEP’s partnerships portal for reviewing and processing implementing partners; for instance, all MIKE projects are processed through the portal. The CITES Secretariat as a whole is now using the portal for new partners being reviewed and proposed since 2020.</p> <p>Internal due diligence outside of the UNEP portal were done on all projects included in the EC Tree Species programme from 2018.</p> <p>The Secretariat is also establishing a new internal process for competitive selection with the introduction of an online “Call for proposals” section on the CITES website similar to what is done when advertising and hiring staff and engaging consultants. Future IP’s can apply and be selected based on criteria included for each project. This will also allow Parties and donors to have more transparent information on selection of different partners.</p> <p>In addition, there is an ongoing exercise for the development of an</p>

						<p>Implementing Partner module under Umoja Extension II that will strengthen the due diligence and comparative assessments of IPs prior to selection. Further the CITES Secretariat is currently undertaking a voluntary performance evaluation of the UNEP/EU GPGC CoP17 project, which will cover the issue of improving the selection and monitoring controls over implementing partners.</p> <p>The CITES Secretariat also will liaise with UNEP for knowledge sharing.</p>
7	<p>The CITES Secretariat should strengthen its monitoring of implementing partners by ensuring that: (i) reports submitted by partners are thoroughly examined, including for adequacy of supporting documentation; and (ii) partners required to be audited duly submit the audit certificates in a timely manner.</p>	Important	Yes	Secretary-General CITES Secretariat		<p>The CITES Secretariat takes note of the recommendation as good management policy. The work on strengthening the oversight of implementing partners has already started for part of the larger projects/programmes within the Secretariat and this was shared with the audit team</p> <p>The work that remains is similar to recommendation 5, and that is to ensure consistency among all project managers when implementing projects/POW activities. Therefore, the aspects of monitoring implementing partners also will be included in the proposal to be developed as suggested in recommendation 5.</p>



8	The CITES Secretariat should ensure that staff complete all mandatory and other training that are essential for effectively fulfilling their roles and responsibilities.	Important	Yes	Secretary-General CITES Secretariat	This recommendation is being implemented now.	<p>The CITES Secretariat takes training opportunities for its staff seriously and encourages its staff to enroll in UN training courses to develop their professional, language and managerial skills during the performance period. It is evident, however, that given the workload of the CITES Secretariat, the staff cannot participate in as many trainings as would be ideal.</p> <p>Concerning mandatory training, as of 3 September 2021, 94 per cent or 33 staff members have completed all 9 mandatory training courses. The administrative unit of the CITES Secretariat are sending regular reminders to staff members and their First Reporting Officers on the status.</p> <p>The Secretary-General has decided that all FROs must include in their performance workplans the accountability related to the completion of mandatory training as an attempt to ensure staff compliance.</p>
9	The CITES Secretariat should establish mechanisms to ensure that: (i) consultants and individual contractors are hired through a competitive process; and (ii) their re-hiring is based on a properly documented evaluation of their performance.	Important	Yes	Secretary-General CITES Secretariat	This recommendation is being implemented now.	<p>The CITES Secretariat takes note of the recommendation.</p> <p>The majority of the CITES Secretariat's consultant contracts are processed through UNEP and advertised on the UN recruitment web portal "Inspira" and follows the UN administrative instruction on engagement of consultants and</p>

						<p>individual contractors and UNEP Standard Operating Procedures (SOP) as attached.</p> <p>Hiring of consultants through Agency A are not required to go through the UN recruitment portal “Inspira” but the Secretariat will ensure that new Agency A contactors will be engaged through a competitive process.</p> <p>The Secretary-General has instructed that from now on the Secretariat will evaluate the Agency A consultants performance before re-hiring (UNEP consultants/individual contractors are automatically evaluated when making payments) and a “note to the file” on justification/reasons for engaging Agency A consultants beyond 24 months during a 3-year period will be included. All extensions from August 2021 are now including this information.</p>
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