



INTERNAL AUDIT DIVISION

REPORT 2021/052

Audit of the Trust Fund in support of Political Affairs in the Department of Political and Peacebuilding Affairs

**Controls relating to project management need
to be strengthened to increase the impact of
the Trust Fund's activities**

4 November 2021

Assignment No. AG2021-560-01

Audit of the Trust Fund in support of Political Affairs in the Department of Political and Peacebuilding Affairs

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the Trust Fund in support of Political Affairs (hereafter referred as to “the Trust Fund”) in the Department of Political and Peacebuilding Affairs. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective management of the Trust Fund. The audit covered the period from 1 January 2018 to 31 December 2020 and included a review of risks areas relating to: (i) governance and oversight; and (ii) project and financial management.

The audit showed that while governance and oversight mechanisms relating to the Trust Fund were satisfactory, project management could be further strengthened.

OIOS made one recommendation. To address the issue identified in the audit, DPPA needed to identify selected projects of the Trust Fund for which key performance indicators could be developed and used to assess project performance and results achieved.

DPPA accepted the recommendation and has undertaken to implement it.

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Audit of the Trust Fund in support of Political Affairs in the Department of Political and Peacebuilding Affairs

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Trust Fund in support of Political Affairs (hereafter referred to as “the Trust Fund”) in the Department of Political and Peacebuilding Affairs (DPPA).
2. The Trust Fund was initially established by the Secretary-General in 1977 in support of special political missions and other activities related to preventative diplomacy and peacemaking. In 2008, it was renamed and expanded to assist DPPA in implementing its mandated activities, support peace-making activities carried out by non-government organizations, activities in coordination of the United Nations system’s counter-terrorism efforts, and activities in support of special political missions.
3. Strategic plans and Multi-Year Appeals (MYA) outlined the Trust Fund’s projects as approved by the Extrabudgetary (XB) Committee. The terms of reference of the Trust Fund established the purpose, authority, administration of the contributions and provided guidance on the preparation of the cost and action plans.
4. The key financial figures of the Trust Fund for period 2018 to 2020 are shown in Table 1.

Table 1: Summary of key financial figures of the Trust Fund in support of Political Affairs

Particulars	31 December 2018	31 December 2019	31 December 2020
Assets	78,498,120	75,099,999	74,880,946
Liabilities	2,301,920	3,957,357	4,250,132
Revenue	30,861,809	27,878,648	34,263,719
Expenditures	29,415,310	32,932,206	34,549,563
Voluntary contributions receivable	11,504,827	6,338,990	4,435,952
Voluntary contributions	29,327,597	26,146,213	32,328,409

Source: Annual audited financial statements

5. DPPA played a central role in the United Nations’ efforts to prevent and resolve conflicts around the world, focusing primarily on five areas in international peace and security: (i) ensuring sound analysis and early warning; (ii) preventing conflict and engaging in peacemaking; (iii) managing political crises and violent conflicts; (iv) sustaining peace; and (v) enhancing partnerships.
6. DPPA was established in January 2019 as part of the restructuring of the United Nations peace and security pillar endorsed by General Assembly resolutions 72/199 and 72/262 C. DPPA combined the functions of the previous Department of Political Affairs (DPA) and the Peacebuilding Support Office (PBSO) and shared its regional divisions with the Department of Peace Operations (DPO). Direction for the programme was provided through General Assembly resolutions and Security Council mandates.
7. DPPA had approximately 500 posts at Headquarters, of which 88 were funded through the MYA under the Trust Fund. In addition, more than 4,000 staff work in political and peacebuilding missions worldwide. DPPA backstopped and provided strategic guidance to more than 20 special political missions in the field, and directly administered an additional 15 special political missions. As of 31 December 2020, 92 projects were financed by the Trust Fund in a total amount of \$37.9 million, against which the expenditure was \$32.8 million. Expenditures mainly related to salaries, grants, and other operating expenses, including project support costs.

8. Comments provided by DPPA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective management of the Trust Fund

10. This audit was included in the 2021 risk-based work plan of OIOS due to the risk that potential weaknesses in management of the Trust Fund could affect the achievement of the intended objectives.

11. OIOS conducted this audit from June to September 2021. The audit covered the period from 1 January 2018 to 31 December 2020. Based on an activity-level risk assessment, the audit covered risks areas relating to: (i) governance and oversight; and (ii) project and financial management.

12. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of transactions.

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

III. AUDIT RESULTS

A. Governance and oversight

The XB Committee was responsible for oversight of the MYA

14. The XB Committee was responsible for oversight of the MYA. The Committee's terms of reference explained its role, scope, membership, frequency of meetings, decision-making process, organization and agenda, minutes, and organization of meetings. The XB Committee was chaired by the DPPA Chief of Staff; members were represented at P-5 level or above. The Committee met every three months and reviewed the resource mobilization results and cash position, new requests for funding submitted by Divisions, and implementation of XB projects. It made recommendations to the Under-Secretary-General. Meeting minutes were documented appropriately, and action points were followed up on a timely basis.

The MYA was aligned to strategic plans

15. The MYA formed the basis for resource mobilization for the Trust Fund. It was aligned with the strategic plans of DPPA and aimed to diversify the donor base. DPPA updated the MYA annually and presented its extrabudgetary needs for the next calendar year. The total voluntary contributions obtained through the Trust Fund grew from \$29.3 million in 2018 to \$35.9 million in 2020. DPPA's results framework included the Trust Fund's goals, indicators of achievement, baselines, and targets, and extrabudgetary resources required. Risks relating to strategic plans and the MYA were adequately identified in annual risk registers.

16. Contribution agreements were in place and covered key areas both for earmarked and unearmarked contributions (29 and 71 per cent, respectively, in 2020). DPPA complied with the guidance on the preparation of agreements with donors and implementing partners as issued by the Office of Programme Planning, Finance and Budget.

B. Project and financial management

Need to identify major projects for which key performance indicators could be developed

17. DPPA guidelines define a project result as a measurable change that occurs due to the direct intervention of the project with intended and unintended results. Best practice recommends the use of specific, measurable, achievable, relevant, time bound (SMART) performance indicators during project management to ensure that project progress is adequately assessed, and effectiveness evaluated. Indicators serve the purpose of aiding project managers to highlight areas for possible improvement in a timely manner. Measuring results helps organizations understand a project’s benefits, even if they are not immediately realized.

18. OIOS’ review of 23 projects implemented during 2018 to 2020 involving a total expenditure of \$17.5 million showed that while the project documents outlined the activities to be conducted and the tasks to be completed annually, they did not specify key performance indicators (KPIs) to assess project results. While the project documents and annual reports showed the expected and final results, they were not always quantified to enable a quantitative assessment of their results (see some examples in Table 2).

Table 2: Examples of results in project final reports that were not verifiable or measurable

Project	Expected results	Examples of reported results (condensed)	OIOS assessment
Joint Programme on Building National Capacity for Conflict Prevention	<p>1. A broader support infrastructure surrounding the deployment of Peace and Development Advisors (PDA) is established, deepening the quality and breadth of DPPA and UNDP engagement in complex political settings.</p> <p>2. Timely response to capacity needs at the country level is offered through the provision of time-bound support, including in crisis situations, thus demonstrating the capacity of DPPA to more effectively help the United Nations adapt and respond to complex political situations.</p> <p>3. PDAs are better equipped to deliver on their mandates through more effective resourcing, which in turn enhances the capacity of PDAs, as well as UNDP and DPPA, to strengthen partnerships and networks on the ground, identify areas for preventive action, and improve the overall impact on conflict prevention efforts.</p>	<p>The PDA provided valuable support to the United Nations system in Algeria with multidimensional analysis of the political and civic space.</p> <p>The PDA in Benin provided regular situational analysis and contributed to the advocacy in relation to post-election crisis. The PDA have strengthened their support for national institutions.</p> <p>In Cameroon, the PDA was able to rapidly support the UNCT on three distinct complex humanitarian crises.</p>	<p>“Valuable support” was not verifiable nor measurable. There was no information on the “multidimensional analysis” performed.</p> <p>There was no indication of what constituted “regular situational analysis and contribution to help in post-election crisis” and “strengthening support”. Neither of these were verifiable nor measurable.</p> <p>The “rapid support” provided was not verifiable nor measurable. Therefore, it remained unclear as to how the results had the desired impact.</p>
Developing and Managing DPPA Communications	<p>1. Increased and sustained support for DPPA from Member States and other key stakeholders.</p> <p>2. Further establish DPPA as a primary center of expertise and action in conflict prevention and mediation.</p>	<p>Launch of new newsletter, implementation of state-of-the-art e-mail marketing programme and growing audience for online multimedia, audiovisual products have helped raise awareness of the Department’s</p>	<p>There were no measurable and verifiable indicators, such as target audience and number of readers reached.</p>

	3. More empowered, proactive staff equipped with information and tools required to operate effectively.	conflict prevention, mediation, and peacebuilding work.	
Support to United Nations Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA) Activities	<p>1. Central Asian leaders will have a unique forum to exchange views on security and stability challenges in the region.</p> <p>2. Recommendations of institutes of strategic studies and other stakeholders will be transmitted to senior policy makers.</p> <p>3. Civil servants in Central Asia will be trained on conflict prevention skills.</p> <p>4. The DPA liaison officer to the SCO will be able to engage strategically with the SCO, its counter-terrorism structure based in Tashkent and during its high-level meetings in various member states.</p>	<p>In the context of preparations for the 2019 Consultative Meeting, UNRCCA co-organized with the Uzbek MFA the international conference “Central Asian Connectivity: Challenges and New Opportunities,” in Tashkent. This event also resulted in recommendations for the 2019 Consultative Meeting. UNRCCA was the only partner invited to co-organize events that resulted in recommendations that helped shape the agenda of the 2019 Consultative Meeting and will help shape the agenda of the 2020 Consultative Meeting, making it the only external partner involved in supporting these extraordinarily important regional events.</p>	<p>Participation and coordination of meetings were activities which needed to be complemented with the results of the meetings in measurable way, such as actions.</p> <p>There was no mention about training on conflict prevention skills.</p> <p>There was no indication of what/how the expected results on counter-terrorism were achieved.</p>

(1) DPPA should identify selected projects of the Trust Fund in Support of Political Affairs for which key performance indicators could be developed and used to assess project performance and results achieved.

DPPA accepted recommendation 1 and stated that it will develop KPIs, as and when relevant, for projects of the Trust Fund, either as part of donor agreements or as a pre-requisite to joint flagship initiatives with partners. DPPA reiterated that developing indicators should be practical and guided by considerations pertaining to utility, relevance, and cost, among other things. Recommendation 1 remains open pending receipt of evidence of project proposals that include SMART KPIs.

Need to demonstrate the results of projects implemented

19. Best practice requires that the annual performance report should demonstrate whether substantial progress was made toward meeting the project objectives and the performance measures.

20. OIOS’ review of 23 sample projects indicated that the final results in the project annual reports were not consistently and clearly matched to the expected results in the project documents. While the expected results established the main objectives in brief, the final reports narrated activities that could not be clearly matched to the expected results. It was therefore unclear as to whether the project had accomplished the goals it set out to accomplish initially.

21. DPPA stated that this was because the reporting template asked for examples to help demonstrate the project impact rather than provide an update against the expected results to help prepare the annual donor report. OIOS is of the view that establishing KPIs for selected projects as recommended above should enable DPPA to strengthen its reporting of project results.

IV. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Trust Fund in support of Political Affairs in the Department of Political and Peacebuilding Affairs

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	DPPA should identify selected projects of the Trust Fund in Support of Political Affairs for which key performance indicators could be developed and used to assess project performance and results achieved.	Important	O	Receipt of evidence of project proposals that include SMART key performance indicators.	31 March 2022

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

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

³ Please note the value O denotes that the recommendation is open.

⁴ Date provided by DPPA in response to the recommendation.

APPENDIX I

Management Response

Management Response

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	DPPA should identify selected projects of the Trust Fund in Support of Political Affairs for which key performance indicators could be developed and used to assess project performance and results achieved.	Important	Yes	Respective Project Managers of selected projects with support from Programme Management Officer in OUSG/DPPA	31 March 2022	DPPA will develop KPIs, as and when relevant, for projects of the Trust Fund, either as part of donor agreements or as a pre-requisite to joint flagship initiatives with partners. DPPA reiterates that developing indicators should be practical and guided by considerations pertaining to utility, relevance and cost, among other things. DPPA continues to be confident that it has built dynamic feedback loops in the form of quarterly reviews to ensure that project implementation is on track, and that projects lead to concrete deliverables.

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.