

JOINT AUDIT

OF

THE JOINT OFFICE

IN

CAPE VERDE

Report No. 1154

Issue Date: 4 November 2013

Report on the joint audit of the Joint Office in Cape Verde

Executive Summary

The Internal Audit Services of four United Nations organizations (UNDP, UNFPA, UNICEF, and UNODC¹), collectively referred to herein as “the Internal Audit Services”, conducted a joint audit of the Joint Office in Cape Verde (the Joint Office) from 26 February to 12 March 2013. The joint audit covered the activities of the Joint Office and Delivering as One (DaO)-related activities in Cape Verde (the Country), as outlined in the paragraph below, during the period from 1 January to 31 December 2012.

The audit was conducted in accordance with the Framework for Auditing DaO Programmes (the Framework), signed on 22 September 2011 by the Internal Audit Services of the above mentioned organizations as well as FAO, ILO, UNESCO, UNIDO, WFP, WHO and by OIOS, and in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes related to the audited activities. The audit included reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

The joint audit focused on key areas of the Joint Office, such as the harmonization and integration of the business processes in the Joint Office, governance, programme management, budget/fund management and operations. The audit also assessed some aspects of the DaO processes, such as the preparation and monitoring of the United Nations Development Assistance Framework (UNDAF)/Common Country Programme Document (CCPD), the Resident Coordinator’s functions, the Common Budgetary Framework/One Fund and Communication.

Audit rating

The joint audit assessed the Joint Office as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.”

Ratings per audit area and sub-areas are listed below.

| Audit Areas | Not Assessed/ Not Applicable | Unsatisfactory | Partially Satisfactory | Satisfactory |
|---|------------------------------------|----------------|---------------------------|--------------|
| 1. Governance and strategic management | | | | |
| 2. Common Budgetary Framework/One Fund | | | | |
| 3. Resident Coordinator Office | | | | |
| 4. Programme management | | | | |
| 5. Joint Office operations | | | | |
| 5.1 Human resources | Satisfactory | | | |
| 5.2 Finance | Partially Satisfactory | | | |
| 5.3 Harmonized Approach to Cash Transfers | Partially Satisfactory | | | |
| 5.4 Procurement | Partially Satisfactory | | | |
| 5.5 Information and communication technology | Partially Satisfactory | | | |
| 5.6 Asset management | Partially Satisfactory | | | |
| 6. Communication | | | | |

¹ UNODC is not part of the Joint Office in Cape Verde but one of the Non Resident Agencies supported by the Joint Office. The United Nations Office of Internal Oversight Services (OIOS) provides internal audit services to UNODC.

Key issues and recommendations

The audit raised 19 issues and resulted in 18 recommendations, of which 6 (33 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that the Joint Office is not exposed to high risks. Failure to take action could result in major negative consequences for the Joint Office and may affect the participating United Nations organizations at the global level.” These recommendations include actions to address the absence of a framework of the Joint Office and weaknesses in the Harmonized Approach to Cash Transfers (HACT) and the related assurance activities of the Joint Office. The recommendations also address wider DaO issues related to, inter alia, the absence of a One Programme resource mobilization strategy, non-compliance with the Transition One Fund allocation criteria, and the sustainability of the Coherence Unit in the Resident Coordinator Office (RCO). Further, issues raised regarding delayed programme planning and gaps in Monitoring and Evaluation (M&E) activities related both to the One Programme and the Joint Office programme management.

There also was one issue requiring action by the United Nations Development Group (UNDG) Common Premises Task Team (Issue 18, referred to as a “corporate issue”) regarding the lack of allocation criteria for asset management within the Joint Office.

The high priority recommendations are as follows:

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| Common Budgetary Framework / One Fund (Issue 5) | <u>Absence of a One Programme Joint Resource Mobilization Strategy.</u> A strategy for the programme cycle 2012-2016 was not yet in place. The Development Partners Group (DPG), led by the United Nations, and tasked with coordination and enhancement of cooperation among donors in the Country had been inactive since 2011. The joint audit recommends that the Resident Coordinator, with support from the United Nations Country Team (UNCT): (a) develop and approve a resource mobilization strategy that would, at a minimum, include a detailed needs assessment in line with the One Programme, taking into account the specific needs of the Country as a middle income economy, and a detailed analysis of the donors landscape (including potential private sector donors); and (b) develop a strategy to reinstate and lead the DPG with the aim to enhance and promote cooperation among the DPG and between the DPG and the Government. |
| (Issue 6) | <u>Lack of compliance with the One Transition Fund allocation criteria for 2011 and 2012.</u> Due to fund requests exceeding available funding, the allocation criteria established in 2008 have not been used in 2011 and 2012 and were replaced by a pro-rated approach, which fails to take into consideration time sensitive activities or activities to be delivered within the next 3-6 months. The joint audit recommends that the Resident Coordinator: (a) initiate discussions with the UNCT on the appropriate criteria for allocations from the One Transition Fund; (b) revise the current allocation criteria as appropriate, aligning it with the level of funding available; and (c) obtain endorsement of the revised allocation criteria from the UNCT and the Steering Committee for it to be operational for the 2014 allocations. |
| Resident Coordinator Office (Issue 7) | <u>Sustainability of the Coherence Unit within the Resident Coordinator Office.</u> The Coherence Unit supports the Resident Coordinator in his/her coordination responsibilities. The joint audit noted that the Coherence Unit’s staffing level and funding were not commensurate with the tasks and expectations to effectively support the RCO. The joint audit recommends that the Resident Coordinator: (a) conduct a review of the Office’s functions in order to clarify priorities of the Coherence Unit in line with the available resources (financial and human) and in support of the DaO initiatives; and (b) explore possibilities to mobilize funds for the RCO at the country level as needed in the absence of global RCO resources. |

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| Programme management (Issue 10) | <u>Delays in programme planning.</u> The One UN Annual Work Plan for 2012 was signed in June 2012, and the 2013 Plan had not been finalized in March 2013. The joint audit noted that this could impact the timely delivery of programmes as well as the quality of their implementation. The joint audit recommends that the Resident Coordinator, in coordination with the UNCT, develop annual work planning processes and procedures, which include a timetable, and ensure that progress is monitored against the established timetable in order to strengthen the annual work planning process. |
| (Issue 11) | <u>Gaps in the implementation of M&E activities.</u> The M&E activities planned at both the UNDAF level and the Joint Office level were not conducted as planned, as the M&E plans were too ambitious in view of the late start of the UNDAF. Some M&E activities were also not documented. Overall M&E could not provide adequate assurance that expected results were actually achieved. The joint audit recommends that the Resident Coordinator strengthen the capacity and processes to plan, coordinate and monitor M&E activities for the UNDAF and the Joint Office, including establishing realistic objectives and conducting a review of the status of planned M&E activities on an annual basis in order to address any shortcomings. |
| HACT (Issue 15) | <u>Weaknesses in the implementation of assurance activities.</u> Both audit and other HACT assurance activities had not been fully implemented and the conclusions from the spot checks performed were not clearly documented in the reports reviewed. In the absence of implementation of the planned assurance activities, the Joint Office may not be able to obtain adequate assurance on the proper utilization of the funds provided for programme implementation purposes. The joint audit recommends that the Resident Coordinator ensure that: (a) assurance activities are conducted in a consistent manner and to the highest standard in line with the Work Plan for Assurance Activities; (b) Terms of Reference (ToRs) are developed for each assurance activity; and (c) all spot checks and programmatic assurance activities are documented in a consistent reporting format that include detailed information on the results of the activities. |

In addition to these high priority recommendations, there is another high priority issue for which a recommendation has not been provided, and which relates to Governance and strategic management (Issue 1), as described below:

Unclear arrangements for the harmonization of the processes of participating organizations within the Joint Office. The Joint Office was established in 2006 to alleviate the administrative and procedural burden of the participating organizations and their national partners. It has since operated without a finalized and signed Memorandum of Understanding to provide the participating organizations with a common operating platform in the Country. This has resulted in inefficiencies and the duplication of work in areas like reporting, staff budgeting and enterprise resource planning. There were no inter-agency forums within the respective Headquarters for discussing, clarifying and deciding on how to harmonize policies, processes and approaches. Most of the issues therefore remained unresolved. Considering that work has started on a review of the Joint Office and that it is expected that its conclusions will be followed up accordingly by the organizations, the joint audit has not issued a recommendation, but will remain apprised of the matter, as it is considered critical to the success of the Joint Office.

Management comments and action plan

The Resident Coordinator and the undg Common Premises Task Team accepted all the recommendations and are in the process of implementing them.

“Signed:”

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