

JOINT AUDIT

OF

DELIVERING AS ONE

IN

PAKISTAN

Report No. 1247
Issue Date: 20 June 2014

Report on the audit of Delivering as One in Pakistan

Executive Summary

The Internal Audit Services of six United Nations organizations (FAO, UNDP, UNESCO, UNFPA, UNICEF and UNIDO), collectively referred to herein as “the Internal Audit Services”, conducted a joint audit of Delivering as One (DaO) in Pakistan from 28 October to 8 November 2013. The joint audit covered the activities of DaO during the period from 1 January 2012 to 30 June 2013. The joint audit focused on the five pillars of the DaO (One Leader, One Programme, One Fund, Operating as One and Communicating as One).

The audit was conducted in accordance with the Framework for Auditing DaO Programmes, signed on 22 September 2011 by the abovementioned Internal Audit Services, and with the support of the Internal Audit Services of ILO, WFP, and WHO, 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.

Audit rating

The joint audit assessed DaO in Pakistan as **partially satisfactory**, which means that “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.” This rating was mainly due to the lack of guidance from the United Nations Development Group (UNDG) to rationalize DaO and humanitarian processes in a context of transition from humanitarian to development assistance, as well as due to the weaknesses in the implementation and monitoring of the One Programme.

Ratings per audit area are listed below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
A. One Leader				
B. One Programme				
C. One Fund				
D. Operating as One				
E. Communicating as One				

Key issues and recommendations

The audit raised 15 issues and resulted in 15 recommendations, of which 7 (47 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that the audited entities are not exposed to high risks. Failure to take action could result in major negative consequences for the organizations and may affect the organization at the global level.” These recommendations include actions to address the insufficient harmonization of development and humanitarian planning and monitoring, incomplete implementation of the Management and Accountability Framework, gaps in the monitoring framework for Strategic Priority Areas, challenges establishing clear and effective monitoring structures and processes, and lack of a strategy to harmonize business processes and procedures.

Three issues, referred to as “corporate issues”, require action by the UNDG and its working mechanisms regarding the insufficient integration of development and humanitarian planning and monitoring (Issue 1); the incomplete implementation of the Management & Accountability Framework (Issue 2); and lack of guidance on common financing instruments for the use of common premises (Issue 12).

The high priority recommendations are as follows:

One Leader
(Issue 1)

Corporate issue: Insufficient rationalization of development and humanitarian planning and monitoring processes in a transition country. For transition countries like Pakistan, there are two competing coordination processes for development (DaO) and humanitarian (coordinated by OCHA), which can be resource intensive and, if not integrated or coordinated with one another, can lead to duplication of work and high transaction costs, and hence may then appear not effective. In Pakistan, key DaO tools/processes that allow meaningful coordination and harmonization among the organizations involved in DaO were not in place or not functioning effectively. Stakeholders involved also highlighted humanitarian activities as often taking precedence over development work. Better harmonization of the development and humanitarian coordination processes, with guidance from the UNDG, would lower transaction costs of UN coordination.

Recommendation (corporate): UNDG, supported by the UN Development Operations Coordination Office (DOCO), should develop guidance and tools on how to rationalize development and humanitarian coordination processes in transition countries to avoid duplication and promote an integrated approach to the UN activities overall.

Recommendation: The United Nations Country Team (UNCT) should prioritize the harmonization and integration of humanitarian and development processes.

(Issue 2)

Corporate issue: Incomplete implementation of the Management and Accountability Framework. The Resident Coordinator (RC)'s formal authority is limited, and depends on the cooperation of the UNCT. The members of the latter were strictly accountable for their performance to their respective Headquarters and their job descriptions did not systematically support DaO. While the UNDG Management and Accountability Framework has clearly identified, and called for implementation of, elements critical to strengthen the RC system and its accountability, important elements were not in place in Pakistan, such as a provision in the UNCT's Terms of Reference for formal input from the RC into each agency's performance appraisal process on the performance relating to the UNCT members; and the collegial reporting line of the UNCT. A corporate recommendation was addressed to the UNDG Working Group on Resident Coordinator System issues, which coordinates all issues related to Management and Accountability Framework.

Recommendation (corporate): The UNDG Working Group on RC System Issues should continue to monitor full implementation of the Management and Accountability Framework, identifying the constraints and related causes that prevent its full implementation.

Recommendation: The RC, in coordination with the UNCT, should: (a) develop a strategy and a plan of action with assigned responsibilities and timelines to ensure full implementation of the Management and Accountability Framework, with the objective to strengthen the RC system and collective accountability; (b) clarify the RCO's role as the new structure is rolled out, ensuring it is commensurate with available resources.

One Programme
(Issue 4)

Significant gaps in the monitoring framework for Strategic Priority Areas. Under the One Programme II (2013-2017), the Strategic Priority Area matrices provide a five year map of the jointly agreed outcomes and corresponding outputs. The agreed joint and agency-specific outputs, particularly for Strategic Priority Area 1, were not specific or measurable. In some instances, performance indicators were not clearly defined, and corresponding baselines were not identified, or could not be clearly attributed to specific outcomes nor did they provide sufficient detail both for attribution and accountability for results. Further, expected results were the same at the national and federal levels as for each of the provinces.

Recommendation: The UNCT should: (a) strengthen quality assurance mechanisms, assign oversight responsibilities and train staff on Result Based Management so as to ensure clearly articulated, well defined joint agency-specific outputs, with corresponding indicators that are measurable and attributable; (b) identify baselines for each joint and agency specific output to ensure a reference point for later monitoring and results management; and (c) revise the Strategic Priority Area matrices, taking into consideration the specific country requirements at each level, i.e. national, federal and provincial.

(Issue 6)

Persistent challenges establishing clear and effective monitoring structures and processes. Monitoring remained a challenge, with multiple layers and unclear roles. Terms of Reference for the newly formed Monitoring, Reporting and Review Committees/Strategic Priority Area working groups, work plans for the Planning, Monitoring and Evaluation Group were not developed, and meetings of Strategic Priority Area working groups were not systematic, and resources were not fully in place. Weaknesses noted in the monitoring process included an unclear process for validating and verifying data, incomplete Operational Plan to ensure midterm review provision, unclear process flows between the various bodies and lack of a UN information strategy and tool to support the planning and the monitoring of the Operational Plan.

Recommendation: The RCO, in collaboration with the Monitoring, Reporting and Review Committee and Planning, Monitoring and Evaluation Group, should establish oversight and quality assurance mechanisms to ensure monitoring structures and processes are properly functioning.

Operating as One
(Issue 11)

Lack of a strategy to harmonize business processes and procedures. There was no strategy through which the UNCT identified and prioritized the existing operational capacities and services to be harmonized. Further, no mechanism was in place to measure transaction cost, assess and report on actual efficiency gains.

Recommendation: The RC, supported by the Operations Management Team, should: (a) develop a strategy and a plan of action, with clearly defined responsibilities, expected results and timelines for harmonizing business processes, and a mechanism to document and measure transactions costs; (b) report regularly on the status of implementation of the strategy and the action plan; and (c) implement timely corrective measures as needed to ensure cost-effective implementation of the strategy and the action plan.

Management comments and action plan

The Resident Coordinator and the UNDG/DOCO accepted all of the recommendations and are in the process of implementing them.

“Signed”

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