

JOINT AUDIT

OF

DELIVERING AS ONE

IN

VIET NAM

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Joint Internal Audit of Delivering as One (DaO) In Viet Nam

April 2017

Summary

1. The Internal Audit Services of eight UN agencies (FAO, ILO, UNDP, UNESCO, UNFPA, UNICEF, UNIDO and WHO) conducted a joint audit of Delivering as One (DaO) in Viet Nam. Staff from three Internal Audit Services (UNDP, UNFPA and UNICEF) participated in the fieldwork. The joint audit covered the period from 1 January 2014 to 26 October 2015.
2. The audit was conducted in accordance with the Framework for Joint Internal Audits of United Nations Activities of September 2014, and in conformance with the International Standards for the Professional Practice of Internal Auditing. These standards require that the audit be planned and performed in such a way as to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes related to the audited activities.
3. DaO aims at a more joint and coherent UN structure at the country level, with five pillars: One Leader, One Programme, Common Budgetary Framework (and One Fund), Operating as One and Communicating as One. The aim is to reduce duplication of efforts, competition and transaction costs. Originally launched in 2007 in eight pilot countries, DaO had been adopted in 56 countries as of November 2016. In August 2014, the United Nations Development Group (UNDG) issued the *Standard Operating Procedures (SOPs) for Countries Adopting the DaO Approach*, together with an integrated support package for implementation by United Nations Country Teams (UNCT).
4. The UNDG recognized that the SOPs package should be adapted by the UNCT and government in response to the needs of each country context. The view of the Viet Nam UNCT was that, because the SOPs were not mandatory, the extent to which the SOPs were adopted for each pillar was more open-ended with no defined timeline. The audit noted however that the principles that guided the development of the SOPs are key to achievement of desired results under DaO. Therefore, for each area reviewed, the audit assessed whether there were unmanaged risks that could impact the achievement of the planned results and considered whether the implementation of the SOPs could help in managing such risks.
5. Viet Nam volunteered to be one of the eight DaO pilot countries at the request of the Government. The 2012-2016 One Plan is the common programmatic framework for UN agencies in the country. It sets out the strategic joint programme of work which will support Viet Nam in addressing its development priorities. The One Plan is signed by 17 UN agencies. It is aligned with the Government 2011-2020 Socio-Economic Development Strategy (SEDS) and the 2011-2015 Socio-Economic Development Plan (SEDP), and has three focus areas: Inclusive, Equitable and Sustainable Growth; Access to Quality Essential Social Services and Social Protection; and Governance and Participation.
6. The total budget for the 2012-2016 One Plan was US\$ 480.2 million, of which US\$ 107.5 million were Regular Resources (RR) secured by participating United Nations agencies, and US\$ 372.7 million were Other Resources (OR). The OR included a budget of US\$ 135.3 million to be mobilized through the One Plan Fund II as a mechanism to complement core and non-core fund management.

Audit Ratings

7. The joint audit assessed implementation of DaO in Viet Nam as “partially satisfactory”, which means that the internal controls, governance and risk management processes were

generally established and functioning, but needed improvement. Several issues were identified that may negatively affect the achievement of the objectives of the audited entities.

8. The ratings by audited area are listed in the following table.

Summary of Audit Ratings

Audit Area	Satisfactory	Partially Satisfactory	Unsatisfactory
One Leader			
One Programme			
Common Budgetary Framework/One Plan Fund			
Operating as One			
Communicating as One			

9. The audit made 14 recommendations, of which five were rated as high priority and nine as medium priority. Low-priority recommendations were discussed with the Resident Coordinator and the UNCT during the audit field mission and are not included in this report. The audit observations with high-priority recommendations are summarized below.

One Leader

10. **Gaps in funding the staff posts in the office of the Resident Coordinator (RC):** The RC's office was facing funding constraints that threatened the staffing structure. The existing posts were largely funded from pooled funds. However, the funding landscape in Viet Nam had evolved in light of the country's status as a middle-income country, and there was no expectation of pooled funds beyond 2015. Projected resources for the RC's office for 2016 were about US\$ 968,922 and were composed of anticipated carry-over from 2015 of US\$ 740,233, plus US\$ 228,699 expected from the UN Development Operations Coordination Office (DOCO). These funds would only cover staff costs in 2016, excluding funds required to support a head of office post that was vacant. There was no strategy to fund the posts in future. The challenges in funding these staff posts could negatively affect the leadership of the DaO in Viet Nam.

11. **Recommendation:** The Resident Coordinator and the UN Country Team should develop a strategy to address funding of posts in the Resident Coordinator's Office.

One Programme

12. **Annual budget and results breakdowns:** Three "focus area joint programming matrices" were put together to break down the One Plan indicative budgets per UN agency, clearly indicating the secured resources and resources to be mobilized for each One Plan output. However, the matrices were not used as a monitoring tool of available resources and were not maintained and updated throughout the programme cycle. Use of the outcome and output indicators was mixed and inconsistent, and a full set of outcome indicators was not tracked, mostly due to unavailability of data. The One Plan result chain indicators were not linked to the individual agencies' existing indicators, which would have enabled easier tracking of results. Overall, One Plan implementation could not be fully established using the defined results chain.

13. **Recommendation:** The Resident Coordinator and the UNCT should: i) consolidate outputs and budgetary information into a consolidated output document that includes the Common Budgetary Framework; ii) establish a clear and transparent results chain; iii) regularly review achievement against targets; iv) establish annual or bi-annual planning through a joint work plan; v) link One Plan results indicators to individual agencies indicators; and vi) perform regular reviews of the One Plan implementation.

14. **Joint work plans:** Joint work plans were not implemented. The primary focus of the agencies was their own programmes established using their own policies and procedures, and for which they were responsible to their respective headquarters and their own Executive Boards. Individual UN agencies agreed and signed separate Detail Project Outlines (DPOs) with the Government. The DPOs were very numerous (170 at the time of audit), were detailed with hundreds of activities, and were not always finalized on time. They were not established at the Joint Programmatic Group level. Consequently the feasibility for joint programming and reporting was reduced.

15. **Recommendation:** The Resident Coordinator and UN Country Team should explore options in working with the Government of Viet Nam to ease the Detail Project Outline (DPO) requirements, and/or work towards establishing joint DPOs at the Joint Programmatic Group level, to reduce the administrative burden and duplication of requirements.

16. **Monitoring and evaluation:** Monitoring and evaluation activities were included in a single Integrated Monitoring and Evaluation Plan (IMEP) derived from the individual agencies' plans. However, implementation of the IMEP was not monitored. A One Plan (OP) monitoring tool was developed but it was not consistently used to track the full set of the OP indicators. Furthermore, data for outcome indicators was not updated. The IMEP included over 100 evaluations but there was neither a centralized monitoring of their implementation nor a central database of individual results.

17. **Recommendation:** The Resident Coordinator and the UN Country Team should: i) arrange periodic monitoring and updating of the Integrated Monitoring and Evaluation Plan; ii) enhance monitoring and evaluation capacity; and iii) improve the use of the One Programme database through regular and consistent data entry.

Common Budgetary Framework/One Plan Fund

18. **Resource mobilization:** The UN agencies set up the Viet Nam One Plan Fund as a pooled fund mechanism to secure and allocate resources for the unfunded portions of the One Plan. The total budget for the One Plan 2012-2016 was US\$ 372.7 million of which US\$ 135.3 million needed to be mobilized through the One Plan Fund. As of November 2015, the Administrative Agent had received about US\$ 102 million of the budgeted amount. However, there has been a reduction in the number of bilateral donors following the country's transition to a middle-income country. Alternatives for financing of the One Plan had not been fully explored in the rapidly-changing donor landscape in the country. The office did not have a concrete resources mobilization strategy.

19. **Recommendation:** The Resident Coordinator and the UN Country Team should, develop a resource mobilization strategy and action plan linked to the budget of the One Plan, keep it up to date and monitor its implementation.

Management comments and action plan

20. The resident Coordinator and the United Nations Country Team accepted all of the recommendations and are in the process of implementing them.

“Signed”

Thierry Rajaobelina, Inspector General,
Office of the Inspector General, FAO

Anthony Watson, Chief Internal Auditor,
Office of Internal Audit and Oversight, ILO

Helge S. Osttveiten, Director,
Office of Audit and Investigations, UNDP

Fabienne Lambert, Director,
Office of Audit and Investigation Services, UNFPA

Paul Manning, Director,
Office of Internal Audit and Investigations, UNICEF

George Perera, Director,
Office of Internal Oversight Services, UNIDO