AUDIT

OF

DONOR RELATIONS

IN

UNDP AFGHANISTAN

Report No. 1137
Issue Date: 17 July 2013
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Report on the audit of Donor Relations in UNDP Afghanistan
Executive Summary

From 28 January to 11 February 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of Donor Relations of the UNDP Country Office in Afghanistan (the Office). The audit covered Office activities during the period from 1 January to 31 December 2012. The Office recorded a total of $626 million as income received in 2012 from 19 donors. During the period reviewed, the Office recorded programme and management expenditures totalling $653 million.1 In 2012, OAI and the United Nations Board of Auditors had conducted audits that covered other activities of the Office.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed the 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.” This rating was mainly due to concerns within the areas of governance, donor reporting and the management of donor residual funds balances. Ratings per audit area and sub-areas are summarized below.

<table>
<thead>
<tr>
<th>Audit Areas</th>
<th>Not Assessed/Not Applicable</th>
<th>Unsatisfactory</th>
<th>Partially Satisfactory</th>
<th>Satisfactory</th>
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<tbody>
<tr>
<td>1. Donor relations governance</td>
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<td>1.1 Partnership and resource mobilization</td>
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<td>1.2 Donor communications</td>
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<td>2. Management of donor contribution agreements</td>
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<td>3. Donor reporting</td>
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Key issues and recommendations

The audit raised five issues and resulted in four recommendations, of which three (75 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.”

1 Source: Executive snapshot as of 26 June 2013
The high priority recommendations are as follows:

| Donor relations governance (Issue 1) | **Deadline for restructuring of donor relations function not established.** Two prior reviews - the Strategic Programme Review (October 2011) and the External Relations Review (February 2012), identified structural and other changes that needed to be implemented. The new management team reported in 2012 that it implemented a number of recommendations and initiated steps to address the issues identified. However, a deadline for completing the restructuring had not been established. OAI recommends that the Office establish a 2013 annual work plan for donor relations, which will include a time frame for completing the restructuring of the donor relations function and the remaining tasks, such as finalizing the Framework for Strategic Partnerships and the Resource Mobilization Strategy, as well as the recruitment of related staff members. |
| Management of donor contributions agreements (Issue 4) | **Donor residual balances not cleared in a timely manner.** Although the Office had refunded some unutilized donor funds, 26 projects (involving 19 donors) with residual balances exceeding $15 million were not financially closed in a timely manner. The main reasons for this delay were the absence of relevant documents, the lack of regular follow-up by the Office with the relevant donors, and the inability to identify certain donors. OAI recommends that the Office ensure that: (a) residual balances are cleared as soon as possible by following up with the relevant donors and seeking advice from the Office of Financial Resources Management on how to address cases in which the donor cannot be identified; and (b) that relevant documents relating to projects, such as agreements and project documents, are properly maintained. |
| Donor reporting (Issue 5) | **Weaknesses in the timeliness and quality of donor reporting.** There were delays in submitting quarterly and annual donor reports. Furthermore, the quality of the reports needed to be improved. Some reports were not aligned with the results expected and some reports did not accurately reflect the project financial situation. This was primarily a result of weak staff capacity at the project level tasked with reporting. OAI recommends that the Office ensure that the donor reporting process meet UNDP and donor requirements through: (a) clarifying roles and responsibilities for reporting, both at the project and programme levels to ensure substantive value is added to the process; (b) strengthening the capacity of relevant programme and project staff members to report, including explaining the context, challenges, action taken and how they have contributed to the Office’s programme outcomes; (c) strengthening the monitoring, evaluation and project and programme oversight functions to ensure accurate and relevant information is available to ensure timely and meaningful reporting; and (d) ensuring the substance and clarity of information provided to donors meets expectations. |
Management comments and action plan

The Country Director accepted all four recommendations and is in the process of implementing them.

Helge S. Osttveiten
Director
Office of Audit and Investigations
I. Introduction

From 28 January to 11 February 2013, OAI conducted an audit of Donor Relations in UNDP Afghanistan. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit scope and objectives

OAI audits assess the adequacy and effectiveness of the governance, risk management and control processes in order to provide reasonable assurance to the Administrator regarding the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with legislative mandates, regulations and rules, policies and procedures. They also aim to assist the management of the Office and other relevant business units in continuously improving governance, risk management and control processes.

Specifically, this audit reviewed the following areas of the Office: donor relations governance, management of donor contribution agreements, and donor reporting. The audit covered relevant activities during the period from 1 January to 31 December 2012. During the period reviewed, the Office recorded $626 million as income received from 19 donors. Programme and management expenditures totalled $653 million. In 2012, OAI and the United Nations Board of Auditors had conducted audits that covered other activities of the Office.

II. About the Office

The Office is located in Kabul, Afghanistan (the Country). Its programme focuses on four themes: stabilization and peace building; democratic governance; livelihoods, natural resource management and disaster risk reduction; and national development policies for economic growth and poverty reduction. The Office functions in a complex environment with support from multiple donors.

The Office is preparing for the transitioning of the International Security Assistance Forces that are expected to partially or fully withdraw their presence by 2014. According to a Strategic Programme Review conducted in December 2011, a significant reduction in Official Development Assistance is expected following this withdrawal, which may result in a difficult economic transition. Presidential elections are also due to be held in 2014. These events may have significant implications for the Office in terms of reduced financial contributions from donors in support of the country programme.

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2 Strategic Programme Review of UNDP Afghanistan, *The Way Forward: A Transformation Agenda for UNDP Afghanistan*, draft report 12 December 2011. The review was undertaken by an inter-bureau team supported by the Regional Bureau for Asia & the Pacific.
III. Detailed assessment

1. Donor relations governance

OAI reviewed the 2011 Strategic Programme Review report, the draft framework for strategic partnerships, other relevant documents and held meetings with key donors, Office management and staff members.

The Office is in a very strong financial position and is the largest recipient of external resources among UNDP Country Offices around the world. However, large donor contributions and the critical nature of programmatic activities expose the Office to an exceptionally high level of donor expectations. Hence, the Office is required to develop a strategic approach and functional capacity to proactively mobilize resources from donors.

The 2011 Strategic Programme Review recommended the strengthening of vital functions, such as monitoring and evaluation, donor relations, reporting and communications.

As a follow-up to the 2011 Strategic Programme Review, two consultants from the Bureau of External Relations and Advocacy conducted a stock-taking exercise to strengthen the Office’s partnerships/donor relations, resource mobilization, reporting and communications capacities. In their report of April 2012, the consultants’ recommendations included establishing a Partnerships, Results Accountability and Strategic Communications Unit, recognizing external relations as a core and critical element of UNDP success and identifying the stakeholders critical to UNDP.

During 2012, the donor relations function was housed within the Programme Support Unit with two staff members dedicated to donor relations and partnership management. In addition, following the 2011 Strategic Programme Review, two professional staff members were made available through the SURGE3 mechanism in the last quarter of 2012 to support the donor relations and partnerships function. The Office also hired an international consultant in March 2012 for one year to support the donor reporting function. Furthermore, five Reporting Officers were recruited for the five largest projects.

OAI interviewed four donors and received survey responses from an additional seven donors. OAI reviewed the status of implementation of the 2011 Strategic Programme Review action plan that identified nine areas that required action and the recommendations made by the two consultants and noted the following:

**Issue 1** Deadline for restructuring of donor relations function not established

The initial deadline for implementing the action plan emanating from the 2011 Strategic Programme Review and relating to donor relations was June 2012. As the new Country Director joined in March 2012 and other senior managers joined later in 2012, the Office was granted an extension to December 2012. However, no deadlines were established for implementing the recommendations issued by the 2011 review. At the time of audit, the progress made was as follows:

- A revised Office structure had been designed to reflect the realignment of functions, roles, responsibilities and accountabilities.
- Recruitment for two posts, a Partnership Advisor and Communications Advisor, was underway.

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3 Launched in 2006, SURGE is an initiative that provides UNDP Country Offices with specially trained UNDP staff (to be deployed at short notice for a limited time frame) with extensive experience in crisis or post-conflict situations.
A draft Framework for Strategic Partnerships and a draft Resource Mobilization Strategy had been developed.

Donor Advisory Group meetings that were project-specific had been initiated.

Project fact sheets had been developed to be shared with partners for information purposes.

The Office had also implemented a number of other recommendations from the Strategic Programme Review, such as refocusing the programme portfolio and streamlining recruitment and procurement processes. While recognizing the progress being made and noting the senior management changes in 2012, OAI is of the opinion that the outstanding tasks recommended by the Strategic Programme Review and by the two consultants relating to donor relations and partnerships, need to be completed within a specified time frame and well before 2014. These include finalizing the Framework for Strategic Partnerships and the Resource Mobilization Strategy as well as the recruitment of related staff members. OAI noted that deadlines had not been established for completing these tasks. In addition, OAI noted that the 2013 annual work plan for donor relations had not been established to coordinate resources available within the Office.

Failure to implement the Strategic Programme Review action plan in a timely manner may negatively impact the donors’ perception of UNDP’s crucial role in streamlining donor partnerships and relations.

**Priority**

High (Critical)

**Recommendation 1:**

The Office should establish the 2013 annual work plan for strengthening donor relations, which will include a time frame for completing the restructuring of the donor relations function and the remaining tasks, such as finalizing the Framework for Strategic Partnerships and the Resource Mobilization Strategy, as well as the recruitment of related staff members.

**Management comments and action plan:**

Agreed

The Office is in the process of establishing a new Partnership Unit whose function will include the overall responsibility for managing donor relations. The Partnership Advisor who will lead this Unit will be on board as of 20 July 2013. A National Officer is already undertaking initial partnership tasks such as working on donor profiles. The team will finalize the Strategic Partnerships and Resource Mobilization Strategy by the end of September 2013.

**1.1 Partnership and resource mobilization**

In February 2013, the Office had 29 active agreements with 16 donors for a total of $900 million in commitments. While the Office had received contributions mainly from traditional donors, it has recently attracted contributions from emerging donors such as the Czech Republic, India, South Korea and Turkey. The Office had also secured $9 million from the Global Environmental Facility as a result of its increased focus on environment and climate change adaptation.

The Office partners with donors who contribute financial resources, with partners who provide technical assistance and capacity development through South-South cooperation, with academia/research institutions, and with local non-governmental organizations/civil society organizations in order to implement development
activities at the sub-national level. Table 1 below outlines the contributions, budgets and expenditures for the Office for the period from 2010 to 2012.

Table I: Donor contributions, budget and expenditure figures for 2010 -2012

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<thead>
<tr>
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<th>2010 ($ millions)</th>
<th>2011 ($ millions)</th>
<th>2012 ($ millions)</th>
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<tbody>
<tr>
<td>Donor Contributions</td>
<td>807</td>
<td>745</td>
<td>627</td>
</tr>
<tr>
<td>Budget</td>
<td>904</td>
<td>886</td>
<td>821</td>
</tr>
<tr>
<td>Expenditure</td>
<td>769</td>
<td>744</td>
<td>633</td>
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</table>

Source: UNDP Executive Snapshot

The prolonged global financial crisis has had an impact on donor contributions, with a decline from $807 million in 2010 to $627 million in 2012. The donors are also increasingly scrutinizing the delivery and performance of their contributions to justify continued funding for the Office.

Studies by an international public policy research institution, the Centre for Strategic and International Studies, indicate that the withdrawal of International Security Assistance Forces in 2014 will have a significant impact on the partner environment in Afghanistan, bringing both opportunities and risks for UNDP. The donors expect UNDP to take the lead on International Security Assistance Forces-managed activities.

**Issue 2 Resource Mobilization Strategy not finalized**

The Office is the largest recipient of external resources among UNDP offices around the world. However, there has been a downward trend in the resources mobilized since 2010, with donor contributions decreasing from $807 million in 2010 to $627 million in 2012. This trend is likely to continue, as three of the four donors interviewed indicated that donor direct budget support and the possibility of ‘on-budget support’ to the Government is expected to increase post-2014.

The Office has developed a draft Resource Mobilization Strategy, which is yet to be finalized. Furthermore, the draft Resource Mobilization Strategy does not include certain key aspects, such as articulation of the responsibilities of each Office unit or a donor-specific action plan based on a detailed assessment of the donor’s environment.
Key donors are currently undecided on a number of UNDP initiatives. The Office needs to engage these donors in a coordinated manner to ensure that the current financial crisis and the withdrawal of the International Security Assistance Forces do not significantly impact funding levels for the country programme.

Given that the first recommendation above calls for finalizing the Resource Mobilization Strategy, no further recommendation is being made. However, OAI urges the Office to finalize the strategy and further enhance engagement with donors.

### 1.2 Donor communications

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A review of partnerships, results accountability and strategic communications in April 2012 by two consultants identified communications-related weaknesses, such as the lack of a communications vision and plan, a weak supportive organizational environment, the lack of awareness and understanding of a diverse audience and the need to better integrate communications into projects.

The new management that joined the Office in March 2012 had taken initiatives to address these issues as referred to in Issue 1. The donors who were surveyed/interviewed by OAI indicated that the communications had improved during the last year. While OAI noted the progress made, the following issues also need to be addressed:

#### Issue 3  Donor communications protocol not established

The Office drafted a business process flow for donor contribution management, identifying the roles of the project unit, programme unit, Programme Support Unit, senior management and the soon to be established Partnership/Communications Team. The draft business process flow indicated that senior management would be involved at the project draft proposal and the final version clearance stages. However, the role of senior management in subsequent engagement with donors remained unclear and seemed to be ad hoc in nature, with no guidelines or criteria on donor engagement.

A formal donor communications protocol had not been established. As a result, donors were not certain as to whether the project Chief Technical Advisor or the Programme Officer was the donor focal point. At least four donors informed OAI that they depended on personal relationships developed with various staff members and approached them individually for information when required.

The Office had initiated monthly Donor Advisory Group meetings, which were specifically intended to address concerns noted about specific projects, such as the Law and Order Trust Fund for Afghanistan. Furthermore, portfolio-based donor dialogues and thematic-area based meetings, such as one on sub-national governance, had been initiated with donors. Individual meetings with specific donors had also been established.

The Office explained that while several meetings were held with donors, they were not always documented.

The Office risks providing inconsistent messages to donors when roles and responsibilities with respect to donor relations are not clarified.
Priority Medium (Important)

Recommendation 2:

The Office should develop a comprehensive business process flow that:
(a) clarifies roles and responsibilities of all units relating to donor communications;
(b) clearly articulates senior management's leadership role in donor communications and external relations;
(c) ensures consistent messaging to all stakeholders by identifying who communicates what to donors through clearly identified focal points; and
(d) ensures regular communication with donors regarding areas pertinent to them, using a targeted approach and always documenting these interactions with written minutes.

Management comments and action plan: __√__ Agreed ____ Disagreed

The Office stated that once the Partnership Unit is fully staffed, it will finalize the draft business process flow describing standard operating procedures for managing donor relations. This document will clarify roles and responsibilities of all stakeholders, confirm senior management’s leadership role and standardize communication practices with donors. This process is expected to be ready by the end of September 2013.

The Office has already established a Donor Advisory Group that meets every six weeks, and is composed of all major donors and chaired by the UNDP Resident Representative. In addition, Project Board meetings are also a venue for donor interaction with both UNDP and its implementing partners at the project level. Further, the Office is considering institutionalizing annual bilateral consultations with its main donors to review the whole portfolio of programmes and identify areas of common interest.

2. Management of donor contribution agreements Partially Satisfactory

In accordance with the Programme and Operations Policies and Procedures, projects must be operationally closed once activities are completed and, thereafter, financially closed within 12 months of operational closure. Any donor-funded project balances arising from projects that have ended must be cleared before a project can be financially closed. Balances are either reprogrammed or refunded to the donors.

Issue 4 Donor residual balances not cleared in a timely manner

The Office had refunded unutilized donor fund balances for projects that had ended. For example, $3.4 million was returned to donors in January 2013. However, as of January 2013, there were 26 projects with residual balances of $15 million (involving 19 donors) which needed to be cleared. Of these balances, $9 million related to agreements that expired between 2003 and 2006. The main reasons for the delays in clearing these balances were as follows:

- agreement documents for eight projects with residual balances totalling $3 million were not available;
- the Office did not regularly follow up with donors on some balances; and
- some of the project funds were transferred from other agencies, such as UNOPS and WFP, and had unidentified donors.
The long delays in refunding unutilized funds to donors could result in strained relations and cause reputational damage to the Office and to UNDP in general. Long, outstanding donor residual balances of projects that have ended also means that the projects cannot be financially closed.

**Priority**  High (Critical)

**Recommendation 3:**

The Office should ensure that:

(a) residual unutilized funds are cleared as soon as possible by following up with the relevant donors and seeking advice from the Office of Financial Resources Management on how to address cases in which the donor cannot be identified; and

(b) relevant documents relating to projects, such as agreements and project documents, are properly maintained.

**Management comments and action plan:**  __√__ Agreed  ____ Disagreed

The Office indicated that:

(a) Since January 2013, they had undertaken a comprehensive clean up exercise of all residual funding. In the first six months of 2013, $3.8 million had been re-programmed, $4.6 million refunded to the donors, $7.9 million was in the process of re-programming and $5.3 million was under discussion with the donor to be re-programmed or refunded.

(b) The Strategic Management Support Unit is maintaining a comprehensive database of all project documents and relevant agreements. In addition, the Office has decided on the establishment of a proper central registry system. A consultant is expected to start by end July 2013.

3. **Donor reporting**  Unsatisfactory

Regular reporting is one way of sharing project-related information with donors. To address reporting weaknesses, the Office recruited five Reporting Officers at the project level during 2012. Additionally, a consultant was recruited in March 2012 for a one-year period. The consultant trained programme and project staff members on results-based management, on the development of the 2013 project annual work plan and on the UNDP style guide for report writing. The consultant also developed a donor proposal template to ensure consistency across projects and programmes and assisted with reviewing the regular reports prepared by the projects.

**Issue 5  Weaknesses in the timeliness and quality of donor reporting**

The Programme Support Unit indicated that quarterly progress reports are submitted to donors within four to six weeks of the end of the quarter. OAI noted that both the quality and timeliness of reports have been of concern to donors, as discussed below:

**Timeliness of reports:**  OAI noted delays in forwarding quarterly reports to donors as shown in Table 2 below.
Most of the reports were delayed by at least three days and, in some cases, by more than two months. The submission of 7 out of 12 annual reports for 2012 was delayed. Almost all of the donors surveyed noted that there were consistent delays in the Office's submission of both quarterly and annual reports. A few donors informed OAI that some quarterly reports were never submitted and were instead merged into the subsequent quarter's reports.

Quality of reports submitted: Progress reports need to reflect a summary of results achieved against pre-defined annual targets at the output level. In addition, the reports must outline any emerging challenges, foreseen risks and confirm that the delivery of the outputs would lead to the desired outcome. OAI noted that reporting was at times not linked to the results/logical framework, making it difficult for donors to determine how their funds were contributing to the expected results.

Almost all donors surveyed/interviewed stated that the quality of reporting needed to be improved. For example, one donor of the Afghanistan Peace and Reintegration Programme noted that it had identified errors relating to the specific number of beneficiaries (ex-combatants) in the second quarter 2012 report and requested the Office to revise the report. A second donor indicated that reports did not usually provide a true picture of progress, as they only highlighted the positive aspects and did not elaborate on the challenges faced by the project.

Another donor that contributed $2 million to a project reported inaccurate financial reporting. According to the certified financial reports for 2009 and 2010 year end, the project's closing balance was zero. However, the 2011 certified financial report indicated that the project had an unspent balance of about $10,000. This created considerable challenges for the donor, as the project, which had been closed a year earlier, had to be reactivated.

The main reason for delays and poor quality of reporting was due to a lack of accountability at project and programme levels, as discussed below.

(a) Projects did not submit reports to the programme units within the established time frame of 10 days after the end of the quarter. Furthermore, most draft reports submitted by the projects were not results focused. The Programme Support Unit explained that the delays were usually due to delays in data

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Table 2: Project reports submitted as at February 2012

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<td>00058922 - ASGP</td>
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Source: Programme Support Unit, UNDP Afghanistan
collection, which normally would be undertaken during project monitoring. This indicated that project monitoring may have been weak.

(b) The Office’s programme units were responsible for ensuring that the draft reports were accurate and included relevant information. However, comments provided by the programme units indicated that there was very little input in terms of substantive quality review.

(c) Following review by the programme unit, the reports were submitted to the Programme Support Unit, which made significant revisions, often resulting in as many as five versions, which delayed the submission of reports to the donors. As some of the key programmatic/project-specific information was missing, the Programme Support Unit had to rely on what was provided, resulting in the release of reports that were less than satisfactory.

(d) Project reporting is one of the key responsibilities of the project manager. As such, it was apparent that the project managers needed to enhance their supervision of donor reporting.

The Office risks losing key donors if quality reports are not submitted in a timely manner and if they do not include relevant information.

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<th>Priority</th>
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**Recommendation 4:**

The Office should ensure that the donor reporting process meets UNDP and donor requirements through:

(a) clarifying roles and responsibilities for reporting, both at the project and programme levels to ensure substantive value is added to the process;

(b) strengthening the capacity of relevant programme and project staff members to report, including explaining the context, challenges, action taken and how they have contributed to the Office’s programme outcomes;

(c) strengthening the monitoring, evaluation and project and programme oversight functions to ensure accurate and relevant information is available to ensure timely and meaningful reporting; and

(d) ensuring the substance and clarity of information provided to donors meets expectations.

**Management comments and action plan:**  
__√__ Agreed  ____ Disagreed

The Office stated that:

- The Strategic Management Support Unit developed a standard format for project reports in February 2013 and conducted training. The 2013 Q1 reports followed the standard format. In addition, training on Results Based Management is also being provided to staff in June 2013.
- The review of Annual Project Reports has been made a standard agenda item of Project Board meetings, thereby strengthening monitoring of the project activities by the donors who are members of the Boards.
- All large projects have Monitoring and Evaluation Officers that work closely with the Reporting Officers to ensure good quality of the reports.
- It will encourage the use of Atlas to improve monitoring of progress against outputs for all projects.
ANNEX  Definitions of audit terms - ratings and priorities

A.     AUDIT RATINGS

In providing the auditors’ assessment, the Internal Audit Services of UNDP, UNFPA, UNICEF and WFP use the following harmonized audit rating definitions. UNDP/OAI assesses the Country Office or audited HQ unit as a whole as well as the specific audit areas within the Country Office/HQ unit.

- **Satisfactory**
  Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity. *(While all UNDP offices strive at continuously enhancing their controls, governance and risk management, it is expected that this top rating will only be achieved by a limited number of business units.)*

- **Partially Satisfactory**
  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. *(A partially satisfactory rating describes an overall acceptable situation with a need for improvement in specific areas. It is expected that the majority of business units will fall into this rating category.)*

- **Unsatisfactory**
  Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised. *(Given the environment UNDP operates in, it is unavoidable that a small number of business units with serious challenges will fall into this category.)*

B.     PRIORITIES OF AUDIT RECOMMENDATIONS

The audit recommendations are categorized according to priority, as a further guide to UNDP management in addressing the issues. The following categories are used:

- **High (Critical)**
  Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.

- **Medium (Important)**
  Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP.

- **Low**
  Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are **not included in this report**.