

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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PERFORMANCE AUDIT
OF
UNDP MONITORING PRACTICES

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Report on a performance audit of UNDP Monitoring Practices Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of UNDP Monitoring Practices from 28 July to 19 September 2014. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to monitoring practices. Specifically, the audit determined whether or not the programme monitoring practices were effective in supporting results reporting and continuous improvement of UNDP programmes to achieve the organization's objectives. The audit focused on the following questions:

- (a) Is UNDP monitoring system properly designed, making it possible for managers to sufficiently follow the programme performance achievements?
- (b) Are the ongoing corporate-level programming activities improving the monitoring system?
- (c) Are the support mechanisms effective in facilitating and maximizing the use of the system?

The audit covered the activities of 10 country offices from 1 January 2013 to 31 August 2014. Starting from UNDP's practices on monitoring and having input from internal and external experts on project monitoring, the audit assessed UNDP's monitoring tools and practices, from planning to implementation stage as well as the use of monitoring data for management actions and decision-making. The assessment was UNDP-wide with samples of projects from all regions. It also involved in-depth review of some key projects' monitoring practices with a view to identify good practices.

Overall audit rating

OAI assessed the UNDP Monitoring Practices to be **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." The rating was mainly due to weaknesses in monitoring system design and in the use of resources.

Key recommendations: Total = 3, high priority = 3

The three recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendations 1 and 3); and effectiveness and efficiency of operations (Recommendation 2).

For high (critical) priority recommendations, 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.

The audit noted some weaknesses in the following areas:

- (a) **Monitoring system design:** The UNDP monitoring systems and practices were not designed to enable managers to sufficiently follow project performance. Prescriptive content provided by POPP was not sufficient and not detailed enough. This led to different interpretations and the application of the monitoring tools was inconsistent, thus affecting corporate reporting. It was difficult to trace linkages between project and programme results and there was a lack of standardized data collection methodologies.
- (b) **Capacity/resources:** Despite the approval of the human resources benchmarks for monitoring and evaluation, the implementation of the benchmarks for staffing has not been completed at the time of

- (c) the audit. In general, staff assigned to perform monitoring function did not possess enough technical knowledge and no specific training in monitoring was provided or required.
- (d) Tools/support: The available tools (Integrated Work Plan, Result Oriented Annual Report, Atlas Project Management Module, Integrated Results and Resources Framework, Executive Snapshot) did not fully meet users' needs, especially at the country office level. This was mainly because the tools were not integrated and users needed to obtain information from three different sources (e.g. the old and the new Executive Snapshot, Atlas, the Enhanced Result Based Management Tool, in order to have a comprehensive status of a project.) The help-desk functions related to monitoring were not clear and widely communicated.

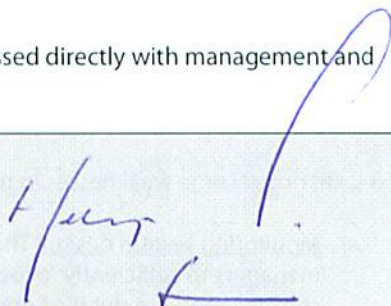
To address these weaknesses, OAI proposes three recommendations ranked 'high-priority', as follows:

- (a) Collect and integrate Country Office experience from users in the field through Regional Bureaux and Regional Hubs and finalize a UNDP Monitoring Policy that: (a) sets the standards and prescriptive requirements for monitoring; and (b) allows flexibility for creation of country/regional-specific systems (Recommendation 1).
- (b) Create an integrated platform that will aggregate priority results relevant for a high-level corporate reporting with an underneath level that allows country offices to collect/analyse/use data as per country priorities and feeds into the corporate level (Recommendation 2).
- (c) To implement Country Office Support Initiative: (a) commit adequate resources including implementation of the benchmarks for staffing; and (b) ensure a comprehensive knowledge on monitoring, monitoring components and their relations, and technical knowledge for effective use of monitoring tools is provided through training (Recommendation 3).

Management comments and action plan

The Director of the Bureau for Policy and Programme Support accepted all the recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten
Director
Office of Audit and Investigations

I. Introduction

A. About UNDP Monitoring Practices

The UNDP Programme and Operations Policies and Procedures define monitoring as a continuous function that aims primarily to provide the main stakeholders of a programme or project with early indications of the quality, quantity and timeliness of progress towards delivering the intended results. Monitoring is a key management function and a prerequisite for effective leadership. The type of information to be monitored varies over time, depending on management expectations and needs.

UNDP monitoring policies and procedures are prescribed in the Programme and Operations Policies and Procedures (POPP). Further guidance that complements the POPP on how to plan, monitor, and evaluate programmes/projects, is provided in the Handbook on Planning, Monitoring and Evaluating for Development Results, 2009 version.

The Bureau for Policy and Programme Support is responsible for designing and maintaining the monitoring policy, including tools and practices.

According to the POPP, programme and project monitoring are interlinked and help ensure that:

- The project is making progress towards intended outputs.
- Resources entrusted to UNDP are utilized appropriately.
- There is continued national ownership, ongoing stakeholder engagement and sustainability.
- The project's outputs contribute to intended country programme outcomes.

B. Rationale for conducting the audit

UNDP senior management has taken several steps since 2012 to support a robust, results-oriented programme and project management and to provide internal users of the management system with new tools and guidance. These include providing guidance and support to strengthen UNDP's role in UN Country Team programming; improving the Country Programme Document by placing more emphasis on development results; refining portfolio management; strengthening project-level quality assurance; decision to introduce a strong monitoring policy and procedures; and introducing new project implementation modalities that facilitate South-South Triangular Cooperation.

However, internal and external reviews conducted in recent years showed that there were challenges and problems in how UNDP was monitoring the achievement of its key results as set in the Strategic Plan:

- From internal audits, over 50 percent of Country Office audit reports highlighted issues related to inadequate project monitoring and oversight due mainly to insufficient resources and a lack of capacity and guidance (OAI 2012 and 2013 Annual Reports). The audit of directly-implemented projects in the last three years highlighted similar issues.
- In addition, internal evaluations of five regional programmes by the Independent Evaluation Office identified similar challenges. In addition, due to insufficient resources, UNDP monitoring and evaluation capacity at the office level was not satisfactory.
- Moreover, the 2013 Annual Report of the Independent Evaluation Office highlighted similar issues regarding monitoring and evaluation but acknowledged the positive trend and improvement in evaluation. The Independent Evaluation Office assessed the quality of 179 completed outcome, programme and project

level evaluations and 44 UNDP/GEF project terminal evaluations and concluded that 45 percent of the assessed evaluations were rated 'satisfactory' or better, 36 percent were 'moderately satisfactory' and 19 percent were 'moderately unsatisfactory' or worse. This showed an improvement in quality over previous years. The number of 'moderately unsatisfactory' reports has been halved since 2011. Likewise, the number of evaluations considered 'moderately satisfactory' has been reduced. The number of evaluations judged to be 'satisfactory' has increased each year, to 44 percent in 2013.

- Finally, external reviews, such as the 2013 Multilateral Aid Review, concluded that detailed information on results at the country level was often not available due to weaknesses in monitoring and poor links between outputs achieved at the project level and the outcomes at the programme level.

II. Audit scope and approach

The audit addressed the overall question: "Does UNDP Monitoring practices meet its objectives and users' needs?" In answering this question, the audit focused on the following sub-questions:

- (a) Is UNDP monitoring system properly designed, making it possible for managers to sufficiently follow the performance achievements?
- (b) Are the ongoing corporate-level programming activities improving the monitoring system?
- (c) Are the support mechanisms effective in facilitating and maximizing the use of the system?

During the stage of defining the scope of the audit and in an attempt to build up knowledge and ensure that various perspectives were considered, OAI convened a Focus Group comprised of representatives from various headquarters, regional and central bureaus. OAI planned and conducted the audit in a consultative process, discussing all relevant matters with the Focus Group. However, all the views, findings and recommendations contained in this report are solely the responsibility of OAI.

The audit gathered evidence for its assessment through documentary reviews, interviews and questionnaires. The documentary review covered a wide range of UNDP documents starting from UNDP's policies on monitoring to specific documents related to the country-level monitoring in the countries selected for detailed testing. A series of interviews were organized with users of the monitoring system, i.e. managers at all levels as well as with internal and external experts on project monitoring. Two questionnaires were distributed:

- a planning questionnaire sent in June 2014 to managers in all UNDP country offices - 144 responses from 87 country offices;
- a second questionnaire sent in September 2014 to the managers of the Country Offices selected for detailed testing and the members of the Focus Group - 12 responses from 15 managers/members.

The purpose of the questionnaires was to ask for lessons learned and experiences in applying UNDP monitoring policies and procedures and to: (a) understand how users rated the relevance and usefulness of the current monitoring tools; (b) collect information on practices developed locally; and (c) identify areas requiring further development.

In particular, the audit examined the monitoring practices in 10 country offices agreed with the Focus Group: Egypt, El Salvador, Ethiopia, India, Iraq, Montenegro, Nepal, Sierra Leone, Sudan and Yemen. While Country Offices were following POPP requirements for programme/project monitoring; still most of them (65 percent) designed their own tools to meet the monitoring needs in addition to the corporately prescribed ones. OAI

noted increased scope and responsibilities for monitoring in countries with prevailing direct implementation modality.

In addition to reviewing policies and guidelines, this audit reviewed the usage of corporate tools such as the Integrated Work Plan, Result Oriented Annual Report, Atlas Financial Dashboard, Atlas Procurement Dashboard, Executive Snapshot, Comprehensive Audit Reports and Recommendations Database, Project Management Module/Result Based Management platform, IPSAS Dashboard, Annual Project Reports/Annual Project Reviews.

The audit was conducted during a period when a major organizational change through the Structural Review was taking place. The Bureau for Policy and Programme Support (BPPS) was established with a mandate to centralize and coordinate all policy functions, thus replacing the Bureau for Development Policy and Bureau for Crisis Prevention and Recovery. Valuable developments were also taking place to enhance project and programme quality, results management and monitoring.

III. Audit criteria

Audit criteria include policies, procedures and requirements against which facts can be assessed. Specifically, the audit criteria, which were based on the technical knowledge and experience of the Focus Group and OAI audit team, were discussed and agreed as follows:

- Monitoring system should provide stakeholders with better means for learning from past experience; improved service delivery; and planning and allocation of resources.
- Monitoring system should enable managers to demonstrate results as part of their accountability.
- Monitoring system should enhance transparency, learning and accountability.
- Monitoring system including policies should provide timely updates on results achieved and warnings/alerts on deviations.
- Monitoring system should provide adequate resources including technical support.
- Monitoring tools should be designed to cater for end-users' needs and country-specific context.

IV. Audit observations

A. Is UNDP monitoring system properly designed, making it possible to managers to sufficiently follow the programme performance achievements?

UNDP monitoring policies and procedures are defined in the POPP and should apply to the whole organization. The key points of UNDP's monitoring practices applicable during programme implementation are as follows:

- UNDP and the national partners should make decisions based on monitoring information to ensure that the projects and programmes supported by UNDP are managed efficiently and effectively and in an accountable manner
- All outcomes to which UNDP is contributing must be monitored regularly in a planned way regardless of budget and duration.
- Adequate resources must be allocated for Monitoring and Evaluation activities.
- Every output should be linked to an outcome group or thematic or sectoral group responsible for monitoring the progress on the achievement of corresponding outcome. In accordance with the Country Programme Action Plan/UN Development Assistance Framework monitoring and evaluation framework, each outcome should prescribe who is responsible for monitoring data collection, how often the data is collected, who will receive it and in what form.

- Annual review process is key part of the monitoring. The annual review of the Country Programme Action Plan/United Nations Development Assistance Framework is carried out within the overall Annual Review process of the Framework, in order to avoid a major separate review, reduce transaction cost and ensure coordination. Lessons and evidence extracted through annual reviews should be fed back into programme management and future programming.

The review showed the following:

(a) On the POPP guidance:

- UNDP did not have a written monitoring policy.
- The POPP guidance on programme and project monitoring was insufficiently detailed, and therefore, managers were left to interpret some of the requirement, which in some instances led to different interpretations. For example, with the requirement of only one project review per year, UNDP managers were unable to identify poor project performance or identify problems on time. While the project boards have the latitude to decide the frequency of reporting and reviewing that best suits their needs, this was not often seen in practice. However, BPPS considered that the POPP prescriptive content should be complemented by the “Handbook on Planning, Monitoring, and Evaluating for Development Results”, which provides extensive guidance, both forming a comprehensive set of tools for Country offices to use in setting up their monitoring mechanisms. It added that the policy sets the minimum corporate requirements.

(b) On the tools:

- UNDP managers appreciated the various tools availed to them. The different monitoring tools covered in the country office questionnaire were rated as ‘useful’ or ‘very useful’ by the majority of respondents, (between 63% and 91%) depending on the tool. The tools most frequently rated as ‘useful’ were the Atlas finance dashboard (91%), IWP (87%) and ROAR (83%); tools rated as ‘useful’ by a relatively smaller majority of users were the Atlas IPSAS Dashboard (63%) and Procurement Dashboard (64%). However, 64 percent of Country Offices also responded that they have designed their own tools to meet their needs. In some cases, these country-specific monitoring tools have been developed to meet country-specific needs for collecting data to report on project or programme specific results; in other cases, own tools were developed to better meet the offices’ needs for their own monitoring functions that could not be adequately addressed by existing UNDP corporate monitoring tools. OAI considers the latter case to be time consuming and costly for the organization.
- The monitoring tools were not integrated and users needed to obtain information from different sources to get a full picture of their programme and projects.
- The project monitoring tools as designed made it difficult to: (a) reflect changes in the project environment, especially external ones (e.g. war, natural disasters); (b) capture positive and negative unintended results; (c) identify clear links between the project plans and the project reports; and (d) follow up on challenges and how they were resolved.
- Data aggregation at the portfolio and at the country programme level were missing, making the overall programme performance monitoring and reporting per issues and/or outcomes difficult. In addition, there was a lack of standardized data collection methodologies at the programme and project levels. However, and according to BPPS, Country Offices themselves need to ensure that sound indicators are created, data is regularly collected, and this data is used to make decisions. The tools allow for this, but the tools may not have been used robustly by Country Offices.

- The audit could not find any evidence in the project documentation provided by Country Offices that projects were revised based on the issues discovered through triggers inbuilt in the monitoring tools. This increases the risk of managers being unable to take timely corrective measures.

OAI noted good examples of monitoring practices designed in India and Sudan. OAI did not test these examples but, through review of the additional documentation provided and interviews, decided it might be useful to share such attempts that worked under the circumstances in those two countries (refer to annex I.)

B. Are the ongoing corporate-level programming activities improving the monitoring system?

In December 2012, the Organizational Performance Group decided that key features of a strengthened project level quality assurance system and several corporate initiatives to improve programming were to be undertaken, including improvement of monitoring tools. A team working on the Results Based Management improvement was established on a cross-departmental basis (Executive Office, Bureau for Development Policy, Strategy and Change Implementation Group, Operations Support Group, Bureau of Management) with different reporting lines and competing priorities. The team was tasked to revise the Programme and Project Management section of POPP; draft the monitoring policy based on inputs from the Country Offices; and revamp the corporate planning and results reporting. OAI was not provided with the terms of references of the team, therefore was not able to assess whether the roles and responsibilities of the team members were clear. The team composition was changed during the time of the audit as a result of the Structural Review-related staff changes.

There were substantive delays of most of the ongoing monitoring-related corporate activities. The Organizational Performance Group had requested that by the end of February 2014: (a) the POPP updates including monitoring and evaluation benchmarks would be completed; (b) a distinct policy on “monitoring” that focuses on performance management functions would be designed; and (c) sample TORs for performance management and evaluation staff functions would be prepared. The Organizational Performance Group also requested that a tool in Atlas to identify expenditures for monitoring and evaluation be developed by May 2014.

The interviews with different level of users confirmed that the ongoing corporate activities that aim at improving the monitoring system were seen as an isolated headquarters initiative that did not sufficiently communicate the scope, structure, outcome and deadlines for completion. An idea to involve future users at the Country Office level in the revision of the monitoring system (for example, piloting joint monitoring in six Country Offices) did not materialize due to competing priorities. BPPS noted much work remains to be done in this area, but that all Regional Bureaux received presentations on “corporate activities aimed at improving the monitoring system” in early 2014, and were invited to share the information and the Teamworks link with Country Office colleagues who would potentially be interested in providing feedback and contributing inputs.

OAI reviewed the first draft of the UNDP monitoring policy that was available at the time of the audit. Given that the draft was at its preliminary stage it was too early to conclude if the new UNDP Monitoring Policy would address weaknesses of the monitoring system as described in this report.

OAI noted that there were several ongoing corporate efforts to enhance UNDP policies, systems and practices related to monitoring. Given that some initiatives were at early stage scheduled for piloting from January 2015, results and impact of such measures would be assessed through future engagements.

C. Are the support mechanisms effective in facilitating and maximizing the use of the system?

Support mechanisms for monitoring include the following: handbook, training, help-desks, and resources.

- The 'Handbook on Planning, Monitoring and Evaluation for Development Results' was issued in 2009 with the aim to support UNDP in becoming more results-oriented and to improve its focus on development changes and real improvements in people's lives. The Handbook complements the POPP providing guidance on how to plan, monitor and evaluate for development results.
- Training is a prerequisite for efficient and effective monitoring. A mandatory training that would provide all users with a comprehensive knowledge on monitoring, monitoring components and their relations (input, output, outcome, impact, indicator, baseline, and target) as well as technical knowledge for an effective use of the monitoring tools is necessary for effective use of the monitoring systems.
- Capacity, roles and responsibilities of monitoring functions and help-desk monitoring-related functions should be clearly defined, widely communicated and easily available to all users.

OAI noted the following:

- (a) Handbook on Planning, Monitoring, and Evaluating for Development Results: Users recognized the usefulness of the Handbook; yet they indicated a lack of substantive guidance at the Country Office level. Fifty-eight percent of the respondents indicated that they needed more guidance to act on deviations when they occur.
- (b) Training: There was no mandatory training that would provide users with a comprehensive knowledge on monitoring, monitoring components and their relations (input, output, outcome, impact, indicator, baseline, and target) as well as technical knowledge for an effective use of the monitoring tools. Although the Learning Management System contained some trainings on project monitoring, yet the initiative was left to managers and project staff to enroll and complete these trainings. In addition, the Prince2 certification which served in standardizing the organization's approach to programme management was not pursued further and lost momentum. The majority of dedicated Monitoring and Evaluation staff received only a basic Results Based Monitoring training. Only 9 percent among such staff have undertaken specific training in monitoring.
- (c) Help-desks: Forty-one percent of users stated that they were not satisfied with the support provided by the Monitoring and Evaluation regional help desks. The general perception was that the regional Monitoring and Evaluation Focal Points as well as help-desk functions needed to be more responsive to the specific questions and not limited to compliance monitoring for Headquarters purpose. In some cases no focal points were assigned to monitoring and the Country Offices indicated lack of knowledge or awareness of existence of help-desk functions at all.
- (d) Resources: Sixty-seven percent of respondents to the OAI questionnaire noted that the monitoring system was not easy to use without guidance or support that was assessed as very weak. According to the Country Office managers, support provided by resources with regard to monitoring was fair (50 per cent), however, the support was not adequate with respect to complex country-specific matters. In January 2013, the Organizational Performance Group approved the Country Office Support Initiative¹ to improve results-based management of programmes. As part of this initiative, specific benchmarks on staffing on monitoring and evaluation was proposed. While the human resource benchmarks of the Country Office Support

¹ This was initiated by UNDP to help Country Offices manage the interface between country and corporate levels, and to ensure that UNDP commitments to national ownership are well balanced with organizational commitments to focus on programmatic quality and organizational accountability for results.

initiative were approved, the financial benchmarks were not approved due to unavailability of accurate information on the baseline expenditures on monitoring and evaluation. At the time of the audit, information about both the staffing on monitoring and evaluation and related financial resources were not available. In addition, recruitment of Monitoring and Evaluation Specialists in the regional hubs was yet to be finalized as a result of the current Structural Review.

V. Conclusions

On the overall, the mandatory monitoring tools and practices were not sufficient and not adequate for programme/project monitoring and that the existing monitoring practices did not make it possible for managers to sufficiently follow the performance achievements and get timely information on deviations from plans and targets. This was due to the following:

- (a) The monitoring system, as noted during the time of audit, did not:
 - meet managers' needs at various levels;
 - focus on right priorities thus disabling evidence-based reporting; and
 - accommodate changes in programming context.
- (b) The monitoring tools as well as the corresponding support mechanisms were not integrated into one IT platform that would guide users and provide them with timely and comprehensive information.
- (c) The help desks and user support functions were weak and the majority of respondents to the questionnaires stated that no substantive help was provided at critical points for the project design and implementation.
- (d) No specific, technical training was designed and provided to the users, instead only a basic training not relevant for managers was available for staff involved in monitoring functions.

Following the audit fieldwork, BPPS indicated to OAI that systems alone may not solve everything – users need to have adequate capacity, and to be engaged to use the system as intended. Efforts have been underway through 2014 and are further planned for 2015 to address this. Throughout 2014, the Executive Office has led the corporate alignment of programmes to the Strategic Plan with the aim of enhancing programme quality and results. These approaches, outlined in two handbooks which laid out the concepts and methodologies, aim to improve programme and project design through three groups of parameters: (a) thematic alignment parameters, (b) design parameters, and (c) operational or management parameters. The programme alignment exercise has been complemented by the introduction, at the end of 2014, of project quality standards at design and appraisal stage, annually during implementation, and at operational closure. It added that since January 2014, the Integrated Results and Resources Framework was designed to facilitate the monitoring of the Strategic Plan.

VI. Recommendations

To address the weaknesses described above, OAI proposes three recommendations, as follows:

Priority	High (Critical)
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Recommendation 1:

Collect and integrate Country Office experience from users in the field through Regional Bureaux and Regional Hubs and finalize a UNDP Monitoring Policy that: (a) sets the standards and prescriptive requirements for monitoring; and (b) allows flexibility for creation of country/regional-specific systems.

Responsible HQ bureau: BPPS (lead) in close collaboration with Regional Bureaux

Management action plan:

In 2015, BPPS will lead on the further development and finalization of a corporate Monitoring Policy, working in close collaboration with Regional Bureaux and Country Offices. This will be complemented by ongoing work to develop criteria and systems to support quality assurance for projects and programmes (ongoing in 2015 and first half of 2016). In this regard, work was already well under way for the development and roll-out of the new project quality assurance system which sets clear and measurable quality criteria for project decision points: design and appraisal stage, annual project quality assessments (i.e. implementation monitoring), and at closure. Phase One of the roll-out would run from 10 December 2014 – 16 March 2015, targeting 23 Country Offices across all regions; phase two from May – December 2015 (70 country offices); and phase three from January 2016 (all country offices).

Further development of the monitoring policy will take into consideration the existing work carried out by the Executive Office / Corporate Strategic and Governance Group on the Programme Alignment Handbook which has a dedicated section on operational alignment and enhancing Monitoring & Evaluation systems and content. The Handbook will also be integrated into the programme quality standards that are being further developed by BPPS/Development Impact Group in 2014/2015 in collaboration with Regional Bureaux and Executive Office/ Corporate Strategic and Governance Group

The monitoring policy should balance flexibility for Country Offices with the need to ensure consistent information.

Estimated completion date: 4th quarter 2015.

Priority High (Critical)

Recommendation 2:

Create an integrated platform that will aggregate priority results relevant for a high-level corporate reporting with an underneath level that allows country offices to collect/analyse/use data as per country priorities and feeds into the corporate level one.

Responsible HQ bureau: BoM/OIST, ExO/CSGU, BPPS

Management action plan:

The new integrated Corporate Planning System was already being rolled out and further functionalities developed, steered by Executive Office/Corporate Strategic and Governance Group and with technical development led by Bureau of Management/Office of Information Systems and Technology. BPPS is an active

member of the Group, advising on the development of the project and programmes spaces (where the project Quality Assurance modules will sit for phase two and where the monitoring function will be located). Additional functionalities will be added during the phased approach.

The Integrated Results and Resources Framework is a further corporate initiative that contributes to the stronger linkages between country level and global results.

As a caveat, lack of integration of systems does not in and of itself stop the collection and analysis of data by Country Offices and an integrated system / platform alone is not a guarantee of quality. Investment in Risk Based Management systems and monitoring capacity will be required to raise quality as recognized in recommendation three.

Estimated completion date: ongoing throughout 2014 and 2015.

Priority High (Critical)

Recommendation 3:

To implement Country Office Support Initiative, (a) commit adequate resources including implementation of the benchmarks for staffing; and (b) ensure comprehensive knowledge on monitoring, monitoring components and their relations, and technical knowledge for effective use of monitoring tools is provided through training.

Responsible HQ bureau: BPPS in coordination with Regional Bureaux

Management action plan:

BPPS expressed support for renewed efforts to implement Country Office Support Initiative and, more generally, the enhancement of Risk Based Management policies, systems and tools. Regional Bureaux feedback suggests that resource constraints are impeding the implementation of the staffing benchmarks. Further investments, including financial, will be required to raise quality and performance in this regard.

Progress against Country Office Support Initiative will be reviewed in early 2015 with development of new targets by the Bureaux end of 2015. The Country Office Support Initiative is envisaged to run for the duration of the Strategic Plan.

Estimated completion date: Ongoing throughout 2015.

ANNEX I: Sample custom-made monitoring systems developed by UNDP India and Sudan

Case study1: India - Portfolio Defenses

The 2011 Assessment of Development Results noted some deficiencies that included, among others: inadequate supervision and monitoring of field projects, monitoring and evaluation systems not in place or implemented effectively. Field monitoring was lacking or insufficient and there was no stakeholders' involvement. Against this background, the Office engaged in a new initiative, called 'Portfolio Defenses' to ensure consistency across the country programme outcomes. A standardized template was designed to ensure that all programme information was presented in a consistent, clear, substantive and logical manner.

As part of the Portfolio Defenses, project teams were required to elaborate a, *Critical Results Path* for each project that lays out the milestones to be achieved by the end of the year. Once *Critical Results Paths* have been approved through the defense process, staff is required to align project annual work plans to them.

The exercise led to the following results:

- the programme results are aligned to the priorities of the host-country government and UNDP corporate priorities (Strategic Plan)
- reduction or elimination of interventions where UNDP has no comparative advantage or where it lacks sufficient capacity
- both annual planning/monitoring and 5 year course adjustments made possible
- positive feedback from the host country government.

Case Study2: Sudan - Innovative approaches to monitoring

UNDP Sudan implements a complex programme portfolio with a delivery being over \$120 million per annum on average. Sudan is a, "MAR country", i.e. it is included in the Multilateral Aid Review by the DFID on annual basis.

In light of political challenges and decreasing donors' interest, the senior management of the country officer designed a monitoring system to track the programme outcome indicators across all programme areas. A data management system was created to facilitate effective and efficient storage, basic analysis and retrieval of data on demand. Beneficiaries, volunteers and NGOs are used as proxies for the office, i.e. remote monitoring.

Among the results achieved:

- Improvements in donor rating (e.g. for the annual review of Darfur Community Peace and Stability Fund, the rating improved from C in 2011 to A and A+ in 2013 for most of the programme outputs)
- Office's improved monitoring capacity that benefited other country offices upon request.

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **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.
- **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.
- **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.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **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.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to 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.