

AUDIT

OF THE

JOINT PROGRAMME IN COLOMBIA

FUNDED BY THE SUSTAINABLE DEVELOPMENT GOALS FUND

Report No. 1810

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Report on the Audit of the Joint Programme in Colombia Funded by the Sustainable Development Goals Fund
Executive Summary

The UNDP Office of Audit and Investigations (OAI), as the Internal Audit Service of the Convening Agency for the Joint Programme, conducted an audit of *Territorios productivos y con seguridad alimentaria para una población resiliente y en paz, en ecosistemas estratégicos en el Cauca* (Joint Programme), in Colombia, from 17 April to 2 May 2017. The Joint Programme was funded by the Sustainable Development Goals Fund (SDG-Fund), an international multi-agency and multi-donor development mechanism created to support the attainment of the Sustainable Development Goals. The audit aimed to assess the adequacy and effectiveness of the programme's governance, risk management, and control processes in Colombia relating to the following areas and sub-areas:

- (a) Governance mechanisms and coordination
- (b) Risk management
- (c) Monitoring and evaluation
- (d) Reporting (programmatic and financial)
- (e) Communication and advocacy / knowledge management
- (f) Financial management

The audit covered the activities of UNDP Colombia as the Convening Agency¹ for the Joint Programme and jointly implemented activities of the other Participating UN Organizations (PUNOs) in Colombia, i.e. FAO, UN Women and WFP, in coordination with their respective Internal Audit Services. The audit conducted fieldwork in Bogota and three of the four municipalities (i.e. Almaguer, Bolivar, and San Sebastian) under the Department of Cauca where the Joint Programme was being implemented. The audit covered activities and recorded expenditures by UNDP and UN Women for the Joint Programme from 1 January 2015 to 30 April 2017. Detailed testing of WFP and FAO activities was not conducted.

Table 1 below provided the breakdown of disbursements to and expenditures by PUNOs in 2016 for the Joint Programme:

Table 1. Funds disbursed from the SDG-Fund to the Joint Programme in Colombia, by organization

| Organization | Net funded amount | Transfer | Refund | Expenditure | Delivery rate |
|--------------|-------------------|-------------|--------|-------------|---------------|
| WFP | \$196,180 | \$196,180 | \$0 | \$196,180 | 100.0% |
| UN Women | \$219,000 | \$219,000 | \$0 | \$117,320 | 53.6% |
| FAO | \$404,590 | \$404,590 | \$0 | \$400,422 | 99.0% |
| UNDP | \$680,230 | \$680,230 | \$0 | \$605,726 | 89.0% |
| total | \$1,500,000 | \$1,500,000 | \$0 | \$1,319,648 | 85.4% |

Source: Gateway, managed by the Multi-Partner Trust Fund Office (September 2017)

Representing the inter-agency audit team, OAI met with the Country Representatives of each PUNO along with the Joint Programme focal points, to discuss their views of the joint programme governance committees, progress of their agency-specific programmatic interventions, and overall collaboration.²

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

¹ Under the pass-through modality for a joint programmes, the Convening Agency is elected jointly based on merit in a comparative review by all participating UN organizations, and it needs to be a Participating UN Organization with in-country presence. The Convening Agency coordinates all the joint programme partners, coordinates and compiles annual work plans and narrative reports, coordinates monitoring of annual targets, calls and reports on Steering Committee meetings, facilitates audits and evaluation. The Convening Agency may be involved in resource mobilization.

² OAI met with the Deputy Country Representative of UN Women.

Overall audit rating

OAI assessed the Joint Programme as **satisfactory**, which means, "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

Key recommendation(s): Total = 3, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means "Action is required to ensure that the audited entities are not exposed to risks. Failure to take action could result in negative consequences for the organizations." These recommendations include actions to address weaknesses in the operations of the governance and coordination structures of the Joint Programme in Colombia; incomplete risk management tools; and delays in the formulation of the target outcome measurement methodology for the programmatic interventions.

Management comments and action plan

The UN Resident Coordinator in Colombia accepted all recommendations and is in the process of implementing them. Management comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
Director
Office of Audit and Investigations

I. About the Joint Programme

The Joint Programme was supported by the SDG-Fund with \$1.5 million in funding, and received matching contributions, in the amount of \$1.78 million, from the Government of Colombia.³ Before the launch of the Sustainable Development Goals were formalized in September 2015, the Joint Programme was approved and the focus was inclusive economic growth for poverty eradication. Beginning in February 2015 and scheduled to end in June 2017, the Joint Programme was implemented by FAO, UNDP, UN Women, and WFP in four municipalities in the Department of Cauca.

The municipalities where the Joint Programme was being implemented shared long-standing challenges relating to land ownership, access to markets, illegal crops, violence, and neglect. These municipalities also offered an opportunity for the Joint Programme to make substantive contributions within a short period for improving the lives of those in the community by emphasizing better nutrition, access to food, learn new skills, promote new roles for men and women in their community, and encourage ways to access markets for their crops.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Reporting (programmatic and financial): OAI reviewed the programmatic updates and financial reports sent to the SDG-Fund Secretariat and the Multi Partner Trust Fund Office that serves as Administrative Agent to the SDG-Fund, respectively, and found the content and timeliness to be adequate.
- (b) Communication and advocacy / knowledge management: OAI reviewed the communication strategy and plan, along with examples of materials produced to promote the achievements for the Joint Programme and found them to be consistent with what had been planned.
- (c) Financial management: OAI reviewed a sample of expenditures recorded under the Joint Programme for two of the four PUNOs and found that expenditures incurred were in line with the work plan envisioned for each agency, approved by those authorized to do so, and with the corresponding supporting documentation.

OAI made three recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

Medium priority recommendations:

- (a) Develop the Terms of Reference on how the governance and coordination committees for the Joint Programme in Colombia should function (Recommendation 1).
- (b) Agree on the on the mechanism to manage risks for joint programming and identify risks owners (Recommendation 2).
- (c) Ensure that the target outcome measurement methodology is agreed upon within the required timeframe (Recommendation 3).

The detailed assessment is presented below, per audit area:

³ Funds from the Government of Colombia were not managed by the PUNOs. Rather, the national resources invested in the joint programme were allocations made to projects that converged both thematically and geographically to the Joint Programme and its target communities, as specific in the joint programme document.

A. Governance mechanisms and coordination

Issue 1 Weaknesses in the operations of the governance and coordination structures of the Joint Programme

The Terms of Reference and Guidance for Joint Programme Formulation published by the SDG-Fund Secretariat included a requirement that applicant UN country teams establish, as a precursor to submitting a concept note for funding, a National Steering Committee. Once the concept note has been approved by the Steering Committee of the SDG-Fund, a Programme Management Committee should be established to create the architecture for the joint programme. The Terms of Reference prescribed additional joint programme coordination structures to include horizontal coordination (between sectors) and vertical coordination (between national, regional, and local levels), but the composition of these additional structures was left to be decided by those in charge of the joint programme at the country level.

The four PUNOs agreed to a governance and coordination structure for the Joint Programme that was comprised of five committees which involved key stakeholders such as the Government, the donor, and partnering associations. However, OAI found that:

- There were no Terms of Reference to provide guidance to all stakeholders on how the governance committees were supposed to operate, set common expectations among the PUNOs and external stakeholders, how communications were to be handled between committees, and how decisions were to be reached, and by whom. While the Joint Programme Field Coordinator was entrusted to set common expectations between all stakeholders, his experience with the UN and joint programming was relatively new.
- One of the four PUNOs had become active in the programmatic activities of the Joint Programme by way of contracting an implementing partner (December 2016).

Failure to provide clarity and set common expectations on how the governance committees should work for a joint programme increases the risk of having a series of disjointed projects implemented per agency, with varying levels of involvement from the government.

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| Priority | Medium (Important) |
| Recommendation 1: | |
| The Convening Agency and the PUNOs should develop the Terms of Reference on how the governance and coordination committees for the Joint Programme in Colombia should function, including rules of procedure and communication, and operationalize them during future joint programmes. | |
| Management action plan: | |
| A Steering Committee meeting took place on 25 July 2017 to discuss results and conclusions for the Joint Programme. A governance structure has been proposed by the PUNOs for future joint programming and Terms of Reference will be prepared as a first step. | |
| Estimated completion date: August 2018 | |

B. Risk management

Issue 2 Incomplete risk management tools and implementation at the joint programme

In a joint programme, the accountability for both programmatic results and use of financial resources resides with the PUNO. The Convening Agency plays a key role in coordinating the joint programme efforts and monitoring its implementation. The Joint Programme guidelines developed by the SDG-Fund Secretariat require that PUNOs should develop a risk assessment matrix to include risks related to coordination and management.

The Convening Agency had developed a risk register, during the inception phase of the Joint Programme, which identified nine potential risks and key actions to be taken. Some of the risks were the presence of armed and illegal actors in the municipalities, lack of political will to work in the joint programme, and the presence of illegal crops posing a challenge to consider traditional agriculture products instead of illicit ones, among other risks. There was also a list of actions describing how these risks could be mitigated.

However, OAI found that:

- The risk register had not been updated during the implementation phase of the Joint Programme to better reflect how the risks identified during the inception phase had evolved over time (e.g., how, if at all, did controls work to mitigate the impact?) nor were new and emerging risks identified, along with proposed measures to mitigate their potential impact on the achievement of development results.
- Sustainability of the Joint Programme achievements after termination of activities, which was measured both by the availability of resources and endurance of the partnerships forged by the Programme, was not identified as a risk. However, there had been a diminishing donor landscape in Colombia over the years. Large government deficits and an imminent DDR⁴ process with one of the world's oldest rebel groups required vast amounts of financial resources to carry forward and to sustain lasting peace. In addition, the Government, at both national and local levels, became less active in the governance of the Joint Programme over time, being less involved in the work of the committees established for this purpose, after the first year of programmatic work (see Issue 1).

Incomplete risk logs and descriptions without risk owners lack the elements needed for proper accountability for risk management, which becomes paramount in the context of joint programming across UN agency lines.

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| Priority | Medium (Important) |
| Recommendation 2: | |
| The Convening Agency and the PUNOs should (a) agree on the mechanism to manage risks for joint programming, being mindful of tracking and managing the threats to the sustainability of the joint effort and (b) identify risks owners for reporting, follow-up and accountability purposes, during future joint programmes. | |
| Management action plan: | |
| A proposal has been launched by the lead agency for future joint programming, suggesting that the PUNOs, government counterparts and key actors, be responsible for each of the risks, and take charge of monitoring and warning to implement contingency plans when necessary. For future joint programmes, and using a risk register, risks will be identified, including a qualitative assessment of the probability and impact of their occurrence, proposed mitigation measures, and risk owners. While the joint programme is being | |

⁴ DDR-Disarmament, demobilization and reintegration.

implemented, the Joint Programme coordination team will be in constant communication with UN agency focal points and hold periodic meetings (bi/quarterly) to monitor the risks in the territory. At that time, the risk register will be reviewed and updated as needed.

Estimated completion date: August 2018

C. Monitoring and reporting

Issue 3 Delays in the formulation of the target outcome measurement methodology

The Joint Programme coordination team in Colombia developed a plan to monitor and evaluate the Joint Programme that was approved by the SDG-Fund Secretariat. Part of the plan included the development of a target outcome measurement methodology, at least two months prior to the end of the Joint Programme, to assess its impact against the baseline indicators that had been identified during the inception period.

Per the Joint Programme document approved by the SDG-Fund Steering Committee, the methodology to assess the impact of the Joint Programme should have been agreed upon and approved in late March 2017. However, as of the end of the audit mission, this was pending.

The absence of an agreed-upon criteria to measure the results poses a risk of not being able to gauge the intended impact of the different interventions.

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| Priority | Medium (Important) |
| Recommendation 3: The Convening Agency and the PUNOs should ensure that the target outcome measurement methodology is agreed upon within the required timeframe set forth in the Joint Programme. | |
| Management action plan: | |
| The evaluation will take place for six weeks starting 30 June 2017. The evaluation will measure the relevance, effectiveness, efficiency, impact and sustainability of actions and interventions undertaken during the Joint Programme, along with the contributions to the achievement of the proposed Sustainable Development Goals. | |
| Estimated completion date: August 2017 | |

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that audited entities are not exposed to high risks. Failure to take action could result in major negative consequences for the organizations.
- **Medium (Important)** Action is required to ensure that the organization is not exposed to risks. Failure to take action could result in negative consequences for the organizations.
- **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.