PERFORMANCE AUDIT OF THE UNDP REGIONAL BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

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Report on the Performance Audit of the UNDP Regional Bureau for Latin America and the Caribbean
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UNDP Regional Bureau for Latin America and the Caribbean (RBLAC) from 12 February to 23 March 2018. Performance auditing is an independent examination of an entity to assess whether the entity is achieving economy, efficiency and results in the employment of available resources.

The audit aimed to assess to which extent RBLAC was effectively carrying out its key functions of providing strategic direction, oversight, and support to Country Offices in the region.

The following questions guided the work of the audit in responding to the main audit objective:

1. Is RBLAC adequately organized to guide and support the work of Country Offices in delivering on their commitments with programme countries?

2. Is the Regional Programme [2018-2021] adequately designed and are conditions in place for its successful implementation?

3. Are operations performed in compliance with UNDP policies and procedures?

The audit covered the activities of the Office from 1 January to 31 December 2017. RBLAC was last audited in 2012.

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

Overall audit rating

OAI assessed the Office as partially satisfactory / some improvement needed, which means “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. This rating was mainly due to insufficient capacity in the Regional Hub to meet Country Office needs.

Key recommendations: Total = 5, high priority = 1

The five recommendations aim to ensure the following:

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<th>Objectives</th>
<th>Recommendation No.</th>
<th>Priority Rating</th>
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<tr>
<td>Achievement of the organization’s strategic objectives</td>
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<td>High</td>
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<tr>
<td></td>
<td>2, 4</td>
<td>Medium</td>
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<tr>
<td>Effectiveness and efficiency of operations</td>
<td>3</td>
<td>Medium</td>
</tr>
<tr>
<td>Compliance with legislative mandates, regulations and rules, policies and procedures</td>
<td>5</td>
<td>Medium</td>
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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 high (critical) priority recommendation is presented below.
Misalignment between structure and resources at the Regional Hub (Issue 1)

The audit team noted that the capacity in the Regional Hub had been affected by 35 vacant positions. The vacant positions had never been filled since the restructuring in 2014, as well as the result of further office attrition. This was mainly because RBLAC depended on other Bureaux for filling the positions. Corporately, vacancies were also subjected to additional corporate assessments and verification starting November 2017 to align staff capacity to available resources. At the time of the audit, the Bureau for Policy and Programme Support was undergoing a restructuring exercise. Therefore, hiring was on hold until the finalization of this exercise. For RBLAC staff, 10 out of 22 (45 percent) professional posts were vacant. For Bureau for Policy and Programme Support, 20 out of 51 (39 percent) out-posted professional posts were vacant as of March 2018.

Recommendation: The Regional Bureau for Latin America and the Caribbean should, in coordination with the Executive Office, the Bureau for External Relations and Advocacy, and the Bureau for Policy and Programme Support, align its structure with the available financial resources. This should include identifying and filling the key positions that will enable it to deliver on its programmatic and operational priorities.

Management comments and action plan

The Assistant Administrators and Director ad interim of RBLAC accepted all of the recommendations and is in the process of implementing them. 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 Office

The Regional Bureau for Latin America and the Caribbean (RBLAC) provides strategic direction, oversight, and support to 26 Country Offices through collaboration with countries in the region. The region faces challenges in reducing structural inequalities, balancing support to extractive industrial activity with environmental sustainability, providing citizen security, boosting economic resilience, and strengthening democratic governance to be more responsive to citizen demands. The region is also vulnerable to natural disasters. In 2017, the Caribbean Islands were affected by three hurricanes and there were two earthquakes in Mexico. This makes disaster risk reduction and preparedness a priority for the region. There are 25 to 30 million people in the region at risk of falling back into poverty. This number amounts to more than a third of the population that emerged out of poverty since 2003.

RBLAC’s overall programmatic priorities for 2017 were:

- Reducing poverty and fighting inequality;
- Promoting citizen security and violence prevention with a gender informed approach;
- Promoting economic and environmental resilience, with a focus on climate change with a gender perspective, disaster preparedness and natural resources management aligned to the Sustainable Development Goals (SDGs) and focused on livelihoods targeting the poor and women in poverty; and
- Strengthening the States capacity and reach to deliver services to excluded populations through support to local governments, decentralization and territorial approaches to development.

RBLAC has two offices, namely, the Regional Bureau located in New York, and the Regional Hub located in Panama.

The Regional Bureau in New York is structured as follows:

(i) Directorate: Responsible for the overall strategic vision and guidance of the Regional Bureau. The Directorate further directs and manages the Regional Programme and country operations in the region, to achieve performance targets and objectives.

(ii) Strategic Analysis Team: The team undertakes high level reviews of programmes and budgets supporting corporate priorities.

(iii) Planning, Reporting and Oversight Team: The team ensures alignment/linkage of regional plans with the corporate strategy and UNDPs Strategic Plan.

(iv) Compliance and Operations Team: The team ensures regional compliance with corporate operational and programmatic standards (corporate results oversight and performance).

(v) Partnerships, Resource Mobilization and Communications: The team’s responsibilities include supporting country-level efforts by developing and advising Country Offices on regional partnership and resource mobilization strategies and focusing on initiatives where value can be added from Headquarters as well as marketing and positioning UNDP in the region.

The Regional Hub is structured as follows:
(i) Regional Hub Directorate: The Directorate oversees the overall management of the Regional Hub office and staff. It manages the Regional Programme, and includes the Regional Programme Coordination Unit.

(ii) Partnerships, Resource Mobilization and Communications: The team is responsible for regional partnership and resource mobilization strategies and projections; facilitation of partnership/resource mobilization/capacity building in the region; and sharing positive trends and opportunities for interventions.

(iii) Country Office Support Team: The team is responsible for planning, monitoring, reporting and troubleshooting support for Country Offices, finance and budget management monitoring.

(iv) Policy Advisory Team: The team is responsible for providing policy advice and support to the Regional Bureau and to Country Offices and is under the Bureau for Policy and Programme Support (BPPS).

(v) Business Solutions and Operations: The team is comprised of the Regional Hub Services and Administration sub-team and the Country Office and Regional Hub Support Services sub-team.

RBLAC is also responsible for the preparation, design and implementation of the Regional Programme, which is aligned with regional and corporate strategy priorities.

A. Audit objectives

The audit assessed the extent to which RBLAC was effectively carrying out its key functions of providing strategic direction, oversight, and support to Country Offices in the region.

The audit answered the following questions:

1. Is RBLAC adequately organized to guide and support the work of Country Offices in delivering on their commitments with programme countries?

2. Is the Regional Programme [2018-2021] adequately designed and are conditions in place for its successful implementation?

3. Are operations performed in compliance with UNDP policies and procedures?

B. Audit scope and methodology

The audit covered the activities of the Office from 1 January to 31 December 2017, including a review of the new Regional Programme 2018-2021 processes for the design and linkage to the UNDP Strategic Plan 2018-2021, resource mobilization, and corporate system set-up.

The audit mainly built on reviews of documents as well as interviews and written inquiries.

Question 1 was addressed through a systematic review of the RBLAC Terms of Reference, organizational structure, Integrated Work Plans, and staff job descriptions. This was complemented with interviews with key staff. A systematic review of the resources available for Country Office support, and a review of support given to Country Offices during the review period was carried out. In addition, Country Office surveys were conducted.
Question 2 was addressed through analysis of the Regional Programme Document, Theory of Change, Regional Project Documents, and monitoring reports. This was complemented with interviews with, *inter alia*, the Programme Coordinator, the Hub Director and key staff.

Question 3 was addressed through a review of a sample of recruitment, payments and procurement cases for compliance with UNDP policies and procedures. The samples were derived from both the Regional Bureau in New York and the Regional Hub in Panama. The audit also reviewed general administration procedures. This was complemented by interviews with staff to determine the efficiency of the operations.

**C. Audit criteria**

The main audit criteria for this performance audit was the UNDP Strategic Plan 2018-2021, UNDP Strategic Plan 2014-2017, RBLAC Terms of Reference, Integrated Work Plan, the Programme Document for the RBLAC and the Accountability Framework. The ‘UNDP Programme and Operations Policies and Procedures’ were used as specific audit criteria where relevant.

**Question 1**

The UNDP Corporate Accountability Framework states that Bureau Directors should be explicit on the expectations and functional responsibilities with their leadership teams, in order to fulfill RBLAC’s accountabilities as specified in the Corporate Accountability Framework. Bureau Directors should establish regular meetings to discuss and resolve evolving issues, as well as cases/issues requiring escalation. Bureaux should define clearly established prioritization, including for staff who are matrixed to multiple managers.

According to its 2017 Integrated Work Plan, RBLAC will promote a demand driven approach to services provided by the Regional Hub, with the aim to ensure that adequate capacity is in place for the provision of required programmatic and operational support to develop new initiatives and implement programs.

**Question 2**

According to the Strategic Plan 2018-2021, UNDP will improve its performance through quality programming, building on the strengths and opportunities noted in the evaluation and strengthening proficiencies in multidisciplinary, targeted approaches to poverty reduction and in enabling responsive institutions, democratic governance, public administration and access to basic services through all programmes and projects, with a central role in advancing the Sustainable Development Goals. The size and scope of programmes and projects are consistent with resources available and planned to be mobilized.

**Question 3**

The audit team referred to the ‘UNDP Programme and Operations Policies and Procedures.’

**II. Audit results**

OAI made one recommendation ranked high (critical) and four recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.
High priority recommendation:
(a) Align structure with available financial resources (Recommendation 1).

Medium priority recommendations, arranged according to significance:
(a) Enhance advocacy role (Recommendation 2).
(b) Expedite the process of relocating to an alternate building (Recommendation 5).
(c) Map and develop donor-specific action plans clearly allocating responsibilities (Recommendation 4).
(d) Complete alignment of all regional project outputs to the Regional Programme Results and Resources Framework (Recommendation 3).

The detailed assessment is presented below, per audit area:

1. Is RBLAC adequately organized to guide and support the work of Country Offices in delivering on their commitments with programme countries?

At the time of audit, RBLAC had a high number of vacancies, which negatively affected its ability to guide and support the work of Country Offices.

The Regional Hub Country Office Support Team’s responsibilities included following up with Country Offices on programme implementation status, audit recommendations, and finance dashboards. The 12 Country Offices interviewed appreciated the communication and support from the Directorate and noted that that they received good support from the Hub, although they highlighted delays in some instances. The Country Offices interviewed were concerned with whether the Hub would be able to meet their demands with the staffing constraints.

The Regional Bureau’s senior management was looking into consolidating and moving the Country Office Support Team to New York, with the aim of better supporting the Country Offices with the available human resources.

Issue 1 Misalignment between structure and resources at the Regional Hub

The RBLAC Terms of Reference outline its expected structure, as well as the roles and responsibilities of each team. According to its Integrated Work Plan, RBLAC will promote a demand-driven approach to services provided by the Regional Hub. The aim is to ensure that adequate capacity is in place for the provision of required programmatic and operational support to develop new initiatives and implement programmes.

The Regional Hub was comprised of RBLAC personnel, out-posted Policy Advisors from BPPS, a Partnership Specialist from the Bureau for External Relations and Advocacy (BERA), and the Business Solutions and Operations Support Team from the Bureau for Management Services. These personnel worked on supporting Country Offices and implementing the Regional Programme.

The audit team noted that the capacity in the Regional Hub had been affected by 35 vacant positions. This was the result of positions that had never been filled since the restructuring in 2014, as well as the result of further office attrition. This was mainly because RBLAC depended on other Bureaux for filling the positions (i.e., BPPS and BERA). Corporately, vacancies were also subjected to additional corporate assessments and verification starting November 2017 to align staff capacity to available resources. At the time of the audit, BPPS was undergoing a restructuring exercise. Therefore, hiring was on hold until the finalization of this exercise. For
RBLAC staff, 10 out of 22 (45 percent) professional posts were vacant, and for BPPS out-posted staff, 20 out of 51 (39 percent) professional posts were vacant as of March 2018.

- **High vacancy rate of BPPS Policy Advisor posts:** BPPS has the responsibility to ensure that the Policy Advisor positions are staffed. The Policy Advisors’ roles include policy advice and programme support delivery to the Regional Programme and Country Offices; resource mobilization for the Regional Programme; partnerships, representation and advocacy; and knowledge management. At the time of the audit, BPPS was undergoing a function review, which was supposed to be completed by June 2018.

RBLAC reported in the Results Oriented Annual Report for 2017 that it could not fully satisfy Country Offices’ demands in some areas linked to the clusters with high vacancy rates. The audit team noted that 38 percent of the 2018 Integrated Work Plan requests (i.e., 27 out of 72) for support from Country Offices were submitted for these clusters. As per the RBLAC Integrated Work Plan, one of the major challenges faced in the region was strengthening democratic governance to be more responsive to citizen demands. In addition, RBLAC’s programmatic priorities, which included reduction of poverty and fighting inequality, promoting citizen security and violence prevention, and promoting economic and environmental resilience, were meant to be achieved through the work of these clusters. The high vacancy rate in these clusters may therefore result in RBLAC not being able to achieve its programmatic priorities, meet the needs of Country Offices, or achieve Regional Programme results. At the time of the audit, BPPS was undergoing a restructuring exercise, which may further impact the staffing structure of the Regional Hub.

In addition, two other staff from the Development Impact Group of BPPS were supposed to be assigned to the Regional Hub one responsible for South-South Cooperation and another for Knowledge and Innovation. At the time of audit, both posts were vacant. In interviews with Country Offices, 3 out of 12 indicated that they wanted support on South-South Cooperation and/or Innovation. The Headquarters Products and Services Survey results also indicated that Country Offices wanted RBLAC to come up with innovative solutions.

- **Vacancies in the Regional Hub’s Country Office Support Team:** Due to five vacancies in the Team (38 percent vacancy rate) there had been an increase in the number of Country Offices supported by each of the three Country Programme Advisors, from five to seven as of December 2017. Interviews with staff indicated that they had a high workload and concentrated more on compliance work, to ensure that Country Offices were in compliance with priorities agreed in the annual work plan and had limited time to proactively engage with Country Offices. Six out of 12 Country Offices interviewed indicated that there were some delays in receiving support from the Country Office Support Team, which resulted in the Country Offices requesting for support directly from the Regional Bureau in New York. Regional Bureau senior management indicated that some of the delays were caused by the required coordination and consultation with the other Central Bureaux. The delays were also identified by RBLAC as a root cause for lower ratings included in the 2016 Headquarters Products and Services Survey. The audit could not determine the extent of the delays, as the Country Office Support Team did not have a consolidated tracker. RBLAC indicated that they were piloting an issue-based mapping and tracking tool with emphasis on strategic matters.

During the audit fieldwork, RBLAC management submitted a proposal to the Executive Office to relocate the Country Office Support Team staff to New York to improve efficiencies, as well as to manage workload between the Country Office Support, and the Planning, Reporting and Oversight Teams. The Regional Bureau in their proposal to the Executive Office indicated that the number of vacant posts in RBLAC was excessive and affecting the performance and oversight function of RBLAC. However, at the time of issuing this report, no decision was taken.
Vacancies in the Partnerships, Resource Mobilization and Communications Team: Two BERA positions (P4 level) out-posted to the Regional Hub were vacant; one was responsible for partnerships and resource mobilization and the other for communications. Therefore, there was no support from the Regional Hub to all Country Offices on partnerships, resource mobilization and communications. Country Offices relied on a Communication Advisor and a consultant based in the Regional Bureau.

Management indicated that they had taken several temporary measures like the use of consultants to cover for Policy Advisors and authorizing detail assignments of staff from Country Offices in the region to work at the Regional Hub or in the Regional Bureau. OAI acknowledged the efforts made by RBLAC to address the vacant positions; however, a more sustainable approach was needed to ensure full capacity at the Regional Hub. Also, OAI recognized that the staffing gaps were not fully within the control of RBLAC, as they required actions from other Central Bureaux.

The high vacancy rate may weaken the role of the Regional Hub and limit its relevance as the first port of call for Country Offices in the region. Further, without adequate staff, the Hub may not be able to fully support the Regional Programme implementation, which may further limit RBLAC’s ability to achieve its results in the region. The staffing situation may also have a negative impact on staff work-life balance due to the high workload.

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<th>High (Critical)</th>
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<td>Recommendation 1:</td>
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The Regional Bureau for Latin America and the Caribbean should, in coordination with the Executive Office, the Bureau for External Relations and Advocacy, and the Bureau for Policy and Programme Support, align its structure with the available financial resources. This should include identifying and filling the key positions that will enable it to deliver on its programmatic and operational priorities.

Management action plan:

The Regional Bureau for Latin America and the Caribbean will continue its efforts to align its structure with the available financial resources and is waiting for Executive Office guidance on the proposal submitted on 12 March 2018.

As of April 2018, internal arrangements are in place, including the redistribution of regional and country advisory portfolios, which will be supported by detail assignments already launched, with the main focus on Country Office support.

The Regional Bureau for Latin America and the Caribbean will discuss with the Bureau for Policy and Programme Support and the Bureau for External Resources and Advocacy senior management the Panama Regional Hub structure, taking advantage of the ongoing corporate reviews; specific deadlines would have to be managed within the corporate exercise timeframes. The Regional Bureau will continue to capitalize on the Regional Programme specialized structures to address Country Offices’ demands.

In reference to the Partnerships, Resource Mobilization and Communications Team, the Regional Bureau will implement the resource mobilization priority work plan.

**Estimated completion date:** December 2018
**Issue 2**  
**Risk of not fulfilling RBLAC’s advocacy role**

RBLAC provides strategic direction through advocacy, policy advice and dialogue, knowledge and quality services for national capacity development. According to the RBLAC Terms of Reference, the Partnerships, Resource Mobilization and Communications Team is responsible for developing, implementing and monitoring the regional communications strategy. It is also responsible for updating RBLAC’s website with the latest information on the implementation of its strategy and highlighting significant results. The RBLAC communication strategy included enhancing the communications capacity in the Regional Hub, by having a communications expert that could assist with writing and editing opinion editorials, writing press releases, using social media and pitching key experts at the Panama Regional Hub to regional and international news outlets.

Fulfilling the advocacy role of positioning UNDP as a development partner of choice within the region requires full capacity and support from the BPPS out-posted Policy Advisors, whose responsibilities include: (i) providing substantive inputs to UNDP corporate discussions and supporting policy development; (ii) providing substantive inputs to regional and international forums to help shape development strategies, policies, norms and standards; (iii) representing UNDP in international discussions; (iv) developing external partnerships with other donors and development agencies in the region in line with shared goals and objectives; and (v) building strategic partnerships with regional institutions.

Country Office staff interviewed indicated that there was a room for improvement on how knowledge products were shared and disseminated:

- There was no established procedure for interaction and knowledge sharing among the different partners through the Regional Hub. The review of six projects from the regional project portfolio identified that there was a ‘wealth’ of knowledge products and tools developed by the project teams involving the Policy Advisors and Project Managers, as well as beneficiaries of the projects. These products were accessible by interested parties through dedicated websites of each project.

  However, there was no involvement from the Programme Coordination Unit in the knowledge product design and dissemination process, and the Unit did not have a centralized monitoring system. All 12 Country Offices interviewed indicated that they would like to see improvements in this area. For three projects out of the six reviewed, there were complementarities in the knowledge products content. Interviews carried out with the dedicated project teams highlighted the great benefit of synergies among these projects and interaction as a common theme.

- On the communication process, 10 out of 12 Country Offices indicated that there were benefits from having more information on the context and priorities of the Regional Programme. Following discussions with the Regional Hub management and the Programme Coordination Unit, the audit team noted that there was also no follow-up mechanism to ensure the Regional Hub Board meetings and consultation results were communicated to all Country Offices.

- The key performance indicators and the calendar in the communications strategy were not monitored. The Communications Specialist in Regional Bureau indicated that this was because the team had been busy with the hurricane season. A web analytics exercise performed by RBLAC showed decreases in several areas (e.g., number of blogs in Spanish decreased by 50 percent and in English by 36 percent). Also, the total number of web page views decreased by 15 percent and session duration by 10 percent from 2016.
As of the time of the audit, the RBLAC intranet site was not updated. Key information like the Regional Bureau’s senior management Terms of Reference and Regional Hub functions were not uploaded on the intranet site. After the fieldwork, RBLAC indicated that corrective action was being taken.

RBLAC management indicated that they were looking into recruiting a Communications Specialist from their budget.

By not enhancing its advocacy role, RBLAC may not be in a position to effectively support Country Offices in the region.

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<th>Medium (Important)</th>
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<td><strong>Recommendation 2:</strong></td>
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<td>The Regional Bureau for Latin America and the Caribbean should enhance its advocacy role by:</td>
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<td>(a) establishing a clear procedure for knowledge sharing, and for communication on the implementation of the Regional Programme within the region; and</td>
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<td>(b) developing a communication action plan, including monitoring the key performance indicators and calendar.</td>
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**Management action plan:**

The Regional Bureau for Latin America and the Caribbean has initiated actions towards this recommendation by: (a) allocating funds to recruit a communications specialist for the Hub; (b) deploying a mission of the Headquarters communications consultant to Panama to develop standard operating procedures for publications, newsletter guidelines, update Hub’s SharePoint, among others; and (c) relaunching the monthly regional bulletin.

The Regional Bureau for Latin America and the Caribbean will address this recommendation through the implementation of two specific tasks:

(a) Develop and implement a standard operating procedure for knowledge products sharing and dissemination to Country Offices and regional projects.
(b) Develop an integrated and measurable communication action plan, with earmarked funding.

**Estimated completion date:** December 2018

2. **Is the Regional Programme [2018-2021] adequately designed and are conditions in place for its successful implementation?**

RBLAC had adequately designed the new Regional Programme and had set-up conditions for its successful implementation.
The Regional Programme for the period 2018-2021 was directly linked to UNDP’s Strategic Plan and Results and Resources Framework for the same period. All four outcomes derived from the UNDP Strategic Plan and the RBLAC Human Development Report thematic areas.

In 2017, the Regional Programme Coordination Unit established standard operating procedures and templates for the quarterly progress monitoring and evaluation and quality assurance documentation, as well as a four-year monitoring framework of the projects pertaining to the Regional Programme portfolio. Project Boards were set up, with large involvement of stakeholders, and were meeting regularly. Governments in the countries where projects were implemented were also consulted and had endorsed the regional projects. Nonetheless, the frequency of communication on the Regional Programme implementation could have been improved (refer to Issue 2).

In addition, the review of a sample of six regional projects disclosed that indicators, activities, and targets were established. However, ongoing regional project outputs were not aligned to the Regional Programme Results and Resources Framework (refer to Issue 3).

However, the successful implementation of the Regional Programme may be impacted by the lack of BPPS outposted Policy Advisors who contribute to resource mobilization and project design (refer to Issues 1 and 4).

**Issue 3** Regional project outputs not aligned to the Regional Programme Results and Resources Framework

The Regional Programme Document establishes the priorities, strategies and an indication of expected results; individual regional projects, however, have to be formulated in a way that translates the Regional Programme into concrete outputs and activities. Collectively, the regional projects must be aligned to realize the overall results of a given Regional Programme Document. The purpose of the Results and Resources Framework is to assist in the definition of project results to support the planning, management and monitoring of development activities. The Results and Resources Framework places the project in its larger framework within the country programme, and serves as a useful tool for ensuring consistency among outcomes, outputs, activities and inputs.

The RBLAC Regional Programme (2018-2021) identified eight outputs to be achieved. However, the current regional project portfolio consisted of 25 ongoing projects with 60 outputs, some of which started under the previous Regional Programme and continued in the new cycle. The audit team noted the large number of outputs and was concerned that some of them may not be relevant for achieving the outcomes of the current Regional Programme. Specifically, 8 out of the 25 projects had 9 outputs that were not linked to the Regional Programme Results and Resources Framework outputs. In addition, the projects and outputs were linked to the tree of the previous Regional Programme platform in Atlas (enterprise resource planning system of UNDP) because the platform had not been updated in the system to reflect the current Regional Programme structure. The Regional Programme Coordination Unit explained that the staff responsible for updating the system were transitioning to other positions.

Subsequent to the audit fieldwork, the alignment of the total number of outputs of the regional projects to the Regional Programme Results and Resources Framework was being completed. On the other hand, the new Regional Programme tree was already completed in Atlas.

Due to the large number of outputs, there is a risk that some of them may not contribute to the current Regional Programme development objectives. This could lead to the inefficient use of limited available resources.
Priority Medium (Important)

**Recommendation 3:**

The Regional Bureau for Latin America and the Caribbean should complete the alignment of all of its regional project outputs to the Regional Programme Results and Resources Framework.

**Management action plan:**

The Regional Bureau for Latin America and the Caribbean will further review its portfolio in line with the coming UNDP Strategic Plan roll-out and alignment.

A regional workshop for the Strategic Plan roll-out is under development. This will allow Country Offices and Regional Programme to align current portfolios to the current Strategic Plan.

**Estimated completion date:** October 2018

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**Issue 4 Insufficient resources mobilized for the Regional Programme**

The UNDP guidance on business development links development results with pipeline management. In UNDP, “pipeline” refers to the totality of planned projects and initiatives that UNDP is expected to pursue within a foreseeable time in the future. Effective pipeline management requires offices to establish strategic partnerships and mobilize resources for accelerating sustainable human development. The maturity levels of the pipeline should be captured in Atlas under three classes: “A” reflecting the hard pipeline projects already committed to be financed; “B” corresponding to the soft pipeline projects that may be financed; and “C” that are mainly ideas at a very early maturity stage.

The target for resource mobilization for the current cycle was $70 million, compared to $92 million for the previous cycle. The distribution of the projects under the relevant pipeline classes supporting the programme as of February 2018 was as follows:

- Class A - $ 35.6 million
- Class B - $ 7.3 million
- Class C - $ 36 million (including $20 million emanating from one donor)

As of the end of the audit fieldwork there was no change in the status of negotiations with the donors under Class C.

Resource mobilization for the regional projects was done primarily by the BPPS out-posted Policy Advisors in coordination with the project teams. However, there was no donor-specific action plan to mobilize resources for the projects.

Given the challenges faced in the Regional Hub regarding the staffing issues, and the overall funding difficulties, there is a risk that resources may not be mobilized effectively and the results of the Regional Programme may be compromised.
Priority: Medium (Important)

Recommendation 4:

The Regional Bureau for Latin America and the Caribbean should map and develop donor-specific action plan, and clearly allocating responsibilities. This should include drafting proposals for pipeline projects classified under Class “C”.

Management action plan:

The Regional Bureau will complement the existing pipeline action plan with donor-specific actions and monitoring procedures, including clear responsibilities for drafting the required proposals and carrying out advocacy actions.

The Regional Bureau will build upon the partnership task force already operating, to support the Regional Programme’s resource mobilization efforts. The regional resource mobilization priorities plan will also be adjusted accordingly.

Estimated completion date: December 2018

3. Are operations performed in compliance with UNDP policies and procedures?

Operations (human resources, finance, procurement, and general administration) performed in RBLAC were generally in compliance with the ‘UNDP Programme and Operations Policies and Procedures.’ The Regional Bureau provided timely, and demand-driven operational support to Country Offices, by responding to ad hoc requests in matters relating to procurement, human resources and finance. The Regional Bureau also offered back-stopping support to Country Offices that had a limited number of operations staff. In addition, the Regional Hub maintained a service level agreement with the Panama Country Office for services relating to finance, procurement and information and communications technology.

Issue 5: Regional Hub premises not meeting standards for health and safety

The UNDP Framework of Accountability for Security enables UNDP to conduct activities within the United Nations Security Management System, while ensuring the safety, security and well-being of personnel, premises and assets.

The Regional Hub was located on the premises of the United Nations House in Panama. These buildings (Nos. A and B) were mainly occupied by UNDP (Regional Hub and Panama Country Office) with a small presence of other United Nations agencies. The Panama Country Office had been renting these buildings since 2004 under an initial 10-year lease. The latest contract renewal with respect to the premises took place in 2016 and the existing contract was ongoing up to 2020. According to the lease agreement, UNDP assumed responsibility for revamping the premises as per UN standards as well as maintaining them (including the air conditioning systems).

The following were noted regarding health safety standards of the premises occupied by the Regional Hub:
In 2010, a UN agency housed in one of the buildings occupied by the Regional Hub (building A) had conducted a study and had identified health-related issues of its staff and subsequently moved out of the premises in 2012. The study had been communicated to the then UN Resident Coordinator. There was no other evidence of further action at the time.

In May 2017, RBLAC staff members located on the second floor of building B informed the Regional Hub management about discomfort and allergy symptoms encountered. Concerned staff sent a note to the Regional Hub management in July 2017 documenting 18 cases of health-related problems that in their view were linked to the air quality of the premises.

The Regional Hub notified the Regional Bureau senior management and the Bureau for Management Services in August 2017. The second floor of building B was subsequently vacated. Staff were telecommuting until February 2018, when an alternative building was selected to house affected staff on a temporary basis. Five staff members were still telecommuting as of the date of the audit fieldwork.

An independent laboratory test of the air quality conducted in August 2017 showed the following issues: (i) high concentration of fungus in some areas of the ceiling, which may have been causing different conditions for staff; (ii) paint from the ceiling contained lead and was partly peeling off/deteriorated; and (iii) presence of fiber (coming from the air conditioning isolating material). The main underlying reason for these problems was an old and poor air conditioning system not cooling effectively enough and resulting in the proliferation of fungus in some areas. It was further confirmed that there was lead paint on all four floors of building A.

In November 2017, the Regional Director of the Hub solicited an independent review of the situation by a specialized international health agency, which confirmed the findings on the quality of the air.

On 26 February 2018, the Regional Bureau Director addressed a formal note to the UNDP Resident Representative to complete the refurbishment of the second floor of building B, as well as to proceed with identifying an alternative building, so that staff could be evacuated from building A and relocated to the new premises.

The audit team met with some affected staff on this issue who expressed their concerns about the health implications and negative impact on their well-being. Staff also reported that they were anticipating action to resolve this matter, and acknowledged the efforts taken by the Regional Bureau senior management.

Subsequent to the audit, RBLAC shared supporting documentation showing that the Regional Hub management engaged with local city officials in order to identify solutions to the current situation. A building was identified for the relocation of the Regional Hub, where they would be able to maintain a similar cost structure to the current premises. The UNDSS Advisor and UNDP Security Specialist conducted two inspections of the identified building and had provided their preliminary approval.

If this situation is not resolved soon, there may be a negative impact on staff and staff performance.

<table>
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<tr>
<th>Priority</th>
<th>Medium (Important)</th>
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<td><strong>Recommendation 5:</strong></td>
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<tr>
<td>The Regional Bureau for Latin America and the Caribbean should expedite the process of relocating to an alternate building that ensures the safety and well-being of staff.</td>
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</table>
Management action plan:

The final proposal is being discussed and is close to finalization. In parallel, the Regional Bureau is already in discussions with the Bureau for Management Services to define the submission process and timeline for the formal presentation of the relocation case to the Bureau for Management Services. The Regional Bureau is working on the formal submission.

The Regional Hub is working on a detailed implementation plan, which will include steps such as: UNDP internal approval mechanism, contracting with local city officials, premises architectural design/technical drawing/construction plans, construction permits, works, installation, commissioning and relocation to the new premises.

Estimated completion date: July 2018
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 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. 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.