

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



**THEMATIC AUDIT**

**OF**

**PROJECT MONITORING AND OVERSIGHT PRACTICES**

**IN**

**THE REGIONAL BUREAU FOR ARAB STATES**

**Report No. 2604**  
**Issue Date: 26 January 2023**



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## Report on the Thematic Audit of Project Monitoring and Oversight Practices in the Regional Bureau for Arab States Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a thematic audit of project monitoring and oversight practices in the Regional Bureau for Arab States (RBAS or the Regional Bureau) from 13 September to 7 October 2022.

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

This thematic audit was undertaken using performance audit methodology. Performance auditing is an independent examination of an entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

The audit assessed whether project monitoring and oversight practices at the Regional Bureau level supported Country Offices in achieving their intended results as indicated in their respective Country Programme Documents. The review included an assessment of the design of project monitoring frameworks, Country Office capacities to adequately monitor projects, and quality assurance processes to validate data used for decision-making and risk management. In assessing this, the audit team reviewed the Country Offices' capacities for effective implementation of programmes and projects, including a review of the corporate monitoring system for results tracking and risk management.

Further, the audit team also reviewed the role of the Regional Bureau in exercising its oversight function as the 'second line of defense' for effective programme delivery.

The following performance audit questions guided the work of the audit team:

Question 1. Were Country Offices successful in monitoring the achievement of project results and addressing any deviations from agreed work plans?

Question 2. Has the Regional Bureau established effective oversight mechanisms to ensure adequate monitoring of projects and programmes at the Country Office level?

### Overall audit rating

OAI assessed the project monitoring and oversight practices at the Regional Bureau level as **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 weaknesses in the following areas: design of results frameworks, and oversight and management of project risks.

The audit team found that documentation pertaining to results monitoring as required by the policy was in place for the selected projects reviewed. However, project results frameworks were not adequately established to support effective monitoring of results.

Oversight mechanisms from the Regional Bureau over the Country Office results monitoring practices were in place in terms of compliance with the Regional Bureau's terms of reference. However, challenges were faced during the project implementation phase, in terms of effectiveness (risk oversight limited to data entry requirements, quality assurance requirements and project data quality dashboard not sufficiently monitored).



**Key recommendations:** Total = 2, high priority = 1

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:

Gaps in the Regional Bureau's oversight mechanisms over Country Office project risk management and quality assurance practices

The RBAS oversight mechanisms over Country Office project monitoring practices were adequately established but not fully functioning since the focus was on compliance rather than improving the overall quality of monitoring practices. The following issues were noted:

a) Risk oversight was limited to data entry requirements

Risk logs were missing important information, and there were inconsistencies between risk information in Atlas and those in project documents. Risks not regularly updated, not included in progress reports and not reported to project boards for decision-making;

b) Lapses in the monitoring of quality assurance requirements and project data quality dashboard

- Only one country had completed all 17 required project quality assurance actions in 2021 and 2022.
- For the remaining four countries, 4 to 39 projects required quality assurance actions that had not been completed for 2021 and 2022.
- No project document had been drafted for 10 projects in four of the five sampled countries.
- The quality of 13 percent of the project documents was assessed as "not ok" for all five countries.

Recommendation: The Regional Bureau for Arab States should enhance the management and oversight of project risks by: (a) conducting an in-depth and qualitative review of project risk logs on a sample basis; (b) filling possible gaps in oversight capacities in some Country Offices through remote support and/oversight support missions; and (c) developing a checklist/guidance note with respect to project risk log quality assurance review processes to be used to facilitate monitoring and oversight of quality assurance of country projects risk registers.



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### Management comments and action plan

The Assistant Administrator and Director of the Regional Bureau for Arab States accepted the two 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.

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## I. About project monitoring and oversight practices in the region

UNDP's Regional Bureau for Arab States (RBAS or the Regional Bureau) terms of reference outline the functions carried out by the RBAS Country Support and Oversight Team (CSOT) and the Operations, Management and Planning Team (OMPT) in New York. Specifically, the role of the CSOT in RBAS includes, but is not limited to the following: (a) ensuring Country Office adherence to and compliance with UNDP corporate policy, including the UNDP Programme and Operations Policies and Procedures, and overall, Bureau oversight on Country Office performance; and (b) front line responsibility for providing management and oversight of Country Offices, on behalf of the Regional Bureau, and performing strategic quality assurance and oversight functions for substantive and political elements in line with corporate strategy.

Among the 16 Country Offices and the Programme of Assistance to the Palestinian People (PAPP) within RBAS (with a cumulated programme budget of \$1.33 billion and programme delivery of \$766 million as of 23 November 2022), the audit selected 5 UNDP Country Offices (Syrian Arab Republic, Saudi Arabia, Tunisia, Morocco, and Sudan) and 11 projects (including one regional project managed by RBAS), to assess the effectiveness of the oversight mechanisms established by RBAS over project results monitoring.

Country Office	Project Award No.	Project name	Budget 2022 (\$)	Delivery as of 23 November 2022* (\$)
Sudan	122571	Peace Building and social cohesion*	7,057,811	2,919,694
Sudan	130072	Building resilience in the face of climate change	10,293,775	3,123,650
Morocco	82654	Valorisation durable des Ksour et Kasbah	3,432,062	1,277,693
Morocco	43456	Programme Oasis sud Guelmim Assam Tata	3,878,621	1,729,956
Saudi Arabia	107640	Water Integrated Sustainable Development and management	7,329,875	4,880,642
Saudi Arabia	118398	Support SFDA third strategic plan implementation	2,742,089	1,649,248
Syrian Arab Republic	88280	Strengthen resilience in Syria	11,997,284	7,617,957
Syrian Arab Republic	113685	Rehabilitation of social services and infrastructure	6,272,237	4,041,866
Tunisia	126576	Securite Communautaire et RSS	2,012,024	1,876,969
Tunisia	114537	Entrepreneurship for development	1,440,456	1,086,393
RBAS	111749	SGD Climate Facility: Climate Action for Human Security	6,892,981	2,338,378
Total			63,349,215	32,542,446

\*Source: Streams. Delivery includes programme expenditures and commitments.

## II. Audit methodology

The audit was based on a review of documents, interviews, and written inquiries/surveys.

All performance audit questions were addressed through a combination of document reviews, system walkthroughs, and interviews with key staff in a select number of Country Offices and the Regional Bureau. The audit scope covered the period from 1 January 2020 to 31 March 2022 and covered 5 out of 17 Country Offices (30 percent) within the RBAS region. Two projects were selected per Country Office, along with one regional project managed by the Regional Bureau. Total expenditures for the 11 projects reviewed for the audit amounted to \$29.7 million as of 23 November 2022.



### III. Audit criteria

The audit team used the UNDP Accountability Framework and Oversight Policy (DP/2008/16), the UNDP Programme and Operations Policies and Procedures and UNDP Enterprise Risk Management (ERM) Policy as audit criteria to assess whether project monitoring and oversight practices at the Country Office level and at the Regional Bureau level supported the achievement of Country Programme results.

The key elements within these policies relied upon by the audit team when referring to the audit criteria are as below:

#### UNDP Accountability System – Accountability Framework and Oversight Policy (DP/2008/16):

The Assistant Administrators and Directors of Regional Bureaux are accountable to the Associate Administrator for monitoring the performance of the respective Country Offices and taking steps to address recurring programmatic and operational issues.

UNDP periodic and quarterly Regional Bureaux management reviews are utilized to address key aspects of UNDP performance, including Country Office programme and project performance, audit, evaluation, financial and procurement management.

Individuals (including managers) in UNDP are accountable to the organization for expected ethical and professional conduct, and to their managers for how they discharge the authority delegated to them in delivering agreed performance results and budgets.

#### The Programme and Project Management section of the UNDP Programme and Operations Policies and Procedures: Criteria for Monitoring of Programmes and Projects:

- All UNDP programming activities are required to adhere to monitoring standards and policies, for which managers of regional and country programmes and all projects are accountable.
- The frequency of monitoring must be appropriate for decision-making, including joint governance mechanisms such as programme boards/Cooperation Framework steering committees, and defined during programming design. Outcomes must be monitored at least annually through the Results-Oriented Analysis Report, and outputs must be monitored through the integrated work plan/Results-Oriented Analysis Report and project-specific output monitoring.
- Monitoring includes: (a) tracking performance through the collection of appropriate and credible data and other evidence; (b) analysing evidence to inform management decision-making, improve effectiveness and efficiency, and adjust programming as necessary; and (c) reporting on performance and lessons to facilitate learning and support accountability.
- Resources for monitoring should include adequate staffing for monitoring and evaluation based on the size of the Office as outlined in the policy.

UNDP ERM Policy: ERM applies an integrated approach to risk management, across all types of risks, and from projects up to the corporate level.



#### IV. Audit results

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

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

##### High priority recommendation:

The Regional Bureau for Arab States should enhance the management and oversight of project risks (Recommendation 2).

##### Medium priority recommendation:

The Regional Bureau for Arab States should follow up with Country Offices to ensure corrective actions are taken that will reinforce oversight on high-risk project design, including results frameworks, and monitoring the achievement of planned development results (Recommendation 1).

##### Conclusion on the Office's performance in the following audit areas/sub areas:

1. Were Country Offices successful in monitoring the achievement of project results and addressing any deviations from agreed work plans?

The audit team found that documentation pertaining to results monitoring as required by the policy was in place for the selected projects reviewed. However, project results frameworks were not adequately established to support effective monitoring of results. For example, 12 indicators were not relevant and 6 were not specific and 41 targets were not established or were incorrectly established. This was due to a lack of robust monitoring exercised at the project inception phase. No oversight aimed at improving the project quality monitoring was conducted by the Regional Bureau for the projects sampled.

2. Has the Regional Bureau established effective oversight mechanisms to ensure adequate monitoring of projects and programmes at the Country Office level?

Oversight mechanisms from the Regional Bureau over the Country Office results monitoring practices were in place in terms of compliance with the Regional Bureau's terms of reference. However, challenges were faced during the project implementation phase, in terms of effectiveness (risk oversight limited to data entry requirements, quality assurance requirements and project data quality dashboard not sufficiently monitored). The issues related to project data quality were not captured and addressed in this report since they were not included in the scope of this review.

The detailed assessment is presented below:

##### Question 1. Were Country Offices successful in monitoring the achievement of project results and addressing any deviations from agreed work plans?

##### Issue 1 Results frameworks not adequately established to support effective monitoring of results

The UNDP Programme and Operations Policies and Procedures state that effective results monitoring includes a results and resources framework (with specific indicators, baselines, and comprehensive targets) in project documents. Indicators and targets must be both qualitative and quantitative, and indicators must be "SMART" formulated (specific, measurable, attainable, relevant, time-bound).





The audit team selected 10 projects from 5 UNDP Country Offices and one RBAS project for detailed review of the results monitoring practices. The design of the results frameworks showed weaknesses for 5 of the 11 projects sampled.

1. A total 12 indicators were irrelevant and six were not adequately specific:
  - For one project (Morocco, Project No. 82654, Output No. 91465) 12 indicators in the project document out of 24 were not reported in the enterprise resource planning system (Atlas),<sup>1</sup> as the Country Office considered that they were no longer relevant (without further explanations) and therefore, it was not necessary to use them anymore.
  - For two projects, six indicators were not SMART, as they were neither specific nor measurable. It concerned three indicators for Project No. 122571 (Output No. 121642) in Sudan and three indicators for Project No. 82654 (Output No. 91465) in Morocco.
2. A total of 41 targets were not established or were incorrectly established:
  - For three projects, targets were established for some indicators. For Project No. 122571 in Sudan, 7 targets were not established out of 26 output indicators. For Project No. 107888 in Saudi Arabia, 3 targets were not established out of 23 output indicators, and for Project No. 118398 in Saudi Arabia, (8 targets were not established out of 16 output indicators). Without targets, monitoring progress and assessing performance will be challenging.
  - For two projects, established targets were not updated. For Project No. 107888 in Saudi Arabia, four indicators had targets established at 100 percent at the end of the project without intermediate targets to measure yearly progress.
  - For one project (Project No. 43456 in Morocco, Output No. 77470), 23 out of 24 targets have not been reported in 2021 and 2022.

These issues relating to the sampled five projects (three Country Offices) resulted from a lack of management review at the Country Office level, mainly at the design stage of the project document.

Weaknesses in the design of projects, including results and resources frameworks, did not allow Country Offices to effectively monitor project progress towards the expected results. Country Offices may not be able to take the necessary steps to address shortcomings in project implementation without a robust monitoring framework at the inception phase.

Regional Bureaux have no direct responsibility over project design, appraisal, and approval at the Country Offices since oversight over country project management is under the accountability of the Head of Country Offices/Resident Representatives, as per the corporate accountability framework.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	
The Regional Bureau for Arab States should follow up with Country Offices to ensure corrective actions are taken that will reinforce oversight on high-risk project design, including results frameworks, and monitoring the achievement of planned development results.	

<sup>1</sup> On 9 January 2023, UNDP replaced Atlas with Quantum as its new enterprise resource planning system.

**Management action plan:**

The Regional Bureau will further enhance its oversight of Country Offices to include:

- (a) reviews of high-risk country project design, including project results frameworks;
- (b) reviews of high-risk project monitoring practices by Country Office management; and
- (c) continue conducting results-based management and risk management training for Country Offices.

**Estimated completion date:** March 2024

**Question 2: Has the Regional Bureau established effective oversight mechanisms to ensure adequate monitoring of projects and programmes at the Country Office level?**

**Issue 2** Gaps in the Regional Bureau's oversight mechanisms over Country Office project risk management and quality assurance practices

The RBAS oversight mechanisms over Country Office project monitoring practices were adequately established but not fully functioning since the focus was on compliance rather than improving the overall quality of monitoring practices.

The oversight provided at the project level was exercised either by project managers, programme officers, or M&E specialists and mainly consisted of the following: (a) a review of project risk logs; (b) a quality assurance review of projects primarily at their design and inception phases; and (c) a quality check of data collected during project site visits. Reports extracted from the dashboards were shared with all RBAS offices, prompting them to take action to address delays and non-compliance. The following issues were noted as of November 2022:

(a) Inadequate risk oversight

All projects for the five countries reviewed had risk entries in Atlas. However, the audit team's review of the risk logs for two countries (Saudi Arabia and the Syrian Arab Republic) disclosed that two out of four projects were missing important details in their risk logs. Please refer to the details below:

- The name of the individual responsible for the treatment of risks was not indicated (Saudi Arabia, Project No. 107888, and Syrian Arab Republic, Project No. 113685). Following the audit field work, the Office updated the risk log for Project No. 113685.
- A time-bound action plan to treat the risks was missing (Saudi Arabia, Project No. 107888).
- Expected effect from treatment was not indicated (Saudi Arabia, Project No. 107888).
- Closed risks did not include actions taken to mitigate the risks.

Six projects presented other inconsistencies:

- In four projects (Morocco, Project No. 82654; Saudi Arabia, Project No. 118398, and Syrian Arab Republic, Project No. 113685), the following issues were noted: (a) implementation risks were neither regularly assessed and updated in the progress reports, nor reported to the project boards to influence decisions; (b) except for the initial risk entries in Atlas, risks had not been updated regularly and new risks were not identified during project implementation. For example, Project No. 118398, which faced challenges such as low programme delivery because of difficulties in recruiting experts



and because of the ineffective use of the requests for direct payments, would have required more frequent updating of its risk log during project implementation.

- The Regional Bureau commented that “due to political sensitivity, the Country Office in Syria adopted a quarterly review system for each thematic project including Project No.113685, risk and challenges.” For Saudi Arabia, the Country Office reported that in general, risk identification and mitigation measures had been conducted in close coordination with national partners despite not being reflected in the Atlas system.

- Gaps between risks logs in Atlas and risks identified in project document:

For four projects (Morocco, Project No.43456; Saudi Arabia, Output No.107888, and Saudi Arabia, Project No. 118398; and Sudan, Project No. 122571), risks identified in project documents or annual reviews were not reflected in Atlas. For example, for the project in Saudi Arabia (118398), only two risks were entered in Atlas while the project document included 14 risks. For Morocco (Project No. 43456, Output No. 77470), two risks were closed in Atlas while they were still ongoing according to the annual work plan for 2021. For Sudan, although risks were updated during project implementation and included in Atlas, the risk related to challenges for agencies to jointly supervise projects in the fields, identified at the inception of the project, was not reported in Atlas.

- All five risks for the Syrian Arab Republic (113685) were still ongoing, while their treatment period was overdue by 11 months and without any update in Atlas since the risks had been entered. Subsequent to the audit fieldwork, the Country Office in the Syrian Arab Republic made the necessary corrections in Atlas.

(b) Lapses in the monitoring of quality assurance requirements and project data quality dashboard

The project quality assurance dashboard disclosed the following weaknesses:

- Only one Country Office (Syrian Arab Republic) had completed all 17 required project quality assurance actions in 2021 and 2022.
- For the remaining four countries (Saudi Arabia, Sudan, Tunisia and Morocco), 4 to 39 projects required quality assurance actions that had not been completed for 2021 and 2022.

The project data quality dashboard disclosed the following weaknesses:

- No project document had been drafted for 10 projects in four of the five sampled countries.
- The quality of 13 percent of the project documents was assessed as “not ok” for all five countries.

The above exceptions were persisting as of 22 November 2022, despite communications sent by CSOT. As part of its oversight function, CSOT sent a communication to all offices highlighting progress made, prompting them to take actions to address delays with project quality assurance and non-compliance with project risk logs (communications sent on 31 May 2022, 11 September 2022, and 22 October 2022).

These weaknesses in risk management were caused by the lack of quality reviews of the project risk logs in Atlas and the absence of ownership of risks for monitoring and updating risk logs by the Country Offices.

The incomplete or outdated risk registries could not provide management or the project board with the required inputs to influence project direction or guide managerial decisions. In line with its assigned responsibilities, the Regional Bureau exercises oversight of project risks and mainly focuses on ensuring that all projects have risks entries, through monitoring of UNDP web-based management platforms and dashboards. Reminders sent by the Regional Bureau to Country Offices were limited to projects without risk entries. Consequently, it did not exercise a more qualitative review of the risk logs, which could have detected some of the weaknesses identified by the audit.



The above issues were caused by the absence of sufficient capacity and follow-up actions from the Regional Bureau to ensure that the delays and non-compliance were timely addressed. Failure to establish oversight mechanisms beyond compliance could lead to not addressing risks and challenges, which may prevent the achievement of project objectives.

<b>Priority</b>	High (Critical)
<b>Recommendation 2:</b>	
<p>The Regional Bureau for Arab States should enhance the management and oversight of project risks by:</p> <ul style="list-style-type: none"> <li>(a) conducting an in-depth and qualitative review of project risk logs on a sample basis;</li> <li>(b) filling possible gaps in oversight capacities in some Country Offices through remote support and/oversight support missions; and</li> <li>(c) developing a checklist/guidance note with respect to project risk log quality assurance review processes to be used to facilitate monitoring and oversight of quality assurance of country projects risk registers.</li> </ul>	
<b>Management action plan:</b>	
<p>The Regional Bureau has already taken action to strengthen its oversight of Country Office activities, including risk management. To this effect and following the conclusion of its organizational review, job descriptions have been revised, and CSOT, which supports and oversees the Country Offices, has been strengthened with three new positions of management and oversight specialists whose duties and responsibilities include risk management and assessments for risk-informed decisions of programmes and operations. The Regional Bureau has therefore increased its capacity to undertake more in-depth and qualitative reviews of project risk logs on a sample basis of high-risk Country Office projects.</p>	
<b>Estimated completion date:</b> March 2024	
<b>OAI response:</b>	
<p>OAI takes note of the measures initiated by the Regional Bureau, which should contribute to addressing the concerns raised. However, since they have not yet yielded expected results, OAI will assess their effectiveness at a later stage.</p>	



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## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Fully 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.
- **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.