



AUDIT

OF

THE GLOBAL MANAGEMENT FUNCTIONS

OF

UNDP AFRICA ADAPTATION PROGRAMME

Report No. 1170
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Report on the audit of the Global Management Functions of the UNDP Africa Adaptation Programme Executive Summary

From 11 to 28 March 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme conducted an audit of the Global Management Functions of the UNDP Africa Adaptation Programme (the Programme). The audit covered programme activities at the level of UNDP Headquarters from its inception in December 2008 to the end of March 2013. The audit did not cover the activities conducted in the programme countries and the Inter-Regional Technical Support Centre based in Dakar, Senegal. This was the first time the Global Management Functions of the Programme were audited.

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

Audit rating

OAI assessed the Global Management Functions of the Programme as **partially satisfactory**, which means "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Programme governance				
2. Programme management				
3. Donor relations				
4. Operations				

Key issues and recommendations

The audit raised 4 issues and resulted in 4 recommendations, of which 3 (75 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

The high priority recommendations are as follows:

Programme governance (Issue 1)	<u>Suboptimal functioning of the Programme/Project Board</u> . OAI noted that the Board meetings were infrequent and strong leadership and clear guidance by the Board over programme activity was not evident. OAI noted some examples where the Board had failed to proactively provide effective advice or make decisions on key initiatives in programme support structure and oversight. OAI recommends that the management of
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the Bureau for Development Policy ensures that future Programme Boards: (a) fully understand their roles and responsibilities; (b) meet regularly and frequently enough to develop and apply timely solutions to substantive problems emanating from programme implementation; (c) are fully engaged; and (d) function in accordance with applicable UNDP rules and regulations, providing effective oversight, guidance and decisions.

Programme
management
(Issue 2)

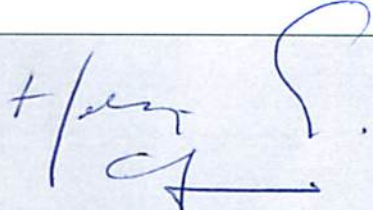
Programme design inadequacies resulting in programme architecture changes and implementation delays. Some of the shortfalls noted by OAI were: results of capacity assessments were not adequately reflected in the funds allocation; suboptimal involvement of the key programme stakeholders in programme advisory and/or management activities; late introduction of new initiatives (cross-practice strategy) outside of the Programme Logical Framework; and no analysis made of the rationale for having UNOPS implementation. The Programme faced a substantial delay, which the donor had raised serious concerns about. The Bureau for Development Policy should ensure that: (a) the design and implementation arrangements of future inter-regional and global programmes and in particular fund allocations reflect the results of capacity assessments/development gap analyses of national counterparts; (b) the roles, and responsibilities of key stakeholders as well as the mechanisms and requirements for coordination and communication are clearly defined and followed; and (c) substantive Programme changes are appraised and approved by the Project Appraisal Committee.

(Issue 3)

Corporate Issue: Current management fee structure does not encourage cooperation between Bureaux. OAI noted that the current General Management Support fee distribution formula (UNDP internal distribution of management fees charged to the project) may be a disincentive for cooperation between Regional Bureaux and the Bureau for Development Policy/ Bureau for Crisis Prevention and Recovery, even though cooperation is the goal. OAI recommends that the Office of Financial Resources Management, in consultation with the relevant offices, such as the Regional Bureaux, Bureau for Development Policy, Bureau for Crisis Prevention and Recovery, and the Bureau for External Relations and Advocacy review and revise the current policy of general management support allocation to encourage optimal participation and cooperation by the different stakeholder Bureaux and offices in local, regional, inter-regional and global programmes.

Management comments and action plan

The Deputy Director of the Bureau for Development Policy accepted Recommendations 1, 2, and 4. The Deputy Director of the Office of Financial Resources Management (Budgeting and Project Management) accepted Recommendation 3. They are in the process of implementing them.



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