



PERFORMANCE AUDIT

OF

UNDP

RESOURCE MOBILIZATION FUNCTION

Report No. 1750
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Report on the Performance Audit of the UNDP Resource Mobilization Function Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the UNDP resource mobilization function from 1 November 2016 to 17 February 2017. Performance auditing is an independent examination of a programme, function, operation, project, or the management systems and procedures of an entity to assess whether the entity is achieving economy, efficiency, and results in the employment of available resources.

Resource mobilization is not a stand-alone exercise and needs to be fully embedded in UNDP's planning and management cycle to be effective. The resource mobilization function is the shared responsibility of all Bureaux and Country Offices.

The audit objective was to assess the performance of the UNDP resource mobilization function, including aspects of governance, risk management and internal control. The audit focused on three main audit questions:

1. Is the UNDP resource mobilization function's governance structure, including roles and responsibilities adequate?
2. Is UNDP sufficiently optimizing opportunities for resource mobilization?
3. Are operational processes, including internal controls adequately designed and implemented for supporting the UNDP resource mobilization function?

The audit covered the resource mobilization activities from 1 January 2015 to 31 December 2016; however, for the completeness of the analysis, tests and reviews, the audit team has included data from January 2014. This was the first audit of this function.

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

Overall audit rating

OAI assessed the function 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."

Key recommendations: Total = 8, high priority = 2

The recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 5	High
	2, 3, 4, 6	Medium
Effectiveness and efficiency of operations	7, 8	Medium

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. All high (critical) priority recommendations are presented below:

Unclear governance structure with ambiguous roles and responsibilities for resource mobilization (Issue 1)

Within the current highly decentralized structure of UNDP, it is a challenge to identify who is ultimately answerable for achieving the goals of the UNDP resource mobilization function. There was no entity within UNDP that was mandated to enforce decisions on resource mobilization actions, and to play an overall leadership role in this respect. This is negatively impacting the output of the resource mobilization efforts, and affecting the overall governance of the resource mobilization function.

The Corporate Accountability Framework shows BERA as the coordinating body for both core and non-core resource mobilization, and at the same time, indicates that all Bureaux are also accountable for resource mobilization results. The Corporate Accountability Framework defines accountability as the ultimate answerable entity for the completion of a function. The audit noted that while BERA may be held accountable for part of the mobilization of resources, it cannot be accountable for the overall effectiveness of the resource mobilization function because firstly, BERA cannot assess the quality of non-core resource mobilized by all Bureaux, and secondly, the decentralized nature of UNDP structure makes it difficult for BERA to challenge decisions made by Regional Bureaux, or Country Offices. As a result, coordinating the various resource mobilization efforts is difficult.

Interviews with the various Bureaux as well as with staff involved in the resource mobilization confirmed that there were, in practice, ambiguities regarding the overall accountability of the resource mobilization function.

Recommendation 1: The Executive Office, with support from BERA, should review the resource mobilization architecture, to establish greater coordination of resource mobilization efforts across the organization. This should include a review of the corporate resource mobilization priorities, of existing roles and responsibilities for resource mobilization, and of granting the necessary authority to a business unit to coordinate resource mobilization efforts.

Lack of Funding Window-specific marketing strategies negatively impacted the expected resource mobilization targets (Issue 4)

The new Funding Windows have not yet been able to generate the same amount of income for UNDP as the Thematic Trust Funds in the past. To be impactful and cost effective, the Windows need to be sizeable, but there was no pathway that leads to the potential amount of about \$500 million in the foreseeable future. This audit notes that the decline in thematic, lightly earmarked funding might not be UNDP specific, as the tendency that donors prefer earmarked contributions over non- and lightly-earmarked funding is a UN- wide persistent trend over a longer period of time.

Recommendation 5: The Bureau for External Relations and Advocacy and the Bureau for Policy and Programme Support should jointly develop a resource mobilization strategy and action plan for the new Funding Windows. The plan needs to be costed and supported by clear business rationale, demonstrating why they are likely to be successful and clarify specific resource mobilization roles and responsibilities for each Window.

Management comments and action plan

UNDP management accepted all eight recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

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

A handwritten signature in blue ink is enclosed in a rectangular box. The signature appears to be 'Helge S. Osttveiten'. Below the signature, the text 'Helge S. Osttveiten', 'Director', and 'Office of Audit and Investigations' is printed.

Helge S. Osttveiten
Director
Office of Audit and Investigations