



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

United Nations Economic Commission for Europe (ECE) Strategic Planning and Monitoring

The ECE Secretariat complies with the United Nations' normative framework for programme planning, budgeting and monitoring, but is yet to sufficiently link this framework to the programmes of work of its Sectoral Committees

12 March 2009

Assignment No. AE2008/720/01

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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. Ján Kubiš, Executive Secretary
A: United Nations Economic Commission for Europe

DATE: 12 March 2009

REFERENCE: IAD: 09- 02287

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AE2008/720/01 - Audit of the United Nations Economic Commission for Europe**
OBJET: **(ECE) Strategic Planning and Monitoring**

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2, 3, and 4) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

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INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of the United Nations Economic Commission for Europe Strategic Planning and Monitoring

OIOS conducted an audit of the United Nations Economic Commission for Europe (ECE) Strategic Planning and Monitoring. The overall objective of the audit was to assess the adequacy and effectiveness of ECE's internal controls, including policies, procedures and tools, for programme planning, budgeting, monitoring and evaluation following the ECE reform, which changed its governance structure. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

ECE adopted a reform plan in December 2005 aimed at enhancing accountability, transparency and horizontal coherence of its activities with a view to enabling the Organization to better respond to the needs of Member States. According to the progress report on the implementation of the reform, reviewed by the Commission during its 2007 session, as well as OIOS' interviews and web-based survey with ECE managers and staff, the reform has had a positive impact on the ECE subprogrammes and their relevance and effectiveness, improved visibility of ECE, and reinforced governance and the Member States' relationship with the ECE Secretariat. The reform plan also mandated ECE to strengthen its programme planning, monitoring and evaluation resources and improve the training of its managers in the application of pertinent skills. As a result, ECE has showed commitment to become a more results-driven organization, and has *inter alia* established a dedicated Programme Planning Monitoring and Evaluation (PPME) Unit with three posts.

The audit concluded that ECE complies with the United Nations' normative framework for programme planning, budgeting, monitoring and evaluation as promulgated by the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring and Implementation and the Methods of Evaluation (PPBME) covered in ST/SGB/2000/8, and related instructions. However, whereas the programmes of work established by ECE's Sectoral Committees are based on the biennial Strategic Framework of ECE, with outputs and activities possibly subsequently modified to reflect new developments and current demands from Member States, the two planning documents have very different presentations. Therefore, there is a risk that they may be perceived as being independent of one another and resulting from different processes. The issue of concern is that the link between the two planning documents is not visible enough.

Accountability and risk management, two concepts integrally linked with Results-Based Management (RBM), are defined and practiced only implicitly in ECE. Without a documented and effectively communicated accountability framework, ECE staff may not fully understand the Organization's objectives; how their work and actions interrelate and contribute to the achievement of these objectives; and what performance targets and expectations they should be held accountable for. Risk management practices in ECE are informal and do not demonstrate that adequate action is taken by management to respond to challenges and risks identified throughout the planning and monitoring process.

Effective internal communication should be a key factor in ECE's efforts to strengthen its corporate image and internal cohesion, which have been identified as management priorities. The strategic planning and monitoring process in ECE is seen as a function of a limited number of staff, while staff at large may not see how it directly affects their work. Therefore, training, awareness-building and information-sharing in relation to RBM, including through web-based channels, need strengthening.

Despite the reform plan objective to strengthen programme planning, monitoring and evaluation in ECE, the tasks assigned to the PPME Unit went beyond these activities. Time and effort were spent on other substantive tasks such as servicing the Executive Committee. ECE management has not structured and resourced the planning, monitoring and evaluation activities in an adequate manner to meet this objective of the reform plan.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Economic Commission for Europe (ECE) Strategic Planning and Monitoring. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. ECE is one of the five regional commissions of the United Nations (UN). It is the forum where the countries of Western, Central and Eastern Europe, Central Asia and North America – 56 countries in all – come together to forge the tools of their economic cooperation. That cooperation concerns such areas as economic cooperation and integration, energy, environment, housing and land management, population, statistics, timber, trade, and transport, which form ECE's subprogrammes. ECE contributes to enhancing the effectiveness of the UN through the regional implementation of outcomes of global UN Conferences and Summits. Its terms of reference have been defined by the Economic and Social Council (ECOSOC) in resolution 36 IV.

3. ECE adopted a Reform Plan in December 2005 (E/ECE/1434/Rev.1) aimed at enhancing accountability, transparency and horizontal coherence of its activities with a view to enabling the Organization to better respond to the needs of its Member States. ECE's organizational structure has been streamlined by the reform. The highest decision-making body is the Commission, responsible for strategic decisions on the programmes of work and allocation of resources, without prejudice to the competence of the Fifth Committee, and which meets on a biennial basis. The Commission has an Executive Committee, which meets frequently, and eight Sectoral Committees in charge of the ECE subprogrammes.

4. Each of ECE's eight subprogrammes is attributed to Sectoral Committees, which are responsible for the preparation and implementation of their respective programmes of work. Therefore, due to its governance mechanism, the strategic planning and monitoring cycle at ECE follows a special intergovernmental process, actively coordinated and monitored by the Member States. The programme priorities of each subprogramme are set, and the related objectives, planned activities and outputs are discussed and agreed in the respective Sectoral Committees. The Executive Committee, being involved in all matters related to strategic planning and monitoring, reviews and approves the programmes of work, monitors their implementation and follows the key results of subprogramme performance assessment.

5. Parallel to the programmes of work of the Sectoral Committees, ECE Secretariat develops its biennial Strategic Framework in compliance with the UN Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring and Implementation and the Methods of Evaluation (PPBME), covered in ST/SGB/2000/8, and related instructions. This is done taking into account ECE's governance structure and the intergovernmental planning process, as explained above. The draft Strategic Framework is therefore subject to review and comments first by the Sectoral Committees and then by the Executive Committee. Similarly, Sectoral Committees and the Executive Committee review the accomplishment accounts

prepared by ECE Secretariat at the end of each biennium. In 2009, the intergovernmental bodies will have an additional source of information on ECE's programme performance in the form of the Biennial Evaluations of Subprogramme Performance by the Sectoral Committees, designed in accordance with the decisions of Member States to strengthen ECE's evaluation function.

6. Comments made by ECE are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to:

(a) Assess the effectiveness of the current system of strategic planning and monitoring in ECE, following the ECE reform and the new governance structure; and

(b) Review ECE's compliance with the UN normative framework for programme planning, budgeting, monitoring and evaluation.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered activities from the initiation of the ECE reform in 2005 to October 2008. The specific areas reviewed included:

- The process for planning, budgeting, monitoring, and evaluation in ECE, including the linkages between strategic planning and monitoring undertaken at the ECE intergovernmental level (in particular in the Sectoral Committees) and the UN Results-Based Management (RBM) framework; and
- The activities of the special Programme Planning, Monitoring and Evaluation (PPME) Unit, especially its role in providing substantial guidance to ECE management and support to ECE divisions and subprogrammes.

9. The audit did not assess the effectiveness of the ECE reform, although OIOS conducted interviews with a sample of representatives from the 56 Member States in order to gain a better understanding of their perceptions on how the ECE Secretariat and the existing post-reform governance structure support the Organization in the achievement of its overall objectives.

10. In order to cover the programme of work established by OIOS, the audit methodology was as follows:

- a. A web-based survey questionnaire to all ECE professional category staff members, allowing OIOS to make a better assessment of ECE Secretariat's organizational culture, particularly in relation to management's philosophy and

commitment to RBM. The questionnaire was sent to 94 staff members of ECE. The response rate was 75 per cent.

- b. Interviews with Member States representatives and ECE managers to help OIOS focus on specific governance related issues in support of strategic planning and monitoring. Representatives of six Member States made themselves available for an interview.
- c. Two self-assessment workshops with ECE heads of divisions and sub-programmes and PPME focal points, with the objective to better understand how the strategic planning and monitoring process is conducted within ECE and what may be the differences between the RBM framework and the strategic planning and monitoring process conducted at ECE's intergovernmental level. The use of a targeted questionnaire coupled with anonymous voting allowed OIOS to identify specific points of focus for the audit. A total of 14 staff members participated in the workshops.
- d. Interviews with staff members from the PPME Unit to assess their roles and responsibilities in the implementation of the planning, monitoring and evaluation programme in ECE.
- e. Detailed audit tests and other relevant procedures to determine whether controls to mitigate the risks identified during the audit planning stage were operating as intended. Documentary, physical, testimonial and/or analytical evidence were obtained through various means, including detailed interviews, examination of relevant documents, and analysis of information and data.

11. Throughout the audit, OIOS applied criteria based on the Integrated Framework for Internal Control developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is the generally accepted standard against which organizations measure the effectiveness of their internal control systems.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Control environment

ECE reform initiated in 2005 has resulted in closer interaction of the Secretariat with Member States, but the objective to strengthen programme planning, monitoring and evaluation resources and training has not been adequately prioritized

12. ECE's governance structure and the ECE Secretariat's relationship with Member States impact the Organization's strategic planning and monitoring process. The six representatives of Member States interviewed by OIOS unanimously supported the new ECE governance structure and their relationship with the Secretariat. They believed the Executive Committee plays its role effectively in taking decisions and discussing policy issues and management of ECE. The flow of information and communication are well managed, from the Sectoral Committees through the Executive Committee to the Commission. The impact of the reform on the subprogrammes and their relevance and effectiveness were assessed by them as good. In their opinion, the visibility of ECE has also improved. The Secretariat plays an important part in all of this. These perceptions were in line with the progress report on the implementation of the reform (E/ECE/1446) reviewed by the Commission during its 2007 session. The ECE Secretariat will prepare a final report on the outcomes of the reform which will be reviewed by the Commission during its 2009 meeting.

13. The reform plan inter alia mandated ECE to "strengthen its programme planning, monitoring and evaluation resources and improve the training of its managers in the application of pertinent skills". As a result, a dedicated unit – the Programme Planning Monitoring and Evaluation (PPME) Unit ("the Unit") – was established, consisting of three posts. One P-5 post, to lead the new unit, and a G-6 level post, were redeployed to add to the existing P-4 post that was hitherto tasked with central programme planning, monitoring and evaluation functions on a part-time basis within the Office of the Executive Secretary (OES). In addition, as was the case previously, the Senior Adviser to the Executive Secretary continued to provide overall guidance and supervision, as well as support, to these activities. In order to secure an appropriate organizational standing and continuous involvement of senior management, the Unit was attached to OES. In addition, the system of PPME focal points for each subprogramme, to collect information on the status of programme implementation, was continued. Given this organizational commitment, the Unit has devoted its time to streamline programme planning, monitoring and evaluation procedures, strengthen evaluation activities, and undertake capacity-building efforts for ECE staff.

Further strengthening of the means for performing ECE's planning, monitoring and evaluation function is required

14. Despite the increase in PPME resources, the tasks assigned to the Unit go beyond the traditional programme planning, monitoring and evaluation activities. Time and effort are spent on servicing the intergovernmental bodies and the ECE Directors meetings, and on a variety of substantive areas where there are cross-sectoral and intersectoral issues of OES's responsibility. According to the Unit's own estimate, resources available for strictly PPME related activities amount to 1.5 P-posts and 0.5 GS-post (excluding the supervision and support by the Senior Adviser to the Executive Secretary).

15. Only two training courses and two briefing sessions were organized by the PPME Unit in the past two years. Staffing resources were inadequate to conduct more thorough monitoring of overall programme performance through the Integrated Monitoring and Document Information System (IMDIS). OIOS also observed that the Unit does not have time to contribute to system-wide initiatives and task forces to improve RBM in the UN system. For example, the Unit staff has not participated in the work of the UN Evaluation Group work, the UN Strategic Planning Network, and the Working Group established to provide recommendations to the General Assembly on strengthening RBM in the Organization.

16. In OIOS' opinion, ECE's strategic planning and monitoring function is not structured and resourced in a manner to adequately meet the reform objective to strengthen the Organization's programme planning, monitoring and evaluation resources and training. In comparison, OIOS found that the United Nations Economic and Social Commission for Western Asia (ESCWA) Programme Planning and Technical Cooperation Division, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Programme Management Division, and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) Programme Planning and Operations Division have all benefited from a larger pool of staff and the synergies created from establishing these divisions.

Recommendation 1

(1) The ECE Administration should, with appropriate involvement of the Executive Committee, assess the substantive, organizational and budgetary requirements for the programme planning, monitoring and evaluation function, aligned with the ECE reform plan, and adjust, if necessary, the current structure and resources accordingly.

17. *The ECE Administration accepted recommendation 1.* Recommendation 1 remains open pending receipt of documentation on the assessment of the substantive, organizational and budgetary requirements for PPME functions and any adjustment to the current structure.

Full commitment to results-driven internal processes requires better definition and staff awareness of ECE's accountability framework

18. An effective control environment requires an organizational culture and structure, including delegation of authority, that are conducive to efficient and effective delivery of agreed results, and measures to hold managers and staff at all levels accountable for the results. The UN Secretary-General has recently pronounced that accountability must be looked at as a fundamental organizing principle and operational guideline for the Organization. As a prerequisite for holding directors and staff accountable for the results and activities under their responsibility, annual work plans for ECE subprogrammes and individual staff member's performance appraisal (ePAS) work plans need to be established using the concepts of RBM. Accountability has to be documented in a formal framework.

19. While 36 per cent of staff surveyed by OIOS agreed that accurate and reliable information about ECE's objectives, expected accomplishments and results is effectively communicated to various stakeholders, almost two-thirds (64 per cent) of the respondents either disagreed with this statement (22 per cent) or had no opinion (42 per cent). Furthermore, 52 per cent of staff members felt they did not have sufficient time to carry out their responsibilities. It is of paramount importance that ECE staff members understand the Organization's objectives; how their work and actions interrelate and contribute to the achievement of these objectives; and what performance targets and expectations they should be held accountable for.

20. According to ECE management, although not formally defined as such, the logical frameworks used for the Biennial Evaluations of Subprogramme Performance by the Sectoral Committees are at the centre stage of ECE's accountability framework. These evaluations, as part of the Commission's pronounced effort to strengthen evaluation as a tool for managing its work, cover the activities of entire subprogrammes at the level of clusters of activities corresponding to sections or teams, and have a strong linkage to the UN Results-Based Management construct in terms of the methodologies and terminologies used. Therefore, as the next step, ECE plans to base the ePAS work plans of individual staff members on these logical frameworks. OIOS acknowledges the efforts made but is of the view that there is a need to conceptualize and document these endeavours and communicate them formally to ECE staff.

Recommendation 2

(2) The ECE Administration should formally document its accountability framework, based on the Biennial Evaluations of Subprogramme Performance that use concepts of Results-Based Management, and increase staff members' awareness of the accountability framework by disseminating related information on the ECE intranet. Taking into account the ECE accountability framework, management should then ensure that the performance appraisal work plans of individual staff members are based

on the logical frameworks for the Biennial Evaluations of Subprogramme Performance.

21. *The ECE Administration accepted recommendation 2.* Recommendation 2 remains open pending receipt of the documentation on the accountability framework, its dissemination on the ECE intranet, and confirmation that the individual performance appraisal work plans are based on the accountability framework.

B. Strategic planning process

Links between the Strategic Framework and the programmes of work of Sectoral Committees should be made more visible

22. The ECE reform has resulted in reinforcement of its priority activities. Most Sectoral Committees, even those that have a multi-year plan, review their programme of work on an annual basis. Working groups established under the Sectoral Committees are subject to a sunset clause requiring the Sectoral Committees to review and demonstrate the relevance of each working group every two years. The Sectoral Committees are aligned with the ECE subprogrammes and there is close coordination between them. ECE staff surveyed and interviewed by OIOS generally agreed that ECE's mandate is clear and provides guidance on what the Organization is to achieve.

ECE Sectoral Committees' Programmes of Work and the ECE Secretariat's biennial Strategic Framework should be closer aligned to improve planning processes

23. Each Sectoral Committee is responsible for the preparation of its own programme of work, which is approved by the Executive Committee. This programme of work is based on the ECE Strategic Framework and reflects the outputs contained in the Programme Budget Narratives with some adjustment which may be required by Member States during the biennium. These documents are subject to Executive Committee's review and approval.

24. The programmes of work of the Sectoral Committees are based on a standard template, in a format that was agreed upon between ECE Secretariat and Member States several years ago. In the template there may be several objectives for each subprogramme, while the Strategic Framework can only have one objective per subprogramme. Also, the imposed limitations on the number of expected accomplishments and indicators of achievement in the UN's Strategic Framework construct do not easily align with the standard programme of work template which is built around the broad subheadings of: (a) Description of the subprogramme, (b) Work accomplished, and (c) Work to be undertaken (with the outputs expected). OIOS' interviews with several ECE managers confirmed these discrepancies.

25. The ECE Strategic Framework is not the document that guides ECE Secretariat's work. During the workshop with ECE managers and PPME focal points, only 23 per cent of the participants felt that the UN Results-Based Management construct reflects the nature of ECE's operations and priorities. Furthermore, 64 per cent disagreed with the notion that the RBM framework is adequately used in developing sectional and individual work plans and in performance assessment. Further discussions with some managers confirmed that they perceived the RBM framework as cumbersome, time-consuming and generally of limited utility. It is therefore of little surprise – and also considering the strong sense within ECE that the Member States “own” ECE and that the Secretariat's role is to service ECE's intergovernmental bodies – that the respective programmes of work of the Sectoral Committees are considered as the master work plan for the ECE subprogrammes.

26. However, OIOS' review also identified two subprogrammes, which did not use the standard programme of work template (Timber subprogramme and Statistics subprogramme). Both had managed to introduce a format for use by their Sectoral Committee, which followed the conceptual methodology of the UN RBM framework, with definitions and terminologies such as expected accomplishments and indicators of achievement. In addition, while the heads of both subprogrammes confirmed that the UN RBM framework was more restrictive and inflexible, they had logically reconciled the two planning documents and all respective data. Therefore, it was clearly visible that they were operating with the same strategic plan, while the Strategic Framework data was at a more aggregated level.

27. ECE needs to make efforts to better visualize the links between the Strategic Framework and the programmes of work of Sectoral Committees by enhancing the standard template to be used to draw up the latter. The template has to follow the UN RBM framework, particularly in terms of expected accomplishments, indicators of achievement, indicator methodology, and baseline and target values. One important development so far has been the introduction of the logical frameworks used for the ECE Biennial Evaluations of Subprogramme Performance by the Sectoral Committees, organized at the level of clusters of activities within subprogrammes.

Recommendation 3

(3) The ECE Administration should create, and submit to the Executive Committee for approval, a new Programme of Work template to be adopted by the Sectoral Committees. The template should follow the conceptual methodology used within the UN Results-Based Management framework, particularly the concepts of expected accomplishments, indicators of achievement, indicator methodology, and baseline and target values. Furthermore, the linkages between each Sectoral Committee's programme of work and the 2010-2011 Strategic Framework should be explained and posted on the ECE Intranet.

28. *The ECE Administration accepted recommendation 3.* Recommendation 3 remains open pending receipt of a copy of the of the new Programme of Work template to be adopted by the Sectoral Committees and the linkages between each Sectoral Committee's programme of work and the 2010-2011 Strategic Framework.

ECE needs to establish a formal risk management process

29. During the workshop with ECE managers and PPME focal points, 53 per cent of participants disagreed with the statement that "ECE management is taking adequate action to respond to every challenge and risk identified throughout the programme planning and monitoring process, through tailored and focused activities". In addition, 23 per cent answered with "Don't know" to this question. In OIOS' risk assessment report of ECE (AE2007/720/01) of October 2007, ECE commented that "this risk assessment will be the basis for the future UNECE risk management", but no action had yet been taken on this since. Lack of a formal system and procedures for organization-wide risk management could result in ECE's inability to achieve some of its strategic objectives and performance targets, increased non-compliance with UN Regulations and Rules, or damage to the Organization's reputation and credibility.

30. In the case of the Statistics subprogramme, OIOS noted that an informal risk identification exercise had been conducted. Linked to the subprogramme's strategic objectives, general and specific risks had been laid out, pertaining to both external and internal factors. OIOS highlights this as a very encouraging first step. However, ECE has to develop more formal risk management procedures for the identification, assessment, mitigation, monitoring and reporting of risks to its objectives and expected accomplishments at the subprogramme level. While such a process could be run as a separate exercise alongside the existing ECE planning, monitoring and evaluation programme, OIOS wishes to highlight that risk management is an integral part of any management activity, and should not be built onto but integrated into existing processes. Risk management can not be de-coupled from RBM.

Recommendation 4

(4) The ECE Administration should develop procedures for the identification and assessment of risks to the objectives and expected accomplishments at the subprogramme level, and request subprogramme heads to periodically report during ECE Directors meetings on the related risk mitigation and monitoring activities undertaken.

31. *The ECE Administration accepted recommendation 4.* Recommendation 4 remains open pending receipt of a copy of the procedures for the identification and assessment of risks and establishment of the above described periodical reporting mechanism.

Allocation of staffing resources should be aligned with extrabudgetary funding

32. According to discussions with ECE managers and staff, there is no clear alignment between required staffing strength and the available financial resources, especially when resources come from extra budgetary (XB) earmarked funds. For example, whereas extra budgetary resources are increasingly important (according to the programme budget for the biennium 2008-2009, XB resources are \$23.7 million), there are very few resources allocated from these funds for support staff costs. In addition, while funds are sometimes made available in project Memoranda of Understanding (MoUs) for professional level technical posts (L-series), this is not a standard practice. The regular budget (RB) has not been increased for several biennia and staffing levels have remained unchanged.

33. One MoU pertaining to the Sustainable Energy Division explicitly defined the project, purpose of the agreement, budget, role of the different related parties, and timeframe of the project. Financial implications for ECE were also clearly defined through the role of ECE and the number of RB and XB staff allocated to the project. Review of other MoUs did not show this level of detail.

34. In order to implement specific XB projects, ECE establishes trust funds for consultancy fees, travel costs, etc. However, the additional work created by these projects remains under the responsibility of ECE regular (RB) staff without any increase in staffing resources. Consequently, lack of adequate staffing resources for XB funded projects could impact ECE's ability to achieve some of its project objectives and, as a result, impact donor confidence.

Recommendation 5

(5) The ECE Administration should liaise with Member States and donors to establish a special trust fund dedicated to support ECE projects through the funding of extra-budgetary posts or, alternatively, to seek other consistent and transparent mechanisms for identifying and securing the availability of required staffing resources for extra-budgetary funded projects.

35. *The ECE Administration accepted recommendation 5 but stated that from experience, Member States are not willing to contribute to a trust fund where the contributions are not earmarked for specific project activities. Developing guidelines to include the funding of XB posts within the context and budget of specific XB project activities to be funded by donors would be the preferred way.* Recommendation 5 remains open pending receipt of documentation showing that ECE has addressed the risk that extrabudgetary projects could be negatively impacted by the lack of adequate staffing resources.

C. Policies and procedures governing strategic planning and monitoring

ECE is complying with the UN PPBME regulations (ST/SGB/2000/8) and related guidelines, and compares favourably with other UN programmes in terms of completeness and timeliness of programme performance documentation

36. The preparation process for ECE's biennial Strategic Framework is well laid out and follows the United Nations PPBME (ST/SGB/2000/8) and related instructions. The PPME Unit communicates relevant programme planning, monitoring and evaluation information to ECE subprogramme heads and PPME focal points, reminds them of the requirements and deadlines, and provides assistance and guidance as requested. Information on the status of implementation is collected within subprogrammes by PPME focal points and fed into IMDIS. The process is supported and overseen by the PPME Unit. According to the OIOS report on "Compliance with Programme Performance Documentation Requirements: IMDIS status at the end of the 2006-2007 biennium" (INS-COM-08-001), ECE was one of the best complying UN programmes for programme performance documentation with a 92 per cent completion rate.

D. Evaluation

ECE has strengthened its evaluation practices but lacks a comprehensive evaluation policy and a structured alignment of its self-evaluations with the Biennial Evaluations of Subprogrammes by the Sectoral Committees

37. ECE Secretariat, in particular the PPME Unit, has been instrumental in promoting the initiative of Biennial Evaluations of Subprogrammes by the Sectoral Committees. Following a guide and instructions prepared by the Unit, all Sectoral Committees at their 2007 annual session reviewed and agreed on the expected accomplishments and indicators of achievement for each cluster of activities. Continuous efforts are underway to ensure that first biennial evaluations will be successfully conducted in 2009. These evaluations will constitute a starting point for planning the expected accomplishments in the coming biennium. In addition, the PPME Unit has been supporting the undertaking of self-evaluations by ECE subprogrammes. To this extent, 14 self-evaluations were conducted in the 2006-07 biennium. The PPME Unit has been closely involved in these activities by *inter alia* making comments and recommendations on the topics selected for evaluation, reviewing the terms of reference, promoting the use of the findings, organizing a lessons learned workshop and launching a standard template to be used in reporting on self-evaluation. ECE is the UN department with the second highest number of discretionary internal self-evaluations.

Formal evaluation policy should be in place, streamlining the concept, role and different types of evaluations conducted in ECE

38. Despite the different types of evaluations that are currently in place, ECE does not have a formal policy for evaluations. The UN PPBME framework is not a substitute for a programme's evaluation policy as it is not specific with regard to the regularity and periodicity of evaluations. In addition, only with the introduction of an official policy can the relevant norms and standards (such as the UNEG Norms for Evaluation in the UN System and Standards for Evaluation in the UN System) be formally incorporated in ECE's evaluation programme. The lack of an evaluation policy, including clearly defined guidelines for the conduct of self-evaluations, could have an impact on ECE's ability to deliver consistent and accurate performance reports to management, Member States and other stakeholders.

39. OIOS reviewed what other regional commissions had developed for their evaluation process. For example, ESCAP has a rigorous web-based evaluation policy overview, which describes the aim of evaluation and monitoring process and its position in the context of Results-Based Management. It also sets the different steps, tools and reports used by ESCAP's Programme Management Division to achieve its evaluation objectives, including how to use the evaluation findings. OIOS' Inspection and Evaluation Division has recently issued a Guidance to Programmes for Developing an Evaluation Policy, which is available on the OIOS website.

40. OIOS reviewed the 14 self-evaluations conducted within the ECE Secretariat during the biennium 2006-07. They included a wide range of different types of reviews, including: a study by an expert external to ECE; an official progress report mandated by intergovernmental bodies; and a seminar satisfaction survey which didn't conclude on what the results actually provided in terms of relevance, efficiency, and impact of the activity in question. Discretionary internal self-evaluations in the UN terminology are defined as "optional, non-mandatory evaluations conducted by programme managers for their own use" and there is no requirement for these self-evaluations to be directly linked to the UN Strategic Framework.

41. However, as matter of best practice and considering the increased importance of self-evaluation in the UN system, OIOS is of the opinion that self-evaluations should ideally respond to the mandatory reporting requirements that currently exist within the RBM construct. Very few of the 14 ECE self-evaluation reports demonstrated this. In fact, none of them appeared to have a direct and logical link to the ECE Strategic Framework, in particular the expected accomplishments, indicators of achievement or performance targets contained therein. A key requirement for all evaluations should be that they can feed back into the programme planning and budgeting cycle. In ECE's case, future self-evaluations should thus better demonstrate a linkage with the Biennial Evaluations of Subprogramme Performance by Sectoral Committees. The PPME Unit confirmed that this was indeed what they intend to recommend to the ECE divisions.

Recommendation 6

(6) The ECE Administration should develop an evaluation policy, containing principles and guidelines related to different types of evaluation conducted in ECE and describing the required linkages between the self-evaluations conducted by ECE subprogrammes and the Biennial Evaluations of Subprogramme Performance by Sectoral Committees.

42. *The ECE Administration accepted recommendation 6 and stated that the proposed implementation date (February 2010) is set so as to allow ECE to take into account the lessons learned about the biennial evaluation process from the first cycle (2008-2009), including the discussions in this respect which are expected to take place in the Sectoral Committees in the course of 2009 and early 2010. Recommendation 6 remains open pending receipt of a copy of the evaluation policy.*

E. Information and communication

Member States commended ECE Secretariat for a strengthened partnership and their requests generally receive prompt attention. However, internal communication and cross-sectoral coordination of work still need improvement to increase staff awareness of ECE programmes, and to enhance team-building

43. According to Member States representatives and ECE managers interviewed by OIOS, transparency and trust have improved since the reform. Member States representatives unanimously agreed that information-sharing with the ECE Secretariat was good and that their requests generally received prompt attention. For the ECE Secretariat, frequent meetings allow them to seek guidance from Member States on a continuous basis. Regular and transparent communication with Member States is seen by ECE managers as a real asset. According to the then Executive Secretary, the main result of the ECE reform has been the rebuilding of trust with Member States.

ECE needs to improve management of cross-sectoral activities

44. The work plan on the ECE Reform presented some cross-sectoral issues but in very general and broad terms, such as the Millennium Development Goals, gender issues, and the private sector and non-governmental organizations (NGOs). In its proposed programme budget for the biennium 2008-09, ECE undertook to give more attention to “promoting intersectoral activities, particularly in the areas of transport and environment, trade and transport, energy and transport, and energy and environment”. In addition, as one of the performance indicators of the Executive Direction and Management segment of the biennial programme budget, ECE aimed to take a “number of actions to

promote intersectoral cooperation and/or cross-sectoral coherence in the work of ECE”.

45. OIOS’ review of documents, such as internal reports, official Executive Committee documents, and postings on the ECE website disclosed relatively little information about cross-sectoral activities. Upon request by OIOS, a list of cross-sectoral and intersectoral activities was prepared by the PPME Unit. According to the list, ECE is currently working on seven cross-sectoral and intersectoral issues, of which two activities are implemented in cooperation with other UN agencies.

46. The Directors meeting minutes did not show that cross-sectoral issues were discussed as a regular item. In general, these meetings appeared to be more focused on roundtable information-sharing by individual directors rather than strategic decision-making and cross-sectoral synergy-building. At the same time, the then Executive Secretary stated in his interview with OIOS that he tried to encourage directors to approach similar issues from different perspectives. He acknowledged that this could perhaps lead to perceived duplication. OIOS stresses that cross-sectoral programme coordination may remain ineffective if the roles and responsibilities for implementation of cross-sectoral activities are not adequately allocated and accountabilities not clearly defined.

Recommendation 7

(7) The ECE Administration should increase transparency of information concerning cross-sectoral activities by: (a) preparing and maintaining a list of cross-sectoral activities and their objectives, and making this information available on the ECE website; and (b) making discussion on cross-sectoral activities a regular item on the agenda of Directors meetings.

47. *The ECE Administration accepted recommendation 7.* Recommendation 7 remains open pending evidence that the cross-sectoral activities list, with related objectives, has been posted on the ECE website and receipt of a document showing that cross-sectoral activities are a regular agenda item for Directors meetings.

To strengthen cohesion among staff, improvements are needed in internal communication, teamwork, and more focused awareness-building on strategic issues

48. The adequacy of communication, information and training in ECE in relation to strategic planning and monitoring, was assessed by OIOS through the staff questionnaire, review of a sample of Directors meeting minutes, and management and staff inquiries. Only 38 per cent of staff who responded to the web-based questionnaire felt that “the organizational structure facilitates the flow of information throughout ECE Secretariat”. There is a perception that staff lacks cross-divisional information due to a weak horizontal communication strategy. According to some comments provided in the survey, ECE appears to remain

compartmentalized despite the 2005 reform, and there is a perception of lack of sufficient team-building efforts. Some staff considered that the ECE organization built by activity was the reason for reduced communication through the different divisions. At the same time, ECE managers during a retreat in 2007 highlighted it as a priority that ECE's corporate image and cohesion among ECE staff be improved.

49. Communication deficiencies may also be one key determinant for how Results-Based Management is perceived and understood by ECE staff. For example, OIOS noted that construction of the PPME web page on ECE's intranet website had only recently started and, given the resource constraints, this work was being done gradually in accordance with priority needs. Comprehensive information on RBM and related instruments on the intranet could increase staff awareness of ECE's strategic planning and monitoring process.

50. Regarding training, the PPME Unit was mandated in the ECE reform plan to provide systematic programme planning, monitoring and evaluation training to its programme managers. Thirty-five staff members (roughly a third of ECE professional staff, and 50 per cent of those who responded) confirmed in the OIOS staff questionnaire that they had received a training course in programme planning, monitoring and evaluation. In addition, only 50 per cent of the participants at the OIOS workshops, consisting of key staff involved in planning and monitoring at the subprogramme level, agreed that adequate initial and continuous training had been provided on RBM.

51. The strategic planning and monitoring process in ECE seems to remain a function of the directors, subprogramme heads and PPME focal points. Staff members at large do not see how it directly affects their work. If they are not provided with the opportunity to critically reflect on their activities at the planning, monitoring and evaluation stages, they are deprived of important organizational learning opportunities. This would do little to enhance ownership of the process and thus facilitate the achievement of results. Lack of ownership of the programme cycle could contribute to making the RBM process an exercise conducted by a limited number of staff members.

Recommendation 8

(8) The ECE should pay more attention to internal communication and team-building in order to improve staff awareness and ownership of programme planning, monitoring and evaluation issues. To this end, the Programme Planning, Monitoring and Evaluation Unit web pages on the ECE intranet should be further developed, Results-Based Management related training programmes should be made available to a wider range of staff, and subprogramme heads should make efforts to involve staff members in a more focused team-based approach to programme planning, monitoring and evaluation.

52. *The ECE Administration accepted recommendation 8.* Recommendation 8 remains open pending receipt of evidence that the PPME web page has been completed, that the Result Based Management related training programme has been developed, and that staff members have been involved in a more focused team-based approach to programme planning, monitoring and evaluation.

V. ACKNOWLEDGEMENT

53. We wish to express our appreciation to the Management and staff of ECE for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The ECE Administration should, with appropriate involvement of the Executive Committee, assess the substantive, organizational and budgetary requirements for the programme planning, monitoring and evaluation function, aligned with the ECE reform plan, and adjust, if necessary, the current structure and resources accordingly.	Governance	High	0	Assessment of the requirements for the PPME function. Adjustment of the structure and resources accordingly.	March 2010
2	The ECE Administration should formally document its accountability framework, based on the Biennial Evaluations of Subprogramme Performance that use concepts of Results-Based Management, and increase staff members' awareness of the accountability framework by disseminating related information on the ECE intranet. Taking into account the ECE accountability framework, management should then ensure that the performance appraisal work plans of individual staff members are based on the logical frameworks for the Biennial Evaluations of Subprogramme Performance.	Governance	High	0	Issuance of the accountability framework documentation, its dissemination on ECE Intranet. Amendment of individual performance appraisals.	December 2009
3	The ECE Administration should create, and submit to the Executive Committee for approval, a new Programme of Work template to be adopted by the Sectoral Committees. The template should follow the conceptual methodology used within the UN Results-Based Management framework, particularly the concepts of expected accomplishments, indicators of achievement, indicator methodology, and baseline and target values. Furthermore, the linkages	Operational	High	0	Creation of the new Programme of Work template to be adopted by the Sectoral Committees and submission to the Executive Committee for approval. Development and posting of a clearer linkage between each Sectoral Committees Programme of work and the 2010-2011 Strategic Framework.	November 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	between each Sectoral Committees Programme of work and the 2010-2011 strategic framework should be explained and posted on the intranet.					
4	The ECE Administration should develop procedures for the identification and assessment of risks to the objectives and expected accomplishments at the subprogramme level, and request subprogramme heads to periodically report during ECE Directors meetings on the related risk mitigation and monitoring activities undertaken.	Governance	High	O	Development of procedures for the identification and assessment of risks at subprogramme level and establishment of a periodical reporting mechanism on risks mitigation at subprogramme heads level.	December 2009
5	The ECE Administration should liaise with Member States and donors to establish a special trust fund dedicated to support ECE projects through the funding of extra-budgetary posts or, alternatively, to seek other consistent and transparent mechanisms for identifying and securing the availability of required staffing resources for extra-budgetary funded projects.	Financial	Medium	O	Establishment of the dedicated trust fund for support resources for extra budgetary resources or of an alternative mechanism.	November 2009
6	The ECE Administration should develop an evaluation policy, containing principles and guidelines related to different types of evaluation conducted in ECE and describing the required linkages between the self-evaluations conducted by ECE subprogrammes and the Biennial Evaluations of Subprogramme Performance by Sectoral Committees.	Operational	Medium	O	Development of the Evaluation Policy.	February 2010
7	The ECE Administration should increase transparency of information concerning cross-sectoral activities by: (a) preparing and maintaining a list of cross-sectoral activities and their objectives, and making this information available on the ECE website;	Information Resources	Medium	O	Preparation of the cross-sectoral activities list, with related objectives, for posting on ECE website. Inclusion of cross-sectoral activities as a regular item of Directors meetings.	April 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
8	<p>and (b) making discussion on cross-sectoral activities a regular item on the agenda of Directors meetings.</p> <p>The ECE Administration should pay more attention to internal communication and team-building in order to improve staff awareness and ownership of programme planning, monitoring and evaluation issues. To this end, the Programme Planning, Monitoring and Evaluation Unit web pages on the ECE intranet should be further developed, Results-Based Management related training programmes should be made available to a wider range of staff, and subprogramme heads should make efforts to involve staff members in a more focused team-based approach to programme planning, monitoring and evaluation.</p>	Governance	Medium	O	<p>Completion of PPME Unit intranet web pages.</p> <p>Development of Result-Based Management related training programme.</p> <p>Improvement in the involvement of staff members in a more focused team-based approach to programme planning, monitoring and evaluation through dedicated mechanisms.</p>	June 2009

1. C = closed, O = open
2. Date provided by ECE in response to recommendations.