



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Programme performance management in DPKO

Overall results relating to the effective programme performance management were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress.

**FINAL OVERALL RATING: PARTIALLY
SATISFACTORY**

3 May 2012

Assignment No. AP2011/600/03

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AUDIT REPORT

Programme performance management in DPKO

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the programme performance management in DPKO.

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.

3. The Secretary-General's bulletin on organization of the Department of Peacekeeping Operations (DPKO) (ST/SGB/2010/1) establishes the functions of the Department. DPKO directs, manages and provides political and policy guidance and strategic direction to all operations under its responsibility, which comprise peacekeeping operations as well as certain special political missions as determined by the Secretary-General. The Department manages the interaction of the Secretariat with troop and police contributing countries and maintains contacts with parties to the conflicts, members of the Security Council and the General Assembly to ensure implementation of the mandates of Department-led operations.

4. DPKO includes the following major programme areas:

- a) The Office of Operations (OO) – responsible for providing political and strategic policy and operational guidance and support to the missions.
- b) The Office of the Rule of Law and Security Institutions (OROLSI) – responsible for consolidating the Department's capacities to support and strengthen coherent work on mine action, police, justice and corrections, disarmament, demobilization and reintegration of ex-combatants and security sector reform in post-conflict countries.
- c) The Office of Military Affairs (OMA) – responsible for deploying the most appropriate military capability in support of United Nations objectives; and to enhance performance and improve the efficiency and effectiveness of military components in United Nations peacekeeping missions.
- d) The Division of Policy, Evaluation and Training (DPET) – responsible for identifying, documenting and sharing best practices and lessons learned. DPET provides policies, training and evaluation services to DPKO and the Department of Field Support (DFS).

5. DPKO is funded through the regular budget, as well as the support account budget for peacekeeping operations. The DPKO regular budget for the biennium 2010-2011 was \$13.2 million and the support account budget for the period from 1 July 2010 to 30 June 2011 (2010/11) was \$101.1 million. Thirty-four posts were authorized and funded from the regular budget 2010-2011, and 485 from the support account budget 2010/11.

6. Comments provided by DPKO are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7. The audit of the programme performance management was conducted to assess the adequacy and effectiveness of DPKO governance, risk management and control processes in providing reasonable assurance regarding the **effective programme performance management**.

8. This audit was selected because of the importance of performance management in the move of the Organization towards an accountability system and implementation of results-based management. The lack of an appropriate framework for managers to monitor programme performance and adjust activities accordingly creates the risk that the programme objectives may not be effectively achieved.

9. The key controls tested for the audit were: (a) regulatory framework; (b) risk management and strategic planning; (c) performance monitoring; and (d) programme management reporting. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures exist to guide programme performance in DPKO.

(b) **Risk management and strategic planning** - controls that provide reasonable assurance that risks relating to DPKO activities are identified, assessed and mitigated, and that an effective strategic plan is in place to ensure achievement of operational objectives.

(c) **Performance monitoring** - controls that provide reasonable assurance that performance indicators are established for DPKO programme activities and procedures are in place to monitor the achievement of objectives and goals.

(d) **Programme management reporting** - controls that provide reasonable assurance that a system exists to ensure timely, accurate and complete reporting on DPKO financial and operational performance. These controls include measuring and describing progress toward results and resources consumed against appropriately established indicators.

10. The key controls were assessed for the control objectives shown in Table 1. Certain control objectives (shown in Table 1 as “Not assessed”) were not relevant to the scope defined for this audit.

11. OIOS conducted this audit from August 2011 to November 2011, covering the period from 1 January 2009 to 30 June 2011.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. DPKO governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective programme performance management**. OIOS made four recommendations to address issues identified in the audit. DPKO improved linkages between the expected accomplishments and performance indicators and ensured closer alignment between the objectives and expected accomplishments in the planning documents. Action by DPKO to implement the follow up process on the implementation status of the recommendations issued

by its Evaluation Unit and improvements to the performance reporting on the regular budget is currently underway.

14. The initial overall rating of partially satisfactory was based on the assessment of key controls presented in Table 1 below. The final overall rating is partially satisfactory as implementation of two important recommendation remains in progress.

Table 1: Assessment of key controls

	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective programme performance management	(a) Regulatory framework	Satisfactory	Satisfactory	Not assessed	Satisfactory
	(b) Risk management and strategic planning	Partially satisfactory	Partially satisfactory	Not assessed	Satisfactory
	(c) Performance monitoring	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory
	(d) Programme management reporting	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

The regulatory framework for performance management was satisfactory

15. To strengthen programme management processes and practices, DPKO/DFS developed the draft Programme Management Policy and supplementing Guidelines, which set out programme management requirements and outline a methodology for programme planning, monitoring, evaluating and reporting. DPKO also issued policies on Headquarters self-evaluation and mission evaluation that outline the main organizational roles and responsibilities, define the type of evaluations conducted and describe the process to plan, conduct and follow-up on evaluations. At the end of each budget cycle (biennially for the regular budget and annually for the support account and peacekeeping budgets), DPKO reports to the General Assembly on the progress towards mandate implementation.

16. DPKO also extended the senior managers' compacts to field operations in 2010 and reported the performance against those compacts to strengthen performance management and accountability. The preparation of compacts for the 2012 cycle was underway. OIOS assessed the regulatory framework for performance management as satisfactory.

B. Risk management and strategic planning

DPKO was taking action to implement risk management as operational functions

17. DPKO/DFS made progress in developing its risk management and control framework. A draft policy on risk management has been drafted, and since June 2010, DPKO/DFS has a dedicated risk management officer, and they plan to develop guidelines, tools and methods for risk management. DPKO/DFS was also strengthening its control frameworks by the introduction in December 2011 of letters of representation for senior resource managers in field missions, as a managerial accountability tool for financial reporting. Furthermore, the results-based budgeting (RBB) frameworks reflected external actors and the senior managers' compacts reflected risks, which formed part of departmental planning assumptions/risk management. DPKO also issued the overview of political and operational trends in peacekeeping operations with implications for the 2012/13 support account budget to guide budget preparations by all entities benefiting from the support account funding. OIOS is satisfied with the approach and steps being taken by DPKO/DFS for risk management and control in peacekeeping operations.

The logical framework for RBB required greater clarity and precision

18. The RBB guide issued in 1998 by the Office of Programme Planning, Budget and Accounts (OPPBA) of the Department of Management, states that "the logical framework is the cornerstone of RBB as it provides the basis for the formulation of the programme budget as well as for performance measurement". DPKO made considerable progress in refining the indicators of achievement over the years. However, the RBB framework still included expected accomplishments and indicators that were not measurable, precise or clear. In some cases, the indicators of achievement had an indirect or presumptive relationship with the expected accomplishments with no baseline data for measuring performance. For example, an indicator of achievement "increased number of police specialists" is not directly relevant to OROLSI's expected accomplishment "increased efficiency and effectiveness of the rule of law, security and mine action components". An indicator of achievement in the regular budget for the Office of Operations states "peacekeeping operations fulfilling major benchmarks as defined in and mandated by the Security Council resolutions", although the Security Council resolutions specify benchmarks only in exceptional cases.

(1) DPKO should further refine its logical framework to ensure that: (a) indicators of achievement are directly related to the expected accomplishments as appropriate; and (b) it maintains baseline data for measuring the performance against indicators, where necessary.

DPKO accepted recommendation 1 and stated that it finalized its proposed strategic framework for the period 2014-2015 for review by OPPBA. The proposed strategic framework was closely aligned with the support account budget. DPKO also stated that the general practice in guiding and reviewing those frameworks was to strongly discourage modifications. OIOS reviewed the proposed strategic framework for the period 2014-2015 and confirmed that there was a closer alignment with the support account budget, indicators of achievement were directly related to the expected accomplishments as appropriate, and baseline data for indicators of achievement were established. DPKO discontinued measuring the increased efficiency and effectiveness through the increased input. Based on the action taken by DPKO, recommendation 1 has been closed.

Strategic priorities documents, budgets and compacts of the senior managers were not aligned

19. The Secretary-General's report titled "Proposed Strategic Framework for the Period 2010-2011" defined parameters for detailed planning at programme and sub-programme levels. As a good practice, the main elements of the budget and compacts of senior managers should align closely with the strategy. OIOS selected OROLSI as a sample to assess if these documents were aligned. Not all elements of the OROLSI priorities were aligned with the main elements of the budgets and compacts. DPKO also prepared other planning documents including DPKO/DFS 2010-2011 strategic, operational and support priorities, to set direction for programme planning and delivery.

(2) DPKO should ensure closer alignment between objectives and expected accomplishments included in strategic priorities documents with those in the regular budget, support account budget and compacts of senior management.

DPKO accepted recommendation 2 and stated that several indicators of achievement were modified during the preparation of the proposed strategic framework for the period 2014-2015 to ensure alignment. DPKO ensured that the strategic framework of the regular budget is aligned with the support account budget. However, the difference in planning methodology between the two funding sources may impede full alignment. OIOS agreed that due to differences in planning methodologies for the regular and support account budget, senior management compacts and priorities documents, full alignment between planning documents may not be always possible. Based on the action taken by DPKO, recommendation 2 has been closed.

C. Performance monitoring

The self-evaluation function did not track implementation of recommendations

20. The Headquarters self-evaluation policy requires that the Evaluation Unit review evaluation results and follow up on the action taken twice a year. However, the Evaluation Unit did not track the implementation of its recommendations.

(3) DPKO should ensure that the Evaluation Unit follows up on the implementation status of its recommendations.

DPKO accepted recommendation 3 and stated that the Department is committed to improving the follow-up on the implementation status of its evaluation recommendations and is currently exploring effective means to institutionalize systematic follow-up practices, while taking into consideration the required resource implications. Recommendation 3 remains open pending receipt of the follow-up results on the implementation status of the Evaluation Unit's recommendations.

The Department uses lessons learned in policy formulation

21. The DPKO Policy on Knowledge Sharing makes using lessons learned mandatory in policy formulation. The Peacekeeping Best Practices Section made arrangements for integrating best practices in policy, guidance and training materials. The Department created a website of best practices and lessons learned. The best practices and lessons learned were compiled from end of assignment reports, handover notes, after-action reviews, surveys of practice and lessons learned studies. The Section's intranet had uploaded over 3,000 documents, and on 14 September 2011, the number of downloads was 341,553.

D. Programme management reporting

DPKO programme performance reports on the regular budget did not provide adequate information

22. The Secretary-General's programme performance report on the biennium budget contains a chapter on DPKO performance. DPKO also reports its achievements in the annual performance on the budget of the support account. However, DPKO programme performance report on the regular budget for the biennium 2008-2009 (A/65/70) lacked complete information on accomplishments and indicators and, in some cases, achievements did not link with the indicators. As a result, users may draw invalid conclusions, and the impact of actual achievements may not be appreciated by the readers.

(4) DPKO should ensure that the programme performance reports, particularly on the regular budget, provide complete information on objectives, expected accomplishments and indicators of achievement.

DPKO accepted recommendation 4 and stated that the preparation of the inputs for the programme performance report offered the opportunity to provide complete information on its performance, and the objectives, expected accomplishments and indicators of achievement listed in the strategic framework. Recommendation 4 remains open pending issuance of the programme performance report for the biennium 2010-2011 that will provide complete information on objectives, expected accomplishments and indicators of achievement.

IV. ACKNOWLEDGEMENT

23. OIOS wishes to express its appreciation to the Management and staff of the Department of Peacekeeping Operations for the assistance and cooperation extended to the auditors during this assignment.



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STATUS OF AUDIT RECOMMENDATIONS
Programme performance management in DPKO

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	DPKO should further refine its logical framework to ensure that: (a) indicators of achievement are directly related to the expected accomplishments as appropriate; and (b) it maintains baseline data for measuring the performance against indicators, where necessary.	Important	C	Action completed.	Implemented
2	DPKO should ensure closer alignment between objectives and expected accomplishments included in strategic priorities documents with those in the regular budget, support account budget and compacts of senior management.	Important	C	Action completed.	Implemented
3	DPKO should ensure that the Evaluation Unit follows up on the implementation status of its recommendations.	Important	O	Recommendation 3 remains open pending receipt of the follow-up results on the implementation status of the Evaluation Unit's recommendations.	31 Dec. 2012
4	DPKO should ensure that the programme performance reports, particularly on the regular budget, provide complete information on objectives, expected	Important	O	Recommendation 4 remains open pending issuance of the programme performance report for the biennium 2010-2011 that will provide complete information on	31 May 2012

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by DPKO in response to recommendations.

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	accomplishments and indicators of achievement.			objectives, expected accomplishments and indicators of achievement.	