

Joint Audit of the Sustainable Development Goals Fund Joint Programme in Guatemala

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Office of Internal Audit and Investigations (OIAI)
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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Sustainable Development Goals Fund (SDG-F) co-funded Joint Programme in Guatemala, *Food and nutrition security of the department of San Marcos* as part of a joint audit of the SDG-F led by the Office of Audit and Investigations of UNDP. Audit fieldwork in-country took place in Guatemala City from 28 August to 8 September 2017, with a three-day visit to San Marcos department, and the audit team subsequently conducted further work at New York headquarters. The audit team interviewed the Resident Coordinator of the UN system in Guatemala and the country heads of the agencies taking part in the programme; besides UNICEF, these were the Food and Agriculture Organization (FAO), the World Food Programme (WFP), and the World Health Organization (WHO) which is the lead agency.

The audit covered the period January 2016 to 31 July 2017. The total budget allocation for *Food and nutrition security of the department of San Marcos* was US\$ 3.8 million. This included the SDG-F contribution, which at almost US\$ 1.5 million represented 39 percent of the total programme budget.¹ In addition, as part of the Joint Programme, the Government of Guatemala had allocated over US\$ 2.3 million to the initiative “Zero Hunger” to be implemented in the department.²

The internal audit found that a number of controls were functioning well. The Joint Programme had adequate procedures for the management of funds received from the Administrative Agent, and had established appropriate structures for the overall management, oversight and coordination of its activities.

Action agreed following the audit

To address issues identified by the audit, a number of measures have been agreed with the Resident Coordinator of the UN in Guatemala. None of these are being implemented as high priority; that is, to address issues that require immediate management attention.

Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed actions described in this report, the governance, risk management and internal controls over the Sustainable Development Goals Fund Joint Programme in Guatemala were generally established and functioning during the period under audit.

The UN Resident Coordinator and the UN Country Team (UNCT) will take into consideration the actions agreed following this audit in planning future UN joint programmes in Guatemala. OIAI will not be conducting any specific follow-up of the implementation of these actions.

¹ The total SDG-F budget amounting to US\$ 1,499,712 was allocated as follows: WHO US\$ 559,717; FAO US\$ 390,015; UNICEF US\$ 299,600 and WFP US\$ 250,380.

² <http://www.sdgfund.org/food-and-nutrition-security-department-san-marcos>

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Objectives

The current audit was conducted in accordance with the Framework for Joint Audits of United Nations Joint Activities of the United Nations Representatives of Internal Audit Services (UN-RIAS).

It is envisaged that a consolidated audit report will bring together the results of the other audits being undertaken on the SDG-F, including the internal audit led by the Office of Audit and Investigations (OAI) of UNDP of the governance arrangements of the SDG-F and the Administrative Agent function. UNICEF's OIAI also formed part of the team for the governance audit.

The objective of the current audit was to provide reasonable assurance that the governance, risk management and control processes were adequate and effective to ensure:

- Achievement of the Joint Programme's strategic objectives.
- Effectiveness and efficiency of operations.
- Reliability and integrity of financial and operational reporting.
- Safeguarding of assets.
- Compliance with mandates, regulations and rules.

Background

The Sustainable Development Goals Fund (SDG-F) is an international multi-donor and multi-agency development mechanism created by the United Nations in 2014 to support sustainable development activities through integrated and multidimensional joint projects. The SDG-F works across the UN system, implementing joint programmes (JPs) in 22 countries³ with a budget of approximately US\$ 70 million coordinated by three key management units.⁴ The Fund's secretariat is based in the offices of UNDP in New York, and there is a steering committee that provides global overall guidance and strategic direction. The Administrative Agent for the SDG-F is the UN's Multi-Partner Trust Fund Office, which provides advice and assistance to multi-partner pooled funds. It provides the SDG-F with financial and reporting services.

At the national level, all joint programmes have a National Steering Committee that provides strategic guidance, oversight, and programme coordination; a National Programme Committee that is a platform for managing the programme and for political and technical dialogue among different national stakeholders; and local coordination structures that assist participation of local counterparts and stakeholders.

The SDG-F awards grants to support JPs through a competitive process and normally would support one programme per country. The maximum duration of a JP is 28 months; two years for the implementation of programme activities, preceded by four months for preparatory tasks such as consultation at local level, creation of an information system, and the development of monitoring, evaluation, and communications strategies.

The JP *Food and nutrition security of the department of San Marcos* includes four UN agencies (the

³ Bangladesh, Bolivia, Colombia, Ivory Coast, Ecuador, El Salvador, Ethiopia, Fiji and Vanuatu, Guatemala, Honduras, Mozambique, occupied Palestine territories, Paraguay, Peru, Philippines, Samoa, Sierra Leone, Sri Lanka, Tanzania and Viet Nam.

⁴ <http://www.sdgfund.org/organization>

Participating UN Organizations, PUNOs): FAO, WFP, UNICEF, and WHO which is the lead agency. The objective is to contribute to food security and nutrition of women and children under two years in four communities within San Marcos department.⁵ This is to be done through the strengthening of local governance mechanisms and public institutions at the local, state and national level for the reduction of stunting. More specifically, the programme aimed to:

- Engage local government partners and other stakeholders in raising community awareness of food security and nutrition practices, gender issues and sustainability.
- Improve health services in terms of efficiency and quality.
- Improve family capacity to generate income and have access to nutritious and diverse foods.

Audit observations

Joint Programme governance mechanisms and coordination

At the global level, the SDG-F Steering Committee, supported by its Secretariat, is responsible for providing overall guidance and strategic directions to joint programmes (JPs). It should establish clear criteria for programme selection, improve the quality of joint programme formulation and provide oversight.

Issues related to the functioning of the SDG-F Secretariat are addressed in the report of the joint audit of the governance arrangements for the SDG-F led by UNDP OAI (see *Objectives*, above); the findings of the audit in Guatemala reinforced the need for strengthened evidence-based oversight activities by the SDG-F Secretariat.

At the national level, the National Steering Committee (comprised of the PUNOs, the UN Resident Coordinator, donor representatives, and Government counterparts) had been established to provide strategic guidance to the PUNOs and to oversee and coordinate the JP. There was also a National Programme Committee (the Interagency Technical Committee) that had been established to serve as a platform for managing the JP and for dialogue among national stakeholders. At the local level, a local programme coordinator hired by WHO, the lead agency, was responsible for coordinating the implementation of the JP's activities through community-based councils, which were supported by national consultants hired by other PUNOs.

However, a review of the minutes of meetings of the two committees held in 2014-2017 showed that the National Steering Committee's meetings were irregular, due to other work priorities of its members and the PUNOs' representatives. Meetings of the National Programme Committee were also irregularly convened, and Government counterparts did not regularly attend meetings of either committee. In addition, the two committees sometimes performed similar functions. At the same time, there was no evidence that both committees were performing their respective functions effectively, or that the local programme coordinator was coordinating his activities with the committees.

Finally, the audit team's discussions with several stakeholders indicated that there were shortcomings in inter-agency cooperation and coordination due to unclear roles and responsibilities; the audit team noted that the committees did not have terms of reference.

⁵ Tacana, Tajumulco, San Lorenzo and Esquipulas Palo Gordo.

Agreed action 1 (medium priority): For future joint programmes, the Resident Coordinator agrees to, in consultation with the UNCT,⁶ clarify governance arrangements; this will include establishing agreed terms of reference delineating respective roles and responsibilities, including those of the Participating UN Organizations (PUNOs) and the local programme coordinators.

Responsible staff members: Leading Agency with support from RCO

Date by which action will be taken: As appropriate for future joint programmes

Joint Programme evaluation

Because the JP is a pilot programme that is expected to be replicated in other political sub-divisions of Guatemala, the SDG-F Secretariat regarded sustainability of results as imperative. It therefore required the JP to have strategies and indicators to assess impact, sustainability and scalability, and to be clear as to how it intended to sustain its results. The Secretariat also required several evaluations during the life of the JP, including a sustainability evaluation, a mid-term evaluation and a final evaluation. The JP was required to commence sustainability evaluations from the start of its implementation. The evaluations were required to involve target groups and national partners, and identify lessons learned as well as good practices, to inform national policy.

A review of the JP document showed that the PUNOs were required to include lessons learned, results achieved and contributions made by the JP in monitoring reports to be submitted twice a year to the SDG-F Secretariat. The Programme Management Committee (PMC) had been asked to prepare an exit strategy for the JP.

However, neither the sustainability evaluation nor the mid-term evaluations had been carried out, and the monitoring reports submitted to the SDG-F Secretariat by the JP during 2015-2017 did not include lessons learned. In November 2016, the National Steering Committee agreed that a final evaluation of the JP should be completed by May 2017. However, at the time of the audit visit in September 2017 the report from the final evaluation was still in draft. The audit team also noted that not all the PUNOs had been involved in the evaluation and in reviewing the report. The draft report did not include lessons learned and did not state clearly how the results of the JP would be sustained after its conclusion.

Moreover, no detailed plan had yet been prepared for an exit strategy for the handover of programme activities to ensure the sustainability of results.

Agreed action 2 (medium priority): The Resident Coordinator, in consultation with the UNCT, agrees to ensure that the PUNOs review and take joint ownership of the report from the final evaluation of the SDG-F Joint Programme in Guatemala. The final evaluation report will state clearly how the results of the Joint Programme will be sustained, will include lessons learned, and will inform an exit strategy and handover to national partners.

Responsible staff members: The four PUNO senior focal point officers, with support from the RCO

Date by which action will be taken: 30 June 2018

⁶ The UN Country Team is the joint meeting of all the UN agencies or bodies active in a given country. The UNCT is convened by the UN Resident Coordinator. Its terms of reference, and division of responsibilities between individual agencies, vary from country to country.

Joint Programme monitoring

The SDG-F Secretariat requires a monitoring and evaluation (M&E) plan and strategy to be prepared in consultation with all JP partners. It specifies that the M&E systems should have a clear result-based emphasis and include description of the information system to be used, including baselines, indicators, description of identified risks, assumptions, alternative risk mitigating measures. The M&E system should also state who, when, where and how the information would be gathered, organized and assessed. Specific, measurable, appropriate, relevant and time-bound (SMART) indicators should be included in the plan to enable measurement of results or changes.

The indicator matrix included 89 indicators. Some of these were not clear, and they did not assess the impact and overall performance of the JP. The monitoring activities of some PUNOs did not provide reliable data that could be used to measure progress towards the achievement of results. Moreover the PUNOs had no joint monitoring activities, and were individually monitoring the JP's achievements without coordinating with one another. The lead agency was not adequately reviewing the narrative and financial reports received from implementing partners to identify performance issues and ensure these were addressed; this was not helped by the lack of a strategy and plan for monitoring the JP itself.

Agreed action 3 (medium priority): For future joint programmes, the Resident Coordinator agrees to, with the support of the UNCT, ensure preparation and use of a joint monitoring strategy and plan with appropriate and relevant indicators and reliable data; this will include mechanisms to monitor the effective and efficient achievement of the joint monitoring strategy and plan in practice.

Responsible staff members: M&E officers of the PUNOs and the RCO

Date by which action will be taken: As appropriate for future joint programmes

Annex A: Methodology, and definitions of priorities and conclusions

OIAI is firmly committed to working with its clients and helping them to strengthen their internal controls, governance and risk management practices in the way that is most practical for them.

In conducting this internal audit, the audit team used a combination of methods, including interviews, document reviews, and testing samples of transactions.

The audit looks for areas where internal controls can be strengthened to reduce exposure to fraud or irregularities. It is not looking for fraud itself. This is consistent with normal practices. However, UNICEF's auditors will consider any suspected fraud or mismanagement reported before or during an audit, and will ensure that the relevant bodies are informed. This may include asking OIAI's Investigations section to take action if appropriate.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Priorities attached to agreed actions

- High:** Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.
- Medium:** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
- Low:** Action is considered desirable and should result in enhanced control or better value for money. (Low-priority actions, if any, are agreed with local management but are not included in the final report.)

Conclusions

The conclusions presented in the Summary fall into four categories:

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that governance, risk management and internal controls over [the audited area, as defined above] were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed actions described, governance, risk management and internal controls over [the audited area, as defined above] were generally established and functioning during the period under audit.

[Qualified conclusion, strong]

Based on the audit work performed, OIAI concluded that governance, risk management and internal controls over [the audited area, as defined above] needed improvement to be adequately established and functioning.

[Adverse conclusion]

Based on the audit work performed, OIAI concluded that governance, risk management and internal controls over [the audited area, as defined above] needed **significant** improvement to be adequately established and functioning.