

**JOINT AUDIT**

**OF**

**THE JOINT OFFICE**

**IN**

**CAPE VERDE**

**Report No. 1154**

**Issue Date: 4 November 2013**

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## Report on the joint audit of the Joint Office in Cape Verde Executive Summary

The Internal Audit Services of four United Nations organizations (UNDP, UNFPA, UNICEF, and UNODC<sup>1</sup>), collectively referred to herein as “the Internal Audit Services”, conducted a joint audit of the Joint Office in Cape Verde (the Joint Office) from 26 February to 12 March 2013. The joint audit covered the activities of the Joint Office and Delivering as One (DaO)-related activities in Cape Verde (the Country), as outlined in the paragraph below, during the period from 1 January to 31 December 2012.

The audit was conducted in accordance with the Framework for Auditing DaO Programmes (the Framework), signed on 22 September 2011 by the Internal Audit Services of the above mentioned organizations as well as FAO, ILO, UNESCO, UNIDO, WFP, WHO and by OIOS, and in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes related to the audited activities. The audit included reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

The joint audit focused on key areas of the Joint Office, such as the harmonization and integration of the business processes in the Joint Office, governance, programme management, budget/fund management and operations. The audit also assessed some aspects of the DaO processes, such as the preparation and monitoring of the United Nations Development Assistance Framework (UNDAF)/Common Country Programme Document (CCPD), the Resident Coordinator’s functions, the Common Budgetary Framework/One Fund and Communication.

### Audit rating

The joint audit assessed the Joint Office as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.”

Ratings per audit area and sub-areas are listed below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
<b>1. Governance and strategic management</b>				
<b>2. Common Budgetary Framework/One Fund</b>				
<b>3. Resident Coordinator Office</b>				
<b>4. Programme management</b>				
<b>5. Joint Office operations</b>				
5.1 Human resources	Satisfactory			
5.2 Finance	Partially Satisfactory			
5.3 Harmonized Approach to Cash Transfers	Partially Satisfactory			
5.4 Procurement	Partially Satisfactory			
5.5 Information and communication technology	Partially Satisfactory			
5.6 Asset management	Partially Satisfactory			
<b>6. Communication</b>				

<sup>1</sup> UNODC is not part of the Joint Office in Cape Verde but one of the Non Resident Agencies supported by the Joint Office. The United Nations Office of Internal Oversight Services (OIOS) provides internal audit services to UNODC.

## Key issues and recommendations

The audit raised 19 issues and resulted in 18 recommendations, of which 6 (33 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that the Joint Office is not exposed to high risks. Failure to take action could result in major negative consequences for the Joint Office and may affect the participating United Nations organizations at the global level.” These recommendations include actions to address the absence of a framework of the Joint Office and weaknesses in the Harmonized Approach to Cash Transfers (HACT) and the related assurance activities of the Joint Office. The recommendations also address wider DaO issues related to, inter alia, the absence of a One Programme resource mobilization strategy, non-compliance with the Transition One Fund allocation criteria, and the sustainability of the Coherence Unit in the Resident Coordinator Office (RCO). Further, issues raised regarding delayed programme planning and gaps in Monitoring and Evaluation (M&E) activities related both to the One Programme and the Joint Office programme management.

There also was one issue requiring action by the United Nations Development Group (UNDG) Common Premises Task Team (Issue 18, referred to as a “corporate issue”) regarding the lack of allocation criteria for asset management within the Joint Office.

The high priority recommendations are as follows:

Common Budgetary Framework / One Fund (Issue 5)	<u>Absence of a One Programme Joint Resource Mobilization Strategy.</u> A strategy for the programme cycle 2012-2016 was not yet in place. The Development Partners Group (DPG), led by the United Nations, and tasked with coordination and enhancement of cooperation among donors in the Country had been inactive since 2011. The joint audit recommends that the Resident Coordinator, with support from the United Nations Country Team (UNCT): (a) develop and approve a resource mobilization strategy that would, at a minimum, include a detailed needs assessment in line with the One Programme, taking into account the specific needs of the Country as a middle income economy, and a detailed analysis of the donors landscape (including potential private sector donors); and (b) develop a strategy to reinstate and lead the DPG with the aim to enhance and promote cooperation among the DPG and between the DPG and the Government.
(Issue 6)	<u>Lack of compliance with the One Transition Fund allocation criteria for 2011 and 2012.</u> Due to fund requests exceeding available funding, the allocation criteria established in 2008 have not been used in 2011 and 2012 and were replaced by a pro-rated approach, which fails to take into consideration time sensitive activities or activities to be delivered within the next 3-6 months. The joint audit recommends that the Resident Coordinator: (a) initiate discussions with the UNCT on the appropriate criteria for allocations from the One Transition Fund; (b) revise the current allocation criteria as appropriate, aligning it with the level of funding available; and (c) obtain endorsement of the revised allocation criteria from the UNCT and the Steering Committee for it to be operational for the 2014 allocations.
Resident Coordinator Office (Issue 7)	<u>Sustainability of the Coherence Unit within the Resident Coordinator Office.</u> The Coherence Unit supports the Resident Coordinator in his/her coordination responsibilities. The joint audit noted that the Coherence Unit’s staffing level and funding were not commensurate with the tasks and expectations to effectively support the RCO. The joint audit recommends that the Resident Coordinator: (a) conduct a review of the Office’s functions in order to clarify priorities of the Coherence Unit in line with the available resources (financial and human) and in support of the DaO initiatives; and (b) explore possibilities to mobilize funds for the RCO at the country level as needed in the absence of global RCO resources.

Programme management (Issue 10)	<u>Delays in programme planning.</u> The One UN Annual Work Plan for 2012 was signed in June 2012, and the 2013 Plan had not been finalized in March 2013. The joint audit noted that this could impact the timely delivery of programmes as well as the quality of their implementation. The joint audit recommends that the Resident Coordinator, in coordination with the UNCT, develop annual work planning processes and procedures, which include a timetable, and ensure that progress is monitored against the established timetable in order to strengthen the annual work planning process.
(Issue 11)	<u>Gaps in the implementation of M&amp;E activities.</u> The M&E activities planned at both the UNDAF level and the Joint Office level were not conducted as planned, as the M&E plans were too ambitious in view of the late start of the UNDAF. Some M&E activities were also not documented. Overall M&E could not provide adequate assurance that expected results were actually achieved. The joint audit recommends that the Resident Coordinator strengthen the capacity and processes to plan, coordinate and monitor M&E activities for the UNDAF and the Joint Office, including establishing realistic objectives and conducting a review of the status of planned M&E activities on an annual basis in order to address any shortcomings.
HACT (Issue 15)	<u>Weaknesses in the implementation of assurance activities.</u> Both audit and other HACT assurance activities had not been fully implemented and the conclusions from the spot checks performed were not clearly documented in the reports reviewed. In the absence of implementation of the planned assurance activities, the Joint Office may not be able to obtain adequate assurance on the proper utilization of the funds provided for programme implementation purposes. The joint audit recommends that the Resident Coordinator ensure that: (a) assurance activities are conducted in a consistent manner and to the highest standard in line with the Work Plan for Assurance Activities; (b) Terms of Reference (ToRs) are developed for each assurance activity; and (c) all spot checks and programmatic assurance activities are documented in a consistent reporting format that include detailed information on the results of the activities.

In addition to these high priority recommendations, there is another high priority issue for which a recommendation has not been provided, and which relates to Governance and strategic management (Issue 1), as described below:

Unclear arrangements for the harmonization of the processes of participating organizations within the Joint Office. The Joint Office was established in 2006 to alleviate the administrative and procedural burden of the participating organizations and their national partners. It has since operated without a finalized and signed Memorandum of Understanding to provide the participating organizations with a common operating platform in the Country. This has resulted in inefficiencies and the duplication of work in areas like reporting, staff budgeting and enterprise resource planning. There were no inter-agency forums within the respective Headquarters for discussing, clarifying and deciding on how to harmonize policies, processes and approaches. Most of the issues therefore remained unresolved. Considering that work has started on a review of the Joint Office and that it is expected that its conclusions will be followed up accordingly by the organizations, the joint audit has not issued a recommendation, but will remain apprised of the matter, as it is considered critical to the success of the Joint Office.

## **Management comments and action plan**

The Resident Coordinator and the UNDG Common Premises Task Team accepted all the recommendations and are in the process of implementing them.

### **“Signed:”**

Helge S. Osttveiten, Director  
Office of Audit and Investigations, UNDP

Fabienne Lambert, Director  
Division for Oversight Services, UNFPA

Fatoumata Ndiaye, Director  
Office of Internal Audit and Investigations, UNICEF

David Kanja, Assistant Secretary-General  
Office of Internal Oversight Services

## I. Introduction

The Internal Audit Services of four United Nations organizations (UNDP, UNFPA, UNICEF, and UNODC<sup>2</sup>) conducted a joint audit of the Joint Office from 26 February to 12 March 2013. The joint audit covered the activities of the Joint Office during the period from 1 January to 31 December 2012.

The audit was conducted in accordance with the Framework for Auditing DaO Programmes, signed on 22 September 2011 by the Internal Audit Services of the above mentioned organizations as well as FAO, ILO, UNESCO, UNIDO, WFP, WHO and by OIOS, and in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes related to the audited activities. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

The joint audit was conducted under the overall direction of the Joint Steering Committee of Auditing as One, chaired by the Director of the UNDP Office of Audit and Investigations (OAI).

### **Audit scope, objectives and methodology**

Joint DaO audits assess the adequacy and effectiveness of the governance, risk management and control processes of DaO in order to provide reasonable assurance to the undg Chair and the UNCT regarding the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with legislative mandates, regulations and rules, policies and procedures. They also aim at assisting the management of the audited entities and other relevant business units in continuously improving governance, risk management and control processes.

The joint audit focused on key areas of the Joint Office such as the harmonization and integration of the business processes of the Joint Office, governance, programme management, budget/fund management and operations, drawing on areas related to the DaO approach. The audit also assessed some areas of DaO processes, such as the preparation and monitoring of the UNDAF/CCPD, the Resident Coordinator's functions, the Common Budgetary Framework/One Fund and Communication. The audit team was composed of auditors from the Joint Office organizations (UNDP, UNFPA, and UNICEF) in order to take into consideration the Joint Office dimension, and of one auditor from UNODC to capture the Non Resident Agency perspective in some of the joint processes covered. As a result, the audit report captures essential issues related to the Joint Office, and issues on the DaO in the Country, which fell under the respective mandates of the participating Internal Audit Services, such as the Resident Coordinator functions or the One Fund processes.

The audit covered relevant activities during the period from 1 January to 31 December 2012. During the period reviewed, the Joint Office recorded programme and management expenditures totalling \$17 million and \$5 million, respectively. The last audit of the Joint Office was conducted by an inter-agency audit mission (UNDP, UNICEF and WFP) in 2007. The DaO experience in the Country had also been evaluated in 2010 and in 2011, with both evaluations including an element of review of the Joint Office initiative.

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<sup>2</sup> UNODC is not part of the Joint Office in Cape Verde but one of the Non Resident Agencies supported by the Joint Office. The United Nations Office of Internal Oversight Services (OIOS) provides internal audit services to UNODC.

## II. About the Joint Office in Cape Verde

The Joint Office is located in Praia, Cape Verde. The Joint Office concept was established in February 2004 by the Executive Committee of the United Nations Funds and Programmes (ExCom) in response to the Triennial Comprehensive Policy Review and ECOSOC resolution calling upon the funds, programmes and specialized agencies of the United Nations to further simplify their rules and procedures through, inter alia, the implementation of a Joint Office model. The Joint Office was established in January 2006. In November 2006, the Government volunteered to be part of the DaO UN pilot exercise as recommended by the High Level Panel on UN System-Wide Coherence, and the One UN programme was launched in 2008.

The Joint Office is a "One Office" initiative under which four funds and programmes (UNDP, UNFPA, UNICEF and WFP) agreed to operate as one, with the objective of significantly reducing the administrative and procedural burden of the participating organizations and their national partners. Beyond the sharing of common premises that had existed since the early 1990s, the four UN organizations merged under one management, combining business practices and staff. The creation of the Joint Office in 2006 resulted in a redefinition of the organizational structure, job descriptions and staff positions, and the adoption of the processes, systems and contracting arrangements of UNDP. In 2010, WFP ended its operations in the Country.

Overall, the Joint Office has evolved with relatively limited guidance from the respective Headquarters, and the practices and realities of the Joint Office are rather different in 2013 from what they were in 2006.

In December 2006, the then existing Joint Office Working Group commissioned an independent review of the Joint Office experience, to provide lessons learned for other forthcoming joint offices and for countries piloting the DaO approach. The latter concluded that overall, the Joint Office had been a unique breakthrough, described as a positive development by donors and the government alike, providing unified presence as well as more coherent and integrated programme delivery, through the first Common Country Programme, approved in 2005 for UNDP, UNFPA, UNICEF and WFP.

In subsequent years, changes were introduced, aiming to further consolidate programme coherence and operational efficiency, some of which are highlighted below:

- In response to the independent review conducted in 2006, which concluded that more programmatic coherence was needed, additional coherence was facilitated by a progressive shift from mostly downstream interventions to an increasingly upstream programme, moving away from a project and toward a programme approach meant to maximize agency specific contributions. Between 2011 and 2012, with the start of the new program, the Joint Office moved from 72 to 14 projects and from 58 Implementing Partners to 11.
- As only a few staff members were proficient with Atlas, the Joint Office invested in training and setting up adequate systems for appropriate use of the program and project management tools in Atlas. This was crucial as all staff are required to manage funds from the three agencies of the Joint Office, thus requiring some level of versatility and an understanding of all mandates and systems.
- Staffing and operating costs of the Joint Office had been financed since 2006, through cost sharing contributions of all four agencies to a common budget. With the departure of WFP in 2010, the cost apportionment was revised and the criteria were changed. The apportionment was calculated based solely on the amount of programme delivery expenditures for each agency, rather than the number of staff and facility space occupied per agency, previously used to allocate the costs.
- The initial agency neutral branding of the Joint Office was changed in 2010, following the departure of WFP. Since 2006, the Joint Office had operated under the name of the Office of the United Nations Funds and Programmes, which proved to be confusing to national partners as the other 15 organizations of the DaO were also using their own agency specific branding. The logos of the three agencies were reintroduced, with reference to the Joint Office of UNDP, UNFPA and UNICEF. The Joint Office, however,



still suffers from some confusion over the expectations of it being a One UN Office and the actual reality of it being an administrative platform serving three Funds and Programmes.

### III. Detailed assessment

#### 1. Governance and strategic management

Unsatisfactory

The Joint Office is currently the only joint office initiative within the UN System, under which three funds and programmes (UNDP, UNFPA, UNICEF - WFP left in 2010) have agreed to operate under one management.

Operationally, it was decided that the administrative platform of the Joint Office would be supported by the UNDP Atlas system, with funds from the other agencies transferred through UNDP Headquarters. The organizational structure, job descriptions and staff positions of the Joint Office were aligned to the UNDP processes, systems and contracting arrangements.

Programmatically, and at the time of the audit, the Joint Office had a CCPD covering the 2012-2016 timeframe, which was developed following the UNDAF for the same period, and around the national priorities defined by the Government for the period 2012-2016.

The unclear arrangements for the harmonization of the processes of participating agencies within the Joint Office, as detailed under Issue 1 below, have a significant impact on the performance of the Joint Office and on the rating of the Governance and strategic management section. However, considering that work has already begun on a review of the Joint Office, and that the expectation that its conclusions will be followed up on accordingly by the organizations, the joint audit has not issued a recommendation, but will remain apprised of the matter, which it considers critical to its success.

#### **Issue 1**      Unclear arrangements for the harmonization of the processes of participating agencies within the Joint Office

Since its establishment in 2006, the Joint Office has been operating without a signed Memorandum of Understanding for a common operating platform in the Country for the participating agencies. A review of the Joint Office was commissioned by the Joint Office Working Group (at the headquarters level) with support from UNDG, and was completed in December 2006, one year after the Joint Office's inception. The Joint Office Working Group has been defunct since the end of 2008 and UNDG's attention to UN reform has been focused on the DaO model.

The joint audit obtained a draft Memorandum of Understanding dated October 2007. Further, the joint audit reviewed a document dated 25 July 2007 and titled 'Progress Update and Outstanding Issues' from the then United Nations Development Group Office (UNDGO, now DOCO). According to the document, the UNDGO was tasked with circulating the Country's draft Memorandum of Understanding to the Regional Directors Team and Deputy Directors for their review. The joint audit noted that, although comments were received from UNDP, UNFPA and UNICEF, the Memorandum of Understanding has never been finalized.

The Joint Office management indicated that the absence of a signed Memorandum of Understanding hampered the potential efficiency gains of the Joint Office. The joint audit noted the following examples of hampered efficiency:

- Duplication of effort in reporting: Although UNDP, UNFPA and UNICEF share a CCPD, there was no joint annual report, as each organization still required the Joint Office to comply with their respective internal procedures and produce an organization specific report. For UNDP and UNFPA, the Atlas results monitoring was used by the Joint Office. For UNICEF, data on the 2012 results were only entered in the results assessment module of the SAP/VISION system at the time of the audit in March 2013, as no progress reports had been shared with the UNICEF Regional Office in Dakar previously and due to the Joint Office staff not having had access to UNICEF's results assessment module. Similarly, difficulties for

the Joint Office staff in accessing the UNICEF annual report platform made the compilation of the 2012 annual report cumbersome, as information had to be sent to the UNICEF Regional Office in Dakar for uploading into the system. The same applied for financial reporting on programmes, with the financial transactions having to be sent quarterly to the UNICEF Regional Office in Dakar for recording into the SAP/VISION system. Moreover, the agencies' reporting deadlines were different. For instance, UNICEF and UNFPA had a calendar year-end deadline, while UNDP's was set for the first quarter of the following year. The Joint Office reported that, because of the difference in deadlines and availability of financial data, the data reflected in reports for each organization may differ.

- Lack of consolidated results matrix: As the audit reviewed the CCPD for 2012-2016, it noted that, for UNDP, UNFPA and UNICEF, three different result matrices were attached to it. Each result matrix was tied to the UNDAF pillars and outcomes. There was no consolidated result matrix for the Joint Office despite the joint nature of its programmes and operations. Performance as an integrated programme could therefore not be assessed.
- Lack of a harmonized staff budget allocation: UNFPA and UNICEF, unlike UNDP, finance supporting staff salaries from their programme funds, and do not fund certain positions from support budgets. Moreover, UNDP and UNICEF interpret and define direct and indirect support costs differently. As a result, the Joint Office management mentioned that the agencies' differing interpretations and definitions of indirect costs proved to be complex to manage, given the attempt to manage a common basket fund and the level of integration of the programme expenditures and of the staffing.
- Lack of interface between the agencies' Enterprise Resource Planning systems: UNDP and UNFPA use Atlas while UNICEF uses SAP/VISION as their Enterprise Resource Planning system. At the time of the audit, although the structure introduced in Atlas reflected the structure in SAP/VISION for all UNICEF financed interventions, so as to facilitate reporting, there was no interface between Atlas and SAP/VISION. The joint audit is of the opinion that the lack of harmonization or interface of the Enterprise Resource Planning systems may lead to inefficiencies or duplication of work. For instance, the Joint Office and the UNICEF Regional Office in Dakar maintain parallel programme data in their respective systems and the recording of UNICEF related expenses is done by the Regional Office into the SAP/VISION system. Additional detail on the issue related to reduction of transaction costs is included in Issue 3.
- Limitation of the UNDP Atlas system: The operational platform of the Joint Office is supported by the UNDP Atlas system. Auditors noted that reports were not available in the Executive Snapshot, which combined the financial information related to the activities of the three different agencies into one. The Programme Financial Summary report provided only UNDP expenditures, while the Management Financial Summary report captured total expenditures, including expenditures not funded by UNDP. The Joint Office reported the limitation to the UNDP Regional Bureau for Africa, which acknowledged the issue, but reported that it was a systems issue which could not be solved easily as it would require an adjustment to a UNDP corporate Enterprise Resource Planning to fit one country's need. Inconsistency between the programme management and financial management reports does not properly support management decision-making through consistent and reliable information. The Joint Office indicated that, when it was established, the choice of Atlas as a platform was supposed to be re-assessed at a later stage; however, an evaluation was never done to determine whether the performance of the system suited the Joint Office's needs.

Discussions with programme staff also confirmed the difficulty in harmonizing the three organizations' specific requirements in programme planning, implementation and reporting, including but not limited to definition of the results framework, constraints in use of funds, the setting of priorities and annual reporting. According to the Joint Office's staff, these limitations put them under constant pressure and led to frustration.

The above challenges were exacerbated by the fact that there was no organizational structure or inter-agency forum at the respective headquarters level for discussing, clarifying and deciding on how to harmonize policies,

processes and approaches. Most of the issues therefore remained unresolved. Six years after the Joint Office was set up, there was a need for more operational and political commitment at the regional and headquarters levels to support the Joint Office, support which would capitalize on the past experiences and lessons learned and provide guidance/inter-agency solutions on some of the practical challenges faced by the Joint Office.

The Joint Office management reported that a review of the Joint Office was planned for the second quarter of 2013, with the support of the Regional Directors Team. According to the draft ToRs, the goal would be to assess whether results meet the initial objectives of improved effectiveness and reduction of costs, and to address the UN reform agenda by reviewing the Joint Office model experience to date, with the objective of expanding it to small programme countries.

When consulted, UNDP and UNFPA management agreed that an inter-agency working group at the headquarters level was necessary to develop and finalize a framework for the Joint Office, building on the outcome of the review of the Joint Office, and with the support of the Regional Director's Team and DOCO in addressing the issues. As indicated earlier, the joint audit has not issued a recommendation, but will closely follow the matter.

## **Issue 2**      Misalignment of the organizational structure to existing programmatic priorities

The audit reviewed the organizational structure of the Joint Office from 2006 up to February 2013. Prior reviews of the Joint Office, such as the Review of the Cape Verde Pilot Joint Office in 2006, and another review in 2009, made recommendations on the structure, specifically mentioning the Coherence Unit. Some of the recommendations from the 2009 review were never addressed, since in management's view, they were not implementable.

- The RCO was composed in 2006 of the Resident Coordinator/Representative and of an Executive Associate. Following recommendations from the 2009 review, the structure of the Resident Coordinator's Office was expanded by seven positions and a new Coherence Unit, comprised of an additional three positions was added. In 2013, these 10 additional positions had been reduced to 5.
- The 2009 review also recommended that the M&E role be placed in the Coherence Unit, to work 50 percent on DaO coordination and 50 percent on M&E for the Joint Office. However, the M&E role was discontinued and currently, there is no M&E function in the Coherence Unit. The two M&E staff in the Joint Office report to the Deputy Resident Representative. Management further clarified that an analysis of the needs of the Joint Office led to the recruitment of a Planning and Monitoring Officer and of an Evaluation and Reporting Officer. The Joint Office has consistently represented 60 percent to 80 percent of all United Nations programming and expenditures in the Country, with very specific planning, monitoring, evaluation and reporting requirements that could not be responded to with a 50 percent sharing arrangement with the Resident Coordinator Office. Subsequent recruitment processes were conducted to fill the M&E function within the Resident Coordinator's Office, but were unsuccessful.
- When WFP left the Joint Office in 2010, three positions were cancelled. Overall, since the 2009 review, there has not been a systematic workload analysis to support subsequent changes to the structure, especially for operations, where only a driver's position was abolished.

The joint audit also reviewed the structure of the Programme Team and noted that there were four programme implementation units, as follows:

- Unit 1 - Democratic Governance
- Unit 2 - Population and Poverty Reduction
- Unit 3 - Environment and Natural Disaster Prevention
- Unit 4 - Human Capital Development

The joint audit noted that the existing programme unit structure was generally in line with the objectives of the 2006-2011 country programme, but without evident linkages to the programme pillars and objectives as defined under the 2012-2016 programme cycle. According to management, the existing staff distribution in the Joint Office was designed based on the 2006-2011 programme objectives. The structure would need to be revisited to align it to the key objectives and priorities of the Joint Office, and to ensure the fair distribution of workload and synergies at the programmatic level. The draft ToRs for the planned review of the Joint Office in 2013 included a plan to review the existing programme structure, which had largely become irrelevant in light of changes in the programmatic and operational environments.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	
<p>The Joint Office should improve its governance and strategic management through the review and revision of its internal structure to ensure alignment with national priorities and the new strategic plans of the three agencies served by the Joint Office, ensuring that it takes into account workloads and staffing levels, and builds on the results of the 2013 review of the Joint Office.</p>	
<p><b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p> <p>The planned internal review of the Joint Office includes establishing a consensus on the structure, taking into account each agency requirement, which cannot be done unilaterally by the office. Additionally, since 2010, three posts were abolished following WFP departure, and one in operations was not replaced as the staff member applied successfully to a program position. Discussions of the UNCT, including during retreats, have in fact highlighted the need to conduct a functional analysis of the RCO in order to clarify specific needs and recruitments.</p> <p>The Joint Office is currently preparing documentation on potential options for the evolution of the structure, to feed into the work of the joint review, as per the ToRs prepared by the office and cleared by the different HQs.</p>	

**Issue 3**      Weaknesses in measuring transaction costs savings

One of the objectives of the Joint Office is to reduce transaction costs for participating organizations. The Joint Office commissioned an evaluation, which was conducted in 2010. The evaluation reported that the Cape Verde experience resulted in a significant reduction in transaction costs and the harmonization of business practices. These results were achieved by decreasing the number of Organization Representatives from four to one and by merging the operations. The evaluation also reported that the UN organizations in the Country claimed a reduction of 12 percent in total operating costs between 2005 and 2008. Additional attempts to reduce transaction costs included the use of Long Term Agreements for procurement and common services.

The joint audit noted that, in the absence of adequate tools to capture, measure and assess cost reductions, these cannot not be quantified. Further, due to the lack of baseline data, the joint audit could not compare the current actual costs to the relevant costs incurred prior to the establishment of the Joint Office. The joint audit further noted that differences in accounting platforms and the lack of an Enterprise Resource Planning interface have actually resulted in the duplication of efforts, and possibly additional costs. For example, although UNDP and UNFPA use the same Enterprise Resource Planning system, purchase orders entered via the UNFPA Atlas system could not systematically be approved through the UNDP Atlas system.

The Joint Office acknowledged the lack of data for analysis and evidence to support an actual cost reduction and mentioned that it would be included in the ToRs for the review of the Joint Office.

<b>Priority</b>	Medium (Important)
<b>Recommendation 2:</b>	
<p>The RCO, in coordination with the UNCT Operations Management Team, should establish a baseline for measuring transaction costs, and develop appropriate tools to identify and collect data relevant for assessing and monitoring these transaction costs for the Joint Office and the United Nations organizations in the Country as a whole.</p>	
<p><b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p> <p>Discussions of the last UNCT retreat in June 2013 identified the recently launched Standard Operating Procedures and Business Operations Strategy tools as partially responding to the need for these analyses. The Country is considering, in consultation with DOCO, its inclusion in the pilot phase of implementation of these initiatives and work should be conducted in the coming months with possible support from DOCO. The UNCT retreat of June 2013 also discussed the potential for the pooling of human resources in a cost reduction perspective. As a follow-up, specific proposals should be defined by the end of 2013 in this regard.</p>	

**Issue 4**      Lack of formal arrangements for common services

According to the UNDG, the overall objective of Common Services and Harmonized Business Practices is to ensure efficient and cost effective support to the delivery of the country-based programme activities. In general, the harmonized business operations include the following areas: procurement, Information and Communication Technology (ICT) infrastructure, human resources, HACT, and administration.

In the Country, 20 organizations (see Annex II) shared the same UN House building and the related common services as provided by the Joint Office. Common services provided to organizations in the UN House included, among others: security, utilities, maintenance of the elevator and generator, cleaning services, and the UN dispensary. The Joint Office provided further operational support, such as procurement and finance services to 14 Non Resident Agencies.

Cost sharing for these common services was a recurring issue for the Joint Office management. The issue was also raised in the country-led evaluation as one of the areas where the DaO in the Country needed more regional and Headquarters involvement, especially for the successful implementation of common business and ICT systems. Cost allocation criteria were mainly based on the space occupied by each organization. The joint audit noted that there was an Operations Management Team in charge of overseeing the common services at the inter-agency level. Yet, in one instance, an agency had expressed concern about their participation and involvement in the Operations Management Team. The joint audit could not obtain the Memorandum of Understanding pertaining to the use of common services, with the exception of the agreement relating to the common premises.

<b>Priority</b>	Medium (Important)
<b>Recommendation 3:</b>	
<p>The Joint Office should clarify and formalize the arrangements related to common services by developing and executing agreements with the UN organizations, which establish the scope of common services, the cost recovery model and other governance arrangements, which are in accordance with the UNDG guidelines.</p>	

**Management comments and action plan:**  Agreed  Disagreed

All common services documentation is under revision and will be finalized by September 2013. On the other hand, and as discussed during the June 2013 UNCT retreat, a full set of services will be identified for further development, with a view to reducing costs as well as to ensuring proper cost recovery/sharing. The office is currently exploring possible technical support to finalize the analysis before end year.

## 2. Common Budgetary Framework/One Fund

Unsatisfactory

The Common Budgetary Framework is defined as the consolidated financial framework that reflects the agreed costed results of the UNDAF Action Plan. The Common Budgetary Framework also reflects the areas which are not funded and require resource mobilization. The joint audit noted that the Common Budgetary Framework in the Country was in place and was a part of the UNDAF Action Plan, which contains the budgeted expenditures of all organizations for the current programme cycle.

The UNCT agreed to establish the Cape Verde Transition Fund (the Fund) to support the implementation of the One Programme and to cover the funding gaps of the One Programme, starting in 2008. The Fund contributes to the common budget. The Fund is administered by UNDP's Multi-Partner Trust Fund Office whose functions, as Administrative Agent of the Fund, include the receipt, administration and management of donor contributions; disbursement to the participating UN organizations in accordance with the approved Annual Work Plans/Programmatic Documents; and provision of the consolidated narrative and financial reports on the Fund to the Resident Coordinator, One UN Steering Committee, and to donors.

In 2011, expenditures for the Fund amounted to \$3.9 million. The approved budget for 2012 was \$1.9 million. Donor contributions to the Fund had decreased over the years, leaving a balance of only \$0.8 million at the end of 2011. The funding decrease was mainly due to the lack of an effective resource mobilization strategy, the decrease in donors' interest in the Country since the Country's graduation out of the Least Developed Countries group in 2008, and the decrease in available resources from countries that were previously strong donors in the Country.

Two main elements that were required to test the process of the organizations' reporting on funds received from the Fund were not available, namely, the specific activities funded and the related reporting. In 2011, there were gaps between the requested funds from the organizations and the resources available, which resulted in the allocation of funds using a pro-rated approach which was not activity specific. As a result, the joint audit was unable to identify the specific activities funded and hence unable to confirm the reporting on such activities.

### **Issue 5**      Absence of a One Programme Joint Resource Mobilization Strategy

A Joint Resource Mobilization Strategy was in place for the period 2008-2011, however, it only covered parts of the 2006-2011 programme cycle. The independent evaluation of the DaO conducted in 2011 reported that the DaO reform had resulted in a significant increase in the cost-sharing contributions to the Country.

A strategy for the existing programme cycle 2012-2016 was not yet in place at the time of the joint audit and was expected to be discussed at the next UNCT meeting in April 2013.

The DPG, led by the United Nations, is the main forum for donor coordination in the Country and aims at establishing mechanisms and tools to enhance cooperation among DPG, as well as between DPG and Government. The DPG had not been active since 2011.

<b>Priority</b>	High (Critical)
<b>Recommendation 4:</b>	
The Resident Coordinator, with support from the UNCT, should:	
<p>(a) develop and approve a resource mobilization strategy that would, at a minimum, include</p> <ul style="list-style-type: none"> <li>▪ a detailed needs assessment in line with the One Programme taking into account the specific needs of the country as a middle income economy;</li> <li>▪ a detailed analysis of the donors landscape (including potential private sector donors); and</li> </ul> <p>(b) develop a strategy to reinstate and lead the DPG with the aim to enhance and promote cooperation among the DPG and between the DPG and the Government.</p>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
<p>Discussions around a common resources mobilization strategy were held within the UNCT and the needs assessment and strategy are under preparation. This strategy will be prepared on the basis of an agreed revision of the UNDAF, meant to reassess the level of resources to be mobilized (currently standing at unreasonably high levels of more than 50 percent of total UNDAF resources). The strategy is also expected to be accompanied, as per discussions, by a code of conduct clarifying standard operating procedures. All documentation is expected to be validated fully by the end of the year, as part of one of the biannual high level UNCT retreats.</p> <p>A process to reinstate and lead the DPG was already started in May 2013 by the new Resident Coordinator and revised ToRs envisioning the involvement of the Government are being confirmed with all DPGs for their approval and hence the re-launch of the DPG by the end of July 2013.</p>	

**Issue 6**     Lack of compliance with the One Transition Fund allocation criteria for 2011 and 2012

The ToRs of the One Transition Fund were established in October 2008. The allocation criteria were established in September 2008 with an Evaluation Team appointed to guide the Steering Committee in its decision on the allocation of the Fund contribution. Based on discussions with different organizations, it was confirmed that while the ‘Criteria for allocation of the One Transition Fund’ document was used for the allocation of funds in 2009 and 2010 (but not in 2011 and 2012), it had not been approved by the UNCT.

For 2011, the Evaluation Team tasked with reviewing fund request proposals from the different organizations was unable to arrive at a consensus on the initial allocation. Funds requested by the organizations exceeded funds available by \$4.9 million, requiring alternate approaches to be found. The Resident Coordinator, with the support of the UNCT and the Steering Committee, then agreed not to use the allocation criteria, but rather to provide the fund allocations based on a pro-rated approach. The approach did not take into consideration time sensitive activities in relation to national priorities, the actual capacity of the organizations to deliver within a given time frame, and activities scheduled to be delivered within the next three to six months. To cover the gap, the agencies either delayed implementation of the activities or implemented the activities using regular resources or non-core resources raised directly by the agencies.

For 2012, the Steering Committee also decided to use an alternate approach for fund allocation, taking into account the reduced amount available from the Fund and the difficulty in basing the allocation on the organizations’ requests, which exceeded the funds available. Instead, the Resident Coordinator, supported by the UNCT, requested that the Government consult internally and be advised on an appropriate allocation based on the priorities identified. From a review of the minutes of both the UNCT and the Steering Committee, the

joint audit was not able to confirm that the allocations were based on the Government's proposal. In addition, while this approach helped ensure that the funding was aligned to national priorities, it did not take into account other elements of the initial allocation criteria, such as ensuring that the organizations funded had sufficient capacity to deliver within the given time frame and that funding for activities scheduled within the next three to six months was secured.

<b>Priority</b>	High (Critical)
<b>Recommendation 5:</b>	
The Resident Coordinator should:	
<ul style="list-style-type: none"> <li>(a) initiate discussions with the UNCT on the appropriate criteria for allocations from the One Transition Fund;</li> <li>(b) revise the current allocation criteria as appropriate, aligning it with the level of funding available; and</li> <li>(c) obtain endorsement of the revised allocation criteria from the UNCT and the Steering Committee for it to be operational for the 2014 allocations.</li> </ul>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Discussions have been started with national counterparts through the Steering Committee on the need to revise allocation criteria to fully support DaO. The agreement reached during the UNCT retreat of June 2013 to review the UNDAF and strengthen the DaO principles and an enhanced results orientation as the way forward is expected to support the process of revisiting the criteria as well, by end of 2013.	

**3. Resident Coordinator Office** **Partially Satisfactory**

The Resident Coordinator is the designated representative of, and reports to, the Secretary-General (as Chairman of the Chief Executive Board) through the UNDP Administrator in her capacity as Chairman of the undg. The Resident Coordinator plays a central role at the country level in facilitating the coordination of UN operational activities for development, through the UNCT.

The Management and Accountability System of the UN Development and Resident Coordinator System established in 2008 a long-term vision for a Resident Coordinator who: "has an equal relationship with, and responsibility to, all UNCT member organizations"; "has all the leadership qualities required to be an excellent team leader who can represent the whole UN development system effectively"; "is empowered by clear recognition from each organization of his/her role in strategically positioning the UN in each country"; and "will be supported, as required, with access to the organizations' technical resources as agreed with the organizations' representatives balancing available resources with tasks to be performed."

As per the report on the Resident Coordinator System Funding Modalities issued in 2012 to the undg, the country level coordination role of the Resident Coordinator was modeled around the following functions: strategic analysis and planning; oversight of the UN country programming cycle; representation of and support of UN Secretariat and UN agencies and Non Resident Agencies; support to national coordination systems and processes; development and management of shared operational support services; crisis management preparedness and response; external communication and advocacy; human rights and development; joint resource mobilization and fund management; and general UNCT oversight and coordination.

Due to severe resource constraints, funding allocated by DOCO to the RCO and the UNCT was significantly reduced from \$0.4 million in 2011 to \$85,000 for 2013. The funding of the Resident Coordinator System is currently under review at the global level, following General Assembly Resolution A/Res/67/226 which requests



that the United Nations development system submit concrete proposals on the modalities for the funding of the Resident Coordinator System.

The audit reviewed the RCO roles and responsibilities, minutes of UNCT meetings, and interviewed key stakeholders. The following two issues were noted.

**Issue 7**      Sustainability of the Coherence Unit within the RCO

The Resident Coordinator supports the dialogue and coordination of the UN organizations, Funds and Programmes and facilitates the implementation of UN reform in the Country. In the Joint Office, the Coherence Unit was responsible for overseeing the areas of communication, M&E and aid effectiveness and acted as secretariat to the UNCT. It also monitored the progress of the One Programme and facilitated the joint programming process between the organizations. The ongoing planning and preparation of the new One programme, for example, relied heavily on the Unit. The Unit was composed of three staff, two of whom (the M&E and Communication Specialists) were assigned to the Joint Office on a half-time basis. The funding of the one full-time position was uncertain at the time of the audit as 70 percent of the post was funded from donor contributions without commitment beyond October 2013.

The level of staffing also limited the Unit’s involvement in the preparation of the UNDAF, Joint Programming and M&E. In supporting the UNDAF M&E Plan, the Unit relied heavily on the cross-cutting working group on M&E as results monitoring is a responsibility of the individual organizations.

The substantive role of the Coherence Unit, the existing staffing level, combined with the limited human resources within the RCO, may result in functions not being performed effectively to contribute to the Joint Office and the DaO initiative. In order to address the decrease in funds available for coordination, the RCO requested that the organizations contribute to its funding, which may present a further challenge to a number of them.

<b>Priority</b>	High (Critical)
<b>Recommendation 6:</b>	
In order to improve the operations of the RCO and make it more sustainable, the Resident Coordinator should: (a) conduct a review of the Office’s functions, clarifying the priorities of the Coherence Unit in alignment with the available resources (financial and human) and in support of the DaO initiatives; and (b) explore possibilities for the mobilization of funds for the RCO at the country level in the absence of global RCO resources.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The review of functions is scheduled to be completed and validated by the UNCT before the end of the year, with initial inputs to be provided by the end of July. Options for the local mobilization of resources are already being pursued, as in previous years, focusing on the potential provision of UNV or JPO funding. With the current approach adopted by most bilateral donors of very restricted funding, it is highly unlikely, although efforts are under way at this stage, that sufficient resources could be mobilized for higher level positions, at least in the short term. On the other hand, with a view to ensure sustainability, the Resident Coordinator is already exploring with DOCO and the UNCT possibilities for funding a more stable National Officer position within the RCO, and is also discussing the possible secondment of other agency staff, including Non Resident Agencies. These options will be refined and finalized on the basis of the planned UNDAF revision as well as on the functional analysis to be conducted.	

**Issue 8**      Ineffective institutional arrangements in place for the functioning of the Resident Coordinator Office and the UNCT

The Management & Accountability System provides for the mutual accountability of the Resident Coordinator and the UNCT. Since September 2008, the UNCT has been comprised of 20 UN organizations, out of which 14 are Non Resident Agencies. The joint audit reviewed the institutional arrangements in place for the functioning of the Resident Coordinator and the UNCT and noted that about four meetings were held in 2012 with no meeting calendar available. Some of the UNCT members interviewed described the frequency of the meetings as irregular. In addition, attendance of the meetings was low, with usually 9-10 organizations out of the 20. Another challenge noted within the UNCT was its inability to make decisions, as most representatives from Non Resident Agencies in UNCT meetings were programmatic focal points from their respective organizations and had no decision-making authority. Decisions therefore had to be referred to the Regional Bureaux or Headquarters of these organizations. This practice was not aligned to the UNDG Guidance Note on Resident Coordinator and UNCT Working Relations, which suggests that representatives in the UNCT should be empowered with decision-making authority.

With regard to the coordination of the UNCT under the RCO, the following shortcomings were also noted:

- There was no code of conduct signed by UNCT members.
- The Management Accountability Framework was not signed.
- Job descriptions of UNCT members were not modified to explicitly recognize the role of the Resident Coordinator in strategically positioning the UN in each country.
- There were no arrangements specifically defined for Non Resident Agencies.

Incomplete implementation of the Management and Accountability oversight arrangements related to the Resident Coordinator and the UNCT, compounded with the lack of decision-making authority for the majority of the members represented in the UNCT, may undermine the effectiveness of the UNCT.

<b>Priority</b>	Medium (Important)
<b>Recommendation 7:</b>	
The Resident Coordinator should liaise with the UNCT to: (a) ensure that all representatives in the UNCT are empowered with decision-making authority, drawing on the UNDG Guidance Note on Resident Coordinator and UNCT Working Relations; and (b) advocate for full implementation of the Management and Accountability System under which each party will be held accountable for delivery on its commitments to the Resident Coordinator System.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Discussions were initiated during the June 2013 UNCT retreat with regard to the composition of the UNCT, the level of empowerment of its members, and the best modalities to ensure both engagement and accountability. The report of the UNCT retreat is being finalized for subsequent follow-up and implementation by the UNCT by the end of the year, including, inter alia, the signature of a Code of Conduct.	

<b>4. Programme management</b>	<b>Partially Satisfactory</b>
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The audit reviewed specifically, the areas of the One Programme implemented by UNDP and UNICEF and undertook site visits to 2 sampled programmes out of 25 being implemented by the Joint Office, which represented \$1.5 million out of total programme expenditures of \$4.7 million for 2012 (the final 2012 programme expenditure amount was being verified at the time of the audit). Both visits were satisfactory in

terms of alignment with planned objectives, coordination with Implementing Partners and satisfaction of the beneficiaries.

The UNDAF is the strategic programme framework that describes the collective response of the UN system to national development priorities. The UNDAF was developed based on a multi-sectoral approach and logic, articulated around four pillars, as follows: (a) inclusive growth and poverty reduction; (b) consolidation of institutions, democracy and citizenship; (c) reduction of disparities and promotion of equity; and (d) environmental sustainability and climate change adaptation. In the Country, the UNCT also developed an UNDAF Action Plan, thus replacing the UNDAF UN system agency-specific country programme action plans and other similar operational documents with a single document to direct the coordinated implementation.

The 'One Programme' aimed primarily at assisting the Country with the implications of having graduated from the group of Least Developed Countries and vulnerabilities to attain the MDGs by 2015. The Joint Steering Committee is responsible for the overall management of the One Programme (including the Fund), providing strategic leadership and determining the allocation of funding.

As part of the UNDAF and the UNDAF Action Plan for 2012-2016, a new CCPD was defined and initiated in January 2012 for the same period. This programme is the second CCPD for the Country, for a total planned budget of \$34 million for the period 2012-2016. The CCPD is aligned to the four pillars of the UNDAF.

For the cycle 2012-2016, the audit reviewed the UNDAF and CCPD preparation process, results framework, planning, and M&E arrangements. The formulation of the UNDAF was done in a joint manner with, ultimately, the UNDAF and UNDAF Action Plan and received the endorsement by the UN system and the Government. Thematic groups were established with involvement from UN organizations and counterparts. However, the UNDAF 2012-2016 was signed late in June 2012 in alignment with the Government's Development and Poverty Reduction Strategy III, which was still in draft form at the time of the audit.

#### **Issue 9**      Inconsistent practices of the cross-cutting working groups supporting DaO

The UNCT acts as the inter-agency coordination and decision-making body at the country level, responsible for the implementation of the UNDAF. Reporting to the UNCT, the Programme Management Team ensures coordination and synergies take place between pillars, while overseeing quality in the processes of planning, implementation and reporting. The pillar groups, including the pillar lead and co-lead as well as a representative from each participating United Nations organization, facilitate the timely, efficient and effective implementation of the approved UNDAF programme and produce a common Annual Work Plan, the budget and mid- and end-of-year reports of progress towards annual targets and financial delivery, as defined in the UNDAF. They also alert the Programme Management Team of any matters arising which may affect the timely, efficient and effective implementation of the UNDAF 2012-2016. Pillar groups are collectively accountable to the UNCT for the achievement of the agreed relevant UNDAF outcomes and cross-cutting considerations therein.

The Programme Management Team and pillar groups were only established in October 2012, thus an assessment of their effectiveness was premature at the time of the audit.

Under DaO, four cross-cutting working groups were also established to ensure that issues with an impact on more than one pillar were being addressed in a coordinated manner. Also, the working groups should be instrumental in harmonizing programme implementations across the UN organizations. These cross-cutting working groups, which included staff members from the Joint Office, were as follows:

- Human Rights and Gender Equality (HRGE), established in May 2010;
- M&E Cell, established in October 2012;
- HIV-AIDS, established in November 2009; and
- Communication for Development, established in since June 2006, with subsequent revisions of the ToRs in 2008 and 2011.

While the ToRs for cross-cutting working groups should be clear on the functioning and reporting of these inter-agency mechanisms, the audit noted some inconsistencies in the ToRs and/or practices as follows:

- Reporting lines were not consistent from one working group to another. Overall, it was unclear whether the working groups were accountable to the UNCT as a governing body or to the Resident Coordinator.
- An Annual Work Plan was formally required only for the M&E Cell. As a result, some of the working groups did not prepare a work plan for 2012.
- The requirements and practices for annual reporting were inconsistent. For instance, the Working Group on HRGE was required to produce a report to the UNCT every six months, but did not produce any reports in 2012. The HIV-AIDS Working Group was not required to prepare any annual reports, but did prepare an annual activity report for 2012.
- As most organizations were non-resident, it was unclear whether the level of resident staffing allowed for proper participation in the working groups. Lack of rigorous reporting to the UNCT may not have supported sufficient information sharing or adequate involvement of UNCT members in the activities and programmes in the Country. Also, discussions with the working group members showed that there was little information sharing within the groups on actual programme implementation.

ToRs were not always clear on the need for written minutes documenting the decisions and actions taken during meetings, with the exception of the M&E Cell, which required and assigned responsibility for the documentation of the meetings. As a result, the practice of documenting meetings and circulating minutes was not consistent.

The above mentioned weaknesses have undermined the effectiveness and efficiency of the cross-cutting working groups and how they support the One Programme, or specific programmes implemented by the Joint Office. The joint audit noted that such weaknesses were mostly due to inadequate oversight mechanisms over the cross-cutting working groups.

<b>Priority</b>	Medium (Important)
<b>Recommendation 8:</b>	
The Resident Coordinator, in coordination with the UNCT, should ensure that:	
<ul style="list-style-type: none"> <li>(a) ToRs of the cross-cutting working groups are reviewed for consistency on work planning, annual reporting, documentation of meetings, reporting lines and programme implementation information sharing;</li> <li>(b) standard templates are developed for work planning and annual reporting, as well as documentation of meetings; and</li> <li>(c) periodic reviews of the functioning of the working groups are conducted, which include review of the relevance of the ToRs and the extent of the involvement of the Non Resident Agencies in the DaO processes.</li> </ul>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Standardization of ToRs is under way with support from the RCO and will be finalized by end of 2013. These will clarify reporting lines to the UNCT, frequency and membership of meetings etc. In addition, templates are already being prepared, on the basis of those used in 2011 and 2012 for reporting to ensure relevant changes are introduced. Adequate reporting to the UNCT will in turn facilitate the full and regular involvement of Non Resident Agencies including on a virtual basis.	

**Issue 10**      Delays in programme planning

The One UN Annual Work Plan for 2012 was signed in late June 2012. Further, at the time of the audit, in March 2013, the 2013 One Annual Work Plan had not been finalized. Delay in the preparation and approval of the Annual Work Plan could delay programme activities, or concentrate them over the last months of the year.

For 2012, the joint audit could not obtain details on the implementation status or on delayed programmes, as the adjustments and compilation of data was still ongoing in preparation for the annual reporting. The RCO indicated that delays in finalizing the ToRs of the Programme Management Team and pillar groups had also impacted the timely finalization of the 2013 Annual Work Plan and the 2012 Annual Report. The Office acknowledged the need for a clearer annual work plan process.

<b>Priority</b>	High (Critical)
<b>Recommendation 9:</b>	The Resident Coordinator, in coordination with the UNCT, should develop annual work planning processes and procedures, which include a timetable and ensure that progress is monitored against the established timetable in order to strengthen the annual work planning process.
<b>Management comments and action plan:</b>	<input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed
	The Programme Management Team is being tasked with supporting the planning process for 2014 with a view to finalizing the Annual Work Plan in the last quarter of 2013. The issue was discussed during the June 2013 UNCT retreat and a new process is being defined under Resident Coordinator leadership to better respond to requirements and adequately support the process.

**Issue 11**      Gaps in the implementation of M&E activities

An M&E Plan was attached to the UNDAF Action Plan for 2012-2016, and served as the framework for conducting evaluations and monitoring of the One Programme throughout the programme cycle. An M&E Cell was established in October 2012 with staff members from organizations participating in DaO, tasked with implementation of the UNDAF M&E Plan and had started taking the lead. It was, however, too early to assess its effectiveness and efficiency. As a result of the late creation of the M&E Cell and the late signing of the UNDAF, the joint audit noted that 10 of the 12 activities planned for 2012 had not been implemented, including the annual UNDAF review, which according to management was pending the arrival of the new Resident Coordinator. The joint audit was informed that, although a formal annual review of the UNDAF was not conducted, programme pillar groups comprised of the UN system organizations and Implementing Partners met late December 2012 to review the progress for 2012 and to plan for 2013.

Overall, the joint audit assessed the M&E Plan for 2012 as being over ambitious in view of the late signing of the UNDAF in June 2012. The lack of monitoring due to no annual review having been conducted for 2012 also undermined the ability of the UNCT to focus on activities that were critical and to ensure that objectives relating to the planned M&E activities were achieved.

At the Joint Office level, the audit reviewed the M&E Plan for 2012 and 2013, and held discussions with the M&E Planning and Monitoring Specialist, the Evaluation and Reporting Specialist as well as Heads of Programmes and noted the following:

- Programmatic monitoring missions such as project field visits by programme staff were not documented.

- Approval of the M&E Plan for 2012 was not documented.
- There had not been an annual review of the Joint Office M&E Plan for 2012. A status of planned M&E activities indicated that more than half of the planned 2012 M&E activities had not been completed. The Joint Office explained that delays were incurred mainly due to the fact that 2012 was the first year of a new program, entailing a completely new approach requiring adjustment to new modalities by national partners. It also confirmed that most activities planned for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the year 2012 were ongoing at the time of the audit. In the joint audit's view, the M&E Plan for the first year was not aligned with the timeline when project activities would start delivering results that could be assessed and monitored through M&E activities; thus, the M&E activities should have been planned and implemented to better coincide with the project implementation activities.
- Two service contract positions were charged with the responsibility for the implementation of the M&E Plan, whereas the joint audit assessed the function as being a core function which should have been held by staff members. Further, the two service contracts not only managed the M&E function within the Joint Office, but they were also key resources in carrying out the M&E function of the Resident Coordinator's Office due to that office's lack of staff.
- Overall, the Joint Office could not ensure that the objectives established for the M&E activities had been achieved, or that there was sufficient monitoring and oversight of the M&E Plan.

<b>Priority</b>	High (Critical)
<b>Recommendation 10:</b>	
The Resident Coordinator should strengthen the capacity and processes to plan, coordinate and monitor M&E activities for the UNDAF and the Joint Office, including establishing realistic objectives and conducting a review of the status of planned M&E activities on annual basis in order to address any shortcomings.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Oversight over the Joint Office M&E functions is already underway and a memo is being prepared for issuance before the end of July to clarify and formalize processes. Although the office is in agreement with the need to strengthen the capacity of the RCO, it is important to highlight here that due to current financial limitations, by the end of October, there will no longer be funding for the international position of Resident Coordinator, which is currently funded by Spain. The office will fund and extend until the end of the year, and the position is to be replaced thereafter by a national position. With only five resident agencies, three of which form the Joint Office, and little tradition for cost sharing of the RCO by the UNCT, the office is faced with a challenge on how to implement this recommendation in the medium term.	

**5. Joint Office operations** **Partially Satisfactory**

According to the UNDG One Office key principles, the objective of the Joint Office is “to provide efficient and effective delivery of operations support for programmatic activities of all organizations in the country, capturing as much of the synergies as possible through more integrated and coherent processes.” The principle of cooperative arrangements should be applied to avoid unnecessary duplications or less than full utilization of capacities and infrastructure. In comparison to other DaO operations, in the Country, the harmonization of business practices has been less of an issue with UNDP processes, systems and contracting arrangements being adopted by the Joint Office. The Joint Office provided centralized finance, procurement, human resources, fleet management, cleaning services, security services to the organizations within the UN house.

The criteria used for the review of the finance, procurement and HR areas were UNDP rules and regulations.

## 5.1 Human resources

**Satisfactory**

When the Joint Office was established in 2006, the organizations agreed to use UNDP's human resources processes. A job fair was held where the staff from all four organizations (UNDP, UNFPA, UNICEF and WFP) applied for the positions available. Staff contracts with individual organizations were terminated and replaced with UNDP contracts on behalf of the four organizations. With the change in contracts, staff under UNDP contracts were no longer granted access to the intranet pages of their originating organizations, and therefore lacked key information, updates and training in their fields of expertise, thus leading to a feeling of isolation. Moreover, the Joint Office staff mentioned that, due to limited opportunities to acquire or update their knowledge of UNFPA and UNICEF activities, their career development may have been negatively impacted.

As of 31 December 2012, the Joint Office had 46 staff members comprised of 6 international staff, 11 National Officers, 21 General Service staff, and 6 United Nations Volunteers. The Office also had two service contract holders. The joint audit reviewed the Office's performance management and noted that some individual results and competency assessments for 2010 or 2011 were still outstanding and that no training plan was available.

During the period under review, there were two recruitments and three separations which were reviewed. No issues were noted.

## 5.2 Finance

**Partially Satisfactory**

During the audited period, the Joint Office processed 2,512 payment vouchers totalling \$8 million. The joint audit reviewed \$1.8 million or 23 percent of the transactions and tested the adequacy of the financial management arrangements.

The joint audit also reviewed travel management, including the approval of travel authorizations and claims for an amount of \$143,748, or 16 percent out of the total travel expenditures of \$883,013 for 2012. In all cases, travel claims and supporting documents had not been submitted after travelling. As a result, the Joint Office did not verify that the travel took place as authorized. This was discussed during the exit meeting and management started requesting staff to prepare travel claims. In view of the immediate action taken by the Joint Office management, no recommendation was raised.

### **Issue 12**      Weaknesses in Financial Management and Oversight

In accordance with UNDP's Financial Regulations and Rules, payments should only be made on the basis of an original invoice which has been reviewed and signed by the appropriate approving authority and which is supported by vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made.

The Operations Manager of the Joint Office had a senior management level three profile in Atlas, which allows the approval of transactions without any ceiling. The Joint Office stated that granting the Operations Manager, who is a National Officer at the D level, a level three delegation was not a deviation from the UNDP standard practice. As per the UNDP Internal Control Framework, "whilst Atlas places no restriction on the value of a transaction that may be approved by a Senior Manager, in designating Senior Managers the Head of Office may establish a limit for this authority." The joint audit team is of the view that setting a threshold relating to the approval level of the Operations Manager should be established as a mitigating control.

From its review of sample payment vouchers, the joint audit noted that approximately 20 percent of the vouchers reviewed reflected either an inaccurate vendor classification or type in Atlas, or had used the wrong account codes to record transactions. This included the use of the sundry account code or wrong expense account codes.

The joint audit reviewed the supporting documents pertaining to the above transactions and noted that the exceptions identified were caused by human error and inadequate review of the vendor code classification in Atlas.

In one case, the joint audit noted that a payment of \$118,000 was made to a supplier for equipment at the request of the Implementing Partner, a government entity. The payment was booked directly to an expense account (account 72815 - IT equipment). In response to the joint audit request for supporting documents, management responded that, under the direct payment modality, the agreement between the supplier and the Implementing Partner was sufficient basis for payment. The joint audit team is of the view that for a payment of this amount, supporting documents such as an invoice and a receiving note should have been provided.

<b>Priority</b>	Medium (Important)
<b>Recommendation 11:</b>	
The Joint Office should strengthen its financial management oversight, especially on the accuracy of transactions entered in the Atlas system.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Documentation is being finalized including specific details of required documentation for each type of payment. The documentation, to be accompanied by a memo clarifying processes, is to feed into a concise manual to also be shared with national Implementing Partners (by end July 2013). As part of its Integrated Work Plan finalized in January 2013, the office had identified the need to mobilize internal expertise to provide financial management training for staff. It has not been possible to clearly identify the needed expertise as of yet, but this should be completed before the end of the year.	

**5.3 Harmonized Approach to Cash Transfers** **Partially Satisfactory**

The Harmonized Approach to Cash Transfers was adopted in the Country by the Joint Office in 2007.

The review of HACT in the Country highlighted that the process is reasonably well managed at the Joint Office; however, enhancement opportunities were identified in certain areas of the process, specifically for assurance activities.

**Issue 13**      Macro-assessment to be enhanced and validated by the Government

The HACT Framework requires that a macro-assessment of the country's public financial management system be undertaken once per programme cycle, covering a number of pre-determined indicators, and it should be shared with and validated by the Government. The macro-assessment aims at identifying the strengths and weaknesses in the country's public financial management system and the areas requiring capacity development by the Government and others. The macro-assessment (in combination with the micro-assessment) allows for the establishment of appropriate cash transfer modalities, procedures, and assurance activities.

In the Country, the most recent macro-assessment was conducted in 2012, using a series of assessments of the public financial management system in the Country. The macro-assessment covered many of the indicators required by the HACT Framework; however, based on discussions with management and on the review of the macro-assessment, the latter did not include sufficient discussions with the Supreme Audit Institution of Cape Verde to better inform the different stakeholders of the strengths of internal controls and financial procedures.

Although the Government was extensively consulted during the preparation phase of the macro-assessment, it did not officially validate and approve it. In addition, it was also noted that the macro-assessment was a Joint Office initiative, but that it was not shared and discussed at the UNCT level.



<b>Priority</b>	Medium (Important)
<b>Recommendation 12:</b>	
The Resident Coordinator should: (a) enhance the macro-assessment to include detailed coverage of the Supreme Audit Institution's capacity; and (b) share and officially obtain Government validation of the macro-assessment and its plan to implement the noted recommendations.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Contacts were already made with the Cape Verde Supreme Audit Institution in May 2013 and discussions are under way to support a review by the institution of the internal controls of the key Implementing Partners of the office, as part of program support, between 2013 and 2014.	
The macro-assessment will be revised, finalized and validated by the Government through the Steering Committee before the end of 2013.	

**Issue 14**      HACT implementation limited to the Joint Office

While the Joint Office in the Country is HACT compliant, it is also pertinent to note that the HACT process in the Country is limited to the Joint Office of UNDP, UNFPA and UNICEF, and is coordinated by the HACT Committee which currently consists of Joint Office operations and programme staff. Although the Standard Operating Procedures for DaO recommend a harmonized approach to risks and cash transfers at the One Programme level, HACT is currently not implemented by organizations outside of the Joint Office. As the HACT process is managed by the Joint Office only, HACT is not viewed by the rest of the UNCT as a UNCT initiative. Hence, it is not included on the UNCT meeting agenda, nor does the UNCT oversee its implementation across all UN organizations or gather and maintain implementation data on organizations outside of the Joint Office.

<b>Priority</b>	Medium (Important)
<b>Recommendation 13:</b>	
The Resident Coordinator should seek the support from the UNCT in coordinating the implementation of HACT across all organizations in the Country. As part of this initiative, the Resident Coordinator should:	
<ul style="list-style-type: none"> <li>(a) establish an adequate process to collect and store data (including a complete list of Implementing Partners for all organizations), planned and actual cash transfers per year/per organization/per Implementing Partner, micro-assessment results, assurance plans and activities, and capacity development plans and activities;</li> <li>(b) set up an effective HACT Advisory Committee consisting of members from the different organizations with ToRs empowering the Committee to implement HACT in the Country; and</li> <li>(c) include HACT on the UNCT agenda and provide consistent updates to the UNCT on HACT progress at each Organization and overall in the Country.</li> </ul>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Taking into account important management turnover within all resident agencies, this process is scheduled for early 2014.	

**Issue 15**      Weaknesses in the implementation of assurance activities

The HACT Framework highlights the following three mechanisms through which organizations are expected to maintain assurance over funds provided to each Implementing Partner:

- periodic on-site reviews of Implementing Partners’ financial records for cash transfers (spot checks or special audits);
- programmatic assurance of the implementation of programme activities, such as site visits, annual reviews or evaluations; and
- scheduled audits of Implementing Partners’ internal controls for the management of cash transfers.

The Joint Office developed two assurance activity plans (one for audit and another one for other assurance activities) to meet its objectives. The Joint HACT Audit Plan covers 11 main Implementing Partners that the Joint Office is expected to work with during the current programme cycle. Fifteen audits (11 scheduled and 4 special audits) were scheduled to be conducted throughout the programme cycle, however, no audits were completed in the current programme cycle.

The Work Plan for HACT Assurance Activities covers 10 Implementing Partners that the Joint Office is expected to work with in 2012-2013 and includes spot checks and programmatic assurance activities scheduled for September and December 2012, and on a quarterly basis throughout 2013. According to the Work Plan, 75 assurance activities would be conducted in a 12-month cycle.

While spot checks and programmatic assurance activities were planned to take place in September and December 2012, the Joint Office had only conducted spot checks during November 2012. No specific reasons were provided for not having performed the spot checks in line with the plan.

Further, spot checks were conducted without written ToRs to guide such activities. Spot checks were conducted within a day and the results were reported using a testing and reporting template. The joint audit reviewed a sample of four reports, and was unable to identify the key outcomes and results of the spot checks. The reports did not provide sufficient information on what was tested, the issues identified, the risks associated with the issues and the recommendations made. Without proper implementation and documentation of assurance activities, the Joint Office may not obtain sufficient assurance as to the appropriate utilization of the funds provided for programme implementation purposes.

According to the Joint Office management, programmatic assurance activities are generally conducted through supervisory missions and regular monitoring of programme execution; however, the joint audit was unable to confirm the timing and objective of such activities as the corresponding ToRs were not in place. In addition, the results of such activities are usually only discussed verbally with the Implementing Partners, written reports were not issued and follow-up on the recommendations’ had not taken place.

<b>Priority</b>	High (Critical)
<b>Recommendation 14:</b>	
The Resident Coordinator should ensure that:	
(a) assurance activities are conducted in a consistent manner and to the highest standard in line with the Work Plan for Assurance Activities;	
(b) ToRs are developed for each of the activities using the ToR in the HACT Framework, Technical Note 6 (Terms of Reference for Conducting a Spot Check); and	
(c) all spot checks and programmatic assurance activities are reported in a consistent reporting format that include detailed information on the objective of the activities, the specific testing performed, issues and related to risks identified, the recommendations to address the risks, and the Implementing Partners, feedback and recommendation implementation plan.	

**Management comments and action plan:**  Agreed  Disagreed

This recommendation resonates fully with the priorities defined by the office in its Integrated Work Plan for 2013, where standards of quality are identified clearly as needing urgent improvement. ToRs were already developed following the audit mission for both spot check monitoring and program monitoring and calendars have been revised based on the audit team's advice to enable realistic implementation.

#### 5.4 Procurement

Partially Satisfactory

The responsibilities for the procurement process in the Joint Office were split between the Procurement Associate and the Human Resources Associate. The Procurement Associate was responsible for all procurement processes (except for travel processed by the Travel Clerk) and the Human Resources Associate for the process relating to individual contracts. The reporting lines for these staff were to the Operations Manager and to the Administrative Analyst, respectively. The Joint Office Management indicated that the distribution of work would be included in the review of the Joint Office.

The Office recorded 311 purchase orders with a value of \$2.9 million for the period under review. The joint audit tested 26 purchase orders, or 11 percent of the total purchase orders issued, valued at \$328,000. Long Term Agreements for travel and cleaning services were also reviewed.

#### **Issue 16**      Weak planning and oversight of the procurement process

##### Suboptimal use of the procurement plan

A procurement plan provides an opportunity to identify economies of scale and to better utilize resources, providing an overview of the procurement activities. Planning also helps to ensure that procurement activities support project outcomes, are conducted in a timely manner and at a reasonable cost. As per UNDP policies and procedures, it is good practice for procurement plans to be reviewed regularly. Based on its review, the joint audit noted the following:

- The 2012 Procurement Plan, once prepared, was not regularly reviewed, comparing planned and actual procurement. In some cases, the amounts in the currency of the Country were classified as US dollars, resulting in the totals in the procurement plan being overstated due to exchange rate differences between the currency of Country and the US dollar.
- The 2013 Procurement Plan had not yet been finalized as of the end of February 2013.

##### Inadequate oversight over the procurement of travel services

The UNDP Programme and Operations Policies and Procedures require submission of procurement cases with a cumulative value of \$30,000 to the Contracts, Assets and Procurement Committee, and \$100,000 to the Regional Advisory Committee on Procurement (RACP).

The joint audit noted that the Office did not have a Long Term Agreement for travel services in 2012. Mainly two travel agencies were used. The cumulative procurements from each of these travel agencies were more than \$100,000 and therefore would have required submission to the RACP. In November 2012, the Joint Office started a procurement process for establishing a Long Term Agreement for travel services to which only one of the travel agencies responded. The company was evaluated as being responsive to the ToR. The case was submitted to RACP but had not yet been approved at the time of the audit mission. In February 2013, the Joint Office signed a contract with the other previously engaged travel agency leveraging a Senegal Long Term Agreement. The case was not submitted to the RACP because it was not anticipated that the cumulative amount would exceed \$100,000 from February to July 2013 when the Long Term Agreement would be in effect. However, as

the total amount paid to this vendor in 2012 amounted to \$252,000, the case also should have been submitted to the RACP for approval.

<b>Priority</b>	Medium (Important)
<b>Recommendation 15:</b>	
<p>The Joint Office should strengthen its procurement planning and oversight process, ensuring that:</p> <p>(a) procurement plans are accurate, finalized in a timely manner, monitored against actual procurement on a regular basis and updated as necessary; and (b) approval policies regarding procurement cases exceeding certain thresholds are adhered to.</p>	
<p><b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p> <p>The 2013 Procurement Plan was finalized and is being monitored by a programme/operations team meeting on a weekly basis (to note the team is not meant only for procurement monitoring but it includes this function). For the time being, the team meets with the Deputy Resident Representative. ToRs and clarification of reporting and accountability lines are being finalized in order to ensure proper functioning.</p>	

## 5.5 Information and communication technology

**Partially Satisfactory**

As the Joint Office is required to meet UNDP's ICT standards, its management requested a mission from UNDP Headquarters to assess the Joint Office's information systems in an effort to meet UN corporate standards (as spelled out in UNDP standards) and to improve operations.

The UN Cape Verde ICT Mission report endeavors to strengthen the ICT function in a number of ways, through recommendations on technical aspects of connectivity, cabling, network switches, wireless LAN, network servers, telecommunications, server room, conferencing facility, client peripherals, office intranet, business continuity and disaster recovery. As the ICT Mission had just been completed at the time of the audit field mission, no action had been taken yet on the recommendations.

### **Issue 17**      Unclear roles and responsibilities of the ICT function and non-compliance with UNDP Corporate IT Standards

ICT in the Joint Office is supported by one General Service staff member. Another position of ICT Analyst had never been filled, after two unsuccessful job advertisements in 2008 and 2011.

The joint audit noted the following:

- The current staffing was not commensurate with the responsibilities set by corporate standards and strategies. The ICT team would require adequate staffing to provide network services, application management, maintenance and management of the Country Office's internet websites in collaboration with the local content manager, provide helpdesk services, user training, etc. In addition to these responsibilities, the team would also need to implement the UNDP Country Office ICT Standards and Guidance as well as provide adequate IT support to the UNCT.
- The joint audit also noted that, in view of the rapid changes in ICT systems and of UNDP's corporate initiatives aimed at improving ICT performance in its support role, there was a need to assess the Joint Office ICT infrastructure to meet the increasing demands placed on it.

<b>Priority</b>	Medium (Important)
<b>Recommendation 16:</b>	
<p>The Joint Office should: (a) ensure that the regulatory framework and policy of the ICT function be established and agreed upon with the participating organizations, including the clarification of the roles and responsibilities of the participating organizations in the ICT function at both the Joint Office and the DaO levels, and that a needs assessment of the ICT function is conducted; and (b) conduct an assessment of the ICT function with the objectives of clarifying the role and responsibility of the ICT in the common ICT architecture envisaged by the UNDG and in alignment with the resources available.</p>	
<p><b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p> <p>The assessment was conducted as part of a Country Office requested HQ support mission in February 2013. The mission identified the needs and corresponding options to fulfill the function properly. A recruitment process was conducted in June 2013 with HQ support but candidates were considered not to have the required profile. The Joint Office is now liaising with HQ to further identify other options, taking into account existing financial limitations.</p>	

## 5.6 Asset management

**Partially Satisfactory**

The UN House building was constructed in 1995 from contributions received from UNDP, UNICEF, and UNFPA. In November 2011, an appraisal commissioned by UNDP Headquarters valued the building at \$3.1 million. The land where the building is located had been deeded by the Government to UNDP in 1988.

### **Issue 18**      Corporate Issue: Lack of allocation criteria for asset management within the Joint Office

Since the establishment of the Joint Office, the Atlas system was used to record all of the Joint Office assets. Therefore, assets purchased by a specific organization (UNDP, UNFPA, UNICEF) were solely recorded in UNDP's books. With the adoption of the International Public Sector Accounting Standards within the UN system, the participating organizations in the Joint Office are required to record and keep track of their respective assets in their financial statements and depreciate them accordingly. For the Joint Office, this had led to a challenge in allocating costs to the assets purchased under the joint programming due to a lack of pre-established allocation criteria.

In addition, there was no clarity among the organizations on the accounting treatment of the UN House building built with contributions from the three organizations. Prior to 2012, the building was reported on UNDP's books; however, during the closure of the 2012 fiscal year, the Joint Office reported that UNDP Headquarters instructed the Joint Office not to include the building on the UNDP asset report. The UNDP Administrative Services Division explained that the UN House building was financed under a loan agreement with the Government and should therefore not be recorded as a fixed asset. The Administrative Services Division reported that the loan was reflected in UNDP's financial statements. Since UNFPA and UNICEF contributed to the financing of the UN House building, it remains unclear if the loan should also be reflected on a pro-rated basis, in UNFPA's and UNICEF's financial statements, and what the respective share should be. Both UNFPA and UNICEF requested the Joint Office to provide information to enable them to book their share of the building. The joint audit is of the opinion that an inter-agency solution needs to be found on the matter, preferably at the UNDG Common Premises Task Team level.

<b>Priority</b>	Medium (Important)
<b>Recommendation 17:</b>	
The undg Common Premises Task Team should liaise with individual agencies and undertake discussions to determine: (a) the most appropriate allocation criteria for assets purchased under the Joint Office; and (b) the most appropriate accounting method for the UN House building.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Each agency has a slightly different protocol when recording assets, which naturally can prove problematic in attempting to apply a unified system where multiple agencies occupy the premises. It will be necessary for individual agencies to identify appropriate finance/accounting focal points to provide expertise on their respective agency's policy in this area. Since this is primarily an accounting issue, members of the undg Common Premises Task Team consequently agreed to consult with their accounting/finance colleagues to solicit their advice and guidance. Members also agreed to keep this as a standing item at future undg Common Premises Task Team meetings until an acceptable inter-agency solution is found in collaboration with accounting and other colleagues, as appropriate.	

**6. Communication** **Partially Satisfactory**

The United Nations had an internal communication group in the Country (United Nations Communication Group) prior to 2006, which was comprised of staff from the various organizations whose main responsibilities were communications and/or functioning as the communication focal point (FAO, UNDP UNFPA, UNICEF, WFP and WHO). When the Joint Office was established in 2006, the representation in the Group was reduced to the RCO, one staff member on behalf of the Joint Office, FAO and WHO. The ToRs, which are still in use, were prepared and approved at that time.

With the implementation of the DaO, the United Nations Communication Group (UNCG) continued, but considerably increased its implementation scope of action as defined in its ToRs, especially in terms of support to external joint communication. Programme coordinators of organizations with a country presence were included, namely UNODC, UN-Habitat, IOM, UNESCO, UNIDO, UN Women (then UNIFEM) and UNV, in addition to the already previously represented FAO and WHO. The ToRs of the group were discussed and validated at the level of the UNCT. Later, based on the limited availability the UNCG members in view of their other responsibilities, the UNCT recommended in June 2011 the establishment of a "core group" to work on current communication activities, while the larger group would be maintained for joint decisions and action.

In 2008, when the One Programme was finalized, a communication strategy was developed, in consultation with all organizations. Its content encompassed internal and external communication, focused on the process of UN reform, while also mentioning programme communication activities. In 2010, in order to better meet the needs and requirements of programme communication, a broader communication strategy, based on the country's development context, was developed, integrating communications for development.

**Issue 19** Limited resources available to the United Nations Communication Group

The UNCG followed a common work plan, to respond to the internal and external communication needs of the One UN Initiative in the Country, and to define some UN-wide advocacy activities. The work plan took into account organization-specific communication needs.

The UNCG developed a number of tools to implement the One UN communication strategy: One UN branding guidelines, with a One UN in Cape Verde logo, common website, common social media, common newsletter, etc.

The DaO independent evaluation highlighted the contribution of the One Voice to the DaO objectives. In the Country, the implementation of DaO contributed to improving the One UN brand an increased One UN identity and branding. It also enhanced the visibility of the UN as One and contributed to greater coherence in advocacy through concerted communication by UN organizations. Visibility has been especially increased for cross-cutting themes, such as human rights and gender that bring together the whole of the United Nations, but also on some key development issues. This contribution to coherent and effective advocacy and policy dialogue could be integrated into the new UNDAF cycle, especially as the mechanism and tools for joint communication are in place (as mentioned above, joint strategy, joint communication group, common website, social media, etc.). The UNCG also contributed to the consolidation of close relations with the national and international resident media.

One of the most important challenges was related to limited human resources. Most of the UNCG members were not dedicated to communication and do not have communication tasks in their job description in terms of contribution to the UNCG and to the One Voice.

Priority	Medium (Important)
<b>Recommendation 18:</b>	
The Resident Coordinator, with the support of the UNCT, should:	
<ul style="list-style-type: none"> <li>(a) increase and build the capacity of the UNCG, bringing in specific technical expertise, providing training, and updating the existing ToRs;</li> <li>(b) develop UNCG's own standard operating procedures taking into consideration other existing or drafted standard operating procedures;</li> <li>(c) ensure that the expected contributions and results for the UNCG members are reflected in their respective performance appraisal system.</li> </ul>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
This recommendation was also made by UNCT members as part of the June 2013 UNCT retreat discussions. Implementation is under way with the preparation and approval of a UN Communications Strategy for Cape Verde due end 2013, which will include the above three points.	

## ANNEX I Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

In providing the auditors' assessment, the Internal Audit Services of UNDP, UNFPA, UNICEF and WFP use the following harmonized audit rating definitions.

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entities. *(While all offices strive at continuously enhancing their controls, governance and risk management, it is expected that this top rating will only be achieved by a limited number of business units.)*
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entities. *(A partially satisfactory rating describes an overall acceptable situation with a need for improvement in specific areas. It is expected that the majority of business units will fall into this rating category.)*
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entities could be seriously compromised. *(Given the environment the United Nations organizations operate in, it is unavoidable that a small number of business units with serious challenges will fall into this category.)*

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

The audit recommendations are categorized according to priority, as a further guide to management in addressing the issues. The following categories are used:

- **High (Critical)** Prompt action is required to ensure that the audited entities are not exposed to high risks. Failure to take action could result in major negative consequences for the organizations and may affect the organization at the global level.
- **Medium (Important)** Action is required to ensure that the audited entities are not exposed to significant risks. Failure to take action could result in negative consequences for the organizations.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.



## **ANNEX II- List of UN Organizations in Cape Verde**

### **Resident Agencies**

1. **FAO** - Food and Agriculture Organization
2. **UNDP** - United Nations Development Programme
3. **UNFPA** - United Nations Population Fund
4. **UNICEF** - United Nations Children's Fund
5. **UNV** - United Nations Volunteers
6. **WHO** - World Health Organization

### **Non Resident Agencies**

1. **ILO** - International Labor Organization
2. **IOM** - International Organization for Migration
3. **ITC** - International Trade Centre
4. **ITU** - International Telecommunication Union
5. **OHCHR** - Office of the High Commissioner for Human Rights
6. **UNAIDS** - Joint United Nations Programme on HIV/AIDS
7. **UNESCO** - United Nations Educational, Scientific and Cultural Organization
8. **UNEP** - United Nations Environment Programme
9. **UNIDO** - United Nations Industrial Development Organization
10. **UN-HABITAT** - United Nations Human Settlements Programme
11. **UNODC** - United Nations Office on Drugs and Crime
12. **UNCTAD** - United Nations Conference on Trade and Development
13. **UN WOMEN** - United Nations Entity for Gender Equality and the Empowerment of Women
14. **WMO** - World Meteorological Organization