

INTERNAL AUDIT DIVISION  
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Jose Antonio Ocampo  
A: Under-Secretary-General  
Department of Economic and Social Affairs

DATE: 23 February 2007

REFERENCE: AUD-7-3:20 (07-00073)

FROM: Dagfinn Knutsen, Acting Director  
DE: Internal Audit Division  
Office of Internal Oversight Services



SUBJECT: **OIOS Audit No. AN2006/540/01: DESA-executed Project INT/99/X21: Regional  
OBJET: Programme Framework for Europe and CIS: Capacity Building and Informative  
Exchange**

1. I am pleased to present herewith the final report on the above-mentioned audit, which was conducted from May to July 2006.
2. We note from your response to the draft report that DESA has rejected all the recommendations. After a careful review of DESA's detailed response, OIOS is reiterating all the recommendations and requests that you reconsider your initial response concerning these recommendations. In all future correspondence regarding this audit, please refer to the recommendation numbers concerned in the final report to facilitate monitoring of their implementation status. OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e. recommendations 1 to 4), in its annual report to the General Assembly and semi-annual report to the Secretary-General.
3. Please note that OIOS intends to submit this report to the General Assembly for consideration at the Assembly's 62nd session. It is therefore essential that I receive your additional comments, if any, on this report no later than 23 March 2007.
4. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
5. I take this opportunity to thank the management and staff of the DESA for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: The Secretary-General  
Ms. Alicia Bárcena, Under-Secretary-General for Management  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors

Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Mika Tapio, Programme Officer, OIOS

# Office of Internal Oversight Services

## Internal Audit Division



### **Audit of DESA-executed Project INT/99/X21: Regional Programme Framework for Europe and CIS: Capacity Building and Informative Exchange**

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**Audit no:** AN2006/540/01  
**Report date:** 23 February 2007  
**Audit team:** Bolton Tarleh Nyema, Auditor-in-Charge  
Cynthia Klein-Flad, Auditing Assistant

## EXECUTIVE SUMMARY

### **Audit of DESA-executed Project INT/99/X21: Regional Programme Framework for Europe and CIS: Capacity Building and Informative Exchange (AN2006/540/01)**

OIOS conducted an audit of the DESA-executed Project INT/99/X21: Regional Programme Framework for Europe and CIS: Capacity Building and Informative Exchange, also called the United Nations Thessaloniki Centre for Public Service Professionalism (the Project or UNTC), in New York and Greece. As the executing agency, DESA was responsible for the overall management of the UNTC including planning and monitoring of the UNTC's activities and the recruitment and supervision of its personnel. The UNTC was responsible for delivering the substantive outputs of the Project.

The audit revealed the following major weaknesses in DESA's management of the Project:

The absence of a full-time Chief Technical Advisor (CTA) of the Project during most part of 2004, coupled with the lack of a clear work plan that would be implemented by the successive interim CTAs assigned by DESA to the UNTC, impeded the delivery of substantive outputs during that period. Insufficient planning and monitoring and ineffective human resources management by DESA were the key factors that resulted in low level of substantive activities during 2005. DESA was not committed to a single work plan against which it would monitor the performance of the UNTC.

The audit found some indications of irregularities in the selection of consultants. DESA did not consult the UNTC in recruiting consultants to deliver substantive outputs for which the UNTC was accountable. This management approach became apparent within a few months after DESA had recruited a new CTA and a new strategic direction of the UNTC had been agreed upon with the donor Government. The UNTC was thus passive, during the most part of 2005, in performing its role and DESA failed to effectively monitor the UNTC's performance and take corrective measures. The use of consultants to deliver outputs that should have been delivered by UNTC staff also indicated inefficient use of resources.

Despite repeated requests by the Greek Ministry of Interior, which was the donor Government's focal point on technical/substantive matters concerning the UNTC, DESA did not comply with the Project's bi-annual progress reporting requirement during 2004 and 2005. The two cumulative progress reports covering the period from October 1999 to 30 June 2005 provided the Government by DESA were considered by the Ministry of Interior to be inadequate. Failure to comply with reporting requirements impeded DESA's ability to perform a timely assessment of the UNTC and caused mistrust by Ministry of Interior in DESA's commitment to the goals of the UNTC.

OIOS made four recommendations in the draft audit report, all of which were rejected by DESA.

*DESA acknowledged that few substantive outputs were delivered in 2004 and 2005. It stated that it had committed the time, energy, and technical capacities of several senior Departmental staff in order to ensuring the success of the UNTC-Athens office. The major*

*factors that contributed to the poor performance of the Project included the following: (i) non-compliance by the donor with the schedule of payments to the trust fund, thereby leaving the project without funds for almost a two year period [i.e. 1999 to 2002]; (ii) failure of the UNTC's first CTA; (iii) the absence of a CTA during the most part of 2004; (iv) the incompetence and poor performance of the new CTA who was recruited by DESA in October 2004; (v) complex administrative/operational issues during a transition period when there was no CTA and the UNTC was moving from Thessaloniki to Athens; and (vi) contradictory, conflicting communications from the Ministry of Foreign Affairs, the Ministry of Interior and Public Administration, and the Permanent Mission on the Government's continued support to the Centre and corrective/remedial actions to be taken by the Department, and interference by the Ministry of Interior in the Project's management and with decisions taken by DESA.*

*Regarding the use of consultants, DESA underscored that as the Executing Agency responsible for the implementation of the project, the inputs and activities required to produce those outputs rest solely within the responsibility and authority of the Department. Such decisions do not require approval from project staff, (who report to the Director and not vice versa), nor the Government, who should not be involved in the identification or selection of Departmental consultants.*

*DESA highlighted that in addition to the two comprehensive progress reports on the UNTC's activities since its inception, the Government was made aware of the Project developments through continuous dialogue and sharing of written information on a recurring basis. DESA further highlighted that the principle behind the submission of bi-annual progress reports is to ensure that donors are aware of the outputs which have been delivered through the utilization of extrabudgetary resources provided to the Department. In most technical cooperation projects, the donors' involvement is limited to the provision of resources, and participation in project implementation is limited or non-existent. In such projects, the progress report provides an opportunity for the Department to advise the donor on outputs achieved during the reporting period. On the other hand, the UNTC is located in the donor country, and the Government is integrated into the project implementation strategy, with active involvement in training workshops, capacity building initiatives, etc. The Government therefore is a recipient of all progress reports made to the Steering Committee.*

After a careful review of DESA's response to the draft report, OIOS maintains its conclusions and reiterates all of the report's recommendations.

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