

JOINT AUDIT

OF

THE UNITED NATIONS
DELIVERING AS ONE PROGRAMME

IN

TANZANIA

Report No. 886
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Report on the joint audit of the United Nations Delivering as One Programme in Tanzania Executive Summary

The Internal Audit Services of seven United Nations organizations (UNDP, UNESCO, UNFPA, UNICEF, UNIDO, FAO, WFP) - collectively referred to herein as “the Internal Audit Services” - conducted a joint audit of the United Nations “Delivering as One” (DaO) programme in Tanzania (the Country) with a joint audit mission from 20 February to 2 March 2012. The joint audit covered DaO activities during the period from 1 January 2010 to 31 December 2011.

The audit was conducted in accordance with the Framework for auditing DaO programmes (the Framework), 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. The audit includes reviewing and analysing, on a test basis, information that provides the basis for our conclusions.

The scope of the joint audit, as determined by a July 2011 audit risk assessment mission, covered the five principles underpinning DaO: One Programme, One Fund, One Leader, One Office, and One Voice. The detailed testing considered the existing rules, policies and guidelines relating to DaO.

Audit rating

The Internal Audit Services assessed the Delivering as One programme in Tanzania as **partially satisfactory**, which means that “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”. While the joint audit acknowledges the significant progress and achievements made by the United Nations Country Management Team (UNCMT), it also noted the limited progress in harmonization at the participating United Nations agencies’ corporate level and its impact on the Delivering as One programme in Tanzania. Ratings per audit area and sub-areas are summarized below. The audit raised 12 issues and made 15 recommendations, five of which were ranked high priority. Several of the issues were due to factors beyond the control of the UNCMT, requiring intervention by the United Nations Development Group and the United Nations Development Operations Coordination Office.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. One Programme				
2. One Fund				
3. One Leader and Governance				
4. One Office				
4.1 Harmonizing Business Practices	Partially Satisfactory			
4.2 Managing Transaction Costs	Partially Satisfactory			
4.3 Human resources	Partially Satisfactory			
4.4 Harmonized Approach to Cash Transfers	Partially Satisfactory			
4.5 Procurement	Partially Satisfactory			
4.6 Information and communication technology	Partially Satisfactory			
5. One Voice				

Key issue/s and recommendation/s

Inadequate harmonization of processes at the corporate level (Issue 1)

While there has been progress in achieving more coherent programme delivery, participating United Nations agencies had to adhere to agency-specific corporate requirements that have restrained harmonization and cost reduction efforts. For instance, before approving projects, many of the agencies had to prepare agency-specific project documents in addition to the Annual Work Plans under the United Nations Development Assistance Plan (UNDAP). The United Nations Development Group should

intensify efforts to harmonize agency systems and reporting, to avoid duplicate requirements and reduce transaction costs.

Delayed disbursement of funds to partners (Issue 2)	Delayed disbursement of funds from the Tanzania One UN Fund channeled through the United Nations agencies and the Government Exchequer system was the single most recurring challenge during the period 2008 - 2011. This was also identified by the evaluation reports and the Resident Coordinator Office (RCO). The UNCMT in collaboration with agencies' headquarters should ensure the funds are released and disbursed to implementing partners within a specific timeframe following the release request.
Weaknesses in measuring transaction cost savings (Issue 6)	While DaO has achieved reductions in external transaction costs for the United Nations partners (through consolidated planning; harmonized processes; and streamlined interactions), the extent of internal transaction cost reductions, if any, for United Nations agencies has yet to be demonstrated and validated. The main reason is the lack of suitable tools to effectively measure the net benefits of changes in operational approaches. The UNCMT should develop appropriate methodologies for identifying, collecting and monitoring transactions costs for United Nations agencies attributable to DaO.
Inadequate joint audit and assurance activities (Issue 10)	The Harmonized Approach to Cash Transfer (HACT) framework requires that participating agencies agree on an assurance plan that is commensurate with the implementing partner (IP) level of risk determined through the micro assessment. However, the participating agencies had not established a joint HACT assurance plan or an HACT audit plan. Eight months into the current programme cycle, no assurance activities had been undertaken. The UNCMT should ensure that an assurance and audit plan covering all implementing partners and United Nations agencies is finalized before the start of each fiscal year.

Management's comments

The United Nations Country Management Team has accepted all recommendations addressed to them and is in the process of implementing them. The United Nations Development Operations Coordination Office has informed that deliberate actions were being taken at the corporate level to address the recommendations made in the joint audit report.

"Signed:"

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