



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

**ECA use of funds from the Department
for International Development (DFID)
of the Government of the United
Kingdom of Great Britain and Northern
Ireland**

**Project management needs to be improved to
ensure that projects are delivered in a timely
manner and meet donor expectations**

20 March 2009

Assignment No. AA2008/710/08

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Abdulie Janneh, Executive Secretary
A: Economic Commission for Africa

DATE: 20 March 2009

REFERENCE: IAD: 09- 02302

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AA2008/710/08 - Audit of the ECA use of funds from the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendation 4 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 1. In OIOS' opinion however, this recommendation seeks to address significant risk areas. We are therefore reiterating it and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2, 6 and 7) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Lalla Ben Barka, Deputy Executive Secretary, ECA
Ms. Doreen Bongoy-Mawalla, Officer-In-Charge, Division of Administration, ECA
Mr. Urbain Zadi, Director, Office of Strategic Planning and Programme Management
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwamye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Normand Ouellet, Chief, Nairobi Audit Service, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

CONTACT INFORMATION

ACTING DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

CHIEF, NAIROBI AUDIT SERVICE:

Normand Ouellet: Tel: +254 20 762 5391, Fax: +254 20 762 4125,
e-mail: Normand.Ouellet@unon.org

EXECUTIVE SUMMARY

Audit of the ECA use of funds from the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland

OIOS conducted an audit of the Economic Commission for Africa (ECA) use of funds from the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland. The overall objective of the audit was to assess the appropriateness of project expenditures and accuracy of financial and project reporting. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

ECA incurred expenditures of \$1.8 million on twelve different projects financed by DFID. OIOS concluded that the project expenditures were incurred for the intended purpose and were in accordance with the Memoranda of Understanding (MOU) with DFID and the United Nations Financial Regulations and Rules.

However, there was need to strengthen the financial control environment and to improve financial and project reporting by:

- Reclassifying travel expenditures and revising the financial statements accordingly to ensure their accuracy and reliability;
- Preparing an operational manual for managing donor-funded projects. The manual should include guidelines on what activities constitute a project and should hence require the preparation of project proposals before they are financed;
- Resolving long outstanding obligations which contributed to delays in closing projects;
- Requiring the Finance staff to only effect payment when the performance evaluation data is present in the Integrated Management Information System (IMIS), in addition to the manual performance evaluation forms currently being used; and
- Setting up a quality assurance mechanism to review project outputs before they are sent to donors, to ensure that work performed is meeting donors' needs and expectations.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Economic Commission for Africa (ECA) use of funds from the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. DFID provided funds to ECA in accordance with the following Memoranda of Understanding (MOUs):

- The MOU for \$3,714,770 signed on 25 September 2003 was for priority strategic policy and analytical work as per the MOU and ECA's prospectus;
- The amendment to the MOU for \$173,340 signed on 28 December 2005 was for the support of media development in Africa;
- Another amendment to the MOU for \$1,236,822 signed on 24 July 2006 was for ECA's repositioning exercise, Africa Peer Review Mechanism and Africa Governance Report II; and
- A new MOU signed on 20 December 2007 was for the Pooled Partner Funding Framework for the period 2008-2009 where an initial installment of \$1,282,575 was provided.

3. From this pool of funds, OIOS was requested to audit twelve projects with an expenditure of \$1,796,691.10 as at October 2008 (see Annex 2 for details). The audit was undertaken at the request of ECA in accordance with the terms of the MOUs with DFID.

4. Comments made by ECA are shown in *italics*.

II. AUDIT OBJECTIVES

5. The overall objective of the audit was to assess the appropriateness of project expenditures which included to:

- (a) Determine whether the expenditures were incurred for the intended purposes and in accordance with the MOUs with DFID and United Nations Regulations and Rules; and
 - (b) Assess the accuracy and reliability of financial and project reporting to DFID.
-

III. AUDIT SCOPE AND METHODOLOGY

6. The audit focused on a review of expenditures for the projects funded by DFID from April 2005 to October 2008. The audit was conducted in Addis Ababa from September to December 2008 and involved interviewing key project staff, reviewing the MOUs, project financial statements referred to in Annex 2, and supporting documentation.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Project management

A standard format and set of procedures for handling project proposals needs to be implemented

7. Project proposals were not available for three of the twelve project reviewed (Table 1). In the absence of documented proposals, there were no objective criteria for ECA and DFID to measure and evaluate the performance of the projects.

Table 1: DFID projects without proposals on file

No.	Account Number	Project name	Expenditures as at 6/10/2008
1.	HGC-7334-7258 UK05037	Support to the Organization of the ECA Conference of African Ministers of Finance, Planning and Economic Development	\$119,499.68
2.	HGC-7441-7258 UK07082	Training in Results-based Evaluation Methodologies and Tools	\$42,183.82
3.	HGC-7403-1560 UK06044	Human Resources Management Reforms	\$121,373.24
			\$283,056.74

8. For the nine projects which did have proposals available for review, there was no standard format used for their preparation. For example, terms of reference were used as project proposals for the workshops on “Support for CIEFFA for the validation Workshop on the Guidebook on Gender Mainstreaming”, and the “Training Workshop on Building West Africa's Capacity in Biotechnology for Development: The Case of Bio-Safety Ethics”. In addition, a different format was used for each of the following four projects: Support to ECA's Launching of the African Peer Learning Group on Natural Resources Management (APLG NRM); Strengthening Media and Communication Development in Africa; ECA's Support to African Peer Review Mechanism (APRM) ; and African Governance Report II (AGR II). The Project Manager informed OIOS that ECA set up an Advisory Committee on

Administrative and Budgetary Matters (ACABM) in 2006 that reviewed project proposals before financing.

9. As discussed above, there was no consistent basis for formulating a project and the projects were not supported by a clear statement of activities and deliverables against which ECA could be held accountable. This approach increased the risk of omission of key issues, such as performance reporting and the donors did not have the basis to objectively compare and evaluate the relative merits and results of projects undertaken. This could also account for some of the donor comments referred to in the reporting section below.

10. In its report on ECA use of funds from The Netherlands (AA2008/710/07), OIOS recommended that ECA should prepare guidelines on what activities should constitute a project and has requested that these activities be documented in project proposals before they are funded. OIOS also recommended that ECA implement a standard format for project proposals. For this reason no recommendation is being made on this matter in the present report.

Need to provide project proposals to DFID to enhance accountability and transparency

11. In accordance with the terms of the MOUs, ECA implemented projects using DFID funds based on its prospectus and business plan. The MOUs did not require ECA to share project proposals with DFID prior to project commencement. Whilst there was no policy on sharing proposals in advance to seek donor views and feedback, ECA did share with DFID project proposals for five out of the twelve projects. Once standard proposals have been developed, as discussed in the last section, these should be shared with donors to seek their views. This could reduce the risk of donor dissatisfaction and enhance transparency and accountability. ECA management explained that the donor was informed of the objectives pursued, activities undertaken and outputs expected to be achieved through the prospectus and business plans which was the basis for the support. Therefore, management did not find it essential to share project proposals to the donor.

Recommendation 1

(1) The ECA Office of Strategic Planning and Programme Management should discuss with the Department for International Development of the Government of United Kingdom of Great Britain and Northern Ireland providing copies of the project proposals prior to project commencement, to seek their input and concurrence.

12. *The ECA did not accept recommendation 1 and stated that the UK government through DFID provided two types of funding support to ECA. The first type of support is the project specific support. This kind of support requires that ECA submits a project document to DFID for review and acceptance before*

the project funding support is approved. All the project documents related to this support type were made available to OIOS.

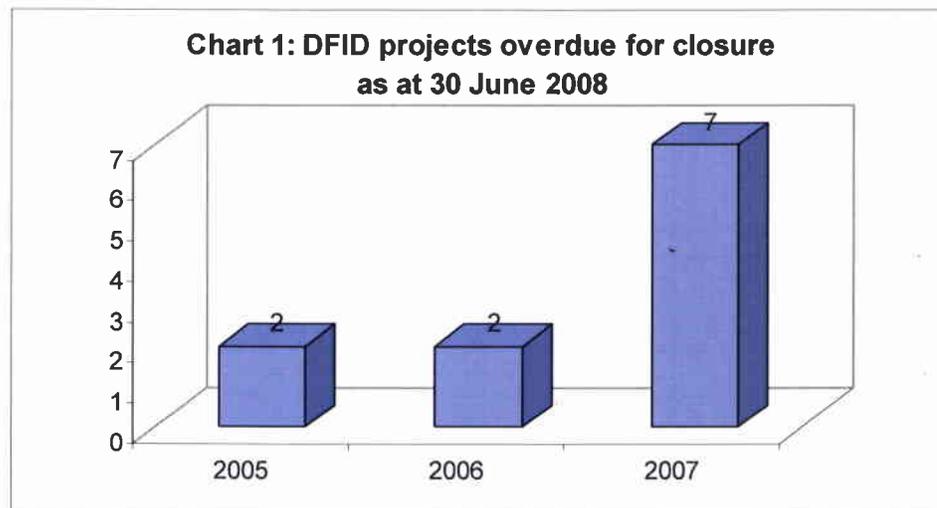
13. *The second funding support type provided by DFID is “budget support”. This is provided based on the ECA business plan and the programmes and projects approved in the ECA biennium budget – copies of which were made available to DFID before the approval of the grant. ECA is not required and the MOU signed with DFID does not require ECA to provide project proposal for the programmes and activities for their input and concurrence, as these activities have already been approved via the UN biennium approval process and the ACABM.*

14. *It will be important to note that the Joint Financial Arrangement with ECA donors requires six-monthly project review meetings between ECA and the donor partner. This regular review meeting provides avenues to discuss the progress of implementation of each project, challenges encountered and way forward.*

15. OIOS takes note of the additional information provided by ECA. The recommendation is requesting that ECA discuss with DFID whether they would like to see and comment on project proposals. Recommendation 1 remains open pending receipt of documentation showing the outcome of discussions with DFID.

Delays in closing projects

16. In June 2008, 11 of the 12 projects (92 percent), which should have been closed by December 2007, were still open (see Annex 4 for details). As shown in Chart 1, most of these projects were scheduled for completion in 2007.



17. OIOS found that the primary cause for the delays was a significant amount of long outstanding obligations on DFID projects. For example:

- A “Training Workshop on Building West Africa's Capacity in Biotechnology for Development: The Case of Bio-Safety Ethics” which was conducted from October to December 2005 was still open in June 2008 because of outstanding obligations of \$2,027.96.
- 18 percent of the obligations relating to travel that were outstanding as on 6 October 2008 for all DFID projects with ECA were over one year (Table 2).

Table 2: Long outstanding travel obligations

#	Details	Value (\$)	Percentage in value of obligations
1.	Obligations over 1 year	23,318.68	18
2.	Obligations less than 1 year	106,495.56	82
	Total	129,814.24	100

18. ECA attributed the delays to untimely liquidation of obligations mainly with the United Nations Development Programme (UNDP) for the services rendered on behalf of ECA. ECA was resolving the matter with UNDP but significant work was yet to be done. Information was not readily available on what ECA owed UNDP with regard to projects funded by DFID. ECA had set up a system that was able to timely resolve new obligations for 2008 but there was still a backlog of obligations from 2004 to 2007.

19. Delays in closing projects because of this backlog could result in the donor having a negative impression of ECA’s ability to implement projects in a timely manner thus adversely affecting the donors’ willingness to fund future projects.

20. In its report on ECA use of funds from the Netherlands (AA2008/710/07), OIOS has already recommended that ECA should set up an action plan and timetable for resolving the outstanding obligations with UNDP to facilitate timely closure of projects. For this reason, no recommendation is being made on this matter in the present report.

Need for updating and consolidation of guidelines on managing projects

21. The guidelines used for managing projects funded by donors were not updated and consolidated into a manual. The current ECA programme management operational guidelines discussion draft was last updated in March 1998; the Project Management Manual was old and had no publication date, while the Secretary-General's Bulletins (ST/SGB), Administrative Instructions (ST/AI) and Information Circulars (ST/IC) on managing projects were also outdated. Therefore, the practices that ECA has developed, such as procedures for developing project proposals and writing reports to donors, have not been codified into a manual which can be used by staff to ensure a consistent approach to the execution of tasks and management of emerging risks and timely, efficient and effective implementation of projects. Furthermore, an updated consolidated

manual would enable ECA to retain its institutional memory on project management even if key staff were to leave the Commission.

22. ECA indicated that it was in the process of implementing a project management application with functionalities to guide staff on how to execute assigned tasks. OIOS welcomes the development of the application but still considers that such a system should be supported by a manual that would provide more comprehensive guidance to staff than help functionalities.

Recommendation 2

(2) The ECA Office of Strategic Planning and Programme Management should prepare a manual for managing projects taking into account the existing practices and guidance from the Secretary-General's Bulletins, Administrative Instructions and Information Circulars.

23. *ECA accepted recommendation 2.* Recommendation 2 remains open pending receipt of the manual on managing projects.

Need for electronic filing

24. An electronic archive of project documents was not kept as there was no requirement to do so. The manual system in place used more office space, took longer to retrieve documents, and there was a risk of losing records through misplacement or fire destruction. ECA indicated that it was in the process of automating project management activities in an exercise that was started in June 2005 and is expected to be completed in December 2008. As work is nearing completion, no recommendation is being made.

B. Expenditures

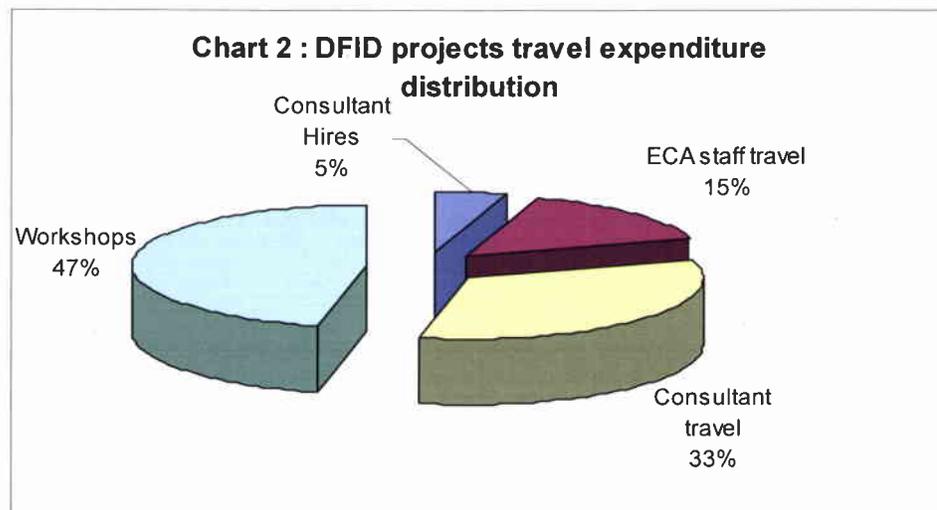
Payments without performance evaluation data in the accounting application

25. Payments were made on projects funded by DFID without performance evaluation data being entered into IMIS. For example, 18 payments amounting to \$546,645.80 (see Annex 3 for details) were made without entering the supporting data on performance evaluation into IMIS. Project managers explained that the evaluation was done manually and staff responsible may have overlooked to input the data. This was confirmed by Finance staff who stated that unlike the individual consultants, entering the data was not mandatory for institutional contractors hence there was no control to prompt the staff if they overlooked to enter the data. Without this control in place, there was a risk of ECA paying contractors without satisfactory completion of assigned work, which could result in waste of resources. Since this issue was already reported to ECA through another audit (AA2008/710/07 on the ECA use of funds from the Netherlands), in which OIOS recommended that ECA should make it mandatory for the Finance staff to only make a payment when the performance evaluation data is recorded in IMIS, no recommendation is being made in the present report.

Travel costs included in workshop expenditures

26. ECA processed travel costs as part of workshop activities. Therefore, staff and consultant travel costs for workshops were processed under workshops budget lines in DFID projects.

27. OIOS expected to find that travel expenditures for ECA staff and consultants would be processed under the 1501 and 1601 budget lines respectively, in accordance with the chart of accounts in use, with the other participants' travel costs charged to the respective workshops budget lines. In practice, OIOS found that 47 percent of the travel costs had been included in workshops expenditures in a sample tested as shown in Chart 2. OIOS used a sample of 200 travel obligations for all DFID projects amounting to \$272,911.6 that were still outstanding on 12 October 2008 for the analysis.



28. Furthermore, OIOS identified ten payments to workshops' participants amounting to \$9,012.31 (Table 3) that were processed under consultant's travel budget line.

Table 3: Participants travel expenditures processed under consultants' budget line

#	Identity Number	Participant	Month	Project Number	Obligated Amount (\$)	Amount disbursed (\$)
1.	117631	Jourdan, Philip	200710	7436-0704	1,057.83	860.15
2.	131317	Yusof, Mohd khairil	200705	7404 -7256	1,082.00	852.98
3.	187134	Campbell, Bonnie Kathleen	200710	7436-0704	3,808.00	3,445.04
4.	187468	Kalemani, Medard Chanaja	200709	7436-0704	930.00	734.71
5.	187699	Cawood, Frederick	200709	7436-0704	930.00	734.71
6.	187747	Kanamuzeyi Gara, John Wesley	200709	7436-0704	930.00	696.35

7.	280797	Cuzyova, Andrea	200704	7404-7256	1,116.00	1,042.08
8.	302581	Ericsson, Magnus	200805	7436-0704	657.00	561.13
9.	444910	Karrithi, Nixon	200709	7358-0714	1,121.00	50.05
10	769546	Mukela, John	200709	7358-0714	2,666.00	35.11
Total					\$14,297.83	\$9,012.31

29. Charging travel costs to workshop expenditures affect the accuracy and reliability of the financial statements and therefore, these expenditures need to be reclassified.

Recommendation 3

(3) The ECA Administration should identify all project related travel expenditures included in consultant hire and workshops and charge them to the correct budget lines for staff travel and consultant travel (1501 and 1601 respectively).

30. ECA accepted recommendation 3 and stated that it has started identifying the entries and making correction. Recommendation 3 remains open pending receipt of documentation showing that it has been implemented.

Earmarked funds not allocated to projects

31. ECA did not allocate all the funds that ECA earmarked for specific projects. DFID provided ECA with \$1,236,822 (£655,739) specifically for: ECA repositioning exercise; Africa Peer Review Mechanism; and Africa Governance Report II as outlined in the amendment to MOU signed on 24 July 2006. However, ECA did not allocate \$165,814 to the projects as shown in Table 4.

Table 4: Earmarked funds not allocated to projects

#	Project	Funds provided by DFID (GBP)	Funds received in DFID pool held by ECA (\$)	Funds transferred to the earmarked projects (\$)	Balance (\$)
1.	ECA repositioning exercise	£218,580	412,275	387,903	24,372
2.	Africa Peer Review Mechanism	£163,935	309,206	183,105	126,101
3.	Africa Governance Report II	£273,224	515,341	500,000	15,341
		£655,739	\$1,236,822	\$1,071,008	\$165,814

32. The project manager indicated that ECA, with DFID's approval, used the funds on other projects but documentation to this effect could not be readily provided.

Recommendation 4

(4) The ECA Office of Strategic Planning and Programme Management should ensure that there is documentation on file demonstrating the donor's approval to re-allocate funds that had been provided for specific projects.

33. *The ECA stated that recommendation 4 has already been implemented. ECA also stated that the audit observation is correct and reflects the standard practice in ECA on the use of earmarked donor funds. Although three project activities were indicated on the requested for additional funding to DFID, the funds received from DFID were provided as an addendum to the existing "budget support" and governed by the same provisions in the original Budget Support MOU signed with DFID. The re-allocated funds in question were to ensure that the balance of funds are fully utilized before the expiration of the MOU in October 2008, and the partner was made aware of this through meetings and reports/correspondence. It is important to remark that the final financial and narrative reports on the reallocated activities were submitted to, and accepted by DFID without any queries. Based on the information provided by ECA, recommendation 4 is closed.*

C. Reporting

Detailed reports to be prepared and filed for each project undertaken

34. ECA prepared and sent annual reports of progress achieved in projects as agreed with DFID. However, OIOS did not find the detailed reports on project files for four of the twelve projects reviewed, as shown in Table 5.

Table 5: Projects without progress reports

#	Account Number	Project name	Expenditures
1.	HGC-7391-0714 UK06034	ECA Knowledge Management: Organizational Structure and Investment Requirements	\$14,450.44
2.	HGC-7436-0704 MLT07077	Support to ECA's Launching of the African Peer Learning Group on Natural Resources Management (APLG NRM)	\$75,873.13
3.	HGC-7403-1560 UK06044	Human Resources Management Reforms	\$121,373.24
4.	HGC-7441-7258 UK/07/082	Training in Results-based Evaluation Methodologies and Tools	\$42,183.82

35. OIOS considers it a good practice for ECA to prepare and file detailed reports on each project undertaken for effective monitoring of individual project accomplishments and as a basis for the annual report sent to donors. *ECA clarified that this matter has already been taken care of. ECA had developed a web-based application - a donor portal - which is a platform that provides personalized information to both ECA and its donors/partners on the management of ECA Trust Fund activities. Information provided on this network*

includes among others the financial statements, as well as the progress and terminal reports of every extrabudgetary (XB) project since 2000. With this new system now in place, the setting up of individual detailed reports for each project undertaken will not be necessary.

Inadequate quality assurance before issuing reports to donors

36. There were inadequate mechanisms in place to ensure quality of outputs sent to donors. There was therefore a risk that donor expectations may not be met, and the lack of quality control may pose a reputational risk. These risks need to be urgently addressed based on comments sent to ECA by donors on the projects reviewed. For example, DFID expressed disappointment with ECA in a letter dated 19 December 2007, on the following:

- Delays in responding to information requests. For example, DFID had requested information on the repositioning exercise on 25 September 2007 which had not been provided by 19 December 2007. The project manager informed OIOS that the information requested was provided through a consolidated report of 31 October 2007 that discussed, among other things, the ECA's repositioning exercise.
- Need for improvement in the quality of reports. DFID observed that "The final reports ...include a significant element of text from previous reports. Greater analysis, reporting on the impact on the ground, and less repetition would have been more desirable", and
- Delays in implementing projects. ECA requested for funds with a sense of urgency but did not complete using the funds for over 16 months without informing DFID the cause of the delay.

37. If ECA cannot meet the donors' expectations in terms of timeliness of correspondence, quality of reporting, and delivery of outputs, the donors may be reluctant to support the Commission's projects.

Recommendations 5 to 7

The ECA Office of Strategic Planning and Programme Management should:

- (5) Set a benchmark within which to respond to donors' information requests;**
- (6) Set up a quality assurance mechanism to review projects outputs before they are sent to donors, to ensure that work performed is meeting donors' needs and expectations; and**

(7) Commission independent evaluations of the impact of all projects undertaken and submit the results to the Department for International Development (DFID) of the Government of United Kingdom of Great Britain and Northern Ireland.

38. *With respect to recommendation 5, ECA stated that the Commission as a matter of principle responds very rapidly to every correspondence and enquires from its partners and donors, within a five-working day period, and this has played a very important role in the cordial relationship that exists between ECA and its donors/partners. As could have been observed by the audit, this is an isolated case and the recommendation has been based on the level of information accessed at the time of the audit. ECA has provided to the audit team additional information - the exchange of correspondences (both emails and letters) between ECA and DFID in response to their letter of July 2007, to show that the DFID correspondence in question was promptly responded to. OIOS takes note of the additional information provided. Recommendation 5 remains open pending receipt of an official policy document stating that staff must respond to clients within five working days, and evidence that a mechanism is in place to monitor compliance with this policy.*

39. *With respect to recommendation 6, ECA stated that the existing XB project reporting format is a harmonized one, agreed with all ECA donor partners in 2003. This has been further modified to reflect the results based management approach, placing more emphasis on results and impact. This came into effect in December 2007. The reports are prepared by the Programme Division and forwarded to the Office of Strategic Planning and Programme Management (OPM) for review and quality assurance. It is then forwarded to partners to ensure conformity with the MOU. Any comments received from partners are then incorporated in the final report. It is important to remark that despite this harmonization, some donors like GTZ, Canada, Finland and a few others still want reports to be prepared in their particular format, hence the differences in the reports. ECA will re-circulate the revised reporting format to staff and re-emphasize. OIOS takes note of this response. Recommendation 6 remains open pending receipt of documentary evidence showing that the quality assurance process outlined in the ECA policy, approved by the Executive Secretary, has been circulated to staff and there is a mechanism for monitoring the policy.*

40. *ECA accepted recommendation 7 and stated that the Commission has taken note of the audit recommendation as a very good idea and will commission an independent evaluation of the impact of all projects undertaken and submit the results to DFID. Recommendation 7 remains open pending receipt of impact evaluation reports on projects undertaken.*

Reclassification of expenditures in financial statements

41. The statements of project expenditures for four of the twelve projects reviewed (see Annex 2 for details) accurately reflected the expenditures incurred. In the other eight projects, there was need to reclassify travel expenditures and to

revise financial statements accordingly so as to ensure the statement's accuracy and reliability.

Recommendation 8

(8) The ECA Administration should reclassify expenditures and revise the financial statements accordingly in order to ensure accuracy and reliability of financial reports.

42. *ECA accepted recommendation 8 and stated that the Commission will reclassify expenditures and revise the financial statements after closure of 2008 accounts. Recommendation 8 remains open pending receipt of revised financial statements after reclassification of expenditure.*

V. ACKNOWLEDGEMENT

43. We wish to express our appreciation to the Management and staff of ECA for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The ECA Office of Strategic Planning and Programme Management should discuss with the Department for International Development of the Government of United Kingdom of Great Britain and Northern Ireland providing copies of the project proposals prior to project commencement, to seek their input and concurrence.	Governance	High	O	Receipt of documentation showing the outcome of discussions with DFID.	Not indicated
2	The ECA Office of Strategic Planning and Programme Management should prepare a manual for managing projects taking into account the existing practices and guidance from the Secretary-General's Bulletins, Administrative Instructions and Information Circulars.	Operational	High	O	Receipt of the manual for managing projects.	30 June 2009
3	The ECA Administration should identify all project related travel expenditures included in consultant hire and workshops and charge them to the correct budget lines for staff travel and consultant travel (1501 and 1601 respectively).	Financial	Medium	O	Receipt of documentation showing that the recommendation has been implemented.	28 February 2009
4	The ECA Office of Strategic Planning and Programme Management should ensure that there is documentation on file demonstrating the donor's approval to re-allocate funds that had been provided for specific projects.	Financial	Medium	C	Action completed.	Implemented
5	The ECA Office of Strategic Planning and Programme Management should set a benchmark within which to respond to donors' information requests.	Information Resources	Medium	O	Receipt of an official policy document stating that staff must respond to clients within five working days, and evidence that a monitoring mechanism is in place.	Not indicated
6	The ECA Office of Strategic Planning and Programme Management should set up a	Strategy	High	O	Receipt of ECA quality assurance policy, approved by the Executive Secretary, and	Not indicated

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
7	quality assurance mechanism to review projects outputs before they are sent to donors, to ensure that work performed is meeting donors' needs and expectations. The ECA Office of Strategic Planning and Programme Management should commission independent evaluations of the impact of all projects undertaken and submit the results to the Department for International Development (DFID) of the Government of United Kingdom of Great Britain and Northern Ireland.	Operational	High	O	evidence that it has been circulated to staff and there is a mechanism for monitoring the policy. Receipt of impact evaluation reports on projects undertaken.	December 2009
8	The ECA Administration should reclassify expenditures and revise the financial statements accordingly in order to ensure accuracy and reliability of financial reports.	Financial	Medium	O	Receipt of revised financial statements after reclassification of expenditure.	28 February 2009

1. C= closed, O = open

2. Date provided by ECA in response to recommendations.

ANNEX 2

Detailed review of expenditures on projects funded by DFID

Number	Donor/ Account Number	Project Title	Period for the financial statements reviewed	Budget	Expenditures	Balance	Affected budget lines	Observations	Expenditure reclassification required?
1.	HGC-7439-0722 UK/07/080	Support for CIEFFA for the validation Workshop on the Guidebook on Gender Mainstreaming	4 September 2007 to 23 March 2008	56,512.40	56,512.40	0	-	<ul style="list-style-type: none"> None 	No
2.	HGC-7382-1574 UK/06/026	ECA's Support to African Peer Review Mechanism (APRM)	20 September 2006 to 6 October 2008	180,805.84	177,913.25	2,892.59	3203	<ul style="list-style-type: none"> Travel costs included in workshops expenditures 	Yes
3.	HGC-7384-1574 UK/06/027	African Governance Report II (AGR II)	22 September 2006 to 6 October 2008	498,271.01	498,271.01	0	2201	<ul style="list-style-type: none"> Budget line of "Institutional contractual fees" not informative 	No
4.	HGC-7351-0850 UK/05/054	Training Workshop on Building West Africa's Capacity in Biotechnology for Development: The Case of Bio-Safety Ethics	31 October 2005 to 6 October 2008	29,337.96	29,337.96	0	3201	<ul style="list-style-type: none"> Training workshops expenditures is mainly composed of travel costs 	Yes
5.	HGC-7436-0704 MLT/07/077	Support to ECA's Launching of the African Peer Learning Group on Natural Resources Management (APLG NRM)	14 August 2007 to 6 October 2008	75,876.52	75,873.13	3.39	1601	<ul style="list-style-type: none"> Workshop participants travel costs included in consultant travel budget line. 	Yes
6.	HGC-7358-0714 UK/06/004	Strengthening Media and Communication Development in Africa	3 March 2006 to 6 October 2008	145,304.32	145,304.32	0	1501 3201	<ul style="list-style-type: none"> Consultant travel included in ECA staff travel budget line Travel costs included in workshop expenditures 	Yes
7.	HGC-7381-0714 UK/06/025	Strategic Direction and Repositioning of ECA	21 August 2006 to 6 October 2008	360,052.04	360,052.04	0	1601	<ul style="list-style-type: none"> Two budget lines of "Mission costs" not informative The project is called "Senior Consultant on Strategic Direction and Repositioning of ECA" in the IMIS report for 	No

ANNEX 3

Payments without performance evaluation data in accounting application

#	Project Account Number	Month	Payee Identity	Payee Name	Object code	Amount obligated	Expenditures	Balance
1.	7384 1574 UK06027	200707	1626	KONI Enterprise	220100	29,999.00	29,999.00	0.00
2.	7384 1574 UK06027	200703	1634	Ghana Centre for Democratic Development	220100	20,610.00	20,610.00	0.00
3.	7384 1574 UK06027	200706	1764	Stra Consult	220100	34,000.00	34,000.00	0.00
4.	7436 0704 MLT07077	200712	204355	Cisse, Ousmane	115400	6,000.00	6,000.00	0.00
5.	7384 1574 UK06027	200710	2461	Afrosondagem Ida	220100	20,000.00	19,583.00	417.00
6.	7384 1574 UK06027	200706	2462	Centre of Arab Women for Training & Research	220100	41,839.60	41,839.60	0.00
7.	7384 1574 UK06027	200706	2463	Universite de Djibouti	220100	28,000.00	28,000.00	0.00
7.	7384 1574 UK06027	200709	2464	Unite de Recherche en Analyse Societale/uras	220100	38,000.00	38,000.00	0.00
8.	7384 1574 UK06027	200706	2465	Faseg/Universite de Lome	220100	30,000.00	29,420.00	580.00
9.	7384 1574 UK06027	200706	2466	Cabinet ECR	220100	44,000.00	43,696.00	304.00
10.	7384 1574 UK06027	200704	2467	idrh/sofinvest	220100	38,000.00	38,000.00	0.00
11.	7404 7256 UK06045	200706	2477	Nexedi	210100	72,000.00	72,000.00	0.00
12.	7384 1574 UK06027	200706	2562	Campaign for Good Governanance	220100	25,749.20	25,749.20	0.00
13.	7384 1574 UK06027	200704	2576	University of Namibia	220100	29,000.00	14,500.00	14,500.00
14.	7384 1574 UK06027	200705	2584	Capan	220100	23,000.00	11,500.00	11,500.00
15.	7384 1574 UK06027	200705	2585	Recherche et Actions Pour le Developpement	220100	26,000.00	13,000.00	13,000.00
16.	7384 1574 UK06027	200705	2586	CAFRAD	220100	27,750.00	27,750.00	0.00
17.	7384 1574 UK06027	200705	2587	CERCAP	220100	23,000.00	23,000.00	0.00
18.	7384 1574 UK06027	200708	2708	KONI Expertise	220100	29,999.00	29,999.00	0.00
						\$586,946.80	\$546,645.80	\$40,301.00

Delays in completion of DFID projects

#	Project Title	Expected start and end dates	Utilization of funds	ECA Remarks
Expected completion in 2005				
1.	Training Workshop on Building West Africa's Capacity in Biotechnology for Development: The Case of Bio-Safety Ethics	October 2005 to December 2005	100%	Project operationally closed. Division to sort out obligations of \$2,024.96.
2.	Support to the Organization of the ECA Conference of African Ministers of Finance, Planning and Economic Development	April 2005 to May 2005	100%	Obligations of \$6,567.81 to be liquidated. Project operationally closed.
Expected completion in 2006				
1.	Strategic Direction and Repositioning of ECA	September 2006 to October 2006	100%	Obligations of \$6,292.56 to be liquidated. Project operationally closed.
2.	ECA's Support to African Peer Review Mechanism (APRM)	September 2006 to December 2006	100%	Obligations of \$4,587.87 to be liquidated. Project operationally closed.
Expected completion 2007				
1.	African Governance Report II (AGR II)	September 2006 to October 2007	100%	Obligations of \$62,489.57 to be liquidated. Project operationally.
2.	Support to ECA's Launching of the African Peer Learning Group on Natural Resources Management (APLG NRM)	August 2007 to October 2007	100%	Project operationally closed. Obligation of \$2,392.79 to be liquidated.
3.	Strengthening Media and Communication Development in Africa	March 2006-October 2007	100%	Obligations of \$7,676.95 to be liquidated. Project operationally closed.
4.	ECA Knowledge Management: Organizational Structure and Investment Requirements	October 2006 to July 2007	100%	Project operationally closed. Obligations of \$1,988.13 to be liquidated.
5.	ECA Knowledge Management	December 2006 to October 2007	100%	Ongoing. Obligations of \$9,255.21 to be liquidated. Project operationally closed. Deficit to be sorted out.
6.	Training in Results-based Evaluation Methodologies and Tools	September 2007 to September 2007	96%	Activity completed. Obligations of \$3,392.79 to be liquidated.
7.	Human Resources Management Reforms	February 2007-December 2007	100%	Obligation of \$1,327.19 to be liquidated, Deficit to be sorted out. Deficit (28,341.18)