



INTERNAL AUDIT DIVISION

AUDIT REPORT

Governance and organizational structure of the inter-agency secretariat to the United Nations International Strategy for Disaster Risk Reduction (ISDR)

The ISDR secretariat's current administrative arrangements require a review to define its requirements and to allow for more effective financial management

10 May 2010
Assignment No. AN2009/387/01

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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

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

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Ms. Margareta Wahlström, Assistant Secretary-General for
A: Disaster Risk Reduction and Special Representative of the
Secretary-General for the Implementation of the Hyogo
Framework for Action

DATE: 10 May 2010

REFERENCE: IAD: 10-

00362

FROM: Fatoumata Ndiaye, Director
TO: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AN2009/387/01 - Audit of the governance and organizational structure of the inter-agency secretariat to the United Nations International Strategy for Disaster Risk Reduction (ISDR)**

1. I am pleased to present the report on the above-mentioned audit.
2. 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.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 2, 4, 5 and 6) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. John Holmes, Under-Secretary-General, OCHA
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Moses Bamuwamye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Special Assistant to the USG-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).

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EXECUTIVE SUMMARY

Audit of the governance and organizational structure of the inter-agency secretariat to the United Nations International Strategy for Disaster Risk Reduction (ISDR)

OIOS conducted an audit of the governance and organizational structure of the inter-agency secretariat to the United Nations International Strategy for Disaster Risk Reduction (ISDR). The overall objective of the audit was to determine whether the governance and organizational structure of the ISDR secretariat adequately served its mandated objectives and functions. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The ISDR secretariat's current administrative arrangements require a review to define its requirements and to allow for more effective financial management. The ISDR secretariat is entirely funded from extra budgetary resources which are inherently unstable and unpredictable.

OIOS found that the strategic framework and biennial budget of the United Nations do not adequately reflect disaster risk reduction as part of the overall purpose of the Organization's humanitarian assistance programme. Secretary-General's Bulletin ST/SGB/1999/8 has not been revised within the Office for the Coordination of Humanitarian Affairs (OCHA) or as a separate entity to: (i) formalize the ISDR secretariat's functions and organizational structure that have evolved since 2000; and (ii) reflect the reporting lines and responsibilities of the inter-agency secretariat head as the Special Representative of the Secretary-General for the implementation of the Hyogo Framework of Action. A compact between the Special Representative and the Secretary-General has not yet been established, although this would enhance the ISDR secretariat's role and visibility in implementing the Hyogo Framework of Action.

The ISDR secretariat needs to conduct an analysis of current administrative and financial management processes to: (a) determine the ISDR secretariat's requirements for its regional offices and secretariat in Geneva; (b) identify process bottlenecks at each location and address the causes of those bottlenecks; and (c) retain and reinforce those processes that work well within the existing arrangements. This exercise is essential not only to validate the existing inefficiencies but also to recognize risks to process efficiency and controls in changing the existing arrangements. Furthermore, this analysis will reinforce the delegation of authority to the Assistant Secretary-General and Special Representative of the Secretary-General regarding the management of ISDR trust funds, as proposed in the 6 August 2009 memorandum from the Under-Secretary-General for Humanitarian Affairs.

OIOS also found that the ISDR secretariat's activities to coordinate disaster risk reduction investment and efforts to engage the private sector, as encouraged in General Assembly resolution 61/98, could be strengthened.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of governance and organizational structure of the inter-agency secretariat to the United Nations International Strategy for Disaster Risk Reduction (ISDR). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. Disaster risk reduction activities are covered within the programme of work of the Office for the Coordination of Humanitarian Affairs (OCHA) as sub-programme 3: natural disaster reduction (A/63/6/Rev.1). Substantive responsibility for the implementation of sub-programme 3 is vested in the ISDR secretariat under section 26, Humanitarian assistance, of the 2010–2011 programme budget (A/64/6 (Sect. 26)).

The International Strategy for Disaster Risk Reduction

3. Following the conclusion of the International Decade for Natural Disaster Reduction at the end of 1999, the United Nations General Assembly endorsed, by its resolution 56/195, the continuation of efforts aimed at implementing the ISDR. The ISDR is a system of partnerships involving governments, inter-governmental and non-governmental organizations, international financial institutions, scientific and technical bodies and specialized networks, as well as civil society and the private sector, with the overall objective of generating and supporting a global disaster risk reduction movement. By promoting increased awareness of the importance of disaster reduction as an integral component of sustainable development, the Strategy aims to build disaster resilient communities with the goal of reducing human, social, economic and environmental losses due to natural hazards and related technological and environmental disasters.

4. At the World Conference on Disaster Reduction in 2005, 168 Governments adopted the Hyogo Framework for Action (HFA) - a comprehensive, action-oriented response to international concern about the growing impact of disasters on individuals, communities and national development. The HFA assigns specific implementation roles and responsibilities to the ISDR system.

Inter-agency secretariat for Disaster Risk Reduction

5. With the endorsement of the General Assembly, the inter-agency secretariat for ISDR was established to support the continued disaster risk reduction activities of the United Nations system. The ISDR secretariat is under the direct authority of the Under-Secretary-General for Humanitarian Affairs, and is led by an Assistant Secretary-General (ASG) who is also the Special Representative of the Secretary-General (SRSG) for the implementation of the HFA.

6. The mandate of the secretariat is to act as the focal point in the United Nations system for the coordination of disaster reduction and to ensure that

disaster risk reduction becomes integral to sound development, environmental protection and humanitarian action. Working at both the international and regional levels, the secretariat functions to ensure synergy between disaster reduction strategies and those in the socio-economic and humanitarian fields, by engaging in policy coordination, advocacy, and information and knowledge management.

7. The ISDR secretariat and its activities are funded wholly by extra-budgetary resources, primarily through the Trust Fund for Disaster Reduction (DXA). The secretariat also receives funds through the World Bank's Global Facility for Disaster Reduction and Recovery, which was established to support the implementation of the HFA.

8. The ISDR secretariat is based in Geneva, with a small liaison office in New York. It works through a network of eight regional and sub-regional offices (Addis Ababa, Bangkok, Cairo, Dushanbe, Johannesburg, Nairobi, Panama, and Suva), and two offices that support platforms promoting early warning systems (Bonn) and recovery (Kobe-Hyogo).

9. Comments made by the ISDR secretariat are shown in *italics*.

II. AUDIT OBJECTIVES

10. The main objective of the audit was to determine whether the governance and organizational structure of the ISDR secretariat adequately served its mandated objectives and functions.

III. AUDIT SCOPE AND METHODOLOGY

11. The audit examined the interfaces between the ISDR secretariat and OCHA, and with other relevant UN agencies and cooperating regarding both programmatic and administrative support activities. The audit focused especially on the internal organizational arrangements for financial management and control, examining the capacity of the secretariat to adequately manage the extra-budgetary resources entrusted to it.

12. Fieldwork took place in New York and Geneva, through interviews with relevant staff of the secretariat, OCHA and the United Nations Development Programme (UNDP). The audit team also reviewed secretariat and other documents and files relevant to the audit.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Functions and organization

Disaster risk reduction is not included in the overall purpose of the humanitarian assistance programme (programme 22)

13. In its resolution 52/12 B of 9 January 1998, the General Assembly decided “to designate the Emergency Relief Coordinator as the United Nations Humanitarian Assistance Coordinator, who will, *inter alia*, retain responsibility for coordination of natural disaster relief”. Accordingly, disaster risk reduction activities are covered under sub-programme 3: natural disaster reduction within the strategic framework of humanitarian assistance programme 22 (A/63/6/Rev.1). Substantive responsibility for the implementation of sub-programme 3 is vested in the ISDR secretariat. The ISDR secretariat’s expected accomplishments include creating increased awareness and obtaining commitment to implementing the HFA 2005-2015: Building the Resilience of Nations and Communities to Disasters.

14. However, the overall purpose of programme 22 as stated in its strategic framework “...is to ensure the timely, coherent and coordinated response of the international community to disasters and emergencies and to facilitate the smooth transition from emergency relief to rehabilitation and development”. The stated purpose of the humanitarian assistance programme focuses on the assistance and transition relief provided in response to disasters and humanitarian emergencies. The purpose does not cover the ISDR secretariat’s organizational objective “to provide leadership and build partnerships in reducing vulnerability to natural hazards and ensure effective international support to reduce the impact of disasters”. The work of the ISDR secretariat under subprogramme 3 involves both planning for and building resilience to disaster risks as well as strengthening responses to disasters—that is, across both the sustainable development and humanitarian assistance fields of activity. In his report A/59/228, the Secretary-General recommended that “disaster reduction will need to become fully incorporated into the humanitarian and development agendas and be firmly adopted as a core function of the United Nations”.

15. Therefore, the humanitarian assistance programme is responsible for not only coordinating the emergency response but also in reducing vulnerability to natural hazards. By its resolution 60/195, the General Assembly endorsed the Hyogo Declaration and HFA, and took note that HFA “reflects a holistic and multi-hazard approach to disaster risk management and the relationship between them, which can have a significant impact on social, economic, cultural and environmental systems”. The resolution also called for a more effective integration of disaster risk reduction into sustainable development policies, planning and programming; for the development and strengthening of institutions, mechanisms and capacities to build resilience to hazard and for a systematic incorporation of risk reduction approaches into the implementation of emergency preparedness, response and recovery programmes. It is noteworthy that the sustainable development work of the Organization is included as subprogramme 4 of

programme 7 on economic and social affairs. Although the objective of subprogramme 4 is stated as being to “accelerate the implementation of sustainable development goals, targets and commitments in accordance with internationally agreed development goals, including those contained in the World Summit on Sustainable Development”, there is no further reference to the work of the ISDR secretariat in contributing to this objective, despite a specific reference to the International Strategy for Disaster Reduction in the Report of the World Summit on Sustainable Development.

16. OIOS considers that, in order to enhance the visibility and importance of disaster risk reduction as a core function of the United Nations, operating across both the sustainable development and humanitarian assistance fields of activity, the overall purpose of programme 22 should be revised to include more specific reference to the work of the ISDR secretariat in reducing vulnerability to natural hazards and reducing the impact of disasters. In accordance with the rules relating to programme planning, budgeting, monitoring and evaluation (ST/SGB/2000/8), the natural disaster reduction efforts could also be reflected as a new component B of the humanitarian affairs programme of work, better reflecting the relationship of this work to the other components of the programme. OIOS is also of the view that the ISDR secretariat should consider recommending the inclusion of a reference to the work of the United Nations in disaster risk reduction within the sustainable development programme of the United Nations.

Recommendation 1

(1) The Office for the Coordination of Humanitarian Affairs should ensure that the disaster risk reduction activities of the Organization are adequately reflected in the humanitarian affairs programme of work by incorporating reference to the work of the ISDR secretariat in the overall orientation of the sustainable development and humanitarian assistance components of the biennial programme plan.

17. *The Management of the ISDR secretariat did not accept recommendation 1 noting that the humanitarian programme of the UN already addresses risk reduction, and that indeed the challenge is the mainstreaming of disaster risk reduction into the development work of the organization. Accordingly, the ISDR secretariat suggested changing the focus of the recommendation and including a separate recommendation addressing UN system development entities to ensure the incorporation of disaster risk reduction in the UN development agenda (subprogramme 4 of programme 7) and thus strengthen accountability of relevant entities for the implementation of the risk reduction agenda. OIOS believes that the ISDR secretariat’s suggestion to include a separate recommendation to the UN system development entities is adequately addressed in the second part of recommendation 1 “...by incorporating reference to the work of the ISDR secretariat in the overall orientation of the sustainable development and humanitarian assistance components of the biennial programme plan”. Therefore, OIOS reiterates recommendation 1, which remains open pending submission of*

evidence to OIOS that reference to the work of the ISDR secretariat has been incorporated into the overall orientation of the sustainable development and humanitarian assistance components of the biennial programme plan.

The ISDR secretariat's establishment and reporting arrangements

18. In its resolution 54/219 of 3 February 2000, the General Assembly endorsed the proposals put forward in the report of the Secretary-General (A/54/136-E/1999/89) to ensure the swift establishment of successor arrangements for the International Decade for Natural Disaster Reduction (IDNDR), and to establish an inter-agency task force and an inter-agency secretariat for disaster reduction, under the authority of the Under-Secretary-General for Humanitarian Affairs.

19. The organizational arrangements for the previous secretariat of the IDNDR were reflected in the Secretary-General's Bulletin (SGB) issued in 1999 on the organization of the Office for the Coordination of Humanitarian Affairs (ST/SGB/1999/8). This SGB has not since been revised, and no subsequent SGB has been issued to reflect the subsequent creation of the ISDR secretariat. Although relying on the Office for the Coordination of Humanitarian Affairs (along with other organizations) for the provision of some administrative support, the ISDR secretariat otherwise functions independently of OCHA (see the organigramme shown in Annex 2).

20. Until recently, the ISDR secretariat was headed by a Director (appointed at the D-2 level) with direct reporting and accountability to the Under-Secretary-General for Humanitarian Affairs. In November 2008, reflecting the nature of disaster risk reduction as a cross-cutting issue across the work of the United Nations the Secretary-General appointed a Special Representative for the implementation of the Hyogo Framework for Action, who also acts as the Assistant Secretary-General for Disaster Risk Reduction and now oversees the ISDR secretariat, reporting both to the Secretary-General and the Under-Secretary-General for Humanitarian Affairs.

21. The ISDR secretariat has evolved significantly over recent years, with its annual expenditures growing from approximately \$4 million in biennium 2000–2001 to \$50 million in biennium 2008–2009. Similarly, its staffing table grew from 20 staff in 2000 to around 100 in 2009. However, at present there is no SGB that adequately reflects the existence, status, and present reporting relationships of the ISDR secretariat. The existing SGB on the organizational structure of OCHA still indicates the long-since abolished secretariat of the IDNDR as a part of OCHA. In the absence of the ISDR secretariat's functions and organization being established in a Secretary-General's bulletin, its reporting line and accountability remains undefined.

22. Although the ISDR secretariat's relationship to the humanitarian affairs programme is reflected in the ASG's formal reporting line to the USG for Humanitarian Affairs, accountability and responsibility for implementation of the HFA has not yet been formalized through a similar line of reporting from the SRSG to the Secretary-General. It is OIOS' view that the establishment of a

compact between the SRSG for the implementation of the HFA and the Secretary-General would better reflect the cross-cutting nature of disaster risk reduction across the United Nations' development and humanitarian spheres of activity and also enhance the visibility and profile of the ISDR secretariat in supporting this work.

Recommendations 2 and 3

(2) The Under-Secretary-General for Humanitarian Affairs should formalize the functions and organization of the inter-agency secretariat for the International Strategy for Disaster Reduction by seeking the issuance of an appropriate Secretary-General's Bulletin; and

(3) The Management of the ISDR secretariat, in consultation with the Under-Secretary-General for the Coordination of Humanitarian Affairs, should establish a compact between the Special Representative of the Secretary-General and the Secretary-General for the implementation of the Hyogo Framework for Action.

23. *The Management of the ISDR secretariat accepted the revised formulation of recommendation 2 reflecting the ISDR secretariat as a separate entity. Recommendation 2 remains open pending the issuance of an appropriate Secretary-General's Bulletin on the organization of the ISDR secretariat and the revision or re-issuance of a Bulletin on the organization of OCHA.*

24. *The Management of the ISDR secretariat accepted recommendation 3 and agreed to implement it in May 2010 subject to the endorsement of the Secretary-General and the Under-Secretary-General for Humanitarian Affairs. Recommendation 3 remains open pending evidence that the ISDR secretariat has sought the endorsement of the Secretary-General and the Under-Secretary-General for Humanitarian Affairs for a compact between the Special Representative of the Secretary-General and the Secretary-General for the implementation of the Hyogo Framework of Action.*

B. Delegation of authority

Current administrative arrangements for and within the ISDR secretariat

25. By his 15 August 2008 memorandum, the UN Controller granted a delegation of authority to accept voluntary contributions and issue the corresponding allotments, allocations and grants to the Chief of the OCHA Administrative Office in Geneva. This delegation included the following ISDR funds:

- The Trust Fund for the International Strategy for Disaster Reduction (DXA)

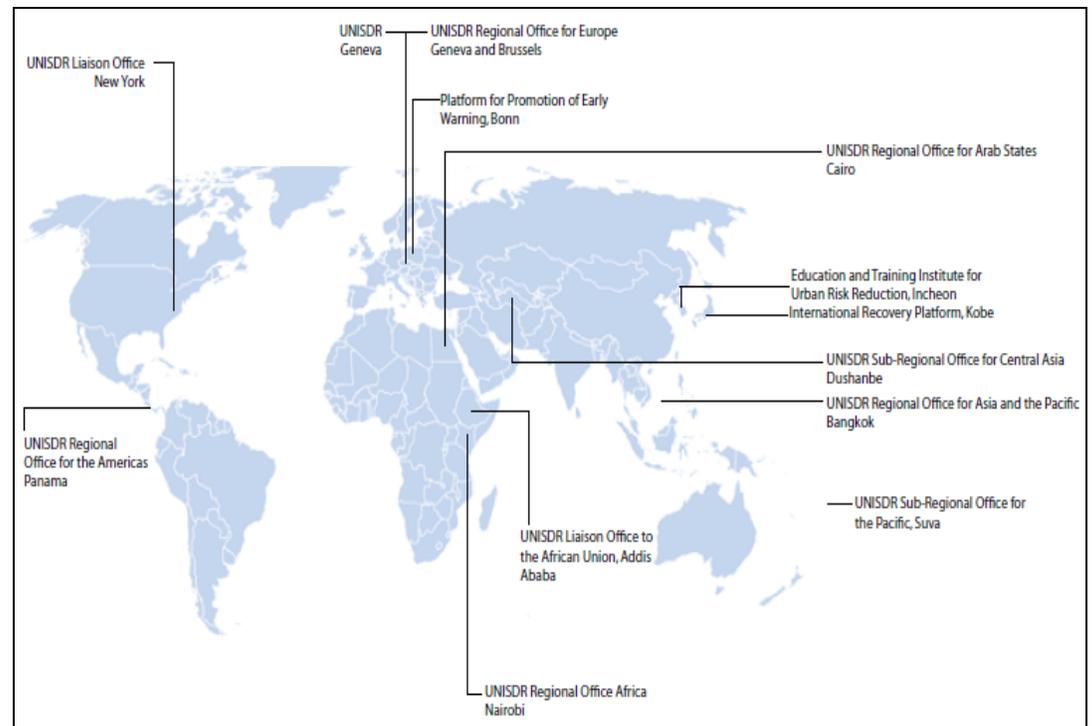
- The Sasakawa Disaster Prevention Award Endowment Fund (DLA)
- Trust Fund for Tsunami Disaster Relief for activities related to contingency planning and early warning mechanisms (TNB)

26. Within the delegated authority, the OCHA Administrative Office in Geneva reviews and clears agreements between the United Nations and ISDR donors. The Office is also responsible for reviewing ISDR grant proposals and has established a Grants Committee to advise on such proposals. Furthermore, it approves financial authorizations for commitments to relevant UN agencies and other host organizations in the field in the five ISDR secretariat regional offices.

27. By the same memorandum, the Controller granted the delegated authority for certifying functions to the ISDR secretariat. These functions are exercised by ISDR secretariat’s Administrative Unit, which is responsible for the financial management of ISDR funds. The Unit prepares annual cost plans aligned with the ISDR secretariat’s biennial work programmes and submits them to the OCHA Administrative Office in Geneva for review and in order to obtain an allotment envelope from UNOG’s Administrative Services. UNOG’s Administrative Services exercises the approving functions for ISDR funds and also provides the ISDR secretariat with human resources management services.

28. As shown in Figure 1, the ISDR secretariat maintains its presence in 12 locations.

Figure 1: Locations of ISDR secretariat offices worldwide



Source: ISDR secretariat Biennial Work Programme 2010-11

29. In order to understand the ISDR secretariat's existing administrative arrangements, OIOS held a series of discussions with concerned officials in the ISDR secretariat, the OCHA Administrative Office and UNOG Administrative Services in Geneva, and the OCHA Executive Office in New York. Furthermore, at the time of the audit, ISDR secretariat regional representatives were in Geneva to attend a retreat on the ISDR secretariat's 2010-2011 work programme, and the audit team had an opportunity to interact with them on the existing administrative and programmatic arrangements at the regional level.

30. ISDR secretariat officials identified the following areas requiring improvement:

- Financial management within the ISDR secretariat so that the Donor Relations Unit and the Administrative Unit interface proactively in forecasting cash flow requirements and using available funds;
- Delays in the clearing of agreements and grants proposals by the OCHA Administrative Office arising from frequent clarifications required on the proposed donor agreements and grant proposals; and
- Harmonization of administrative arrangements with the UN agencies and other organizations that currently host ISDR secretariat regional offices.

31. On the other hand, the OCHA Administrative Office expressed the view that the turnaround time in clearing agreements and grant proposals could have been faster had the agreements and grant proposals been submitted with the necessary details required under the applicable UN regulations, rules and procedures. Similarly, the UNOG Administrative Service pointed out that OCHA requests were often not in compliance with the applicable UN regulations, rules and procedures, and as such, required their frequent intervention. At the same time, ISDR secretariat regional representatives pointed out inconsistencies in the existing administrative arrangements and reporting requirements of the ISDR secretariat and the host organizations in the region that result in delays and the need for additional efforts.

32. The audit concluded that while the various parties involved in the ISDR secretariat's existing administrative and financial arrangements identified areas requiring improvements, no analysis of the entire administrative and financial management processes was conducted to document: (a) the ISDR secretariat's requirements within the secretariat in Geneva and in the regional offices; (b) bottlenecks to achieving these requirements in each location and identification of the corresponding causes for those bottlenecks; and (c) those processes that worked well in the existing arrangements. Such an exercise is essential not only to validate some of the inefficiencies identified in the discussions but also to recognize risks to process efficiency and controls in changing the existing arrangements. Furthermore, the analysis would greatly reinforce the delegation of authority proposed in the 6 August 2009 memorandum from the Under-Secretary-

General, OCHA to the ASG/SRSG regarding the management of ISDR trust funds.

Recommendations 4 and 5

The Management of the ISDR secretariat should:

(4) Conduct an analysis of the entire administrative and financial management process, documenting the ISDR secretariat's requirements in Geneva and at its regional offices, and the interface arrangements with the administrative and financial management service providers at each location; and

(5) Identify current bottlenecks to achieving its requirements in each location and address the corresponding causes for those bottlenecks, while recognizing those processes that work well in the existing arrangements.

33. *The Management of the ISDR secretariat accepted recommendation 4 and agreed to implement it in July 2010.* Recommendation 4 remains open pending evidence that the ISDR secretariat has conducted the recommended analysis of the entire administrative and financial management process.

34. *The Management of the ISDR secretariat accepted recommendation 5 and agreed to implement it in July 2010.* Recommendation 5 remains open pending evidence that the analysis of administrative and financial management processes identifies administrative bottlenecks in each location.

Proposed delegation of authority

35. By his 15 August 2009 memorandum the USG requested the ASG/SRSG to assume responsibility for the overall management and the direct discharge of all the financial related activities by the ISDR secretariat. The memorandum also requested the ASG/SRSG to take all relevant steps, including strengthening the financial resources management capacity of the ISDR secretariat, and to request the delegation of authority from the Controller for acceptance of voluntary contributions for the Trust Fund for the International Strategy for Disaster Reduction and the Sasakawa Disaster Prevention Award Endowment Fund. At the same time, the USG also released the Director and the relevant sections of the OCHA Administrative Office in Geneva from the responsibility to oversee and provide financial services to the ISDR secretariat.

36. During the course of the audit, OIOS discussed the proposed delegation with the ASG/SRSG and her management team in the ISDR secretariat, the Chief of the OCHA Administrative Office in Geneva, the UNOG Administrative Services and the UN Controller's office. OIOS found an overwhelming consensus that the assumption of the proposed delegation of authority to the ISDR secretariat will require building the necessary capacity and establishing a structure that

upholds the principle of segregation of duties and assures proper checks and balances. The ASG/SRSG informed the OIOS audit team that while she consulted with the Controller's office regarding the assumption of the proposed delegation of authority, no formal request has yet been made to the Controller. However, both the USG and the ASG/SRSG emphasized the importance of assuming the authority within the ISDR secretariat in order to achieve efficiencies in implementing the ISDR secretariat's work programme.

37. The audit team reviewed the ISDR secretariat's existing organizational structure to assess whether the secretariat has the capacity and the structure to assure proper checks and balances and segregation of duties in assuming the proposed delegation of authority. A Programme Officer at the P-4 level heads the ISDR secretariat's Administrative Unit, which currently has a strength of five staff. This strength includes a vacant P-4 Finance Officer post which was being filled at the time of the audit. The proposed delegation of authority for acceptance of voluntary contributions and issuance of allotments, allocations and grants carries approving functions, and therefore, cannot reside in the ISDR secretariat's Administrative Unit as this Unit is responsible for certifying functions. No dedicated capacity and an organizational structure have yet been established for assuming the proposed delegation of authority. It is crucial that ISDR secretariat conducts the analysis discussed on recommendations 4 and 5 of this report to support the assumption of the proposed delegation of authority.

Recommendation 6

(6) If the proposed delegation of financial management authority proceeds, then, pending the results of its analysis of internal administrative and financial management processes, the Management of the ISDR secretariat should establish an appropriate organizational structure outside of the Administrative Unit with the required capacity to provide the necessary checks and balances and segregation of duties in order to assume the proposed delegation of authority. The capacity and the structure needs to be developed based on the analysis of the needs, bottlenecks and strengths of the ISDR secretariat's existing administrative arrangements.

38. *The Management of the ISDR secretariat accepted recommendation 6 and agreed to implement it in November 2010 suggesting that it be merged with recommendations 4 and 5, since they are interrelated.* Although recommendations 4, 5 and 6 are interrelated, each require a specific Management action, and are, therefore, shown separately. Recommendation 6 remains open pending evidence that the ISDR secretariat has established the recommended organizational structure and capacity for assuming the delegation of authority.

C. Partnerships with the private sector

Coordination of disaster risk reduction investment and efforts to involve the private sector have been weak

39. The General Assembly, in resolution A/RES/61/98, encouraged the private sector, among others, “to systematically invest in disaster risk reduction with a view to implementing the objectives of the Strategy”. Furthermore, General Assembly resolution 62/192 invited the private sector, among others, “to increase efforts to support, implement and follow up the Hyogo Framework for Action”.

40. The ISDR secretariat’s 2010-2011 biennial work programme identified “disaster risk reduction accepted and applied for climate change adaptation” as one its four strategic objectives. The private sector plays a significant role in producing consumer goods and services, and the adaptation in the private sector of disaster risk reduction for climate change is relevant to the ISDR secretariat’s work programme. However, the ISDR secretariat has made limited efforts to establish partnerships with the private sector to coordinate their efforts and investment in disaster risk reduction and in implementing the HFA.

41. OIOS was informed that while the ISDR secretariat recognizes the importance of establishing partnerships with the private sector, this has not been possible due to the lack of necessary resources. The ISDR secretariat’s work programme is entirely funded by extra budgetary resources, which are generally not predictable or stable. There was, however, no evidence to indicate that the ISDR secretariat prioritized the allocation of its extra budgetary resources or requested additional regular budget resources to develop partnerships with the private sector. As a result, the coordination of risk reduction investment and efforts to involve the private sector in implementing the HFA remain weak.

42. In this regard, OIOS met with the Executive Director of the UN Global Compact Office (GCO) to discuss the applicability to the ISDR secretariat of the "Revised Guidelines on Cooperation between United Nations and the Business Sector" issued by the Secretary-General to Heads of Departments, Agencies, Funds and Programmes on 20 November 2009, and the ISDR secretariat’s participation in the GCO’s initiatives. The GCO confirmed that the Guidelines are applicable to the ISDR secretariat and that there are different ways in which the GCO and the ISDR secretariat can cooperate in their efforts to engage with the private sector. Currently, there are quarterly conference calls that include various UN agencies that participate in the Global Compact, and a Global Compact participants’ forum is scheduled to take place in Geneva in April 2010, which will also include private sector leaders. OIOS believes that the ISDR secretariat could benefit from participating in the forum together with the other UN agencies, however, at the time of the audit, it had not yet requested membership in the forum.

Recommendations 7 and 8

The Management of the ISDR secretariat should:

(7) Prioritize the allocation of its extra budgetary resources or request regular budget resources for the purpose of developing partnerships with the private sector to coordinate risk reduction efforts and investment; and

(8) Participate in the Global Compact participants' forum in order to avail of the opportunity to meet with private sector leaders to promote disaster risk reduction principles.

43. *The Management of the ISDR secretariat accepted recommendation 7 and stated that it has already allocated staff resources to the development of partnerships with the private sector. The question of the regular budget request as the funding source needs to be assessed in the broader context of recommendation 9. Recommendation 7 remains open pending submission of evidence to OIOS of the staff resources allocated to the development of partnerships with the private sector.*

44. *The Management of the ISDR secretariat accepted recommendation 8 and agreed to implement in April 2010 stating that it had been overtaken by events. Recommendation 8 remains open pending submission to OIOS of evidence of the ISDR secretariat's participation in the Global Compact participant's forum.*

D. Funding arrangements

The ISDR secretariat is heavily reliant on extra budgetary funding

45. The 2010–2011 budget for the humanitarian assistance programme of work (programme 22 of the biennial programme plan) proposes regular budget resources of \$2.3 million for sub-programme 3: natural disaster reduction. However, the ISDR secretariat advised that, under an agreement made as part of the 1997 reform which led to the creation of OCHA out of the previous Department of Humanitarian Affairs, this regular budget allocation is transferred directly to UNDP to support certain functions allocated to it as part of the 1997 reform. The ISDR secretariat advised OIOS that it was intended that this transfer be limited only to the 1998–1999 biennium, after which the Secretary-General was to submit a report on the method of financing in the years beyond. However, the amounts allocated under the regular budget to natural disaster reduction continue to be provided directly to UNDP, so that the ISDR secretariat remains funded wholly from extra-budgetary sources.

46. Requirements for the 2010–2011 biennium from extra-budgetary funding amounted to \$67.9 million (compared to \$64.8 million in 2008–2009), including 88 posts (compared to 62 posts in 2008–2009). The secretariat is responsible for the implementation of sub-programme 3 “Natural disaster reduction” within

section 26, Humanitarian assistance, of the 2010–2011 programme budget (A/64/6 (Sect. 26)).

47. Notably, in its resolution 62/192 of 11 February 2008, the General Assembly stressed “the need to review the current methods of financing the secretariat, with a view to stabilizing its financial base, and requested the Secretary-General to submit a proposal for the purpose in his next report on this subject”. Subsequently, the General Assembly re-emphasized this subject in its resolution 63/216 of 25 February 2009, and requested the Secretary-General “to explore all means of securing additional funding to ensure predictable and stable financial resources for the operation of the secretariat and to report on this to the General Assembly at its sixty-fourth session”.

48. Similarly, in his reports to the General Assembly, the Secretary-General expressed the need for more predictable and stable funding for the ISDR secretariat’s activities. However, OIOS found no evidence of a review of the existing funding mechanism, and there was no proposal to secure funding from the regular budget. Thus, there was no sustained effort on the part of the ISDR secretariat to stabilize its financial base.

Recommendation 9

(9) The Management of the ISDR secretariat should review the current methods of funding and explore and report on means of securing additional funding (including through the allocation of regular budget funds) to ensure predictable and stable financial resources for its operations, as requested by the General Assembly in its resolution 62/192.

49. *The Management of the ISDR Secretariat accepted recommendation 9 and agreed to implement it in May 2010.* Recommendation 9 remains open pending receipt of the Secretary-General’s report to the General Assembly reviewing the current methods of funding and exploring the means of securing additional funding to ensure predictable and stable financial resources for the ISDR secretariat’s operations.

V. ACKNOWLEDGEMENT

50. We wish to express our appreciation to the Management and staff of the ISDR secretariat 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 Office for the Coordination of Humanitarian Affairs should ensure that the disaster risk reduction activities of the Organization are adequately reflected in the humanitarian affairs programme of work by incorporating reference to the work of the ISDR secretariat in the overall orientation of the sustainable development and humanitarian assistance components of the biennial programme plan.	Strategy	Medium	O	Submission of evidence to OIOS that reference to the work of the ISDR secretariat has been incorporated into the overall orientation of the sustainable development and humanitarian assistance components of the biennial programme plan.	Not provided
2	The Under-Secretary-General for Humanitarian Affairs should formalize the functions and organization of the inter-agency secretariat for the International Strategy for Disaster Reduction by seeking the issuance of an appropriate Secretary-General's Bulletin on the organization of the inter-agency secretariat for the International Strategy for Disaster Reduction either separately, or as part of a revised Bulletin on the organization of the humanitarian affairs programme of the United Nations Secretariat.	Governance	Medium	O	Submission to OIOS of an appropriate Secretary-General's Bulletin on the organization of the ISDR secretariat and the revision or re-issuance of a Bulletin on the organization of OCHA.	Not provided
3	The Management of the ISDR secretariat, in consultation with the Under-Secretary-General for the Coordination of Humanitarian Affairs, should establish a compact between the Special Representative of the Secretary-General and the Secretary-General for the implementation of the Hyogo Framework for Action.	Governance	Medium	O	Submission to OIOS of evidence that the ISDR secretariat has sought the endorsement of the Secretary-General and the Under-Secretary-General for Humanitarian Affairs for a compact between the Special Representative of the Secretary-General and the Secretary-General for the implementation of the Hyogo Framework of Action.	May 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
4	The Management of the ISDR secretariat should conduct an analysis of the entire administrative and financial management process, documenting the ISDR secretariat's requirements in Geneva and at its regional offices, and the interface arrangements with the administrative and financial management service providers at each location.	Strategy	High	O	Submission to OIOS of evidence that the ISDR secretariat has conducted the recommended analysis of the entire administrative and financial management process.	July 2010
5	The Management of the ISDR secretariat should identify current bottlenecks to achieving its requirements in each location and address the corresponding causes for those bottlenecks, while recognizing those processes that work well in the existing arrangements.	Strategy	High	O	Submission to OIOS of evidence that the analysis of administrative and financial management processes identifies administrative bottlenecks in each location.	July 2010
6	If the proposed delegation of financial management authority proceeds, then, pending the results of its analysis of internal administrative and financial management processes, the Management of the ISDR secretariat should establish an appropriate organizational structure outside of the Administrative Unit with the required capacity to provide the necessary checks and balances and segregation of duties in order to assume the proposed delegation of authority. The capacity and the structure needs to be developed based on the analysis of the needs, bottlenecks and strengths of the ISDR secretariat's existing administrative arrangements.	Governance	High	O	Submission to OIOS of evidence that the ISDR secretariat has established the recommended organizational structure and capacity for assuming the delegation of authority.	November 2010
7	The Management of the ISDR secretariat should prioritize the allocation of its extra budgetary resources or request regular budget resources for the purpose of developing partnerships with the private	Strategy	Medium	O	Submission to OIOS of evidence of the staff resources allocated to the development of partnerships with the private sector.	Ongoing

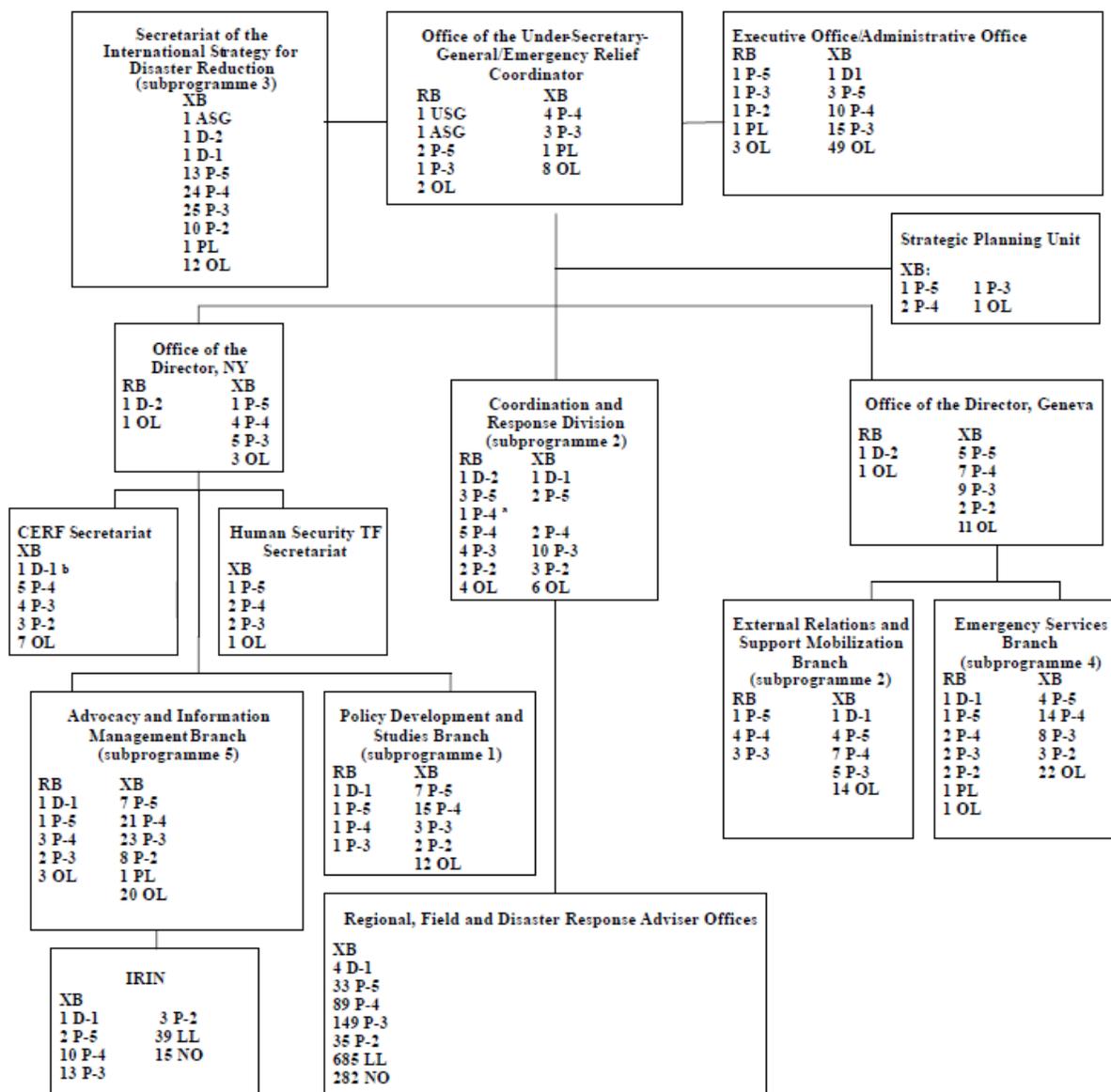
Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	sector to coordinate risk reduction efforts and investment.					
8	The Management of the ISDR secretariat should participate in the Global Compact participants' forum in order to avail of the opportunity to meet with private sector leaders to promote disaster risk reduction principles.	Strategy	Medium	O	Submission to OIOS of evidence of the ISDR secretariat's participation in the Global Compact participant's forum.	April 2010
9	The Management of the ISDR secretariat should review the current methods of funding and explore and report on means of securing additional funding (including through the allocation of regular budget funds) to ensure predictable and stable financial resources for its operations, as requested by the General Assembly in its resolution 62/192.	Strategy	Medium	O	Submission to OIOS of the Secretary-General's report to the General Assembly reviewing the current methods of funding and exploring means of securing additional funding to ensure predictable and stable financial resources for the ISDR secretariat's operations.	May 2010

1. C = closed, O = open

2. Date provided by ISDR in response to recommendations.

Office of the Coordination of Humanitarian Affairs

Organizational structure and post distribution for the biennium 2010-2011



Abbreviations: RB, regular budget; XB, extrabudgetary; GS (PL), General Service (Principal level); GS (OL), General Service (Other level); CERF, Central Emergency Response Fund; LL, Local level; NO, National Officer; IRIN, Integrated Regional Information Networks.

^a New post.

^b Reclassified extrabudgetary post subject to the concurrence of the Advisory Committee on Administrative and Budgetary Questions, in accordance with the provisions of General Assembly resolution 35/217.