



# AUDIT REPORT

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## Comprehensive audit of ECLAC

ECLAC's overall effectiveness in the region needs to be strengthened by establishing the necessary capacity for executive direction and management, and by more active participation in the emergency response coordination mechanism

31 January 2011  
Assignment No. AN2010/730/01

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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: Ms. Alicia Barcena, Executive Secretary/Economic  
A: Commission for Latin America and the Caribbean  
(ECLAC)

DATE: 31 January 2011

Mr. Vijay Nambiar, Chef de Cabinet  
Executive Office of the Secretary-General

REFERENCE: IAD: 11- 00068

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



SUBJECT: **Assignment No. AN2010/730/01 - Comprehensive audit of ECLAC**  
OBJET:

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 15 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. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 2, 3, and 4) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Regina Pawlik, Director, Division of Administration, ECLAC  
Mr. Parfait Onanga Anyanga, Director, Office of the Deputy Secretary-General  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Special Assistant to the Under-Secretary-General, OIOS

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## INTERNAL AUDIT DIVISION

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### 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

### Comprehensive audit of ECLAC

The Office of Internal Oversight Services (OIOS) conducted a comprehensive audit of the Economic Commission for Latin America and the Caribbean (ECLAC). The overall objective of the audit was to assess the adequacy and effectiveness of: (a) ECLAC's governance and organizational structure; and (b) internal controls relating to ECLAC's programme management and support functions. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

ECLAC's overall effectiveness in the region could be strengthened by establishing the necessary capacity for executive direction and management, and by more active participation in the emergency response coordination mechanism. ECLAC needs to assess its level of resources for executive direction and management and seek additional resources as appropriate for the successful discharge of this critical function. Also, consideration should be given to issuing a policy directive requiring the participation of regional commissions in all emergency response coordination fora to ensure that the long-term economic and social development concerns of the affected countries in the region are taken into consideration.

Several evaluations conducted at ECLAC noted significant achievements but also highlighted areas for improvement. In order to enhance its programme relevance, ECLAC needs to address the recommendations of its evaluation reports. In particular, significant recommendations relating to the Caribbean sub-region need to be addressed to ensure ECLAC's relevance there. ECLAC also needs to ensure that adequate resources are budgeted in its biennial budget to conduct targeted evaluations.

In order to sustain its niche as a think-tank institution, ECLAC needs to establish an effective knowledge management strategy to improve its information management system and knowledge sharing tools. Resource requirements for implementing this strategy should also be developed.

With regard to human resources management, ECLAC met or exceeded a number of targets in its Human Resources Action Plan (HRAP). However, significant improvement is required in the areas of recruitment timelines and issuance of vacancy announcements six months before retirement of staff. ECLAC also needs to take more effective measures to improve the gender balance and geographical representation of its staff and consultants.

The existence of a tested business continuity plan enabled ECLAC to effectively manage the impact of the February 2010 earthquake on its operations. The plan, however, requires an update with lessons learned as recommended in the After-Action report on the earthquake.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted a comprehensive audit of the Economic Commission for Latin America and the Caribbean (ECLAC). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The Economic Commission for Latin America (ECLAC) was created by Economic and Social Council resolution 106 (VI) of 25 February 1948. Subsequently, by its resolution 1984/67 of 27 July 1984, the Council renamed ECLA as the Economic Commission for Latin America and the Caribbean (ECLAC). The overall purpose of ECLAC's programme is to promote the economic and social development of Latin America and the Caribbean through interactive cooperation with Member States, by undertaking a comprehensive analysis of development process and providing the relevant operational services. ECLAC pursues key objectives shared by all regional commissions: to foster economic integration at the sub-regional and regional levels, to promote implementation of internationally-agreed development goals, including the Millennium Development Goals, and to support sustainable development by helping to bridge economic, social and environmental gaps between its member countries and sub-regions.

3. ECLAC's 44 Member States comprise 33 countries of Latin America and the Caribbean, together with several North American, Asian and European nations that have historical, economic and cultural ties with the region. Nine non-independent territories in the Caribbean are associate members of the Commission. Programme 17 (A/63/6 (Prog.17)) presents ECLAC's programme of work with 12 subprogrammes carried out by 12 substantive divisions. These subprogrammes are implemented in close cooperation with the Commission's eight committees and with other United Nations entities and intergovernmental organizations in the region. An Executive Secretary at the level of Under-Secretary-General heads the ECLAC secretariat.

4. ECLAC's 2010-2011 programme budget (A/64/6 (Sect. 20)) proposed \$108,949,600 as resource requirements from the regular budget with 496 posts. In addition, resources amounting to \$24,500,000 were proposed from extra-budgetary resources, which included funding for 40 temporary posts.

5. Comments made by ECLAC are shown in *italics*.

## II. AUDIT OBJECTIVES

6. The main objective of the audit was to assess the adequacy and effectiveness of: (a) ECLAC's governance and organizational structure; and (b) internal controls relating to ECLAC's programme management and support functions.

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### III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered ECLAC's 2008-2009 and 2010-2011 biennia and included reviews of: (a) the 2010-2011 strategic framework; (b) the 2008-2009 and 2010-2011 biennial programme budgets; (c) the current organizational structure (Annex 2) of ECLAC; and (e) financial, human resources and procurement processes. The audit included a risk assessment, which was conducted in consultation with ECLAC managers, and focused on key controls relating to ECLAC's executive direction and management, coordination with other United Nations entities, and programme monitoring.

8. The audit methodology included: (a) interviews with the senior management team and other staff at ECLAC and UN Headquarters; and (b) review of relevant documents and records.

### IV. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. Organization of ECLAC secretariat

##### ECLAC's ST/SGB/2000/5 needs revision

9. ST/SGB/2000/5, which prescribed ECLAC's mandate, functions and organizational structure, has not been revised to reflect changes that have taken place since 2000, to include:

- The renaming of the Environment and Human Settlements Division as Sustainable Development and Human Settlements Division, and the International Trade and Development Finance Division as International Trade and Integration Division;
- The establishment of the Women and Development Division; and
- An additional subprogramme, Financing for Development, proposed in its programme of work at the Commission's thirty-third session held during 30 May to 1 June 2010.

#### **Recommendation 1**

**(1) ECLAC should initiate revision of ST/SGB/2000/5 to reflect organizational changes that have occurred since the year 2000.**

10. *ECLAC accepted recommendation 1 and plans to implement it by 1 June 2011.* Recommendation 1 remains open pending provision of a copy of a newly published ST/SGB.

##### ECLAC's executive direction and management structure

11. Executive direction and management (EDM) is an essential function vested in the head of a major organizational unit to ensure that he or she is

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accountable for achieving the unit's objectives in accordance with its mandate. The Executive Secretary, assisted by the Deputy Executive Secretary and staff of her office, is responsible for the following EDM activities:

- Preparation of the biennial substantive report to be discussed at the session of the Commission;
- Provision of direction and policy orientation;
- Establishment of criteria for coordinating the implementation of and follow up to internationally-agreed development goals, including the Millennium Declaration;
- Coordination of its work programme with United Nations funds, programmes and specialized agencies to ensure coherence; and
- Maintaining political relations with government and authorities of ECLAC Member States, ensuring diplomatic and protocol functions.

12. With an overall budget of \$133.4 million and a total staffing of 536 posts, ECLAC executes 12 sub-programmes including those of two sub-regional offices, four national offices and one liaison office. The budget includes a sizeable portion of donated funds, estimated at more than \$24 million for the biennium 2010-2011. About \$6.7 million or 5 per cent of the budget finances EDM activities, most of which is devoted to posts. This amount however covers the resources for programme support units such as the Office of the Commission Secretary, the Programme Planning and Operations Division (PPOD) and the Public Information Unit, which combined represent the majority of the EDM budget. After excluding the professional posts for PPOD and the Secretariat of the Commission, only three posts (two P-4 and one P-3) besides the Executive Secretary and the Deputy Executive Secretary are available for ECLAC's EDM responsibilities. There is no post for a Chief of Staff or a Special Assistant heading the Office of the Executive Secretary.

13. Similar programme support functions in other United Nations programmes reside outside the EDM. As shown in Table 1, 2010-2011 EDM resources for the Department of Economic and Social Affairs (DESA) are estimated at \$6.8 million which is about the same level as that of ECLAC; however, unlike in ECLAC, these resources are exclusively for EDM responsibilities, i.e., they do not cover programme support activities. While ECLAC has only one D-2 in addition to the Executive Secretary and no staff at the P-5 level for its EDM functions, DESA has three Assistant Secretaries-General (ASGs), one D-1 and 4 P-5 staff members to support the EDM functions. A similar comparison with the Department of Political Affairs (DPA) showed that DPA had two ASGs, one D-1 and three P-5 staff members supporting its USG for EDM responsibilities.



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**Table 1: Comparison of EDM budgets: ECLAC, DESA, and DPA**

Depts.	Total Prof Staff <sup>1</sup>	USG	ASG	D-2	D-1	P-5	Other Prof Staff	Total Dept Staff	EDM % of Total Staff	No. of Sub-Prog	Policy-Making Organs
ECLAC	11	1	0	1	2	1	6	536	2.05%	12	8
DESA	11	1	3	0	1	4	2	581	1.89%	10	10
DPA	12	1	2	0	1	3	5	279	4.30%	5	2

14. To facilitate the implementation of the United Nations agenda and ECLAC's programme of work, the Executive Secretary carries out a number of representational functions. Fund raising activities have been successful, demanding the Executive Secretary's full engagement to establish and sustain a robust outreach and resource mobilization strategy targeting a wide range of donors. One of the concerns expressed by the Executive Secretary was that her office was not sufficiently staffed to provide the required substantive support to her and her Deputy and play a coordinating role between the substantive and support divisions. As a result, the Executive Secretary had limited ability to set priorities in responding to requests from Member States and other stakeholders for substantive matters at the regional level. A number of Directors noted that the Executive Secretary may be faced with conflicting priorities: her responsibilities as the United Nations senior leader in the region and her participation in the senior management group at United Nations Headquarters, versus both the strategic and day to day demands for her direction at ECLAC. Many of the senior managers indicated that her time was stretched thin since her office is not properly structured and staffed to support her in those responsibilities.

### **Recommendation 2**

**(2) The ECLAC Executive Secretary should assess the level of resources (number of posts and their descriptions and grades) required for the executive direction and management function, and take steps to obtain any additional resources required for the successful discharge of this function.**

15. *ECLAC accepted recommendation 2 and plans to implement it by 31 December 2011.* Recommendation 2 remains open pending provision of documentation showing that it has been implemented.

### The Executive Secretary's span of control

16. At least 23 staff members reported directly to the Executive Secretary, including the Deputy Executive Secretary and 15 divisional directors at the D-1 level as well as other officials within her office. In addition, heads of ECLAC's four national offices and one liaison office also reported directly to the Executive

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<sup>1</sup> USG, ASG, D and P staff members

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Secretary. The Executive Secretary oversees the functions of the Secretary of the Commission, the Public Information Unit, PPOD, the Division of Administration, and the CEPAL Review Unit. Furthermore, six of ECLAC's units are located outside Santiago increasing the complexity of its managerial responsibilities.

17. There was no clear delegation of authority to the Deputy Executive Secretary on both substantive and administrative responsibilities. None of the divisional directors or functional units reported to the Deputy Executive Secretary although substantive responsibilities were given to him. Only one General Service staff had a direct reporting line to the Deputy Executive Secretary. The Executive Secretary indicated that she was in the process of identifying further responsibilities to delegate to her Deputy.

### **Recommendation 3**

**(3) The ECLAC Executive Secretary should take steps to: (a) limit to the extent necessary the number of staff reporting to her; and (b) delegate additional responsibilities to the Deputy Executive Secretary, as appropriate.**

18. *ECLAC accepted recommendation 3 and plans to implement it by 31 January 2011.* Recommendation 3 remains open pending provision of evidence of a new organization chart and an internal memorandum establishing the reporting lines and distribution of tasks within the Office of the Executive Secretary.

### ECLAC's coordination with other UN entities

19. The implementation of ECLAC's programme of work requires coordination internally at the substantive and support level and externally with UN entities and other partners in general. It is critical that ECLAC has a role in the long-term development of its Member States. Within ECLAC, effective coordination exists among its subprogrammes at the planning, implementation and reporting phases. However, it has experienced major challenges regarding coordination with other UN entities. In accordance with ECOSOC Resolution 1998/46, regional commissions use the Regional Coordination Mechanism (RCM) to collaborate with the UN system, particularly the United Nations Development Group (UNDG). After several years of experience working with UNDG in Latin American countries and increasing its collaboration with individual UN entities, ECLAC seeks to enhance partnership and cooperation with UN agencies despite challenges due to differences in mandate, focus areas and – often times – competing objectives.

20. ECLAC, in conjunction with the World Bank and the Inter-American Development Bank, did contribute in the development of terms of reference of the Post Disaster Needs Assessment (PDNA) which resulted in an Action Plan for National Recovery and Development of Haiti strategy. However, ECLAC has not been able to fully play its role in several key areas: long-term economic planning, institutional capacity building, demographics and advisory among other

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areas, during the disaster recovery phase. Although ECLAC has been part of initiatives following the aftermath of the earthquake, it has not been able to ensure adequate presence in coordination team and decision-making fora with both the emergency response community and the UNDG in Haiti and at the Headquarters level, for several reasons:

- a) First and foremost, the lack of a clear policy regarding the integration of long-term economic development approach elements during and/or after the crisis as a concern to be addressed by the UN through the UNDG, the regional commissions and other players/forces emanating from the emergency response;
- b) There is no explicit policy for the regional commissions to interact with the UN emergency mechanism when crises affect their Member States. It would be useful if regional commissions could participate as observers in the Inter-Agency Standing Committee (IASC) to have a role in assessing the economic, social and environmental loss and damages caused by the disaster, to facilitate proper coordination from the early stages of the recovery and reconstruction phase onwards and to ensure proper integration of long-term development views in the post-disaster reconstruction phase; and
- c) The lack of clearly defined institutional articulation on the part of the UN emergency response coordinating bodies, the UNDG and the regional commissions as natural partners in the regions.

21. The case of Haiti demonstrates potential weaknesses of the UN coordination system during major crisis. The RCM was bypassed and the role of ECLAC was marginalized. With a more inclusive policy framework for the involvement of the regional commissions in emergency coordination in their regions, ECLAC could have played a more active role in Haiti. In its 2010-2013 internal strategic framework, OCHA has established a goal to integrate major regional players in its coordination efforts targeting Member States and regional organizations, including the UN system for their involvement in emergency response preparedness.

#### **Recommendation 4**

**(4) The Executive Office of the Secretary-General should consider issuing a directive requiring the inclusion of the regional commissions in all emergency response coordination fora to ensure that the long-term economic and social development concerns are taken into consideration.**

22. *The Executive Office of the Secretary-General accepted the recommendation indicating that it would need to consult with relevant parties to define the mode of engagement of the regional commissions tailoring to regional specificities, and discuss how to enhance collaboration in recovery on policy and operational issues.* Recommendation 4 remains open pending provision of

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evidence of a directive issued by or on behalf of the Secretary-General in response to the recommendation.

## B. Ensuring ECLAC's programme relevance

### ECLAC's programme relevance

23. According to ST/SGB/2000/8, the objective of an evaluation is to determine as systematically and objectively as possible the relevance, efficiency, effectiveness and impact of the United Nations activities in relation to their objectives. The main role of ECLAC is to undertake comprehensive analysis of the development process and to provide relevant operational services to the Latin American and the Caribbean countries. ECLAC states that losing its relevance is a potential major risk. It has not been subject to independent programme evaluations since 2002. Although ECLAC has had in place biennial evaluation plans since 2000 prepared at the time of the biennial budget submission, management understands that further efforts should be made to fund appropriately its evaluation activities. ECLAC management indicated the lack of resources as the main constraint in commissioning more frequent evaluations of ECLAC's programme activities. Periodic evaluations, both internal and independent, could demonstrate ECLAC's achievements and relevance with more credibility. However, it has systems in place to measure its relevance through internal evaluations while enjoying strong support from the region's Member States. In order to compensate for the lack of independent evaluation, ECLAC is strengthening its internal evaluation function.

24. OIOS reviewed several evaluation reports conducted by ECLAC. These reports noted significant achievements and progress regarding ECLAC's relevance vis-à-vis its objectives, programmes and expectations from its Member States and other stakeholders. For example:

- ECLAC's work in development research, statistics, trade and poverty assessment was deemed invaluable (In-depth-evaluation of 12 March 2010);
- ECLAC has strengthened the trade facilitation and negotiation capacity of project beneficiaries through successful knowledge sharing and supporting the development of trade facilitation policies (Development Account-funded evaluation report); and
- ECLAC's role was highly relevant for three Member States allowing important lessons learned on social policies derived from and shared with other countries in the region (Evaluation report on the Nordic Model of Social Protection).

25. At the same time, the evaluation reports highlighted areas for improvement. An evaluation found that ECLAC needs to make substantial efforts regarding its product quality and depth of analyses to improve its relevance in the Caribbean sub-region. Its products were not perceived as responding fully to the needs and realities of the Caribbean. The evaluation findings and recommendations related to the Caribbean sub-region need to be addressed.

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## Recommendations 5 to 6

**(5) ECLAC should prepare an action plan to address significant recommendations of the evaluation reports relating to the Caribbean sub-region to ensure its relevance there.**

**(6) ECLAC should ensure that there are adequate resources to conduct targeted internal evaluations in its biennial evaluation plan to enhance its relevance.**

26. *ECLAC accepted recommendation 5 and plans to implement it by 1 June 2011.* Recommendation 5 remains open pending the provision of evidence of an implementation plan including action completion dates.

27. *ECLAC accepted recommendation 6 but requested correction of factual information indicating that ECLAC had biennial evaluation plans since 2000.* OIOS has made corrections and modified the recommendation to reflect the comments made by ECLAC. Recommendation 6 remains open pending the provision of evidence of funding sources of the evaluation plans.

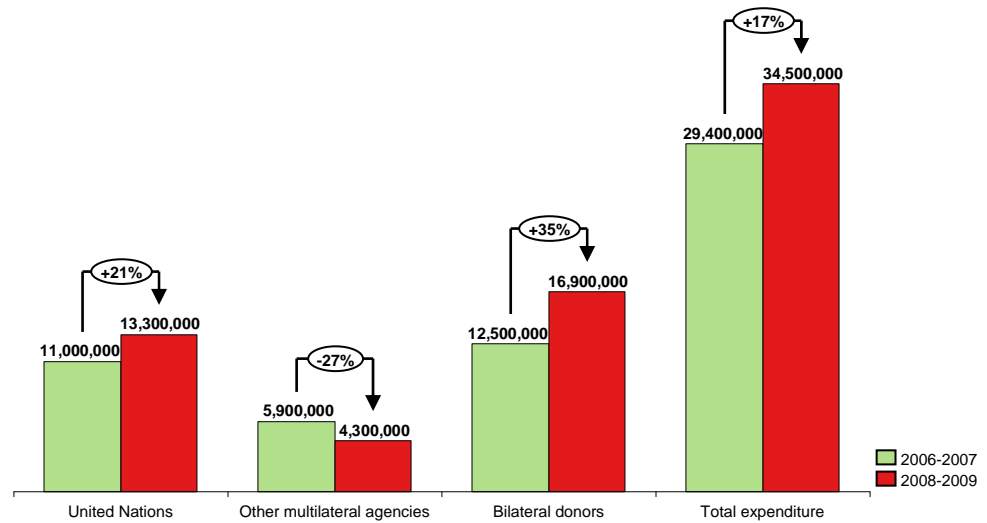
## C. Financial management

### Managing the unpredictability of extra-budgetary resources

28. ECLAC's technical cooperation programme is highly reliant on extra-budgetary funding. ECLAC has developed a resource mobilization strategy focusing on funding for technical cooperation programmes around its framework for development objectives. The strategy reinforces the need for flexibility in the scope of technical cooperation in order to access donor funding and to enhance ECLAC's capacity to deliver.

29. As illustrated in Figure 1, the overall funding for ECLAC's technical cooperation programme for biennia 2006-2007 and 2008-2009 was \$29.3 million and \$34.5 million, respectively. For the 2010-2011 biennium, ECLAC had projected its extra-budgetary funding at \$24.5 million. As of September 2010, the flow of extra-budgetary resources consisted of about \$9.6 million received in 2010, \$8.6 million expected from memoranda of understanding already signed with donors in 2010, and about \$8 million from agreements being negotiated.

**Figure 1: Source of funding for the technical cooperation programme for 2006-2007 and 2008-2009 biennia (in \$)**



30. A significant part of the financing came from bilateral donors and multilateral agencies, i.e., \$18.3 million or 62 per cent, and \$21.2 million or 61 per cent for these biennia. Despite the noted increase in funding, there is an inherent risk of unpredictability related to these sources as recognized by ECLAC in its risk survey.

31. The current financial crisis further exacerbates ECLAC's concerns because it heavily relies on traditional donors whose economies are particularly affected by the economic slowdown. The fluctuation in contributions from the group of major donors in recent years may augur tougher fund raising activities for ECLAC. There were also indications that other donors may no longer be providing substantial contributions not only due to the financial crisis but also for strategic reasons. ECLAC however noted that it has been successful in identifying new or non-traditional donors to compensate for the decrease in funding. Despite the new sources of funding, unpredictability of extra-budgetary funding was identified as a high risk area in ECLAC's risk assessment which should be closely monitored as part of its strategy.

#### Unspent balances of operationally completed projects

32. ECLAC currently manages a portfolio of 237 technical cooperation projects with total funding of about \$25 million. Of this amount, \$10 million was disbursed as of 30 June 2010. The portfolio includes 63 operationally completed projects, which had unutilized balance of about \$574,000. The balances ranged between \$200 and \$64,000, some dating back to 2006.

33. According to agreements with donors, these balances are either returned to donors or reprogrammed into new projects. Although a number of donors have authorized ECLAC to use the remaining funds, for the most part ECLAC was either awaiting donor reply or negotiating usage. ECLAC officials indicated that they may not receive replies from some donors as the amounts were minimal

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and such donors may not have the authority to either approve usage or claim the remainder of the funds. ECLAC also indicated that it was seeking alternatives to reprogramme and clear their project accounts.

#### Building repair costs charged to construction account

34. Funds for building repairs are allotted under budget Section 20, whereas the funds for major construction are allotted under Section 33. Following the aftermath of the earthquake of 27 February 2010, which damaged its headquarters building, ECLAC estimated \$7.8 million in emergency funds and requested an additional allotment of \$6.3 million from the regular budget under Section 33 in addition to the \$1.5 million already allotted under this Section.

35. In his 10 May 2010 memorandum to ECLAC, the Controller noted that ECLAC had estimated resource requirements of \$830,000 for in-house overtime efforts and other costs associated with remediation work. The Controller advised ECLAC to meet this requirement through internal redeployment within its overall appropriation under Section 20 given the early stages of the implementation of the Section programme budget for the biennium 2010-2011. At the time of the audit, ECLAC had expended a total of \$350,235 from sections 20 and 33 of the programme budget. However, after July 2010, ECLAC has already charged \$283,734 under Section 33 for in-house overtime efforts and other costs associated with remediation work. These charges are at variance with the Controller's 10 May 2010 memorandum to ECLAC.

#### **Recommendation 7**

**(7) ECLAC should reverse \$283,734 from Section 33 to Section 20 in accordance with the Controller's instructions once the allotments are issued under Section 20.**

36. *ECLAC accepted recommendation 7 and plans to implement it by 31 December 2011.* Recommendation 7 remains open pending the provision of evidence of reversal of the related financial transactions.

#### D. Human resources management

##### Compliance with the Human Resources Action Plan (HRAP)

37. Programme managers are required to conform to HRAP targets in accordance with their compacts with the Secretary-General. The Management Performance Board assesses HRAP targets as a key indicator of senior managers' performance.

38. As of 30 June 2010, ECLAC met or exceeded HRAP targets on the following indicators:

- Budgetary vacancy rate;
- Selections to P-3/National Competitive Examination posts;
- Female selections in the professional category; and

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- Recruitment from un- or under-represented countries.

39. However, ECLAC's performance in the following areas was well below the targets:

- Average selection time for professional and higher posts: 236 days against the target of 120 days;
- Vacancy announcement published 6 months before retirement: 23.1 per cent against the target of 100 per cent; and
- Selection made prior to retirement of incumbents: 18.2 per cent against the target of 100 per cent.

### **Recommendation 8**

**(8) ECLAC should take necessary steps to improve its performance against Human Resources Action Plan targets.**

40. *ECLAC accepted recommendation 8 and plans to implement it by 1 July 2011.* Recommendation 8 remains open pending the provision of evidence of a plan to improve to ECLAC's HRAP performance.

### Geographical distribution of ECLAC staff and consultants

41. As of 30 April 2010, the 135 posts at the professional and higher category which are subject to geographical distribution were encumbered by nationals belonging to 42 countries: 14 countries from North America, Central America and the Caribbean, 10 countries each from South America and Europe, five from Asia and three countries from Africa. Eleven of ECLAC's 33 Member States are from the Caribbean region but only five countries were represented, encumbering 8 of the 135 posts.

42. OIOS' review of the vacancy announcements issued by ECLAC showed that Spanish was indicated as a required language for all posts in ECLAC headquarters. This practice has limited the geographical representation in ECLAC. In particular, the requirement has posed an obstacle for professionals from English- and French-speaking Caribbean countries to apply for positions at ECLAC headquarters. ECLAC needs to revisit its standard practice of insisting on the Spanish language requirement for all posts at its headquarters and identify those posts for which this requirement may not be insisted upon, such as those posts that do not require frequent interaction with Spanish-speaking counterparts. This should enable a more balanced geographical representation by increasing the intake of nationals from the Caribbean, thereby reinforcing ECLAC's visibility and relevance in that region.

### **Recommendation 9**

**(9) ECLAC should review its practice of insisting on the Spanish language requirement for all posts in its headquarters and identify posts for which this requirement**



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**would not be insisted upon, in order to improve the geographical representation of its staff.**

43. *ECLAC accepted recommendation 9 and stated that ECLAC has already removed this requirement for most posts in its Sub-regional Office in the Caribbean, and for many P-2 positions. ECLAC plans to implement the recommendation by 1 July 2011. Recommendation 9 remains open pending provision of evidence of documented ECLAC policy on the issue.*

44. OIOS also analyzed ECLAC's report on consultants for the period 2004-2009. During that period, there were a total of 4,298 contracts approved for 2,159 consultants. ECLAC spent a total of \$23 million on consultants out of which 78 per cent came from extra budgetary sources.

45. Section 4 of ST/AI/296 states that every effort should be made to select consultants from the widest possible geographical base. Additionally, due regard shall be paid in the selection process to achieve gender balance, without prejudice to the requirements for a wide geographical distribution. In total, ECLAC hired consultants from 47 countries worldwide. There were 68 per cent men and 32 per cent woman consultants during the period 2004-2009. Five countries (Chile, Argentina, Brazil, Mexico and Colombia) were overrepresented with 61 per cent of all the consultants contracted at ECLAC. Only 5 per cent were from the Caribbean and merely 13 per cent were from countries outside ECLAC's region.

#### **Recommendation 10**

**(10) ECLAC should develop a plan to address the uneven geographical and gender distribution of consultants from the Caribbean and other regions of the world.**

46. *ECLAC accepted recommendation 10 and stated that while an even geographical distribution might be desirable, the main focus is on specific knowledge and experience of the consultants in the region, which, by default, somewhat favour individuals from the region. ECLAC will, however, develop a plan to improve the geographical and gender distribution. ECLAC plans to implement the recommendation by 31 December 2011. Recommendation 10 remains open pending provision of a plan to improve the geographical and gender distribution in ECLAC.*

#### Staff relations

47. Staff Regulation 8.1 provides for periodic meetings between staff representatives and management. It was reported that staff union representatives meet with the ECLAC management periodically. In addition, ECLAC also held town-hall meetings from time to time. Moreover, ECLAC has an Ombudsman on-site who assists staff to address work-related concerns. In the aftermath of the earthquake, ECLAC hired a consultant psychologist. An internal staff survey within the Division of Administration in 2009 highlighted concerns regarding quality of life and occupational health. However, the survey did not cover all of

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ECLAC. Therefore, the concerns may not be representative of ECLAC staff at large but merit a larger ECLAC-wide survey. ECLAC did not have a system of periodic staff surveys which assist management in measuring and understanding the staff attitude, opinions, motivation, and satisfaction. However, it has established a Joint Advisory Committee comprised of representatives from management and staff which met regularly to discuss staff matters. This Committee, however, had no direct input from the staff at large.

### **Recommendation 11**

**(11) ECLAC should conduct periodic staff surveys to capture staff concerns and to take any remedial action necessary.**

48. *ECLAC accepted recommendation 11 and plans to implement it by 1 July 2011.* Recommendation 11 remains open pending provision of evidence of a completed staff survey.

## E. Operational management

### Knowledge management

49. The lack of an effective knowledge management system has been identified as a significant risk by ECLAC management. As a think-tank institution, knowledge management is an essential tool for ECLAC to capture, share, and own the substantive knowledge relevant to its expertise. The UN Secretariat Information and Communications Technology (ICT) strategy outlined in the Secretary-General's report A/62/793 to the General Assembly determined knowledge management as one of the key priorities. Generally, an effective implementation of a knowledge management system requires three elements: (a) information management systems and tools, (b) resources, and (c) an effective governance structure with clear objective for improving information management policies, architecture and standards and tools. It is critical that ECLAC develops a knowledge management strategy and governance structure including policies and procedures for utilization of devoted resources.

50. ECLAC has been exploring ways to institutionalize knowledge management and has been participating in task forces created by the UN Secretariat. At the time of the audit, ECLAC was in the process of establishing a local knowledge management sub-committee under the ICT committee. However, its membership and terms of reference were yet to be developed. Nevertheless, a number of specific projects which relate to knowledge management have been undertaken by ECLAC. At the level of the Library, three tools have been put in place: a federated search engine, an integrated library system and a proxy server allowing access of ECLAC staff to research papers and other documents. The Library had also started a digitization project which will allow the uploading of ECLAC documents from 1948 to 1987. At the ICT level, a number of initiatives to improve information technology (upgrading to Web 2.0) and collaboration tools (Wiki, Quikr) were being contemplated to further develop knowledge management.

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51. However, resource requirements for successful knowledge management framework have not been developed. For example, the regular budget resources for ECLAC's library for the biennium 2010-2011 amount to \$82,600 which is only for traditional library activities.

### **Recommendation 12**

**(12) ECLAC should clearly establish its knowledge management objectives, a governance system and seek necessary resources for its implementation.**

52. *ECLAC accepted recommendation 12 and plans to implement it by 31 December 2011.* Recommendation 12 remains open pending provision of a copy ECLAC's knowledge management strategy including dedicated resources.

### Business continuity plan

53. On 27 February 2010, Chile was struck by an earthquake, which resulted in major damage to ECLAC main office building. One week before the earthquake, a team from the Office of Central Support Services visited ECLAC to test ECLAC's Business Continuity Plan (BCP). As a result, ECLAC was able to manage successfully the effects of the earthquake. For example, the ICT systems were operational and enabled staff to work from home.

54. ECLAC subsequently prepared an After-action Report on its response to the earthquake and developed a check-list of lessons learned. The Report also made recommendations in five key areas: (1) Crisis Management; (2) Business Continuity; (3) IT Infrastructure; (4) Facilities Management; and (5) Security. The BCP was, however, yet to be updated and approved with the lessons learned check-list. Furthermore, ECLAC had not yet implemented all recommendations. Moreover, the BCP applies only to ECLAC headquarters in Santiago. It does not cover its sub-regional and national offices.

### **Recommendations 13 to 14**

**(13) ECLAC should update and approve its business continuity plan incorporating the lessons learned check-list, and implement the recommendations of the After-action Report.**

**(14) ECLAC should develop business continuity plans for its sub-regional and national offices.**

55. *ECLAC accepted recommendation 13 and plans to implement it by 1 June 2011.* Recommendation 13 remains open pending provision of a copy of the updated business continuity plan.

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56. *ECLAC accepted recommendation 14 and plans to implement it by 1 July 2011.* Recommendation 14 remains open pending provision of copies of the business continuity plans of the individual sub-regional and national offices.

#### Procurement functions

57. ECLAC's Procurement Unit is under the General Services Section and has a direct reporting line to the Chief of the Section. Three officials in ECLAC exercise procurement authority: (a) Director of Administration – up to \$200,000; (b) Chief of General Services Section – up to \$75,000; and (c) Procurement Officer – up to \$50,000. In addition to her procurement authority, the Chief of the Section is also responsible for clearing requisitions for the Section. Furthermore, the Section performs receiving and inspection functions.

58. In accordance with Chapter 1, paragraph 3 of UN Procurement Manual dated March 2010, requisitioning and procurement functions should be segregated. OIOS reviewed purchase orders with related requisitions and found examples where the Chief of General Services Section signed both documents. The placement of the Procurement Unit within the General Services Section and the delegation of procurement authority to the Chief of the General Services Section compromise the necessary checks and balances. Even though OIOS found no evidence of any wrong-doing, it is advisable to separate the two functions.

#### **Recommendation 15**

**(15) ECLAC should review the General Services Section's organization structure in order to segregate requisitioning, procurement, and receiving and inspection functions.**

59. *ECLAC accepted recommendation 15 and stated that the GSS was re-organized after the visit by the auditors, as of 1 October 2010.* Based on the action taken by ECLAC, recommendation 15 has been closed.

## V. ACKNOWLEDGEMENT

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

## STATUS OF AUDIT RECOMMENDATIONS

Rec. No.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	ECLAC should initiate revision of ST/SGB/2000/5 to reflect organizational changes that have occurred since the year 2000.	Compliance	Medium	O	Submission to OIOS of a copy of a newly published ST/SGB.	01/06/2011
2	ECLAC Executive Secretary should assess the level of resources (number of posts and their descriptions and grades) required for the executive direction and management function, and take steps to obtain any additional resources required for the successful discharge of this function.	Governance	High	O	61. Submission to OIOS of documentation showing that it has been implemented.	31/12/2011
3	The ECLAC Executive Secretary should take steps to: (a) limit to the extent necessary the number of staff reporting to her; and (b) delegate additional responsibilities to the Deputy Executive Secretary, as appropriate.	Governance	High	O	Submission to OIOS of evidence of a new organization chart and an internal memorandum establishing the reporting lines and distribution of tasks within the Office of the Executive Secretary.	31/01/2011
4	The Executive Office of the Secretary-General should consider issuing a directive requiring the inclusion of the regional commissions in all emergency response coordination fora to ensure that the long-term economic and social development concerns are taken into consideration.	Governance	High	O	Submission to OIOS of evidence of a directive issued by or on behalf of the Secretary-General in response to the recommendation	Not provided
5	ECLAC should prepare an action plan to address significant recommendations of the evaluation reports relating to the Caribbean sub-region to ensure its relevance there.	Governance	Medium	O	Submission to OIOS of evidence of an implementation plan including action completion dates	01/06/2011
6	ECLAC should develop a biennial evaluation plan to conduct targeted internal evaluations to enhance its relevance.	Operational	Medium	O	Submission to OIOS of evidence of funding sources of the evaluation plans.	01/06/2011

<b>Rec. No.</b>	<b>Recommendation</b>	<b>Risk category</b>	<b>Risk rating</b>	<b>C/O<sup>1</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>2</sup></b>
7	ECLAC should reverse \$283,734 from Section 33 to Section 20 in accordance with the Controller's instructions once the allotments are issued under Section 20.	Financial	Medium	O	Submission to OIOS of evidence of reversal of the related financial transactions	31/12/2011
8	ECLAC should take necessary steps to improve its performance against Human Resources Action Plan targets.	Human resources	Medium	O	Submission to OIOS of evidence of a plan to improve to ECLAC's HRAP performance	01/07/2011
9	ECLAC should review its practice of insisting on the Spanish language requirement for all posts in its headquarters and identify posts for which this requirement would not be insisted upon, in order to improve the geographical representation of its staff.	Human resources	Medium	O	Submission to OIOS of evidence of documented ECLAC policy on the issue.	01/07/2011
10	ECLAC should develop a plan to address the uneven geographical and gender distribution of consultants from the Caribbean and other regions of the world.	Human resources	Medium	O	Submission to OIOS of evidence of a plan to improve the geographical and gender distribution in ECLAC.	31/12/2011
11	ECLAC should conduct periodic staff surveys to capture staff concerns and to take any remedial action necessary.	Human resources	Medium	O	Submission to OIOS of evidence of a completed staff survey	01/07/2011
12	ECLAC should clearly establish its knowledge management objectives, a governance system and seek necessary resources for its implementation.	Operational	Medium	O	Submission to OIOS of a copy ECLAC's knowledge management strategy including dedicated resources.	31/12/2011
13	ECLAC should update and approve its business continuity plan incorporating the lessons learned check-list, and implement the recommendations of the After-action Report.	Operational	Medium	O	Submission to OIOS of a copy of the updated business continuity plan.	01/06/2011
14	ECLAC should develop a business continuity plan for its sub-regional and national offices.	Operational	Medium	O	Submission to OIOS of copies of the business continuity plans of the individual sub-regional and national offices.	01/07/2011

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<b>Rec. No.</b>	<b>Recommendation</b>	<b>Risk category</b>	<b>Risk rating</b>	<b>C/O<sup>1</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>2</sup></b>
15	ECLAC should review the General Services Section's organization structure in order to segregate requisitioning, procurement, and receiving and inspection functions.	Operational	Medium	C	Action completed	1/10/2010

1. C = closed, O = open

2. Date provided by ECLAC in response to recommendations.