

Terms of reference for the audit of the management of trust funds at the Economic Commission for Europe

Introduction

Internal Audit Division (IAD) is conducting an audit of the management of trust funds at the Economic Commission for Europe as per the notification letter issued on 16 March 2018. This document provides the approach to be adopted by IAD in undertaking this audit assignment and serves to establish a written understanding about its objective, scope, evaluation criteria, timing, staffing and respective responsibilities.

Objective, Scope and methodology

The objective of the audit is to assess the adequacy and effectiveness of internal controls over the effective management of trust funds at ECE.

The audit will take place during May-June 2018 and will be carried out in Geneva. The audit will cover the 1 January 2016 to 31 March 2018. Based on an activity-level risk assessment, the audit will cover higher and medium risk areas in the management of trust funds at ECE, which includes: (i) governance arrangements; (ii) mainstreaming of SDGs in trust fund activities; (iii) management of projects; and (iv) regulatory framework.

The audit methodology will include: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data, (d) sample testing, etc.

Results of the audit fieldwork may lead to changes in the scope of the audit and any such changes will be discussed with ECE.

A high-level summary of audit criteria against which IAD will assess the selected audit area(s) is listed in Annex I.

Communicating audit results

An exit conference will be held with ECE to discuss the preliminary audit results at the end of fieldwork. Detailed audit results will be provided to ECE for written comments to ensure factual accuracy of the results and feasibility of the recommendations. These comments will be incorporated into the draft audit report addressed to ECE senior management for further comments and action plans to implement recommendations.

The final audit report will be submitted to ECE senior management including its comments on the draft report.

Planned exit conference and reporting dates

The planned exit conference and reporting dates are as follows:

Milestone	Planned date
Exit conference	20 July 2018
Detailed audit results	1 August 2018
Draft report	25 August 2018
Final report	15 September 2018

Staffing

The audit team comprises Florence Lubega and Venkata Bendapudi.

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Audit area and sources of audit criteria proposed to be used

No.	Audit area	Source of audit criteria
1	Governance arrangements	<ul style="list-style-type: none"> • ST/SGB/2013/4: United Nations Financial Regulations and Rules • ST/SGB/188: Secretary-General's Bulletin on "Establishment and Management of Trust Funds" • ST/AI/285: Administrative Instruction on "Technical Cooperation Trust Funds • Policy Framework for Enterprise Risk Management and Internal Control • Terms of Reference and Rules of Procedure of ECE (Fifth revised edition) • Terms of Reference of the Executive Committee • Policy Framework for Enterprise Risk Management and Internal Control • ERM risk register for ECE • ECE strategic framework for the period 2014-2015 and 2016-2017 • Annual programme of work of the ECE subprogrammes and Conventions • Terms of Reference for trust funds at ECE • Terms of Reference of the Programme Management Unit • ECE Resource mobilization strategy • ECE Governance measures for the management of extrabudgetary contributions • ECE Directive on establishment of agreements and management of extrabudgetary resources • UNECE Technical Cooperation Strategy • Due diligence policy/procedures • Conflict of interest policy/procedures
2	Mainstreaming of SDGs	<ul style="list-style-type: none"> • A/RES/70/1: General Assembly resolution (A/RES/70/1)- Transforming our world: the 2030 Agenda for Sustainable Development • Policies and procedures to map SDGs in ECE programme of work
3	Management of projects	<ul style="list-style-type: none"> • ST/SGB/2016/6: Implementation and the Methods of Evaluation • ECE Guide for project managers • Guidelines for selection of project implementing partners • Cost plans of individual projects • Agreement/memorandum of understanding with donors • ECE Evaluation policy • ECE support guide for conducting evaluation

No.	Audit area	Source of audit criteria
		<ul style="list-style-type: none"> • ECE Grants Committee Guidelines • Agreement/memorandum of understanding with partners and grantees • Controller's memo dated 8 June 2012 on cost recovery for programme support costs • Controller's memo dated 9 November 2015 on cost plans for grants and indirect costs • Best practices in project management (PRINCE 2) • United Nations Policy Framework for IPSAS • Umoja grant management policies and procedures
4	Regulatory framework	<ul style="list-style-type: none"> • ST/SGB/2014/1: United Nations Staff Regulations and Rules • ST/AI/2013/4: Consultants and individual contractors • ST/AI/ 2013/3: Official travel • ST/AI/286: Programme Support Costs • United Nations Procurement Manual