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ORIGINAL : ANGLAIS

COMITE EXECUTIF
DU FONDS MULTILATERAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTREAL
Soixante-quinzième réunion
Montréal, 16 – 20 novembre 2015

Addendum

**RAPPORTS DE SITUATION ET RAPPORTS SUR LES PROJETS COMPORTANT DES
EXIGENCES PARTICULIÈRES POUR LA REMISE DES RAPPORTS**

Le présent document est émis pour **remplacer** le rapport du PNUE sur les mesures prises pour mettre en œuvre les recommandations 1,3, 4 et 7 de l'audit de mai 2014 du Service OzonAction du PNUE par le Bureau des services de contrôle interne des Nations Unies (BSCI), mentionnées au paragraphe 58, **par** le document ci-joint.

**UNEP report to the 75th Executive Committee on Decisions 73/53 and 74/10
on Audit of the UNEP OzonAction Branch by the Office of Internal Oversight Services
6th October 2015**

Background

1. Executive Committee Decision 73/53 requested UNEP to report to the 74th meeting on actions taken to implement recommendations 1, 3, 4 and 7, taken from the May 2014 report of the United Nations Office of Internal Oversight Services (OIOS) Audit of the UNEP OzonAction Branch (Report 2014/040), in accordance with all relevant Executive Committee decisions relating to the operations of UNEP as an implementing agency of the Multilateral Fund.
2. UNEP received a letter from OIOS in May 2015 indicating that based on actions taken and implemented, OIOS considered all these recommendations closed. The report on actions taken by UNEP as well as the OIOS letter was submitted to the 74th ExCom. However, it had arrived too late to be considered by the Committee (Attached).
3. Executive Committee Decision 74/10 requested “UNEP to submit its written report on the audit of the UNEP OzonAction Branch to the 75th meeting so that the Committee could keep those issues under consideration in the context of the approved Compliance Assistance Programme budget.”
4. UNEP prepared the present document pursuant to decisions 73/53 and 74/10 based on the actions taken and internal processes established to implement and close the OIOS recommendations.

Summary

5. OIOS Recommendation 1

UNEP should review the existing organizational arrangements to ensure that they provide for clear accountability and efficient and effective delivery of the OzonAction Branch programme of work in accordance with the decisions of the Executive Committee.

In accordance with the audit recommendations the following actions were taken:

- UNEP reviewed reporting lines for all Regional Network Coordinators. Starting in the e - Performance cycle (April 2014-March 2015), all nine Regional Network Coordinators now report to the Head of Branch OzonAction as the First Reporting Officer (FRO).
- The Head of OzonAction Branch is fully accountable to the Executive Committee, via the Executive Director of UNEP.
- UNEP has reviewed and revised the Delegation of Authority of the Head of Branch consistent with rules and regulations of the UN Secretariat and policies and procedures of UNEP in March 2014.

Based on the actions taken and the supporting documents provided, the Recommendation was closed.

6. OIOS Recommendation 3

UNEP should put in place a mechanism to ensure that funds are used as approved by the Executive Committee, variances are disclosed on a timely basis, and unspent balances are returned to the Executive Committee in a timely manner.

The OzonAction Branch established internal review mechanisms in 2013 and 2014 to ensure that funds are used as approved by the Executive Committee, variances are disclosed in a timely basis and unspent balances are returned to the Executive Committee in a timely manner. The mechanism addresses the Branch’s two major categories of Multilateral Fund projects: (a) the Compliance Assistance Programme

Work Programme and Budget (b) individual projects. This new mechanism is now part of normal Branch operations since 2014.

a) Compliance Assistance Programme (CAP)

UNEP included in its submissions of the 2014 and 2015 CAP Work Programme and Budget to the 72nd (May 2014) and 73rd (November 2014) meetings of the Executive Committee (documents UNEP/OzL.Pro/ExCom/71/23 and UNEP/OzL.Pro/ExCom/73/30, respectively) explicit details on the use of approved CAP funds, reallocations and reprioritizations in accordance with Executive Committee Decision 52/7. Moreover, the 2015 CAP Work Programme and Budget provided an additional detailed financial analysis under Section V (Planned overall services for 2015), Section VI (Budget details) and Annex IE and IE bis (Financial analysis). Henceforth, UNEP will continue to provide this level of detail to the Executive Committee in its yearly financial analysis of approved CAP funds.

The OzonAction Branch also established the following complementary mechanisms:

- An internal review mechanism for all contractual arrangements entered into by the Branch and Organization (details are provided under Recommendation 7).
- Procedures to ensure that all CAP meetings and compliance assistance activities which incur CAP funds are first cleared and approved at the Branch and Division levels.
- A mechanism for clearance and approval of all travel for CAP staff and Branch consultants; either by the Head Branch or the Division, as per the respective Delegation of Authority.
- From the 2015 CAP budget onwards, no sub allotments are made to the regions without Branch approval of the Regional Network Workplans, costed activities and clear outcomes envisaged.

All CAP funds that are not obligated as of 31 December and any obligated funds that are unspent before closure of the UNEP accounting period are being returned to the Executive Committee. Even whilst the audit was underway, UNEP put in procedures to return US\$ 400,380 plus support costs of US\$ 32,031 as the balance from the CAP for 2012 and in line with decision 35/36(d), to the 70th ExCom meeting. UNEP also returned US\$ 915,833 to the 72nd ExCom and recently US \$ 1,519,371 to the 74nd Executive Committee from unspent balances and staff savings from vacant posts.

With reference to the above Recommendation, UNEP is fully complying with Executive Committee Decision 73/53(c), which requests UNEP, in future submissions of the CAP budget, to continue:(i) Providing detailed information on the activities for which the global funds would be used;(ii) Extending the prioritization of funding between CAP budget lines so as to accommodate changing priorities, and to provide details, pursuant to decisions 47/24 and 50/26, on the reallocations made; and (iii) Reporting on the current post levels of staff and informing the Executive Committee of any changes thereto, particularly with respect to any increased budget allocations.

b) Multilateral Fund Projects

In accordance with specific Executive Committee decisions, UNEP also returns unobligated balances for completed or cancelled projects as required (such balances are typically returned at every Executive Committee meeting). The following examples are indicated in the *Progress Report of UNEP as at 31 December 2013* (UNEP/OzL.Pro/ExCom/73/13), which includes fund disbursements and report of expenditures under the CAP budget.

UNEP returned the following funds to the 73rd meeting (UNEP/OzL.Pro/ExCom/73/62):

- US\$ 422,703, plus agency support costs of US\$ 54,952, against projects completed by decision of the Executive Committee.
- US\$ 271,563, plus agency support costs of US\$ 27,974, against completed projects.

Based on the actions taken and the supporting documents provided, the Recommendation was closed.

7. OIOS Recommendation 4

UNEP should define a mechanism to ensure that projects are financially closed no more than 18 months after the date of operational completion, and that unutilized balances are returned to the Fund for the Implementation of the Montreal Protocol in a timely manner.

“UNEP accepted recommendation 4 and stated that it has invested considerable effort in closing old projects, and this effort is ongoing. As of the December 2013 ExCom meeting, UNEP reported a balance of \$273,027 and as of March 2014, UNEP reported a balance of \$78,000 (i.e. a reduction of 72 per cent). Based on the actions taken by UNEP, recommendation 4 is closed.”

Based on the actions taken and the supporting documents provided, the Recommendation was closed.

8. OIOS Recommendation 7

UNEP should ensure that the OzonAction Branch does not enter into contractual agreements which duplicate the services of the Compliance Assistance Project.

Partnerships are a key enabler for the OzonAction programme to meet the needs of the developing countries and to implement the Executive Committee endorsed work plans and business plans for the national phase out of ODS. OzonAction has a long-standing tradition of partnering with institutions, entities and individuals of many kinds – governments, the wider UN family, other intergovernmental organizations, NGOs, Private Sector companies, corporate foundations, media organizations, parliamentarians, and many other specialized networks in UNEPs field of activities. Since 2012 OzonAction has entered into 238 partnership agreements (2014 - 81 contracts; 2013 - 70 contracts; 2012 - 87 contracts).

OzonAction Branch established an internal mechanism in May 2013 and finalised 26 June 2013 to ensure that there is no duplication of CAP services. Guidelines on the in-depth review process for contractual arrangements were provided to all staff. All requests for proposed partnerships with countries and institutions through contractual agreements (CAP and or country ODS projects) are now reviewed by the Network and Policy Manager and the Financial Monitoring Officer, and cleared by the Head of Branch prior to signature. The review comprises both substantive and financial aspects, takes into account Executive Committee decisions and follows the principles of cost effectiveness in programme delivery, mindful of not duplicating CAP services. Further information on the internal accountability framework and workflow for approvals was provided in supporting documents and examples.

As per UNEP’s Business Plan approved by the Executive Committee, the OzonAction Branch organizes its annual Compliance Advisory Group (CAG) meeting to seek guidance and strategic advice from key experts including the Multilateral Fund Secretariat, Ozone Secretariat, Implementing Agencies and selected Article 5 countries on the future priorities for the programme. A Partnerships paper was included as Annex 1F to the 2015 CAP Work Programme and Budget submitted to the 73rd Executive Committee meeting and subsequently endorsed through Decision 73/53 (UNEP/OzL.Pro/ExCom/73/30). This will continue henceforth in all CAP submissions.

Additionally, the specific agreement referenced in the Audit Report has since been terminated by UNEP. The administrative staff in the programme fully provide all administrative functions and support to activities and regional capacity building workshops. As per their functions, these latter staff also travel to workshops to ensure logistical support.

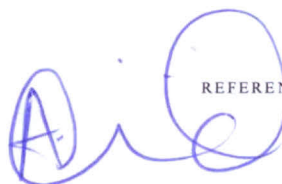
Based on the actions taken and the supporting documents provided, the Recommendation 7 was closed.

TO: Mr. Christophe Bouvier, Director,
A: Office for Operations and Corporate Services,
United Nations Environment Programme

DATE: 28 May 2015

FROM: Agness Chilinda, Chief, Nairobi Audit Section
DE: Internal Audit Division, OIOS

REFERENCE: IAD:GEN (004/2015)



SUBJECT: **Status of oversight recommendations for the OzonAction Branch**
OBJET:

1. Reference is made to your request for a confirmation of the status of the oversight recommendations for the OzonAction Branch.
2. Please be informed that as at 28 May 2015, all recommendations for the OzonAction Branch were closed in the OIOS database.
3. Should you require any further clarification, please do not hesitate to contact us.
4. Thank you

cc: Mr. Gurpur Kumar, Deputy Director, Internal Audit Division, OIOS