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执行蒙特利尔议定书
多边基金执行委员会
第八十八次会议
2021年11月15日至19日，蒙特利尔¹

增编

秘书处的活动

内部监督事务厅（OIOS）对多边基金的审计

背景

1. 作为多边基金两名前任主任制定的标准离职程序的一部分，主任请环境署在他退休离职前，对基金秘书处促进执行委员会的工作进行审计。应这一要求，内部监督事务厅（OIOS）对执行蒙特利尔议定书多边基金秘书处（“基金秘书处”）进行了审计，受到审计的时间为2018年1月至2020年12月。根据监督厅的规定，审计的目的是评估基金秘书处提供的服务的治理能力、风险管理和控制程序是否充分和有效。它涵盖与以下各方面相关的风险领域：战略规划、绩效管理和财务管理。

2. 审计于2021年1月至5月进行。使用的方法包括访谈关键人员；审查相关文件；对“团结”项目²的数据进行分析审查；对交易进行抽样测试。由于COVID-19大流行加诸的各种限制，审计小组无法前往基金秘书处所在地加拿大蒙特利尔开展工作。因此，除了“团结”项目中的数据以及举行一些在线会议之外，审计小组还依赖基金秘书处提供的信息和文件。审计工作依照《国际内部审计专业实务准则》进行。

¹ 由于2019年冠状病毒病（COVID-19），将于2021年11月和12月举行在线会议和闭会期间批准程序。

² 联合国的企业资源规划系统。

审计结果

3. 在审计结束时，监督厅提出以下六项建议，它们被归类为“重要”建议³，需要基金秘书处（五项建议）和作为多边基金财务主管的环境署（一项建议）加以处理：

- (a) 提请执行委员会注意需要进一步加强衡量其性别平等主流化活动成果的绩效指标；
- (b) 提请执行委员会注意需要制定企业风险管理框架以更有效地识别、评估和管理风险；
- (c) 提请执行委员会注意需要更有效地分析项目执行遭到延误的根本原因，并采取整改行动解决系统性问题；
- (d) 提醒执行机构务必遵守执行委员会关于项目完成和报告的决定；
- (e) 执行其行动计划，解决项目财务结算拖延超过执行委员会规定的 12 个月期限以上的问题；和
- (f) 制定一项行动计划，以解决与执行蒙特利尔议定书多边基金有关的长期拖欠预付款的问题并解决这些问题。

4. 在仔细考虑了这些建议并与审计小组进一步讨论后，主任代表基金秘书处接受了审计员的建议、作出了评论并表示到 2021 年 12 月 31 日所有六项建议都将得到处理。

5. 联合国环境规划署执行蒙特利尔议定书多边基金秘书处的审计报告附在本文件之后。

为处理审计建议采取的行动

6. 表 1 载列基金秘书处（建议 1 至 5）和财务主任（建议 6）对六项建议中的每一项建议向监督厅作出的评论、自审计完成后所采取的行动以及相关日期。根据既定程序，基金秘书处将向环境署通报各项建议的执行情况，以便其正式要求监督厅审结这些建议。

表 1. 对监督厅报告提出的各项建议作出的评论和采取的行动

建议	作出的评论和采取的行动
1. 基金秘书处应提请执行委员会注意需要进一步加强衡量其性别平等主流化活动成果的绩效指标。	在审计期间，基金秘书处通知审计员，得到多边基金支持的项目的性别平等主流化政策已在执行委员会第八十四次会议获得批准。在该政策获得通过后，所有在第八十五次会议之后提交的项目都提到性别平等政策的执行情况，包括在若干情况下，提及依照性别平等政策拟议采取的活动的指标和成果以及取得的成就。在考虑了这些信息之后，审计员认为仍应在他们的报告中保留建议 1。

³ 根据监督厅的分类，“重要建议”处理需要管理层及时关注的风险问题；对其不采取行动可能对本组织产生高度或中度的不利影响。“关键建议”处理需要管理层立即关注的风险问题；对其不采取行动可能对本组织产生严重或重大的不利影响。

建议	作出的评论和采取的行动
	<p>在处理建议 1 时，基金秘书处于 2021 年 11 月 12 日正式发函双边和执行机构，告知它们需要进一步加强衡量性别平等主流化活动成果的绩效指标，并在未来的项目提案中根据指标提出报告。</p> <p>执行委员会还不妨注意到，秘书处将根据第 84/92 号决定 (e) 段的规定，审查性别平等主流化业务政策的执行情况，并将编制报告供第八十九次会议审议。报告将提及各机构用于衡量项目提案内性别平等主流化活动取得的成果所用的绩效指标。</p>
<p>2. 基金秘书处应提请执行委员会注意需要制定企业风险管理框架以更有效地识别、评估和管理风险。</p>	<p>在审计期间，基金秘书处告知审计员，它已咨询各执行机构是否已制定并实施了企业风险管理 (ERM) 框架；这些机构确认，它们都已制定并实施了自己的机构风险管理框架。</p> <p>执行委员会不妨注意到，环境署目前正依照秘书长 2011 年 5 月通过的联合国秘书处企业风险管理和内部控制政策和框架，实施其制定企业风险管理⁴框架的计划，因此，该企业风险管理框架将与问责框架、内部控制框架、权力下放和基于结果的管理相关联。</p> <p>在处理建议 2 时，基金秘书处将遵循环境署关于此事的相关政策和安排，包括指定两名工作人员作为企业风险管理联络人。</p>
<p>3. 基金秘书处应提请执行委员会注意需要更有效地分析项目执行遭到延误的根本原因，并采取整改行动解决系统性问题。</p>	<p>在审计期间，基金秘书处通知审计员，项目执行遭到延误的原因不断在以下会议文件中提请执行委员会注意：</p> <ul style="list-style-type: none"> • 对有具体报告要求的项目提出的报告，其中说明延误的原因并建议有关国家政府和/或双边和执行机构采取整改措施； • 实施付款的拖延，其中分析了到期但未提交相关会议的多年期协定的各个项目的每一次付款、拖延的原因、对该国履行《蒙特利尔议定书》义务的影响和整改行动； • 进度报告，在编制该报告时，秘书处与每个有实施拖延的项目的相关机构进行详细讨论，并提出整改措施。 <p>在考虑了上述文件所载的信息后，审计员认为仍应在他们的报告中保留建议 3。</p> <p>在处理建议 3 时，基金秘书处于 2021 年 11 月 12 日正式发函双边和执行机构，要求它们进一步扩大对拖延项目实施的根本原因进行分析，并提供进一步证据表明正在采取行动解决系统性问题。这些行动将反映在解决拖延项目实施的相关会议文件中。</p>

⁴ 企业风险管理 (ERM) 有助于制定有效的战略决策，因为它为管理层提供了充分了解风险根源和设计因应战略的工具。企业风险管理已成为一种规范化的结构方法，它使战略、流程、人员、技术和知识保持一致，目的是评估和管理组织在追求达成其目标时面临的不确定性。

建议	作出的评论和采取的行动
<p>4. 基金秘书处应提醒执行机构进一步加强遵守执行委员会关于项目完成和报告的决定。</p>	<p>在审计期间，基金秘书处通知审计员，在每次执行委员会会议举行之前，基金秘书处都会与双边和执行机构举行机构间协调会议（IACM）。在这些会议期间，就相关事项进行广泛讨论，包括项目完成和报告情况。</p> <p>由于与双边和执行机构进行了讨论，未提交报告的数量已经减少（在已完成的 208 个多年期项目中，只有 9 个项目未提交报告；在已完成的 1,856 个单独项目中，只有 3 个项目未提交报告；在已完成的 1,234 个非投资项目中，只有 13 个项目未提交报告）。</p> <p>在考虑了这些信息之后，审计员认为仍应在他们的报告中保留建议 4。</p> <p>在处理建议 4 时，基金秘书处于 2021 年 11 月 12 日正式发函双边和执行机构，提醒它们需要进一步加强遵守执行委员会关于项目完成和报告的决定。</p> <p>执行委员会还不妨注意到，基金秘书处将在机构间协调会议期间和讨论相关会议文件时与双边和执行机构讨论此事。</p>
<p>5. 基金秘书处应执行行动计划的要素，以解决项目财务结算拖延超过执行委员会规定的 12 个月期限以上的问题。</p>	<p>在审计期间，基金秘书处通知审计员，自第二十八次会议以来，处理项目结算的行动计划的要素已经到位，并自那时起一直都在实施。具体而言：</p> <ul style="list-style-type: none"> • 对已完成业务的项目进行密切监测，直到项目的财务结算结束并将余额退还给多边基金； • 对财务结算超过 12 个月期限的项目，基金秘书处与相关机构讨论拖延的原因和商定完成的日期，并相应地就此通知执行委员会；和 • 向执行委员会的每次会议提交有关资源余额和数额的报告，同时提供已完成的项目财务结算和退还资金的信息。 <p>审计员在他们的报告中提到基金秘书处注意到项目的财务结算问题是执行委员会的一个主要关注问题。因此，执行委员会已通过若干具体决定。基金秘书处与双边和执行机构定期进行讨论，并制定行动计划，使完成的项目可以在财务上进行结算。由于这些努力，自 2018 年以来，总共向多边基金退还了 3,210 万美元。这些资金已被重新规划，用于第 5 条国家的其他淘汰活动。</p> <p>在考虑了这些信息之后，审计员认为仍应在他们的报告中保留建议 5。</p> <p>在处理建议 5 时，基金秘书处于 2021 年 11 月 12 日正式发函双边和执行机构，提醒它们严格执行自第二十八次会议以来制定的行动计划的所有要素并遵守所有后续决定，并在执行委员会规定的 12 个月期限内财务上结算所有项目。</p>

建议	作出的评论和采取的行动
6. 环境署应制定一项行动计划, 以解决与执行蒙特利尔议定书多边基金有关的长期拖欠预付款的问题并解决这些问题。	在处理建议 6 时, 财务主任表示, 它一直与联合国内罗毕办事处和联合国总部密切合作, 根据执行机构的年度支出报告抵消 2015 年以后的长期未清预付款。这项工作还将涵盖 2015 年作出的一次性调整, 以纠正一些机构从《联合国系统会计准则 (UNSAS)》转换为《国际公共部门会计准则 (IPSAS)》时的开支记录。

建议

7. 谨请执行委员会:

- (a) 注意到 UNEP/OzL.Pro/ExCom/88/2/Add.1 号文件所载内部监督事务厅 (OIOS) 进行的联合国环境规划署执行蒙特利尔议定书多边基金秘书处的审计报告 (任务编号: AA2021-220-01);
- (b) 注意到基金秘书处和财务主任已采取具体行动处理上文 (a) 分段提及的报告所载的 6 项建议;
- (c) 请基金秘书处、财务主任以及双边和执行机构执行监督厅提出的建议, 并在相关的会议文件中列入这方面的信息; 和
- (d) 请基金秘书处通过环境署执行主任向监督厅通报, 执行委员会已适当考虑了监督厅报告所载的建议, 并注意到基金秘书处、财务主任和双边和执行机构已采取行动解决这些问题。

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. Inger Andersen, Executive Director
A: United Nations Environment Programme

DATE: 29 October 2021

REFERENCE: OIOS-2021-01593

THROUGH: *for* Fatoumata Ndiaye, Under-Secretary-General
for Internal Oversight Services

FROM: Eleanor T. Burns, Director
DE: Internal Audit Division, OIOS

SUBJECT: **Report 2021/049 on an audit of the United Nations Environment Programme Secretariat for
the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No.
AA2021-220-01)**

1. Please find attached the final report on the above-mentioned audit.
2. Kindly note that OIOS will follow up on the progress made to implement its recommendations and will regularly report on the status of implementation through its online dashboard, as well as through annual and other reports to the Secretary-General and the General Assembly.
3. Please also note that OIOS will post a complete version of the final report on its website 30 days after its issuance in line with General Assembly resolution 69/253.
4. OIOS wishes to express its appreciation to the management and staff of UNEP for the assistance and cooperation extended to the auditors during this assignment.

cc: Ms. Joyce Msuya, UNEP
Mr. Eduardo Ganem, UNEP
Mr. Arnold Kreilhuber, UNEP
Ms. Sonja Leighton-Kone, UNEP
Ms. Elisabeth Turnbull Brown, UNEP
Ms. Anjana Das, United Nations Board of Auditors
Mr. Uren Pillay, Joint Inspection Unit
Mr. Moses Bamuwamye, IAAC
Mr. Zachary Ikiara, DMSPC



INTERNAL AUDIT DIVISION

REPORT 2021/049

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

**The audit indicated that some controls over
project management need to be strengthened**

29 October 2021

Assignment No. AA2021-220-01

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (hereafter referred to as “the Fund Secretariat”). The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the Fund Secretariat. The audit covered the period from January 2018 to December 2020 and included a review of: (a) strategic planning and performance management; and (b) financial management.

The audit indicated that some controls over project management need to be strengthened.

OIOS made six recommendations. To address the issues identified in the audit, the Fund Secretariat and UNEP needed to:

- Bring to the attention of the Executive Committee the need to further enhance performance indicators that measure the achievement of outcomes of its gender mainstreaming activities;
- Bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks;
- Bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues;
- Remind implementing agencies to ensure compliance with the Executive Committee’s decisions on project completion and reporting;
- Implement its action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee; and
- Develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.

The Fund Secretariat and UNEP accepted the recommendations and have undertaken to implement them.

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Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (hereafter referred to as “the Fund Secretariat”).
2. The “Montreal Protocol on Substances that Deplete the Ozone Layer” is a global agreement to protect the Earth’s ozone layer by phasing out both the production and consumption of chemicals (ozone-depleting substances) that deplete it. The Parties to the Montreal Protocol (the Parties) signed the landmark agreement in 1987 and it entered into force in 1989. In 2016, the Parties agreed to control an additional group of chemicals with high-global warming values even though they were not ozone depleting.
3. The Parties established a mechanism, which includes the Multilateral Fund, for the purposes of providing financial and technical co-operation, including the transfer of technologies, to Article 5 countries (developing countries) to allow their compliance with the control measures set out in the Montreal Protocol following an agreed schedule.
4. The Multilateral Fund operates under the authority of the Parties who decide on its overall policies. The key elements of the Fund are: (a) the Parties; (b) Executive Committee; (c) Fund Secretariat; (d) implementing agencies; and (e) the Treasurer.
5. The Executive Committee is established to develop and monitor the implementation of specific operational policies, guidelines, and administrative arrangements, including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund. It is comprised of members from seven non-Article 5 countries and seven Article 5 countries. It reports every year to the Meeting of the Parties.
6. The Fund Secretariat, which is administratively linked to UNEP and located in Montreal, is headed by the Chief Officer who reports to the Executive Committee. The Fund Secretariat assists the Executive Committee in the discharge of its functions.
7. The Multilateral Fund’s activities are implemented by four implementing agencies and a few bilateral agencies. The implementing agencies were the United Nations Development Programme, the United Nations Industrial Development Organization, the World Bank, and UNEP.
8. During the period 2018-2019, the Executive Committee approved 498 projects with a total budget of \$177.9 million. The project activities included preparatory work, investments, technical assistance, and training.
9. The Fund Secretariat’s budget was about \$7.5 million per year during 2018 to 2020. As of 31 December 2019, it had 14 professional staff including the Chief Officer (D-2), and 10 General Service staff.
10. Comments provided by the Fund Secretariat and UNEP are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

11. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the Fund Secretariat.
12. This audit was included in the 2021 risk-based work plan of OIOS due to the risk that potential control weaknesses in the provision of services by the Fund Secretariat could have an adverse impact on the achievement of its objectives.
13. OIOS conducted this audit from January to May 2021. The audit covered the period from January 2018 to December 2020. Based on an activity-level risk assessment, the audit covered risk areas relating to: (a) strategic planning and performance management; and (b) financial management.
14. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data from Umoja; and (d) sample testing of transactions. Due to the COVID-19 pandemic, the audit team was unable to travel to Canada. Therefore, the team relied on information and documentation provided by the Fund Secretariat, in addition to data in Umoja.
15. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Strategic planning and performance management

Results-based business plans were developed and monitored

16. The Multilateral Fund's strategic planning framework involves preparation of three-year rolling business plans to achieve specific results in support of the Montreal Protocol. The business plans, containing work plans and budgets, had Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) performance indicators and targets. The targets were agreed between the Fund Secretariat and implementing agencies after several discussions. The performance indicators covered planning, implementation, and administrative activities.
17. Annually, implementing agencies prepared progress reports that compared actual performance with the targets agreed in business plans. The Fund Secretariat consolidated the progress reports and forwarded them to the Executive Committee for consideration, approval and follow up action where necessary. Such action included recommendations for more efficient and effective project implementation as well as addressing emerging challenges.

Impact of gender mainstreaming needs to be assessed

18. The Multilateral Fund promoted gender mainstreaming in projects that it funded. According to its operational policy, a gender-sensitive approach should be applied in the design and implementation of Multilateral Fund-supported projects. Also, the reporting, monitoring and evaluation systems should include tracking of results of gender-mainstreaming activities.
19. To facilitate gender mainstreaming, the Multilateral Fund identified priority areas and related performance indicators such as the following:

- (a) Number of specific gender assessments undertaken;
- (b) Number of trainings focusing on gender issues;
- (c) Number of reports/knowledge products prepared that include reflections on gender;
- (d) Number of gender-specific project content disseminated; and
- (e) Number of specific events that focused on gender within the context of Fund-supported projects.

20. These performance indicators were useful for tracking activities to be undertaken, as well as the related outputs. However, they did not include specific and measurable indicators of results to be achieved upon completion of the planned activities. An example of measurable indicators could be the proportion of women involved in the Multilateral Fund's projects. Without specific indicators of outcomes, the Multilateral Fund would be unable to assess the impact of its gender mainstreaming activities.

(1) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.

The Fund Secretariat accepted recommendation 1 and stated that the operational policy on gender mainstreaming for Multilateral Fund-supported projects was approved by the Executive Committee at its 84th meeting (November 2019). Immediately after the adoption of the policy, all projects submitted from the 85th meeting onwards have included reference to the implementation of the gender policy including, in several cases, indicators and outcomes of the activities being proposed as well as achievements, in line with the gender policy. In addressing this recommendation, the Secretariat will inform the bilateral and implementing agencies of the need to further enhance performance indicators that measure the achievement of outcomes of gender mainstreaming activities in future project proposals. Recommendation 1 remains open pending receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to further enhance performance indicators for gender mainstreaming activities.

Need to develop risk management framework

21. In the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25), enterprise risk management (ERM) is defined as a comprehensive process designed to identify, assess and respond to risks, including fraudulent acts, that could affect the ability of the Secretariat to effectively achieve its mandates and objectives.

22. According to ST/IC/2016/25, every manager is responsible for identifying and mitigating the risks that might affect the operations under his or her responsibility. Systematic fraud risk assessments should be undertaken in accordance with the Secretariat's ERM and internal control policy and methodology. Such analysis should include known fraud risk factors, potential fraud schemes, control gaps, red flag identification and mapping.

23. There was no evidence that the Fund Secretariat had developed a formal framework for ERM. The Fund Secretariat received confirmation from implementing agencies A and B that they used ERM frameworks, while agency C was in the process of developing an ERM framework. There was no indication whether agency D had ERM in place.

24. The Fund Secretariat manages significant financial resources and is exposed to various risks. Therefore, development of an ERM framework is essential to strengthen its capacity to identify, assess, and manage risks.

(2) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks.

The Fund Secretariat accepted recommendation 2 and stated that it will be part of the UNEP enterprise risk management roll-out and will follow relevant policies and arrangements on this matter. Recommendation 2 remains open receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to develop an ERM framework.

Evaluation work plans were prepared and monitored

25. The Senior Monitoring and Evaluation Officer of the Multilateral Fund conducted evaluation activities in accordance with approved work plans. At the time of the audit, 4 out of 5 (80 per cent) and 1 out of 4 (25 per cent) of evaluations planned for 2019 and 2020, respectively, had been completed. The Fund Secretariat presented the evaluation reports to the Executive Committee and the reports were available to stakeholders on the Multilateral Fund's website. The Executive Committee monitored the implementation of the evaluation work plans and used evaluation reports to inform its decisions.

B. Financial management

Contributions from parties were generally collected in a timely manner

26. UNEP provided treasury services to the Fund in accordance with the agreement signed with the Executive Committee. Key services included collection of contributions and pledges from Parties, disbursement of funds to implementing partners, maintenance of financial records, and annual reporting to the Executive Committee.

27. Generally, non-Article 5 Parties remitted contributions to the Multilateral Fund on time. According to the Treasurer's report on status of contributions and disbursements, as of 31 December 2019, \$483.4 million out of \$497.4 million (or 97 per cent) of the total pledges for 2018 to 2020 had been received. Notably, by that date, 40 non-Article 5 Parties had already paid 96 per cent of their 2020 dues.

28. Nevertheless, some contributions had remained outstanding for a long time. For the period 1991 to 2020, a total of \$154.5 million in contributions was outstanding. This was mainly owed by certain Countries with Economies in Transition that had not settled \$127.7 million (or 83 per cent of outstanding contributions). The Executive Committee decided to pursue the matter through discussions and meetings of the Parties.

Need for root cause analysis of delays in project implementation

29. The annual consolidated progress reports to the Executive Committee highlight projects with implementation delays. There were delays in project completion averaging 22 months as of 31 December 2019. As of that date, there were 770 delayed projects with 94 projects subject to cancellation. The average delays per agency were 38 months for agency A, 15 months for agency B, 19 months for agency C, and 26 months for agency D.

30. According to the progress reports for the period 2016 to 2019, projects were delayed during each year due to the following reasons:

- (a) Agreements had not been signed.
- (b) A national ozone officer was not in place.
- (c) Lack of financial progress reports.
- (d) Delayed procurement process.
- (e) Lack of availability of alternative technologies in local markets.
- (f) Security related issues at the country level.
- (g) Low disbursement rates of approved funds.
- (h) Required an extension of planned completion dates.

31. The progress reports did not provide root cause analysis for the delays recurring each year, or the actions taken to prevent recurrence. Furthermore, even though the COVID-19 pandemic broke out worldwide only in early 2020, an implementing agency attributed delays in the implementation of four projects in 2019 to the pandemic.

32. The current delays of 38 months or three years for agency A and 26 months or two years for agency D appear to be high. The Fund Secretariat needs to conduct a more systematic analysis of the underlying root causes for the delays to enable prevention of such delays in future.

(3) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.

The Fund Secretariat accepted recommendation 3 and noted that causes for delays in project implementation were continuously brought to the attention of the Executive Committee in the meeting documents. In addressing this recommendation, the Fund Secretariat will continue working with bilateral and implementing agencies to expand further on the root cause for delays in project implementation and provide further evidence that actions are being taken to address the systemic issues. These actions will be reflected in the relevant meeting documents addressing delays in project implementation. Recommendation 3 remains open pending receipt of evidence of root cause analysis and actions taken to address the systemic issues.

Need to finalize project completion reports in a timely manner

33. The Executive Committee, in its 24th meeting of 16 May 1998, decided that implementing agencies submit project completion reports (PCR) six months after the completion of projects. PCRs, including lessons learned, were to be available online on the Fund's website. OIOS noted the following:

- (a) Out of 2,973 completed investment projects, PCRs for 1,143 projects (or 38 per cent) were not available on the Fund's website at the time of the audit. Consequently, important information such as lessons learned were not accessible online.
- (b) PCRs for 43 projects remained outstanding for between 2 and 17 years after the actual completion date.

34. Non-completion or lengthy delays in completion of PCRs could impair the effectiveness of performance reporting and oversight.

(4) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to ensure compliance with the Executive Committee's decisions on project completion and reporting.

The Fund Secretariat accepted recommendation 4 and stated that twice a year (prior to each of the two annual meetings of the Executive Committee), the Secretariat hosts inter-agency coordination meetings (IACMs) with the bilateral and implementing agencies. The Secretariat's discussions with the agencies on this matter had resulted in the completion of projects and submission of relevant reports, reducing the number of outstanding reports (For example: only 9 reports for multi-year projects out of 208 that have been completed remain outstanding; only 3 for individual projects out of 1,856 that have been completed remain outstanding; and 13 for non-investment projects out of 1,234 that have been completed remain outstanding). In addressing this recommendation, the Secretariat will continue discussing this matter with bilateral and implementing agencies during the IACMs and when discussing relevant documents to be submitted for consideration by the Executive Committee, will remind them of the need to further enhance compliance with the Executive Committee's decisions on project completion and reporting. Recommendation 4 remains open pending receipt of evidence that the Fund Secretariat has reminded implementing agencies to enhance compliance with the Executive Committee's decisions on project completion and reporting.

Need to address delays in financial closure of projects

35. According to Executive Committee decisions, implementing agencies should financially close projects within 12 months after their operational closure.

36. There were delays ranging from one to ten years in financial closure of projects. As many as 253 out of 753 projects (33 per cent) that were financially completed in 2018 and 2019 exceeded the 12-month target for closure. On average, projects took about 24 months to be financially closed after their operational completion. Annual progress reports to the Executive Committee did not include reasons for the delays and mitigation actions taken.

37. The Fund Secretariat noted that the issue of financial closure of projects is a major concern for the Executive Committee. Therefore, several specific decisions have been adopted by the Committee and the Fund Secretariat has regular discussion with bilateral and implementing agencies and developed an action plan so that projects that have been completed can be financially closed. As a result of these efforts, a total of \$32.1 million has been returned by the agencies to the Multilateral Fund since 2018. These funds have been reprogrammed for additional phase-out activities in Article 5 countries.

(5) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement its action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee.

The Fund Secretariat accepted recommendation 5 and noted that an action plan has been in place since the 28th meeting, and the following elements have been implemented since then: (a) operationally completed projects are closely monitored until they are financially closed and balances are returned to the Fund; (b) for projects whose financial closure has gone beyond the twelve-month limit, the Secretariat discusses with the relevant agency the reasons for such delays and agrees on a completion date and informs the Executive Committee accordingly; (c) at each meeting of the Executive Committee the Secretariat presents a report on balances and availability of resources, providing information on the financial closure and the return of funds of completed projects. As a result, since the inception of the Multilateral Fund, \$423.4 million has been returned as balances from completed projects. In addressing this recommendation, the Secretariat will continue working with the bilateral and implementing agencies on this matter, remind them of the action plan in place, and reiterate the need for strict compliance with it. Recommendation 5 remains open pending receipt

of evidence that the Secretariat has implemented its action plan to address the delays in financial closure of projects.

Need to address long outstanding advances

38. The Multilateral Fund had significant long outstanding advances amounting to \$224 million as of 31 December 2020 according to data extracted from Umoja (see Table 1 below).

Table 1: Long outstanding advances in Umoja as of 31 December 2020

Category/ Year	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)	Total (\$)
Implementing partners	(10,553,068)	53,750,806	41,060,727	29,777,468	110,413,583	224,449,516
Other payables	(328,337)			(48,873)		(377,210)
Staff and individual advances	623		2,857			3,480
Totals	(10,880,783)	53,750,806	41,063,584	29,728,595	110,413,583	224,075,785

39. During the audit, UNEP, as the Treasurer, undertook to liaise with the United Nations Office at Nairobi to obtain details of these advances and act accordingly.

(6) UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.

UNEP accepted recommendation 6 and stated that the Treasurer is closely working with the United Nations Office at Nairobi and United Nations Headquarters to offset old advances against annual expense reports received from the implementing agencies. This will cover a one-off adjustment made in 2015 to rectify the expense records of some implementing agencies when they converted from United Nations System Accounting Standards to International Public Sector Accounting Standards. Recommendation 6 remains open pending receipt of evidence that long outstanding advances have been reviewed and addressed appropriately.

Agency support costs were paid in accordance with Executive Committee decisions

40. As of 31 December 2019, the Executive Committee had approved payment of agency support costs totaling \$384 million. OIOS' review showed that for 2018 and 2019, the Multilateral Fund paid agency support costs of \$119 million to implementing agencies in accordance with Executive Committee decisions. The Executive Committee had approved an amount of \$124 million for the agencies, and the Treasurer retained \$5 million for adjustments such as interest earned on funds kept by the agencies.

Five-year lease of office premises was entered into in 2019

41. Lease of office premises for the Fund Secretariat was the most significant procurement activity undertaken during the period under review. The lease was for up to Canadian Dollars 8.8 million (about \$7.4 million) for a period of five years, with an option for a five-year extension up to 31 December 2029. The Headquarters Committee on Contracts approved the lease on 20 September 2019.

IV. ACKNOWLEDGEMENT

42. OIOS wishes to express its appreciation to the management and staff of UNEP for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.	Important	O	Receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to further enhance performance indicators for gender mainstreaming activities.	31 December 2021
2	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks.	Important	O	Receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to develop an ERM framework.	31 December 2021
3	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.	Important	O	Receipt of evidence of root cause analysis and actions taken to address the systemic issues.	31 December 2021
4	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to ensure compliance with the Executive Committee's decisions on project completion and reporting.	Important	O	Receipt of evidence that the Fund Secretariat has reminded implementing agencies to enhance compliance with the Executive Committee's decisions on project completion and reporting.	31 December 2021
5	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement its action plan to address the delays in	Important	O	Receipt of evidence that the Secretariat has implemented its action plan to address the delays in financial closure of projects.	31 December 2021

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNEP and the Fund Secretariat in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

6	financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee. UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.	Important	O	Receipt of evidence that long outstanding advances have been reviewed and addressed appropriately.	31 December 2021
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APPENDIX I

Management Response

Memorandum

To: **Ms. Eleanor T. Burns,**
Director, Internal Audit Division
Office of Internal Oversight Services

Date **22 October 2021**

From: **Inger Andersen** 
**Executive Director, United Nations Environment
Programme (UNEP)**

Reference **UNE-2021-01997-
MLF**

Subject: **Draft report on an audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No. AA2021-220-01)**

1. This memo refers to the draft report on an audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No. AA2021-220-01).
2. Management has reviewed the draft report and I am happy to say that all recommendations are accepted.
3. Please find attached the Management Response (Appendix I) for you to include in the final draft of the report.
4. The Management Response includes an action plan with target dates and the titles of the individuals responsible for implementing the recommendations.

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	The operational policy on gender mainstreaming for Multilateral Fund-supported projects was approved by the Executive Committee at its 84 th meeting (November 2019). Immediately after the adoption of the policy, all projects submitted from the 85 th meeting onwards have included reference to the implementation of the gender policy including, in several cases, indicators and outcomes of the activities being proposed as well as achievements, in line with the gender policy. In addressing this recommendation, the Secretariat will inform the bilateral and implementing agencies of the need to further enhance performance indicators that measure the achievement of outcomes of gender mainstreaming activities in future project proposals.
2	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	The Secretariat is part of UNEP enterprise risk management roll-out and will follow relevant policies and arrangements on this matter.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	<p>an enterprise risk management framework for more effective identification, assessment, and management of risks.</p> <p>The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.</p>	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	<p>The Secretariat notes that it cannot be responsible for the implementation of the enterprise risk management of the implementing agencies and the Treasurer (i.e., UNDP, UNEP as implementing agency and as Treasurer, UNIDO and the World Bank). During the period when the audit was being conducted, the Secretariat consulted with the implementing agencies on this matter and confirmed that they have in place and apply their own enterprise risk management, in accordance with the UN/ other relevant rules and procedures.</p> <p>The Secretariat notes that causes for delays in project implementation are continuously brought to the attention of the Executive Committee in <i>inter alia</i> the following meeting documents:</p> <ul style="list-style-type: none"> • “Report on projects with specific reporting requirements”, which presents the reasons for delays and proposes corrective actions by the Governments of the countries concerned and/or the bilateral and implementing agencies; • “Tranche implementation delays”, which presents an analysis of each of the tranches of multi-year

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to further enhance compliance with the Executive Committee's decisions on project completion and reporting.	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	<p>agreement projects that are due but not submitted to the meeting concerned, the reasons for the delays, the impact on compliance with the countries' obligations under the Montreal Protocol, and corrective actions;</p> <ul style="list-style-type: none"> • "Progress reports", during preparation of which, the Secretariat discusses each project with implementation delays in detail with the relevant agency, and proposes corrective measures. <p>In addressing this recommendation, the Secretariat will continue working with bilateral and implementing agencies to expand further on the root cause for delays in project implementation and provide further evidence that actions are being taken to address the systemic issues. These actions will be reflected in the relevant meeting documents addressing delays in project implementation.</p> <p>Twice a year (prior to each of the two annual meetings of the Executive Committee), the Secretariat hosts inter-agency coordination meetings (IACMs) with the bilateral and implementing agencies. During these meetings, extensive discussions are</p>

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement the elements of	Important	Yes	Chief Officer, Multilateral	31 December 2021	held addressing relevant matters, including status of project completion and reporting. The Secretariat's discussions with the agencies on this matter, has resulted in the completion of projects and submission of relevant reports, reducing the number of outstanding reports (i.e., only 9 reports for multi-year projects out of 208 that have been completed, remain outstanding; only 3 for individual projects out of 1,856 that have been completed, remain outstanding; and 13 for non-investment projects out of 1,234 that have been completed, remain outstanding). In addressing this recommendation, the Secretariat will continue discussing this matter with bilateral and implementing agencies during the IACMs and when discussing relevant documents to be submitted for consideration by the Executive Committee, will remind them of the need to further enhance compliance with the Executive Committee's decisions on project completion and reporting. The Secretariat notes that the elements of an action plan has been in

APPENDIX I

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	<p>the action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee.</p>			<p>Fund Secretariat</p>		<p>place since the 28th meeting, and have been implemented since then:</p> <ul style="list-style-type: none"> Operational completed projects are closely monitored until the projects are financially closed and balances are returned to the Fund. For projects whose financial closure has gone beyond the twelve-month limit, the Secretariat discusses with the relevant agency the reasons for such delays and agrees on a completion date, and informs the Executive Committee accordingly. At each meeting of the Executive Committee the Secretariat presents a report on balances and availability of resources, providing information on the financial closure and the return of funds of completed projects. <p>As a result, since the inception of the Multilateral Fund, US \$423,436,408 has been returned as balances from completed projects.</p> <p>In addressing this recommendation, the Secretariat will continue working with the bilateral and implementing agencies on this matter, remind them of the action plan in place, and reiterate the need for strict compliance with it.</p>

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	<p>UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.</p>	<p>Important</p>	<p>Yes</p>	<p>Treasurer of the Multilateral Fund</p>	<p>31 December 2021</p>	<p>The Treasurer is closely working with UNON/UNHQ to offset old advances from 2015 onwards, against annual expense reports received from Implementing Agencies. This will also cover the one-off adjustment made in 2015, to rectify the expense record of some IAs when they converted from UNSAS to IPSAS. It does not; however, affect the reconciliation exercise of both the “Progress report” prepared by the Secretariat, as well as the reconciliation between the Treasurer and the Implementing Agencies. The progress of this exercise shall be reported before the end of 2021.</p>