



**AUDIT**

**OF**

**UNITED NATIONS OFFICE FOR SOUTH-SOUTH COOPERATION**

**Follow-up of OAI Report No. 1580 dated 24 February 2016 (Updated: 2 May 2016)**

**Report No. 1754**  
**Issue Date: 22 February 2017**



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**Report on Follow-up Audit of the United Nations Office for South-South Cooperation  
(Previous OAI Report No. 1580, 24 February 2016 (Updated: 2 May 2016))  
Executive Summary**

From 3 to 9 January 2017, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the United Nations Office for South-South Cooperation (the Office). This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the 'unsatisfactory' audit rating assigned by OAI in Report No. 1580 dated 24 February 2016 (updated: 2 May 2016). The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Audit scope and approach**

The follow-up audit reviewed the implementation of 16 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 January 2016 to 3 January 2017 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the Office in the Comprehensive Audit and Recommendation Database System (CARDS).

**Audit results**

Of the 16 audit recommendations, the Office, as well as the UNDP Bureau for Policy and Programme Support and the UNDP Office of Human Resources had fully implemented 15 and initiated action on 1.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	15	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16
In progress	1	11
Not implemented	-	-
Withdrawn	-	-
<b>Total</b>	<b>16</b>	

The detailed implementation status of the 16 recommendations has been updated by OAI in CARDS.

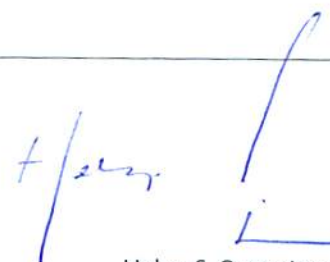
Section I summarizes the 15 recommendations that have been fully implemented and the 1 recommendation that is in progress.

OAI encourages the Office to continue to take appropriate actions to address the remaining recommendation. OAI will continue to monitor the progress of the implementation of the recommendation as and when updates are provided by the Office or the UNDP Office of Human Resources in CARDS.

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### Management comments and action plan

The Director, Office of Human Resources provided the revised implementation date for the outstanding recommendation.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', is written over a rectangular box. The signature is stylized and fluid.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations

## I. Details of recommendations in progress or implemented

Rec No.	Issue title	Recommendation	Implementation status reported by the Office	OAI assessment
1	Unclear accountability and reporting lines	<p><b>High (critical)</b></p> <p>The Office should work with UNDP and other partners on clarifying its accountability and reporting lines and on documenting the same for future reference. In this respect, the signature of a compact between the Office and UNDP would be worth considering while taking into account the legislative mandate.</p>	<p><b>Implemented</b></p> <p>The Director of the Office has worked closely with the senior management of UNDP and clarified the operational and programmatic arrangements with encompassed accountability and reporting lines at the operational level. This has been formalized through the issuance to the Director of a delegation of authority and delegation of procurement authority by UNDP. With respect to the relation with the G77, a new project document was negotiated that includes: (a) a clear description of the relationship; (b) deliverables related to the mandate of the office; (c) clarity in the institutional arrangements; and (d) revised governance and implementation agreements.</p> <p>The General Assembly High Level Committee for South-South Cooperation recognizes the need for UNDP and the United Nations Office for South-South Cooperation to clarify the management relationships and reporting lines, and to take immediate action to improve the transparency,</p>	<p><b>Implemented</b></p> <p>OAI concluded that the Office had made progress in terms of clarifying the reporting/accountability lines in relation to UNDP, including a new delegation of authority from the UNDP Administrator and a delegation of procurement authority from the Assistant Administrator and Director, Bureau for Management Services.</p> <p>In terms of the relationship with the High Level Committee and overall relationship with the General Assembly, the Office provided a March 2016 report by the Secretary-General on ways to enhance the work of the Office as well as a resolution (A/C.2/71/L.61) covering, at a high level, the role of the Office in the area of South-South Cooperation.</p> <p>In terms of the Office's relationship with the G77, the Office initiated a new project in relation to the support it provides to the G77. The project sets out some of the services to be provided by the Office to the Office of the Chair of the G77 Group.</p>

			<p>accountability, efficiency and effectiveness of the United Nations Office for South-South Cooperation, and acknowledges the steps taken by the United Nations Office for South-South Cooperation in this regard. In addition, the General Assembly approved, in January 2017, a resolution that further clarifies the status of the office building on the decisions of the High Level Committee, and also assigns to the Office the Secretariat function of the preparatory process of the Conference to commemorate the 40<sup>th</sup> anniversary of the Buenos Aires Plan of Action.</p>	
2	Inadequate organizational structure and personnel arrangements	<p><b>High (critical)</b></p> <p>The Office should perform a comprehensive review of its organizational structure, as well as of staffing and contractual arrangements of its personnel with a view to achieving a more streamlined and clearer distribution of functions and duties as well as enhancing effectiveness of operations.</p>	<p><b>Implemented</b></p> <p>A revised organizational structure has been designed by the Office and the organizational chart reflects a clearer distribution of functions and responsibilities. As may be necessary, staffing and contractual arrangements are being revised.</p>	<p><b>Implemented</b></p> <p>The Office undertook a review of its structure through a UNDP Management Consulting Team (MCT), which was completed in August 2016. The MCT report proposed a structure based on a clearer distribution of functions across the Office. The Office followed the advice.</p> <p>At the time of the follow-up audit, the Office had a transitional organizational structure that closely matched the approved MCT proposal. There were three vacant positions (Deputy Director - Partnerships, Chief, Latin America and Chief, Programme Support Unit). The Funds Specialist was the acting Chief of Programme Support Unit. Operational functions were handled by the Project Support Team, primarily the Operations Associate, the Programme Associate and the Funds Specialist.</p> <p>Even though the actions taken by the Office directly address the suggested actions of the recommendation, OAI noted that some of the issues identified in the original 2016 audit report, such as</p>

				the high number of individual contractors and senior staff positions (P5 and above) in relation to the size of the Office, were still in the process of being addressed by the Office and would require the continued effort of the Office going forward.
3	Inadequate implementation of the internal control framework	<p><b>Medium (important)</b></p> <p>The Office should revise the assignment of Atlas roles and align them with the UNDP internal control framework.</p>	<p><b>Implemented</b></p> <p>All Atlas staff roles have been assigned and are in line with the internal control framework. Evidence of all Atlas roles assigned was provided. A sample of delegations of authority was provided. A circular was sent to remind staff holding a senior manager 1 or 2 Atlas role that they should not approve a purchase order related to a requisition that was approved by them under their project manager role. The Programme Support Unit will monitor all transactions to ensure the above segregation of duties is maintained.</p>	<p><b>Implemented</b></p> <p>The Office revised its staff members' Atlas roles in line with the UNDP internal control framework and maintained these roles up-to-date throughout the various staff movements in 2016, as seen by a review of the Atlas roles in July 2016 and at the time of the follow-up audit.</p> <p>In terms of a potential conflict in segregation of duties identified by OAI during the recommendation follow-up in July 2016, the Office sent a reminder to staff regarding the correct handling of such cases (where a senior manager 1 or 2 may also approve a purchase order related to a requisition approved by them) and also appointed a staff member to monitor such cases to ensure that no conflicts arise.</p>
4	Lack of a resource mobilization strategy	<p><b>Medium (important)</b></p> <p>The Office should improve its resource mobilization efforts by:</p> <ul style="list-style-type: none"> <li>(a) Updating the mobilization strategy and communicating it to all Office personnel; and</li> <li>(b) Assigning the functions of resource mobilization and partnerships to a staff member.</li> </ul>	<p><b>Implemented</b></p> <p>In consultation with the Bureau for External Relations and Advocacy, the Office prepared a resource mobilization strategy. The resource mobilization strategy was finalized and shared with all Office staff for implementation.</p>	<p><b>Implemented</b></p> <ul style="list-style-type: none"> <li>(a) The Office prepared a new resource mobilization strategy that was approved in August 2016.</li> <li>(b) The resource mobilization strategy included 'priority outputs' and also identified lead / co-lead / support roles for each of the outputs.</li> </ul>

5	Corporate issue: Risk assessment tool not covering assessment of private non-profit organizations and 'UNDP Programme and Operations Policies and Procedures' not updated	<p><b>High priority</b></p> <p>The Bureau for Policy and Programme Support should enhance the assessment of private non-profit organizations by:</p> <ul style="list-style-type: none"> <li>(a) Updating the 'Risk Assessment Tool' and related guidance documents and/or as warranted, developing a policy, tool and guidelines tailored to cover non-profit organizations, non-governmental organizations, civil societies, high net worth individuals etc.); and</li> <li>(b) Clarifying the entities that are covered under the term private sector.</li> </ul>	<p><b>Implemented</b></p> <p><b>Status reported by the Bureau for Policy and Programme Support:</b></p> <ul style="list-style-type: none"> <li>(a) The 'Risk Assessment Tool' has been updated, changing the word "company" to "entity" and footnoting the definition of the private sector entity as per the UNDP Due Diligence Policy to secure consistency in terminology and expand applicability of the risk assessment to all relevant corporate actors.</li> <li>(b) The 'Risk Assessment Tool Guidelines' were revised to include specific guidance on how to assess risks related to private entities and the content is accessible in intranet.</li> </ul>	<p><b>Implemented</b></p> <p>The Bureau for Policy and Programme Support had updated the 'Risk Assessment Tool' template in the 'UNDP Programme and Operations Policies and Procedures' as well as corresponding guidelines to provide further clarity on the areas identified during the audit. This was completed in May 2016.</p>
6	Concerns regarding contributions from a donor	<p><b>High priority</b></p> <p>The Office should address the identified weaknesses with respect to the donor contribution by:</p> <ul style="list-style-type: none"> <li>(a) Reversing any outstanding amounts to the correct project and donor codes and processing any further expenses in line with the administrative protocol</li> </ul>	<p><b>Implemented</b></p> <ul style="list-style-type: none"> <li>(a) Follow-up was made with all providers and Country Offices that issued travel authorizations, and the final amount of expenditure incurred has been established at \$381,178.81 including General Management Services (GMS) costs. The Office expects no other charges and this amount is therefore final. These expenditures cover (1)</li> </ul>	<p><b>Implemented</b></p> <ul style="list-style-type: none"> <li>(a) The Office suspended the relevant project (#15786) following the administrative protocol set by UNDP and communications between UNDP's Office of Financial Resources Management and the Office.</li> <li>(b) Acting upon advice from the UNDP Legal Office in July 2016, the Office had not taken any additional action and awaited the resolution of the local authorities' prosecution related to individuals affiliated with the donor. The advice of the UNDP Legal Office remained the same at the time of the follow-up audit.</li> </ul>



		<p>agreed with the Office of Financial Resources Management; and</p> <p>(b) Agreeing with the Bureau for Management Services on an appropriate action with regards to the unspent balance of the donor's contribution.</p>	<p>\$130,912.15 in support to the Dhaka High-level Meeting held on 17-18 May 2015 and (2) \$250,266.66 to support the Macao High-level Multi-Stakeholder Strategy Forum held on 25-26 August 2015. Therefore, the resources balance from the donor's contribution and expenditures' amounts to \$1,118,801.19. Both the expenditure and the balance have been reviewed by the Office and UNDP and registered in an appropriate new project.</p> <p>(b) Communication with the Legal Office advised that pending the finalization of the prosecution by the local authorities, the Legal Office recommended that the status quo be maintained, i.e. the suspension of the relationship until UNDP has more information about what occurred and whether UNDP itself, or some other body or person, has a claim against the donor. In this context, the Office requests that this part of the recommendation (part b) to either be considered implemented or withdrawn.</p>	
<b>7</b>	Absence of overall programme and	<b>High (critical)</b>	<b>Implemented</b>	<b>Implemented</b>

	project management and supervision	The Office should assign at least one staff in the management team, other than the Director, to look after the overall management and supervision of its project portfolio.	The Office provided a memo from the Director to the Deputy Director formally reaffirming her role to look after the overall management and supervision of the Office's project portfolio.	The Director of the Office had appointed the Deputy Director (Programme and Operations) as the officer with overall programme and project management responsibilities.
8	Weaknesses within project management	<p><b>High (critical)</b></p> <p>The Office should improve its project management practices by:</p> <p>(a) Performing project initiation, appraisal (including risk assessment and implementing partner assessment), monitoring, reporting and evaluations in a systematic manner and in accordance with UNDP policies; and</p> <p>(b) Either closing or, if warranted, reformulating project nos. 15783 and 15786 with a view to have a full alignment with current UNDP practices and a clearer definition of responsibilities among the partners involved.</p>	<p><b>Implemented</b></p> <p>The Office is managing the project cycle in line with corporate standards. All initiatives approved since the audit recommendation have been reviewed accordingly.</p> <p>With respect to the projects recommended for closure, one of them has been operationally closed, and the other is being closed and replaced with a new project that will also clarify the relationship with the G77. This recommendation is implemented evidenced by the process that the Office has followed for the initiation of the new umbrella project.</p>	<p><b>Implemented</b></p> <p>OAI noted some improvements in the way new projects were set up. However, there were still weaknesses in project design and approval, as well as recurring weaknesses in the way existing projects were managed, particularly in relation to project monitoring and reporting. More specifically:</p> <p>(a) For the three new projects that were initiated in 2016 (# 95259, 97662 and 100806), there were discrepancies in the way project outputs, activities and assessment / measurement of results would take place. For projects 95259 and 97662, there were limited measurable objectives/results that would enable the Office to assess overall progress of the projects.</p> <ul style="list-style-type: none"> <li>Project 95259 was based on the outcomes set out in the Strategic Framework of the Office, which included some more specific output indicators, but these had not been reflected in the project document.</li> <li>Project 97662 had a 'risk analysis' section where some of the risks were set out; however, there was no ownership assigned to each risk and no clear actions to manage all risks.</li> <li>Project 100806 was UNOPS implemented. This was in contradiction with the guidance provided by the Office regarding project implementation modalities (i.e. that all new projects should be UNDP-implemented – see Recommendation 9 below). The management of the UNDP Bureau for Management Services indicated,</li> </ul>

				<p>through an email to OAI dated 21 February 2017, that UNOPS as the implementing partner for this project was UNDP's preferred option. UNDP would retain the full programmatic and financial accountability.</p> <ul style="list-style-type: none"> <li>Three projects (# 56623, 58020 and 74365) examined during the 2015 audit were revisited during the follow-up audit, as there had been weaknesses noted in the monitoring and reporting arrangements for those projects. For the first two projects, although there was reporting related to the project subjects and outputs (such as General Assembly briefings for project 56623 and trust fund reports for project 58020), there was no separate reporting on the progress of the projects themselves. In terms of the third project (74365), despite very specific/clear project monitoring and reporting requirements being set out in the project document (which was not the case for the other two projects), there was no project reporting available. The Office explained that there was no funding for the project for most of 2016 and four out of the five projects under award would be closed down.</li> </ul> <p>Following the audit, the Office provided a series of additional project documents including updated objectives / outputs for projects 95259 and 97662, a risk log for 97662 as well as annual reports for 2016 activities for projects 56623, 58020 and 74365. All these documents were produced after the end of the audit. They addressed most of the issues raised above, with the exception of the issue regarding project 100806, which was, following the audit, the topic of discussion between the Office and UNDP senior management for resolution.</p> <p>(b) Project 15783 had been replaced by project 100806. The Office had requested the closure of project 15783 by the end of 2016. At the time of the audit, the project showed as 'open' in Atlas, although it was expected to be closed in early 2017. Project 15786 had been suspended and its</p>
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				suspended status was confirmed in Atlas.
9	Unclear rationale for selection of implementation arrangements	<b>Medium (important)</b>  The Office should define clear criteria for adopting an implementation modality and, if warranted, review its portfolio for the purpose of making changes in the implementation of its current projects.	<b>Implemented</b>  The Director communicated to all Office staff and personnel that new projects are expected to be implemented through direct implementation. Exceptions to this will need to be well justified, documented and endorsed by the relevant Project Appraisal Committee meeting, for the Director's eventual approval. Exceptions will be granted where a strong rationale for a different implementing partner exists and directly relates to both the Office's capabilities and the comparative advantage of the proposed implementing partner.	<b>Implemented</b>  The Director of the Office issued a memo in September 2016 wherein the criteria for adopting an implementation modality were set out. The memo was prepared in line with UNDP Financial Regulation 17.02.
10	Lack of a project evaluation plan	<b>Medium (important)</b>  The Office should develop an Office-wide evaluation plan covering all projects managed by the Office. The plan should be updated on a rolling basis and used as a means to track and report on evaluations taking place.	<b>Implemented</b>  The Office has established a Programme Support Unit and has also prepared a multi-year, office-wide evaluation plan.	<b>Implemented</b>  OAI reviewed the updated evaluation plan to include the three new project documents signed by the Office. The evaluation plan was presented by outcome as referenced in the Office's Strategic Framework. OAI reconciled the outcomes to each project included in the project listing of all activities in the Office's portfolio. The multi-year plan provided information with regard to the unit commissioning the evaluation, the type of evaluation planned, the expected completion date of the evaluation and the associated cost.
11	Corporate issue: Concerns regarding secondments of staff followed by upgrades	<b>High (critical)</b>  The Office of Human Resources should review and	<b>Implemented</b>  The Office of Human Resources has agreed to exercise greater scrutiny	<b>In progress</b>  The Office of Human Resources had completed an SOP entitled 'Outgoing Inter-agency Moves' dealing with the administration of

	of posts and levels	strengthen its processes for handling the secondment of staff to other entities and exercise greater scrutiny over such administrative arrangements for the purpose of maintaining a proper alignment with intended objectives.	over requests for secondment of staff by other agencies to ensure that such arrangements are used for their intended and agreed objectives. In addition, the Office of Human Resources prepared Standard Operating Procedures (SOPs) concerning the transfer, secondment or loan of staff among the organizations of the UN common system that will be implemented by the OHR Business Partnering Team.	<p>outgoing inter-agency staff movements.</p> <p>OAI reviewed the SOP and noted that it specifically addressed the audit recommendation as regards the alignment of the personnel action with the intended objectives and the required due diligence to be undertaken.</p> <p>OAI noted that no new secondments of staff occurred during 2016. With regard to the two cases presented in the audit report ('Upgrade of post from D1/P6 to D2/P7' and 'Upgrade of post from P5 to D1'), in the first case, the individual's contract will expire on 1 March 2017 at which time the incumbent will transfer to UNOPS. In the second case, the individual retired in June 2016.</p> <p>OAI assessed the recommendation as 'In progress' until the above transfer has been finalized.</p> <p><u>Agreed revised implementation date:</u> March 2017</p>
12	Weaknesses in human resources administration	<p><b>High (critical)</b></p> <p>The Office should improve its administration of human resources by:</p> <ul style="list-style-type: none"> <li>(a) Adequately aligning the actual functions performed with job titles and job descriptions and maintaining an up-to-date organization chart;</li> <li>(b) Performing effective recruitment of personnel that is in compliance with UNDP policies and procedures and properly documenting related processes in human resources files;</li> </ul>	<p><b>Implemented</b></p> <p>All recruitments are now managed by the Office of Human Resources. Attendance records have been updated on a daily basis and follow-up action is being taken with regard to uncompleted performance appraisals. The creation of the Programme Support Unit will also guide and oversee human resources functions, operations, and processes ensuring that they are aligned with UNDP corporate policies and procedures.</p>	<p><b>Implemented</b></p> <p>The Office had prepared an updated organization chart which clearly delineated job titles and lines of authority. No issues were noted with recruitment since, with the exception of a G-6 appointment, there were no new recruitments in 2016. With regard to the completion of the 2015 performance appraisals, as of the end of the follow-up audit, all performance appraisals had been completed in the Atlas system. All attendance records examined were complete.</p>

		<p>(c) Completing all performance appraisals within established timeframes; and</p> <p>(d) Maintaining proper and complete attendance and leave records for all staff.</p>		
13	Weaknesses in individual contractors procurement processes	<p><b>Medium (important)</b></p> <p>The Office should conduct all procurement activities in accordance with UNDP policies and procedures.</p>	<p><b>Implemented</b></p> <p>The Office has made a priority of establishing a Programme Support Unit that will guide and oversee procurement, ensuring that all practices are aligned with UNDP policies and procedures.</p>	<p><b>Implemented</b></p> <p>The Office had established a Programme Support Unit. In addition, the Office had signed a service level agreement with the UNDP Bureau for Management Services for procurement support with regard to purchases in excess of \$100,000. OAI reviewed five purchase orders with a total value of \$208,871 (four for individual contracts and one for translation services) and noted that all relevant procedures had been followed.</p>
14	Weaknesses within travel management	<p><b>High (critical)</b></p> <p>The Office should improve its travel management by:</p> <p>(a) Properly obtaining and documenting the approval of all travel; be it by staff members, consultants or the Director;</p> <p>(b) Properly planning for mission travel so that tickets for air travel can be purchased at least 21 days before the travel is to be undertaken;</p> <p>(c) Increasing the reliance on technology to reduce travel costs in general,</p>	<p><b>Implemented</b></p> <p>A Travel Protocol, incorporating all corporate guidance and policies on travel, as well as the specific recommendations of this audit was launched on 1 March 2016 guiding all travel undertaken by the Office staff. Additionally, the administration of the travel function was also taken over by the Programme Support Unit.</p>	<p><b>Implemented</b></p> <p>A 'Standard Operating Procedures for Travel and Protocol' was finalized in June 2016 wherein procedures for official business travel were explained in detail. The intention of the SOP was to be complementary to the 'UNDP Programme and Operations Policies and Procedures' and provide more operational guidance to Office staff.</p> <p>OAI reviewed a sample of five trips to determine that:</p> <p>(a) The approval for all travel was obtained and documented,</p> <p>(b) Missions were planned on a timely basis so that tickets could be purchased at least 21 days prior to undertaking the travel,</p> <p>(c) Travel was not undertaken when technology would have sufficed, and</p> <p>(d) Travel expenses were properly recorded against the correct projects.</p>

		specifically when it entails a long-haul trip for a visit of a couple of days; and (d) Recording travel related expenses in the correct project(s), especially in the case of multi-purpose mission travel.		Overall, OAI noted significant improvement in terms of compliance with the aforementioned requirements. No reportable exceptions were noted from the review of the five trips.
15	Lack of accounts receivable monitoring	<b>Medium (important)</b>  The Office should designate a staff in charge of monitoring the accounts receivable and of performing reviews of open items on an ongoing basis.	<b>Implemented</b>  An accounts receivable focal point has been designated within the Programme Support Unit. A template has also been developed to assist in the monitoring of outstanding receivables and regular spot checks are being carried out.	<b>Implemented</b>  OAI verified that an accounts receivable focal point had been assigned. Additionally, an accounts receivable tracking calendar had been prepared to reflect all signed agreements with future or outstanding receivables. Examples of follow-up emails and automatic system notifications for all signed contribution agreements were also provided for review.  OAI also noted that there were no outstanding advances at the time of the audit indicating that reviews of open items were done regularly.
16	Weaknesses in allocating funds and management of expenses	<b>Medium (important)</b>  The Office should establish an Accounting and Finance function for the purpose of correctly allocating funds, recording expenses to projects and the tracking of same on an ongoing basis.	<b>Implemented</b>  The finance function, with regard to the monitoring of expenditures and commitments, is part of the Programme Support Unit structure. The actual monitoring of expenditures and commitments is being done through a SharePoint tool.	<b>Implemented</b>  OAI verified that expenditures and commitments were being monitored through SharePoint. The accounting and finance functions had been created under the Programme Support Unit.  OAI also reviewed three General Ledger Journal Entries with a total value of \$2,297,160 and noted that they were created for valid reasons and in line with the Office's overall financial planning approach.

## ANNEX Definitions of audit terms – implementation status, ratings and priorities

### A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

### B. AUDIT RATINGS

- **Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### C. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.