

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP SEOUL GLOBAL POLICY CENTRE

Report No. 2405
Issue Date: 3 June 2021



Table of Contents

Executive Summary	i
I. About the Centre	1
II. Audit results	1
A. Governance	1
Definitions of audit terms - ratings and priorities	3

Report on the Audit of UNDP Global Policy Centre, Seoul Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Global Policy Centre in Seoul, Republic of Korea (the Centre) from 26 April to 14 May 2021. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) Governance
- (b) Development activities
- (c) Donor Relations
- (d) Operations – procurement, finance, human resources, administrative service

The audit covered the activities of the Centre from 1 January 2019 to 31 December 2020. The Centre recorded programme and management expenses of approximately \$1.4 million in 2020 and \$1.7 million in 2019. This was the first audit of the Centre.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Centre for all audit areas reviewed.*
- (b) Meetings with Centre staff and personnel were carried out virtually, which limited the audit team's understanding of the Centre's working environment.*
- (c) A physical verification of assets was not performed.*
- (d) The information communication and technology area was not reviewed on-site.*

Overall audit rating

OAI assessed the Centre's performance as **fully satisfactory**, which means "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."

Key recommendations: Total = **1**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation. This recommendation includes actions to formalize a strategy to identify Country Offices that should be invited to submit proposals for seed funding and advisory support, in the context of the Partnerships for Sustainable Development Goals (SDG).

Management comments and action plan

The Centre's Director accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated in the report, where appropriate.



Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

Helge S. Ostveiten
Director
Office of Audit and Investigations

I. About the Centre

The Centre, located in Seoul, Republic of Korea was created in December 2010 following the closure of the UNDP Country Office in the Republic of Korea by the end of 2009.

The Centre's functions are articulated into three main pillars: the implementation of global programmes in support of the SDGs; sharing of the Republic of Korea's development experiences with other countries via SDG Partnerships (formerly known as Development Solutions Partnerships and policy research. In 2019, this profile of the Centre was changed into 'Centre for Knowledge Exchange' through SDG Partnerships with three key areas of expertise: governance, resilience and development cooperation.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Development services: The review found that the Centre's tools for planning and implementation of the activities and functions were adequate and working effectively.
- (b) Donor relations: The review of donor relations noted that there were regular meetings between BPPS representatives, the Centre, and the Ministry of Foreign Affairs (MOFA), Republic of Korea, which is the main donor. There were no significant reportable issues.
- (c) Operations – Human resources: The review of human resources included the recruitment and separation of UNDP personnel and interns; it was noted that adequate controls were established and working effectively.
- (d) Operations – Finance: The review of finance included processes around payment processing and management of contributions received from the main donor. These were found to have adequate controls in place.
- (e) Operations – Procurement: A review of the procurement function, including the sourcing of individual contractors and other procurement activities such as travel, indicated that adequate controls were in place.
- (f) Operations – Administrative services: A review of administrative services including travel management did not yield reportable audit observations.

OAI made one recommendation ranked medium (important).

Low priority issues/recommendations were discussed directly and agreed with the Centre and are not included in this report.

The detailed assessment is presented below, per audit area:

A. Governance

Issue 1 Call for Expressions of Interest not shared with all UNDP Country Offices

The Centre's flagship programme is the Partnerships for SDGs (formerly Development Solutions Partnership). Its main objective is to share the Republic of Korea's policy tools in anti-corruption, public construction management and open data, gender-based violence and environment/sustainable forestry.

To promote its programme, the Centre issues an annual Call for Expressions of Interest for seed funding¹ and advisory support. This Call for Expressions of Interest is shared with the Regional Advisors and Focal Points who in turn share the Call with a selected number of Country Offices.

During the period under audit, 96 Country Offices answered to the Call for Expressions of Interest: 53 in 2020 and 43 in 2019. The audit team reviewed the process and noted that the proposal evaluation process was well documented and supported the results.

However, the audit team noted that the criteria to select the Country Offices that would be invited to submit a Call for Expression of Interest were not documented.

Without criteria to select Country Offices to submit the Call for Expressions of Interest, the subsequent review process is less transparent and effective.

Priority	Medium (Important)
Recommendation 1:	
The Centre should formalize a strategy with criteria to identify Country Offices that should be invited, in the context of the Partnerships for SDGs, to submit proposals for seed funding and advisory support.	
Management action plan:	
The Centre will formalize a strategy with criteria for the selection of UNDP Country Offices to be invited to the Call for Expression of Interest of 'SDG Partnerships'.	
Estimated completion date: August 2021	

¹ A small amount of money ranging between \$50,000 and \$100,000 that is transferred to the select UNDP Country Offices to fund initiatives and solutions that had been identified by the County Offices in the proposals submitted during the Call for Expression of Interest.

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Fully 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.
- **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.

B. 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.