

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNITED NATIONS OFFICE FOR SOUTH-SOUTH COOPERATION

Report No. 2214

Issue Date: 11 December 2020

Report on the Audit of United Nations Office for South-South Cooperation Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the United Nations Office for South-South Cooperation (UNOSSC or the Office) from 13 July to 3 September 2020. 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) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2018 to 30 March 2020. The Office recorded programme and management expenses of approximately \$26.9 million. The last audit of the Office was conducted by OAI in 2016.

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 Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team’s understanding of the Office’s working environment.
- (c) Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.
- (f) The information communication and technology area was not reviewed on-site.

Overall audit rating

OAI assessed the Office’s performance as **partially satisfactory/some improvement needed**, which means “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.” This rating was mainly due to the working environment not being conducive for performance and staff development and weaknesses in the procurement for individual contractors.

Key recommendations: Total = 6, high priority = 2

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	High
	2	Medium
Effectiveness and efficiency of operations	5 and 6	Medium
Safeguarding of assets	4	High
Compliance with legislative mandates, regulations and rules, policies and procedures	3	Medium

For the high (critical) priority recommendation, 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. The high (critical) priority recommendations are presented below:

Working environment not conducive for performance and staff development (Issue 1)	<p>The following weaknesses regarding the working environment were noted: (i) internal communication gaps; (ii) breaches of confidentiality; (iii) staff intimidation.</p> <p><u>Recommendation:</u> The Office should undertake a comprehensive review of its organizational structure and working environment. This review should be inclusive and lead to a timebound work plan to implement the resulting recommendations.</p>
Weaknesses in the procurement of individual contractors (Issue 4)	<p>The following issues were identified in the procurement of individual contractors (i) deliverables could not be linked to project annual work plan; (ii) direct contracting without adequate justification (iii) lack of financial offer in bidding documents (iv) individual contractors performing core functions.</p> <p><u>Recommendation:</u> The Office should link individual contractor deliverables to project annual work plans, justify direct contracting, and ensure procurement of individual contractors are for non-core positions and include financial offers.</p>

Implementation status of previous OAI audit recommendations: Report No. 1580, 2 May 2016.

Total recommendations: 16
Implemented: 16

Management comments and action plan

The Director a.i. of the UNOSSC accepted all six recommendations and is in the process of implementing them. 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
Ostveiten
2020.12.11
13:45:00 -05'00'
Helge S. Ostveiten
Director
Office of Audit and Investigations