



FOLLOW UP AUDIT

ON

PERFORMANCE AUDIT

OF

UNDP GEF MANAGEMENT

Report No. 2331
Issue Date: 4 June 2021

**Follow-up Audit on Performance Audit of UNDP GEF Management
(Previous OAI Report No. 2210, 1 December 2020)**

Executive Summary

From 19 April to 7 May 2021, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the UNDP Global Environment Facility (GEF) management. This follow-up audit was undertaken as per OAI's risk assessment and at the request of UNDP senior management. 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 reviewed the implementation of audit recommendations included in OAI report No. 2210 issued on 1 December 2020. The objectives were to:

- determine if recommended corrective actions were properly taken to address the issues noted in the audit;
- assess those recommendations that remained outstanding and obtain a revised timeframe for full implementation; and
- provide UNDP with an assessment of the implementation status, as well as provide advice and support to UNDP Management on the implementation process.

OAI performed a desk review based on the documents/updates shared by the various business units. However, OAI was unable to perform onsite verification and interviews with the various units due to the COVID-19 pandemic.

This review did not assess the extent to which the corrective measures put in place would address the overall risks noted during the GEF audit. This will be done in a subsequent follow-up audit scheduled at the end August 2021, as requested by the UNDP Executive Board.

A. Audit Results

As a response to the audit recommendations, UNDP Management has prepared an action plan with 31 action point items.

OAI has formed the opinion that the actions points are relevant to address the recommendations and OAI has in the follow up audit assessed to which extent the action points have been implemented or are still in progress when the follow up audit was performed.

The below tables indicate in detail OAI's assessment of the status of implementation of the management action plans and audit recommendations as per 4 June 2021.

FOLLOW-UP AUDIT (MANAGEMENT ACTION PLANS)				
Action Plan No.	Implemented	In progress	Not implemented	Total
1.1	1			1
1.2	1			1
1.3		1		1
1.4	1			1
1.5		1		1
2.1	1			1
2.2	1			1
2.3	1			1
3.1		1		1
3.2	1			1
4.1	1			1
5.1	1			1
5.2	1			1
6.1	1			1
7.1	1			1
7.2	1			1
7.3	1			1
7.4	1			1
8.1	1			1
8.2	1			1
8.3		1		1
9.1	1			1
9.2		1		1
9.3	1			1
10.1		1		1
11.1	1			1
11.2		1		1
11.3		1		1
12.1	1			1
12.2			1	1
12.3		1		1
Total	21	9	1	31
% ratio	68%	29%	3%	100%

Recommendation	FOLLOW-UP AUDIT (RECOMMENDATIONS)			
	Priority	Implemented	In progress	Total
1	High		1	1
2	Medium	1		1
3	High		1	1
4	Medium	1		1
5	Medium	1		1
6	Medium	1		1
7	High	1		1
8	Medium		1	1
9	High		1	1
10	Medium		1	1
11	High		1	1
12	Medium		1	1
Total		5	7	12
% ratio		42%	58%	100%

The outstanding recommendations are as follows:

High priority recommendations, arranged according to significance:

- Strengthen the oversight over GEF funded projects at the local, regional and corporate levels, strengthen the governance around GEF-funded projects, amend the project document management arrangements to clearly assign oversight roles to UNDP (Recommendation 1).
- Update the capacity assessment tool for implementing partners and ensure that it is regularly updated and strengthen the monitoring and implementation of audit recommendations resulting from the HACT audits of implementing partners (Recommendation 3).
- Improve project design, implementation, and monitoring (Recommendation 9).
- Ensure that Country Offices financial transactions charged to GEF projects are valid, and adequate supporting documentation is maintained (Recommendation 11).

Medium priority recommendations, arranged according to significance:

- Develop and implement a plan to ensure that Country Offices and Regional Technical Advisors include the review of risk management when conducting oversight of GEF projects (Recommendation 8).
- Strengthen the reporting of results, including accuracy and completeness (Recommendation 10).
- Strengthen the procurement management of GEF projects (Recommendation 12).

The detailed implementation status of the 12 recommendations has been updated by OAI in CARDS.

Section I summarizes the recommendations that are in progress and implemented OAI will continue to monitor the progress of the implementation of the recommendations as and when updates are provided by the business unit.



Management comments and action plan

UNDP accepted OAI's assessment, except for Management actions 1.5, 8.3, and 10.1. OAI was unable to validate the updates provided by UNDP for these actions, due to a lack of available information when the follow up audit was performed.

A handwritten signature in black ink, appearing to read 'H. S. Ostveiten', with a small '+' symbol to the left.

Helge
Ostveiten
2021.06.04
17:00:52 -04'00'

Helge S. Ostveiten
Director
Office of Audit and Investigations