

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



**AUDIT**

**OF**

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

**Report No. 2728**

**Issue Date: 22 July 2024**

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

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the United Nations Office for South-South Cooperation (UNOSSC, or the Office) from 11 March 2024 to 4 April 2024. The audit assessed the adequacy and effectiveness of the governance, risk management, and control processes. In addition, OAI assessed the performance of the Office in the following areas and sub-areas:

- a) Governance
- b) Programme management
- c) Operations – procurement, finance, human resources, and administrative services

Performance auditing is an independent, objective and reliable examination of an entity or process to assess whether economy, efficiency and effectiveness in the employment of available resources is being achieved.

- a) Governance
  - i. Has UNOSSC established adequate governance structures to fulfill its mandate?
- b) Programme management
  - i. To what extent does UNOSSC successfully deliver its services relating to (a) policy and intergovernmental support, (b) capacity development, (c) knowledge co-creation and management, and (d) management of the South-South Trust Fund?
    - a. Are existing management mechanisms related to service delivery effective in achieving intended results including reporting?
    - b. Are risks effectively managed?
- c) Operations
  - i. Are operational processes (e.g., human resources, procurement, and finance) operating effectively and efficiently?

The audit covered the activities of the Office from 1 January to 31 December 2023. The Office recorded programme and management expenses of \$5.3 million. The last audit of the Office was conducted by OAI in 2020.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

### Overall audit rating

OAI issued an audit rating for the Office of **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 insufficient programme funding, an outdated service agreement with UNDP, and the lack of standard operating procedures for disbursing funds.

Conclusion on the performance audit areas reviewed:

- The Office established adequate governance arrangements for managing the trust funds and implementing the global programmes in line with UNDP policies and procedures. The



management of the trust funds was overseen by a dedicated Trust Funds Director, with each fund administered according to its specific operational manual. In addition, a supervisory board governed each fund and oversaw funds administration.

- Programme and project administration should be enhanced to optimize information sharing by integrating data and information between the Global Galaxy and Global Thinkers platforms. In addition, with the declining core resources, the Office should establish a robust resource mobilization strategy and action plan to ensure adequate resources to support the five service areas: a) facilitation of and reporting on intergovernmental processes; b) capacity development; c) knowledge co-creation and management; d) South-South and triangular cooperation lab; and e) trust fund management.
- Lastly, the Office’s human resources and procurement processes were found to be effective. The review of personnel recruitment cases did not reveal any reportable issues. The Office aimed to have 65 percent of its workforce female by 2023 and has already exceeded this target, with females accounting for 66 percent of total staff. Further, there were no significant issues identified during the review of 10 sampled purchase orders valued at \$174,969. However, the audit team noted that the Office’s financial management processes lacked standard procedures for disbursing funds.

**Key recommendations:** Total = 4, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means “Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.”

The four recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2, and 3	Medium
Effectiveness and efficiency of operations	4	Medium

**Implementation status of previous OAI audit recommendations:** Report No. 2214, 11 December 2020. All six recommendations were fully implemented.

**Management comments and action plan**

The Director of UNOSSC accepted all four recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.



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

A handwritten signature in black ink, appearing to read 'Guillermo Munoz', is enclosed within a black rectangular box.

Guillermo Munoz  
Deputy Director (Audit) a.i.  
Office of Audit and Investigations