Status of the Implementation of the OAI GEF Audit Management Actions

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Pradeep Kurukulasuriya
Director - Nature, Climate and Energy
Executive Coordinator - Environmental Finance
Bureau for Policy and Programme Support (BPPS)/GPN
United Nations Development Programme
TIMELINE 2021

GCF Reaccreditation Application Submission

GCF Review of UNDP Reaccreditation

Submission of GEF & GCF project checklists

Implementation of GEF Audit Management Actions

BDO Final Report

GEF 3rd Party Review

GEF Council (update on GEF Audit MAP by NCE Ex. C)

Submission of documentation for GEF 3rd Party Assessment

OAI follow up audit (1)

UNDP Executive Board Briefing

UNDP Executive Board Briefing

OAI follow up audit (2)

GCF Board Approval (Target B.30/ Oct 4-7)
Status of Implementation of the 31 Management Actions

- UNDP inter-bureau task force at work
- Enhanced monitoring by UNDP Organizational Performance Group (OPG)
- All UNDP Country offices are currently being sensitized via trainings (once a week)
- Corporate Performance Unit was established in the Executive Office

https://www undp.org/gef-audit-transparency

- Sensitization webinars
  - 23
  - 26 Jan - 30 June

- Participants (on avg.)
  - 160
  - 100%
GEF Audit Management Actions: Key Issues

- Internal Control Framework
- Procurement Management
- Risk Monitoring Incl. from IP audits
- Assurance Activities Financial Transactions
- AML/CFT Policy Finalize and Approve
- SOPs & Guidance POPP/PPM
- Oversight Roles DOA, RACI, etc.
- Assessing Capacity CO & IP
Examples of Changes on the Ground

- **GEF/LDCF Burundi (PPG) & GEF Sudan & Chad (FSP)**, among 11 other projects, issued Delegation of Authority (DoA) letters using the newly updated templates that provide clear division of oversight responsibilities and accountabilities and strict functional separations between oversight vs. execution support.

- **GEF Cook Islands**, focused on enhancing biodiversity considerations and effective protected area management, conducted a Pre-Investment Steering Committee meeting; the committee discussed potential risks, capacity needs and strategic opportunities, based on which they decided to support the proposal development.

- **6 RBAP country offices** (Bangladesh, Bhutan, China, Lao PDR, Malaysia and Fiji MCO), among a total of 40 COs across regions, are participating in the pilot phase of the Vertical Fund Needs Assessment Tool (June - Dec 2021) which aims to identify capacity needs of the CO and recommend measures to mitigate risks and address needs required for performing oversight functions for VF projects.

- **11 RBLAC country offices** (Uruguay, Chile, Peru, Jamaica, Guatemala, Guyana, El Salvador, Colombia, Mexico, Brazil and Bolivia) are working with RBX and BPPS/NCE to implement a risk management action plan for 12 high risk projects identified via the PIMS+ risk dashboard.

- Nearly 400 staff in UNDP offices around the world are keeping track of the time spent on various oversight functions. This together with clearer roles, responsibilities and accountabilities, in addition to documentation, permits a tracing of oversight function to the use of dedicated resources to cover oversight.
Implementation & Monitoring: All of UNDP Approach

**Implementation**

**Executive Office**

**Corporate Performance Unit**

**Inter-bureau task force**
- BPPS
- BMS
- RBX

**Sub-Committees**
Design ➔ Consult ➔ Review ➔ Clear ➔ CARDS

**Communication & Roll Out**
CO Sensitization Webinars
Dedicated Webinars for RR Trainings & Follow up

**OAI**
- Advise the task force on required evidence for completing actions
- Review evidence
- Close action items
- 1<sup>st</sup> follow up audit scheduled April 19-30
- 2<sup>nd</sup> follow up audit scheduled in Oct/Nov

**Monitoring/Reporting**

**Within UNDP**
- Executive Board & Group
- Administrator & Executive Office
- OPG – monthly update

**External**
- GEF Council & Secretariat – monthly report and submission of checklists
- GCF Board & Secretariat – monthly report and submission of checklists
- Public disclosure: https://www.undp.org/gef-audit-transparency
Independent Assessment [GEF & GCF]

**GEF Portfolio**

**Objective:**
External independent assessment of UNDP’s management of GEF resources

**Phase 1 (Completed)**
- Reviewing the alignment of UNDP policies, procedures and systems with the GEF Fiduciary Standards

**Phase 2 (Completed)**
- Assessment of effectiveness of application of UNDP policies and procedures in oversight of the GEF portfolio at country level

**Next Steps**
- Draft report was shared with UNDP for comments
- Final report to be issued in early July

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**GCF Portfolio**

**Objective:**
External independent assessment of UNDP’s management of GCF resources

**Phase 1 (Completed)**
- Reviewing the alignment of UNDP's policies, procedures and systems with GCF policies
- Reviewing UNDP’s Reaccreditation application

**Phase 2 (Completed)**
- Assessment of effectiveness of application of UNDP policies and procedures in oversight of the GCF portfolio at country level

**Final report was submitted to UNDP in early June 2021**
Established and functioning governance arrangements, risk management practices and controls are in place and COs are aware of them; but they need improvement.

EY findings are similar in nature to OAI findings. The nature/extent of observations are expected if enquiries of similar scope and duration was performed across other organizations of the size and nature of UNDP’s GEF portfolio.

UNDP’s MAP is an adequate response to remediate the OAI findings, subject to a couple of recommendations

UNDP’s whistleblowing hotline reviewed by EY’s investigators specialized in whistleblowing frameworks. EY observed that the UNDP whistleblowing framework is well established, is actively used, indicating good level of awareness and trust across the organization. UNDP has an active process to respond to reports made through the hotline.
UNDP policy framework is mostly aligned with the associated GCF standards. Minor non-alignment found in a few areas that are mostly addressed by the GEF audit MAP.

Across the 18 GCF projects assessed, BDO raised 21 individual findings across 9 projects; 50% of projects had no findings at all.

Role of the Regional Bureaux in providing risk-based and portfolio level oversight role was not clearly visible in key documents.

Of the 9 NIM GCF projects, 6 had up-to-standard management of IPs and full application of HACT framework while 3 were found to have some weaknesses. Of the total 15 GCF projects, 4 projects were found to have weaknesses in project board oversight (missing documentation; frequency of meetings).

Delays in project implementation and some instances of non-compliance in financial resources management (procurement and asset management).
Looking forward: Key Milestones

- GEF 3rd Party Review of UNDP’s Compliance with GEF Standards
- UNDP’s Re-accreditation to the GCF
- OAI 2nd follow up audit in Oct/November
- OAI IP Audit in 2021

Continue work to ensure consistent application of UNDP policies and procedures, Staff engagement, identification of bottlenecks, update from learnings.