

# **Measures and Plans Concerning the Board of Audit and Inspection's Audit Findings on the GGGI**

## **GGGI's Implementation Status Update by Finance, HR, Legal, GGP&I and OIA (as of May 24, 2013)**

→ Information in this report is each unit's representation and may be subject to audit by Office of Internal Audit (OIA) in the future.

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**Global Green Growth Institute**

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## I. Reinforcement of the GGGI Compensation Regulation

### 1. Tightening of Rules on Payment of Housing Allowance

#### □ Housing Allowance Payment Regulation

Among the existing GGGI Compensation Regulations, housing allowance payment rules for employees should be adjusted to match the situation by considering the area of residence, position and the employment agreements.

Pursuant to the existing regulations, the present housing allowance support only applies to the international recruitment and to the foreigners with residence in Korea above the manager level with exception to the year 2011, the early stage of the organization. After confirming the new staff regulation followed by the IO-conversion, the employment agreements of K-GGGI will be re-examined and will be applied during the renewal of employment agreements based on IO-GGGI. [Annex 01-Staff Regulations (HR-DRAFT)-To be approved at 17 Jan 2013 Council]

□ Tightening of the audit requirements regarding various allowances in every employment agreements.

□ [Chart] Housing allowance by position

<b>Grade</b>	<b>Korea / London (USD)</b>	<b>Denmark (DKK)</b>	<b>UAE (USD)</b>
<b>Director-General</b>	7,500	N/A	N/A
<b>DDG / ADG</b>	5,000	N/A	N/A
<b>CFO</b>	4,000	N/A	N/A
<b>Director</b>	3,000	12,000	5,000
<b>Senior Program Manager (SPM)</b>	2,000	10,000	4,000
<b>Program Manager (PM)</b>	1,000	8,000	3,000

The above chart is made by reference to ICSC housing allowance standards chart by country which regulates the working and employment conditions of the organizations within the UN

→ Update by GGGI HR Unit:

- Status of Action: Completed.
- Action Completion Date: Q1, 2013
- Process Owner: Kristen Son, HR Sr. Program Manager

- Corrective Action Taken: GGGI Staff Regulations approved at the 2<sup>nd</sup> Council in Abu Dhabi and the Provisional Staff Rules promulgated by the director General. Housing Allowances is applicable subject to expatriate staff who are not serving in their home country and country of their nationality. All personnel contracts under the IO-GGGI are in compliance under the new Staff Regulations and Provisional Staff Rules. Please see the Regulation 4.2 and the Rule 4.3 attached for detailed information. Accordingly, above chart has been amended based on current GGGI grade system, which has been approved at the Transitional Sub-Committee of the Council. Please see below for the updated chart on Housing Allowances.
- Exception: None

Amended Housing Allowances Chart				
Grade	Korea/London (USD)	Grade	Denmark	UAE (USD)
Director-General	7,500	C4 / C5	DKK 12,000	5,000
DDG / ADG	5,000	C3	DKK 10,000	4,000
CFO	4,000	C2	DKK 8,000	3,000
C4 / C5	3,000			
C3	2,000			
C2	1,000			



GGGI Staff  
Regulations & Prov

## 2. Tightening of Rules on Payment of Child Education Expenses

### □ Rules on Payment of Employees' Child Education Expenses

Among the existing GGGI Compensation Regulations, child education expense payment rules for employees should be adjusted to match the situation by considering the area of residence, position and the employment agreements.

After confirming the new staff regulation followed by the IO- conversion, the employment agreements of K-GGGI will be re-examined and will be applied during the renewal of employment agreements based on IO-GGGI.

□ New regulations to be applied upon IO-conversion:

- Payment of 75% of total child education expenses and maximum amount payable per child will be decided with reference to UN ICSC. In case of UN, child education expense is paid to the employee who works overseas and amounts 75% of total child education expense. The maximum amount payable per child will be decided by nation. Tightening of the audit requirements regarding various allowances in every employment agreements

→ Update by GGGI HR Unit:

- Status of Action: Completed.
- Action Completion Date: Q1, 2013
- Process Owner: Kristen Son, HR Sr. Program Manager
- Corrective Action Taken: GGGI Staff Regulations approved at the 2<sup>nd</sup> Council in Abu Dhabi and the Provisional Staff Rules promulgated by the director General. Education Allowances is applicable subject to expatriate staff who are not serving in their home country and country of their nationality. All personnel contracts under the IO-GGGI are in compliance under the new Staff Regulations and Provisional Staff Rules. Please see the Regulation 4.2 and the Rule 4.4 attached for detailed information.
- Exception: Those individuals who still are under the K-GGGI based contracts may fall into the exception of this rule per their contractual terms. Once their K-GGGI based contract expires, the exception will be resolved.

## II. Reinforcement of Various Allowance Payment Standards

1. Tightening of Rules on Allowances for the participation of Meeting

- To fill the insufficient manpower during the initial period of establishment, GGGI paid allowances to the temporarily hired employees (temporary staff) for their meeting expenses and etc. However, currently, GGGI does not make any payment unless it is based on GGGI Rules and Regulations.

→ Update by GGGI HR Unit:

- Status of Action: Completed
- Action Completion Date: Q1, 2013
- Process Owner: Kristen Son, HR Sr. Program Manager
- Corrective Action Taken: No allowances for participating of meetings. If there is a need for any change in the current practice, it will be discussed with the Director-General.
- Exception: None.

## 2. Tightening of Rules on Seconded Allowances

-Pursuant to Article 3 and 14 of the GGGI Compensation Rules/Regulations, GGGI pays allowance within the amount of 1.5 million won to the secondees who work at least one month or more at GGGI.

-Currently, no secondment is made without a secondee agreement and GGGI plans to comply with the regulation on secondment allowance in the future. The secondee allowance is made by reference to ICSC secondee allowance standards chart by country which regulates the working and employment conditions of the organizations within the UN

### → Update by GGGI HR Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: September 2013
- Process Owner: Kristen Son, HR Sr. Program Manager
- Corrective Action Taken: HR is planning to develop the Secondment Policy.
- Exception: Currently, GGGI has one secondee who is receiving KRW 1,000,000/month based on the Secondee Agreement made between GGGI and Danida under the K-GGGI's Rules on Compensation. Once the new policy is developed and approved, the exception will be managed accordingly.
- Update on May 23, 2013: *The Secondee from Danida voluntary asked HR to stop making such allowance to him after he learned that there is no secondee allowance rule under the IO-GGGI Staff Regulations and Provisional Staff Rules (SRPSR). He informed OIA that he will also pay back the allowance he received for the period of April 2013. The IO-GGGI SRPSR was effective on April 1, 2013.*

3. The comparison between the existing personnel policy and the new personnel policy pursuant to IO-conversion

Category	K-GGGI	International Organization GGGI
<b>Housing</b>	Based on individual contract terms	Expense Reimbursement within Budget Limits
<b>Education</b>	Difference by individual contract	Support 75% of Net Education Costs
<b>Home Leave Allowance</b>	N/A	- Cycle: Once a year - Coverage: Round trip flight for staff member and his/her dependents (economy class) - Flight ticket or airfare reimbursement is possible

<b>Cost of Living Allowance (DISPATCH ONLY)</b>	N/A	Cost of Living Allowance for each city will be determined with reference to ICSC report (Cost of Living survey)
<b>Dispatch Allowance (DISPATCH ONLY)</b>	- Secondees to GGGI who are assigned to work at GGGI for more than one month may be paid up to KRW 1,500,000 - Employees dispatched to a foreign country may be paid up to KRW 2,000,000 per month	A lump-sum payment of 1 month
<b>Hardship Allowance (DISPATCH ONLY)</b>	N/A	Hardship Allowance for each city will be determined with reference to ICSC report (Hardship survey)

→ Update by GGGI HR Unit:

- Status of Action: Completed.
- Action Completion Date: Q1, 2013
- Process Owner: Kristen Son, HR Sr. Program Manager
- Corrective Action Taken: GGGI Staff Regulations approved at the 2<sup>nd</sup> Council in Abu Dhabi and the Provisional Staff Rules promulgated by the director General. The Allowances listed above are applicable subject to expatriate staff who are not serving in their home country and country of their nationality. All personnel contracts under the IO-GGGI are in compliance under the new Staff Regulations and Provisional Staff Rules. Please see the Regulation 4.2 and the Rule Chapter 4 (Salaries and related allowances) for detailed information. See updated summary below.
- Exception: Those individuals who still are under the K-GGGI based contracts may fall into the exception of this rule per their contractual terms. Once their K-GGGI based contract expires, the exception will be resolved.

<b>Housing</b>	• See amended housing allowance in the chart above (Tightening of Rules on Payment of Housing Allowance)
<b>Education</b>	• Reimbursement of 75% of the net education costs for child under 21.
<b>Home Leave</b>	• A lump sum payment of return Economy fare for staff member and dependents once a year ( Staff rule 6.4)
<b>Hardship Allowance</b>	• Each city will be determined with reference to ICSC report (Hardship survey)
<b>Cost of Living</b>	• Each city will be determined with reference to ICSC report

	(Cost of Living survey)
<b>Dispatch</b>	<ul style="list-style-type: none"> <li>• A lump-sum payment of 1 month of base salary (Net) for covering pre-departure and setting expenses of at least 1 year assignment</li> </ul>
<b>Hardship</b>	<ul style="list-style-type: none"> <li>• Each city will be determined with reference to ICSC report (Hardship survey)</li> </ul>

### III. Formulation of the Corporate Vehicle Management Regulation and Reinforcement of Control

Formulation of an internal regulation on corporate vehicle management underway currently for its submission to the Management Committee for approval:

- Corporate vehicles to be subject to public use only by GGGI employees including the executive director;
- Vehicle manager to be designated for efficient vehicle management, operation, and maintenance;
- Details of vehicle use to be managed transparently (to be reflected in the IT system).

→ Update by GGGI IT Unit:

- Status of Action: Completed.
- Action Completion Date: Q1, 2013
- Process Owner: Taebin Park, IT Program Manager
- Corrective Action Taken: Currently, there are two vehicles in GGGI. One is for Director-General only (Leased, model: YF sonata) and another is for the staff for official business only (Leased, model: KIA soul). Han Sangchel, Program Officer, M&A Unit, maintains a vehicle usage log. See attached.
- Exception: None. If there is a need for any change in the current practice, it will be discussed with the Director-General.



GGGI Vehicle Use and Reservation Po



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### IV. Formulation of the Corporate Credit Card Regulation and Reinforcement of Control

The GGGI Corporate Credit Card Regulation has been developed and formulated with the inclusion of following issues. It will be implemented after going through the internal procedures:

- Only GGGI employees to become regular holders of GGGI corporate credit cards;
- Payments to be made only for payment decisions to which evidentiary materials clearly specifying the use of a credit card are attached;
- To insert an explicit provision that the responsible credit card user shall reimburse the GGGI for any amount of



corporate credit card use that is in violation of the Regulation.

-The draft has been presented to the Management Committee and they have endorsed it.

→ Update by GGGI Finance Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: September 2013
- Process Owner: Munehiko Joya, CFO
- Corrective Action Taken: The corporate credit card guidelines which CFO developed were reviewed and approved by Management Committee Meeting (MCM) in December 2012. In the meantime, the interim Financial Regulations say that the CFO should develop the policies, procedures and guidelines on corporate credit card and have it endorsed by the AFSC. The guidelines will be shared with AFSC in due course to make it formal per the Financial Regulations. See attached documents. Once the Deputy Director-General for M&A is on board, CFO plans to issue individual cards in the name of executives (so that those cards can be used only by holders who are accountable for the use of those cards as stated in the guidelines) and other cards to be used by those who are responsible for administrative matters of each department. See attached for corporate credit card usage status as of May 14, 2013. The corporate credit card payment is one type of payments so Finance checks all the supporting documents (provided by the card holder/user) based on the relevant policies (if the card is used to purchase an air ticket, it requires a mission request, mission report, boarding passes etc. according to the travel policy) and being reconciled against the budget. All the items need to be justified to process payment requests to clear the balance. Finance never clears the balance unless payment requests are raised properly and verified. The card holder/user is responsible for paying any unjustifiable expense.
- Exception: None



GGGI Corporate  
Credit Card Usage



GGGI Corporate  
Credit Card Usage



Corporate Credit  
Cards list (14May2

## V. Reinforcement of the GGGI Procurement Regulation and Its More Rigorous Application

### 1. Tightening of the Procurement Regulation

The GGGI CFO has developed and formulated the draft and was endorsed by the Management Committee. To

submit a proposed amendment to the Procurement Regulation and its future direction to a Council meeting slated for January 17, 2013; and to develop and consistently upgrade guidelines to meet the standards of an international organization.

→ Update by GGGI Finance Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: September 2013
- Process Owner: Munehiko Joya, CFO
- Corrective Action Taken: The draft procurement rules were developed and presented to the Council in January 2013. Per the Council decision, CFO conducted a third-party's independent benchmarking assessment (UNOPS has been engaged). The draft rules (please see the attachment), under final review, will be effective pending the Council's approval. To assure the implementation of the rules, Finance will develop more detailed guidelines and hire a procurement officer to monitor the compliance of the procurement activities. Finance has engaged Allen York, a head hunting firm headquartered in Australia and specialized in CSR, environmental and sustainability recruitments, to identify and hire the best person for this position by end of June 2013.
- Exception: None



Draft Interim  
Procurement Rules

□ Downward Adjustment of Optional Contract Limit

- To expand open competitive bidding by ensuring that the revised Procurement Regulation lowers the allowable limits for an optional agreement;
- To prevent abuse of an optional agreement by requesting that a specific cause be provided even in the case of conclusion of an optional agreement.

→ Update by GGGI Finance Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: Q3, 2013
- Process Owner: Munehiko Joya, CFO
- Corrective Action Taken: The procurement rule will be finalized upon the approval of the Council (expected to happen on June 8-9) and guidelines to implement the rules will follow thereafter (to be completed by end of Q2 or start of Q3 as a target). The

procurement rule and its guidelines will set clear requirements for the competitive bidding and contract review process.

- Exception: None

□ More Rigorous Review of the Details of Agreement

- To divide the existing Bidding Assessment Committee into the Contract Review Committee, Technical Committee, and the Financial Committee; to maintain independence of the Technical Committee and Financial Committee to prevent meeting results of the Technical Committee from affecting decisions by the Financial Committee; and to cause the Contract Review Committee to monitor and supervise the overall bidding process;
- To conduct flawless evaluation by tightening assessor selection rules.

→ Update by GGGI Finance Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: Q3, 2013
- Process Owner: Munehiko Joya, CFO
- Corrective Action Taken: The procurement rule will be finalized upon the approval of the Council (expected to happen on June 8-9) and guidelines to implement the rules will follow thereafter (to be completed by end of Q2 or start of Q3 as a target). The procurement rule and its guidelines will set clear requirements for the contract review process.
- Exception: None

□ Recruitment and Management of Staff in Charge of Procurement and Contracts

- To employ a procurement and contract manager who will monitor and supervise the entire procurement process, from bidding, supplier selection, contract negotiation, to contract conclusion, in addition to tightening applicable rules;
- Posted the GGGI's announcement on recruitment of a procurement and contract manager from November 6, 2012 to November 30, 2012 on its webpage as well as the home pages of major domestic and foreign job search and employment service providers including Job Korea;
- To employ a person with ample knowledge on procurement and contract laws and at least seven years' experience in related affairs as a procurement and contract manager who will be subordinate to the Finance Department;
- The second documentary screening underway as of December 17, 2012 for about ten applicants who passed the first documentary screening, and about four applicants to be invited for a final interview.

\*According to the GGGI Recruitment Policy and Procedures, director and the senior program manager (SPM)

of the relevant department and the HR SPM will be participating for the second interview

\*The composition of interviewers [Annex 02 : Recruitment Policy and Procedures (May, 2012)] for the recruitment and selection for SPM and Program Manager (PM) positions at the level of which the procurement manager position was advertised is as follows:

<b>Positions</b>	<b>Interviewers</b>
<b>SPM (Senior Program Manager)</b>	- Executive Director (Director-General) - Chief Administrative Officer (Chief Financial Officer) - HR Director - Director of the Department
<b>PM (Program Manager)</b>	- Director of the Department - Direct line Senior Program Manager - HR Senior Program Manager

→ Update by GGGI Finance Unit:

- Status of Action: In-Progress
- Expected Action Completion Date: June 2013
- Process Owner: Munehiko Joya, CFO
- Corrective Action Taken: Finance is in process of recruiting a designated procurement officer.
- Exception: N/A

□ Job description of Staff in Charge of Procurement and Contracts and its staff requirements [Annex 03]

Under the direct supervision of Chief Finance Officer (CFO), the Procurement Manager will work functionally across the finance, Human resources, IT and legal teams to plan, develop, oversee and advise on complex procurement and contractual aspects related to worldwide procurement of a variety of goods, works and services for Global Green Growth Institute (GGGI) Seoul Headquarters and Satellite Offices (e.g. professional services, information technology products and services, electronic equipment and instruments, transportation services, vehicles, construction, building maintenance services and materials, furniture and office supplies).

In particular he/she will:

- Assist the CFO in planning, directing and coordinating the procurement program of the GGGI, establishing schedules and priorities;
- Act as Principle Advisor for GGGI Seoul Headquarter and Satellite Offices on procurement issues and related actions;

- Develop and coordinate implementation policies and improved procurement and contracting methods and procedures for an efficient supply chain management, with particular view to long-term supply agreements for GGGI Seoul HQ and Satellite Offices, recommending changes when analysis indicates inefficiency;
- Advise requisitioning units and recipient entities on the full range of procurement issues, providing, as necessary, management support, intervention, advice and guidance at all stages of the procurement cycle, i.e. planning, soliciting, evaluating, negotiating, approving, executing and termination of contracts, with particular focus on high-value, complex or otherwise strategic and important procurement cases, raising issues, as necessary, with the CFO.
- Assist the CFO in formulating strategies and designing innovative solutions to resolve issues/conflicts for complex procurement projects;
- As required, negotiate with senior supplier representatives and intervene;
- Direct market research and benchmark exercises. Analyze statistical data for GGGI procurement and market reports on the world green growth project related goods and services situation, raising significant findings to the attention of higher management
- Assume the responsibility for respect of the GGGI regulatory framework for procurement and contracting, adherence to contractual agreements, recommend amendments and advices concerned parties on contractual rights and obligation; contractual agreements, recommend amendments and advices concerned parties on contractual rights and obligation;
- Organize and contribute to periodic training and briefing sessions to Heads of offices/ requisitioners/ administrative assistants to whom procurement authority has been delegated so that they keep abreast of latest developments in procurement and have a solid understanding of processes to be followed and principles to be applied.
- Provides direction and guidance to more junior staff whoever applicable
- Performs other duties as required.

## QUALIFICATIONS

- ☞ Knowledge of internationally recognized procurement standards and of all phases of international procurement techniques and operations used in contracting for highly complex and technologically advanced goods and services
- ☞ Knowledge of contract law and expertise in handling complex procurement and contract issues.
- ☞ Knowledge of quantitative methods to measure supplier capacity systems and ability to identify sources of supply, market trends and pricing.
- ☞ Ability to develop procurement policies, procedures and new programs.
- ☞ Advanced university degree (masteries, proceduruivalent) in business administration, public administration, commerce, engineering, law or a related field. A first-level university degree in combination with qualifying experience may be accepted in lieu of the advanced university degree.

### *Background*

- ☞ A minimum of seven years of progressively responsible experiences in procurement, contract management, administration or related area. Relevant IT skills, including familiarity with Microsoft Office and web-based applications, required. Familiarity with ERP system will be a plus. Experience in procurement systems required.

## 2. Tightening the Details and Use of Standard Contract

### □ Tightening of the Details of Standard Contract

- Adopted more rigorous details of a standard contract to ensure that it specifically provides for the contractual period, scope of services, deliverables, obligation of contractual performance, compliance with contractual process, supervision including periodic reporting and monitoring of contract performance at each stage, details of contractual amount and costs, and expense settlement and submission of evidentiary documents;
- Employed more rigorous requirements for submission of a plan on application of an advance payment before such payment is made;
- Use of a more rigorous standard contract presently being recommended and promoted; each team required to submit sufficient and reasonable rationale for a failure to use a standard contract to the Legal Team for its review and approval; and each team required to provide sufficient and reasonable rationale for any intent to make a significant modification in the standard contract to the Legal Team for its discussion at the stage of legal review and its approval;
- To maintain the "Time is of the Essence" provision which sets forth an obligation to meet the deadline and defines a failure to meet the deadline as an irreparable violation as applicable under a traditional agreement because liquidated damages may be subject to frequent disputes with a counter-party to an agreement and to keep a similar protective provision for the GGGI; and to insert a provision on liquidated damages when necessary;
- To reflect in the contractual procedures based on internal discussion of a provision on liquidated damages

whether to add such provision to a standard contract or whether to insert such provision in each relevant contract as circumstances require.

→ Update by GGGI Legal Unit:

- Status of Action: Completed.
- Action Completion Date: Q1, 2013
- Process Owner: Ji Hwan Park, Legal Sr. Program Manager
- Corrective Action Taken: All recommendations above are reflected in the GGGI Standard Contract template (see attached) except inclusion of a liquidated damages provision as explained below. When GGGI needs to take contract format other than the standard template, legal closely reviews the contract terms and ensures the recommendations above are incorporated appropriately.
- Exception: Currently, a liquidated damages provision is included on a case by case basis. The research on inclusion of such provision in standard contracts of several other international organizations turned out to be generally negative. However, Legal is open to further research and consideration on opinion/discussion to include such provision in the GGGI standard contract template, if it is required.



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## **VI. Reinforcement of Business Management Method and Establishment of Quality Control System**

To adopt a more stringent review of the GGGI's application of the COP (Core Operating Process) and formulate a corresponding business management and supervision method; and to tighten transient examination of the scope of planned services for each project and the actual scope of contract regarding an outsourcing contract in particular, assessment of the level of deliverables utilization, and review of the effectiveness of projects themselves.

- Confirmation of Matters Requested by the Corresponding Government in Executing National Projects
- To strengthen the procedures to receive a request for service or a memorandum of understanding from the (central or local) government of a corresponding country when migrating from 'Scoping', the first stage in the COP, to 'Management and Monitoring', its second stage;
- Receiving documents related to all national projects in the 'Management and Monitoring' stage as of December 17, 2012.

→ Update by GGGI GGP&I Unit:

- Status of Action: Completed
- Action Completion Date: Q2, 2013
- Process Owner: Mattia Romani, GGP&I Deputy Director-General
- Corrective Action Taken: As of December 2012, a much more stringent application of the Core Operating Processes (COP) was applied within the GGP&I department. In particular:
  - All project have now submitted COP documents relevant to the status of the projects.
  - A new 'Portfolio Management Unit' (PMU) has been created to oversee the management of all the processes related to the project cycle, and to provide senior management with a regular status update on the portfolio of GGP&I projects
  - The newly formed PMU has set up a system to ensure that all projects at implementation stage have a formal request of collaboration from relevant governments, either in the form of an Memorandum of Understanding (MoU) or in the form of an official invitation letter
  - The Facilitative sub-committee of the Council has decided that they will directly approve the transition of projects from scoping to implementation phase, after recommendation by the Program sub-committee of the Council, hence providing a further certification of due process
- This newly established governance structure, as well as the required additional capacity in the Secretariat, implies that this is an ongoing process.
- Exception: None. GGP&I expect that by the end of Q2 2013 all projects will be in conformity with the standards described above.

□ Establishment of Procedures to Confirm the Details of Proposal and Contract

- To review the reasonableness of the scope of services and of the contractual amount in concluding a contract, based on comparison with the details of an invitation for bidding and the details of a proposal (procurement and contract officer);
- To confirm whether said review was carried out through an ordinary audit.

→ Update by GGGI GGP&I Unit:

- Status of Action: Completed
- Action Completion Date: Q2, 2013
- Process Owner: Mattia Romani, GGP&I Deputy Director-General
- Corrective Action Taken:



- After an ordinary review of the current system of procurement and review of contract's outputs, a Contract Review Committee (CRC) was formed in January 2013 to oversee all stages of procurement and contracting of projects. The CRC reports to the Director General, and is formed by Secretariat officers who are independent from the projects. It is currently chaired by the Chief Financial Officer.
- The responsibility for the review of the outputs of contracted work will lay with the project owners overseeing the work contracted as per GGGI's financial regulations. The project owners will work closely with the PMU to ensure that the outputs of contracted work are in line with expectations and this, together with any issues, will be reported to the DDG GGP&I in the context of the regular updates on the portfolio of projects.
- Exception: None.

□ Establishment of Quality Control System

- To develop evaluation guidelines in order to assess performance of national projects; and to conduct such assessment by formulating evaluation indices encompassing society, economy, environment, and other areas;
- To establish a Monitoring and Evaluation system
- It will be conducted under the leadership of new incoming deputy Director-General responsible for GGP&I.

→ Update by GGGI GGP&I Unit:

- Status of Action: Completed
- Action Completion Date: Q2, 2013
- Process Owner: Mattia Romani, GGP&I Deputy Director-General
- Corrective Action Taken:
  - The new DDG GGP&I was hired as of March 13, 2013. Under his leadership, a new 'Portfolio Management Unit (PMU)' has been created to oversee the management of all the processes related to the project cycle, and to provide senior management with a regular status update on the portfolio of GGP&I projects
  - Part of the scope of work of the newly established PMU is to create a state-of-the-art Monitoring and Evaluation (M&E) system. The expertise of the members of the PMU (multi-decade experience with the World Bank and with bilateral donors) puts them in an ideal position to set up a strong M&E system.
  - Work on the M&E system has commenced and it will be put in place over the next couple of months. GGP&I expects to have an M&E system in place during Q3 2013

- Additionally, an M&E expert from DANIDA has been seconded to GGGI to provide a donor perspective on the M&E framework.
- A Joint Donor Review process has been set up to advise, among other things, on the M&E framework.
- Exception: None.

## VII. Reinforcement of Internal Control System

### 1. Organization and Operation of the Audit and Finance Sub-Committee

In a meeting of the Transition Committee convened on November 20, 2012 to pursue conversion of the GGGI into an international organization as delegated by the Council, it was decided to propose, to the Council, a plan to form the Audit and Finance Subcommittee as an entity subordinate to the Council. A resolution on the issues including finance matters will be adopted in a Council meeting scheduled for January 2013.

#### → Update by Secretariat:

- Status of Action: Completed
- Action Completion Date: Q1, 2013
- Process Owner: N/A
- Corrective Action Taken: The Audit and Finance Sub-Committee of the Council was formed and it is currently active.
- Exception: N/A

### 2. Development of Policies and Procedures

The internal control system will be strengthened by proper documentation and implementation of financial, HR and other administrative policies and procedures. More focused budget planning, results-based management methodologies and tools, and systematic monitoring and evaluation practices will be rolled out to build fully-fledged internal control system. In this context, talents will be hired for key positions including a procurement manager, an ERP expert and an internal auditor. In parallel, the business process and related delegation of authorities are currently reviewed and will be rationalized in line with international benchmarks and best practices. This prepares for the implementation of ERP to consolidate the administrative management of all financial, human and physical resources under a single integrated system for the entire organization.

#### → Update by Secretariat:

- Status of Action: In-Progress
- Expected Action Completion Date: December 2013
- Process Owner: Munehiko Joya, CFO (on behalf of Howard Bamsey, Director-

General)

- Corrective Action Taken: Secretariat is simultaneously developing various regulations and related policies and procedures in the areas of Finance, Budget, HR, Procurement, Travel and Delegation of Authorities. These regulations, policies and procedures collectively enhance the accountability and transparency of GGGI's financial, operational and administrative activities and management. Staff will be trained to fully onboard these written policies and procedures which will then be further rationalized and automated by ERP with proper controls embedded (please see the draft ERP presentation). In the conjunction with the development of the regulations, CFO made a proposal to hire an internal auditor in the original management response to BAI audit report and drafted a job description to assure independence and objectivity. This was done by hiring a Chief Internal Auditor in April 15, 2013 and budget appropriation for internal auditing function. CFO plans to prepare a separate paper on internal control system of GGGI which can be shared with the Council members for information later this year.

Please note the internal control is a process with milestones of different stage. Developing policies is one milestone (currently being undertaken), followed by another milestone of being put in place and then we have to assure and monitor that people would be able to apply it to day to day operations. This enables GGGI to start automating the policies and procedures by ERP and the process compliance monitoring would be easier. This stage will happen progressively from Q1 2014 to Q1 2015 as one module after another is launched after test runs and goes live. The process owner is CFO on behalf of DG for AFSC and ERP including policies and procedures.

- Exception: N/A



GGGI - ERP  
Implementation Pr

### 3. Installation and Operation of a Dedicated Internal Audit System

#### □ Internal Audit System, Report and Assessment

- To set up a dedicated internal audit function comprising at least one internal audit professional and formulate an audit plan for its execution after review and approval by the Audit and Finance Sub-Committee;

- To report the findings of ordinary/regular audits to the Council through the Audit and Finance Sub-Committee after notifying the GGGI management of related items and collecting related opinions and improvement plans;
- To put the Audit and Finance Sub-Committee under the control of the Council to evaluate the effectiveness and reasonableness of internal audit affairs;
- To commission outside experts to perform an audit in the case of an internal audit requiring expertise according to the Audit and Finance Sub-Committee's decision.

→ Update by GGGI OIA:

- Status of Action: Ongoing
- Action Completion Date: Ongoing
- Process Owner: Youngmee Oh, Chief Internal Auditor
- Corrective Action Taken: GGGI established Office of Internal Audit (OIA) in April 2013. The mission of OIA is to support the Council in fulfilling its internal oversight responsibilities at GGGI. Based on the Annual Audit Plan approved by the Audit and Finance Sub-Committee of the Council, OIA performs independent and objective monitoring and evaluation of GGGI's operations that includes, but not limited to, HR, Legal, IT and GGP&I. See attached Charter for Office of Internal Audit (approved on 5/24/13) and the 2013 Internal Audit Plan for further information.
- Exception: N/A



GGGI Charter for  
Office of Internal



2013 Internal  
Audit Plan & Budget