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4 November 2013

## **Status Report on the Government of Korea's BAI Audit Findings**

The GGGI Secretariat under its new leadership has monitored continuously the Government of Korea's Board of Audit and Inspection (BAI) audit findings of GGGI prior to conversion to an International Organisation. It has used the findings to strengthen the organisation and institutionalise internal control systems and procedures commensurate with those of other international organisations.

The findings of the BAI audit highlighted three areas of concern; these have now all been addressed as follows.

First, various allowances and benefits were paid inappropriately for housing, education, seconded staff, meeting attendance, company vehicles and corporate credit cards. The rules, procedures and oversight of each of these allowances and benefits have been strengthened to bring them in line with international standards. The Council has approved regulations in the areas of human resources and financial management; each of which was developed in consideration of the best practices of other international organizations. In recent months highly qualified and internationally experienced professionals have been recruited to the Secretariat and are now aligning and implementing the rules and procedures in these areas.

Second, program expenses and consequent project supervision, particularly relating to outsourcing contracts with external consulting firms were found to have been managed inadequately. Independently benchmarked procurement rules were adopted by the Council in June 2013 and implemented by a newly recruited senior procurement manager with substantial international experience. The Organisation and Delivery Unit was established to strengthen the supervision, monitoring, reporting and evaluation of the GGGI's three work streams. Five internationally experienced staff, with experience respectively in the Asian Development Bank, EU, USAID, UNEP and SIDA have been recruited, and are quickly establishing the Unit's activities.

Third, in response to the finding that the previous organisation lacked sufficient internal control systems, the Audit & Finance Sub-Committee of the Council (AFSC) and the Office of Internal Audit and Integrity headed by the Chief Internal Auditor reporting directly to the Chair of the AFSC and the Director General are now operational. Internal audits, as well as integrity investigations have been undertaken, consistent with international auditing standards.

Much progress has been accomplished in a very short time. Fifteen policies have been developed and implemented since the last status report in May 2013. Nineteen further policies and guidelines are being developed and most are expected to be approved this year. These new policies and procedures will be integrated into the GGGI's business process in each GGGI location, including Headquarters, and other country presences. This will be achieved through the implementation of the Global Resource Efficiency Management System, an automation of the project, financial and administrative management systems.

The BAI audit findings, the May 2013 status report and more recent progress are detailed in the attached "Updates on Measures and Plans for the BAI Audit Findings on GGGI".

In September this year, a group of GGGI's donors – a Joint Donor Review (JDR) team – conducted a review of its operations. The team found that GGGI continues to undergo a double transition: to an international organisation and to new management processes. The JDR team expected this transition to continue to influence GGGI for another year. They also concluded that the Secretariat is responding to the urgent need to transform the organisation. They commended these efforts and noted early key achievements in partner countries. The Secretariat sees its response to the BAI audit as consistent with this theme of achieving much progress in an ongoing process of transition.

Attachments:

BAI Audit Findings and Management Response Update Table with Annexes

Annex 1: Staff Regulations and Provisional Staff Rules

Annex 2: Policy on Opportunities for visiting persons to and from GGGI

Annex 3: GGGI Vehicle Use and Reservation Policies

Annex 4: GGGI Official Vehicle Usage Log (sample)

Annex 5: GGGI Corporate Card Usage Policy

Annex 6: Receipt of Official Individual Card

Annex 7: Procurement Rules

Annex 8: GGGI Standard Contract Templates

Annex 9: GGGI Core Operating Process

Annex 10: GGGI Charter for Office of Internal Audit and 2013 Plan and Budget

Annex 11: GGGI Charter for Office of Internal Audit and Integrity

## Updates on Measures and Plans for the BAI Audit Findings on GGGI

<b>BAI Audit Findings</b>	<b>GGGI management response (Focal Point: CFO)</b>	
<b>I. Reinforcement of the GGGI Compensation Regulation</b>	<b><i>Corrective Action as of May 24, 2013</i></b>	<b><i>Update as of October 24</i></b>
<p>1. Tightening of Rules on Payment of Housing Allowance</p> <p><input type="checkbox"/> 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.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  GGGI Staff Regulations approved at 2<sup>nd</sup> Council in Abu Dhabi and the Staff Rules promulgated by the Director General. Housing Allowances are provided to expatriate staff who are not serving in their home country and country of their nationality.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  There has been an adjustment to accommodate a new staff classification and cost of living.  <u>Link:</u> See Annex 1 (Staff regulations and provisional staff rules)</p>
<p>2. Tightening of Rules on Payment of Child Education Expenses</p> <p><input type="checkbox"/> 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.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  GGGI Staff Regulations approved at 2<sup>nd</sup> Council in Abu Dhabi and the Staff Rules promulgated by the Director General. Housing Allowances are provided to expatriate staff who are not serving in their home country and country of their nationality.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  No change.  <u>Link:</u> See Annex 1 (Staff regulations and provisional staff rules)</p>
<b>II. Reinforcement of Various Allowance Payment Standards</b>	<b><i>Corrective Action as of May 24, 2013</i></b>	<b><i>Update as of October 24</i></b>
<p>1. Tightening of Rules on Allowances for the participation of Meeting</p> <p><input type="checkbox"/> Rules on Allowances for the participation of Meeting</p> <p>- 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.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  No allowance for meeting participation by GGGI staff.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>  No allowance paid for meeting participation by GGGI staff.  <u>Link:</u> See Annex 1 (Staff regulations and provisional staff rules)</p>
<p>2. Tightening of Rules on Seconded Allowances</p> <p><input type="checkbox"/> Rules on Seconded Allowances</p> <p>- 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.</p> <p>- Currently, no secondment is made without a seconded agreement and GGGI plans to comply with the regulation on secondment allowance in the future. The seconded allowance is made by reference to ICSC seconded allowance standards chart by country which regulates the working and employment conditions of the organizations within the UN</p>	<p><u>Status of Action:</u> In Progress  <u>Basis:</u> Secondment Policy  <u>Effective Date:</u> Q3 2013  <u>Comments:</u>  HR will develop a secondment policy.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Policy on Opportunities for Visiting Persons to and from GGGI  <u>Effective Date:</u> October 15, 2013  <u>Comments:</u>  The policy was approved and no compensation has been paid except a small allowance to an intern.  <u>Link:</u> See Annex 2 (Policy on Opportunities for Visiting Persons to and from GGGI)</p>

## Updates on Measures and Plans for the BAI Audit Findings on GGGI

<b>BAI Audit Findings</b>	<b>GGGI management response (Focal Point: CFO)</b>	
3. The transition from the existing K-GGGI personnel policy and the new IO-GGGI personnel policy pursuant to IO-conversion	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>                      There is one remaining staff member whose employment contract is K-GGGI based by his choice but is not entitled to housing or education grant allowance.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Staff Regulations &amp; Staff Rules  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u> No change  <u>Link:</u> See Annex 1 (Staff regulations and provisional staff rules)</p>
<b>III. Formulation of the Corporate Vehicle Management Regulation and Reinforcement of Control</b>	<b><i>Corrective Action as of May 24, 2013</i></b>	<b><i>Update as of October 24</i></b>
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).	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> GGGI Vehicle Use and Reservation Policies  <u>Effective Date:</u> April 1, 2013  <u>Comments:</u>                      There are two corporate vehicles, one for Director-General and another for staff's official business use.  <u>Link:</u> See Annex 3 (GGGI Vehicle Use &amp; Reservation Policies)</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> GGGI Official Vehicle Policy  <u>Effective Date:</u> October 24, 2013  <u>Comments:</u>                      GGGI has official vehicles only for official use registered and monitored online.  <u>Link:</u> See Annex 4 (GGGI Official Vehicle Usage Log Sample)</p>
<b>IV. Formulation of the Corporate Credit Card Regulation and Reinforcement of Control</b>	<b><i>Corrective Action as of May 24, 2013</i></b>	<b><i>Update as of October 24</i></b>
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.	<p><u>Status of Action:</u> In-Progress  <u>Basis:</u> GGGI Credit Card Usage Policy  <u>Effective Date:</u> Q3, 2013  <u>Comments:</u>                      The corporate credit card usage guidelines were developed by CFO and reviewed and approved at the Management Committee Meeting in December 2012. This policy is currently under review to see whether further revisions are needed.  <u>Link:</u> See Annex 5 (GGGI Corporate Card Usage Policy)</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> Receipt of GGGI Corporate Credit Card  <u>Effective Date:</u> August 27, 2013  <u>Comments:</u>                      GGGI corporate credit card holders comply with polices on card storage, management and usage by signing off on the receipt of GGGI Corporate Credit Card  <u>Link:</u> See Annex 6 (Receipt of Official Individual Card)</p>
<b>V. Reinforcement of the GGGI Procurement Regulation and Its More Rigorous Application</b>	<b><i>Corrective Action as of May 24, 2013</i></b>	<b><i>Update as of October 24</i></b>
1. Develop and consistently upgrade guidelines to meet the standards of an international organization.	<p><u>Status of Action:</u> In-Progress  <u>Basis:</u> Interim Procurement Rules  <u>Effective Date:</u> Q2, 2013  <u>Comments:</u>                      The draft procurement rules were adopted as interim at the Council in January 2013. The draft rules will be benchmarked for final review and approval at the next Council in June 2013.</p>	<p><u>Status of Action:</u> Completed.  <u>Basis:</u> GGGI Procurement Rules  <u>Effective Date:</u> June 8, 2013  <u>Comments:</u>                      Procurement handbook will be prepared to facilitate the implementation of the Rules.  <u>Link:</u> See Annex 7 (Procurement Rules)</p>

## Updates on Measures and Plans for the BAI Audit Findings on GGGI

<b>BAI Audit Findings</b>	<b>GGGI management response (Focal Point: CFO)</b>	
<p><input type="checkbox"/> Downward Adjustment of Optional Contract Limit</p> <p>- To expand open competitive bidding by ensuring that the revised Procurement Regulation lowers the allowable limits for an optional agreement;</p> <p>- 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.</p>	<p><u>Status of Action:</u> In-Progress</p> <p><u>Basis:</u> Interim Procurement Rules</p> <p><u>Effective Date:</u> Q2, 2013</p> <p><u>Comments:</u></p> <p>The draft procurement rules were adopted as interim at the Council in January 2013. The draft rules will be benchmarked for final review and approval at the next Council in June 2013.</p>	<p><u>Status of Action:</u> Completed.</p> <p><u>Basis:</u> GGGI Procurement Rules</p> <p><u>Effective Date:</u> June 8, 2013</p> <p><u>Comments:</u></p> <p>Procurement handbook will be prepared to facilitate the implementation of the Rules.</p> <p><u>Link:</u> See Annex 7 (Procurement Rules)</p>
<p><input type="checkbox"/> More Rigorous Review of the Details of Agreement</p> <p>- 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;</p> <p>- To conduct flawless evaluation by tightening assessor selection rules.</p>	<p><u>Status of Action:</u> In-Progress</p> <p><u>Basis:</u> Interim Procurement Rules</p> <p><u>Effective Date:</u> Q2, 2013</p> <p><u>Comments:</u></p> <p>The draft procurement rules were adopted as interim at the Council in January 2013. The draft rules will be benchmarked for final review and approval at the next Council in June 2013.</p>	<p><u>Status of Action:</u> Completed.</p> <p><u>Basis:</u> GGGI Procurement Rules</p> <p><u>Effective Date:</u> June 8, 2013</p> <p><u>Comments:</u></p> <p>Procurement handbook will be prepared to facilitate the implementation of the Rules.</p> <p><u>Link:</u> See Annex 7 (Procurement Rules)</p>
<p>2. Recruitment and Management of Staff in Charge of Procurement and Contracts</p> <p>- 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.</p>	<p><u>Status of Action:</u> In-Progress</p> <p><u>Basis:</u> Interim Procurement Rules</p> <p><u>Effective Date:</u> Q2, 2013</p> <p><u>Comments:</u></p> <p>A recruitment of a senior procurement manager is under way.</p>	<p><u>Status of Action:</u> Completed.</p> <p><u>Basis:</u> Employment Contract</p> <p><u>Effective Date:</u> September 17, 2013</p> <p><u>Comments:</u></p> <p>Sven Erik Hargeskog with 40 years of experience has been appointed as Senior Procurement Manager.</p>
<p>3. Tightening the Details and Use of Standard Contract</p> <p><input type="checkbox"/> Tightening of the Details of Standard Contract</p> <p>- 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.</p>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> GGGI Standard Contract</p> <p><u>Effective Date:</u> Q1, 2013</p> <p><u>Comments:</u></p> <p>All BAI audit recommendations are reflected in the GGGI Standard Contract template.</p>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> GGGI Standard Contract</p> <p><u>Effective Date:</u> Q1, 2013</p> <p><u>Comments:</u></p> <p>All BAI audit recommendations are reflected in the GGGI Standard Contract template.</p> <p><u>Link:</u> See Annex 8 (Standard Contract Templates for non-consulting services, consulting services, individual consultant, supply of goods and purchase order )</p>
<p><b>VI. Reinforcement of Business Management Method and Establishment of Quality Control System</b></p>	<p><b><i>Corrective Action as of May 24, 2013</i></b></p>	<p><b><i>Update as of October 24</i></b></p>
<p>To adopt a more stringent review of the GGGI's application of the COP (Core Operating Process) and formulate a corresponding</p>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> Core Operating Processes (COP)</p> <p><u>Effective Date:</u> Q2, 2013</p>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> Organization &amp; Delivery Unit (ODU)</p> <p><u>Effective Date:</u> Q2, 2013</p>

## Updates on Measures and Plans for the BAI Audit Findings on GGGI

<b>BAI Audit Findings</b>	<b>GGGI management response (Focal Point: CFO)</b>	
<p>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.</p> <p>□ Confirmation of Matters Requested by the Corresponding Government in Executing National Projects</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- Receiving documents related to all national projects in the 'Management and Monitoring' stage as of December 17, 2012.</li> </ul>	<p><u>Comments:</u> The COP is applied to all GGP&amp;I projects. The Portfolio Management Unit (PMU) was created to oversee the management of the project cycle and to update the senior management on GGP&amp;I project portfolio status.</p> <p><u>Link:</u> See Annex 9 (GGGI Core Operating Process)</p>	<p><u>Comments:</u> The ODU has been created with 4 staff for more rigorous review of GGP&amp;I project management cycle. <u>Link:</u> <a href="http://gggi.org/about-gggi/organizational/organization/">http://gggi.org/about-gggi/organizational/organization/</a></p>
<p>□ Establishment of Procedures to Confirm the Details of Proposal and Contract</p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- To confirm whether said review was carried out through an ordinary audit.</li> </ul>	<p><u>Status of Action:</u> Completed <u>Basis:</u> Contract Review Committee (CRC) <u>Effective Date:</u> Q2, 2013 <u>Comments:</u> The CRC was established to oversee all stages of the procurement and contracting process for all GGP&amp;I projects (please see Rules 4.3 and 4.4 of the Procurement Rules for more information).</p>	<p><u>Status of Action:</u> Completed <u>Basis:</u> Contract Review Committee (CRC) <u>Effective Date:</u> Q2, 2013 <u>Comments:</u> The CRC already met three times. <u>Link:</u> Procurement Rules 4.3 and 4.4)</p>
<p>□ Establishment of Quality Control System</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- To establish a Monitoring and Evaluation system</li> <li>- It will be conducted under the leadership of new incoming deputy Director-General responsible for GGP&amp;I</li> </ul>	<p><u>Status of Action:</u> Completed <u>Basis:</u> Core Operating Processes (COP) <u>Effective Date:</u> Q2, 2013 <u>Comments:</u> The COP is applied to all GGP&amp;I projects. The Portfolio Management Unit (PMU) was created to oversee the management of the project cycle and to update the senior management on GGP&amp;I project portfolio status.</p>	<p><u>Status of Action:</u> Completed (on-going) <u>Basis:</u> Organization &amp; Delivery Unit (ODU) <u>Effective Date:</u> Q3, 2013 <u>Comments:</u> The ODU is created and supervised by the Management and Administration Department. ODU is responsible for the implementation of the Monitoring &amp; Evaluations (M&amp;E) framework to <u>all projects</u> within the three GGGI's work streams (GGGP&amp;I, PPC and KD&amp;M). ODU is improving the M&amp;E framework on the basis of the Joint Donor Review and the Council recommendations. It will coordinate management aspects of the external evaluation, and is currently refining the project cycle management guidelines and the respective Core Operating Processes (COPs). An improved M&amp;E framework will be in place by December 2013. <u>Link:</u> <a href="http://gggi.org/about-gggi/organizational/organization/">http://gggi.org/about-gggi/organizational/organization/</a></p>



## Updates on Measures and Plans for the BAI Audit Findings on GGGI

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	<i><b>Corrective Action as of May 24, 2013</b></i>	<i><b>Update as of October 24</b></i>
<p><b>2-VII. Reinforcement of Internal Control System</b></p>		
<p>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.</p>	<p><u>Status of Action:</u> Completed <u>Basis:</u> Council Decision <u>Effective Date:</u> Q1, 2013 <u>Comments:</u> The Audit &amp; Finance Sub-Committee of The Council (AFSC) was formed and is currently active.</p>	<p><u>Status of Action:</u> Completed <u>Basis:</u> Council Decision <u>Effective Date:</u> Q1, 2013 <u>Comments:</u> The AFSC already met three times.</p>
<p>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.</p>	<p><u>Status of Action:</u> In-Progress <u>Basis:</u> Various policies and procedures <u>Effective Date:</u> Q4, 2013 <u>Comments:</u> Following the Council approval of the Financial Regulations, HR Regulations And Procurement Rules, more detailed Policies and procedures to shape the common business process are develop and implemented through the ERP system.</p>	<p><u>Status of Action:</u> In-Progress <u>Basis:</u> Various policies and procedures <u>Effective Date:</u> Q4, 2013 <u>Comments:</u> The following policies have been developed and in place:</p> <ol style="list-style-type: none"> <li>1. Staff Regulations and Provisional Staff Rules</li> <li>2. Procurement Regulations</li> <li>3. Financial Regulations</li> <li>4. HR Directive Amendments to GGGI Provisional Staff Rules</li> <li>5. Learning and Development Policy</li> <li>6. Individual Consultants Policies &amp; Procedures</li> <li>7. Policy on Use of GGGI Allocated Car Parking Facilities</li> <li>8. Conference Attendance Policy</li> <li>9. Policy for Assembly, Council and Sub-Committee Document Clearance</li> <li>10. Policy on Representation Expenses</li> <li>11. Policy on Use of GGGI Logo and Sponsorship</li> <li>12. Policy on English Language Contracts</li> <li>13. Policy on Opportunities for Visiting Persons to and from GGGI</li> <li>14. Travel Policy for Members of the Governance Organs of the GGGI</li> <li>15. Guidance Note on DG Approval Process</li> </ol> <p>In addition, there are 19 policies and guidelines currently being reviewed, developed or pending approval.</p>

## Updates on Measures and Plans for the BAI Audit Findings on GGGI

<i><b>BAI Audit Findings</b></i>	<i><b>GGGI management response (Focal Point: CFO)</b></i>	
<p>3. Installation and Operation of a Dedicated Internal Audit System</p> <p><input type="checkbox"/> Internal Audit System, Report and Assessment</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- 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;</li> <li>- To put the Audit and Finance Sub-Committee under the control of the Council to evaluate the effectiveness and reasonableness of internal audit affairs;</li> <li>- 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.</li> </ul>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> Charter for Office of Internal Audit</p> <p><u>Effective Date:</u> Q2, 2013</p> <p><u>Comments:</u></p> <p>GGGI established Office of Internal Audit (OIA) in April 2013 to support the Council in fulfilling its oversight responsibilities. The OIA performs independent objective monitoring and evaluation of GGGI's operations.</p> <p><u>Links:</u> See Annex 10 (GGGI Charter for Office of Internal Audit and 2013 Internal Audit Plan &amp; Budget)</p>	<p><u>Status of Action:</u> Completed</p> <p><u>Basis:</u> Charter for Office of Internal Audit and Integrity</p> <p><u>Effective Date:</u> Q3, 2013</p> <p><u>Comments:</u></p> <p>The OIA changed its name to Office of Internal Audit and Integrity (OIAI) and updated its charter to better reflect and customize the monitoring and evaluation of "integrity" into the role of the office. The Charter for OIAI that details its roles and responsibilities can be found in Annex 11</p> <p>OIAI conducts audit projects in accordance with a risk-based annual internal audit plan approved by the AFSC. Upon completion of each audit, OIAI issues a report including observations, recommendations, and Management's responses with action plan to the AFSC.</p> <p>OIAI periodically updates its activities to the Director-General and the Chair of the AFSC.</p>