



AUDIT

OF

UN WOMEN PROCUREMENT FUNCTION

Follow-up of OAI Report No. 1223 dated 13 February 2014

Report No.1435

Issue Date: 3 June 2015



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**Report on follow-up audit of UN Women’s procurement function
(Previous OAI Report No. 1223, 13 February 2014)**

Executive Summary

From 30 March to 10 April 2015, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the UN Women procurement function. This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the ‘unsatisfactory’ audit rating assigned by OAI as a result of an audit per Report No. 1223 dated 13 February 2014. 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 audit reviewed the implementation of 12 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 May 2013 to 31 January 2015 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the Office in the Comprehensive Audit and Recommendation Database System (CARDS).

Audit results

Of the 12 audit recommendations, the Office had fully implemented 10 and initiated action on 2, resulting in an implementation rate of 83 percent¹ as of 3 June 2015.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	10	1,2,3,4,5,6,7,9,10,12
In progress	2	8, 11
Not implemented	0	-
Withdrawn	0	-
Total	12	

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

Section I summarizes the two recommendations that have yet to be fully implemented. OAI encourages the Office to continue to take appropriate actions to address the remaining recommendations. OAI will continue to monitor the progress of the implementation of these recommendations as and when updates are provided by the Office in CARDS.

¹ This may differ from the implementation rate in CARDS, which includes extra points depending on how quickly the recommendations have been implemented.



Management comments and action plan

The Director of Management and Administration and the Chief of the Procurement Section provided the revised implementation dates for the outstanding recommendations.



Helge S. Ostveiten
Director
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I. Details of recommendations not yet implemented

Recommendation No.	Recommendation	Implementation status reported by the Office	OAI assessment recommended action
<p>8</p>	<p>The Procurement Section should develop and implement a corporate procurement strategy and plan that is aligned with the UN Women strategic plan by:</p> <ul style="list-style-type: none"> (a) identifying strategic procurement objectives; (b) developing a comprehensive profile of the organization's procurement needs (including a spending analysis, and risk analysis); (c) analysing the organization's procurement function and capabilities; (d) ensuring that the corporate procurement plan is based on inputs from the plans of Headquarters business units and field-based offices; and (e) considering implementing an electronic solution to enhance these processes. 	<p>Implemented</p> <p>UN Women's spending has been analysed and based on the findings, a roadmap strategy has been proposed and is under review by management. Also, an electronic procurement planning platform was introduced in December 2013. With this improvement, UN Women consolidated its procurement requirements globally for 2014. As a result, for high-spending commodities, UN Women sourced more than 30 Long Term Agreements issued by other UN agencies and made it available to all offices.</p>	<p>In progress</p> <p>The Office has developed an online planning tool that was rolled out in December 2013. The Office has also developed a Roadmap Strategy and shared it with the Procurement Community Network which is comprised of 800+ UN Women personnel, including all operations managers, procurement practitioners and buyers.</p> <p>The Office also assessed the risk and opportunities of the procurement function in form of a Business Case that was approved within the Division of Management and Administration. In response to the Business Case, interim measures were put in place in the form of hiring additional staff, while the Business Case was being reviewed and decided upon by UN Women senior management.</p> <p>The Office needed to further develop its Roadmap Strategy, which already covered some procurement objectives and the corporate spending analysis, to include narrative details that would guide and improve procurement initiatives throughout UN Women.</p> <p><u>Agreed revised implementation date:</u> June 2015</p>

<p>11</p>	<p>The Procurement Section should strengthen the use and management of Special Service Agreements by:</p> <p>(a) developing in collaboration with the Human Resources Centre a clear hand-over strategy, which takes into consideration the Procurement Section's need for adequate capacity; and</p> <p>(b) ensuring that the Delegation of Authority Framework is amended to appropriately reflect the duties of the Procurement Section.</p>	<p>Implemented</p> <p>The current Special Service Agreement process has been strengthened with Human Resources Division managing the contracting process, including approval of purchase orders for all headquarters based Agreements. Also, a Human Resources focal point attends the Procurement Review Committee meetings to review cases related to consultancy contracts to ensure that Special Service Agreements are not issued prior to satisfying control requirements.</p> <p>In addition, management developed guidelines for the implementation of an Individual Contract for Services (ICS) modality that will replace the Special Service Agreement modality and be managed by the Human Resources Division. Also, in response to the Joint Inspections Unit Report (JIU/REP/2014/8), management indicated that the "Use of Non-Staff Personnel and Related Contractual Modalities in the UN system Organizations released on April 20, 2015, the ICS guidelines are being re-aligned to addresses the recommendations of the Joint Inspections Unit."</p>	<p>In progress</p> <p>OAI noted the actions taken by management and that agreement has been reached for ICS to be managed by the Human Resources Division. As Issue 11 also related to the lack of clarity regarding the use of procurement and human resources processes and unclear delegations of authorities, this recommendation is being maintained as 'in progress' pending the finalization of the implementation of the ICS modality and the required amendment to the delegations of authority.</p> <p><u>Agreed revised implementation date:</u> December 2015</p>
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ANNEX Definitions of audit terms – implementation status, ratings and priorities

A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

B. AUDIT RATINGS

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

C. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
- **Medium (Important)** Action is required to ensure that UN Women is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UN Women.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.