



PERFORMANCE AUDIT

OF

UNDP E-TENDERING BUSINESS PROCESS

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Table of Contents

Executive Summary	i
Good practices	i
I. About the E-Tendering business process	1
II. Good practices	2
III. Audit results	3
A. To assess the effectiveness of the E-Tendering business process and to determine whether the intended benefits have been achieved	4
B. To determine whether governance and oversight were adequate, and to assess their operating effectiveness	8
Definitions of audit terms - ratings and priorities	11

Report on the Audit of E-Tendering Business Process Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the E-Tendering business process at UNDP from 13 February to 12 April 2017. Performance auditing is an independent examination of a programme, function, operation, project, or the management systems and procedures of an entity to assess whether the entity is achieving economy, efficiency and results in the employment of available resources.

The following question was addressed: To what extent has UNDP achieved the intended benefits of E-Tendering in terms of procurement process efficiency, transparency, time and cost savings, increased bidder participation and environmental benefits?

In answering the above question, the audit aimed to achieve the following objectives:

- assess the effectiveness of the E-Tendering business process, and determine whether the intended benefits have been achieved; and
- determine whether governance and oversight were adequate, and to assess their operating effectiveness.

The audit covered the E-Tendering business process implementation for the period 1 January 2014 to 31 December 2016. Although this was the first audit of the E-Tendering business process, the 2015 audit of procurement management highlighted one issue concerning E-Tendering, for which a recommendation was made. As at the time of this audit, implementation of that recommendation was still in progress (Audit Report No. 1480, Issue 7).

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the E-Tendering business process as **partially 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 the delayed roll-out and weaknesses in the implementation and design of the E-Tendering business process and system.

Good practices

The Office of Sourcing and Operations had established an active Yammer¹ group on E-Tendering, which allowed the Office to communicate easily with UNDP staff on new developments with the business process. The Office also sought feedback from both internal and external users on the effectiveness of the business process by conducting surveys, and developed an E-Tendering dashboard where statistics on the use of E-Tendering were presented.

¹ Yammer is a social network tool used for collaboration by UNDP staff and is part of the Microsoft Office 365 suite of products.

Key recommendations: Total = 3, high priority = 2

The three recommendations aim to ensure the effectiveness and efficiency of operations. For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Delayed roll-out of E-Tendering business process
(Issue 1)

The 2009-2011 Procurement Roadmap had a target date of December 2011 for the roll-out of all projects proposed therein, including the E-Tendering business process. However, the audit noted that although the E-Tendering business process had been launched on a pilot basis at UNDP in 2012, as at 31 December 2016, only 32 out of 134 Country Offices had adopted the business process. There was no clear timeline as to when the E-Tendering system would be rolled-out and what criteria would be used to make this determination.

The audit further noted that the 'UNDP Programme and Operations Policies and Procedures' had not been updated to define which procurements were to be processed using the new business process. This resulted in Country Offices and Headquarters units using the business process in different ways.

Recommendation 1: The Office of Sourcing and Operations should roll-out the E-Tendering business process by: (a) determining which types of procurement processes should be conducted using E-Tendering, and proposing a timeline of when the mandatory use of the system will commence; and (b) updating the 'UNDP Programme and Operations Policies and Procedures' to include guidance on the E-Tendering business process.

Weaknesses in E-Tendering system design and implementation
(Issue 2)

The E-Tendering business process and system showed various weaknesses, including: (i) the system did not enforce the requirement for buyers to have an approved purchase requisition before creating a tender in E-Tendering; (ii) the system allowed UNDP buyers to submit bids on behalf of bidders; (iii) the collaboration feature for E-Tendering had not been implemented so evaluations were conducted outside the system.

Recommendation 2: The Office of Sourcing and Operations should improve the E-Tendering system design and implementation by developing and implementing corrective actions to address the various weaknesses of the business process and system, as outlined above.

Management comments and action plan

The Director of the Office of Operations, Legal and Technology Services accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



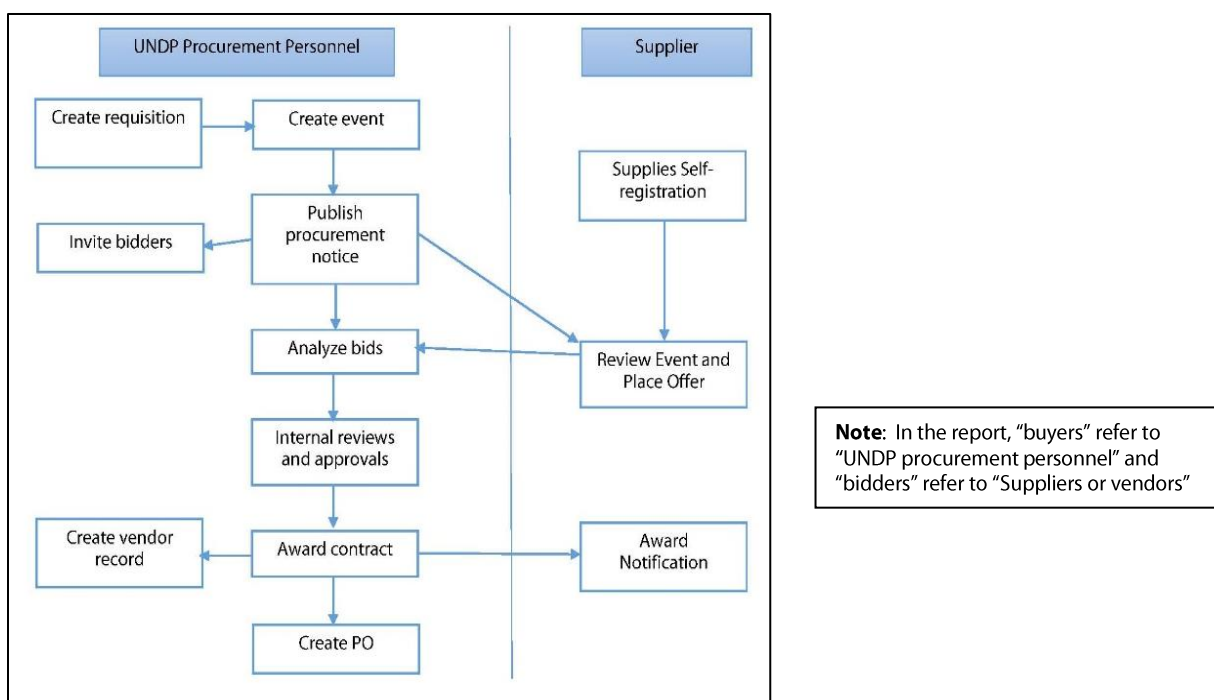
Helge S. Ostveiten
Director
Office of Audit and Investigations

I. About the E-Tendering business process

The Chartered Institute of Purchasing and Supply (CIPS) defines e-procurement as “The combined use of electronic information and communications technology in order to enhance the links between customer and supplier, and with other value chain partners, and thereby to improve external and internal purchasing and supply management processes.”

The E-Tendering business process has become more popular across the world as governments and private sector organizations seek to reduce the time and cost of doing business for themselves and vendors, realize better value for money through increased competition, standardize procurement processes, increase buying power through demand aggregation, allow equal opportunity to all vendors, have more transparent processes and ultimately reduce corruption. Several agencies of the United Nations have embarked upon similar initiatives that are at varying degrees of maturity.

Within UNDP, E-Tendering is defined as “an online tendering tool fully integrated in Atlas that allows procurement practitioners to manage complete tender processes and communication with bidders online, which enables smooth transfer of information and a streamlined workflow and audit trail.”² The chart below outlines the E-Tendering business process flow:



Source: e-Tendering instruction manual for bidders, UNDP, June 2016

The E-Tendering business process was approved by the Organizational Performance Group in April 2009 as part of the 2009-2011 Procurement Roadmap. As per the Roadmap, E-Tendering was one of the projects with the overarching aim of increasing procurement effectiveness through streamlining procurement processes. The intended benefits to UNDP and to the bidder community included savings related to the elimination of the bid

² Overview and benefits of Atlas E-Tendering 25 November 2016

opening process and lower transaction costs for bidders, as well as facilitating communication with bidders. The 2009-2011 Procurement Roadmap had a targeted end date of December 2011 for the roll-out of all projects proposed therein, including the E-Tendering business process. The business process was launched as a pilot in the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) and the Regional Bureau for Asia and the Pacific (RBAP) from the last quarter of 2012. As at December 2016, the business process was being used by staff from 32 Country Offices, the Global Procurement Unit in Copenhagen, the Central Procurement Unit in New York and the procurement staff in Kuala Lumpur, and had been used for 1,104 tender processes with 4,695 bids received from suppliers.

II. Good practices

The following good practices were noted by the audit team:

- The Office of Sourcing and Operations had established an active Yammer group on E-Tendering, with 421 members. This group provided a vehicle for the Office to communicate easily with UNDP staff on new developments with the business process.
- The Office of Sourcing and Operations sought feedback from both internal and external users on the effectiveness of the business process through separate surveys of UNDP staff and bidders.
- The Office of Sourcing and Operations had developed an E-Tendering dashboard, where statistics on E-Tendering were presented including the number of offices that had used the system, the number of tenders managed through E-Tendering, and the number of bids received in the system.

Audit objectives

The audit objective was to determine to what extent UNDP had achieved the intended benefits of the E-Tendering business process in terms of procurement process efficiency, transparency, time and cost savings, increased bidder participation, and environmental benefits.

The audit focused on two main audit objectives:

- (i) assess the effectiveness of the E-Tendering business process, and determine whether the intended benefits have been achieved; and
- (ii) determine whether governance and oversight were adequate, and to assess their operating effectiveness.

Audit scope and methodology

The audit covered the period from 1 January 2014 to 31 December 2016.

The audit team reviewed documents provided by the Office of Sourcing and Operations, including the E-Tendering Business Case, project progress reports, personnel job descriptions, E-Tendering user survey results and management reports. In addition, the audit team sent questionnaires to 13 Country Offices that used E-Tendering and an additional 10 Country Offices that had not used E-Tendering. The audit team also conducted an analysis of available data from the E-Tendering system complemented by interviews with the Office of Sourcing and Operations staff and other UNDP users of the system. In addition, the audit sought feedback from four United Nations agencies on their experiences with E-Tendering.

Audit criteria

The main audit criteria for this performance audit were the 2009-2011 Procurement Roadmap, the 2015-2017 Procurement Strategy, the UNDP Monitoring Policy, the procurement section of the 'UNDP Programme and Operations Policies and Procedures' and the Information Systems Audit and Control Association (ISACA) guidance on Application Controls.

The 2009-2011 Procurement Roadmap outlined the intended benefits of the E-Tendering process, which included the following: (i) estimated annual cost savings of \$500,000 by reducing/eliminated bid opening process as well as supplier; (ii) self-registration by bidders and receipt of automatic procurement notices through email; (iii) informing potential bidders of a sourcing event through email; (iv) allowing the bidders to download and upload bidding information, including attachments; (v) capturing and storing and making available the supporting documentation in the sourcing event; and (vi) providing the status of the sourcing event to stakeholders.

The 2015-2017 Procurement Strategy states that as a step towards effective international competition, UNDP will provide all potential vendors with timely and adequate information on and increased access to UNDP requirements, through the new E-Tendering system. It will also provide equal opportunity for suppliers to participate in procurements and restrict them only when it is necessary to achieve UNDP development goals.

The UNDP Monitoring Policy states "Monitoring is a continuous management function that provides decision-makers with regular feedback on the consistency or discrepancy between planned and actual results and implementation performance. It provides a regular indication of the likelihood that expected results will be attained." The Policy goes on to state "All UNDP programming activities are required to adhere to monitoring standards and policies, for which managers of Global, Regional and Country Programmes are accountable."

The 'UNDP Programme and Operations Policies and Procedures' has a section on sourcing of suppliers, which stipulates that inclusive sourcing for procurement is essential to effective competition as well as fairness, integrity and transparency. One component of sourcing vendors is the ability to identify vendors, that is, the industry they are in, the company profile, and information about their products, services, resources, qualifications and experience.

The ISACA guidance on application controls states that systems should be developed with robust application controls which ensure that (i) input data is accurate, complete, authorized and correct; (ii) data is processed as intended in an acceptable time period; (iii) data stored is accurate and complete; (iv) outputs are accurate and complete; and (v) a record is maintained to track data from input to storage and eventual output.

III. Audit results

OAI made two recommendations ranked high (critical) and one recommendation ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

High priority recommendations, arranged according to significance:

- (a) The Office of Sourcing and Operations should roll-out the E-Tendering business process (Recommendation 1).
- (b) The Office of Sourcing and Operations should improve the E-Tendering system design and implementation (Recommendation 2).

Medium priority recommendation:

- (a) The Office of Sourcing and Operations should improve monitoring and oversight of the E-Tendering process (Recommendation 3).

The detailed assessment is presented below, per audit area:

A. To assess the effectiveness of the E-Tendering business process and to determine whether the intended benefits have been achieved

The E-Tendering business process had, to some extent, contributed to achieving procurement process efficiencies within UNDP. Environmental and financial benefits were accrued to UNDP due to fewer solicitation documents being printed. Bidders were no longer required to submit printed documents or to attend bid openings. The automated bid receipt and bid opening report emails were generated from the E-Tendering system, which reduced transaction costs. The new process improved transparency when compared to the process outside of E-Tendering, as bidders received confirmations of bid submissions and were automatically notified of any changes to tenders in which they had expressed an interest or submitted bids. The E-Tendering business process had the potential to help UNDP achieve fairness and integrity. Once registered on the system, bidders can view and bid on tender opportunities that have been advertised on the E-Tendering system by any Country Office. The system then generates receipts of bid notifications automatically for all bidders. If tenders are amended, all bidders are notified of these changes at the same time, and the system records all bids received and does not allow bids to be submitted after the deadline.

However, in the absence of metrics that would allow for simple comparison against procurement processes conducted outside of E-Tendering, the extent of this improvement in efficiencies could not be quantified. Additionally, there was no evidence to validate that there had been increased bidder participation using E-Tendering.

Feedback from surveys of users conducted by the Office of Sourcing and Operations in 2015 and 2016 had been positive. On average, users assigned a 4/5 grade for overall experience using the E-Tendering business process.³ According to the "Total UNDP" view of the 2016 Headquarters Products and Services Survey (PSS), 52 percent of respondents had a favourable review of the E-Tendering business process, with 42 percent being neutral and only 7 percent having an unfavourable review of the business process. However, since the PSS was not limited to users of E-Tendering, these percentages may not have been representative of the users' overall satisfaction. Four out of 13 Country Offices sampled by the audit cited language as a deterrent to using the system, as it was only available in English, and other offices informed the audit team that the E-Tendering reporting functionality was inadequate (refer to Issue 2 for more details).

Weaknesses noted in the effectiveness and benefits of the system are outlined below:

³ Source: 2016 Users survey.

Issue 1 Delayed roll-out of E-Tendering business process

The 2009-2011 Procurement Roadmap had a target date of December 2011 for the roll-out of all projects proposed therein, including the E-Tendering business process.

The audit noted that although the E-Tendering business process had been launched on a pilot basis at UNDP in 2012, as at 31 December 2016, only 32 out of 134 Country Offices had adopted the business process.

The audit further noted that the 'UNDP Programme and Operations Policies and Procedures' had not been updated to define which procurements were to be processed using the new business process. This resulted in Country Offices and Headquarters units using the business process in different ways, for example: (i) the UNDP Colombia Country Office used E-Tendering only for individual contractor procurements; (ii) the Central Procurement Unit at Headquarters used E-Tendering to procure all goods and services purchased but not for individual contractors; (iii) the Health, Sustainable Energy and Crisis Response Teams under the Office of Sourcing and Operations did not use E-Tendering for their procurements; and (iv) the Brazil Country Office had developed its own E-Tendering solution, which was in Portuguese, in order to meet the needs of their host Government and suppliers.

The delays in the roll-out of the E-Tendering business process and not updating the 'UNDP Programme and Operations Policies and Procedures' resulted in different practices being adopted as well as continued exposure to risks inherent to the different practices.

Priority	High (Critical)
Recommendation 1:	
The Office of Sourcing and Operations should roll-out the E-Tendering business process by:	
<ul style="list-style-type: none"> (a) determining which types of procurement processes should be conducted using E-Tendering, and proposing a timeline of when the mandatory use of the system will commence; and (b) updating the 'UNDP Programme and Operations Policies and Procedures' to include guidance on the E-Tendering business process. 	
Management action plan:	
<p>The Office of Sourcing and Operations will submit a proposal to the UNDP Governance Board to make the use of E-Tendering mandatory. The proposal will: outline the rationale for making the use of E-Tendering mandatory and for which types of procurement processes; identify special circumstances under which the use of E-Tendering can be waived; and propose a timeline of when the mandatory use of the system will commence.</p> <p>In parallel, the Office will make the necessary adjustments in the 'UNDP Programme and Operations Policies and Procedures' to prescribe the use of E-Tendering.</p> <p>Implementation of this recommendation is, however, dependent on UNDP Governance Board authorizing the mandatory use of the system. The proposal will be submitted to the Governance Board during the second quarter of 2017, with a decision expected during the fourth quarter of 2017. The intent is to have the mandatory use of the system commence within six months from when the Governance Board takes the decision, to allow UNDP offices sufficient time to implement E-Tendering.</p>	

The amendments will be made in parallel, to be completed by the end of 2017.

Estimated completion date: December 2017

Issue 2 Weaknesses in E-Tendering system design and implementation

Guidance from ISACA states that systems should be developed with robust application controls, which ensure that (i) input data is accurate, complete, authorized and correct; (ii) data is processed as intended in an acceptable time period; (iii) data stored is accurate and complete; (iv) outputs are accurate and complete; and (v) a record is maintained to track data from input to storage and eventual output.

The audit conducted several walkthroughs of the E-Tendering system and noted the following weaknesses in the current system design and implementation:

- (i) System roles not adequately documented: The June 2016 UNDP E-Tendering Users' Guide stated that events created by a buyer, who must have a buyer/event creator role in E-Tendering, must be approved by their manager (Event Approver). However, neither the 'UNDP Programme and Operations Policies and Procedures' nor the Internal Control Framework had been updated to reflect this or any of the other roles in the E-Tendering system, such as Event Approver, Collaborator and Super-User.⁴ The 'UNDP Programme and Operations Policies and Procedures' and the Internal Control Framework are both important sources of information for end users so they can be up to date and aligned with UNDP systems.
- (ii) System not available in other languages apart from English: UNDP is a global organization with Country Offices operating in diverse areas, and stakeholders and vendors who communicate in various languages. However, the audit noted that the E-Tendering system was only available in English, which may deter users whose primary business language is not English. Various Country Offices sampled (4 of 13) cited language as a deterrent for using the system. The audit noted that the UNDP Brazil Country Office had developed its own E-Tendering solution, which was in Portuguese, to meet the needs of their host Government and suppliers. By way of comparison, three United Nations agencies contacted during the audit indicated that their E-Tendering systems were available in English, French and Spanish. The Office of Sourcing and Operations stated that Atlas (enterprise resource planning system of UNDP) did not support interfaces in other languages and that the user guides and videos they had developed in English, French and Spanish mitigated any risk arising from the system being available in English only.
- (iii) Events created without approved requisition: Per the 'UNDP Programme and Operations Policies and Procedures', procurement begins with a requisition, which is a formal request originated by a business unit or project staff. It is then submitted to procurement staff, who use the procurement process to convert the requisition into a purchase order. However, as observed during walkthrough sessions, the E-Tendering system did not enforce the requirement for buyers to have an approved purchase requisition before creating a tender in E-Tendering. Thus, staff with a buyer profile could have created events in the system even though requests had not been approved yet by the budget holder. The Office of Sourcing and Operations indicated that in certain circumstances, for example in emergency procurements or when setting up Long Term Agreements without a commitment to purchase a specific quantity, this

⁴ The Collaborator role is for staff involved in the tender evaluation process and the Super-User Role is a support role that would have greater system access than regular users.

- may not be possible. The Office of Sourcing and Operations further stated that a dashboard indicator could be designed to measure these instances.
- (iv) System not configured to allow for complete supplier registration: The policy on sourcing of suppliers stipulates that inclusive sourcing for procurement is essential to effective competition as well as fairness, integrity and transparency. One component of sourcing vendors is the ability to identify vendors, that is, the industry they are in, the company profile, and information about their products, services, resources, qualifications and experience. The audit noted that during the E-Tendering registration process, the system was not configured to allow bidders to enter a business classification or category or to provide any documentation to prove that they exist. This impedes the ability of the buyer to categorize bidders.
 - (v) Buyers able to submit bids on behalf of bidders: The E-Tendering system allowed bidders to save their bid submissions before they finalized and submitted their responses to tender events. However, the audit noted that staff members with buyer profiles could modify and submit bids on behalf of bidders who had saved, but had not submitted their responses to tender events. A buyer could edit a saved bid, respond to the bid factor questions and upload alternative or modified supporting documents which may not have been representative of the bidder's intentions. The bidder would not be able to see the amended information or verify whether the uploaded documents were correct, but would be notified by email that their bid had been submitted. Buyers could therefore circumvent controls designed to ensure the integrity of the procurement process.
 - (vi) No interfaces with the relevant procurement systems (UNGM, UNDP procurement website, ACP oversight): Per the 'UNDP Programme and Operations Policies and Procedures', all tender solicitations and awards must be published on both the United Nations Global Marketplace (UNGM) and the UNDP Procurement Notices websites. The system did not have interfaces with the Advisory Committee on Procurement's (ACP) oversight system, the UNGM website, or the UNDP Procurement Notices website. For the ACP oversight system, that means all documents have to be downloaded from the E-Tendering system and then uploaded into the ACP Online system, which creates more work for staff, and introduces a risk that bid documents may be altered or not submitted for review by procurement oversight committees. Manually publishing tender solicitations and awards is inefficient. Ideally, a purchase order approver in Atlas should be able to review all supporting documentation including all evaluations performed prior to approving the purchase order. This issue was previously reported in the 2015 OAI performance audit of procurement management at UNDP (Audit Report No. 1480, Issue 7). The audit noted that the Procurement Support Unit had been in discussions with the UNGM with regards to the integration of E-Tendering and UNGM. Further, there had been discussions concerning the integration of E-Tendering with the ACP oversight system; however, per the Office of Sourcing and Operations, the lack of funding had prevented it from implementing this integration.
 - (vii) Tenders not evaluated in the E-Tendering system: The collaboration feature for E-Tendering had not been implemented so evaluations were conducted outside the system. The audit noted that this feature was part of the enhancements planned for 2017. One of the United Nations agencies interviewed had a system that allowed tender evaluations to be performed in their E-Tendering system, which made it easier for staff to perform these evaluations and show a clear audit trail of how procurement decisions were made.
 - (viii) Vendor management module not consistently updated: According to the E-Tendering business process, buyers are supposed to update the Atlas vendor master record with the associated bidder number from the E-Tendering system for vendors that have been awarded events. However, the audit noted that

from a sample of eight events with the status 'Awarded', only one of the vendor master records in the Atlas vendor management module had been updated with the vendor's bidder ID from the E-Tendering module. The absence of this linkage will make it difficult to track and report on bidder activity. The Office of Sourcing and Operations informed the audit team that if buyers followed the correct process by creating purchase orders through the E-Tendering system, then the system would automatically update the vendor master record in Atlas with the bidder number. However, not all buyers were using all of the functions of E-Tendering, including the purchase order creation feature, which was only implemented in 2015.

The weaknesses highlighted above were the result of the specific system design and may limit the effectiveness of the E-Tendering business process.

Priority	High (critical)
Recommendation 2:	
The Office of Sourcing and Operations should improve the E-Tendering system design and implementation by developing and implementing corrective actions to address the various weaknesses of the business process and system, as outlined above.	
Management action plan:	
<ul style="list-style-type: none"> - The Office of Sourcing and Operations has established a Quality Assurance Panel, as part of project implementation strategy, that reviews identified system enhancements and makes recommendations for improvements. Currently, this panel consists of Procurement Services Unit staff (Policy Unit and senior procurement practitioners). As part of the E-Tendering project implementation plan for 2017, the intent is to expand the composition of this group by inviting representatives from the ACP, the Office of Information Management and Technology (OIMT), and OAI. - The E-Tendering project has already identified several system enhancements, many of which have been implemented in the past two to three years. Some are being implemented as part of 2017 project implementation plan, and a few are still outstanding due to lack of funds and resources from OIMT to implement such enhancements. Some of the system recommendations made by OAI in this report are already in the list, and those which are not will be added for consideration by the Quality Assurance Panel. - The Office enhanced the existing management dashboard to perform monitoring of E-Tendering events. - The Office of Sourcing and Operations updated the Internal Control Framework and 'UNDP Programme and Operations Policies and Procedures' to modify the roles of a buyer. 	
Estimated completion date: September 2018	

B. To determine whether governance and oversight were adequate, and to assess their operating effectiveness

For the area of governance and oversight, the audit noted that accountability for the business process was clear as it resided with the Office of Sourcing and Operations, Procurement Services Unit.

The following weaknesses were noted with regards to monitoring, oversight and reporting:

Issue 3 Inadequate monitoring and oversight of E-Tendering business process

The UNDP Monitoring Policy states “Monitoring is a continuous management function that provides decision-makers with regular feedback on the consistency or discrepancy between planned and actual results and implementation performance. It provides a regular indication of the likelihood that expected results will be attained” and goes on to state that “All UNDP programming activities are required to adhere to monitoring standards and policies, for which managers of Global, Regional and Country Programmes are accountable.”

The Office of Sourcing and Operations did not develop reports that would facilitate the effective monitoring and oversight of the E-Tendering business process, such as: (i) summary reports showing the number of E-Tendering cases per business unit per year, the value of each case, submission and completion dates, as well as the type of procurement; (ii) detailed reports showing the selected supplier/service provider, number of submissions for each case, evaluation type, link to the purchase order and vendor numbers; and (iii) statistics showing the number of bidders who accepted invitations (i.e., those that expressed an interest in an event and the ones who actually submitted a bid). According to Country Offices surveyed during the audit, this information is available for individual events but not for all tenders from a particular business unit. The Country Offices surveyed also confirmed the need for additional reports.

As an example of the lack of complete information, the Office of Sourcing and Operations could not determine the value of procurements processed through the E-Tendering business process. The Office was only able to indicate the total value of all procurements processed by Country Offices that adopted the E-Tendering dashboard maintained in the UNDP Power BI Platform. However, this information was inaccurate, as these offices had not used E-Tendering for all of their procurements. The audit team noted that there were communications with erroneous and potentially misleading information on procurement value, which included an email to the Bureau for Management Services (BMS) from the Office of Sourcing and Operations dated December 2016, and a presentation made at the RBEC Regional Operations Management workshop in June 2016. In both cases, the reported value of E-Tendering procurements was \$600 million, or approximately 31 percent of the total annual value of UNDP procurement, which was inaccurate. The audit acknowledged that the indicator description on the E-Tendering dashboard had since been corrected to reflect the indicator as a measure of the total procurement volume, and therefore OAI did not make a recommendation in this respect.

The audit team also requested OIMT to provide an indication of transaction values of procurements processed through the E-Tendering system. According to OIMT, approximately \$12.5 million was processed by Country Offices in 2015 and in 2016 through E-Tendering, but this could not be verified, as buyers did not consistently link purchase orders to E-Tendering. OAI also noted that this figure was not correct because the UNDP Afghanistan Country Office alone reported that they had processed procurements over \$40 million through E-Tendering for 2015 and 2016. In addition, per the January to December 2016 Project Progress Report prepared by the Office of Sourcing and Operations, 1,104 tenders had been awarded through the system since its inception. However, the audit tests performed showed that as of 12 March 2017, the number of tenders with the status ‘Awarded’ was only 231.

No key performance indicators had been identified to monitor the E-Tendering business process. The absence of key performance indicators for the E-Tendering business process may make it difficult to measure progress, identify trends, and take corrective action to ensure that business objectives are achieved.

Lack of oversight and monitoring of the E-Tendering business process may lead to the objectives, in terms of transparency, efficiency, and cost savings not being monitored and achieved.

Priority	Medium (Important)
Recommendation 3: The Office of Sourcing and Operations should improve oversight and monitoring of the E-tendering business process by: <ul style="list-style-type: none"> (a) developing relevant reports for the E-Tendering business process, taking into account the needs of Country Offices and other stakeholders; and (b) defining key performance indicators for the E-Tendering business process, their measurement procedures, how often and to whom they will be reported. 	
Management action plan: The Office of Sourcing and Operations and the E-Tendering project team will work closely with OIMT to design additional reports, taking into consideration the recommended key performance indicators in this report. Designing and implementation of such reports is, however, subject to availability of resources with OIMT. <p>Estimated completion date: December 2018</p>	

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** 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.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
- **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.