

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**PERFORMANCE AUDIT**

**OF**

**UNDP CRISIS RESPONSE UNIT**

**Report No. 2027**

**Issue Date: 4 January 2019**

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## Report on the Audit of UNDP Crisis Response Unit Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the UNDP Crisis Response Unit (the Office) from 8 October to 8 November 2018. Performance auditing is an independent examination of an entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

The audit aimed at assessing the extent to which the Office was carrying out its functions of coordinating and facilitating UNDP's crisis response and improving UNDP's preparedness, early warning, crisis policy, crisis response and early recovery capacities.

The audit covered the activities of the Office from 1 January 2017 to 31 August 2018. At the time of the audit, the Office was going through a review, which was scheduled for completion by December 2018. Changes to the structure and mandate of the teams and units were still being discussed at the time of the audit. Therefore, the audit did not assess the review of the Office as it was still in progress. This was the first audit of the Office.

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

### Overall audit rating

OAI assessed the Office as **satisfactory**, which means, "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."

### Key recommendations: Total = 3, high priority = 1

The three recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendations 1 and 2); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 3).

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. The high (critical) priority recommendation is presented below:

Limited number of  
SURGE Advisors  
(Issue 1)

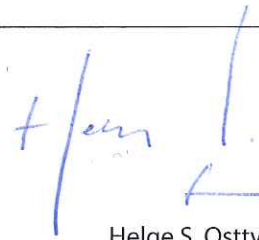
The number of SURGE Advisors was limited. There were only 193 active Surge Advisors on the roster in 2018. Out of these, 47 Advisors did not have valid release agreements, meaning that release from their offices when required was not guaranteed.

**Recommendation 1:** The Office should increase the number of SURGE Advisors by: (a) initiating a call for UNDP staff to join the SURGE roster and providing the necessary training; (b) developing a policy that specifies the mandatory release of staff based on the level of the crisis; and (c) maintaining up-to-date release agreements for all SURGE Advisors on the roster, and for any cases where staff are not released when requested, it should be reported to the Crisis Board bi-annually.

### **Management comments and action plan**

The Assistant Administrator and Director of the Crisis Bureau accepted all recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations

## **I. About the Office**

The UNDP Crisis Response Unit (the Office) is responsible for UNDP's corporate crisis-related strategies and drives UNDP's vision and priorities for crisis prevention, response, and recovery. The Office's responsibilities focus primarily on sudden onset crises and complex protracted crises. The Office (i) advises the UNDP Crisis Board on identifying the level of a particular crisis or on scaling up or down a particular response; (ii) leads timely and informed decision-making and management actions, supports early warning and guides corporate preparedness for crisis response; and (iii) manages UNDP's crisis response toolbox, including deployments, standard operating procedures for immediate crisis response and the coordination of UNDP Crisis Response Packages. The Office also leads capacity development initiatives on crisis preparedness and response for UNDP staff. The Office is responsible for UNDP's engagement with the humanitarian community and works to ensure that the development agenda – early recovery in particular – is effectively integrated to the humanitarian architecture and humanitarian financing.

During crises, the Office relies on First Responders, SURGE Advisors, Experts for Rapid Response, and Standby Partners.

- First Responders are the first experts to be deployed to Country Offices in the aftermath of a crisis – they are deployed within 72 hours for short-term assignments of two to four weeks.
- SURGE Advisors are skilled, trained staff ready to deploy within days to a Country Office facing a sudden crisis.
- The Experts for Rapid Response roster was created to respond effectively to the organization's needs for expertise in crisis prevention and recovery.
- Standby Partners, which can be non-governmental organizations, government entities, or other international organizations, maintain a pool of technical experts that can be deployed to UNDP to enhance its crisis response capacity.

At the time of the audit, the Office was undergoing a review of its functions, which was expected to be completed in December 2018.

### **A. Audit Objectives**

The objective of the audit was to assess the extent to which the Office was carrying out its functions of coordinating and facilitating UNDP's crisis response and improving UNDP's preparedness, early warning, crisis policy, crisis response and early recovery capacities.

The audit answered the following questions:

1. Has the Office achieved its mandate of coordinating and facilitating crisis response to Country Offices?
2. Was there sufficient capacity to enable the Office to coordinate and facilitate UNDP's crisis response to Country Offices?
3. Were operations performed in compliance with UNDP policies and procedures?

The audit covered the activities of the Office from 1 January 2017 to 31 August 2018. The audit did not assess the ongoing review of the Office as it was still in progress and was scheduled to be completed in December 2018.

## **B. Audit Methodology**

The audit mainly built on document reviews and interviews/written inquiries.

Question 1 was addressed through a systematic review of the Office's response to crisis. A sample of countries where support was provided was selected for review. This was complemented by interviews with key staff, Regional Bureaux, Crisis Board members, and a sample of partners.

Question 2 was addressed through review of memorandums of understanding with Standby Partners and the deployable capacities available to UNDP (First Responders, SURGE Advisors, external consultants from the Experts for Rapid Response roster, and Standby Partners). This was complemented by interviews with responsible staff.

Question 3 was addressed through a review of the delegation of authority, and a sample of payments and travel vouchers for compliance with the 'UNDP Programme and Operations Policies and Procedures'. The Service Level Agreement with the Bureau for Management Services for procurement and human resources services was also reviewed. This was complemented by interviews with staff to determine the efficiency of the operations.

## **C. Audit Criteria**

The main audit criteria for this performance audit was the Office's mandate, work plan, and the standard operating procedures for immediate crisis response. The 'UNDP Programme and Operations Policies and Procedures' were used as specific audit criteria where relevant.

## **II. Audit results**

OAI made one recommendation ranked high (critical) and two recommendations 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 recommendation:**

- (a) Increase the number of SURGE Advisors (Recommendation 1).

### **Medium priority recommendations, arranged according to significance:**

- (a) Improve the oversight and management of the Experts for Rapid Response roster (Recommendation 3).
- (b) Strengthen relationships with Standby Partners (Recommendation 2).

The detailed assessment is presented below, per audit area:

**A. Has the Office achieved its mandate of coordinating and facilitating crisis response to Country Offices?**

A review of the Office's support provided to 13 Country Offices<sup>1</sup> operating in crisis situations (out of a total of 56 in 2017 and 2018) indicated good coordination and facilitation of crisis response. Overall, the Office's assistance was assessed as being timely and of good quality, and actions were undertaken in compliance with standard operating procedures. For example, it successfully provided support to the Caribbean Islands affected by Hurricanes Irma and Maria. The timely deployment of First Responders and a decision to establish a Crisis Management Unit in Dominica strengthened field coordination and paved the way for longer-term recovery engagement.

Additionally, the audit team noted a systematic approach to the implementation of recommendations raised in the After-Action Reviews.<sup>2</sup> Discussions with Regional Bureaux indicated that the Office could have done more to bridge the gap between rapid response and recovery. Further discussions with Office staff and management indicated that the inputs of the Regional Bureaux were taken into account when designing the new Office structure. A dedicated team was appointed to address this matter in a more comprehensive manner. The After-Action Reviews also recommended that SURGE plans needed to be reviewed two to three months after initial formulation to design long-term recovery programmes. To provide more systematic response, a set of criteria was prepared by the Office on where and how to provide support to Country Offices in protracted crises to ensure interlinkages between humanitarian, development and peace actors.

**B. Was there sufficient capacity to enable the Office to coordinate and facilitate UNDP's crisis response to Country Offices?**

Although the Office managed to coordinate and facilitate support to Country Offices in crisis during the audit period, staff interviewed indicated that there were human resource constraints. UNDP had a limited number of SURGE Advisors and Standby Partners were not fully utilized.

**Issue 1**      Limited number of SURGE Advisors

According to Office guidance, deployable capacity (rosters of staff and external experts) ensures that experienced professionals can be deployed quickly to fill capacity gaps within Country Offices facing unexpected workloads due to crises. This includes the deployment of First Responders, SURGE Advisors, and the Experts for Rapid Response and Standby Partners.

The number of SURGE Advisors was limited. The last call for SURGE Advisors was in 2014/2015. At that time, the Office received almost 400 applicants, of which it accepted and trained over 120 staff.

In 2018, 193 active SURGE Advisors were on the roster; however, 47 did not have a valid release agreement. Without a valid release agreement, their release from their offices was not guaranteed. During crises situations, only one in four staff was released because of different priorities in the Bureaux.

<sup>1</sup> Antigua & Barbuda, Armenia, Azerbaijan, Bangladesh, Barbados, British Virgin Islands, Georgia, Haiti, Myanmar, St. Maarten, Sudan, Turks & Caicos Islands, Yemen.

<sup>2</sup> The purpose of After-Action Reviews was to inform future projects and actions by identifying lessons learned and actionable recommendations.

Consultants were used to cover for this shortfall. However, consultants faced limitations in carrying out functions that required the use of Atlas (enterprise resource planning system of UNDP). Further, even when authorized to use Atlas, the consultants needed training, which was not ideal in crisis situations as time was a critical factor. Of the 385 deployments in 2017, 264 (69 percent) were consultants.

Without an adequate number of SURGE Advisors, the Office may not effectively fulfil its mandate of deploying professionals quickly.

<b>Priority</b>	High (Critical)
<b>Recommendation 1:</b>  The Office should increase the number of SURGE Advisors by: <ul style="list-style-type: none"> <li>(a) initiating a call for UNDP staff to join the SURGE roster and providing the necessary training;</li> <li>(b) developing a policy that specifies the mandatory release of staff based on the level of the crisis; and</li> <li>(c) maintaining up-to-date release agreements for all SURGE Advisors on the roster, and for any cases where staff are not released when requested, it should be reported to the Crisis Board bi-annually.</li> </ul>	
<b>Management action plan:</b>  The Office will take the following actions: <ul style="list-style-type: none"> <li>(a) Carry out at least one SURGE training for UNDP staff on a yearly basis. The Office will carry out one SURGE call in 2019 for UNDP staff. Subsequent SURGE calls will be organized depending on the backlog of applicants that will be generated from the 2019 call.</li> <li>(b) Strengthen content on SURGE release in the corporate standard operating procedure for immediate crisis response and insert language for mandatory release of staff according to the level of the crisis. Furthermore, the Office will liaise with the Executive Office to enforce SURGE release agreements as per the provisions of the standard operating procedures.</li> <li>(c) Aim to have all release agreements up-to-date in the system within six months from change of duty station and will prepare a list of SURGE deployment rejections and share with senior management at least twice a year.</li> </ul>	
<b>Estimated completion date:</b> December 2019	

## **Issue 2**      Standby Partners not fully utilized

According to the Office's 2018 work plan, one of its priorities was enabling UNDP to access a broader range of financing options on crisis preparedness, response, and recovery. Priorities also included increasing its funding base through the renewal of existing and development of new standby partnership agreements.

The Office had been working on increasing the number of agreements with Standby Partners. At the time of the audit, it had signed a memorandum of understanding with seven Standby Partners, including one that had expired at the end of 2017. In 2017 and 2018, there was a total of 60 deployments by Standby Partners.



The audit team interviewed four of the seven Standby Partners, and they indicated that the Office was not fully utilizing the available resources, and was not contacting them in a timely manner. They also indicated that the Country Offices did not always know what to expect from the experts. The Office indicated that it was utilizing the resources that matched the needs of UNDP, but delays were due to the need to clarify requirements with Country Offices and to make the selection from two to three experts offered by the Standby Partners.

In 2018, the Office made 48 requests to the Standby Partners, of which 21 were not accepted. These were not accepted due to requests not being aligned with the Standby Partners' strategic and geographical priorities, the Standby Partners not getting approval from their donors, and the lack of qualified candidates on their rosters. If the partnership arrangements with Standby Partners are not strengthened, UNDP may not be able to deploy the required technical experts that are available from the Standby Partners.

<b>Priority</b>	Medium (Important)
<b>Recommendation 2:</b>  The Office should strengthen its relationship with current Standby Partners and explore opportunities for new standby partnership agreements with the strategic bi-lateral and non-governmental organizations. This should be done by: <ul style="list-style-type: none"> <li>(a) allocating sufficient capacity to communicate with current and new Standby Partners; and</li> <li>(b) preparing detailed guidance for Country Offices to prepare them to receive experts from the Standby Partners.</li> </ul>	
<b>Management action plan:</b>  The Office will: <ul style="list-style-type: none"> <li>(a) allocate additional capacity to manage standby partnerships to get stronger benefits and address issues emerging from the partnerships.</li> <li>(b) strengthen the existing guidance note for Country Offices.</li> </ul>	
<b>Estimated completion date:</b> July 2019	

### C. Were operations performed in compliance with UNDP policies and procedures?

Operations were largely performed in compliance with UNDP policies and procedure; however, areas for improvement were noted on the management and recruitment of consultants from the Experts for Rapid Response roster. All procurement cases had been outsourced to the Central Procurement Unit except for the engagement of consultants (i.e., Experts for Rapid Response). The Rapid Response and Preparedness Team was responsible for most of the processes relating to the sourcing, selection and management of the consultants on the roster.

The audit team was informed that the Office's operational capacity was overstretched due to limited resources assigned to the team. The Office's operations team comprised of one Programme Management Specialist and one Administrative Assistant. The operations team leveraged on a service level agreement with the Central

Procurement Unit (Bureau for Management Services) in New York to manage all critical procurement cases except for the SURGE individual contract modality.

**Issue 3**      Insufficient oversight over Experts for Rapid Response roster

According to the Individual Contract Policy, where there is a significant demand for individual contractors, it is highly recommended that business units establish a roster of qualified candidates. Units may also create a roster with pre-approved individuals who can be contracted for sums of less than \$100,000 without the need for further desk review. This type of roster can only be used upon approval from the Regional Advisory Committee on Procurement or Advisory Committee on Procurement, based on ex-ante submissions.

Furthermore, the Policy requires that the terms of reference must state a clear and unequivocal definition of the final product or deliverables, the timeframe for their completion, and payment milestones. The 'UNDP Programme and Operations Policies and Procedures' further specify that the correct use of the individual contract modality should be based on, *inter alia*: (a) the assignment being results-oriented and completed, either within or outside of the UNDP premises, within a defined period of time, and the payments being directly linked to deliverables and outputs; and (b) the assignment requiring performance of duties that are not normally performed by a UNDP staff (non-staff duties). It also adds that the Operations Manager or other senior staff shall appoint the negotiation team consisting of at least two UNDP staff. Further, negotiations should only be undertaken by professional procurement staff with experience in handling negotiations with bidders, and they are to be supported, as required, by programme or subject matter experts.

The Office maintained an expert roster to be able to deploy consultants for crisis response, recovery, preparedness and to build the resilience of Country Offices in a timely manner. The roster was approved by the Advisory Committee on Procurement in August 2008 (ACP/08/0829) and was subsequently extended four other times until the end of December 2018.

The recruitment of the individual consultants for the Experts for Rapid Response roster was assigned to the coordination team of the Rapid Response and Preparedness Team. The audit team noted the following weaknesses in the engagement of Experts for Rapid Response.

- i. There was no guidance to Country Offices on the limitation of consultant's use from the roster, which was for crisis/emergency assignments only. Therefore, Country Offices could pick consultants from the roster and use them for other programmatic activities. The Office indicated that it would add this clarification in the instructions for the selection of the individuals.
- ii. The Office did not request financial proposals during the review of CVs for a specific assignment/terms of reference. Instead, it used the maximum fees from the range of daily fees (e.g., from \$500 to \$800) provided by the consultants during the registration of the Experts for Rapid Response, which were shared with the Country Offices for each of the shortlisted consultants during the assessment, selection and ranking of the expert candidates. This was contrary to the best practices recommended by the Advisory Committee on Procurement, that for specific assignments, the Office should approach a number of consultants from the rosters who met the requirements of the specific assignment/terms of reference and should request for financial proposals and confirmation of their availability for a specific assignment.
- iii. The Office's guidance to Country Offices on contracting of Experts for Rapid Response indicates that the total remuneration to a vendor across multiple individual contracts under one business unit can exceed \$100,000, as long as different individual contracts clearly represent different assignments (terms of reference). However, the clarifications that were provided by the Office were contrary to the UNDP

Individual Contract Policy, which indicated that any individuals included in a roster could be contracted by any UNDP business units, without additional processes, as long as the total contract value was less than \$100,000 during the past 12 months.

- iv. In five of the seven individual contracts reviewed, consultants were performing core functions. Therefore, it would have been more appropriate to issue temporary assignment contracts rather than individual contracts.

Lack of compliance with the requirements of the Individual Contract Policy may lead to reputational and financial risks for UNDP.

Priority	Medium (Important)
<b>Recommendation 3:</b>  The Office should improve the oversight and management of the Experts for Rapid Response roster by: <ul style="list-style-type: none"> <li>(a) complying with the requirements of the Individual Contract Policy on submission of financial proposals by consultants under consideration for specific assignments;</li> <li>(b) updating the guidance document on fees charged in pre-approved rosters to be in line with the requirement of the Individual Contract Policy and the best practices prescribed by the Advisory Committee on Procurement, including inserting a clarification regarding the exclusive use of consultants in the roster for crisis-related assignments; and</li> <li>(c) ensuring that the appropriate contract modality is used when hiring experts.</li> </ul>	
<b>Management action plan:</b>  <ul style="list-style-type: none"> <li>(a) The Experts for Rapid Response will be requested to confirm availability and provide their daily fees for the specified deployments in an email correspondence. The negotiation of fees will then be conducted by two staff members in the Crisis Bureau.</li> <li>(b) The Office will add content in the guidance note for Country Offices clarifying that the experts roster shall be used for deployments for crisis-related assignments.</li> <li>(c) The Office will use the temporary appointment modality where applicable and, where the individual contract modality is used, will provide a template in the terms of reference where deliverables or key final product(s) can be inserted.</li> </ul>	
<b>Estimated completion date:</b> July 2019	

## 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.