



**PERFORMANCE AUDIT**

**OF**

**UNDP E-TENDERING BUSINESS PROCESS**

**Report No. 1766**  
**Issue Date: 2 June 2017**

## 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 Yammer<sup>1</sup> 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.

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<sup>1</sup> 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.



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