

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



PERFORMANCE AUDIT

OF

UNDP GLOBAL PROCUREMENT

Report No. 2336

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Report on the Performance Audit of UNDP Global Procurement Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of UNDP global procurement from 24 May to 25 June 2021. 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 was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, the audit was conducted remotely.

The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and control processes within UNDP global procurement. The audit focused on the procurement services provided by the Office of Procurement (OP), formerly the Procurement Support Unit, of the Bureau for Management Services (the Bureau). It did not cover procurement managed locally by Country Offices as this is reviewed during Country Office audits performed by OAI.

The audit addressed the following performance audit questions:

1. Did UNDP establish effective governance to provide global procurement services?

- a. Is there an effective organizational structure as well as adequate capacity to provide global procurement services?
- b. Are established terms of reference for the OP teams in line with the actual global procurement practices?

2. To what extent is UNDP effective in fulfilling the general procurement principles when managing global procurement?

- a. Are risks that may negatively affect UNDP's ability to deliver on global procurement adequately managed?
- b. Were the measures that UNDP put in place effective to successfully provide global procurement services during the COVID-19 pandemic?

Overall audit rating

OAI assessed the global procurement practices within UNDP as **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 weaknesses in governance (absence of a global procurement strategy and organizational structure of OP).

Key recommendations: Total = **2**, high priority = **1**

The two recommendations aim to ensure the achievement of the organization's strategic objectives.

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) recommendation is presented below:

Weaknesses in
governance over global
procurement services
(Issue 1)


The Procurement Strategy had not been finalized or reviewed and approved by the Bureau's management and the organizational structure for global procurement has not been finalized. The preparation for the procurement strategy for the next programme period (2022–2025) had not yet started. The absence of a global procurement strategy may not give OP clear direction on how to effectively provide global procurement services, which may impact its ability to achieve goals aligned with the corporate strategy

Recommendation 1: The Bureau for Management Services should develop and implement an action plan with milestones to facilitate the preparation of the new global procurement strategy and implementation of structural changes in the Office of Procurement.

Management comments and action plan

The Assistant Administrator and Director, Bureau for Management Services, accepted the two 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.



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