

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



PERFORMANCE AUDIT

OF

THE UNDP CLUSTERING PROCESS

Report No. 2428
Issue Date: 16 September 2022



Report on the Performance Audit of the UNDP Clustering Process Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the UNDP clustering process from 16 May to 1 July 2022. 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 to assess the effectiveness of the implementation of the clustering process, in line with the clustering business case.

The audit covered the period from 1 January 2021 to 31 March 2022. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors (The IIA).

Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore, the audit team relied on electronic documents provided by the Bureau for Management Services (BMS) for all audit areas reviewed.
- (b) Meetings with BMS, Regional Bureaux and Country Office staff and personnel were carried out virtually.

Overall audit rating

OAI assessed the UNDP clustering process as **satisfactory/some improvement needed**, which means that “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 the provision of clustered recruitment services, and the absence of a plan and tracking mechanism of benefits and cost savings achieved by the clustering process.

Key recommendations: Total = **3**, high priority = **2**

The three recommendations aim to ensure the achievement of the organization’s strategic objectives.

For high (critical) priority recommendation, 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 recommendations are presented below:

Challenges in clustering of HR services – recruitment (Issue 1)

There were delays in the provision of recruitment services and staff benefit and entitlement services as well as inadequate systems to monitor the performance of the Global Shared Services Centre’s provision of recruitment services against targets agreed with Country Offices. UNDP Country Offices had concerns relating to significant delays in completing recruitments, as well as challenges in obtaining information regarding the status of recruitment cases. Even though BMS was in the process of developing an HR dashboard to track performance, at the time of the audit, there was a manual process in place with incomplete and inaccurate information available.

Recommendation: BMS should: (a) continue to implement the specific actions identified to mitigate the delays in the recruitment services; and (b) continue



to develop and implement monitoring systems to improve the timeliness of HR services provided, including benefits and entitlement services.

Absence of plan and tracking mechanism of benefits and cost savings achieved by the clustering process (Issue 2)

At the time of the audit, UNDP did not have a mechanism in place to track the benefits/cost savings achieved by the clustering process.

Recommendation: BMS should develop a mechanism to track the cost benefits/savings achieved by the clustering process as well as a time-bound plan setting out how UNDP will meet cost-saving objectives of the clustering business case.

Implementation status of previous OAI audit recommendations: Report No. 2166, 7 February 2020


Total recommendations: 4

Implemented: 4

Management comments and action plan

The Bureau for Management Services accepted all three 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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