



INTERNAL AUDIT DIVISION

REPORT 2019/049

Audit of procurement activities at the
United Nations Office at Vienna

There is need to strengthen procurement
planning, some aspects of the solicitation
process, and arrangements for reporting and
monitoring procurement statistics

21 June 2019
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Audit of procurement activities at the United Nations Office at Vienna

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of procurement activities at the United Nations Office at Vienna (UNOV). The objective of the audit was to assess the efficiency and effectiveness of procurement activities at UNOV and the United Nations Office on Drugs and Crime (UNODC). The audit covered the period from 1 January 2017 to 31 December 2018 and included a review of governance arrangements, procurement planning, the solicitation process, and monitoring of procurement activities.

The Local Committee on Contracts and delegation of authority framework functioned as required and the procurement process was generally in accordance with the Procurement Manual. However, there was need to strengthen procurement planning, some aspects of the solicitation process and arrangements for reporting and monitoring procurement statistics.

OIOS made eight recommendations. To address issues identified in the audit, UNOV/UNODC needed to:

- Establish a checklist or template outlining the minimum information that should be included in each presentation to the Committee on Contracts;
- Formalize its relationship with the United Nations Development Programme (UNDP) with regard to provision of procurement services by updating the 2005 working arrangements document to include procurement services, and requiring country offices to establish service level agreements with UNDP as appropriate;
- Periodically compile statistical reports of procurement workload to provide a basis for the staffing needs of the Procurement Unit, and clarify the nature and extent of support and oversight that procurement officers should provide to field offices;
- Clearly define its approach and timelines for procurement planning including the consolidation of needs from the procurement plans of various offices;
- Share guidance on risk assessment and explore opportunities for providing training to staff of the Procurement Unit and requisitioning offices;
- Use source selection plans to plan and clarify roles and responsibilities, timelines and the strategy for processing new leases or lease extensions;
- Consult with other Vienna-based organizations to establish a framework to govern joint procurement actions with a view to enhancing coordination, efficiency, and timeliness of such procurement actions; and
- Strengthen monitoring of procurement activities through periodic feedback and reporting so that any gaps can be identified and rectified in a timely manner.

UNOV/UNODC accepted the recommendations and has initiated action to implement them.

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Audit of procurement activities at the United Nations Office at Vienna

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement activities at the United Nations Office at Vienna (UNOV).
2. Procurement at UNOV is carried out by the Procurement Unit which is part of the General Support Section (GSS) of the Division for Management of UNOV and the United Nations Office on Drugs and Crime (UNODC), headed by a Director. The Procurement Unit was headed by a P-4 supported by nine staff (4 P-3 and 5 general service). The four P-3 staff were funded by extra-budgetary (XB) resources whereas the other staff were funded by the regular budget. The Unit provided procurement services to UNOV, UNODC (including its field offices), the United Nations Interregional Crime Research Institute (UNICRI) and the United Nations Secretariat entities with offices in Vienna.
3. The Director, Division for Management had authority to sign contracts up to \$5 million and had sub-delegated the authority to 10 procurement staff, 14 staff of UNODC field offices and one staff of UNICRI. Procurement relating to UNODC field offices above their delegated authority was done by the Procurement Unit or the United Nations Development Programme (UNDP). On 1 January 2019, the United Nations Secretariat rolled out a new delegation of authority framework in which procurement authority is delegated to the head of each entity who will decide on modalities of sub-delegation. Secretariat entities have until the end of June 2019 to implement the new framework. At the time of the audit, UNOV was still consulting with Headquarters to obtain an in-depth understanding of how to operationalize the new delegation of authority.
4. In 2017 and 2018, UNOV/UNODC purchased goods and services totaling approximately \$132.9 million. Of this, \$62.1 million (47 per cent) was procured by UNDP, \$41.4 million was procured by the Procurement Unit, and \$29.4 million was procured directly by the field offices. Overall, the Procurement Unit processed a total of 2,427 purchase orders of which 531 were purchase orders raised against long term contracts. Forty-three of the long-term contracts were procured in 2017-2018.
5. Comments provided by UNOV/UNODC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the efficiency and effectiveness of procurement activities at UNOV/UNODC.
7. This audit was included in the 2018 risk-based work plan of OIOS due to the risk that potential weaknesses in procurement of goods and services may have an adverse impact on the Organization.
8. OIOS conducted this audit from January to March 2019. The audit covered the period from 1 January 2017 to 31 December 2018. Based on an activity-level risk assessment, the audit covered risk areas in procurement at UNOV which included governance arrangements, procurement planning, the solicitation process, and monitoring of procurement activities. With regard to UNODC field offices, OIOS reviewed procurement actions undertaken by the Procurement Unit on behalf of field offices and the arrangements at UNOV for overseeing and supporting field offices in their procurement activities. The audit did not cover procurement actions undertaken by field offices and UNDP.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing.

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

III. AUDIT RESULTS

A. Governance arrangements

The Local Committee on Contracts and delegation of authority framework functioned as intended

11. Pursuant to United Nations Financial Rule 105.13 (b) and the administrative instruction ST/AI/2011/8 on Committee on Contracts, UNOV had established a Committee on Contracts (COC) to review and render written advice to the Director, Division for Management on procurement actions relating to contracts above \$200,000. The composition of the COC was in accordance with established requirements. Members of the COC had received the requisite training including training facilitated by the Headquarters Committee on Contracts. The Director, Division for Management had sub-delegated procurement authority to staff in accordance with the provisions of the Procurement Manual. As the implementation of the new delegation of authority framework rolled out on 1 January 2019 was still in progress at the time of the audit, OIOS could not assess its implications.

Need for a checklist of minimum information to be included in presentations to COC

12. According to Chapter 12.5 of the Procurement Manual, procurement officers need to ensure that submissions to the COC are comprehensive, factually accurate and clear in order to facilitate the review of the procurement action. Submissions are supposed to be in sufficient detail to enable the COC to obtain an accurate and complete description of the procurement actions taken and the basis for the proposed award. Chapter 12.1 of the Procurement Manual and ST/AI/2011/8 requires COC minutes and recommendations to be submitted to authorized officials within 10 business days of the conclusion of the meeting.

13. In 2017 and 2018, 32 cases were presented to the COC. Out of these, 13 related to cases where the full procurement process was done in 2017-2018 and the rest were contract or lease extensions. For cases where the full procurement process was done, expressions of interest, terms of reference (TOR), and the technical and commercial evaluations and related scoresheets were attached in the submissions to the COC and the number of vendors invited and those that responded were indicated. Generally, minutes of meetings were submitted for approval in a timely manner within 10 days after the meetings. However, in four instances, significant delays were noted. The delays were attributed to the time taken to clear questions that arose after the initial presentation of the cases. Some of these questions could be attributed to complexity of the cases presented. However, the questions raised also showed that it is necessary to establish an agreed set of minimum information that should be included in each submission to the COC to help minimize questions and improve the efficiency of the procurement process. UNOV could adapt for its use the template developed for the Headquarters Committee on Contracts which listed the documents that were required to be submitted for all cases presented to the Committee.

(1) UNOV/UNODC should establish a checklist and/or template outlining the minimum information that should be included in each presentation to the Committee on Contracts.

UNOV accepted recommendation 1 and stated that the Procurement Unit will provide the COC with a draft checklist by 1 July 2019. Recommendation 1 remains open pending receipt of evidence that a

checklist outlining the minimum information that should be included in each presentation to the COC has been developed and implemented.

Need to update working arrangements with UNDP

14. UNODC has over 75 field offices and presences in various parts of the world and relied on UNDP to provide procurement services for the field offices. In 2017 and 2018, UNDP procured goods and services totaling approximately \$62.1 million on behalf of UNOV/UNODC. In some offices (such as Vietnam, Indonesia and Laos), all the procurement actions were undertaken by UNDP. Although almost half of the goods and services purchased by UNOV/UNODC in 2017-2018 were procured by UNDP, there was no properly established Memorandum of Understanding (MOU) between UNODC and UNDP to govern the relationship between the two agencies, and there was no evidence that all the field offices had service-level agreements with UNDP at the local level.

15. In November 2018, the United Nations Secretariat became a signatory to the Mutual Recognition Statement signed by UNDP and five other United Nations organizations and specialized agencies. The statement notes, among other things, that the concept of mutual recognition allows an entity to use or rely on another entity's policies, procedures, system contracts and related operational mechanisms without further evaluation or checks. However, the Mutual Recognition Statement does not preclude the need for an MOU or formal working arrangements between two entities.

16. The only MOU in UNOV/UNODC's possession related to the cost recovery model agreed between UNOV/UNODC and UNDP in 2003. In April 2005, working arrangements between UNODC and UNDP were updated but the official document on which the 2005 arrangements were spelled out did not include procurement activities. Article 36 of the working arrangements mentions procurement activities as an example of services that UNDP can offer to field offices, but there were no further details. Human resources and financial matters were more elaborately covered. In addition, a 2015 memo from the Assistant Secretary-General of the Office of Central Support Services allowed UNODC to continue using UNDP procurement services on condition that all procurement carried out by UNDP would be reported on a quarterly basis. But this condition was never implemented or enforced.

17. UNOV/UNODC needs to update its working arrangements with UNDP on procurement issues and establish service level agreements as appropriate to clarify the roles and responsibilities and rights and obligations of each party.

(2) UNOV/UNODC should formalize its relationship with UNDP with regard to provision of procurement services by: (a) updating the 2005 working arrangements document to include procurement services; and (b) requiring country offices to establish service level agreements with UNDP as appropriate.

UNOV/UNODC accepted recommendation 2 and stated that: (a) update of the 2005 working arrangements will be undertaken through the Division for Management and the Office of the Executive Director; and (b) the Division for Management and Division for Operations have had initial discussion and are planning to develop an implementation plan, including an analysis of existing Service Level Agreements (SLAs) and a prioritization of SLAs that need to be either updated or established. The implementation plan will also seek opportunities for synergy with the big initiative which is seeking to create common back offices and SLAs at the country level as part of the development system reform. This is already in planning and pilot phase. Recommendation 2 remains open pending receipt of evidence of action taken to formalize UNOV/UNODC's relationship with UNDP.

Need for periodic reports on procurement workload

18. Staffing requirements of the Procurement Unit need to be supported by evidence of the workload involved. The Unit carried out procurement actions pertaining to regular budget and XB activities. OIOS' review showed that prior to 2012, the Procurement Unit had no XB-funded staff although on average, more than 80 per cent of procurement related to XB sources. This imbalance meant that regular budget resources were subsidizing XB activities. To address this historical imbalance and cater for increased workload, UNOV established two P-3 XB-funded procurement officer posts in 2012, and another two in 2018. All the four P-3 posts were funded by programme support costs and assigned to support field offices.

19. While the need to establish XB posts in the Procurement Unit was justifiable, the staffing requirements were not linked to workload statistics because such statistics were not readily available. Statistics on goods and services procured per year by the Procurement Unit, field offices and UNDP need to be prepared and used to inform decisions on staffing levels as well as work allocation within the Unit in case of significant increases, decreases or shifts in workload. UNOV/UNODC stated that it has now developed the capacity to extract reports from Umoja which could be further analyzed to provide clear information on workload. OIOS is of the view that there was also a need to clarify the nature and extent of the support and oversight that the Procurement Unit should provide to field offices because this is a significant part of the Unit's workload and the main reason why the P-3 posts were established.

(3) UNOV/UNODC should: (a) periodically compile statistical reports of procurement workload to provide a basis for the staffing needs of the Procurement Unit; and (b) clarify the nature and extent of support and oversight that procurement officers should provide to field offices.

UNOV/UNODC accepted recommendation 3 and stated that: (a) the Procurement Unit will compile a statistical report of procurement workload by the end of March 2020 and that timeline for a periodic review will be based on findings and usage of the first report; and (b) the Procurement Unit is awaiting implementation of the new delegation of procurement authority framework for field offices in order to determine oversight and support required. Recommendation 3 remains open pending receipt of evidence that UNOV/UNODC: (a) has defined the statistical reports of procurement workload that should be periodically compiled; and (b) clarified the nature and extent of support and oversight that procurement officers should provide to field offices.

B. Procurement planning

Need to strengthen procurement planning

20. OIOS noted that no acquisition planning exercise had been conducted in 2017. For 2018, the Procurement Unit wrote to requisitioning offices on 20 October 2017 asking them to submit procurement plans by 31 December 2017. However, by the end of the first quarter of 2018, the Unit had not received responses from more than 50 per cent of the field offices. Although the Procurement Unit consolidated the plans received, there was no evidence that the consolidated plan was effectively utilized for taking procurement actions. For 2019, the timeliness of requisitioners' responses had improved but at the time of the audit (February 2019), the responses had not been consolidated.

21. The Procurement Unit stated that it viewed the plans as tools for field offices to use and regarded its role as training field offices on using the tool effectively. OIOS is of the view that since a significant part of UNOV/UNODC purchases are for UNODC field offices, the Procurement Unit's staff responsible for the various regions should discuss with field offices under their purview to agree on a procurement

strategy including which aspects of the procurement actions are best addressed by the Procurement Unit and UNDP. This is in line with the job description for the P-3 officers which includes “supervision and oversight of the procurement processes in the field offices and the provision of necessary support, guidance and capacity building”. There was evidence of capacity building activities that the Procurement Unit provided to the field, including training and answering questions raised by field office staff. However, there appeared to be no significant support to field offices on planning or value derived from the planning process.

22. Procurement planning is essential for effective and timely solicitation of bids and proposals, award of contracts, and delivery of goods, services and works. OIOS noted that inadequacies in procurement planning resulted in extension of six contracts to allow time for completion of the bidding process. Also, 22 per cent of cases presented to the COC were either fully or partially ex-post facto.

23. Based on the above, OIOS concluded that UNOV/UNODC needs to strengthen procurement planning to maximize the value realized from its procurement activities.

(4) UNOV/UNODC should clearly define its approach and timelines for procurement planning including the consolidation of needs from the procurement plans of various offices.

UNOV/UNODC accepted recommendation 4 and stated that the Procurement Unit will issue the request for the submission of the procurement plans for 2020 by the end of October 2019. The Unit will consolidate plans submitted by field offices in the first trimester of 2020. Field support and oversight will be determined based on the new delegation of procurement authority framework. Recommendation 4 remains open pending receipt of evidence that UNOV/UNODC has issued guidelines or instructions that clearly define its approach and timelines for annual procurement planning including the consolidation of needs from the procurement plans of various offices.

C. The solicitation process

Need to improve the risk assessment for individual procurement cases

24. The Procurement Manual sets out detailed procedures to ensure a transparent, fair and competitive procurement process. OIOS’ review of the solicitation process for a stratified sample of 55 procurement actions covering all methods of solicitation showed that UNOV/UNODC generally complied with key aspects of the Procurement Manual requirements. For example:

- The Procurement Unit used Source Selection Plans (SSPs) to plan and document key aspects of the procurement actions including among others: (i) definition of the requirements; (ii) sourcing and solicitation methods; (iii) basis of award; (iv) planned timelines for the procurement process; (v) composition of both the technical and commercial evaluation teams; (vi) technical and commercial evaluation criteria and the scoring system; (vii) risk assessment; and (viii) performance factors. The Procurement Unit needs to extend the use of SSPs to informal methods of solicitation such as when processing leases through sole sourcing, as discussed later in the report.
- The minimum number of vendors to be invited in terms of Chapter 9.6 of the Procurement Manual was complied with, except in four cases for which the reasons were documented and approved as required.

- Technical evaluations were done in accordance with established criteria. Key performance indicators (KPIs) and monitoring clauses were consistently included in contracts. Service contracts had accompanying service-level agreements that clearly expressed deliverables and KPIs.
- Sole source cases were properly approved and documented justification for the use of sole source maintained.

25. However, risk assessments were not properly conducted as recommended in the Procurement Manual. For most of the cases reviewed, only one default and generic risk relating to unforeseen events that could lead to cancellation of the contract was identified. The Procurement Unit needs to provide guidance and training to its staff and major requisitioners to help communicate the importance of risk assessment particularly for large and complex procurement cases that lead to multiyear contracts. Effective risk assessment is required to ensure that the impact of risks on total cost, the delivery schedule and the quality of goods and services delivered are thought through and mitigating measures explored.

(5) UNOV/UNODC should share guidance on risk assessment and explore opportunities for providing training to staff of the Procurement Unit and requisitioning offices.

UNOV/UNODC accepted recommendation 5 and stated that the Procurement Unit will provide the Staff Development Unit/Human Resources Management Service (SDU/HRMS) a list of training courses on risk assessment and mitigation. However, the final decision on approved training activities will be held by SDU/HRMS based on availability of funding. Online/free training resources will be shared within the Procurement Unit. Recommendation 5 remains open pending receipt of evidence that the Procurement Unit has shared guidance on risk assessment and provided appropriate training.

Need to use SSPs for leases

26. With more than 75 field offices and presences worldwide, UNODC leases offices for its country operations. These leases occur in many forms, such as sharing with other United Nations agencies, donated right to use by host countries (with UNODC only paying utilities) or commercial arrangements in which UNODC leases office buildings at market values. In all cases, making sure that leases are well-monitored is key to ensure timely renewal of contracts.

27. Overall, there were 123 offices leased worldwide. As at February 2019, 29 leases had expired but had not been renewed (17 expired in 2016-2018 and another 12 in January 2019). Another 12 leases were due to expire by 31 March 2019. The Procurement Unit had taken various initiatives to improve the management of the leases as follows:

- A P-3 officer was appointed as a focal point for the management of all leases and processing the backlog of expired leases.
- SharePoint was used to record the leases, which enabled the Procurement Unit to monitor all lease expiry dates and to send reminders to field offices to commence the renewal process.
- Instructions were issued to field offices on the procedures for processing leases.
- Dedicated training sessions on leases were provided to field offices.

28. However, the Procurement Unit did not use SSPs for planning the procurement of individual leases as recommended in Chapter 11 of the Procurement Manual. This was because the Procurement Unit used SSPs only when procuring through formal solicitation methods and had not extended this practice to informal methods of solicitation such as when adopting new leases or extending existing leases through sole sourcing. The COC repeatedly stressed the need for market surveys in field offices to be conducted

by procurement staff with adequate expertise and delegated authority. In addition, there were concerns that some of the cases were ex-post facto since decisions to lease the office spaces had already been made by the time the cases were submitted to the COC. In OIOS view, SSPs would be a useful tool for planning and clarifying roles, responsibilities and accountability of staff as well as timelines and strategy for processing the leases.

(6) UNOV/UNODC should use source selection plans to plan and clarify roles and responsibilities, timelines and the strategy for processing new leases or lease extensions.

UNOV/UNODC accepted recommendation 6 and stated that a draft is already in preparation and is being tested on current cases. The draft will also shortly be shared with the COC for comment. Recommendation 6 remains open pending receipt of evidence that the Procurement Unit has established a practice of using SSPs when procuring new leases or lease extensions.

Need for a framework for collaboration on procurement issues among the Vienna-based organizations

29. Four Vienna-based organizations (VBOs) that are co-located within the Vienna International Centre undertook some procurement actions jointly to realize economies of scale. The four organizations were UNOV/UNODC, the International Atomic Energy Agency (IAEA), the Comprehensive Nuclear-Test-Ban Treaty Organization and the United Nations Industrial Development Organization. Two joint procurement cases conducted by UNOV during the period under review were significantly delayed and had taken almost three years to process. These were the procurement for a contract for network photocopier, digital printing and scanning equipment and that for rental of high-volume photocopying machines which were launched in 2016 but at the time of the audit (three years later), were yet to be finalized.

30. Due to the delays, both contracts were extended six times and the contract not-to-exceed amount (NTE) amended to provide for adequate time for the finalization of the TOR. The contract for the provision of network photocopier, digital printing and scanning equipment was in total extended by 32 months and the NTE increased by €154,761 to €1,299,416 while the rental of high-volume photocopying machines contract was extended by a total of 36 months and the NTE increased by €66,218 to €427,682. The contracts were extended on the same terms and conditions and the latest extension for both contracts was up to 31 August 2019. The contract extensions and NTE increases have the implication of granting more business to the current vendors without a competitive acquisition process.

31. There were weaknesses in planning and management of the two cases. No assessment was made at the outset to determine whether the needs of the various VBOs were common enough to merit joint procurement. Further, no consideration was given on whether to let one organization take the lead and others piggyback on the contract and even after two years of delay, no rethink was done to determine whether the whole process needed to be revisited. The development of specifications for the network photocopier, digital printing and scanning equipment was assigned to non-technical staff who did not have the required expertise in the area. In addition, adequate research was not conducted to gain knowledge of the latest machines in the market to expedite the process of developing the statement of requirements. Coordination among VBOs also proved to be difficult, leading to further delays.

32. The Procurement Unit collaborated with other VBOs in procuring the travel contract with an NTE of \$2.5 million. In this case, however, UNOV/UNODC submitted its requirements to IAEA who conducted the procurement process with other VBOs piggy-backing on the contract. It seemed that better prices were achieved as a result of the collaboration. This case demonstrated that other modalities for joint procurement could be considered to mitigate the risk of delays caused by ineffective coordination mechanisms. However, UNOV was not provided with all the information that the COC requested and therefore, there are

lessons that could be learned to help improve information-sharing among VBOs if this modality is used in future.

33. The issues noted above show that there was a need for a formal framework to govern the procurement jointly done by VBOs, and for collaboration on procurement issues in general. An example of best practice in this regard is the Common Procurement Activities Group in Geneva in which 19 Geneva-based organizations pool the results of their experience and research, share best practices and coordinate their procurement operations based on a pre-agreed framework.

(7) UNOV/UNODC should consult with the other Vienna-based organizations to establish a framework to govern joint procurement actions with a view to enhancing coordination, efficiency, and timeliness of such procurement actions.

UNOV/UNODC accepted recommendation 7 and stated that the establishment of a framework to govern joint procurement actions was discussed at the Committee of Common Services in its meeting of 14 August 2018. Recommendation 7 remains open pending receipt of the outcome of the discussions and consultations with other VBOs regarding the establishment of a framework to govern joint procurement actions.

D. Monitoring of procurement activities

Need to strengthen monitoring of procurement activities

34. The Procurement Unit monitored timeliness of procurement cases and was in the process of developing a SharePoint site to further facilitate the monitoring of the status of procurement cases. Of the 55 procurement cases sampled, 52 were done in a timely manner. There were no systemic delays except for the delays relating to VBO related procurement actions which have already been discussed above. With regard to monitoring of procurement activities by management, the Procurement Unit contributed to the weekly reports that were submitted to the Office of the Executive Director. In addition, the Director, Division for Management had joint weekly meetings with all managers in the division as well as individual weekly meetings with section and service Heads. The Chief of the Procurement Unit accompanied the Chief of GSS in these meetings to discuss procurement-related matters as necessary.

35. However, there were no periodic reports prepared to give management an overview of procurement activities including the nature and extent of exceptions such as ex-post facto and sole source cases. In the case of ex-post facto cases chapter 12.10 of the Procurement Manual requires senior management to be furnished with a quarterly report of such cases, but this was not done. Furthermore, the UNOV programme budget identified one indicator of the Procurement Unit's achievement as "increased percentage of clients responding to surveys who express satisfaction" but no surveys were done to obtain empirical evidence for measuring this indicator. The Division for Operations conducted an informal survey during a meeting of field office representatives. OIOS is of the view that a formal survey or other feedback mechanisms would provide a more holistic assessment of the level of satisfaction and ensure concerns or gaps noted are adequately addressed in a timely manner.

(8) UNOV/UNODC should strengthen monitoring of procurement activities through periodic feedback and reporting so that any gaps can be identified and rectified in a timely manner.

UNOV/UNODC accepted recommendation 8 and stated that the General Support Section was designing a customer satisfactory survey for all areas under its responsibility, including procurement.

Recommendation 8 remains open pending receipt of evidence that the monitoring of procurement activities through periodic reports and surveys has been implemented.

IV. ACKNOWLEDGEMENT

36. OIOS wishes to express its appreciation to the management and staff of UNOV and UNODC for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement activities at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNOV/UNODC should establish a checklist and/or template outlining the minimum information that should be included in each presentation to the Committee on Contracts.	Important	O	Receipt of evidence that a checklist outlining the minimum information that should be included in each presentation to the COC has been developed and implemented.	31 August 2019
2	UNOV/UNODC should formalize its relationship with UNDP with regard to provision of procurement services by: (a) updating the 2005 working arrangements document to include procurement services; and (b) requiring country offices to establish service level agreements with UNDP as appropriate.	Important	O	Receipt of evidence of action taken to formalize UNOV/UNODC's relationship with UNDP.	31 December 2019
3	UNOV/UNODC should: (a) periodically compile statistical reports of procurement workload to provide a basis for the staffing needs of the Procurement Unit; and (b) clarify the nature and extent of support and oversight that procurement officers should provide to field offices.	Important	O	Receipt of evidence that UNOV/UNODC: (a) has defined the statistical reports of procurement workload that should be periodically compiled; and (b) clarified the nature and extent of support and oversight that procurement officers should provide to field offices.	31 March 2020
4	UNOV/UNODC should clearly define its approach and timelines for procurement planning including the consolidation of needs from the procurement plans of various offices.	Important	O	Receipt of evidence that UNOV/UNODC has issued guidelines or instructions that clearly define its approach and timelines for annual procurement planning including the consolidation of needs from the procurement plans of various offices.	31 October 2019
5	UNOV/UNODC should share guidance on risk assessment and explore opportunities for providing training to staff of the Procurement Unit and requisitioning offices.	Important	O	receipt of evidence that the Procurement Unit has shared guidance on risk assessment and provided appropriate training	30 November 2019

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNOV/UNODC in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement activities at the United Nations Office at Vienna

6	UNOV/UNODC should use source selection plans to plan and clarify roles and responsibilities, timelines and the strategy for processing new leases or lease extensions.	Important	O	Receipt of evidence that the Procurement Unit has established a practice of using SSPs when procuring new leases or lease extensions.	30 September 2019
7	UNOV/UNODC should consult with the other Vienna-based organizations to establish a framework to govern joint procurement actions with a view to enhancing coordination, efficiency, and timeliness of such procurement actions.	Important	O	Receipt of the outcome of the discussions and consultations with other VBOs regarding the establishment of a framework to govern joint procurement actions.	31 October 2019
8	UNOV/UNODC should strengthen monitoring of procurement activities through periodic feedback and reporting so that any gaps can be identified and rectified in a timely manner.	Important	O	Receipt of evidence that the monitoring of procurement activities through periodic reports and surveys has been implemented.	31 October 2019

APPENDIX I

Management Response

Management Response

Audit of procurement activities at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNOV/UNODC should establish a checklist and/or template outlining the minimum information that should be included in each presentation to the Committee on Contracts.	Important	Yes	Chief, Procurement Unit	31 August 2019	UNOV/UNODC accepts the recommendation. The Procurement Unit (PU) will provide the Committee on Contracts (CoC) with a draft checklist by 1 July 2019.
2	UNOV/UNODC should formalize its relationship with UNDP with regard to provision of procurement services by: (a) updating the 2005 working arrangements document to include procurement services; and (b) requiring country offices to establish service level agreements with UNDP as appropriate.	Important	Yes	Director, Division of Management	31 December 2019	UNOV/UNODC accepts the recommendation. (a) Update of the 2005 Working Arrangements will be undertaken through DM and the Office of the Executive Director. (b) DM and DO have had initial discussion and are planning to develop an implementation plan, including an analysis of existing SLAs and a prioritization of SLAs that need to be either updated or established. The implementation plan will also seek opportunities for synergy with the BIG initiative which is seeking to create common back offices and SLAs at the country level as part of the development system reform. This is already in planning and pilot phase.
3	UNOV/UNODC should: (a) periodically	Important	Yes	Chief,	31 March 2020	UNOV/UNODC accepts the

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of procurement activities at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	compile statistical reports of procurement workload to provide a basis for the staffing needs of the Procurement Unit; and (b) clarify the nature and extent of support and oversight that procurement officers should provide to field offices.			Procurement Unit		recommendation. (a) The Procurement Unit will compile a statistical report of procurement workload by the end of March 2020. Timeline for a periodic review will be based on findings and usage of the first report. (b) PU is awaiting implementation of the new Delegation of Procurement Authority (DPA) framework for field offices in order to determine oversight and support required.
4	UNOV/UNODC should clearly define its approach and timelines for procurement planning including the consolidation of needs from the procurement plans of various offices.	Important	Yes	Chief, Procurement Unit	31 October 2019	UNOV/UNODC accepts the recommendation. The Procurement Unit will issue the request for the submission of the Procurement Plans for 2020 by the end of October 2019. The Unit will consolidate plans submitted by field offices in the first trimester of 2020. Field support and oversight will be determined based on new DPA framework.
5	UNOV/UNODC should share guidance on risk assessment and explore opportunities for providing training to staff of the Procurement Unit and requisitioning offices.	Important	Yes	Chief, Procurement Unit	30 November 2019	UNOV/UNODC accepts the recommendation. The Procurement Unit will provide the Staff Development Unit/Human Resources Management Service (SDU/HRMS) a list of training

Management Response

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						courses on risk assessment and mitigation. However, the final decision on approved training activities will be held by SDU/HRMS based on availability of funding. Online/free training resources will be shared within PU.
6	UNOV/UNODC should use source selection plans to plan and clarify roles and responsibilities, timelines and the strategy for processing new leases or lease extensions.	Important	Yes	Chief, Procurement Unit	31 September 2019	UNOV/UNODC accepts the recommendation. A draft is already in preparation and is being tested on current cases. The draft will also shortly be shared with the CoC for comment.
7	UNOV/UNODC should consult with the other Vienna-based organizations to establish a framework to govern joint procurement actions with a view to enhancing coordination, efficiency, and timeliness of such procurement actions.	Important	Yes	Director, Division of Management and Chief, Procurement Unit	To be raised at the next quarterly meeting of the Committee of Common Services	UNOV/UNODC accepts the recommendation. The establishment of a framework to govern joint procurement actions was discussed at the Committee of Common Services (CCS) in its meeting of 14 August 2018.
8	UNOV/UNODC should strengthen monitoring of procurement activities through periodic feedback and reporting so that any gaps can be identified and rectified in a timely manner.	Important	Yes	Chief, General Support Section and Chief, Procurement Unit	31 October 2019	UNOV/UNODC accepts the recommendation. The General Support Section of UNOV/UNODC is designing a customer satisfactory survey for all areas under its responsibility, including Procurement.