



INTERNAL AUDIT DIVISION

REPORT 2022/069

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

**There was need to strengthen procurement
and contract management in consultation
with the Procurement Division**

**8 December 2022
Assignment No. AS2022-800-01**

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund (UNJSPF). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective administration of procurement and contract management functions in the Pension Administration. The audit covered the period from 1 January 2019 to 31 December 2021 and included a review of: (i) governance arrangements; (ii) acquisition planning; (iii) solicitation and selection of vendors; and (iv) contract management.

The audit indicated the need for the Pension Administration to strengthen procurement and contract management in consultation with the Procurement Division.

OIOS made seven recommendations. To address issues identified in the audit, the Pension Administration needed to:

- Review and revise the structure, functions and reporting lines of the Contract Management Unit and the Project Management Office to strengthen governance, oversight, and operational efficiency;
- Develop, in consultation with the Procurement Division, source selection plans in accordance with the procurement procedures;
- Take steps, in consultation with the Procurement Division, to minimize the requests for waiver of competitive bidding;
- Minimize, in consultation with the Procurement Division, the exceptions to the procurement procedures for low-value acquisitions and requests for quotation;
- Document the reasons for delays in the procurement process and implement measures to minimize such delays;
- Strengthen contract management by ensuring that key performance indicators are established in contracts, vendor performance evaluations are performed in a timely manner, the contract approval/renewal/extension process is initiated well in time to avoid ex post facto approval, and vendor invoices are thoroughly reviewed for adequacy of supporting documentation as stipulated in the contract;
- Ensure the timely implementation of the space consolidation plan and make the space available for sub-lease in order to realize cost savings.

The Pension Administration accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. AUDIT RESULTS	2-9
A. Governance arrangements	2-3
B. Acquisition planning	4
C. Solicitation and selection of vendors	4-7
D. Contract management	7-9
IV. ACKNOWLEDGEMENT	9
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund (UNJSPF).

2. UNJSPF was established in 1949 by the General Assembly to provide retirement, death, disability, and related benefits for the staff upon cessation of their services with the United Nations and other international organizations admitted to the membership of the Fund. The Fund operates under its own Regulations and Rules (including Financial Rules) as approved by the General Assembly. The Fund utilizes the United Nations Secretariat's machinery for administrative services, including procurement. The Procurement Division (PD) of the United Nations Secretariat is governed by the United Nations Financial Regulations and Rules and the Procurement Manual. The Pension Administration reimburses the salary of one P-3 and one General Service staff of PD on cost sharing basis with the Office of Investment Management (OIM) and the Pension Board Secretariat.

3. Apart from procurement through PD, the Pension Administration had signed a Memorandum of Understanding with a United Nations agency ("Agency A") for information and communications technology (ICT) services-related acquisitions. The Pension Administration incurred a total expenditure of \$59.3 million towards the procurement of goods and services for the years 2019 to 2021. Table 1 shows the break-up of procurement through Agency A and PD, including low-value acquisitions (LVAs).

Table 1: Total procurements from 2019 to 2021

(Thousands of United States Dollars)

Description	2019	2020	2021	Total
Procurement through Agency A	6,449	8,394	13,525	28,368
Procurement through PD, including LVAs	11,894	10,843	8,197	30,934
Total	18,343	19,237	21,722	59,302

4. As of 31 December 2021, the Pension Administration had a total of 61 active contracts, of which 21 were UNJSPF-specific contracts and the remaining 40 were United Nations system contracts. Twelve of the 21 UNJSPF-specific contracts were awarded between 2019 and 2021; five of these were awarded through formal solicitation methods, and seven through informal methods (including two lease contracts).

5. From January 2019 to December 2021, the Pension Administration issued 376 purchase orders (including LVAs) valued at \$30.93 million through PD, of which 201 related to 61 contracts. The remaining 175 purchase orders valued at \$3.21 million were issued for ad-hoc requirements through LVAs for acquisitions below \$10,000 and through requests for quotation (RFQs) for acquisitions above \$10,000. Table 2 shows the details of purchase orders issued from 2019 to 2021, by method of acquisition.

Table 2: Purchase orders by method of acquisition from 2019 to 2021

Method of acquisition	2019		2020		2021		Total	
	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)
LVAs	72	198,508	39	140,984	31	93,311	142	432,803
Above \$10,000 (RFQs)	10	542,050	14	1,258,692	09	985,075	33	2,785,817
United Nations system contracts	71	1,626,431	40	896,711	39	1,403,668	150	3,926,810
UNJSPF-specific contracts	18	9,527,175	19	8,547,216	14	5,715,395	51	23,789,786
Total	171	11,894,164	112	10,843,603	93	8,197,449	376	30,935,216

6. Pension Administration staff from the Contract Management Unit (CMU) under the Information Management Systems Service (IMSS), and the Budget Unit under Financial Services, facilitate the procurement and contract management process in coordination with PD.

7. Comments provided by the Pension Administration are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective administration of procurement and contract management functions in the Pension Administration.

9. This audit was included in the 2022 risk-based work plan of OIOS due to the high risks associated with procurement and contract management.

10. OIOS conducted this audit from May to September 2022. The audit covered the period from 1 January 2019 to 31 December 2021. Based on an activity-level risk assessment, the audit covered risk areas in procurement and contract management which included: (i) governance arrangements; (ii) acquisition planning; (iii) solicitation and selection of vendors; and (iv) contract management. The audit did not cover the procurement carried out by Agency A because this area was previously audited by OIOS in 2019.

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

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

III. AUDIT RESULTS

A. Governance arrangements

Need for streamlining the procurement and contract management functions

13. A sound organizational structure with well-defined roles and responsibilities is essential to facilitate the achievement of organizational objectives and also enhances operational efficiency and effectiveness.

14. In terms of Article 7 of UNJSPF Regulations, procurement activities of the Pension Administration fall within the administrative responsibilities of the Chief Executive for Pension Administration who operates under the authority of the Pension Board. In practice, UNJSPF has made use of the United Nations Secretariat's machinery for procurement. The Pension Administration's role was confined to requisitioning and contract management. There were multiple units in the Pension Administration involved in requisitioning and contract management functions at different levels, as explained below.

(a) Requisitioning function

15. The requisitioning function was performed by two different units depending on the nature of the acquisition. For non-ICT acquisitions, a staff member in the Budget Unit (under Financial Services) was responsible for raising the related requisitions in Umoja. Another staff member in the Budget Unit certified both ICT and non-ICT requisitions in Umoja. Two staff members in CMU (under IMSS) carried out the

requisitioning function for ICT-related acquisitions. However, the functions of CMU did not explicitly stipulate the requisitioning role.

(b) Contract management function

16. CMU performed the contract management role for all ICT-related contracts, but it did not have responsibility for non-ICT contracts. Non-ICT contracts were managed either by the concerned requisitioners, or the Budget Unit, depending upon their nature. OIOS noted that for ICT-related contracts, CMU was tracking the actual expenditure against the budgeted amount on an ongoing basis, whereas for non-ICT contracts, expenditure tracking was done on an annual basis by the Budget Unit as part of the yearly budgeting exercise. Procurement expenditure figures provided by the Budget Unit and CMU could not be readily matched with Umoja reports shared by PD. OIOS considers that the contract management function needs to be centralized and positioned under the office of the Deputy Chief Executive of Pension Administration to ensure effective monitoring of contracts across the Pension Administration.

(c) Project management function

17. The Pension Administration established a Project Management Office (PMO) in 2021 under IMSS with one P-4 and one General Service staff to provide oversight and standardization throughout the life cycle of the projects and initiatives across the Pension Administration and assure satisfactory delivery of goods and services. PMO's portfolio consisted of 15 ICT projects, 11 non-ICT projects, and 10 business projects with some ICT component. Considering that more than half of the projects were fully or substantially non-ICT in nature, the value added by placing PMO under IMSS was questionable. The Pension Administration stated that PMO and CMU were placed under IMSS because ICT-related acquisitions constituted a large volume of the total acquisitions. OIOS notes that the objectives of PMO are more aligned with the objectives of the Business Transformation and Accountability Unit (BTAU) which was established under the Office of the Deputy Chief Executive of Pension Administration to build a central project management capacity to support the business initiatives of the Pension Administration. In the opinion of OIOS, PMO should also be placed under the Office of Deputy Chief Executive of Pension Administration for effective strategic oversight over the projects across the organization.

18. A multiplicity of organizational units – CMU, Budget Unit, PMO, BTAU and individual project managers – were carrying out requisitioning, project management, and contract management activities with minimal coordination and coherence. While acknowledging the relative contributions of all these various units to the procurement and project/contract management process, OIOS is of the view that the Pension Administration needs to rationalize the organizational structure, consolidate the various functions as appropriate, and revise the placement and reporting lines of these units to strengthen governance, oversight, and operational efficiency.

(1) The Pension Administration should review and revise the structure, functions and reporting lines of the Contract Management Unit and the Project Management Office to strengthen governance, oversight, and operational efficiency.

The Pension Administration accepted recommendation 1 and stated that it will conduct a study to determine the most appropriate organizational structure and roles to enhance governance, oversight and operational efficiency of the procurement and contract management process as well as project management. The outcome of the review will be considered to address the recommendation.

B. Acquisition planning

Acquisition planning was adequate

19. Acquisition planning seeks to effectively and systemically forecast an entity's requirements based on demand plans generated by the end users. The Budget Unit facilitated the Pension Administration's acquisition planning in conjunction with the preparation of the annual budget. OIOS' review indicated that acquisition plans were generally effective because 93, 100 and 91 per cent of purchase orders in 2019, 2020 and 2021, respectively, were supported by acquisition plans. The Pension Administration indicated that the lower percentage in 2019 was mainly due to ad hoc purchases required for making enhancements to the Integrated Pension Administration System to improve client services. In 2021, the lower percentage was due to the need to acquire services in connection with e-learning needs, change management and skill gap analysis. Considering that the Pension Administration had established an annual process to consult with each function to identify their requirements and develop acquisition plans, and the ad hoc purchases in 2019 and 2021 appeared to be justified, OIOS concluded that acquisition planning in the Pension Administration was adequate.

Need to strengthen the source selection planning process

20. Planning for each procurement exercise, whether through formal or informal solicitation methods, should be reflected in the corresponding source selection plan (SSP).

21. OIOS' review indicated that out of 12 contracts issued during the review period, SSPs were not prepared for six contracts issued through informal methods of solicitation. The Pension Administration stated that SSPs were not prepared because these contracts were finalized after obtaining a waiver from competitive bidding. In the absence of SSPs, there was no assurance that the Pension Administration explored possible sourcing options before resorting to the waiver from competitive bidding.

(2) The Pension Administration should, in consultation with the Procurement Division, develop source selections plans in accordance with the procurement procedures.

The Pension Administration accepted recommendation 2 and stated that it will liaise with PD to ensure SSPs are developed as needed in accordance with the provisions of the Procurement Manual.

C. Solicitation and selection of vendors

Need to minimize requests for waiver of competitive bidding

22. The Procurement Manual encourages competitive bidding for all acquisitions except those below the threshold limit of \$10,000 for LVAs and \$150,000 for RFQs. A procurement official should conduct a thorough market analysis before approving a waiver to competitive bidding.

23. After approval by PD, the Pension Administration had exercised a waiver from competitive bidding for 57, 63 and 20 per cent of its total procurement (in terms of value) in 2019, 2020 and 2021, respectively. The corresponding value of acquisitions with waiver of competitive bidding was \$5.4 million, \$5.4 million, and \$1.1 million during 2019, 2020 and 2021, respectively.

24. The Pension Administration's use of waivers was significantly higher than other entities that use the procurement services of the United Nations Secretariat. According to OIOS Report No. 2019/111, about 21 per cent of the total value of contracts and purchase orders in the United Nations Secretariat were

exceptions to formal methods of solicitation in 2017 and 2018. While all such waivers were approved by PD, the Pension Administration needs to assess the underlying causes for its high percentage of waivers.

25. Further, OIOS reviewed 7 out of 9 contracts which were awarded during the audit period after a waiver of competitive bidding. In four out of seven cases, OIOS could not confirm that a market analysis had taken place, as required. The Pension Administration stated that in two cases, waiver for competitive bidding was in relation to leasing contracts for office space. The Pension Administration needs to make joint efforts along with PD to ensure that the percentage of procurement based on waiver of competitive bidding is minimized.

(3) The Pension Administration should, in consultation with Procurement Division, take steps to minimize the requests for waiver of competitive bidding.

The Pension Administration accepted recommendation 3 and stated that it will ensure requests for waiver of competitive bidding are justified and are processed in accordance with United Nations Financial Rule 105.16 as well as have prior approval by PD.

Exceptions to established procedures should be minimized

26. The purpose of the procurement procedures is to ensure that requisitioning offices achieve best value for money through a fair, competitive and transparent acquisition process. It is, therefore, important to follow the established procedures and minimize exceptions in the acquisition process.

27. The Pension Administration issued 175 purchase orders during 2019-2021 which were not associated with any contract (see Table 3 below).

Table 3: Purchase orders from 2019 to 2021 that were not associated with a contract

Purchase Orders	2019		2020		2021	
	Number	Value	Number	Value	Number	Value
LVAs	72	198,508	39	140,984	31	93,311
Above \$10,000 (RFQs)	10	542,050	14	1,258,692	09	985,075
Total	82	740,558	53	1,399,676	40	1,078,386

28. LVAs require a minimum of three quotations to ensure best value for money; otherwise, a written justification needs to be provided in Umoja. Further, in no circumstances should the requirements be split to bypass the established procedures for acquisitions above \$10,000. OIOS noted that the Pension Administration did not comply with the minimum requirement of three quotations in seven out of 38 cases reviewed. Out of 142 LVA purchase orders, in 38 cases, the requirements were split to fall within the limit of \$10,000; these 38 purchase orders aggregating \$165,000 were issued to nine vendors. For example, for the acquisition of printing services, seven purchase orders below \$10,000 were issued to one vendor with an aggregated amount of \$35,000. In another case, for the acquisition of ICT equipment, six purchase orders were issued with an aggregated amount of \$24,400 to one vendor.

29. Procurement procedures require a minimum of five quotations for purchase orders above \$10,000. Out of 33 purchase orders issued during the review period, 31 were issued without complying with this requirement. In addition, nine purchase orders were issued to three suppliers on a sole-source basis, even though suppliers of similar size existed.

30. Further, established procedures require that under no circumstances are requirements combined with RFQs and LVAs to avoid formal methods of solicitation. Five purchase orders (two LVAs and three

RFQs i.e., above \$10,000) were issued to one vendor despite the fact that the Pension Administration had a signed contract for the same services with the same vendor. The contract amount was \$59,892 whereas the total payments through five purchase orders were \$116,383 (almost double). OIOS was informed that the contract amount was already exhausted, and services were already delivered by the vendor; individual purchase orders were issued by creating exceptions to process the payments.

31. The Pension Administration needs to establish mechanisms to ensure the integrity of the procurement process, minimize exceptions, and comply with procurement procedures.

(4) The Pension Administration should, in consultation with the Procurement Division, take steps to minimize the exceptions to the procurement procedures for low-value acquisitions and requests for quotation.

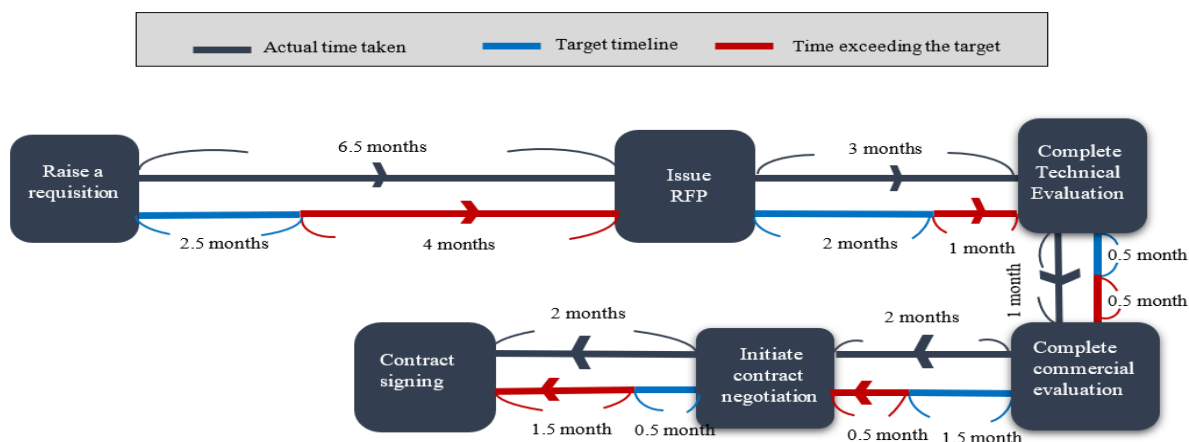
The Pension Administration accepted recommendation 4 and stated that it will monitor and analyze the reasons for exceptions to procurement procedures for LVAs and RFQs. The Pension Administration will follow relevant procedures and seek the advice from PD to use the most effective method of solicitation to achieve outcomes within specified timeframes.

Delays in the procurement process

32. Timely delivery of the required goods and services is essential to the fulfilment of business objectives. Delays in the procurement process often result in extension of contracts, cost escalation and delay in achieving milestones.

33. OIOS’ review of five contracts entered through formal solicitation methods during the review period indicated an average delay of 7.5 months from the date of requisition to PD until the signing of the contract, in comparison to the target dates in the respective SSPs. Figure 1 shows the average time taken in the major phases of the procurement process in comparison to the target timeline. While delays occurred in all the phases, major delays were noticed in the planning stage, i.e., before issuance of Requests for Proposal (RFP).

Figure 1: Average time taken by phase in comparison to the target



- (5) The Pension Administration should, in consultation with the Procurement Division, analyze the reasons for delays in the procurement process and implement measures to minimize such delays.**

The Pension Administration accepted recommendation 5 and stated that it will document the reasons for time taken to complete the procurement process and liaise with other stakeholders for corrective actions, as needed.

D. Contract management

Need for strengthening contract management processes

34. Effective contract management ensures that quality goods and services are delivered on time and in accordance with the agreed-upon terms of the contract. OIOS's review of 21 UNJSPF-specific contracts indicated the following.

(a) Vendor performance evaluation was not always performed

35. To ensure compliance with the contract, responsible contract management staff need to monitor the vendor's performance against the agreed key performance indicators (KPIs) and service level agreements on an ongoing basis. Procurement procedures require that vendor performance is evaluated before processing any extension to an existing contract, or annually for contracts exceeding \$200,000 and contracts of two years or longer.

36. OIOS' review of 10 out of 21 UNJSPF-specific contracts exceeding \$200,000 indicated that performance evaluation of vendors was not conducted for seven contracts. KPIs were also not included in the contracts. The Pension Administration stated that the performance evaluation was conducted only when requested by PD for any contract extension, and there were no internal procedures or guidelines to measure vendor performance. In one case, the Pension Administration had some issues with the vendor's performance, but the absence of KPIs made it difficult to establish that the vendor had fulfilled their contractual obligations as agreed.

(b) Ex post facto approvals need to be minimized

37. Any contractual approval or amendments should be requested, reviewed, and approved prior to the date of execution of the contract. The Procurement Manual states that ex post facto approval should be rare exceptions. OIOS' review of 14 out of the 21 UNJSPF-specific contracts indicated that in five contracts (36 per cent), ex post facto approval was requested. The Pension Administration needs to minimize ex post facto cases through more effective monitoring and timely initiation of requests for contract renewal, wherever justified.

(c) Invoices should be paid after verifying the adequacy of the supporting documents

38. To achieve best value, it is essential that vendor invoices are paid after assuring that they are consistent with the terms of the contract. OIOS' review of invoice payments for seven contracts indicated that in one contract for consultancy services, the responsible contract manager approved invoices amounting to \$900,477 without verifying the consultancy hours and related timesheets in support of the invoices. Since consultancy hours and rates were defined for different levels, verification of timesheets and the related rates/hours is essential to confirm the accuracy of the invoices and secure best value for money.

(6) The Pension Administration should strengthen contract management by: (i) ensuring that key performance indicators are established in contracts, and vendor performance evaluations are performed in a timely manner as required; (ii) initiating the contract approval/renewal/extension process well in time to avoid ex post facto approvals; and (iii) ensuring that vendor invoices are thoroughly reviewed for adequacy of supporting documentation as stipulated in the contract.

The Pension Administration accepted recommendation 6 and stated that it will: (i) ensure KPIs are established in contracts and vendor performance evaluations are timely performed; (ii) initiate contract approval, renewal and extension process well in time to avoid ex post facto approvals; and (iii) review invoices and supporting documentation against contract provisions.

The contract for office space afforded opportunities for realizing savings

39. Since the existing six-year contract (2015-2020) for office space in the Not to Exceed (NTE) amount of \$28 million (\$4.6 million per year) was expiring in December 2020, the Pension Administration initiated a procurement exercise in December 2019. After the procurement exercise, the Pension Administration proposed to the Headquarters Committee on Contracts a 30-year lease arrangement with the current lessor until 2052 in the NTE amount of \$177.8 million (\$5.9 million per year), considering the tax abatement benefit available to condominiums for longer leases. This lease arrangement did not consider changes in staff members' working arrangements, either flexibly or remotely, or any space consolidation or reduction. Meanwhile, due to the outbreak of the COVID-19 pandemic in March 2020, the Pension Administration decided not to proceed with a 30-year office lease arrangement because a majority of its staff had started working remotely. The Pension Administration and OIM jointly negotiated the office lease contract for a shorter period of 11 years, from 1 January 2021 to 31 December 2031, for the NTE amount of \$91.8 million, of which the Pension Administration's share was \$64.2 million (\$5.8 million per year). The negotiated lease contract of 11 years included a one-year rent-free allowance and other provisions beneficial to the Pension Administration and OIM, such as: (i) provision to sub-lease 20 per cent of the space due to ongoing flexible working arrangements; (ii) release of one floor back to the building owner after seven years; (iii) possible tax abatements for a shorter lease period of 10 years, although not guaranteed; and (iv) savings due to tenant improvement allowance of \$110 per square foot.

40. The Pension Administration was occupying an area of 73,614 rentable square feet (RSF) on four floors of the building (floors 4, 37, 38 and 39), while OIM occupied 33,175 RSF on floors 5, 20 and partially on floor 30. The area of 73,614 RSF for 215 staff in the Pension Administration (342 sq. ft. per person) was almost double compared to the United Nations Secretariat's standard of 176 sq. ft. per person.

41. To operationalize the provision to sub-lease the excess space up to 20 per cent, the Pension Administration decided to renovate floors 37, 38 and 39 to accommodate staff, servers and other ICT equipment currently accommodated in floor 4, and make floor 4 available for sub-lease. Although the Pension Administration could have sub-leased floor 4 from 1 January 2022 after the end of the one-year free rent allowance, it decided to make the floor 4 available for sub-lease with effect from July 2023, considering the time and effort required for the space consolidation exercise. Accordingly, the Pension Administration developed a space consolidation plan with timelines for each activity, as shown in Table 4 below.

Table 4: Timelines for the space consolidation plan

Activity	Required time	Timeline	Status (at the time of the audit)
Architectural design drawings	3 months	June-August 2022	Draft design drawings pending approval from the architect
Building review	2 weeks	September 2022	Yet to start
Revised drawing after building review by architect	2 weeks	September 2022	Yet to start
Department of Buildings filing for approval	1.5 months	October/November 2022	Yet to start
Contractor proposal	1.5 months	October/November 2022	Yet to start
Purchase order	2 weeks	November 2022	Yet to start
Construction	6 months	January-June 2023	Yet to start

42. At the time of the audit, the architectural designs were in draft, yet to be approved. The Pension Administration stated that it had consulted with the United Nations Global Service Centre to develop the initial floor plan, and is in the process of hiring a licensed architectural firm to approve it. According to the lease contract, monthly rent for floor 4 was \$125,108 for the first five years and then increased to \$136,657 per month until the expiry of the lease, which could be potential savings once the renovation of floors 37, 38 and 39 is completed to vacate floor 4. The Pension Administration stated that delays in vacating floor 4 were attributable to difficulties in relocating the computer servers and other ICT equipment located on that floor. OIOS acknowledges the initiative taken by the Pension Administration to negotiate favourable terms in the lease contract. However, the Pension Administration needs to ensure timely implementation of the space consolidation plan to make the floor 4 available for sub-lease.

(7) The Pension Administration should ensure the timely implementation of the space consolidation plan and make space available for sub-lease in order to realize cost savings.

The Pension Administration accepted recommendation 7 and stated that it will complete the consolidation plans. Implementation details and related timeframe will be defined when the costing for the work is available.

IV. ACKNOWLEDGEMENT

43. OIOS wishes to express its appreciation to the management and staff of the Pension Administration for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Pension Administration should review and revise the structure, functions and reporting lines of the Contract Management Unit and the Project Management Office to strengthen governance, oversight, and operational efficiency.	Important	O	Receipt of evidence showing actions taken with regard to structure, functions and reporting lines of Contract Management Unit and Project Management Office.	31 July 2024
2	The Pension Administration should, in consultation with the Procurement Division, develop source selections plans in accordance with the procurement procedures.	Important	O	Receipt of evidence showing actions taken to develop the source selection plans in accordance with the procurement procedures.	31 March 2024
3	The Pension Administration should, in consultation with Procurement Division, take steps to minimize the requests for waiver of competitive bidding.	Important	O	Receipt of evidence showing actions taken to minimize the requests for waiver of competitive bidding.	31 December 2023
4	The Pension Administration should, in consultation with Procurement Division, take steps to minimize the exceptions to the procurement procedures for low-value acquisitions and request for quotations.	Important	O	Receipt of evidence showing actions taken to minimize the exceptions to the procurement procedures for low-value acquisitions and request for quotations.	31 December 2023
5	The Pension Administration should, in consultation with the Procurement Division, analyze the reasons for delays in the procurement process and implement measures to minimize such delays.	Important	O	Receipt of evidence showing actions taken to analyze the reasons for delays in the procurement process and the measures adopted to minimize such delays.	31 March 2024
6	The Pension Administration should strengthen contract management by: (i) ensuring that key performance indicators are established in contracts, and vendor performance evaluations are performed in a timely manner as required; (ii) initiating the contract approval/renewal/ extension process well in	Important	O	Receipt of evidence showing actions taken to strengthen the contract management process.	31 December 2023

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by the Pension Administration in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

	time to avoid ex post facto approvals; and (iii) ensuring that vendor invoices are thoroughly reviewed for adequacy of supporting documentation as stipulated in terms of the contract.				
7	The Pension Administration should ensure the timely implementation of the space consolidation plan and make space available for sub-lease in order to realize cost savings.	Important	O	Receipt of evidence showing actions taken to ensure the timely implementation of the space consolidation plan to make space available for sub-lease in order to realize cost savings.	31 December 2024

APPENDIX I

Management Response

UNITED NATIONS JOINT STAFF PENSION FUND
CAISSE COMMUNE DES PENSIONS DU PERSONNEL DES NATIONS UNIES

NEW YORK (Headquarters)
P.O. Box 5036, UNITED NATIONS, N.Y., N.Y. 10017
Tel: (212) 963 -6931; Fax: (212) 963 -3146
E-mail: UNJSPF@UN.ORG
Cable: UNATIONS NEWYORK
Web: <http://www.unjspf.org>

OFFICE AT GENEVA
c/o PALAIS DES NATIONS
CH - 1211, Geneva 10
Tel: +41 (0) 22 928 8800; Fax: +41 (0) 22 928 9099
E-mail: UNJSPF.GVA@UNJSPF.ORG
Web: <http://www.unjspf.org>

MEMORANDUM

Ref:

New York, 7 December 2022

To / A: Mr. Gurpur Kumar, Deputy
Director Internal Audit
Division, OIOS

From / De : Rosemarie McClean, Chief
Executive of Pension
Administration, United Nations
Joint Staff Pension Fund

Subject / **UNJSPF response to draft report of audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund (Assignment No. AS2022/800/01)**
Objet:

1. Reference is made to your memorandum dated 23 November 2022, in which you submitted for the Fund's review and comments, the draft report of the above-mentioned audit.
2. As requested, the Pension Administration's action plan to implement the audit recommendations is included in **Annex I**.
3. The Pension Administration would like to thank OIOS auditors for the detailed review and constructive exchanges with management.

cc.: Mr. D. Penklis, Deputy Chief Executive
Mr. K. Soll, Chief Financial Officer
Mr. D. Dell'Accio, Chief Information Officer
Ms. M. O'Donnell, Chief of Operations
Mr. A. Blythe, Chief Client Services
Ms. K. Manosalvas, Risk Officer, Audit Focal Point

ANNEX I
Audit Recommendations

Audit of procurement and contract management in the Pension Administration of the United Nations Joint Staff Pension Fund

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Pension Administration should review and revise the structure, functions and reporting lines of the Contract Management Unit and the Project Management Office to strengthen governance, oversight, and operational efficiency.	Important	Yes	Deputy CEPA	July 2024	The Pension Administration will conduct a study to determine the most appropriate organizational structure and roles to enhance governance, oversight and operational efficiency of the procurement and contract management process as well as project management. The outcome of the review will be considered to address the recommendation.
2	The Pension Administration should, in consultation with the Procurement Division, develop source selections plans in accordance with the procurement procedures.	Important	Yes	Contract Management Unit and Budget Unit	March 2024	To address the recommendation, the Pension Administration will liaise with the United Nations Procurement Division to ensure source selection plans are developed as needed in accordance with the provisions of the United Nations Procurement Manual.
3	The Pension Administration should, in consultation with Procurement Division, take steps to minimize the requests for waiver of competitive bidding.	Important	Yes	Contract Management Unit and Budget Unit	December 2023	The Pension Administration will ensure requests for waiver of competitive bidding are justified and are processed in accordance with UN Financial Rule 105.16 as well as have prior approval by the UN Procurement Division.
4	The Pension Administration should, in consultation with Procurement Division, take steps to minimize the exceptions to the procurement procedures for low-value acquisitions and request for quotations.	Important	Yes	Contract Management Unit and Budget Unit	December 2023	The Pension Administration will monitor and analyze the reasons for exceptions to procurement procedures for low-value acquisitions (LVA) and requests for quotations. The Pension Administration will follow relevant procedures and seek the advice from the UN Procurement Division to use the most effective

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						method of solicitation to achieve outcomes within specified timeframes.
5	The Pension Administration should, in consultation with the Procurement Division, analyze the reasons for delays in the procurement process and implement measures to minimize such delays.	Important ,,	Yes	Budget Unit, Contract Management Unit and subject matter expert requisitioners	March 2024	The Pension Administration will document the reasons for the time taken to complete the procurement process and liaise with other stakeholders for corrective actions, as needed.
6	The Pension Administration should strengthen contract management by: (i) ensuring that key performance indicators are established in contracts, and vendor performance evaluations are performed in a timely manner as required; (ii) initiating the contract approval/renewal/ extension process well in time to avoid ex post facto approvals; and (iii) ensuring that vendor invoices are thoroughly reviewed for adequacy of supporting documentation as stipulated in terms of the contract.	Important	Yes	Budget Unit, Contract Management Unit and subject matter expert requisitioners	December 2023	The Pension Administration will: (i) and (ii) Ensure key performance indicators are established in contracts, and vendor performance evaluations are timely performed as required, and initiate contract approval, renewal and extension process well in time to avoid ex post facto approvals. (iii) Review invoices and supporting documentation against contract provisions.
7	The Pension Administration should ensure the timely implementation of the space consolidation plan and make space available for sub-lease in order to realize cost savings.	Important	Yes	Deputy CEPA/ BSSU	December 2024	The Pension Administration will complete the consolidation plans. Implementation details and related timeframe will be defined when the costing for the work involved is available.