



Assessment of Internal Controls in the United Nations Secretariat Procurement Operations

Final Report

November 30, 2005

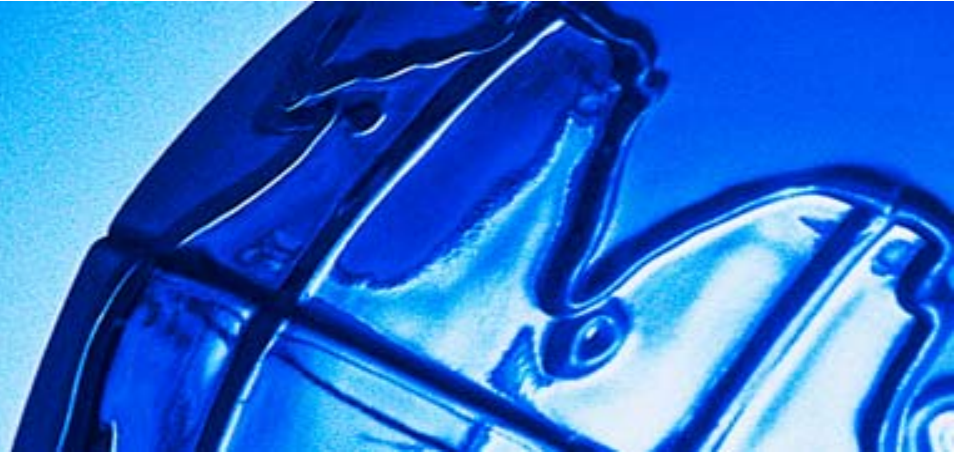
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Executive Summary



Executive Summary

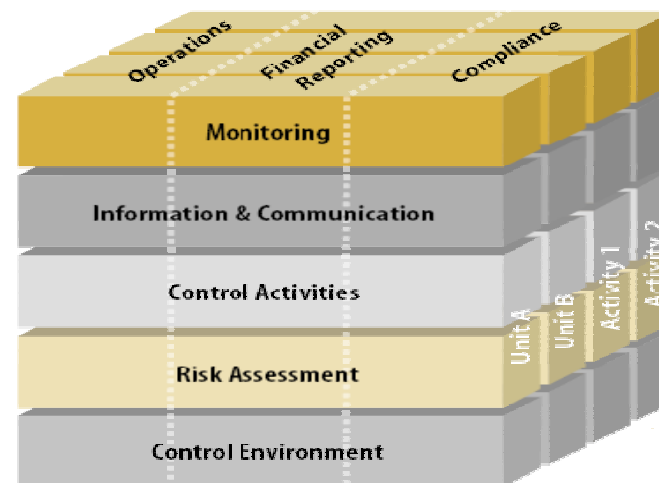
Background

- The Secretariat has long been committed to management reform.
 - In his 1996 acceptance speech, the Secretary-General named management reform as one of his primary goals.
 - Secretariat procurement operations have undergone several reforms aimed at increasing transparency and addressing shortcomings identified in several reviews since the mid-1990s.
- As a result of recent findings of impropriety involving the United Nations Procurement Service (UNPS), the Secretariat called for a six-week, forward-looking diagnostic assessment of the internal controls of Secretariat procurement operations.
- Deloitte was selected for immediate commencement of the “Assessment of Internal Controls in the United Nations Secretariat Procurement Operations”. Deloitte began its work on 4 October 2005.
- As of September 2005, UNPS has a staff of 70 personnel divided among four Sections:
 - **Logistics & Transportation** – procures aircraft and sea transportation services, motor vehicles and spare parts;
 - **Headquarters Procurement** – responds to purchasing requirements from offices within both Headquarters and the Offices away from Headquarters;
 - **Field Procurement** – handles all purchases over the delegated \$200,000 threshold on behalf of peacekeeping missions (except for transport equipment and services); and
 - **Support Services Division** – provides central support to PS, including electronic data processing, maintenance of the vendor database and supplier registration, maintenance of the web page, etc.
- In 2004, UNPS procured US\$1.37B of goods and services, the majority of which was for the Department of Peacekeeping Operations

Executive Summary

Methodology

- Deloitte selected the COSO I Internal Control Framework, developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission as the core, risk-based diagnostic (e.g., findings) framework for this assessment. This framework was augmented by the "Guidelines for Internal Control Standards for the Public Sector", published by the International Organization of Supreme Audit Institutions (INTOSAI).
- Utilizing the COSO Framework, Deloitte developed the following project approach to assess internal controls in procurement operations.



Week #	1	2	3	4	5	6
Define Current State						
<ul style="list-style-type: none"> Review Documentation Review Information Systems Conduct Interviews Survey UNPS Employees 						
Identify Leading Practices						
Assess Existing Controls						
Evaluate Improvement Options						
Develop Recommendations and Action Plans						

Final Report ▲

Executive Summary

Assessment

During the controls assessment, five key areas of focus emerged. The project team developed findings and observations in each of the five areas.

Processes

- Service Delivery Approach
- Support Effectiveness and Performance
- Procurement Process Definitions
- Conformance and Compliance

Information Systems

- Systems Integration
- Process Workflow Support
- System Controls
- Management Reporting and Decision Making Support

Management and Staff

- Continuity and Succession Planning
- Professional Development and Training
- Performance Management
- Communications
- Culture

Governance

- Policies and Procedures
- Organization Structure
- Delegation of Authorities
- Internal Oversight & Compliance Monitoring
- External Reporting and Transparency

Ethics and Integrity

- Code of Conduct
- Leadership
- Training
- Reporting (for internal/external parties)

Executive Summary

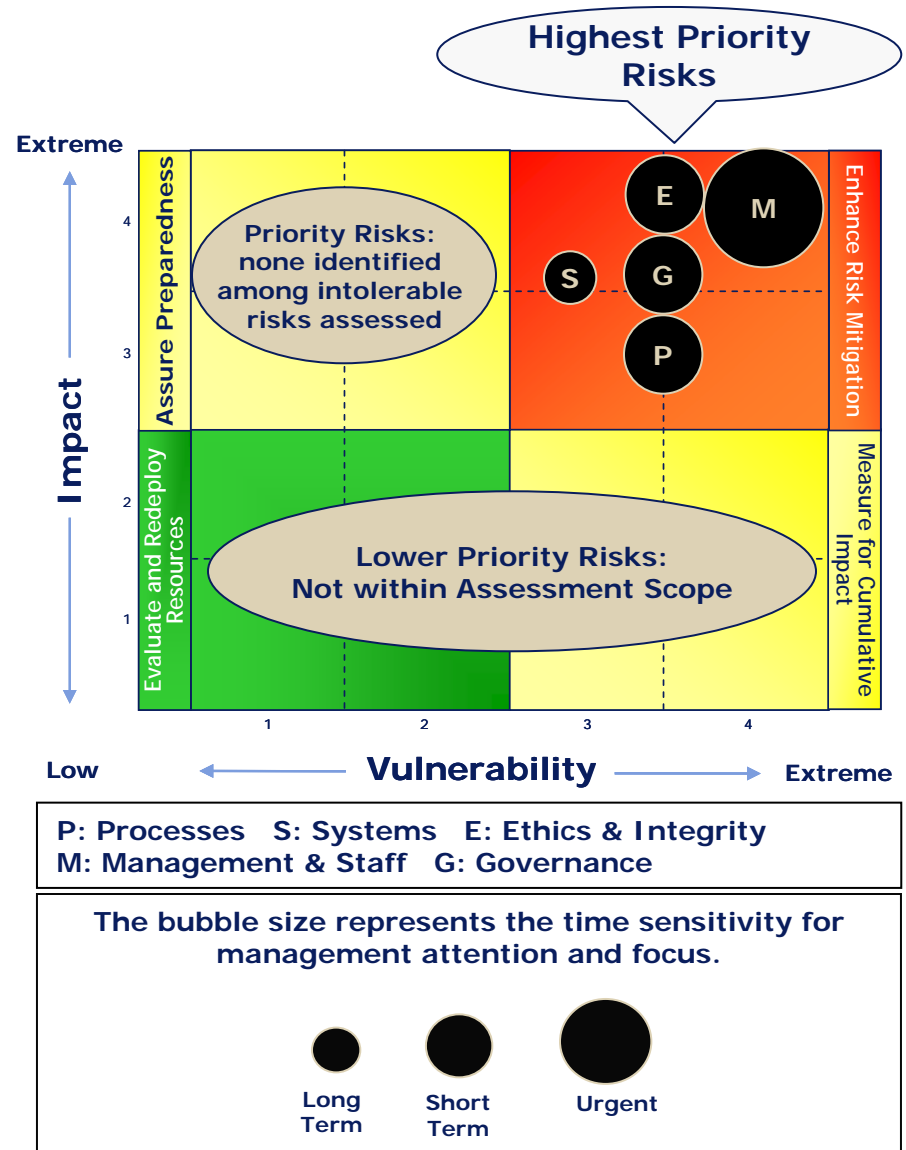
Findings and Observations Summary

- Significant UNPS internal control deficiencies were identified; those deficiencies are largely the result of:
 - Procurement processes that are out-dated, fail to align with and reasonably support the procurement needs of UNPS' primary customer, and are inconsistently executed by the procurement staff; and
 - The use of several procurement and financial management systems that:
 - Have varying levels of system user process controls,
 - Are insufficiently integrated to ensure sufficient data sharing, data integrity and synchronization,
 - Provide gaps in automation of user procurement processing, and
 - Lack reasonable data interface controls.
- With significant procurement process and system control deficiencies, the UNPS employees effectively constitute the controls that are in-place within the UNPS.
- Such a significant reliance on people leaves the UN extremely vulnerable to potential fraudulent or corrupt activity, and limits the organization's means to either prevent or detect such actions; this is not to imply findings of fraud or corruption as this review was not investigatory.
- UNPS employees lack sufficient professional development support and training in procurement processes and ethics and integrity.
- The governance structure demonstrated several areas of weakness including insufficient management reporting and oversight of procurement operations, lack of urgency in responding to adverse audit findings, and unclear lines of authority and accountability.
- While ethics and integrity training has recently been conducted within UNPS, overall the program is weak, has not been sufficiently supported by management in the past, and as a result is not a conspicuous element of the UNPS culture.

Executive Summary

Findings and Observations Summary

- Overall the UNPS processes and systems controls are deficient in several key area leaving the management and staff of the UNPS as the primary form of effective controls. This reliance on people leaves the UN vulnerability to waste, abuse, and fraudulent activity.
- A risk impact/vulnerability assessment of the five key areas of UNPS focus is presented to the right.



Executive Summary

Recommendations Summary

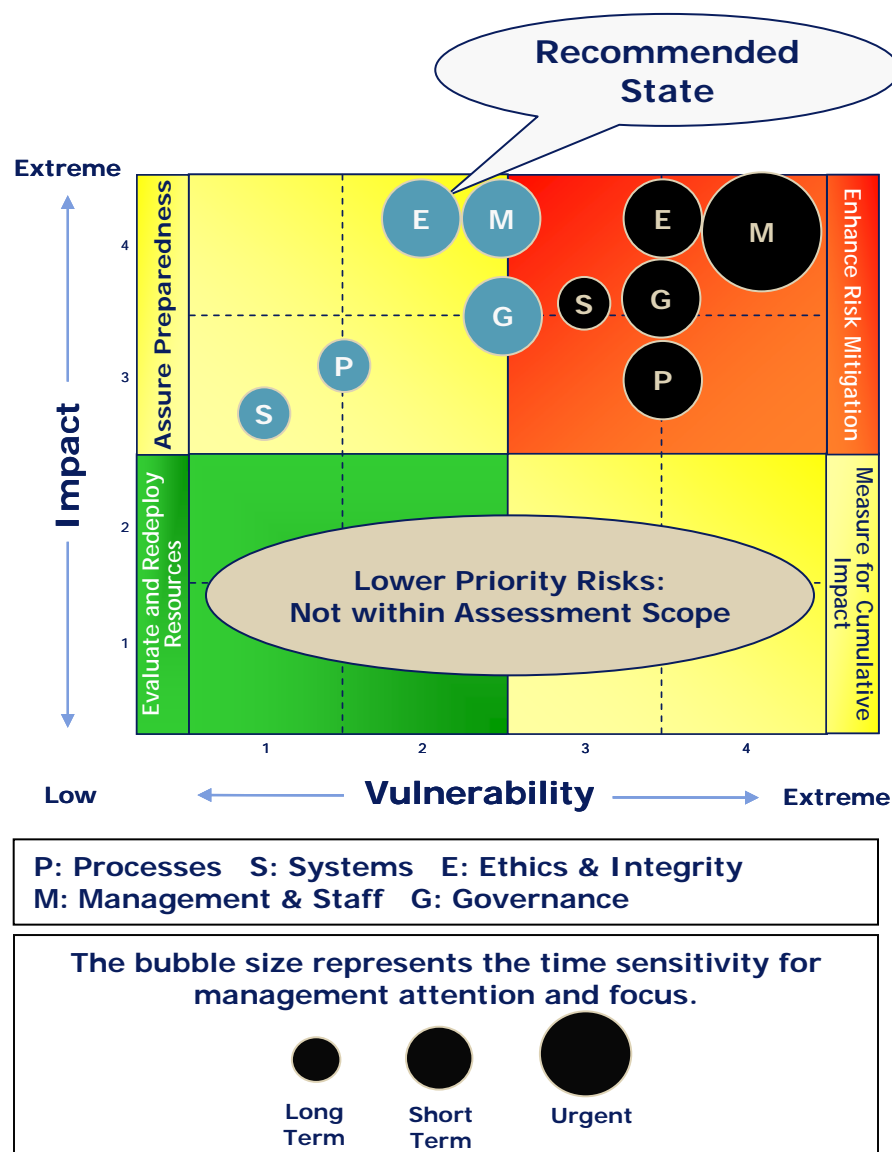
- Recommendations were developed in five categories and may address one or more adverse findings and observations.
- The summary-level recommendations are (not in order of priority):
 - Governance, including:
 - Implementing an on-going risk management framework of preventative and detective controls, and
 - Updating the UNPS procurement procedures to support the business model and incorporate appropriate controls;
 - Management and Staff Development, including:
 - Improving the level of professional development within UNPS,
 - Establishing an effective ethics and integrity program, and
 - Improving communications within UNPS to eliminate silos and heighten visibility of all actions within UNPS;
 - Procurement and Financial Management Systems, including:
 - Replacing the existing mix of insufficiently integrated systems with integrated ERP procurement and financial management modules, as is currently anticipated, and
 - Taking limited, short-term actions to improve the data integration, integrity and reporting of the existing procurement and financial management systems;
 - Strategic and Operational Management, including:
 - Realigning the UNPS strategy, business model, organizational structure and processes to support its primary customer needs; and
 - Rotation Policy, including:
 - Considering the detrimental impacts that the implementation of the anticipated policy would have on the organization, and
 - Examining alternatives that would achieve the core purposes of the anticipated policy.

Executive Summary

Recommendations Summary

Based on the findings, nine recommendations were developed with the goal of reducing UNPS's vulnerability to the incidence and impacts of risks such as fraud, waste and abuse.

- 1: **Improve governance effectiveness**
(G)
- 2: **Update/reengineer procurement policies, procedures and guidelines**
(P, G)
- 3: **Improve professional development of procurement management and staff**
(M)
- 4: **Enhance ethics and integrity program**
(E, M)
- 5: **Improve UNPS management and staff communications**
(M)
- 6: **Replace existing procurement and financial systems**
(S, P)
- 7: **Take limited but immediate actions to close gaps in existing procurement and financial systems data integration and reporting capabilities**
(P, S, G)
- 8: **Define UN Secretariat procurement strategy and assess the organizational alignment with business needs**
(P, M, G)
- 9: **Consider alternative approaches to meet the objectives of the anticipated "rotation policy" for UNPS**
(M)



I. Background



I. Background

Need for Procurement Internal Controls Assessment

- The Secretariat has long been committed to management reform.
 - In his 1996 acceptance speech, the Secretary-General named management reform as one of his primary goals.
 - Secretariat procurement operations have undergone several reforms aimed at increasing transparency and addressing shortcomings identified in several reviews since the mid-1990s.
- As a result of recent findings of impropriety involving the United Nations Procurement Service (UNPS), the Secretariat decided to:
 - Take decisive steps to assess the adequacy of the internal controls, operating procedures, and managerial controls of the procurement department; and
 - Take additional preventative and investigatory steps to ensure that corruption “will not happen again” and reform the procurement department.

I. Background

Contracting for Internal Controls Assessment Services

- To begin the process of assessing and improving the UNPS internal controls, the Secretariat Controller requested proposals for a six-week, forward-looking diagnostic assessment of the Secretariat procurement operations internal controls and actionable recommendations for rapid and effective improvements.
- The terms of reference that describe the intended scope of work for the assessment was as follows:
 - *“A critical examination of the general adequacy and effectiveness of the current regulatory and legal environment of the UNPS, as established by the relevant decisions of the UN's General Assembly and those of the Secretary-General, in ensuring fairness, integrity, transparency and probity of all administrative actions taken by any personnel detailed to the UNPS at all critical managerial levels; and*
 - *“A review of the span of control of supervisors in the UNPS and the appropriate degree of independence exercisable by any procurement officer.”*
- Deloitte Consulting LLP, in conjunction with its associated legal entities, Deloitte Financial Advisory Services LLP and Deloitte & Touche LLP (audit and risk advisory services), collectively referred to as “Deloitte”, prepared and submitted a proposal to provide the requested assessment services.
- Deloitte was selected for immediate commencement of the “Assessment of Internal Controls in the United Nations Secretariat Procurement Operations”.
- Deloitte began its work on 4 October 2005.
- This Final Report constitutes the formal report of the Assessment of Internal Controls.

I. Background

Overview of United Nations Procurement Service

- The United Nations Procurement Service (UNPS) is charged with providing:

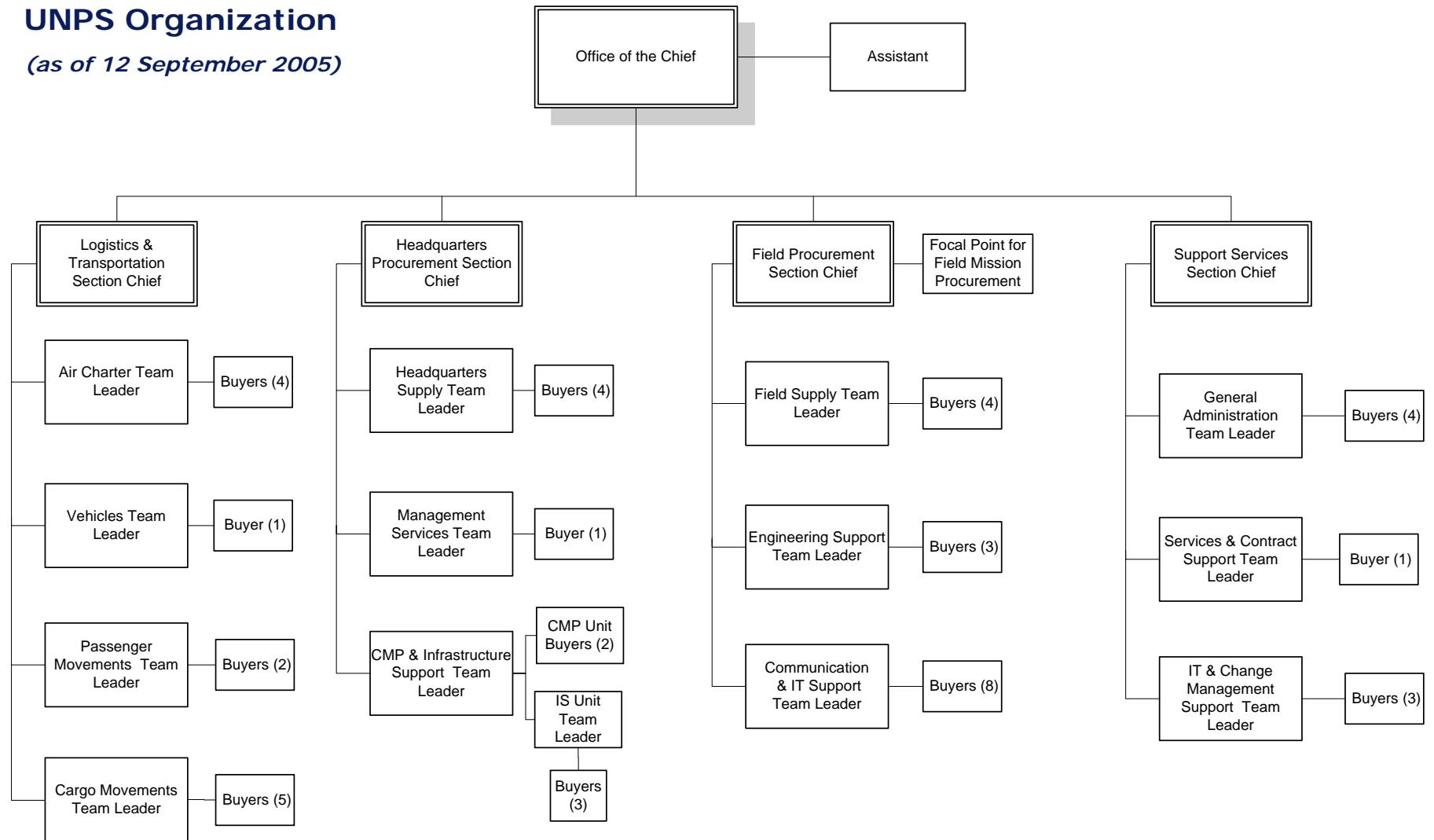
*"**Responsive, timely and cost effective** procurement and related services to Headquarters, peacekeeping missions, and other offices and organizations within the United Nations while ensuring a **competitive, fair and transparent** process in accordance with established rules, regulations and procedures." (emphasis added)*

- As shown on the following slide, in September 2005, UNPS had a staff of 70 personnel divided among four Sections:
 - **Logistics & Transportation** – procures aircraft and sea transportation services, motor vehicles and spare parts;
 - **Headquarters Procurement** – responds to purchasing requirements from offices within both Headquarters and the Offices away from Headquarters;
 - **Field Procurement** – handles all purchases over the delegated \$200,000 threshold on behalf of peacekeeping missions (except for transport equipment and services); and
 - **Support Services Division** – provides central support to UNPS, including electronic data processing, maintenance of the vendor database and supplier registration, maintenance of the web page, etc.

I. Background

UNPS Organization

(as of 12 September 2005)



I. Background

Overview United Nations Procurement Service

- In 2004, UNPS procured a total of US\$1.37B of goods and services including:
 - US\$276.1M in air transportation services;
 - US\$158.3M in freight forwarding and delivery services;
 - US\$126.9M in motor vehicles/parts & transportation equipment; and
 - US\$100.6M in chemical & petroleum products.
- The UNPS is located within the UN Secretariat's Department of Management.
- UNPS's Chief currently reports to the Controller.
- The UNPS's largest customers include:
 - Department of Peacekeeping Operations (DKPO);
 - Information Technology Services Division (ITSD); and
 - Facilities Management Division (FMD).
- Overall procurement for DPKO, UNPS's largest customer, is expected to increase to nearly US\$2B per annum in 2005 or 2006.

I. Background

Overview of United Nations Procurement Service

- UNPS personnel must interface with personnel from several other Departments or Offices regularly to accomplish their day-to-day tasks. Several of these relationships are described below.
 - **Headquarters Contracts Committee (HCC)** – The HCC is responsible for reviewing all procurements over \$200,000, both those that are procured in the field and at Headquarters, for compliance with the procurement process. The HCC handles approximately 1,200 cases per year through its once-weekly meetings and during ad hoc, emergency meetings.
 - **Local Contracts Committee (LCC)** – The members of each LCC are designated by the local Mission's Director of Administration (DOA), who reports to DPKO. The LCC reviews proposed contracts for goods and services procured locally that exceed the \$200,000 delegated authority. The LCC's recommendations are passed to UNPS procurement personnel, who present these recommendations to the HCC.
 - **Office of Legal Affairs (OLA)** – OLA provides legal support to UNPS in procurement matters, such as contract terms and provisions.
 - **Office of Internal Oversight Services (OIOS)** – OIOS provides internal audit and investigatory services concerning UNPS and procurement actions.

II. Methodology



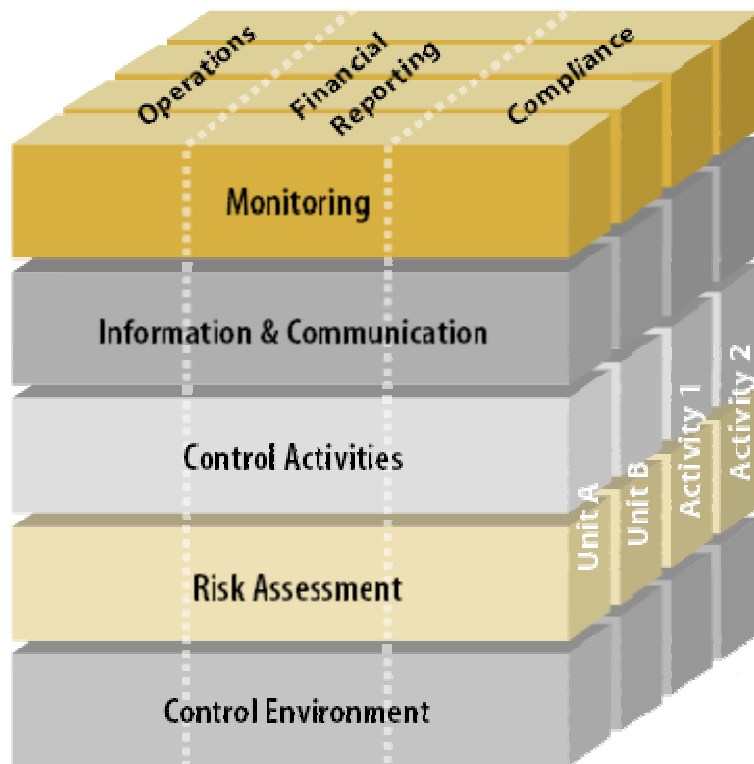
II. Methodology

COSO/INTOSAI Analytical Framework

- Deloitte selected the internal control framework developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission as the core, risk-based diagnostic (e.g., findings) framework for this assessment.
- The COSO Internal Control Framework is sponsored and endorsed by several audit, internal control and enterprise risk management professional organizations from around the world, including the Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (INTOSAI).
- Deloitte selected the COSO I Internal Control Framework, augmented by the “Guidelines for Internal Control Standards for the Public Sector”, published by INTOSAI.
- The COSO I Internal Controls framework considers risk as the impact of potential scenarios and events on the achievement of an organization's objectives. The framework then assesses the ability of internal controls to respond to these risks. This project focused on risks related to unethical and fraudulent behavior, regulatory and legal compliancy, reputation, and other strategic, operational, and governance risks deemed to be intolerable, and thus considered by their nature to be high impact.
- This assessment focused on the vulnerability of UNPS to high priority risks relative to the five COSO analysis dimensions and accounted for the existing internal control framework. Identified in this assessment were several high vulnerability areas that should receive high priority management attention and have high urgency. This assessment does not have the authority, was not designed, nor conducted to uncover, any incidence, utterance, or evidence of potential or actual wrongdoing.

II. Methodology

COSO/INTOSAI Analytical Framework

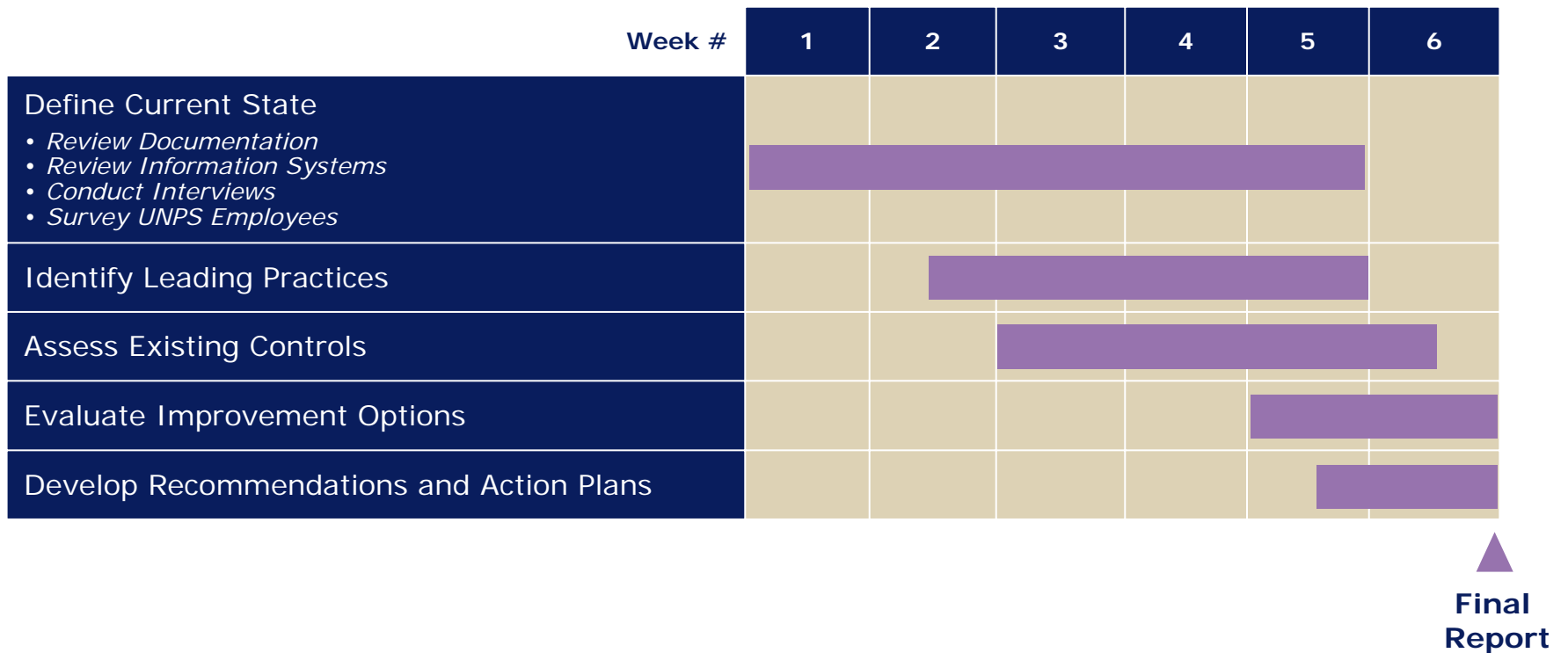


- The COSO I Internal Control Framework includes the following five primary analysis dimensions:
 - **Control Environment** - The environment encompasses the tone of an organization, influencing the risk consciousness of its people, and is the basis for all other components of enterprise risk management, providing discipline and structure;
 - **Risk Assessment** - This allows an entity to consider the extent to which potential events and scenarios have an impact on achievement of objectives with and without the consideration of risk responses including internal controls;
 - **Control Activities** - These are the policies and procedures that help ensure that management's risk responses to prevent, quickly detect, correct, and escalate risks to appropriate authorities are carried out;
 - **Information & Communications** - Pertinent information is identified, captured, and communicated in a form and timeframe that enables employees to carry out their responsibilities; and
 - **Monitoring** - The functioning of the components of the internal control framework and management activity and results are assessed over time, and deficiencies are reported upstream, with serious matters reported to top management and the oversight bodies.

II. Methodology

Project Approach

- With the COSO Framework in mind, Deloitte developed the following project approach to assess internal controls in procurement operations.



- Brief descriptions of the project team's work in each of these areas are included in the remainder of this section.

II. Methodology

Documentation Review

- A fundamental element of the internal controls assessment is the review of key documents that describe or specify current procurement policies and procedures, administrative directives, systems, organization structure, delegations and authorities, and related “external” policies and procedures (e.g., human resource policies, etc.).
- Key documents that were reviewed during the assessment are listed below with more complete citations provided in Appendix A.
 - United Nations Procurement Manual
 - Financial Regulations and Rules of the United Nations (ST/SGB/2003/7)
 - Staff Regulations of the United Nations (ST/SGB/2005/5, others)
 - Systems Documentation (ProcurePlus, Mercury, IMIS)
 - Draft Guide to Standards of Conduct for UN Staff Members Engaged in Procurement Activities
 - Draft Common Procurement Certification Scheme for the United Nations, International Learning Center of the ILO
 - Procurement Practices within the United Nations System, 2004 Report of the Joint Inspection Unit (JIU)
 - Report of the Office of Internal Oversight Services on the audit of the functioning of the Headquarters Committee on Contracts
 - GAO Report: Preliminary Observations on Internal Oversight and Procurement Practices
 - Reports, Briefings and Press Releases of the Independent Inquiry Committee (IIC)
 - Final Report: Assessment of UNPS Procurement Processes, National Institute of Governmental Purchasing, Inc.

II. Methodology

Information Systems Reviews

- The information systems that support the procurement and financial transaction processing for the UNPS were reviewed to identify and evaluate:
 - Systems architecture and components;
 - System data structures;
 - System processing capabilities;
 - Systems integration and data flows;
 - System controls;
 - User interfaces and process support;
 - Level of user discipline in maintaining system data;
 - Reporting capabilities; and
 - System auditability.
- Data extracts of key systems were taken and the data was subjected to several forms of automated analysis, including limited forensic analysis techniques, to evaluate data integrity, validate system functionality and obtain indicators of system capabilities to report accurately.

II. Methodology

Interviews

- A second fundamental element of the internal controls assessment is interviewing key individuals within the UN system who have significant roles in the UN procurement management, execution and oversight or review.
- In addition to one-on-one interviews, several focus groups and other forms of group meetings or briefings were conducted during the information gathering phase of the assessment.
- In general, the project team found that:
 - Overall, the responsiveness of almost all parties asked to participate was exemplary. This high level of responsiveness allowed the assessment team to address areas of focus more widely and deeply while maintaining the aggressive six-week project schedule; and
 - While there were areas of general agreement, there were also areas of assessment focus that revealed significant differences of opinion among the interviewees.
- The assessment team heard from over 50 UN employees – from UNPS, the Department of Management (DM), the Department of Peacekeeping Operations (DPKO), the Office of Internal Oversight Services (OIOS) and the Office of Human Resources Management (OHRM). During these interviews, focus groups and other meetings.

II. Methodology

Employee Survey

- As a supplement to the interviews and focus groups, a survey was developed to measure UNPS employee perceptions on current UNPS processes, systems and challenges.
- The survey consisted of three sections:

Section I	Respondents were asked to rate their level of agreement/disagreement with 27 statements about existing processes, policies and systems using a 5-point Likert scale.
Section II	Respondents were asked to choose and rank the “top three” sources of information about UNPS, and the “top three” challenges UNPS faces.
Section III	Respondents were asked to provide non-identifying employment information (e.g., the length of time they’ve worked for UNPS).

- Staff were provided a link to the web-based survey via e-mail on 1 November. The survey remained open through 3 November.
- There was an overwhelming 95% response rate to the survey, indicating that UNPS employees are eager to express their views on the state of the organization.
- The survey questionnaire and data are included in Appendices B and C, respectively.

II. Methodology

Leading Practices Research

- Concurrent with the documentation review, interviews, focus groups, survey, and information systems review, leading practices in several relevant areas were researched to:
 - Aid in the evaluation of the current state of UN procurement operations (e.g., identification of risks and/or deficiencies); and
 - Identify options for improvement (i.e., future state definition) and provide the foundation for a gap analysis and the development of recommendations and action plans.
- Areas of leading practice research and evaluation included:
 - Procurement Business Processes and Systems
 - *Deloitte Procurement Best Practices Framework*
 - *Deloitte Five-Stage Procurement Capability Maturity Model*
 - Personnel Management and Development
 - *Deloitte Talent Management Methodology*
 - Ethics and Integrity
 - *OCEG Ethics and Compliance Framework*
 - Governance
 - *Deloitte Risk and Controls Knowledgebase (RACK)*

II. Methodology

Controls Assessment/Gap Analysis

- Based on the data gathered through the documentation review, interviews, focus groups, survey, and information system review (i.e., development of findings), the current state of UN procurement operations and its key control characteristics were identified.
- The findings were analyzed against the COSO-based framework to define sources of risk (e.g., weak or non-existent controls), develop a future state system of controls to address those risks, and identify the gaps that need to be closed.
- During the controls assessment, five key areas of focus emerged. These areas are shown on the following page.

II. Methodology

Controls Assessment/Gap Analysis

Processes

- Service Delivery Approach
- Support Effectiveness and Performance
- Procurement Process Definitions
- Conformance and Compliance

Information Systems

- Systems Integration
- Process Workflow Support
- System Controls
- Management Reporting and Decision Making Support

Management and Staff

- Continuity and Succession Planning
- Professional Development and Training
- Performance Management
- Communications
- Culture

Governance

- Policies and Procedures
- Organization Structure
- Delegation of Authorities
- Internal Oversight & Compliance Monitoring
- External Reporting and Transparency

Ethics and Integrity

- Code of Conduct
- Leadership
- Training
- Reporting (for internal/external parties)

II. Methodology

Improvement Options Evaluation

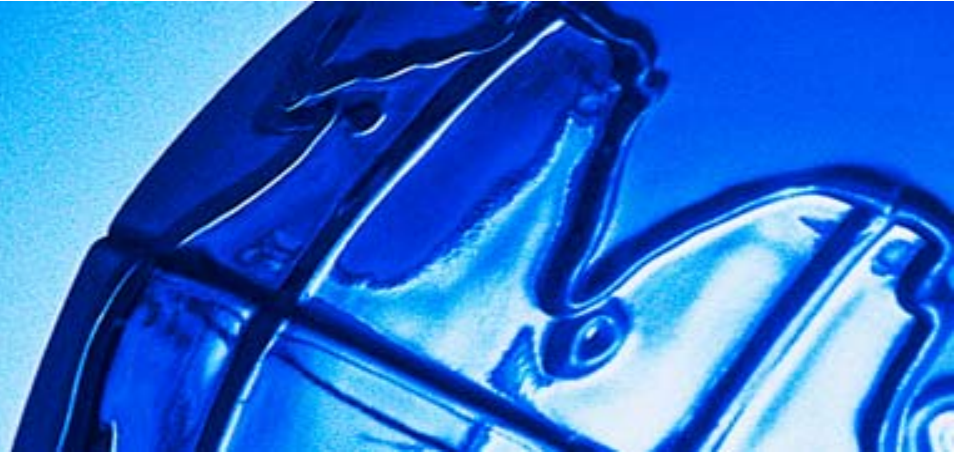
- Following the controls assessment, the definition of the target or future state, and identification of gaps, improvement options were identified.
- While there may be many ways to address control deficiencies and underlying causes, the development of appropriate, actionable and achievable recommendations and improvement options must also consider:
 - Risk of fraud, corruption or collusion;
 - Strategy of the organization;
 - Urgency for change and implementation of corrective actions;
 - Ability to realize benefits or objectives expeditiously;
 - Current resources and workload of the management and staff, and their ability to support change initiatives;
 - Skills of the management and staff;
 - Financial resources to fund change activities;
 - Necessary sequencing of activities due to dependencies; and
 - Integration with other related institutional initiatives (e.g., potential information system enhancement).
- The result of this improvement options evaluation is a set of recommendations and action plans that constitute a “road map” to addressing internal control deficiencies and other related issues in a well coordinated, expeditious and achievable manner.

II. Methodology

Recommendations and Action Plan Development

- The development of the recommendations builds the case for action to address control deficiencies and related issues.
- The recommendations take the form of high-level descriptions of approaches to closing gaps and moving toward the desired future state.
- Individual recommendations generally address several adverse findings or gaps and often cross one or more of the of the five areas of focus described previously.
- Action plans to implement the recommendations take the form of high-level project plans, which include:
 - Desired Outcomes;
 - Organizational Elements to be Involved;
 - Major Steps to Implement;
 - Estimated Timeframe (i.e., implementation duration); and
 - Key Milestones/Deliverables.
- The individual action plans were developed in concurrence, and an overall recommended timeframe for beginning implementation (e.g., immediate, near-term, moderate-term) is provided in Section V of this report.

III. Assessment



III. Assessment

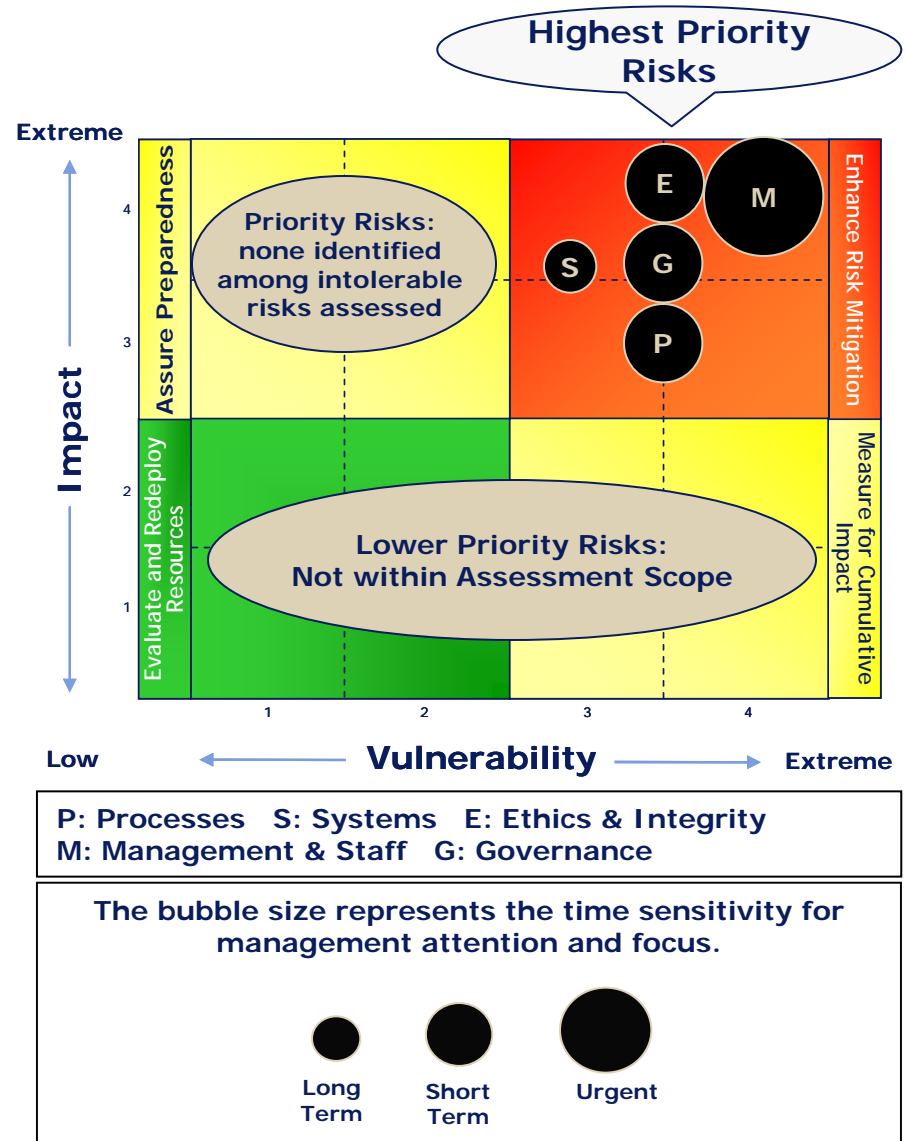
Findings and Observations Summary

- Significant UNPS internal control deficiencies were identified; those deficiencies are largely the result of:
 - Procurement processes that are out-dated, fail to align with and reasonably support the procurement needs of UNPS' primary customer, and are inconsistently executed by the procurement staff; and
 - The use of several procurement and financial management systems that:
 - Have varying levels of system user process controls,
 - Are insufficiently integrated to ensure sufficient data sharing, data integrity and synchronization,
 - Provide gaps in automation of user procurement processing, and
 - Lack reasonable data interface controls.
- With significant procurement process and system control deficiencies, the UNPS employees effectively constitute the controls that are in-place within the UNPS.
- Such a significant reliance on people leaves the UN extremely vulnerable to potential fraudulent or corrupt activity, and limits the organization's means to either prevent or detect such actions; this is not to imply findings of fraud or corruption as this review was not investigatory.
- UNPS employees lack sufficient professional development support and training in procurement processes and ethics and integrity.
- The governance structure demonstrated several areas of weakness including insufficient management reporting and oversight of procurement operations, lack of urgency in responding to adverse audit findings, and unclear lines of authority and accountability.
- While ethics and integrity training has recently been conducted within UNPS, overall the program is weak, has not been sufficiently supported by management in the past, and as a result is not a conspicuous element of the UNPS culture.

III. Assessment

Findings and Observations Summary

- Overall the UNPS processes and systems controls are deficient in several key area leaving the management and staff of the UNPS as the primary form of effective controls. This reliance on people leaves the UN vulnerability to waste, abuse, and fraudulent activity.
- A risk impact/vulnerability assessment of the five key areas of UNPS focus is presented to the right.



III. Assessment



Processes – Significant Findings and Observations

- UNPS is not effectively involved in procurement planning with its customers. Customers often perform insufficient procurement planning for needs that are known or predictable, leading to:
 - Procurement actions that are (unnecessarily) rushed, which lead to insufficiently prepared requirements, limited competition and inconsistent execution of processes or circumvention of controls;
 - Failure to negotiate advantageous terms with vendors in advance of the need;
 - Under-utilization of mass purchasing agreements (e.g., blanket purchase agreements) or long-term system contracts in certain markets;
 - Inconsistent procurement action processes; and
 - Likely instances of higher purchase/contract prices due to limited competition.
- The current procurement service delivery model and practices, as governed by the policies and procedures, lack sufficient flexibility to accommodate procurement requirements that vary considerably by urgency, size/value, complexity, risk, competition, geography and frequency, leading to:
 - Excessive procurement staff effort dedicated to low-risk procurement actions;
 - Constrained/limited resources available for procurement actions that involve higher levels of complexity and risk; and
 - Delays in fulfilling customer needs.

III. Assessment

Processes – Significant Findings and Observations

- Some existing process controls (e.g., sourcing requirements, HCC reviews), while effective to varying degrees, also slow the procurement process and:
 - Further challenge the procurement staff to complete the necessary steps in a timely manner; and
 - Delay contract awards and product/service delivery.
- There is no standard process to update the procurement manual (e.g., incorporate periodic management directives, leading industry practices). As a result, staff may not be aware of changes to policy or procedure, and processes may be out of date.
- The UNPS staff do not appear to have a clear and reasonably consistent understanding of the current procurement policies and procedures, resulting in inconsistent application across UNPS Sections.
- There appears to be significant variation in the execution of procurement actions by the procurement staff due to:
 - Inconsistent understanding of “standard” processes; and
 - Severe time pressures that lead to “cutting corners”.
- Hard-copy procurement files are inconsistent in terms of contents and structure, making it very difficult for users/reviewers to locate key documents (e.g., requisitions, contract modifications, fully executed instruments) and establish procurement status.

III. Assessment

Information Systems – Significant Findings and Observations

- Headquarters and locally initiated procurement actions are supported by fragmented procurement and financial systems and subsystems (e.g., ProcurePlus, Mercury, Sun, IMIS), with varying levels of automated and manual integration, leading to:
 - Segmented/discontinuous systems supporting user procurement process lifecycle activities (e.g., purchase requisition establishment, solicitation, purchase order establishment and award, invoice receipt and approval, vendor payment);
 - Critical interruptions in system-based procurement process controls;
 - Risk exposure caused by largely uncontrolled manual data exchanges between systems (e.g., Excel spreadsheets used to post monthly field procurement activity journal entries into IMIS);
 - Limited transfer of detailed procurement transaction data between systems;
 - Inability to effectively reconcile transaction data or maintain continuous reconciliation between systems;
 - Inability to obtain comprehensive procurement activity reports from the multiple systems to support management oversight and controls monitoring of both Headquarters and local procurement activities;
 - Problems with maintaining multiple, duplicated data sets (e.g., vendor master information/updates) in multiple systems, and keeping the data synchronized;
 - Inefficient procurement processing that is reliant on nightly batch (i.e., not real-time but delayed) processing of transaction updates; and
 - Limited transparency into procurement transactions initiated outside of Headquarters (i.e., Headquarters personnel have limited access to field data).

III. Assessment

Information Systems – Significant Findings and Observations

- Varying degrees of controls exist within the individual systems to enforce segregation of duties, approval thresholds, edit controls, and variance tolerances between payments, purchase orders and requisitions.
- There are no fraud or anomaly detection tools or reports implemented in either the Headquarters or local procurement systems.
- As it is currently set-up, ProcurePlus does not provide comprehensive or timely management reports; the current system functionality limits reporting capabilities and causes inaccuracies, including:
 - Procurement actions are linked to a buyer ID, thus when the buyer changes locations, prior procurement activities are reported from the new location; and
 - The Purchase Order date is updated to the current date each time the Purchase Order is reprinted.
- Currently, reports on both Headquarters and local procurement activity are requested and prepared only once per year, and thus do not adequately support management oversight or controls monitoring.
- There are a number of data integrity issues, including “orphaned records” (i.e., purchase order lines unlinked to related requisition lines), data redundancies, dynamic historical data, and retention of deleted records, which result in inaccurate and/or incomplete reporting.

III. Assessment

Management and Staff – Significant Findings and Observations

- UNPS staff lack a meaningful understanding of the strategy and management direction of the organization as managers and supervisors provide only limited information and direction to reduce confusion and align efforts with organizational priorities.
- UNPS supervisors and team leaders are not provided with adequate training and development opportunities to help build effective management/supervisory skills (e.g., communicating expectations to staff, conflict resolution, etc.)
- There are insufficient communication channels within the UNPS to set direction for and coordinate the management and staff (i.e., top-down), allow for employee ideas and concerns to be shared and considered (i.e., bottom-up) and promote sharing of information and ideas/techniques across the organization (e.g., across Sections).
- The UNPS culture is currently challenged by several factors that inhibit employee effectiveness, including:
 - A perceived lack of trust, confidence and support by leadership;
 - Anxiety related to being unfairly suspected or accused of wrong-doing;
 - Belief that open communications are discouraged;
 - Concerns over the expected rotation policy and limited career options post-UNPS; and
 - Low morale.

III. Assessment

Management and Staff – Significant Findings and Observations

- UNPS lacks up-to-date position descriptions that incorporate good technical skill and behavioral competencies and career paths, resulting in:
 - Inadequate understanding of employee roles, responsibilities, professional development goals and objectives;
 - Unclear evaluation criteria for the hiring process, including a lack of appropriate risk assessment;
 - Assigned tasks, roles and responsibilities are not always well-aligned with the skills and capabilities of staff (e.g., staff may be under- or over-qualified for role), which may result in an under-utilization of the knowledge, skills and abilities of some current management and staff; and
 - Unclear career advancement paths.
- The employee performance management system has several deficiencies, including:
 - Absence of competency based position descriptions/requirements (see above);
 - Absence of performance metrics and annual goals (including training needs);
 - Limited provision of feedback or mentoring from supervisors to employees;
 - Limited professional rewards or incentive for high performance or penalties for poor performance; and
 - Lack of overall belief in the validity/usefulness of the performance management process and its use as an effective development tool.
- UNPS lacks an effective employee training program that identifies individual knowledge and skill development needs, establishes effective plans and coordinates the administration of the training programs.

III. Assessment

Management and Staff – Significant Findings and Observations

- Delegation of authority is tied to job-grade. Due to variances in the knowledge, skills and abilities (KSAs) of staff within the same job-grade, in some cases, delegations of authority may be misaligned with individuals' KSAs (e.g., some individuals may be delegated more or less authority than they can manage effectively).
- Span of control does not appear to be significantly out of balance, however significant improvement could be made by implementing recommendations related to supervisory skill development and increased controls compliance.
- The anticipated "rotation policy" will add additional workforce management challenges and may counter other efforts to improve internal controls, reduce risks and improve customer service, including:
 - Loss of key management and staff with specialized technical skills and knowledge (e.g., logistics management in remote areas, local business practices, market knowledge);
 - Period of reduced productivity for both new employees and staff while new employees are trained, and procedures, systems, customer needs and vendor markets are learned;
 - Customer confusion and service level inconsistencies as management and staff continually change;
 - Challenges in attracting a supply of qualified applicants who are willing to take a moderate-term, but temporary position in UNPS;
 - Attracting candidates who have agendas/objectives that may conflict with UNPS organizational objectives (e.g., country/vendor advocates, independence issues); and
 - Challenges in screening and evaluating candidates (including independence and external influence risk scoring).

III. Assessment

Governance – Significant Findings and Observations

- Weaknesses in the current UN Procurement Manual limit the value of the manual to govern the UNPS procurement processes and force deviations from procedures.
 - Policies and procedures are not well aligned with fulfilling client needs in a timely manner; and
 - Individual policies and procedures are unclear, inadequately specified, incomplete (e.g., gaps), and in some cases conflict with other policies and procedures, for example:
 - The Manual lacks clarity on responsibilities of requisitioners, buyers, and registry staff; and
 - Bid security procedure is not explicitly defined in the Manual.
- UNPS does not employ a formal, regularly occurring risk management process that would:
 - Evaluate internal and external risks to UNPS's ability to meet its objectives;
 - Assess compliance with UNPS and UN principles of conduct;
 - Implement preventive, corrective, detective controls; or
 - Escalate serious issues to management.
- While the existing oversight bodies (e.g., OIOS, HCC) manage some risk, they are not effective at preventing all forms of corruption or wrong-doing within the UNPS.

III. Assessment



Governance – Significant Findings and Observations

- There is confusion concerning lines of authority that govern the procurement of some supplies and services for the field (i.e., in support of DPKO), especially in the coordination of HCC and LCC mandates and operation.
- The OIOS internal audit function provides spot audit coverage, but has been resource constrained, and is challenged to provide effective coverage for the prevention of internal control breakdown in the current environment.
- UNPS management and other oversight functions cannot adequately monitor, plan, or make effective decisions about procurement activities and risks due to:
 - Inadequate, incomplete, and inaccurate reporting of procurement activity; and
 - Lack of system support of management reporting and related financial transaction information.

III. Assessment



Ethics and Integrity – Significant Findings and Observations

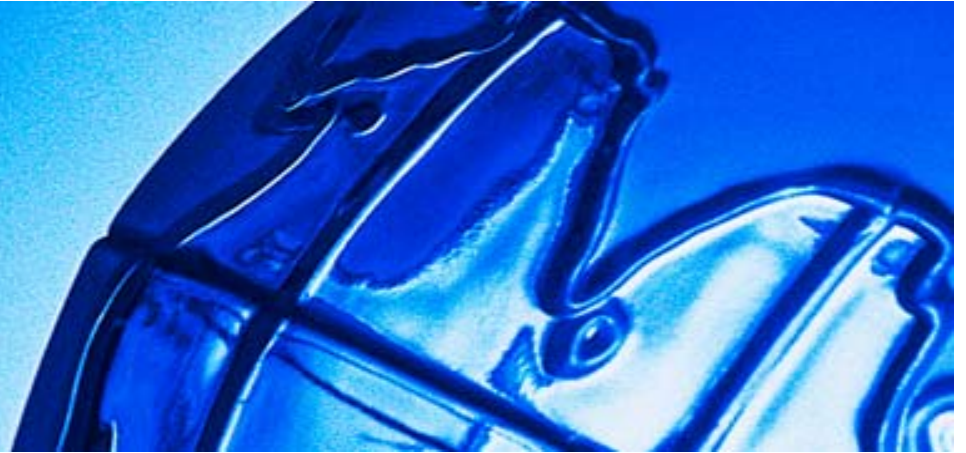
- The UNPS lacks a well coordinated and effective ethics and integrity program that makes ethical conduct a foundational element of the employee culture, and readily and quickly recognizes any apparent lapses, through:
 - Mandatory and recurring training of all UNPS employees with testing to verify understanding of key concepts (e.g., what constitutes a lapse/violation, violation reporting responsibilities and procedures);
 - Highly visible management involvement to emphasize the importance of professional ethics and integrity to all employees;
 - Leadership by example, including demonstrated actions consistent with high levels of professional integrity and ethical conduct;
 - Execution of an on-going communications plan that employs multiple media to remind employees of the organizational importance of good ethics and integrity; and
 - Multiple, well publicized channels for reporting suspected violations (e.g., hot lines, Ombudsman) with protections against retaliation.
- There does not appear to be a single, recognized and well understood Code of Conduct governing ethics and integrity expectations and requirements for UNPS employees.

III. Assessment

Ethics and Integrity – Significant Findings and Observations

- The hiring process that supports the UNPS does not effectively consider employee ethics and integrity risk factors, such as:
 - Conflicts of interest/external influences (e.g., current/previous employment with government entities or vendors with objectives of securing additional UN contracts);
 - Personal independence impairing conditions (e.g., personal financial interests, personal relationships with management/officers/owners of UN bidders or vendors); and
 - Special focus on past job performance.
- Taking the International Civil Servant Oath to formally recognize the responsibilities of serving in the UN system has lost its ritual impact and is now “just another form to sign” as part of the hiring process.
- There does not appear to be a well understood and executed “requirement” for employees to report observed or suspected instances of wrong-doing or lapses in ethical behavior.
- There does not appear to be an independent process (i.e., handled outside UNPS) for vendors to come forth with complaints or reports of suspected improper procurement handling (e.g., unfair competition, evaluation process anomalies).

IV. Recommendations



IV. Recommendations

Recommendations Summary

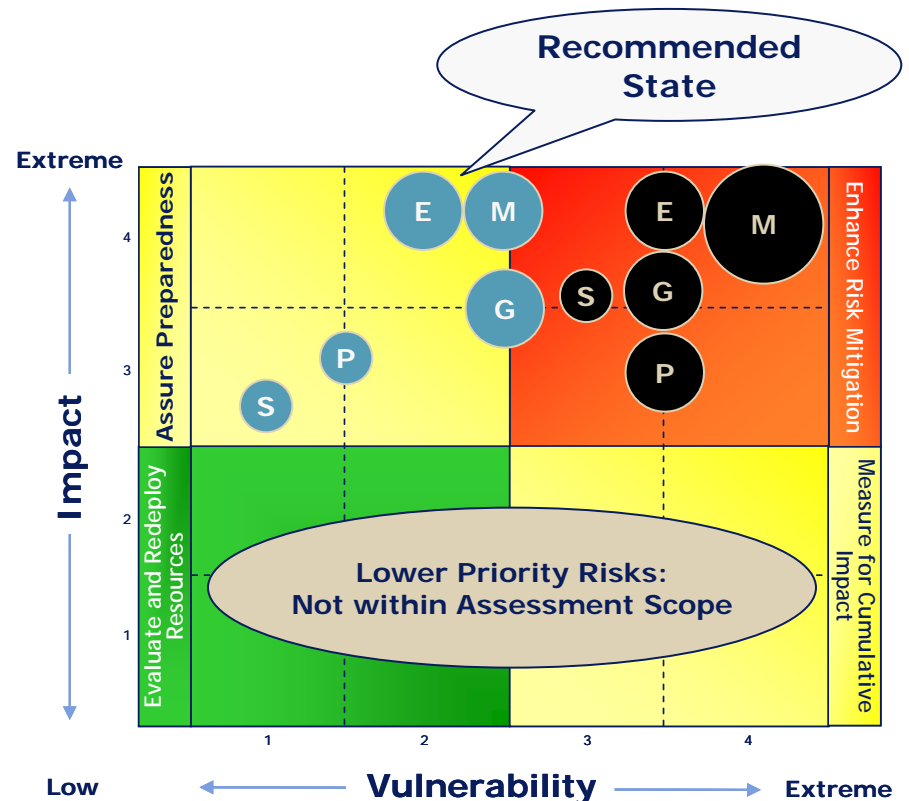
- Recommendations were developed in five categories and may address one or more adverse findings and observations.
- The summary-level recommendations are (not in order of priority):
 - Governance, including:
 - Implementing an on-going risk management framework of preventative and detective controls, and
 - Updating the UNPS procurement procedures to support the business model and incorporate appropriate controls;
 - Management and Staff Development, including:
 - Improving the level of professional development within UNPS,
 - Establishing an effective ethics and integrity program, and
 - Improving communications within UNPS to eliminate silos and heighten visibility of all actions within UNPS;
 - Procurement and Financial Management Systems, including:
 - Replacing the existing mix of insufficiently integrated systems with integrated ERP procurement and financial management modules, as is currently anticipated, and
 - Taking limited, short-term actions to improve the data integration, integrity and reporting of the existing procurement and financial management systems;
 - Strategic and Operational Management, including:
 - Realigning the UNPS strategy, business model, organizational structure and processes to support its primary customer needs; and
 - Rotation Policy, including:
 - Considering the detrimental impacts that the implementation of the anticipated policy would have on the organization, and
 - Examining alternatives that would achieve the core purposes of the anticipated policy.

IV. Recommendations

Recommendations Summary

Based on the findings, nine recommendations were developed with the goal of reducing UNPS's vulnerability to the incidence and impacts of risks such as fraud, waste and abuse.

- 1: Improve governance effectiveness**
G
- 2: Update/reengineer procurement policies, procedures and guidelines**
P G
- 3: Improve professional development of procurement management and staff**
M
- 4: Enhance ethics and integrity program**
E M
- 5: Improve UNPS management and staff communications**
M
- 6: Replace existing procurement and financial systems**
S P
- 7: Take limited but immediate actions to close gaps in existing procurement and financial systems data integration and reporting capabilities**
P S G
- 8: Define UN Secretariat procurement strategy and assess the organizational alignment with business needs**
P M G
- 9: Consider alternative approaches to meet the objectives of the anticipated "rotation policy" for UNPS**
M



P: Processes S: Systems E: Ethics & Integrity
M: Management & Staff G: Governance

The bubble size represents the time sensitivity for management attention and focus

Long Term Short Term Urgent

IV. Recommendations

Governance

- **Improve Governance Effectiveness**

- **Objectives:**

- Provide a clearly understood and well executed integrated framework for organizational and risk management effectiveness; and
 - Provide preventive and detective controls to protect organization from wrong-doing.

- **Significant Steps:**

- Document and communicate standards of UNPS employee conduct;
 - Update procurement policies and procedures to reflect current business needs and leading practices (see following page);
 - Define clear lines of management authority, responsibility and accountability;
 - Revise guidelines for delegation of authority;
 - Improve reporting of procurement activities and financial transactions for effective management oversight and controls monitoring;
 - Establish effective disciplinary procedures to contain threats and discourage employee wrong-doing;
 - Improve audit/review process effectiveness with internal (i.e., OIOS) and independent external audit resources;
 - Take more deliberate action to respond to critical audit findings and proactively pursue organizational and risk management improvement initiatives through risk management process; and
 - Re-evaluate the purpose, structure, role and effectiveness of the current external oversight of UNPS (e.g., OIOS, HCC).

IV. Recommendations

Governance

- **Update/Reengineer Procurement Policies, Procedures and Guidelines**
 - **Objectives:**
 - Improve controls compliance and processing throughput by providing a critical source of procurement policies and guidance that supports UNPS business process requirements, reflects current leading procurement practices and integrates effective controls to manage risks; and
 - Provide a reasonable and appropriate set of procurement processes that employees and management can execute consistently without frequent exceptions to meet customer service needs.
 - **Significant Steps:**
 - Identify business model drivers (e.g., customer needs, other stakeholder objectives);
 - Review current leading procurement practices (e.g., alternative contract vehicles, e-procurement) in the commercial, public sector and NGO communities;
 - Identify opportunities to streamline procurement processes while maintaining or improving controls effectiveness;
 - Review existing UN Procurement Manual, policies, procedures, guidelines and directives, and update/rewrite the Procurement Manual to incorporate current policies and directives, leading practices, streamlined processes and improved controls;
 - Consider the use of software tools, some already under license and in use at the UN, to create an on-line, context-sensitive, rules-based system that allows procurement personnel to locate procedures, instructions, etc. as needed for the task at hand on a real-time basis;
 - Develop training materials that incorporate the new procedures and conduct training and testing of all procurement management and staff;
 - Periodically evaluate UNPS management and staff compliance with the Manual processes; and
 - Implement a centralized, continuous process to update the Procurement Manual with new directives and leading practices over time.

IV. Recommendations

Procurement Management and Staff Development

- **Improve Professional Development of all Procurement Management and Staff**

- **Objectives:**

- Improve procurement controls by developing a professional procurement workforce, inclusive of field procurement staff, that is equipped to execute procurement actions consistently, correctly, efficiently (e.g., taking the most appropriate approach) and with a clear understanding of what constitutes inappropriate actions;
- Improve the reputation and credibility of the Procurement Service as a “professional” organization; and
- Improve individual performance levels, provide incentives for advancement, and provide career paths.

- **Significant Steps:**

- Establish/define career paths for UNPS management and staff;
- Develop/update procurement staff competency models (e.g., knowledge, skills and abilities) for all levels;
- Update the UN Secretariat performance management system to incorporate competency building and other professional development goals, and meaningful, metrics-based evaluations of performance;
- Administer a training and professional certification program that supports UNPS professional development objectives;
- Revise hiring evaluation process to utilize competency based skills evaluation, behavioral interviewing and a process for candidate risk evaluation (e.g., independence, external influences); and
- Provide similar professional development support and performance management evaluations for former field procurement personnel.

IV. Recommendations

Procurement Management and Staff Development

- **Enhance Ethics and Integrity Program**

- **Objectives:**

- Implement a program of ethics and integrity training and leadership that is well understood by all employees and is a key and valued element of the organization's culture and professional environment.

- **Significant Steps:**

- Centralize ethics and compliance planning and monitoring responsibilities as a part-time responsibility in an existing senior leadership position. This responsibility should have a dotted-line reporting relationship to the proposed UN Ethics Office.
 - Define, publish and distribute standards (e.g., Code of Conduct) that describe ethical conduct requirements and expectations for all UN staff and vendors;
 - Provide mandatory initial and recurring (e.g., annual) training on ethics and integrity for all staff who deal with procurement (e.g., UNPS personnel, requisitioners, HCC members) specifically tailored to address ethics and integrity issues that arise in procurement;
 - Formalize independence requirements for existing employees and employment candidates to avoid conflicts of interest or favoritism;
 - Lead by example and provide periodic communications from management to reaffirm the Secretariat's commitment to ethics and integrity;
 - Perform recurring assessments of ethical practices knowledge and behaviors (e.g., testing);
 - Enhance hot line/reporting mechanisms and requirements for both staff and vendors; and
 - Establish an independent vendor complaint/protest process for reporting suspected wrongdoing that includes:
 - Independent, third party evaluation and arbitration; and
 - Due process and formal resolution for all reports.

IV. Recommendations

Procurement Management and Staff Development

- **Improve UNPS Management and Staff Communications**

- **Objectives:**

- Promote alignment of UNPS values and priorities through the chain of command, from leaders through first-line supervisors to staff;
- Improve the visibility of all actions within UNPS (i.e., break down silos) through improved communications up, down and across the organization; and
- Increase the level of common awareness of inappropriate actions and facilitate earlier recognition and communication of suspected departures.

- **Significant Steps:**

- Establish a recurring system of meetings (e.g., staff meetings) and briefings to share information (e.g., organizational challenges and strategy, management direction, staff concerns) between executive management and staff;
- Hold periodic (e.g., quarterly) UNPS-wide meetings to share information of interest to all UNPS employees, and to share summaries and status of activities between the teams and groups;
- Establish a “tone from top” that values and encourages free, protected communication within the UNPS on matters of concern;
- Establish and publicize an “open door” policy to ensure that employees feel that they are able to share concerns and obtain guidance on sensitive matters; and
- Act on information/ideas provided by employees.

IV. Recommendations

Procurement and Financial Management Systems

- **Replace the Existing Procurement and Financial Systems with an Integrated Suite of Enterprise Resource Planning (ERP) Modules**
 - **Objectives:**
 - Implement integrated systems to provide improved:
 - Procurement process support,
 - Data integrity, reconciliation and sharing,
 - Real-time and comprehensive procurement reporting, and
 - Preventative and detective controls;
 - Reduce the cost of developing and maintaining application software; and
 - Implement commercial software enhancements as the technology and product capabilities advance.
 - **Significant Steps:**
 - Develop high-level procurement system functional requirements to assist in the Secretariat ERP evaluation and selection process;
 - Participate in the ERP implementation process in the areas of procurement and “procure-to-pay” financial cycle setup;
 - Cleanse and assist in the conversion of legacy system data;
 - Participate in system piloting and user acceptance testing;
 - Assist in the change management and training activities for the new system; and
 - Develop a suite of automated data integrity tests as part of detective control enhancements.

IV. Recommendations

Procurement and Financial Management Systems

- **Take Limited but Immediate Actions to Close Gaps in Existing Procurement and Financial Systems Data Integration and Reporting Capabilities**
 - **Objectives:**
 - Improve procurement controls by making limited system enhancements (recognizing that the systems are expected to be replaced over the next few years);
 - Improve data integrity and ability to reconcile data more frequently and effectively; and
 - Improve the amount and quality of procurement action data provided to UNPS management for oversight and controls monitoring purposes.
 - **Significant Steps:**
 - Evaluate the current systems architectures (e.g., ProcurePlus, Mercury, Sun, IMIS) including data stores and interfaces;
 - Identify options for improving data interfaces and controls, including reconciliation capabilities;
 - Identify options for developing additional activity reports for UNPS management;
 - Establish resource and development duration estimates for all options;
 - Evaluate, prioritize and select advantageous options for implementation; and
 - Implement or manage the implementation of data interface and reporting enhancements.

IV. Recommendations

Rotation Policy

- **Consider Alternative Approaches to Meet the Objectives of the Anticipated “Rotation Policy” for UNPS**
 - There may be a number of negative side-effects of the anticipated Rotation Policy, including:
 - It does not support the development of a professional UNPS workforce of knowledgeable, dedicated and trustworthy procurement professionals who provide high levels of customer service;
 - Loss of key procurement talent with specialized knowledge, skills and abilities (e.g., DPKO mission needs and international sourcing);
 - Unnecessarily introducing additional individuals into the UNPS who may have independence or other issues (e.g., financial gain motivations, post-employment opportunities) that may result in improper actions (e.g., vendor selection bias, procurement information sharing);
 - Potentially hiring individuals who may lack personal commitment, prior job successes and professional development orientation in limited-term, “temporary” positions; and
 - Negative impacts on customer service and productivity while experienced employees leave, new employees are trained, and remaining experienced employees are forced to perform the training and “pick up the slack”.
 - The primary objectives of rotation (e.g., disrupt potential detrimental relationships between procurement staff and vendors, bringing new ideas, perspectives and skills into UNPS, etc.), can be met with alternative approaches (without the disadvantages of the anticipated Rotation Policy) including:
 - “Fast track” implementation of the UN mobility policy; and
 - Actively seeking highly talented staff and managers from external organizations and implementing a position exchange and/or leadership development program to bring new skills into UNPS on a rotating, time-limited basis.

IV. Recommendations

Strategic and Operational Management

- **Define UN Secretariat Procurement Strategy**

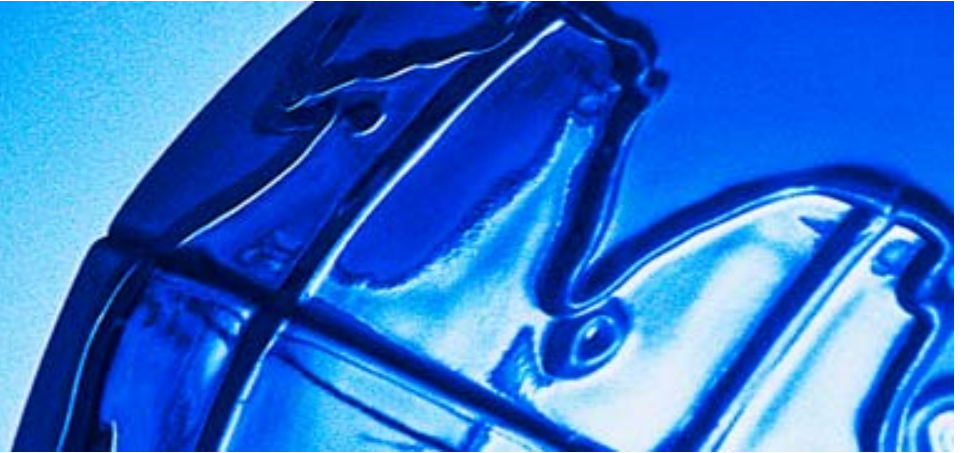
- **Objective:**

- Determine the most appropriate procurement operating model for the UN Secretariat based on an evaluation of anticipated customer needs, findings of this report, etc.;
 - Align organizational units to support customer service needs (e.g., responsiveness, technical skills);
 - Provide clear lines of authority, responsibility and accountability; and
 - Determine appropriate staffing based on estimated workload.

- **Significant Steps:**

- Identify and evaluate alternative operating models against key criteria and develop detailed process, technology, and staffing requirements based on selected model.
 - Identify and evaluate business model drivers (e.g., customer needs);
 - Review existing resources, needs and operational constraints;
 - Integrate all field procurement resources (e.g., DPKO mission procurement support resources) into the UNPS;
 - Develop and evaluate organization structure options and make selection;
 - Develop high-level organizational unit mission/function statements;
 - Implement new organization structure; and
 - Support modification of position descriptions for role and responsibility changes.

V. Action Plans



V. Action Plans

Summary

- Fourteen high-level Action Plans have been developed to address some of the recommendations contained in this report.
- The Actions Plans and recommended timeframes to begin implementation are:

<u>Title:</u>	<u>Recommended Implementation Timeframe:</u>
1. Establish Effective Management Reporting Processes	Immediate
2. Update the United Nations Procurement Manual	Immediate
3. Develop and Implement a UNPS Ethics and Integrity Program	Immediate
4. Develop and Implement a UNPS Communications Program	Immediate
5. Identify and Prioritize Existing Systems Improvement Opportunities	Near-term (3-6 months)
6. Develop UNPS Competency Models	Near-term (3-6 months)
7. Revise UNPS Hiring Standards and Processes	Near-term (3-6 months)
8. Update the UNPS Performance Management Process	Moderate-term (6-9 months)
9. Implement an Online Procurement Manual and Content Management System	Moderate-term (6-9 months)
10. Proactively Track and Act Upon Critical Assessment and Audit Findings	Moderate-term (6-9 months)
11. Document Procurement System Functional Requirements	Moderate-term (6-9 months)
12. Participate in ERP System Selection and Implementation	Moderate- to Long-term (6 months-3 years)
13. Perform UNPS Strategic Planning	Moderate- to Long-term (6-12 months)
14. Conduct a UNPS Organizational Assessment	Moderate- to Long-term (6-18 months)

V. Action Plans

Summary

- Notes regarding the Action Plans:
 - These Action Plans represent initial concepts on how to address one or more assessment findings and recommendations are expected to be refined (e.g., corrected, improved) and further defined prior to implementation;
 - The Estimated Timeframes are aggressive (due to the urgency for reform) and somewhat aspirational as any organization is challenged to support multiple change initiatives simultaneously while conducting normal business operations; and
 - The Action Plans are not equal in priority or urgency and some are dependent upon the completion of others, thus the actual sequencing of actions will need to be determined by the UN Secretariat.

V. Action Plans

Establish Effective Management Reporting Processes

- Desired Outcomes
 - UNPS management at all levels have accurate, useful and timely reports of procurement activities that support appropriate levels of oversight and visibility into procurement transactions, and support risk/issue identification and management; and
 - Reports that support detective control monitoring of procurement activity are routinely reviewed by UNPS management.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - Office for Programme Planning, Budget and Accounts (OPPBA);
 - OCCS - Information Technology Services Division; and
 - DPKO procurement and financial systems management and staff.

V. Action Plans

Establish Effective Management Reporting Processes

- Major Steps to Implement
 - Obtain, inventory and evaluate all current procurement and related financial reports, including content, accuracy and accessibility;
 - Interview UNPS managers and staff and identify management oversight enhancements (e.g., monitoring, risk management) and information needs;
 - Document procurement reporting requirements including detective controls analysis;
 - Identify and evaluate all current procurement and related financial systems and data stores (e.g., databases, tracking spreadsheets) currently in use;
 - Evaluate the data in each relevant procurement and financial system, including data structures, content, data quality/accuracy, and current and other available reporting tools;
 - Develop options for improving procurement management reporting, including, as appropriate, modification of existing reports, development of new reports, establishment of data warehouses or intermediate data store for reporting, and/or enhanced/new report access and distribution methods;
 - Select and prioritize reporting enhancement initiatives; and
 - Implement reporting enhancement initiatives.
- Estimated Timeframe
 - 6 to 9 months to establish new report suite with several intermediate accomplishments.
- Key Milestones/Deliverables
 - UNPS procurement reporting requirements;
 - Options for UNPS procurement reporting enhancements; and
 - Implementation of reporting enhancement initiatives.

V. Action Plans

Update the United Nations Procurement Manual

- Desired Outcomes
 - Policy and procedures controls compliance and processing throughput are improved by providing a critical source of procurement policies and guidance that:
 - Supports the UNPS business process requirements,
 - Reflects current leading procurement practices (e.g., contracting methods),
 - Integrates effective management processes and controls to manage risks proactively, and
 - Incorporate effective preventative controls without unnecessarily disrupting work processes; and
 - UNPS employees and management have a reasonable and appropriate set of procurement processes that can be executed consistently without frequent exceptions or deviations to meet customer service needs.
- Organizational Elements to be Involved
 - UNPS management and staff;
 - Inter-Agency Procurement Working Group (IAPWG) members;
 - Other UN System procurement managers to share leading practices; and
 - OLA.

V. Action Plans

Update the United Nations Procurement Manual

- Major Steps to Implement
 - Review and evaluate current UNPS business model drivers;
 - Perform a detailed review of the current United Nations Procurement Manual (i.e., Rev 02, January 2004) and identify strengths, weakness/deficiencies and gaps (e.g., incorporation of all relevant administrative directives);
 - Identify and review current procurement process and controls “leading practices” from:
 - Within the UN system at select agencies, and
 - The public sector;
 - Identify and validate alternative procurement process approach options for inclusion in the Manual;
 - Prepare updated Procurement Manual draft sections;
 - Review, modify and approve Procurement Manual revisions;
 - Define needs to support the implementation of the revised policies and procedures (e.g., development of new pro forma contract templates, modification of contract terms, changes to roles, responsibilities and authorities);
 - Develop training materials and provide training and testing on new policies and procedures;
 - Establish an ongoing procedure to update the Procurement Manual with new policies and administrative directives; and
 - Establish a process to provide on-going Procurement Manual compliance verification.
- Estimated Timeframe
 - 4 to 6 months.

V. Action Plans

Update the United Nations Procurement Manual

- Key Milestones/Deliverables
 - Options for Procurement Policy and Procedures Improvements;
 - Draft Procurement Manual Updates;
 - Approval of Procurement Manual Updates;
 - Management and staff training on new Procurement Manual processes and requirements; and
 - Procurement Compliance Monitoring Plan.

V. Action Plans

Develop and Implement a UNPS Ethics and Integrity Program

- Desired Outcomes
 - All UNPS employees understand the the special responsibilities that they have to always act in an ethical manner and to demonstrate unquestioned personal integrity when acting in a fiduciary role in UN procurement;
 - The core concepts of what constitutes ethical behaviors and personal integrity are well understood by UNPS employees and they demonstrate the abilities to identify potential issues and discuss the impacts of alternative dispositions;
 - All UNPS employees are independent and free of conflicts of interest with respect to any procurement actions with which they have any level of involvement;
 - Employees understand their duty to report instances of suspected unethical behavior or wrongdoing and have appropriate channels to report any suspect activity;
 - UNPS demonstrates a culture in which ethics and integrity are not only embraced and valued, but expected of all; and
 - UNPS is an organization of the UN that leads others in the practice of ethical behavior and personal integrity.
- Organizational Elements to be Involved
 - UNPS management and staff;
 - UN Ethics Office; and
 - OHRM.

V. Action Plans

Develop and Implement a UNPS Ethics and Integrity Program

- Major Steps to Implement
 - Define a part-time senior leadership position within UNPS to lead the UNPS ethics and integrity program and require that the appointee to the role obtain advanced levels of training to act as the leader and resident expert in matters of ethics and integrity;
 - Define, publish and distribute standards (e.g., Code of Conduct) that describe ethical conduct requirements and expectations for all UN or UNPS staff and vendors;
 - Develop ethics and integrity training materials that are specific to the UNPS and procurement and provide mandatory initial and recurring (e.g., annual) training for all UNPS management and staff and other who are part of the procurement process (e.g., requisitioners, HCC members);
 - Formalize independence and conflict of interest avoidance requirements for existing employees and employment candidates to avoid conflicts of interest or favoritism;
 - Require that all UNPS managers lead by example and provide periodic communications from management to reaffirm the Secretariat's commitment to ethics and integrity;
 - Develop and execute a process for recurring assessments of ethical practices knowledge and behaviors (e.g., testing); and
 - Enhance hot line/reporting channels and requirements for both staff and vendors in conjunction with the Office of Ethics.
- Estimated Timeframe
 - 4 to 6 months to establish leadership position, develop and deliver new training program.

V. Action Plans

Develop and Implement a UNPS Ethics and Integrity Program

- Key Milestones/Deliverables
 - UNPS Ethics Officer Role Definition;
 - Appointment of UNPS Ethics Officer;
 - UNPS Code of Conduct; and
 - UNPS Ethics and Integrity training program development, training delivery and testing of all employees.

V. Action Plans

Develop and Implement a UNPS Communications Program

- Desired Outcomes
 - UNPS employees are provided consistent messages on UNPS values, strategies, priorities, challenges, initiatives and events from the UNPS leadership down to the staff level to assist them in increased performance and professional development through better understanding;
 - UNPS managers are aware of employee concerns, challenges, issues and suggestions to improve management performance; and
 - Visibility of all UNPS actions across the organization is increased (i.e., silos are removed) and it becomes more difficult for suspect actions to be concealed.
- Organizational Elements to be Involved
 - UNPS management and staff.
- Major Steps to Implement
 - Develop a UNPS Communications Plan that describes multiple channels and methods to raise management and staff awareness of items and issues that impact their abilities to be productive both individually and as an organization, and increases the level of difficulty of concealing wrong doing;
 - Establish a system of regularly scheduled organizational meeting to ensure that relevant and timely information is communicated from the leadership levels down to the staff level and from the staff level back up to the leadership levels, as appropriate (e.g., staff meetings);
 - Establish periodic UNPS-wide meetings (e.g., quarterly “All Hands”) to share information, experiences and techniques across the organization and build awareness of shared activities, challenges and successes; and
 - Establish a UNPS Staff Advisory Council to act as an additional channel for staff concerns and ideas to be communicated to the management and leadership within the UNPS.

V. Action Plans

Develop and Implement a UNPS Communications Program

- Estimated Timeframe
 - 1 to 2 months to establish and begin executing UNPS communications plan.
- Key Milestones/Deliverables
 - UNPS Communications Plan;
 - First “All Hands” Meeting; and
 - First UNPS Staff Advisory Council Meeting.

V. Action Plans

Identify and Prioritize Existing Systems Improvement Opportunities

- Desired Outcomes
 - Existing procurement and financial management systems currently supporting UNPS operations provide:
 - Improved management reporting for oversight and risk management,
 - Improved assurance of data quality and integrity, and
 - Improved internal controls (i.e., preventative and detective controls) and closure of critical controls gaps; and
 - Investment in systems improvements is limited to those high-priority modifications as the systems are planned for replacement in the next few years.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - OCCS - Information Technology Services Division.
- Major Steps to Implement
 - Review the existing systems supporting UNPS operations (e.g., Mercury, ProcurePlus, IMIS) including data, processes, controls and interfaces;
 - Evaluate the data quality, issues impacting data quality (e.g., required fields, user discipline, data interfaces) and existing or potential abilities to reconcile data between systems;
 - Identify options for improving systems controls (e.g., system processing modifications) including processes and controls that govern the transfers of data between systems and activity monitoring reports;
 - Evaluate and select options; and
 - Implement data integrity and controls enhancement initiatives.

V. Action Plans

Identify and Prioritize Existing Systems Improvement Opportunities

- Estimated Timeframe
 - 6 months to 1 year.
- Key Milestones/Deliverables
 - Definition of options for data integrity and system controls improvements;
 - Selection of improvement initiatives for implementation; and
 - Implementation of selected system improvement options.

V. Action Plans

Develop UNPS Competency Models

- Desired Outcomes
 - UNPS has employee competency models that:
 - Define career paths within relevant job families (e.g., contracts assistant, contracts manager, contracts director),
 - Define position expectations and requirements in terms of technical competencies (e.g., knowledge, skills and abilities) and behavioral competencies (e.g., client service orientation, responsiveness), and
 - Are a critical resource in the employee performance management process for setting goals and supporting professional development and career advancement;
 - A basis for establishing position requirements for recruiting and delegation of authorities is provided; and
 - Skill gaps and training requirements to close the gaps are identified.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - OHRM.

V. Action Plans

Develop UNPS Competency Models

- Major Steps to Implement
 - Review existing UNPS position descriptions and competency models (if any);
 - Interview UNPS management and staff on job roles and responsibilities;
 - Interview OHRM to understand UN employment and career development channels and constraints;
 - Develop proposed UNPS Competency Models;
 - Review, modify and approve proposed competency models; and
 - Present and provide training on the competency models and their use in employee hiring, goal setting, professional development and performance reviews.
- Estimated Timeframe
 - 4 to 6 weeks.
- Key Milestones/Deliverables
 - Proposed UNPS Competency Models;
 - Competency Model approval; and
 - Competency Model training.

V. Action Plans

Revise UNPS Hiring Standards and Processes

- Desired Outcomes
 - UNPS hires candidates to fill positions that:
 - Are evaluated based upon competency model standards for knowledge, skills and abilities that are aligned with current UNPS needs, and
 - Are free of independence compromising conditions and willing to maintain independence while employed within the UNPS; and
 - New staff bring leading or alternative procurement practices into the UNPS.
- Organizational Elements to be Involved
 - UNPS management; and
 - OHRM.
- Major Steps to Implement
 - Build upon previously developed competency models to develop job postings (as needed);
 - Update UNPS independence and integrity standards and develop objective process for evaluating candidate risk; and
 - Develop an updated process to evaluate candidates on technical skills, behavioral interview results and independence and integrity risk evaluations.
- Estimated Timeframe
 - 2 months to develop process and obtain required approvals.
- Key Milestones/Deliverables
 - Updated UNPS Independence and Integrity Standards; and
 - Updated UNPS Hiring Procedures.

V. Action Plans

Update the UNPS Performance Management Process

- Desired Outcomes
 - UNPS utilizes a performance management process that includes periodic goal setting, training plan development and objective evaluation of employee needs to drive continuous improvements in knowledge (e.g., contract law), skills and abilities and overall professional development and career growth;
 - UNPS utilizes a performance management system that is perceived to be meaningful, objective and fair; and
 - UNPS employee capabilities and performance is more consistent across positions.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - OHRM.

V. Action Plans

Update the UNPS Performance Management Process

- Major Steps to Implement
 - Review existing employee performance management processes and procedures;
 - Interview OHRM on performance management system requirements;
 - Develop an updated performance management process (e.g., schedule of events, forms, guidance, examples) utilizing leading practices;
 - Review, modify and obtain approval on the updated performance management process; and
 - Provide updated process training and facilitation.
- Estimated Timeframe
 - 2 to 3 months to develop new process; and
 - 1 month to train management and staff on new process and facilitate its first use.
- Key Milestones/Deliverables
 - Proposed Updated UNPS Performance Management System; and
 - Updated Performance Management System training and process facilitation.

V. Action Plans

Implement an Online Procurement Manual and Content Management System

- Desired Outcomes
 - UNPS and others have online (i.e., web based) access to all current UNPS procurement policies and procedures, and related documents (e.g., current contract templates, terms and conditions);
 - Version control is maintained for the Procurement Manual and other documents and up-to-date sections and provisions are accessible; and
 - Provide up-to-date platform for facilitating training of employees on procurement policies and procedures.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - OCCS - Information Technology Services Division.
- Major Steps to Implement
 - Identify procurement documents for online access;
 - Identify and document system requirements;
 - Identify and evaluate systems currently in use within the UN System;
 - Perform market survey and procure system;
 - Implement system and provide user training; and
 - Establish procedures for on-going content management (e.g., Procurement Manual updates).

V. Action Plans

Implement an Online Procurement Manual Access and Management System

- Estimated Timeframe
 - 4 to 6 months to implement and train users.
- Key Milestones/Deliverables
 - Procurement Policies and Procedures Management System Requirements;
 - Vendor product acquisition;
 - System implementation; and
 - User training.

V. Action Plans

Proactively Track and Act Upon Critical Assessment and Audit Findings

- **Desired Outcomes**
 - UNPS uses critical assessment and audit findings as a form of feedback that helps identify and prioritize opportunities for improvement to business operations, risk management and controls, and customer service; and
 - Sponsoring organizations are more satisfied that their contributions are being utilized more effectively.
- **Organizational Elements to be Involved**
 - UNPS management and staff; and
 - Other UN Secretariat organizations to support various improvement initiatives.
- **Major Steps to Implement**
 - Identify all known sources of UNPS audits and assessment findings;
 - Establish or enhance system to track the status of all findings from identification through resolution or disposition;
 - Establish procedures and requirements for the identification and handling of all assessment and audit findings;
 - Establish process to identify and support initiatives (e.g., business process improvement, systems modifications) that resolve significant deficiencies; and
 - Assign/reaffirm responsibility for coordination or management of all responses.
- **Estimated Timeframe**
 - 1 month to set-up revised process.
- **Key Milestones/Deliverables**
 - Enhanced assessment and audit findings response and reaction procedures.

V. Action Plans

Document Procurement System Functional Requirements

- Desired Outcomes
 - UNPS is prepared to actively support the UN Secretariat's evaluation of Enterprise Resource Planning (ERP) systems for future replacement of existing disparate, loosely integrated procurement and financial systems; and
 - UNPS has defined its initial high-level procurement and financial systems function requirements to support the ERP evaluation and implementation planning process.
- Organizational Elements to be Involved
 - UNPS management and staff; and
 - OCCS - Information Technology Services Division.
- Major Steps to Implement
 - Convene a UNPS working group to gather and define high-level functional requirements;
 - Obtain a consensus on the form of the requirements definition (e.g., contents, level of detail) and leverage other UN systems requirements documents where appropriate; and
 - Define and validate procurement and financial system requirements (e.g., accessibility, mandatory data, key work processes, controls, reporting).
- Estimated Timeframe
 - 2 to 3 months.
- Key Milestones/Deliverables
 - UNPS Procurement and Financial System High-Level Functional Requirements.

V. Action Plans

Participate in ERP System Selection and Implementation

- Desired Outcomes
 - UNPS adequately represents its procurement management and controls needs in the selection of an ERP solution for the Secretariat; and
 - The UN Secretariat selects an ERP solution that is supportive of leading procurement, financial management and information management practices.
- Organizational Elements to be Involved
 - UNPS management and staff.
- Major Steps to Implement
 - Actively support and participate in all significant phase of the ERP selection process, including:
 - Definition and consolidation of functional requirements,
 - Market survey, and
 - Solicitation, response evaluation and negotiations;
 - Participate in the ERP implementation planning phase, including determining UNPS data conversion and change management (e.g., training) requirements; and
 - Actively support the ERP system implementation including electronic workflow configuration, process controls and authorities set-up, data cleansing and conversion, system piloting, reports development (i.e., management, detective controls), testing, cut-over and system verification and validation.
- Estimated Timeframe
 - 2 to 3 years.
- Key Milestones/Deliverables
 - ERP selection; and
 - ERP implementation and system validation.

V. Action Plans

Perform UNPS Strategic Planning

- Desired Outcomes
 - Identify UNPS high priority needs across multiple organizational dimensions (e.g., financial, customer, learning and growth, internal business processes);
 - Gain consensus of the management team on needs and priorities;
 - UNPS has a 3-Year Strategic Plan and strategic initiatives or project plans for execution;
 - The UNPS management team leads business transition and improvement; and
 - UNPS management and staff are engaged in driving and participating in business process and operations improvement initiatives.
- Organizational Elements to be Involved
 - UNPS senior management team to plan; and
 - UNPS management and staff for strategic initiative planning and execution.

V. Action Plans

Perform UNPS Strategic Planning

- Major Steps to Implement
 - Identify members of a UNPS Strategic Leadership Team;
 - Develop strategic planning framework/process;
 - Conduct strategic planning session(s) to:
 - Reconfirm UNPS Vision and Mission Statements,
 - Identify and prioritize strategic goals,
 - Identify strategic objectives that support the goals,
 - Identify strategic initiative plans to support each objective, and
 - Develop strategic initiative implementation schedule;
 - Prepare UNPS Strategic Plan document; and
 - Present Strategic Plan to UNPS employees and stakeholders.
- Estimated Timeframe
 - 6 to 8 weeks to establish Strategic Plan and high-level strategic initiative plans; and
 - 3 months to 3 years to implement strategic initiatives (in sequence of priority and dependencies).
- Key Milestones/Deliverables
 - Strategic Plan document;
 - Strategic initiative plans; and
 - Strategic initiative plan implementation schedule.

V. Action Plans

Conduct a UNPS Organizational Assessment

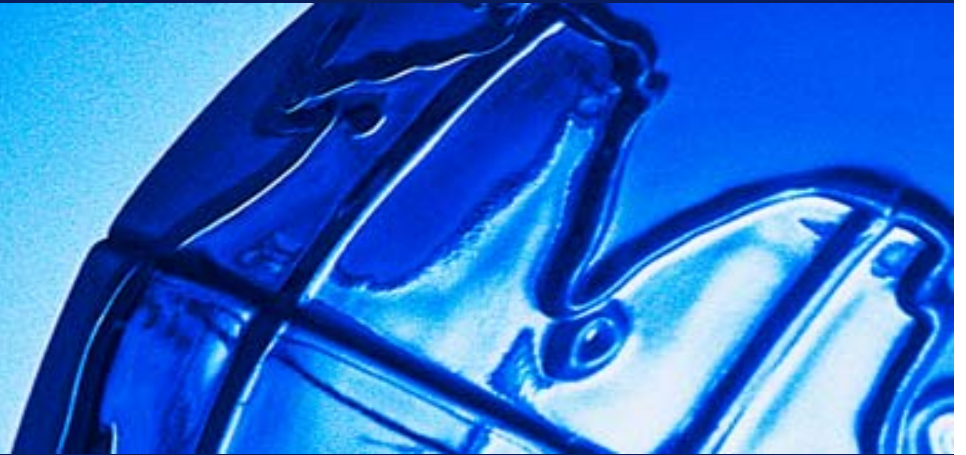
- Desired Outcomes
 - UNPS has an operating model that is supportive of its primary customer needs;
 - Organizational units are aligned to support customer service needs (e.g., responsiveness, technical skills);
 - There are clear lines of authority, responsibility and accountability; and
 - Staffing level are based upon estimated workload.
- Organizational Elements to be Involved
 - Working group made up of select UNPS management and staff.
- Major Steps to Implement
 - Identify and evaluate business model drivers (e.g., customer needs, institutional constraints);
 - Review existing resources, needs and operational constraints (e.g., workload trends, skill needs/gaps, hiring limitations);
 - Identify and evaluate alternative operating models against key criteria;
 - Develop and evaluate organization structure options;
 - Select preferred option and develop UNPS reorganization/realignment plan proposal (if change is recommended), including organizational unit staffing recommendations;
 - Develop high-level organizational unit mission/function statements; and
 - Implement new organization structure.

V. Action Plans

Conduct a UNPS Organizational Assessment

- Estimated Timeframe
 - 6 weeks to develop reorganization/realignment recommendation.
- Key Milestones/Deliverables
 - UNPS reorganization/realignment plan proposal (if appropriate); and
 - Implementation of new/realigned organization.

Appendices



Appendix Contents



A. Documentation Review List

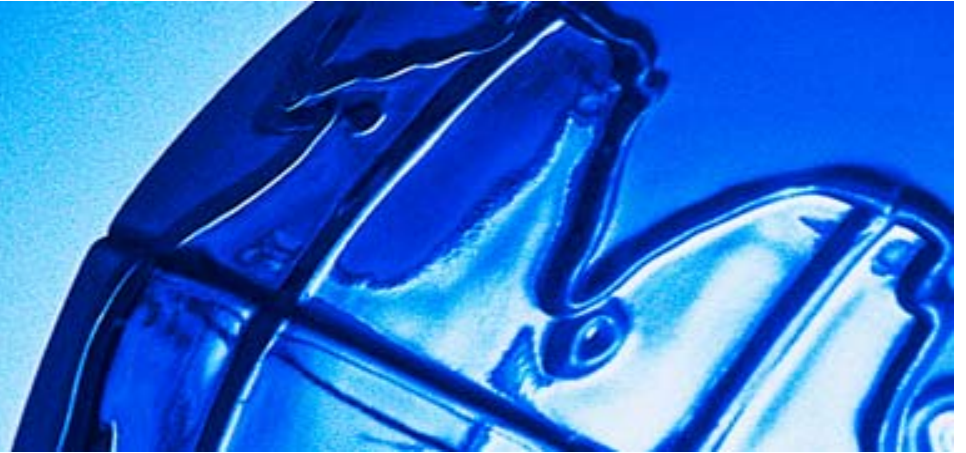
B. UNPS Employee Survey Questionnaire

C. Data & Results from UNPS Employee Survey

D. Assumptions and Limitations

Appendix A

Documentation Review List



Project Document Listing for Assessment of Internal Controls and Financing of the UNPS

No.	Title	Author(s)	Date
1	Comments on the Joint Inspection Unit (JIU) Report	Asst. Secretary-General, Ofc. of Sppt. Svcs., Dept. of Mgmt.	18-May-04
2	Business for Social Responsibility: The UN Implementation Options	Business for Social Responsibility	1-Dec-04
3	Business for Social Responsibility: Remediation Guide (draft), UNPS Code of Conduct	Business for Social Responsibility	22-Sep-05
4	Business for Social Responsibility: Implementation Guide (draft), UNPS Code of Conduct	Business for Social Responsibility	22-Sep-05
5	Business for Social Responsibility: Self Assessment Tool (draft), UNPS Code of Conduct	Business for Social Responsibility	22-Sep-05
6	Chief Executives Board for Coordination Inter-Agency Mobility Statement	CEB	1-Nov-03
7	Memo: Technical Evaluation by Substantive Offices	Christian Saunders	5-Sep-03
8	Memo: Addition to IMIS regarding certifying officer's role	Christian Saunders	2-Sep-05
9	Organizational Integrity Survey Findings	Deloitte	12-May-04
10	United Nations Procurement Manual	Dept. of Mgmt., Ofc. of Central Sppt. Svcs., Procurement Div.	1-Jan-04
11	Standard Operating Procedure: Strategic Deployment Stocks (SDS) Operations	Director, LSD	5-Oct-05
12	Department of Peacekeeping Operations Organizational Structure as of 01 January 2005	DPKO	1-Jan-05
13	General Assembly Resolution A/RES/59/288, Procurement Reform	General Assembly	29-Apr-05
14	2005 World Summit Outcome (A/60/L.1)	General Assembly	15-Sep-05
15	UN Procurement Certification Process, TOT Workshop	Gilles Caupin, ILO	3-Oct-05
16	IAPSO Annual Statistical Report 2004	IAPSO	2004
17	Vendor Registration and Pre-Qualification Process for use by all members of the United Nations Global Marketplace (DRAFT)	IAPWG (?)	2005
18	Review of UN vendor management with a view to enhancing outcomes and improving efficiency	IAPWG (?)	20-May-04
19	Third Interim Report	Independent Inquiry Committee into the United Nations Oil-for-Food Programme	8-Aug-05
20	Report on the Management of the Oil-for-Food Programme	Independent Inquiry Committee into the United Nations Oil-for-Food Programme	7-Sep-05
21	Report on the Manipulation of the Oil-for-Food Programme	Independent Inquiry Committee into the United Nations Oil-for-Food Programme	27-Oct-05
22	Guidelines for Internal Control Standards for the Public Sector	Internal Control Standards Committee, INTOSAI	Unknown
23	UN Procurement Certification Scheme Handbook, Version for TOT Workshop Participants (DRAFT)	International Training Centre of the ILO	22-Jun-05
24	Draft Common Procurement Certification Scheme for the UN	International Training Centre of the ILO	1-Sep-05
25	Policy Directive: Strategic Deployment Stocks (SDS) Operations	J. M. Guehenno, USG/DPKO	5-Oct-05
26	Procurement Practices within the United Nations System (JIU/REP/2004/9)	Joint Inspection Unit (JIU)	2004

Project Document Listing for Assessment of Internal Controls and Financing of the UNPS

No.	Title	Author(s)	Date
27	Joint Inspection Unit (JIU) Report: Procurement Practices within the United Nations System	Joint Inspection Unit (JIU)	5-Jan-05
28	Final Report: Assessment of UNPS Procurement Processes	National Institute of Governmental Purchasing, Inc.	26-Jul-05
29	Message from the OIC of Human Resources Management to P3s and G7s	OHRM	30-Sep-05
30	Operating Guidelines for the 2005 Voluntary Lateral Reassignment Programme for P-3 and GS-7 Pilot	OHRM	30-Sep-05
31	Timeline for the 2005 Voluntary Lateral Reassignment Programme for Staff at P-3 and G-7 Levels	OHRM	30-Sep-05
32	UN Competencies for the Future	OHRM	2004
33	Job Profiles (9)	OHRM	Unknown
34	Mobility Briefing	OHRM, Division for Organizational Development	Unknown
35	Training Programme in United Nations Administration, Procurement Module	OHRM, Staff Development Services	1-May-97
36	Procurement Module: Training Programme in United Nations Human & Financial	OHRM, Staff Development Services	1-Feb-02
37	Staff Development Programme 2005	OHRM, Staff Development Services	1-Jan-05
38	Report of the OIOS on the Audit of the Functioning of the Headquarters Committee on Contracts (A/58/294)	OIOS	19-Aug-03
39	Review of the efficiency of the administrative and financial functioning of the United Nations (A/58/294)	OIOS	19-Aug-03
40	United Nations Internal Oversight	OIOS	1-Oct-03
41	Impact of the human resources management reform (A/59/253)	OIOS	24-Sep-04
42	Report of the OIOS on Programme Performance and Evaluation	OIOS	28-Apr-05
43	Report of the Office of Internal Oversight Services on proposals on the strengthening and monitoring of programme performance and evaluation (A/60/73)	OIOS	28-Apr-05
44	OIOS Audit No. AP2004/600/09: Horizontal audit of rations contracts in peacekeeping missions	OIOS	18-Aug-05
45	UN Internal Oversight	OIOS	2004-2005
46	OIOS Reports to the General Assembly	OIOS	Unknown
47	List of Planned Audits	OIOS	Unknown
48	UN General Conditions of Contract	OLA	1-Sep-03
49	UN General Conditions of Contract for Purchase of Goods	OLA	1-Sep-03
50	UN General Conditions of Contract (Peacekeeping Operations)	OLA	1-Sep-03
51	UN Lease Agreement for Real Estate Services	OLA	1-Sep-03
52	UN Model Contract for Architectural or Engineering Services	OLA	1-Sep-03
53	UN Model Contract for Goods and Services	OLA	1-Sep-03
54	UN Model Contract for Goods	OLA	1-Sep-03
55	UN Model Contract for Services	OLA	1-Sep-03
56	UN Model Contract for use of UN Facilities	OLA	1-Sep-03
57	UN Model Software License Agreement	OLA	1-Sep-03
58	UN Special Conditions for Construction Works	OLA	1-Sep-03

Project Document Listing for Assessment of Internal Controls and Financing of the UNPS

No.	Title	Author(s)	Date
59	UN Model Contract for Banking Services	OLA	23-Feb-05
60	Report of the Panel on United Nations Peace Operations (a.k.a. "The Brahimi Report") (A/55/305–S/2000/809)	Panel on United Nations Peace Operations	21-Aug-00
61	United Nations Peacekeeping Operations Facts	Peace and Security Section, United Nations Department of Public Information	31-Aug-05
62	Amendments to the Staff Regulations (A/60/365)	Report of the Secretary-General	20-Sep-05
63	Departments of the UN Secretariat	Secretariat	2005
64	Administrative Instruction: Staff selection system (ST/AI/2002/4)	Secretariat	23-Apr-02
65	Introduction of a new staff selection system (ST/SGB/2002/5)	Secretariat	23-Apr-02
66	Secretary-General's bulletin: Central review bodies (ST/SGB/2002/6)	Secretariat	23-Apr-02
67	Financial Regulations and Rules of the United Nations: Secretary-General's bulletin (ST/SGB/2003/7)	Secretariat	9-May-03
68	Information circular: Membership of the Central Review Board, Committee and Panel at Headquarters (ST/IC/2004/17*)	Secretariat	21-May-04
69	Transcript of Press Conference by Deputy Secretary-General Louise Frechette	Secretariat	15-Feb-05
70	Staff Regulations (ST/SGB/2005/5)	Secretariat	15-Mar-05
71	Press Release GA/AB/3671: Peacekeeping Finance for 2005/2006 Could reach \$5 Billion, Budget Committee Told, as Resumed Session Begins	Secretariat	2-May-05
72	Administrative instruction amending administrative instruction ST/AI/2002/4 (ST/AI/2005/8)	Secretariat	13-Jul-05
73	Status of UN Management Reforms as of: 5 September 2005	Secretariat	5-Sep-05
74	Status of UN Management Reforms as of: 31 October 2005	Secretariat	31-Oct-05
75	Staff Regulations of the United Nations and Staff Rules 100.1 to 112.8 (ST/SGB/2002/1)	Secretary-General's Bulletin	1-Jan-02
76	Press Release SG/A/923 BIO/3660, Secretary-General Appoints Christopher Bancroft Burnham of United States	Secretariat	17-May-05
77	Preliminary Observations on Internal Oversight and Procurement Practices	U.S. Government Accountability Office	31-Oct-05
78	GAO Information Request	U.S. Mission to the UN	22-Jul-05
79	The United Nations system (organization chart)	UN Dept. of Public Information	1-Apr-04
80	Ethics and Procurement Course Evaluation Summary	UN/DM/Procurement Service	29-Sep-05
81	Workshop on Ethics and Procurement (course materials)	UN/DM/Procurement Service	29-Sep-05
82	DPKO Major Applications – Summary, Appendix G	Unknown	8-May-05
83	United Nations Purchasing Card Programme (DRAFT)	Unknown	1-Jun-05
84	Information provided to support the review of procurement process PMSS/ASD/OMS/DPKO	Unknown	15-Aug-05
85	UN Ongoing Peacekeeping Operations	Unknown	31-Aug-05
86	Protection Against Retaliation for Reporting Misconduct, Revised Text	Unknown	25-Oct-05
87	United Nations Financial Disclosure Form	Unknown	Unknown

Project Document Listing for Assessment of Internal Controls and Financing of the UNPS

No.	Title	Author(s)	Date
88	Mission Deployment Guide for Complex/Multi-Dimensional Peacekeeping Missions	Unknown	Unknown
89	UN Global Marketplace supplier registration	Unknown	Unknown
90	Procurement Service Welcome Package	Unknown	Unknown
91	UNPS Mission Statement	Unknown	Unknown
92	DPKO Organizational Chart	Unknown	Unknown
93	DPKO Logistics Support Division Work Plan (2005-2006)	Unknown	Unknown
94	United Nations Organizational Integrity Initiative	UNOII	25-Mar-04
95	The UN Procurement Division - Briefing to New Mgmt.	UNPS	2003
96	2004 - PO Workload by Section	UNPS	2004
97	2004 - PO Workload by Team	UNPS	2004
98	2004 - Requisition Workload by Buyer	UNPS	2004
99	2004 - PO Workload by Buyer	UNPS	2004
100	2004 - Requisition Workload by Section	UNPS	2004
101	2004 - Requisition Workload by Team	UNPS	2004
102	2004 - Top 20 Field Procurement by Commodity	UNPS	2004
103	UNPS About Us	UNPS	2005
104	Request for Classification Action - Chief, Procurement Division	UNPS	24-Aug-98
105	Guidelines on Acceptance of Gifts and Hospitality by the UNPS Staff	UNPS	18-Jan-01
106	Provision of Aircraft Charter Services by Operations, Technical and Operational Evaluation Criteria	UNPS	1-Mar-03
107	Memo - Conflict of Interest and Confidential Information (SSS/03/14/CS/SS)	UNPS	25-Mar-03
108	Delegation of Procurement Authority and Assignment of Duties	UNPS	12-Nov-03
109	ProcurePlus Manual - Generating Bids	UNPS	1-Oct-04
110	Mercury - Phase One Vision, Version 0.1 (DRAFT)	UNPS	27-Apr-05
111	Doing Business with the UN	UNPS	1-Jun-05
112	Draft Guide to Standards of Conduct for UN Staff Members Engaged in Procurement Activities	UNPS	26-Jul-05
113	Staff of Procurement Service on Mission	UNPS	1-Aug-05
114	Top 10 Current System Contracts (as of 11 Aug 2005)	UNPS	11-Aug-05
115	Procurement Service as of 15 August 2005 (organizational chart)	UNPS	15-Aug-05
116	Procurement Service Number of Approved Posts and Incumbent Staff (as of 15 August 2005)	UNPS	15-Aug-05
117	Annex B, Terms and Conditions to Submit a Proposal	UNPS	17-Aug-05
118	Draft Secretary General's Bulletin: Rules Governing the Conduct of Staff Engaged in Procurement Activities	UNPS	22-Aug-05
119	Delegation of Procurement Authority	UNPS	6-Sep-05
120	Procurement Service as of 12 September 2005 (organizational chart)	UNPS	12-Sep-05

Project Document Listing for Assessment of Internal Controls and Financing of the UNPS

No.	Title	Author(s)	Date
121	UN Supplier Code of Conduct	UNPS	22-Sep-05
122	UNPS Milestones Related to Ethics and Integrity	UNPS	27-Sep-05
123	UNPS 2005 Acquisition Plan	UNPS	Oct-05
124	ProcurePlus Manual - Awarding Bids/ Generating Purchase Orders	UNPS	Unknown
125	Procurement Service Mission Statement	UNPS	Unknown
126	Procurement Key Performance Indicators	UNPS	Unknown
127	Procurement Service Staff Turnover (2004-2005)	UNPS	Unknown
128	Turnaround	UNPS	Unknown
129	2004 Advanced Procurement Training and 2005 Procurement Training in Field Missions, Attendees	UNPS	Unknown
130	UNPS Major Stakeholders List	UNPS	Unknown
131	Customer List	UNPS	Unknown
132	Action Taken for Improved Procurement Process	UNPS (?)	Unknown
133	Major Goods & Services Purchased in 2004	UNPS (Support Services Section)	24-Aug-05

Appendix B

UNPS Employee Survey Questionnaire





Survey Questionnaire for UNPS Staff

Introduction

You are being asked to complete this survey, which aims to measure perceptions among the UNPS staff. The survey results will be used to provide further input to the assessment Deloitte is performing of United Nations Secretariat procurement operations.

YOUR perceptions are critical to this evaluation. This survey will only require 10-15 minutes of your time.

CONFIDENTIALITY

No one in the United Nations will see your responses. These will go directly to Deloitte.

No individual responses will be reported, and no attempt will be made to identify individual respondents. Please do not write your name on this survey.

Deloitte will tabulate the survey results.

Guidance for Completing the Questionnaire

- This survey is separated into **three** sections. In Section I you need to rate a series of statements, and in Section II you need to rank some statements. There is **no right or wrong answer**. Please answer every question.
- In Section III you will be asked to provide employment information that will be held strictly confidential by Deloitte. This information will be used to group responses for comparison purposes only; it cannot be used to identify you.
- When answering these questions, please be sure to respond on the basis of your perceptions of the topic **as of today**.

United Nations Procurement Service

Survey Questionnaire for UNPS Staff

Please use the scale below to rate the degree to which you agree with the following statements:

1	2	3	4	5
Strongly Disagree	Disagree	No Opinion / Neutral	Agree	Strongly Agree

Section I.	Rating
1. System applications are appropriate for the tasks and activities I must perform	
2. Systems are sufficiently integrated, so manual tasks and workarounds are minimal	
3. There are controls embedded in the information system that help prevent errors and abuses	
4. There are controls within procurement processes that help prevent errors and abuses	
5. Procurement processes are well-understood across the organization	
6. Roles and responsibilities within procurement processes are well-understood across UNPS	
7. Processes across UNPS are consistently implemented	
8. The Procurement Manual is up-to-date and clarifies UNPS procurement processes	
9. DPKO is well served by UNPS	
10. The UN at large supports the various controls and procedures we employ at UNPS	
11. There is high level of accountability at UNPS	
12. I am supported and empowered to make decisions appropriate to my level and experience	
13. Supervisors provide adequate oversight	
14. I have a well-defined career path within UNPS	
15. Job descriptions are up-to-date and help clarify roles, responsibilities and performance goals	
16. UNPS provides sufficient training for me to do my job	
17. Communication between management and staff within UNPS is effective and frequent	
18. Leadership trusts and values UNPS staff	
19. My direct management is able to address problems and make improvements	
20. My direct management is in touch/aligned with UNPS priorities	
21. ePAS effectively measures individual performance	
22. I am rewarded and promoted based on performance	
23. I expect to work at UNPS for at least another 3 years	
24. I'm confident that I can report a problem, ethical issue or complaint without retaliation	
25. At UNPS we have a set of ethical principles that clearly guide our behaviors	
26. Principles are consistently respected and there are consequences for not doing so	
27. There is effective orientation and training on the set of ethical principles	

Survey Questionnaire for UNPS Staff

Section II.	Ranking
Please rank the top 3 ways you find out what's going on at UNPS (1 is your most reliable source of information):	(1-3)
My Management	
e-mail	
Word of mouth	
Memos	
Media (e.g. newspapers, TV, etc.)	

Please rank the top 3 challenges or problems UNPS faces (1 is the most important challenge or problem):	(1-3)
Insufficient skills and knowledge of personnel	
Out-of-date processes	
Processes do not include the right controls	
Lack of clarity of roles and responsibilities	
Anticipated Rotation Program	
IT systems are outdated and ineffective	
Management not accessible/supportive	
Lack of trust from leadership	
Poor communications across Sections and Teams	
Principles of procurement not applied consistently at UNPS	
Principles of procurement not applied consistently across the UN at large	
Understaffed	

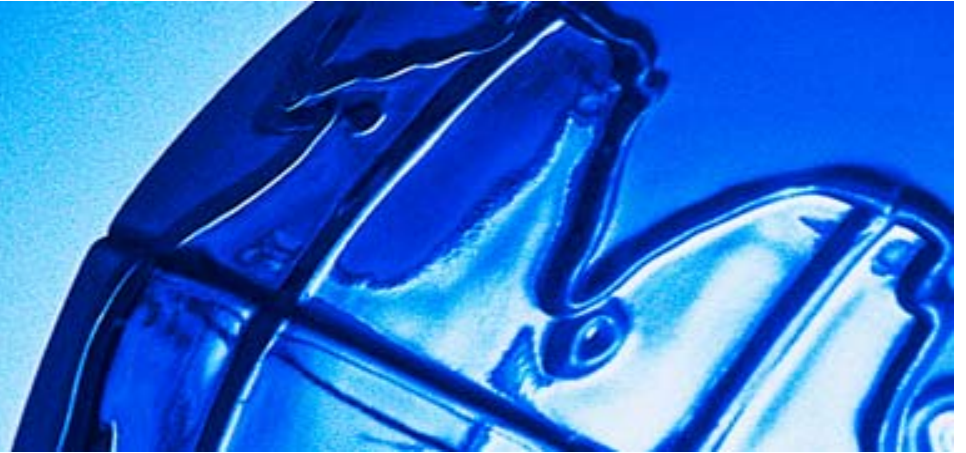
Section III.	(Mark X)
1. What is your current job classification?	
Director (D) or above	
Professional (P)	
General Service (G)	
Other	
2. Do you have management or supervisory responsibilities?	
Yes	
No	
3. How long have you worked for UNPS?	
Less than 1 year	
1 to 3 years	
3 to 5 years	
5 to 10 years	
more than 10 years	
4. How long have you worked in procurement outside the UN?	
Not applicable	
Less than 1 year	
1 to 3 years	
3 to 5 years	
5 to 10 years	
More than 10 years	

Thank you for your participation.

Deloitte

Appendix C

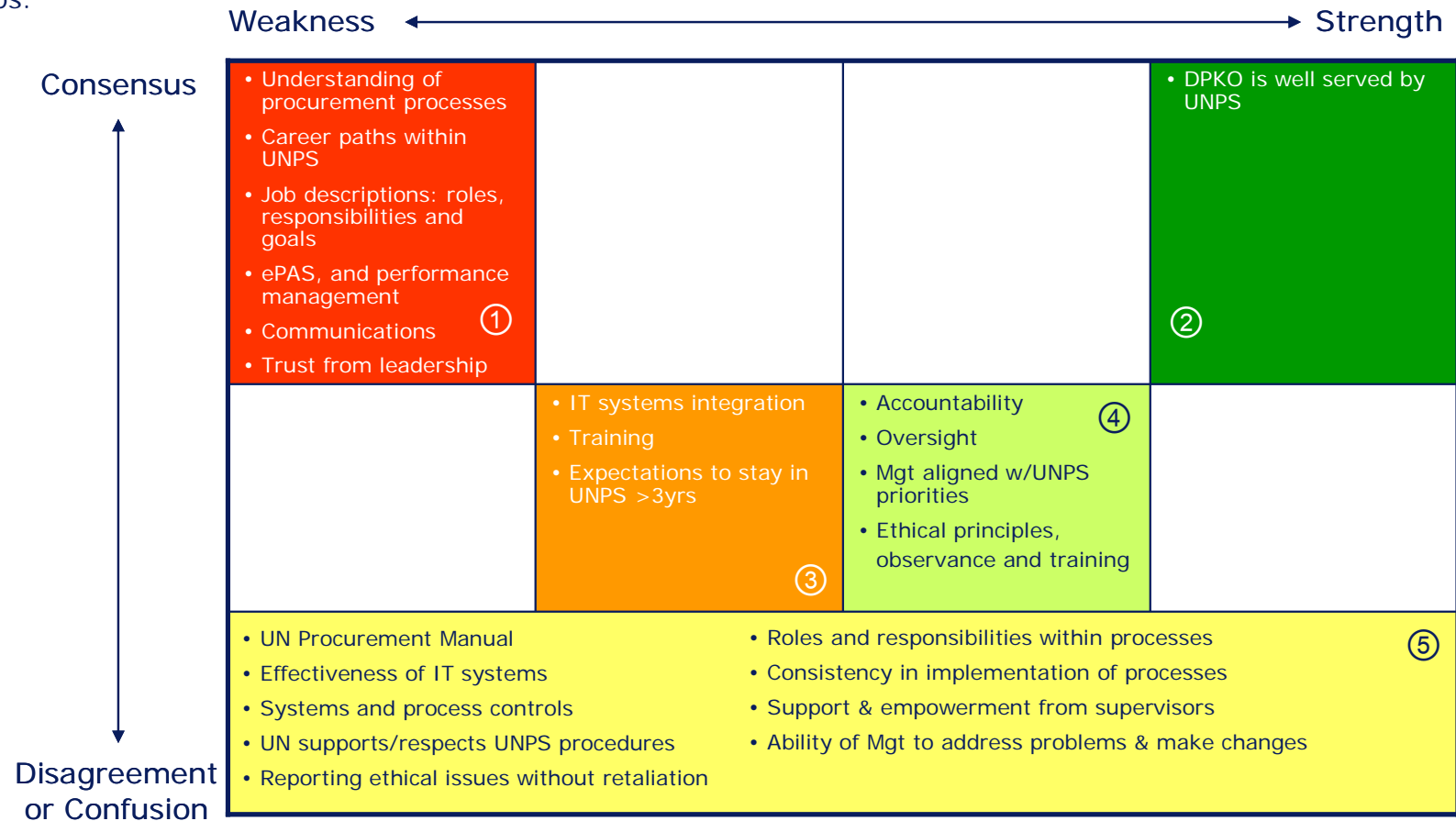
*Data & Results from
UNPS Employee Survey*



Appendix C

Summary Survey Results

The graph below highlights actions that leadership can take to improve areas at UNPS. These results are consistent with the findings described earlier in the report, and validates the information obtained through interviews and focus groups.



KEY: ① easy buy-in to change, ② areas of pride or motivation, ③ ④ partial consensus and urgency, ⑤ strong need for clarification and alignment

Appendix C

Survey Data Obtained for Section I

Topic	#	Question	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
IT Systems	1	System applications are appropriate for the tasks and activities I must perform	7	18	8	26	0
	2	Systems are sufficiently integrated, so manual tasks and workarounds are minimal	14	25	5	15	0
	3	There are controls embedded in the information system that help prevent errors and abuses	6	12	18	19	4
Processes	4	There are controls within procurement processes that help prevent errors and abuses	1	12	9	30	7
	5	Procurement processes are well-understood across the organization	18	31	3	6	0
	6	Roles and responsibilities within procurement processes are well-understood across UNPS	6	15	3	28	7
	7	Processes across UNPS are consistently implemented	4	14	15	22	4
	8	The Procurement Manual is up-to-date and clarifies UNPS procurement processes	5	20	3	27	4
Governance	9	DPKO is well served by UNPS	1	0	12	30	16
	10	The UN at large supports the various controls and procedures we employ at UNPS	4	21	20	12	2
	11	There is high level of accountability at UNPS	5	9	6	21	18
	12	I am supported and empowered to make decisions appropriate to my level and experience	6	14	9	25	5
	13	Supervisors provide adequate oversight	4	9	10	32	4
Management & Staff	14	I have a well-defined career path within UNPS	23	22	7	7	0
	15	Job descriptions are up-to-date and help clarify roles, responsibilities and performance goals	20	20	14	5	0
	16	UNPS provides sufficient training for me to do my job	9	18	14	18	0
	17	Communication between management and staff within UNPS is effective and frequent	12	24	14	6	2
	18	Leadership trusts and values UNPS staff	17	26	9	5	2
	19	My direct management is able to address problems and make improvements	6	13	12	25	3
	20	My direct management is in touch/aligned with UNPS priorities	4	7	14	31	3
	21	ePAS effectively measures individual performance	24	19	12	3	1
	22	I am rewarded and promoted based on performance	21	17	15	6	0
	23	I expect to work at UNPS for at least another 3 years	12	15	16	15	1
	24	I'm confident that I can report a problem ethical issue or complaint without retaliation	10	8	13	23	5
Ethics	25	At UNPS we have a set of ethical principles that clearly guide our behaviors	3	2	6	39	9
	26	Principles are consistently respected and there are consequences for not doing so	3	4	16	31	5
	27	There is effective orientation and training on the set of ethical principles	4	8	14	31	2

Key



Appendix C

Survey Data Obtained for Section II

Communications

Please rank the top 3 ways you find out what's going on at UNPS (1 is your most reliable source of information):	1	2	3	Response Total	Ranking Total
Word of Mouth	24	12	7	103	1
My Management	12	8	12	64	2
e-mail	8	13	12	62	3
Memos	6	13	14	58	4
Media (e.g. newspapers TV etc.)	6	10	9	47	5

Challenges or Problems

Please rank the top 3 challenges or problems UNPS faces (1 is the most important challenge or problem):	1	2	3	Response Total	Ranking Total
Understaffed	12	9	5	59	1
Lack of trust from leadership	11	7	7	54	2
Anticipated Rotation Program	8	6	11	47	3
IT systems are outdated and ineffective	3	8	5	30	4
Out-of-date processes	7	2	3	28	5
Management not accessible/supportive	4	6	3	27	6
Lack of clarity of roles and responsibilities	5	3	5	26	7
Poor communications across Sections and Teams	3	5	3	22	8
Principles of procurement not applied consistently across the UN at large	2	4	7	21	9
Processes do not include the right controls	2	2	3	13	10
Insufficient skills and knowledge of personnel	0	4	2	10	11
Principles of procurement not applied consistently at UNPS	1	1	3	8	12

Appendix C

Survey Data Obtained for Section III

Level	What is your current level of responsibility?		<div>Survey stats: Valid responses: 5 Skipped: 2 Total respondents: Available staff 11/ Response rate: 95</div>			
	Director (D) or above	0				
	Professional (P)	29				
	General Service (G)	28				
	Other	1				
Supervision	Do you have management or supervisory responsibilities?					
	Yes	23				
	No	35				
Experience w/ UNPS	How long have you worked for UNPS?		Average (1)		Average Total	
	Less than 1 year	8	4	7.2	11.1	
	1 to 3 years	17	34			
	3 to 5 years	7	28			
	5 to 10 years	5	37.5			
	more than 10 years	21	315			
Experience w/ Procurement	How long have you worked in Procurement outside UNPS?		Average (2)			
	N/A	28	0	3.9		
	Less than 1 year	1	0.5			
	1 to 3 years	6	12			
	3 to 5 years	4	16			
	5 to 10 years	12	90			
	more than 10 years	7	105			

Survey stats:

Valid responses: 58

Skipped: 2

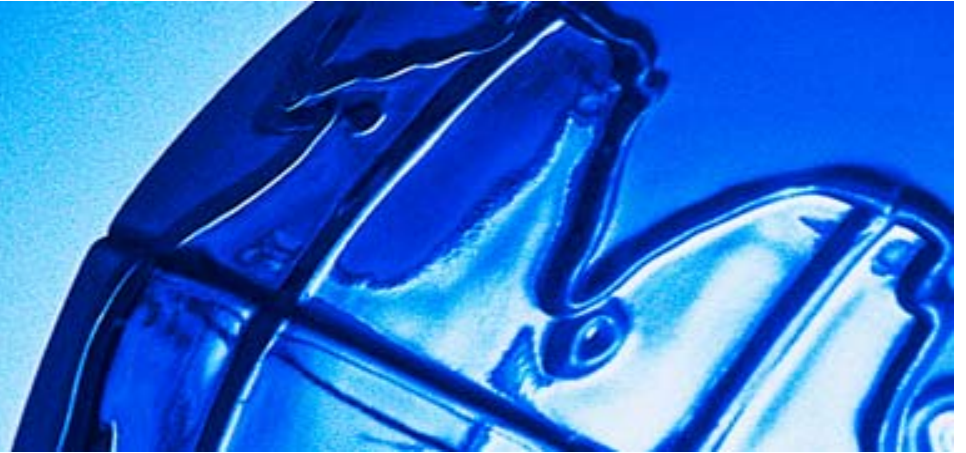
Total respondents: 60

Available staff 11/1-11/3: 63

Response rate: 95%

Appendix D

Assumptions and Limitations



Appendix D

Assumptions and Limitations

- Findings were primarily based on reviews of existing documentation provided by UN personnel; interviews of UNPS personnel and those systems administration staff that support ProcurePlus, IMIS and Mercury (Lotus Notes and .NET), as well as representatives from the IMIS Support Unit; and interviews of representatives of Department of Management (DM), OIOS, OHRM, HCC, and DPKO in New York.
- This engagement does not constitute an engagement to provide audit or attestation services as described in the professional standards issued by the AICPA. Accordingly, Deloitte does not provide any assurance concerning the reliability of any assertion that is the responsibility of another party.
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