Policy

This policy aims to:

a. Define different types of Procurement Review Committees
b. Define their scope and composition
c. Establish thresholds and classifications of procurement actions subject to committee review

Overview

1. To ensure procurement activities are conducted in line with accepted professional purchasing practices and appropriate rules and regulations, UNDP requires an independent review of the procurement process prior to a contract award. The review confirms that offers received are the result of a fully compliant process, sufficient funding exists, and risks have been assessed and mitigated.

2. UNDP Financial Regulations and Rules 121.01 (b) ii provides:

“The Chief Procurement Officer ... shall establish review committees at Headquarters and other locations, to render written advice to the Chief Procurement Officer on procurement actions leading to the award or amendment of procurement contracts which, for purposes of these regulations and rules, includes agreements or other written instruments such as purchase orders, and contracts that involve income to UNDP. The Chief Procurement Officer shall establish the composition and the terms of reference of such committees,
which shall include the type and monetary values of proposed procurement actions subject to review.”

3. The Procurement Review Committees have three levels:

<table>
<thead>
<tr>
<th>Level</th>
<th>Procurement Review Committee</th>
<th>Location</th>
<th>Procurement authority approving the award of a contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Contracts, Assets and Procurement Committee</td>
<td>Within the business unit</td>
<td>Head of the business unit</td>
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<tr>
<td>Level 2</td>
<td>Regional Advisory Committee on Procurement</td>
<td>At the UNDP regional hubs</td>
<td>Regional Chief Procurement Officer</td>
</tr>
<tr>
<td>Level 3</td>
<td>Advisory Committee on Procurement</td>
<td>At UNDP headquarters</td>
<td>Chief Procurement Officer</td>
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</table>

Scope of Review

4. Procurement Review Committees render independent written advice and recommendations on a procurement action and the proposed commitment of funds to the person approving a contract.

5. The committees:

   a. Confirm that the proposed procurement action is in accordance with UNDP Financial Regulations and Rules, procurement procedures and instructions;

   b. Confirm the proposed vendor's eligibility in accordance with UNDP’s Policy on Vendor Eligibility, including criteria established by such bodies as the UN Security Council and UN Procurement Division;

   c. Ensure that the procurement process was fair, competitive (where applicable), transparent, ethical and provides best value for money;

   d. Examine the financial and legal implications of the proposed action;

   e. Confirm that the evaluation process was conducted in accordance with UNDP policies and procedures, and other applicable instructions;

   f. Assess potential risks from the procurement process and the proposed procurement action, including, but not limited to, environmental impacts and UNDP reputational risks;

   g. Confirm that appropriate funds are available to cover a contract;

   h. Ensure that disposal of assets accords with UNDP’s Asset Disposal Policy, through a competitive process, where applicable; that there is no negligence when writing-off asset(s); and that if negligence occurs, recommendations are provided for recovery and other actions (see Asset Disposal Policy for details); and

   i. Ensure that all actions are in the best interests of UNDP.
6. The committees do not review or provide advice on the necessity or prudence of a contract requirement, but shall ensure that it is in accordance with the approved project document and/or procurement plan.

7. While the Procurement Review Committee makes a recommendation on the proposed contract award, the person who holds procurement authority is responsible for accepting or rejecting the award. If s/he decides not to accept the committee’s recommendation, s/he shall record the reasons for such a decision.

8. All procurement actions subject to the review of the committees at any level shall be processed through the web-based fully automated ACP Online application (https://intranet.undp.org/acponline/), which manages the entire process from the submission of a request; the committee review and corresponding recommendation; and the decision of the person with procurement authority.

Composition and Appointments of Procurement Review Committees

9. The Procurement Review Committees shall be duly appointed in writing by the respective procurement authority and comprise UNDP staff members with the following roles: a. A chairperson
   b. At least three members
   c. A secretary

10. The chairpersons and secretaries of the Regional Advisory Committee on Procurement and the Advisory Committee on Procurement are full-time functions, while those for the Contracts, Assets and Procurement Committee function are performed when required by staff members appointed by the Procurement Authority at a business unit.

11. To facilitate organization of review meetings, and minimize delays arising from the unavailability of committee members, a pool of qualified staff should be appointed by the procurement authority. The chairperson or secretary can invite members from the pool to satisfy the quorum of three members for a meeting.

12. An alternate chairperson and secretary may be appointed based on the committee’s needs, to cover absences, or when there are potential risks of conflict of interest. Alternates may also be appointed by the appropriate procurement authority for him/herself.

13. The procurement authority, chairperson, secretary and the members of the Procurement Review Committees shall exercise full impartiality and objectivity in discharging their functions, and shall maintain full confidentiality of the information and deliberations of the submissions. They shall observe the following:
   a. A chairperson, secretary or any member may not participate in deliberations where they have been involved in any stage of the procurement process. This also applies where they perform the requisitioning role or if the procurement submission is for a project directly under their purview or supervision. In such a case, s/he shall recuse him/herself, and an alternate shall be selected for the specific submission.
b. If the secretary or any of the members of the Procurement Review Committees perceive a potential or actual conflict of interest, they must recuse themselves. If they are uncertain, they must consult the chairperson. In the case of the chairperson, s/he must consult the procurement authority.

14. As cited in Sections 2.1 and 2.2, the creation of and the duties performed by the Procurement Review Committees are corporeally mandated responsibilities intended to safeguard UNDP’s accountability. They are an important obligation of appointed staff members, who are expected to perform their assigned tasks judiciously and with utmost integrity. They shall be supported through appropriate tools and training, and be enabled by their supervisors to fulfil this vital oversight function. The time and effort of committee members at all levels as well as of the Contracts, Assets and Procurement Committee chairperson and secretary should be acknowledged by supervisors in the annual Performance Management and Development Review.

15. The chairperson may invite specialist(s) with related technical expertise, as appropriate, to provide independent and expert advice to the committee. Specialists do not have voting rights in finalizing the recommendation. They may be UNDP staff members or consultants.

16. In some business units, there may be situations when it is not feasible to appoint Contracts, Assets and Procurement Committee members from among UNDP staff members, due to insufficient resources or staffing capacity. In such cases, the head of the business unit may nominate staff members from UN entities in the duty station, based on the competencies required. This arrangement may also apply when a given UNDP procurement action requires expertise to review the submission that is not internally available, but is present in another UN entity, or in cases of cooperative procurement involving multiple entities.

17. When staff members from other UN organizations are included as Contracts, Assets and Procurement Committee members, the business unit must ensure the following:
   a. UNDP staff members comprise the majority of committee members at any particular meeting; and
   b. When a staff member from another UN entity is involved in the deliberations, he/she shall apply UNDP procurement principles and procedures in arriving at a final recommendation.

18. Alternatively, business units may create joint Contracts, Assets and Procurement Committees with other business units within UNDP. Under such circumstances, all heads of the participating units shall:
   a. Approve in writing their agreement with the joint committee arrangement, to fulfil the requirements in Section 2.2; and
   b. Ensure that committee recommendations are duly submitted to the procurement authority who will sign the resulting contract.

Chairperson

19. The responsibilities of the Procurement Review Committee chairperson include:
   a. Convene meetings in a timely manner
b. Clear the secretary and members of any given meeting against potential conflicts of interest that may have been or may later be raised for a submission under review

c. Ensure proper order during the meeting by presiding and facilitating discussions

d. Finalize the committee review report and recommendations

20. The chairperson of the Contracts, Assets and Procurement Committee shall perform a ‘quality check’ of submissions made to the Regional Advisory Committee on Procurement or the Advisory Committee on Procurement to assure the head of the business unit, before s/he endorses and forwards a submission, that the information is sufficient in terms of:

a. Accuracy

b. Sufficiency of supporting documentation

c. Funds availability (to avoid potential delays in the review of submissions)

21. The Contracts, Assets and Procurement Committee Chairperson shall be a UNDP staff member at the professional level, and whenever feasible, should be the Deputy Country Director/Resident Representative for Operations or Programme, or the Operations Manager, or a staff member of similar level of seniority.

22. The Contracts, Assets and Procurement Committee chairperson should have a good grasp of public procurement principles, policies and procedures as prescribed and applied in UNDP.

23. The Contracts, Assets and Procurement Committee chairperson shall be appointed for two years, a term that can be renewed by the procurement authority.

Members

24. The responsibilities of the members of the Procurement Review Committee include to:

a. Promptly accept invitations to meetings

b. Review documentation for submissions

c. Decline (after discussing with the chairperson) from reviewing a submission if there is a perceived conflict of interest

d. Participate actively in deliberations

e. Promptly review minutes and endorse the recommendation and/or provide comments

25. Members should have a basic knowledge of the standard principles of public procurement and be familiar with UNDP procurement policies and procedures. They should be able to conduct an objective and independent assessment of submissions, and possess effective communication skills to contribute constructively to deliberations.

26. A staff member from the business unit’s procurement unit may be appointed to the Contracts, Assets and Procurement Committee and participate in the deliberations, provided s/he was not involved in any capacity and at any stage of the submissions under review.

27. Members shall perform their duties in their individual capacity, and shall be appointed for a minimum of two years, a term that may be renewed.
Secretary

28. The secretary should:
   a. Schedule meetings and ensure confirmed availability of the minimum number of three members for each scheduled meeting
   b. Review submissions to ensure they are complete and sufficient for review
   c. Ensure that each member has equal access to all available information on the submission
   d. Request further information or clarifications as required by the members or chairperson
   e. Prepare the committee review report (minutes of the meeting) and obtain endorsement of it by members who attended the meeting
   f. Ensure proper records are kept in accordance with UNDP requirements

29. The secretary should be a UNDP staff member with relevant experience and qualifications in procurement and asset management. S/he shall work in close consultation with and under the direction of the chairperson.

30. The secretary shall participate in deliberations to provide clarifications and policy information, but shall have no say in the final recommendation.

31. The secretary for the Contracts, Assets and Procurement Committee shall be appointed for two years, a term that may be renewed.

Committee Meetings

32. Regional Advisory Committee on Procurement and Advisory Committee on Procurement meetings are normally convened weekly. The frequency of Contracts, Assets and Procurement Committee meetings depends on a business unit’s needs. Committee meetings shall be scheduled in cases of exigencies.

33. In the unlikely event that the Regional Advisory Committee on Procurement is temporarily unavailable, the Advisory Committee on Procurement will review its submissions.

34. Procurement Review Committee meetings may be conducted face-to-face, or virtually using video or teleconferencing facilities or email exchanges. All information and records should be captured within the ACP Online application.

35. For submissions made to the Advisory Committee on Procurement by a Country Office, the Regional Advisory Committee on Procurement chairperson shall participate in the review as required, consistent with the single-layer review approach.

36. Procurement Review Committees shall endeavour as often as possible to offer final recommendations based on consensus.

37. If consensus cannot be achieved, the chairperson may subject the submission, or a specific issue in a submission, to a voting process among the members (excluding the secretary).
simple majority vote shall govern. In the unusual event that voting leads to a tie, due to an even number of members, the chairperson shall cast the deciding vote.

38. Any voting and tie-breaking process shall be recorded, capturing all salient points, as part of the committee review report.

**Direct Review**

39. When the business unit is operating in a crisis or special development situation, there may be urgent procurement actions that exceed the delegated procurement authority.

40. In such cases, the head of the requesting business unit may, on an exceptional basis, request the chairperson of the Regional Advisory Committee on Procurement or Advisory Committee on Procurement to conduct a direct review of the procurement action. The R/ACP chairperson conducts the review without needing to convene the members of the Committee, and forwards the recommendations directly to the Regional Chief Procurement Officer or Chief Procurement Officer for a final decision.

41. All procurement actions that require direct review shall also be submitted through the ACP Online application.

42. The decision to undertake a direct review rests with the chairperson of the Regional Advisory Committee on Procurement or Advisory Committee on Procurement in consultation with the Regional Chief Procurement Officer or Chief Procurement Officer. If the chairperson determines that the submission requires the involvement of the Procurement Review Committees, or that the procurement process was undertaken over a lengthy period with no justification for an urgent review, after discussion with the Regional Chief Procurement Officer or Chief Procurement Officer, s/he may decide not to conduct a direct review and refer the submission to the committee.

43. The direct review option is exercised at the Regional Advisory Committee on Procurement and Advisory Committee on Procurement levels only.

44. In addition to exigencies, the chairpersons of the Regional Advisory Committee on Procurement and Advisory Committee on Procurement may elect to conduct a direct review for the following:
   
   a. Lease agreement extensions that have been previously reviewed by the committees;
   
   b. Amendment to a contract previously approved by the committees that is based only on additional quantities for the same type of goods/services at the same unit price in the contract; or
   
   c. Any other special circumstances following prior consultation and concurrence of the Regional Chief Procurement Officer or Chief Procurement Officer.

**Monetary Thresholds**

45. A single-layer approach means that only one Procurement Review Committee reviews each procurement submission.
46. Any procurement action with a value less than US $50,000 or its local currency equivalent (based on the current UN Official Exchange Rate for the date of the opening of offers) shall remain within the authority of the head of the business unit, and does not require submission to any committee.

47. Procurement actions with a value of US $50,000 and above shall be submitted to the appropriate committee, based on the thresholds below.

48. The head of a business may also exercise his/her prerogative to submit a procurement action to a committee even if not mandatory.

49. The standard delegated procurement authority of a Resident Representative or head of a business unit is US $150,000, which may be increased by the Chief Procurement Officer in accordance with the Delegated Procurement Authority Policy.

50. The table below summarizes thresholds for submission of procurement actions:

<table>
<thead>
<tr>
<th>Level 1: Contracts, Assets and Procurement Committee</th>
<th>Level 2: Regional Advisory Committee on Procurement (country offices only)</th>
<th>Level 3: Advisory Committee on Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitive procurement process</strong></td>
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<tr>
<td><strong>Any contract or series of contracts including amendments to be awarded to a vendor in a calendar year that in aggregate has a cumulative value:</strong></td>
<td>Above US $50,000 (above US $100,000 for Individual Contracts) and up to the delegated procurement authority</td>
<td>Above the delegated procurement authority and up to US $2 million (applies per year for long-term agreements)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Headquarters units: above the delegated procurement authority Country offices: above US $2 million (applies per year for long-term agreements)</td>
</tr>
</tbody>
</table>
### Notes:

1. Contracts for the same vendor, previously reviewed and approved by the committees, shall not be included in determining cumulative amounts, unless the cumulative value exceeds a committee’s threshold. In that case, a submission should be made to the next level committee. The cumulative value of an Individual Contract is not based on a calendar year, but rather on the preceding 12 months (see also the IC Policy).

2. A long-term agreement that, over its lifetime, is expected to exceed the delegated procurement authority of the business unit should be submitted to the appropriate committee prior to issuance and not when the cumulative expenditure is expected to be exceeded.

### Direct contracting

<table>
<thead>
<tr>
<th>Any contract or series of contracts, including amendments to be awarded to a vendor in a calendar year</th>
<th>Above US $50,000 and up to 50 percent of the delegated</th>
<th>Above 50 percent of the delegated procurement authority and up to US $2 million (applies per Headquarters units: above 50 percent of the delegated)</th>
</tr>
</thead>
</table>

1 When a contract or the cumulative value of contracts and amendments (includes purchase orders and non-purchase order vouchers) with a vendor reaches US $50,000 within a calendar year, a submission to the Contracts, Assets and Procurement Committee is required before the next contract that will breach this threshold is issued. Once this contract is reviewed by the committee and approved by the head of the business unit, the cumulative value for the Contracts, Assets and Procurement Committee resets; however, it keeps accumulating for the Regional Advisory Committee on Procurement and the Advisory Committee on Procurement. For example, if multiple contracts are awarded to Vendor A in same calendar year:

- **Contract 1** – US $60,000 – Contracts, Assets and Procurement Committee review required.
- **Contract 2** – US $40,000 – Committee review not required.
- **Contract 3** – US $5,000 – Committee review not required.
- **Contract 4** – US $10,000 – Contracts, Assets and Procurement Committee review required as cumulative value will exceed US $50,000 since last review; submission should include information on contracts 2 and 3.
- **Contract 5** – US $40,000 – Regional Advisory Committee on Procurement or Advisory Committee on Procurement review required as cumulative value will exceed US $150,000. The submission should be linked to previous all previous Contracts, Assets and Procurement Committee submissions.

### Levels

<p>| Level 1: Contracts, Assets and Procurement Committee | Level 2: Regional Advisory Committee on Procurement (country offices only) | Level 3: Advisory Committee on Procurement |</p>
<table>
<thead>
<tr>
<th>that in aggregate has a cumulative value:</th>
<th>procurement authority</th>
<th>year for long-term agreements)</th>
<th>procurement authority Country offices: above US $2 million (applies per year for long-term agreements)</th>
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</thead>
</table>

Notes: For Individual Contracts/Reimbursable Loan Agreements, the direct contracting thresholds are the same as the competitive procurement process thresholds above, per the IC Policy.

### Amendment of all contracts

<table>
<thead>
<tr>
<th>Any amendment or series of amendments to a contract which, in aggregate, increases the contract value by 20 percent or the delegated procurement authority, whichever is less, and has a new contract cumulative value:</th>
<th>Above US $50,000 and up to the delegated procurement authority</th>
<th>Above the delegated procurement authority and up to US $2 million (applies per year for long-term agreements)</th>
<th>Headquarters units: above the delegated procurement authority Country offices: above US $2 million (applies per year for long-term agreements)</th>
</tr>
</thead>
</table>

Notes: 1. Any amendment(s) to a contract or long-term agreement previously reviewed by a Procurement Review Committee should be submitted to the same committee, unless the cumulative value exceeds the committee's threshold (i.e., either from the Contracts, Assets and Procurement Committee to the Regional Advisory Committee on Procurement, or from the Regional Advisory Committee on Procurement to the Advisory Committee on Procurement).

2. Any amendment(s) that, in aggregate, increases the total contract value to an amount below US $50,000 (US $100,000 for Individual Contracts) does not require a committee review.

3. An amendment issued for a ‘no-cost extension’ of the contract does not require a committee review. Any extension of duration of a long-term agreement beyond the previously approved maximum duration requires a review even if the approved ceiling has not been reached.

Ex ante review
<table>
<thead>
<tr>
<th>Level 1: Contracts, Assets and Procurement Committee</th>
<th>Level 2: Regional Advisory Committee on Procurement (country offices only)</th>
<th>Level 3: Advisory Committee on Procurement</th>
</tr>
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<tbody>
<tr>
<td>Ex ante review refers to the review of the procurement strategy roadmap prior to commencement of the procurement process for complex procurement actions with a value: N/A</td>
<td>Above US $1 million and up to US $2 million (applies per year for long-term agreements)</td>
<td>Above US $2 million (applies per year for long-term agreements)</td>
</tr>
</tbody>
</table>

**Notes:**

1. The procurement support unit shall participate in the committee review of ex ante submissions.
2. An ex ante review is not required if:
   
   (a) The business unit has had a previous successful experience in the procurement of similar goods/services/works that was already subject to an ex ante review; or
   
   (b) There is sufficient specific corporate guidance and templates on the procurement of the said goods/services.
3. Irrespective of the above, the procurement authority may submit the cases for ex ante review if significant risks are perceived.

**Disposal of assets through sale, donation or write-off**

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<thead>
<tr>
<th>Asset disposal through sale, donation, trade-in, or destruction of goods and/or property with a value:</th>
<th>Above US $2,500 per item and up to the delegated procurement authority</th>
<th>Above the delegated procurement authority and up to US $2 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset disposal through write-off of goods and/or property with a value:</td>
<td>Above US $2,500 per item and up to US $100,000 (except for any write-off due to loss or theft of a UNDP asset in the custody of the Resident Representative regardless of the value of the asset)</td>
<td>Any write-off due to loss or theft of a UNDP asset in the custody of the Resident Representative regardless of the value of the asset</td>
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- Headquarters units: above US $100,000 (except for any write-off due to loss or theft of a UNDP asset in the custody of the head of the business unit, regardless of the value of the asset)
<table>
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<tr>
<th>Level 1: Contracts, Assets and Procurement Committee</th>
<th>Level 2: Regional Advisory Committee on Procurement (country offices only)</th>
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<tr>
<td></td>
<td>Country offices: above US $100,000</td>
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<tr>
<td>Notes:</td>
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<tr>
<td>1. The asset values are based on net book value except for vehicles and heavy machineries, where fair market value applies.</td>
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<tr>
<td>2. Write-offs in excess of US $100,000 require approval by the Administrator in accordance with FRR 126.17 and hence should be submitted to the Advisory Committee on Procurement.</td>
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<tr>
<td>3. See Asset Disposal Policy for details.</td>
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</tr>
</tbody>
</table>

**Income generation**

Any contracts or series of related contracts *in a calendar year* that generate income (e.g., revenue from the sale of proprietary information) of:

| N/A | N/A | US $10,000 or more |

**Others**

Any other matter relating to a contract or disposal of an asset may be referred to the Procurement Review Committee by the procurement authority.

51. An exception to the above thresholds is when a series of procurement actions is proposed based on grouping goods or services into separately biddable ‘lots’. The resulting submissions must be made together to the Procurement Review Committee, based on the highest proposed ‘lot’ contract value and not individual ‘lot’ thresholds. This is to ensure consistency in review of procurement actions and to avoid duplicated work.

**Post Facto Reporting**

52. A post facto situation arises when a contract or an award of a contract has been made prior to the submission of the procurement action to the appropriate committee as required by this policy.

53. Procurement actions within the delegated procurement authority (or increased authority) of the business unit should not be submitted, nor will these be treated as post facto actions, as it is the prerogative of the head of business unit to ask the Contracts, Assets and Procurement Committee to review submissions.

54. *Post facto submissions are not reviewed by the Procurement Review Committee* but are subject to direct review by the Regional Advisory Committee on Procurement/Advisory Committee.
Committee on Procurement chairperson. Business units shall report post facto actions through the ACP Online application based on the contract value and thresholds as defined in this policy. Such a report, in addition to providing information on procurement actions and processes, shall include an explanation and justification for why the post facto situation transpired. The submission shall be reported within three months of the post facto action, determined by the date of issuance of a purchase order or signature of a contract, etc.. An amendment request made to a post facto contract shall be reviewed by a committee only after the post facto submission has been reported to the Regional Chief Procurement Officer/Chief Procurement Officer.

55. The submission of the post facto action is not intended to ask the Regional Chief Procurement Officer/Chief Procurement Officer to change or validate a decision that has already been taken, nor to authorize payments to the contracted vendor. Such reporting is necessary for records and to: (a) allow the officer to provide the business unit with feedback for improvement of future procurement actions; (b) identify any capacity gaps in the business unit that may require appropriate interventions; (c) serve as input to any procurement capacity assessment of the business unit for increased delegated procurement authority applications; and (d) to refer the matter to other relevant UNDP offices, where necessary.

56. The UNDP staff member who authorized or approved the award of the contract, or signed it without the requisite Regional Chief Procurement Officer/Chief Procurement Officer approvals shall be solely accountable for the action and consequences arising from it.

57. Post facto situations, as well as the failure to report them, are both serious deviations from UNDP procurement policies and procedures.

Please see:

- Standard Operating Procedures for Requester
- ACP Online Quick Reference Guide
- ACP Online User Guide