

Update to the UNDP/UNFPA/UNOPS Executive Board
Actions taken by UNFPA to strengthen supply chain management and
address open associated recommendations of the Board of Auditors

I. Background

1. This report responds to the UNDP/UNFPA/UNOPS Executive Board decision 2026/1 on the Reports of UNDP, UNCDF, UNFPA, and UNOPS on the implementation of the recommendations of the Board of Auditors, 2024. The Executive Board urged UNFPA to take appropriate measures to strengthen Supply Chain Management (SCM) and address all open associated recommendations of the Board of Auditors (BoA).
2. UNFPA management is committed to taking appropriate and timely measures to enhance the efficiency, transparency, and accountability of its supply chain operations. To this end, efforts are underway to reinforce internal controls, improve procurement and logistics planning, and strengthen monitoring and reporting mechanisms across the end-to-end supply chain. Specifically, the SCMU Supply Chain Orchestration and Analytics (SCOA) function is central to achieving this; driving integrated, data-informed decision-making and real-time visibility through platforms like the SC Control Tower. We are prioritizing the systematic tracking of the implementation of all open audit recommendations and ensuring that corrective actions are effectively executed and sustained.
3. Furthermore, to systematically address identified gaps, the Supply Chain Management Unit (SCMU) started the Business Process Reengineering (BPR) initiative in 2025 as a transformative endeavour to reinforce supply chain operations across the organization. The BPR was a necessary precursor for the development of a comprehensive supply chain management Policy and Procedures Manual (PPM). By defining, optimizing, and documenting core business processes, the SCMU is fostering a more agile, transparent, and resilient supply chain to effectively support the global mission of UNFPA.
4. A significant recent achievement reinforcing compliance and operational integrity is the successful application for the Wholesale Distribution Authorisation (WDA) license (Authorization No. 105256) from the Danish Medicines Agency (DMA). This authorization, secured following an onsite inspection in April 2026, confirms UNFPA's compliance with Danish legislation and EU Good Distribution Practices (GDP) for supply chain operations. This critical requirement safeguards UNFPA's ability to procure essential medicines and medical equipment without interruption. The success validates the efforts of the SCMU in developing robust quality assurance systems and GDP-related Standard Operating Procedures (SOPs).
5. In addition, UNFPA is enhancing coordination across relevant units and investing in capacity-building initiatives to support consistent application of policies and procedures. Risk management practices are also being strengthened to proactively and systematically identify, assess, monitor, and mitigate potential SC challenges.

The SCMU has achieved substantial operational milestones throughout 2025, with the BoA validating the closure of 13 out of 19 open SC-specific recommendations. While the remaining six recommendations are currently under implementation, their systemic complexity necessitates additional time to consolidate objective evidence and demonstrate sustained effectiveness.

SCMU management remains dedicated to the proactive execution of all outstanding corrective actions, ensuring their full institutionalization and closure by the end of 2026.

II. Action and progress points

Status of implementation of the SCMU related Board of Auditors recommendations

<i>Report</i>	<i>Audit report year</i>	<i><u>Recommendations pending as at 31 December 2024</u></i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Recommendations pending as at 30 June 2026</i>
A/76/5/Add.8.	2020	1	-	1	-	1
A/77/5/Add.8.	2021	-	-	-	-	-
A/78/5/Add.8.	2022	3	2	-	1	1
A/79/5/Add.8	2023	5	1	3	1	4
A/80/5/Add.8	2024	-	10	-	-	-
Total number of recommendations		9	13	4	2	6

A. Implemented

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2022 and Report of the Board of Auditors ([A/78/5/Add.8](#)).

Paragraph 133 The Board of Auditors recommends that UNFPA ensure that its business units conduct vendor assessments when the purchase order is closed.

And

Paragraph 134 The Board of Auditors recommends that UNFPA improve oversight of business units with the timely fulfillment of vendor assessments in the vendor assessment application that are defined by the Fund.

- UNFPA remains committed to enhancing vendor evaluation through a comprehensive BPR of supplier performance assessments. Following a rigorous analysis of the AS IS state, UNFPA developed an SOP for supplier performance assessment. Enterprise Resource Planning (ERP)-based enhancements have been operationalized to integrate qualitative assessment criteria and a dedicated performance dashboard with existing quantitative metrics. These measures aim to standardize processes, enforce compliance, enable early detection of non-performance, and facilitate sustained improvements in contract management.
- The SCMU has developed automated management reports within the ERP and implemented targeted capacity-building programs for localized users. This centralized approach will ensure that supplier performance data is systematically available, allowing for robust monitoring of compliance rates, identification of overdue assessments, and strengthened management oversight across the organization.

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2023 and Report of the Board of Auditors (A/79/5/Add.8).

Paragraph 187 The Board recommends that UNFPA categorize the products in Quantum according to the type of programme supplies to enable monitoring by the Supply Chain Management Unit.

- In 2025, UNFPA inaugurated the SC Control Tower, which facilitates immediate access to a consolidated oversight of procurement, shipment, and inventory data through a structured dashboard. This initiative is designed to equip UNFPA headquarters and country offices with the capacity for early risk identification, ensuring that life-saving sexual and reproductive health products are delivered without interruption. A primary component of this implementation involved establishing a standardized taxonomy for the data within the Control Tower. Consequently, the BoA considered this recommendation to be implemented.

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2024 and Report of the Board of Auditors (A/80/5/Add.8).

Paragraph 29 The Board recommends that UNFPA finalize and formalize the Supply Chain Management Unit's planning framework and integrate it into each pillar and team.

- As the next step in the UNFPA SCMU strategy rollout process, a Strategic Implementation Plan (SIP) for 2025–2026 was developed and formally adopted in 2025. The 2025 SIP consisted of 95 tasks, all managed within a dedicated project management tool (JIRA). Each task was strategically aligned with SCMU objectives and fully integrated into the relevant areas, with clear due dates assigned. The Implementation of the SCMU Strategy (2024–2029) continues, with an updated SIP for 2026 endorsed in March 2026. These measures collectively ensure that the SCMU's planning framework is formalized, operationalized, reviewed and systematically integrated into all teams, in line with the BOA's recommendation.

Paragraph 30 The Board recommends that UNFPA create a Supply Chain Management Unit risk and oversight model aligned with the organization-wide enterprise risk management framework and tailored to the supply chain's unique needs.

- To systematically reinforce the SCMU's capacity for proactive threat identification and mitigation, the unit developed and implemented the "Supply Chain Risk and Oversight Model – Application of the UNFPA ERM Framework." This model articulates the operationalization of the corporate Enterprise Risk Management (ERM) framework within SC functions, ensuring robust oversight and validation through the ERM function in the Office of the Executive Director (OED). By translating organization-wide ERM principles into specialized practical mechanisms, the model ensures the systematic identification and treatment of supply-chain-specific risks, establishes clear accountability within the corporate risk governance structure, and fosters strengthened assurance and operational resilience across the end-to-end SC. Furthermore, it serves as the definitive reference for localized risk assessment and mitigation practices across all business units.

Paragraph 31 The Board recommends that UNFPA generate a process map for the Supply Chain Management Unit that includes tools that are currently available and tools that are needed.

- The SCMU inaugurated the Business Process Reengineering (BPR) initiative as a transformative endeavour to reinforce process clarity, consistency, and governance across core supply chain functions. This initiative served as the definitive framework for addressing the BoA's recommendation by systematically mapping

and documenting end-to-end supply chain processes and establishing a consolidated baseline of supporting information technology tools.

- Under this initiative, SCMU has completed the mapping of its core SC processes, providing a standardized, end-to-end view of current operations, including key activities, roles, decision points, and handoffs. These process maps establish a consolidated As-is baseline for SCMU operations and enable a consistent understanding of how processes are executed across functions.

Paragraph 42 The Board recommends that UNFPA formalize lead time management within the Supply Chain Management Unit by enhancing coordination and systematically monitoring processes through indicators that provide reliable information to evaluate the performance of processes and suppliers, enabling informed decisions that lead to shorter and more accurate lead times.

UNFPA has fully addressed this recommendation through the following strategic measures:

- Institutionalizing a comprehensive Business Process Reengineering (BPR) initiative to define core workflows, delineate roles and responsibilities, and systematically address operational bottlenecks across the end-to-end supply chain.
- Deploying advanced business intelligence and monitoring mechanisms, including the SC Control Tower and Lead Time Dashboard, to ensure the availability of reliable, consolidated data for robust performance oversight.
- Strengthening cross-functional collaboration and integrated planning through the establishment of a dedicated Lead Time Task Force.
- Establishing baseline metrics and performance targets systematically integrated into 2026 operational work plans, ensuring that SC efficiency is sustained and effectively managed.

Paragraph 54 The Board recommends that UNFPA strengthen supply chain systems to improve the quality, completeness and timeliness of data submission within the last-mile assurance process by providing capacity-building initiatives to address identified weaknesses in last-mile assurance reports and establishing escalation mechanisms that balance supportive and corrective action to ensure accountability while considering regional constraints.

UNFPA has fully addressed this recommendation through the following strategic measures:

- Formalizing and disseminating comprehensive escalation guidance across core oversight mechanisms, including the SC Overview, Quarterly Stock Reviews (QSR), In-Country Assessments, and SCM Risk Assessments.
- Facilitating cross-functional collaboration through a joint Last-Mile Assurance (LMA) and logistics workshop convened in July 2025 for Reproductive Health Commodity Security (RHCS) focal points within the Eastern and South Asia and Arab States regions.
- Executing targeted technical assistance and capacity-building missions to Palestine (April 2025), Guinea and Papua New Guinea (June 2025), Malawi, Kyrgyzstan, and Mozambique (July 2025), Democratic Republic of the Congo and Zambia (September 2025), and Burkina Faso and Mali (October 2025).

Additional missions to Sierra Leone and Tanzania in the final quarter of 2025, served as a mainstay for sustaining improvements in LMA findings.

- Developing and deploying a bilingual (English and French) instructional video for QSR, with a Spanish version in production. This resource serves to standardize the completion of QSR reports by country office staff and implementing partners, thereby enhancing data quality and accountability.

Paragraph 55 The Board recommends that UNFPA enhance the supply chain management risk model within the last-mile assurance process to include a structured risk response strategy, considering timelines and assigned responsibilities for each identified risk.

- To address this recommendation, UNFPA developed an enhanced LMA SCM Risk Assessment Guidance Note that integrates a structured SC risk model assigning ownership, establishing timelines for follow-up, and linking each risk category (external, delivery, operational, and fiduciary) to corresponding strategies to prevent, mitigate, and treat risks.
- In parallel with the enhancement of the LMA model, the Country Support Team (CST) has implemented targeted actions throughout 2025 to address operational, delivery, and fiduciary risks identified through ongoing LMA activities, demonstrating the proactive application of risk management principles and alignment with the intent of the BoA recommendation.

Paragraph 56 The Board recommends that UNFPA establish guidelines for the follow-up process within the last-mile assurance process for addressing identified problems and implementing corrective action, with clearly defined timelines, assigned roles and specified responsibilities.

- The CST updated LMA follow-up guidance notes for each of the 4 routine LMA processes (SC Overview, Quarterly Stock Review, SCM Risk Assessment, and In-Country Assessment) that clearly define roles, responsibilities, and timelines for corrective and strengthening actions, consistent with Para 56/2024.
- These guidance notes provide a structured framework for accountability across LMA activities, while allowing the flexibility needed to support genuine and lasting system transformation. The guidance notes have been approved and disseminated to regional offices and country offices for implementation as a means to strengthen supply chain operations.

Paragraph 68 The Board recommends that UNFPA strengthen the supply chain governance framework by developing and implementing standardized and documented methodologies (with defined criteria, procedures and responsibilities) for the forecast, quantification, prioritization, review and validation of supply needs and for procurement plans processes, supported by appropriate information technology tools.

- UNFPA has implemented the recommendation by developing and issuing a comprehensive framework for global-level quantification and prioritization within forecasting and supply planning processes, General Guidelines for In-Country Quantification, Forecasting, and Supply Planning of Public Health Commodities, were disseminated globally via webinar and are further reinforced through targeted capacity-building initiatives and strategic guidance to country offices on conducting needs assessments and developing 2026-2027 procurement plans.
- An online Quantification Course for Sexual and Reproductive Health (SRH) Commodities, developed within the ERP system, was deployed to provide staff and implementing partners with accessible, self-

paced e-learning. This initiative enhances technical proficiency in quantifying SRH needs, thereby optimizing planning, mitigating stock-out risks, and ensuring the consistent availability of life-saving supplies.

- Leveraging the 2024 Quantification Training of Trainers, UNFPA has deployed specialists to provide direct technical assistance to country offices. This effort has strengthened localized expertise in multi-year forecasting and supply planning, fostering sustainable, in-country capacity for the effective management of SRH commodity SCs.

Paragraph 76 The Board recommends that UNFPA establish comprehensive guidelines within the Supply Chain Management Unit to enhance economies of scale in purchasing and logistics, aligned with the UNFPA policy and regulatory framework for supply planning, and implement a standardized methodology for calculating savings to ensure that all reported figures are accurate and verifiable.

- UNFPA has fully addressed the BoA recommendation through the formal development of the "Guidance Note: Achieving Economies of Scale and Standardized Savings Measurement in UNFPA's Supply Chain," effective 1 January 2026. This comprehensive framework establishes operationally detailed procedures designed to fulfill the tripartite requirements of the recommendation as follows:
 - Institutionalizing comprehensive guidelines to enhance economies of scale across procurement and logistics operations.
 - Ensuring full alignment with the governance framework for demand and supply planning, supported by integrated roles, workflows, and core processes.
 - Deploying a standardized savings measurement methodology that incorporates baseline options, formulas, documentation, internal controls, and reporting requirements.

These enforceable measures are systematically supported by clearly defined roles, strategic workflows, and robust governance and review mechanisms to ensure accuracy and accountability across the organization.

Paragraph 86 The Board recommends that UNFPA establish a dedicated oversight and monitoring function to ensure the efficiency, effectiveness and accountability of the management of global pre-positioned stock operations.

- In response to the BoA's recommendation to establish a dedicated oversight and monitoring function for global prepositioned stock operations, and after extensive discussions and analyses, the Inventory Management Team was reorganised into two functional sub-teams (see Attachment 1), each with clearly defined and segregated duties:
 - Inbound: Planning, Stock Management, Replenishment, and Reconciliation
 - Outbound: Order Fulfilment and Dispatch from Global Stock, based on a regional split.
- Beyond the changes linked to work allocation, the team adopted a new operating approach piloted in early 2025. This involved consolidating processes that worked effectively while applying an agile method to areas requiring further review, decision-making, and adjustment to achieve optimal results.
- In response to the same BOA recommendation, the SCMU's Logistics Management Services (LMS) team developed and implemented a robust business intelligence dashboard. This dashboard is built on three key functions:
 - Global Inventory Visibility: It provides a real-time, consolidated view of all inventory across various locations. This includes details on different items, their weighted average cost, and overall value, ensuring complete transparency and control.

- Proactive Expiry Management: The tool enables meticulous, batch-level monitoring of item expiry dates across all locations. This proactive approach allows us to anticipate and mitigate the risk of stock expiry through timely rejuvenation and disposal planning.
- Automated Replenishment Planning: To avert the risk of stock-outs, the tool automatically computes safety stock levels and reorder points. This data-driven approach ensures that replenishment is planned strategically and executed efficiently.

B. Under implementation

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2020 and Report of the Board of Auditors (A/76/5/Add.8).

Paragraph 89 The Board of Auditors recommends that UNFPA incorporate preventive controls related to inventory information in the new enterprise resource planning, in order to provide early alerts at each stage of the supply process.

- UNFPA continues to proactively and systematically monitor potential risks related to inventory status; however, the organization recognizes that further systemic actions are required to fully address this BoA recommendation.
- In recent years, UNFPA launched an enhanced Inventory Control and Accounting dashboard designed to flag outliers and red flags, facilitating the systematic identification of delayed or incomplete entries and providing consolidated performance data to support timely follow-up and corrective actions.
- Furthermore, the inventory certification cycle, managed through an internal document management platform (AoDocs), serves as a formalized monitoring framework, with quarterly and year-end certifications providing official records and ensuring the timely resolution of identified discrepancies.
- To address the identified systemic dimension of the recommendation, UNFPA is exploring the deployment of an Inventory and Warehouse Management System (WMS) integrated with our ERP. This solution is designed to enhance inventory visibility and control at the country office level, covering end-to-end logistics processes—from shipment receipt and customs clearance through to storage, inventory control, and handover to partners. The SCMU-ITSO Project Board is expected to review the implementation proposal in Q3 2026.

Expected implementation date: December 2026.

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2023 and Report of the Board of Auditors (A/79/5/Add.8).

Paragraph 157 The Board recommends that UNFPA record both accurately and in a timely manner the supplies, in accordance with the nature of the transaction (physical receipt, storage, handover, disposals and adjustments) and in agreement with the applicable accounting standards

- To address the identified systemic dimension of the recommendation, UNFPA is exploring the deployment of an Inventory and Warehouse Management System (WMS) integrated with our ERP. This solution is designed to enhance inventory visibility and control at the country office level, covering end-to-end logistics processes—from shipment receipt and customs clearance through to storage, inventory control, and handover to partners.

Expected implementation date: December 2026.

Paragraph 173 The Board recommends that UNFPA ensure that its country offices record transactions in Quantum relating to the pre-positioning of supplies in a timely manner.

And

Paragraph 174 The Board recommends that UNFPA implement a monitoring and reportability mechanism for country offices that maintain pre-positioned supplies to avoid manual errors and inaccuracies and to ensure that inventories are delivered to final beneficiaries and used for their intended purposes.

- In 2024, UNFPA issued an SOP for the management of the Global Humanitarian Stock Fund and prepositioned supplies. This SOP establishes clear inventory management requirements, including mandatory use of the ERP for all transactions. It also sets out the roles and responsibilities across business units, and defines reporting obligations, dashboards, and key performance indicators to monitor prepositioning and stockpile arrangements.
- To further institutionalize these requirements, UNFPA has developed a corporate Policy on Prepositioning as an Advanced Preparedness Action. This policy defines prepositioning as a distinct preparedness measure and establishes mandatory minimum requirements, standards, and procedures for country, regional, and global prepositioning. It sets out corporate criteria for justification, approval, monitoring, exit strategies, and oversight, while mandating systematic data entry and inventory management through our ERP as the designated system of record.
- To address the Monitoring and Reportability Mechanism, the SCMU is focused on developing dashboards and periodic oversight reports, incorporating key performance indicators—such as issuance and replenishment lead times, stock turnover, and fund utilization—to ensure the systematic identification, verification, and correction of record inaccuracies and errors.
- Although the revised policy changes were reviewed, the BoA determined that approval should be deferred until implementation has been completed and sufficient objective evidence is available to demonstrate the effectiveness of the changes. Time is therefore required to allow implementation to take place and supporting evidence to be collected

Expected implementation date: April 2027.

C. Not implemented

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2022 and Report of the Board of Auditors (A/78/5/Add.8).

Paragraph 90 The Board of Auditors recommends that UNFPA develop and issue a supply chain management policy so that a coordinated approach to supply chains and logistics is implemented within the Fund.

- The SCMU conducted a comprehensive nine-month Business Process Reengineering (BPR) initiative to establish a robust policy framework. This transformative endeavour has resulted in the validation and clarification of process maps across core supply chain functions, establishing a robust baseline to ensure that the forthcoming manual effectively reflects re-engineered workflows and operational realities organization wide.

- Since Q2 2026, SCMU has focused on streamlining and reinforcing global operations to develop a centralized, accessible reference framework that facilitates strengthened governance, proactive risk management, and sustained operational excellence.
- The strategic objectives of this initiative encompass: Replacing existing SC related procedure, along with associated guidance, with a unified SCM PPM, consolidating best practices and SOPs into a singular, integrated framework applicable to all UNFPA business units, strengthening governance and compliance by enhancing transparency, accountability, and systematic risk management practices and enhancing long-term operational resilience through an agile, well-governed manual that articulates the organization's commitment to SC excellence.
- The Initial draft version (v1.0), including the To-Be structure, has been developed. Given the complexity of the Manual, it will go through 3 progressive iterations for incorporating cross-functional feedback and submission to the PPM Secretariat. Following a 4–6-week review by the PPM Secretariat, the launch, followed by webinars and training sessions, will be held in November.

Expected implementation date: November 2026.

United Nations Population Fund Financial report and audited financial statements for the year ended 31 December 2023 and Report of the Board of Auditors (A/79/5/Add.8).

Paragraph 186 The Board recommends that UNFPA implement automatic controls in Quantum to prevent country offices from procuring pharmaceuticals and medical devices without authorization and restrict the purchase of contraceptives at this level.

- The SCMU acknowledges the critical importance of institutionalizing robust system-based controls within our ERP environment and is actively allocating the requisite resources to operationalize these recommendations. Given that the ERP is a shared platform across multiple UN agencies, technical refinements are being executed to ensure the system effectively accommodates UNFPA-specific requirements while maintaining organizational alignment.
- The initiative has passed the testing phase, with full implementation in production scheduled for the end of July 2026.

Expected implementation date: July 2026.