



## INTERNAL AUDIT DIVISION

# REPORT 2016/109

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Audit of local procurement in the  
United Nations Multidimensional  
Integrated Stabilization Mission in Mali

Overall results relating to the effective  
management of local procurement activities  
were initially assessed as partially  
satisfactory. Implementation of five  
important recommendations remains in  
progress

FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY

30 September 2016  
Assignment No. AP 2015/641/02

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-9
Regulatory framework	3-9
IV. ACKNOWLEDGEMENT	9
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# AUDIT REPORT

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The MINUSMA Procurement Section is responsible for procuring goods and services for the Mission. The Section is headed by the Chief Procurement Officer at the P-5 level who reports to the Deputy Director of Mission Support and has 29 approved posts.
4. From 1 July 2013 to 31 August 2015, MINUSMA issued 1,412 purchase orders valued at \$615 million.
5. Comments provided by MINUSMA are incorporated in italics.

### II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSMA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of local procurement activities in MINUSMA**.
7. The audit was included in the 2015 risk-based work plan of OIOS due to the operational and financial risks related to the procurement of goods and services in MINUSMA.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the procurement activities in MINUSMA; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted the audit from October 2015 to April 2016. The audit covered local procurement activities for the period from 1 July 2013 to 31 March 2016. OIOS was unable to cover all of the audit procedures for the selected sample of 57 cases, as in a number of instances, inadequate documentation was available for review. The audit covered a small number of ex post facto procurement cases, but not the entire population, as a separate audit of ex post facto cases has been added to OIOS 2016 work plan. The audit did not cover the activities of the MINUSMA Local Committee on Contracts as it will be covered in a separate audit.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

12. The MINUSMA governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of local procurement activities in MINUSMA**. OIOS made 10 recommendations to address the issues identified.

13. MINUSMA constituted a Tender Opening Committee that implemented adequate controls over receipt of bids. However, MINUSMA needed to: (a) ensure staff members’ compliance with their respective delegated authority; (b) ensure staff with principal procurement duties file their financial disclosure and declaration of interest statements with the Ethics Office; (c) improve the acquisition planning process; (d) implement all aspects of the procurement source selection plan requirements including the assessment and mitigation of procurement-related risks; (e) identify and invite only qualified vendors to participate in bidding exercises; (f) establish realistic evaluation criteria and scoring methodologies for procurement actions; (g) comply with the requirements for the use of sole source selection; (h) include provisions for liquidated damage in solicitation documents and contracts when applicable; (i) maintain up-to-date and complete procurement case files; and (j) enforce controls over the use of the low value acquisition policy.

14. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of five important recommendations remains in progress.

**Table 1: Assessment of key control**

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of local procurement activities in MINUSMA	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

<sup>1</sup> A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or internal control processes, such that reasonable assurance may be at risk with regard to the achievement of control or business objectives under review.

## Regulatory framework

### Delegation of procurement authority needs to be complied with

15. The United Nations Procurement Manual permits the Director of Mission Support to sub-delegate procurement authority for certain amounts specified in the Manual to staff on a personal basis and requires the staff member not to further sub-delegate the same authority to others.

16. A review of 50 purchase orders valued at \$50 million out of 141 purchase orders valued at \$164 million indicated that: (a) one procurement officer with a delegation of authority for \$100,000 signed two purchase orders amounting to \$174,000 and \$106,900, respectively; (b) another procurement officer sub-delegated his procurement authority to a procurement assistant; and (c) the Officer-in-Charge of the Procurement Section performed all functions of the Chief Procurement Officer without the relevant authority. This was because the Mission did not monitor its procurement authority to ensure it was complied with and to avoid abuse of the procurement delegation of authority policy.

17. Because staff sometimes exceeded their respective financial thresholds of the procurement authority and sub-delegated their personal procurement authority to others, there was an increased risk of procurement irregularities and financial loss.

**(1) MINUSMA should monitor its procurement authority and take prompt corrective actions to ensure that staff comply with their respective delegated authority.**

*MINUSMA accepted recommendation 1 and stated that Umoja: (a) has a built-in control that prevented staff from approving procurement actions that exceeded their respective financial thresholds or for which they lack the relevant authority; and (b) allowed the Officers-in-Charge to approve procurement actions in the absence of the Chief Procurement Officer. MINUSMA also issued on 26 July 2016 an inter-office memorandum to formalize the practice whereby the Officer-in-Charge of Procurement approved procurement actions in the absence of the Chief Procurement Officer to prevent delays. Based on the action taken and documentation provided by MINUSMA, recommendation 1 has been closed.*

### Financial disclosure requirements for procurement staff needed to be adhered to

18. The United Nations Procurement Manual and Secretary-General's bulletin on financial disclosure and declaration of interest statements require all procurement officers and staff members with principal duties for the procurement of goods and services for the United Nations to annually file financial disclosure and declaration of interest statements with the Ethics Office.

19. OIOS' review of communications to and from the Ethics Office indicated that 4 of 41 staff with principal duties for the procurement of goods and services for the Mission did not file their financial disclosure and declaration of interest statements with the Ethics Office, diminishing the ability of MINUSMA to prevent staff with conflict of interest from performing critical procurement activities. This was because MINUSMA had not implemented a follow-up mechanism to ensure all staff file the required financial disclosure with the Ethics Office.

**(2) MINUSMA should take actions to ensure that all staff with principal duties for the procurement of goods and services file their financial disclosure and declaration of interest statements with the Ethics Office annually.**

*MINUSMA accepted recommendation 2 and stated that: (a) it had established and implemented a follow-up mechanism to ensure that all staff file their financial disclosure and declaration of interest statements with the Ethics Office; and (b) all staff had submitted their financial disclosure. Based on the action taken and documentation provided by MINUSMA, recommendation 2 has been closed.*

The acquisition plan needs improvement

20. The United Nations Procurement Manual requires MINUSMA requisitioners to prepare a reliable acquisition plan for effective and timely delivery of goods and services to the Mission.

21. A review of acquisition plans and discussions with relevant staff of the Procurement Section indicated that the Mission did not prepare an acquisition plan for fiscal year 2013/14 (the first year of the Mission). For subsequent fiscal years, requisitioners prepared and submitted their acquisition plans to the Procurement Section. However, due to frequent changes in the Mission's priorities during the start-up phase and the prevailing security situation, the established acquisition plans did not always reflect the Mission's procurement needs. As a result, MINUSMA was at times using exceptional procurement procedures (ex post facto and exigencies) to procure goods and services. During the audit period, the Mission processed 58 ex post facto cases totaling \$38 million and 17 exigent cases amounting to \$11 million mainly for the construction of camps and logistics services to support the deployment of troops in the regions. The reliability of the acquisition plans was also affected by the inability of the self-accounting units (SAUs) to properly complete the required acquisition plans due to insufficient training.

22. As a result of the above, there was a risk of delays in the procurement process in addition to the risk that MINUSMA was procuring goods and services that were not required. MINUSMA advised that since the Mission was becoming more stable, this would allow the development of a reliable acquisition plan.

**(3) MINUSMA should take action to ensure complete and reliable acquisition plans are prepared and ensure that requisitioners are provided with the training required to develop acquisition plans.**

*MINUSMA accepted recommendation 3 and stated that it had introduced a mandatory acquisition planning process for all SAUs; however, the implementation of the plan was routinely impacted by frequent attacks on Mission premises and logistic convoys and therefore required alterations. The Mission also stated that it had established a central acquisition unit with trained staff to monitor the acquisition planning process. Based on the action taken and documentation provided by MINUSMA, recommendation 3 has been closed.*

There was a need for adequate and effective source selection planning

23. The United Nations Procurement Manual requires MINUSMA to prepare a source selection plan with all the required information describing the critical components of the acquisition process including the procurement risk assessment; evaluation criteria, convening of evaluation committees, the rating and scoring system, the market conditions; planning and procurement activities, description of the requirement, required level of expertise.

24. A review of 25 of 107 source selection plans indicated that the Mission adequately described the solicitations' requirements, the sourcing method, the contractual instruments, the evaluation criteria, and the rating and scoring methodology. However, the Mission did not consistently identify and assess procurement-related risks as part of the source selection process.

25. As a result, there was a risk that the Mission did not implement appropriate measures to enhance the efficiency and effectiveness of its procurement activities. For instance, MINUSMA awarded a camp construction contract in June 2015 but later terminated it in December 2015 due to the absence of water at the camp location.

26. The above conditions were due to inadequate oversight by management in ensuring that source selection plan requirements are adequate and complete, and include the assessment and mitigation of procurement-related risk.

**(4) MINUSMA should take appropriate actions to ensure that the procurement officers comply with the source selection requirements including the assessment and the mitigation of the procurement-related risks.**

*MINUSMA accepted recommendation 4 and stated that it had incorporated risk assessment as part of the source selection process and revised the source selection plan templates to include a risk management section. Based on the action taken and documentation provided by MINUSMA, recommendation 4 has been closed.*

#### Solicitation process needs improvement

27. The United Nations Procurement Manual requires MINUSMA to issue solicitations documents to potential vendors with the expertise and skills to provide the required goods and services.

28. A review of 46 procurement actions valued at \$4 million out of 107 procurement actions valued at \$168 million indicated that 291 (40 per cent) of the 716 invited vendors did not have the appropriate expertise and skills to provide the required goods and services. This indicated that the Procurement Section did not exercise sufficient due diligence to identify and invite only qualified vendors to participate in bidding exercises, contributing to an overall low vendor response rate of 20 per cent and jeopardizing the Mission's ability to always achieve best value for money.

**(5) MINUSMA should implement an effective mechanism to identify and invite only qualified vendors to participate in bidding exercises.**

*MINUSMA accepted recommendation 5 and stated that it sent solicitation documents only to registered vendors of the required goods and services. Recommendation 5 remains open pending OIOS verification that procurement officers are exercising due diligence in inviting only those registered vendors that can deliver the required goods and services.*

#### MINUSMA had established a Tender Opening Committee that adequately safeguarded bids

29. The Procurement Manual requires MINUSMA to establish an independent Tender Opening Committee (TOC) to receive and safeguard bids in response to formal method of solicitation. A review of the composition of the TOC, and physical controls over a sample of 602 bids/proposals related to 58 formal solicitations indicated that the TOC received and adequately safeguarded them.

#### Need to improve evaluation of bids

30. The Procurement Manual requires MINUSMA to establish exhaustive, fair, clear and measurable evaluation criteria and scoring methodologies; and evaluate bids against the relevant pre-established criteria and scoring methodologies included in the solicitation documents issued to potential vendors.

31. OIOS review of 57 procurement actions valued at \$66 million out of 107 procurement actions valued at \$168 million indicated that the Mission was establishing evaluation committees to evaluate bids over \$200,000. However, the Mission did not consistently apply the pre-established technical evaluation criteria and scoring thresholds to determine the ability of the potential vendors to meet the requisitioners' minimum requirement. For example: for 11 procurement cases valued at \$17 million, the technical evaluation criteria stated in the solicitation documents were not complied with. The Mission advised that the criteria in the solicitation documents were not used as they were found to be unrealistic. However, the decision not to use the original criteria to evaluate bids was not documented or properly justified.

32. The above resulted as MINUSMA did not establish procedures to ensure that the established technical criteria were realistic. As a result, MINUSMA was incorrectly changing evaluation criteria that had already been communicated to potential vendors to be used to evaluate their bids/proposals, resulting in an increased risk that vendors' bids/proposals did not adequately capture the requirements of the Mission. There was also a risk of manipulation of criteria to match certain vendors' bids/proposals.

**(6) MINUSMA should discontinue the process of changing the evaluation criteria after the solicitation documents have been issued and bids/proposals received, and take actions to ensure that the Procurement Section establish realistic evaluation criteria and scoring methodologies for procurement actions.**

*MINUSMA accepted recommendation 6 and stated that the Procurement Section had consistently reviewed technical evaluation criteria in the source selection plans, the Chief Procurement Officer and SAUs signed and approved the document before the solicitation document is published, and no alteration was permitted to the technical evaluation criteria after the publication of the solicitation documents. Recommendation 6 remains open OIOS verification that MINUSMA has discontinued the process of changing the evaluation criteria after the solicitation documents have been issued.*

#### Need for improved competitive bidding process for construction projects

33. The United Nations Procurement Manual allows MINUSMA to use, on exceptional basis: ex post facto procedures; and sole source selection method when there is exigency for the requirement, no competitive market place or when the product or service needed is only available from one vendor. The Manual requires that all exigency cases are approved by the Director of Mission Support, the Director of United Nations Procurement Division or the Under-Secretary-General for Management within their respective delegation of authority.

34. A review of 49 procurement actions (including 19 exigency cases valued at \$20.4 million) out of 107 procurement actions for goods and services valued at more than \$40,000 processed during the audit period indicated that MINUSMA used the sole source selection method and awarded a contract with a not-to-exceed amount of:

- \$784,000 in December 2013 for construction projects in Kidal even though there was no justified exigency since the contractor commenced work five months after the contract was awarded. The Director of Mission Support approved the contract as an exigency case for security reasons in Kidal;
- \$346,126 in May 2015 for construction projects in Timbuktu even though there was no justified exigency since the contractor commenced work two months after the contract was awarded. The Director of Mission Support approved the contract as an exigency as it was within his delegation of authority; and



- \$150,577 in December 2013 for the rental of heavy duty equipment even though there was no justified exigency and the Director of Mission Support did not approve the justification to use the sole source method for this procurement.

35. In December 2014, the Mission launched the procurement process for two construction projects with a total amount of \$9.4 million without prior clearances from the United Nations Global Service Centre in Brindisi and without obtaining a local procurement authority from the Procurement Division. At the time of the audit, these ex post facto cases were pending review of the Headquarters Committee on Contracts.

36. The above resulted as at the start-up phase of the Mission, there was inadequate supervision to monitor compliance with procedures relating to the use of sole source selection. The use of exigency procedures for procurement cases which should have been processed through a formal solicitation procedure reduced opportunity for best value for money and impeded the transparency of the procurement process.

**(7) MINUSMA should take appropriate action to ensure that requisitioners and procurement officers comply with the requirements for the use of sole source selection.**

*MINUSMA accepted recommendation 7 and stated that the Director of Mission Support had issued an inter-office memorandum on 6 April 2016 to guide SAUs in adhering to applicable financial and procurement rules including the requirements to use of ex post facto and exigency procurement procedures only in exceptional, compelling and/or emergency cases. The memorandum also addressed the requirement for conducting a competitive bidding process in all procurement of goods and services. Recommendation 7 remains open pending OIOS verification that procurement officers and SAUs have enforced the Director of Mission Support's directives on sole source selection procedures and ensuring competition.*

Need to include in procurement contracts a provision for liquidated damage when applicable

37. The United Nations Procurement Manual specifies that where appropriate, MINUSMA may include provisions for liquidated damages in solicitation documents and the relevant contracts and invoke such provisions when necessary.

38. A review of solicitation documents and contracts for 25 of 107 procurement activities indicated that MINUSMA did not: (a) include provisions for liquidated damages in eight contracts though it was applicable; and (b) invoke the provisions for liquidated damages against two contractors that failed to deliver the required aviation and car rental services. No justification for the failure to invoke liquidated damages was documented.

39. This above resulted as the Mission decided to exercise flexibility and did not consistently take actions to ensure that provisions for liquidated damage were included in appropriate contracts and invoked the clause during the start-up phase. As a result, MINUSMA missed the opportunity to enforce the provision of liquidated damages when the vendors failed to properly deliver the required good and/or services as described above.

**(8) MINUSMA should take appropriate actions to consistently include provisions for liquidated damages in solicitation documents and contracts and invoke such provisions when applicable.**

*MINUSMA accepted recommendation 8 and stated that, with the deployment of Umoja, liquidated*

*damages could be enforced systematically. MINUSMA also advised that it had revised the templates for solicitation documents, contracts and purchase orders to incorporate a provision for liquidated damage. Recommendation 8 remains open pending OIOS verification that liquidated damages are included in contracts and enforced when contractors fail to deliver the required goods and services.*

#### Need for complete procurement case files

40. The United Nations Procurement Manual requires MINUSMA to maintain procurement case files that should include at least the list of vendors invited to participate in the bidding process; the statements of award, the technical and financial evaluations, the source selection plans and the letters of regret.

41. A review of the case files for 57 out of 107 procurement actions indicated that MINUSMA did not consistently maintain the required procurement documentation. For example: the case files for 7 procurement actions did not include the list of invitees, 17 did not contain the statement of awards, and 28 did not include letters of regret sent to unsuccessful bidders.

42. The above resulted because especially during the start-up phase, the Mission did not implement effective supervisory procedures to ensure adequacy of documentation for procurement case files. As a result, there was an increased risk that procurement case files did not contain documents to fully support all procurement actions.

**(9) MINUSMA should implement effective supervisory procedures to maintain up-to-date and complete procurement case files.**

*MINUSMA accepted recommendation 9 and stated that it had developed standard operating procedures to clarify the tasks and responsibilities of procurement staff members. The Chief Procurement Officer and his deputy had established and implemented an effective oversight mechanism to ensure that the staff members complied with the requirements of the standard operating procedures. Based on the action taken and documentation provided by MINUSMA, recommendation 9 has been closed.*

#### Low value acquisitions needed improvement

43. The United Nations Procurement Manual and the Field Finance Procedures Guidelines require SAUs to use the direct method of purchasing for low value acquisition of services or goods valued up to \$4,000. MINUSMA certifying and approving officers are responsible for verifying that SAUs comply with the low value acquisitions requirements.

44. A review of 47 low value acquisitions valued at \$198,354 out of 846 low value acquisitions valued at \$2 million processed by MINUSMA since its inception in July 2013, indicated that the Mission did not consistently comply with the low value acquisitions requirements. For example: (a) for 23 low value acquisitions valued at \$122,945, there was no evidence that SAUs obtained the required three quotations for each purchase; (b) for 36 low value acquisitions valued at \$175,510, SAUs did not attach the Asset Material Management Unit Reports to ascertain that the required materials were not available in the warehouse; and (c) the Engineering Section circumvented the low value acquisition threshold of \$4,000 by splitting one acquisition of construction materials amounting to \$7,966 into two low value acquisitions of \$3,983 each.

45. The above resulted as approving and certifying officers were not systematically reviewing and approving low value acquisitions. As a result, there was an unmitigated risk of abuse of the low value acquisitions policy as presented above.

**(10) MINUSMA should take action to ensure that approving officers and certifying officers adequately review controls over the use of the low value acquisition policy.**

*MINUSMA accepted recommendation 10 and stated that it would remind certifying and approving officers of their responsibility for verifying that SAUs comply with the United Nations low value acquisition policy. Recommendation 10 remains open pending receipt of evidence that MINUSMA has issued the reminder to certifying and approving officers and that the SAUs are complying with the United Nations low value acquisition policy.*

#### **IV. ACKNOWLEDGEMENT**

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

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

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	MINUSMA should monitor its procurement authority and take prompt corrective actions to ensure that staff comply with their respective delegated authority	Important	C	Action taken	Implemented
2	MINUSMA should take actions to ensure that all staff with principal duties for the procurement of goods and services file their financial disclosure and declaration of interest statements with the Ethics Office annually	Important	C	Action taken	Implemented
3	MINUSMA should take action to ensure complete and reliable acquisition plans are prepared and ensure that requisitioners are provided with necessary training to develop acquisition plans	Important	C	Action taken	Implemented
4	MINUSMA should take appropriate actions to ensure that: the procurement officers comply with the source selection requirements including the assessment and the mitigation of the procurement related-risks	Important	C	Action taken	Implemented
5	MINUSMA should implement an effective mechanism to identify and only invite qualified vendors to participate in bidding exercises	Important	O	OIOS verification that procurement officers exercise due diligence in inviting only those registered vendors that can deliver the required goods and services to participate in bidding exercises.	September 2016
6	MINUSMA should discontinue the process of changing the evaluation criteria after the solicitation documents have been issued and	Important	O	OIOS verification that MINUSMA has discontinued the process of changing the evaluation criteria after the solicitation	September 2016

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

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by MINUSMA in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	bids/proposals received, and take actions to ensure that the Procurement Section establish realistic evaluation criteria and scoring methodologies for procurement actions			documents have been issued.	
7	MINUSMA should take appropriate action to ensure that requisitioners and procurement officers comply with the requirements for the use of sole source selection.	Important	O	OIOS verification that procurement officers and self-accounting units have enforced the Director of Mission Support's directives on sole source selection procedures and ensuring competition.	September 2016
8	MINUSMA should take appropriate actions to consistently include provisions for liquidated damages in solicitation documents and contracts and invoke such provisions when applicable.	Important	O	OIOS verification that liquidated damages are included in contracts and enforced when contractors fail to deliver the required goods and services.	September 2016
9	MINUSMA should implement effective supervisory procedures to maintain up-to-date and complete procurement case files.	Important	C	Action taken	Implemented
10	MINUSMA should take action to ensure that approving officers and certifying officers adequately review controls over the use of the low value acquisition policy.	Important	O	Receipt of evidence that MINUSMA has issued the reminder to certifying and approving officers and that the SAUs are complying with the United Nations low value acquisition policy.	30 October 2016

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should monitor its procurement authority and take prompt corrective actions to ensure that staff comply with their respective delegated authority	Important	Yes	CPO/DMS	Implemented	<p>The recommendation is fully implemented. Staff members' compliance with their delegated procurement authority is enforced in Umoja, and the system does not allow staff members to approve matters that are above their threshold authorities. However, the system is designed in such a way that during the absence of the Chief Procurement Officer (CPO), the system allows the officer-in-charge (OIC) authority to approve on behalf of the CPO (above the delegated authority of the staff member appointed as OIC) so that there would be no delays in the procurement process.</p> <p>In order to formalize this process, the Procurement Section and coordination in the office of the DMS have agreed and already issued an inter-office memorandum that formalizes the sub-delegation of the officer-in-charge.</p>
2	MINUSMA should take actions to ensure that all staff with principal duties for the procurement of goods and services file their	Important	Yes	Risk Management and Compliance	Implemented.	MINUSMA has already implemented a follow-up mechanism ahead of this recommendation.

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

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

## Management Response

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	financial disclosure and declaration of interest statements with the Ethics Office annually			Officer/ODMS		As of today, all MINUSMA staff submitted their financial disclosures.
3	MINUSMA should take action to ensure complete and reliable acquisition plans are prepared and ensure that requisitioners are provided with necessary training to develop acquisition plans	Important	Yes	CPO/ODMS	Implemented	<p>Since its inception, MINUSMA has introduced an acquisition plan that is mandatory for all SAUs to develop and forward to the Procurement Section at the beginning of a new fiscal year, and is updated every quarter for planning purposes.</p> <p>However, it should be noted that due to the hostile environment in which the Mission operates and the consistent attacks it faces during convoys and attacks on Mission premises, it is necessary to alter the acquisition plan based on Mission priorities.</p> <p>MINUSMA has also established a central acquisition unit that will deal with acquisition planning. Staff assigned in this unit have got the necessary training to develop acquisition plans.</p>
4	MINUSMA should take appropriate actions to ensure that: the procurement officers comply with the source selection requirements including the assessment and the mitigation of the procurement related risks	Important	Yes	CPO	Implemented	<p>The recommendation is fully implemented.</p> <p>In accordance with the procurement manual, risk assessment is already incorporated all throughout the MINUSMA Source Selection Plan. The source selection plan templates have</p>



## Management Response

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						also been amended to include a risk management section.
5	MINUSMA should implement an effective mechanism to identify and only invite qualified vendors to participate in bidding exercises	Important	Yes	CPO	Implemented	The recommendation is fully implemented Vendor registration in the UNGM is performed by UNHQ at different level based on vendors' submitted documents, capacity and expertise. The MINUSMA Procurement Section sends invitation via email messages to registered vendors at the different level. This is done in compliance with the procurement principle of transparency, fairness and effective international competition that allows all vendors registered in at the required level to submit their bids.
6	MINUSMA should discontinue the process of changing the evaluation criteria after the solicitation documents have been issued and bids/proposals received; and take actions to ensure that the Procurement Section establish realistic evaluation criteria and scoring methodologies for procurement actions	Important	Yes	CPO/SAUs Chief	Implemented	The recommendation is fully implemented. The procurement section consistently reviews the technical evaluation criteria developed by the requisitioners (SAUs) in the scope of work and included them in the source selection plan. After review, the Chief Procurement Officer and SAUs sign and approve the document before the solicitation document is published. No alteration is permitted to the technical evaluation criteria after the solicitation document is published.
7	MINUSMA should take appropriate action to ensure that requisitioners and procurement officers comply with the	Important	Yes	CPO, ODMS And SAUs	Implemented	The recommendation is fully implemented. MINUSMA management expects that the procurement section

## Management Response

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	requirements for the use of sole source selection.					<p>provide guidance to requisitioners on the procedures for the use of sole source selection and exigency procurement cases. To enforce this, on 6 April 2016 the DMS issued an interoffice memorandum (IOM) addressed to all Chiefs of SAUs to adhere to applicable financial and procurement rules and regulations, including avoidance of <i>ex post facto</i> procurement cases except on an exceptional, compelling, and/or emergency basis.</p> <p>The attached IOM also addressed the issue raised by the audit with respect to the requirement of conducting a competitive bidding process in all MINUSMA procurement of goods and services.</p>
8	MINUSMA should take appropriate actions to consistently include provisions for liquidated damages in solicitation documents and contracts and invoke such provisions when applicable.	Important	Yes	CPO, SAUs, and RSCE	Implemented	<p>The recommendation is fully implemented.</p> <p>It should be noted that liquidation damages are incorporated in the Umoja system and can be claimed/enforced. In addition, MINUSMA solicitations, contracts and purchase order templates have also been adjusted to include a provision regarding liquidation damages.</p> <p>Furthermore, MINUSMA Self-Accounting-Units and the Finance Section are aware of the liquidation damages included in the Mission's</p>

## Management Response

## Audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						contracts, and are reminded by the procurement section to enforce the liquidation damages provision against vendors who fail to comply with timely delivery of goods and services.
9	MINUSMA should implement effective supervisory procedures to maintain up-to-date and complete procurement case files.	Important	Yes	CPO/ODMS	Implemented	<p>The recommendation is fully implemented. In order to update and complete procurement case files, the procurement section has developed a standard operating procedure that outlines the procedures, duties, and responsibilities of staff members.</p> <p>The Chief Procurement Officer and his deputy enforce and implement an effective supervisory procedure so that the duties and responsibilities mentioned in the SOP are fulfilled.</p>
10	MINUSMA should take action to ensure that approving officers and certifying officers adequately review controls over the use of the low value acquisition policy.	Important	Yes	DDMS/SAO	30 October 2016	MINUSMA accepts the recommendation and will issue an administrative instruction that reminds certifying and approving officers' responsibility to check whether the low-value acquisition submitted for their review meets the requirements mentioned in the low-value acquisition policy before they approve documents in the system.