



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2016/153

Audit of procurement activities in the United Nations Assistance Mission for Iraq

Controls over procurement activities needed to be improved to be fully effective

12 December 2016

Assignment No. AP2016/812/01

Audit of procurement activities in the United Nations Assistance Mission for Iraq

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over procurement activities in the United Nations Assistance Mission for Iraq (UNAMI). The audit covered the period from 1 January 2014 to 31 March 2016 and included review of regulatory framework, acquisition planning, bid submission and evaluation, and contract administration.

UNAMI established a Local Committee on Contracts and trained its members; ensured procurement staff regularly filed financial disclosure and declaration of interest statements, prepared and monitored implementation of acquisition plans, and obtained bid and performance bonds to safeguard its interests. However, other controls over procurement activities needed to be improved to be fully effective.

OIOS made five important recommendations. To address issues identified in the audit, UNAMI needed to:

- Train members of the Tender Opening Committee;
- Build capacity of technical evaluation teams and ensure section chiefs of self-accounting units or end users adequately review technical evaluation reports prior to submission to the Procurement Section;
- Ensure procurement officers sign and date-stamp commercial bid abstracts;
- Review propriety of awarding a security services contract for \$197,600 and establish accountability for any inappropriate conduct; and
- Ensure vendor performance evaluation criteria are consistently developed and included in contractual documents, and vendor performance evaluations are conducted as required.

UNAMI accepted the recommendations and has initiated steps to implement them.

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Audit of procurement activities in the United Nations Assistance Mission for Iraq

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement activities in the United Nations Assistance Mission for Iraq (UNAMI).
2. For the period 1 January 2014 to 31 March 2016, UNAMI issued 1,169 purchase orders valued at \$51.2 million and awarded 110 contracts with not-to-exceed amounts totalling \$35.3 million, relating to catering (\$13.4 million), operation and maintenance of premises (\$10 million), fuel (\$3.9 million), building construction (\$2.4 million); and water (\$2.1 million).
3. Procurement of goods and services is governed by the United Nations Financial Regulations and Rules and the Procurement Manual. The Procurement Section in UNAMI ensures coordinated, efficient and economical purchase and delivery of goods and services to the Mission. The Section has two offices located in Iraq and Kuwait and is headed by a Chief Procurement Officer (CPO) at the P-4 level who is supported by 18 staff.
4. Comments provided by UNAMI are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over procurement activities in UNAMI.
6. This audit was included in the 2016 risk-based work plan of OIOS due to the operational and financial risks related to procurement activities.
7. OIOS conducted this audit from April to September 2016. The audit covered the period from 1 January 2014 to 31 March 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the procurement process, which included: regulatory framework, acquisition planning and solicitation, bid submission and evaluation and contract administration.
8. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of data; and (d) sample testing of procurement cases.

III. OVERALL CONCLUSION

9. UNAMI established a Local Committee on Contracts (LCC) and trained its members; ensured procurement staff regularly filed financial disclosure and declaration of interest statements, prepared and monitored implementation of acquisition plans, and obtained bid and performance bonds to safeguard its interests. However, other controls over procurement activities needed to be improved to be fully effective. In particular, the Mission needed to: (a) train members of the Tender Opening Committee (TOC); (b) build capacity of technical evaluation teams and ensure technical reports are adequately reviewed; (c) ensure that financial bid abstracts are signed and dated; (d) review the propriety of awarding a security services contract and establish accountability for any inappropriate conduct; and (e) include vendor performance evaluation criteria in contractual documents and conduct the evaluations consistently during contract periods and prior to contract renewal or extension.

IV. AUDIT RESULTS

A. Regulatory framework

LCC was established and members were trained

10. The administrative instruction on contract review committees (ST/AI/2011/8) requires missions to establish LCCs to review and render written advice on proposed procurement actions and establish their terms of reference (TORs). Three voting members of the LCC (including the Chairperson) shall constitute a quorum and members of the Committee shall recuse themselves from reviewing cases where they have a requisitioning role. The Chief, Mission Support (CMS) is to ensure that LCC members receive training prior to their appointments.

11. A review of the administrative circular on the establishment of LCCs indicated that the Committee was properly constituted. Training Unit records and follow-up discussions with the LCC Chairman and members confirmed that they had received the requisite training. A review of the sampled 17 out of 110 procurement cases valued at \$20.0 million indicated that 13 cases meeting the required thresholds were referred to the LCC for review. The LCC reviewed the cases and provided written recommendations to the CMS for approval. A quorum of three voting members was maintained in all the related LCC meetings. The audit did not note any instance where requisitioners served as members of the LCC for cases in which they had a requisitioning role. OIOS concluded that a functional LCC existed in UNAMI and its members had received the requisite training to perform their duties.

Mission staff regularly filed financial disclosure and declaration of interest statements

12. The Secretary-General's bulletin on financial disclosure and declaration of interest statements (ST/SGB/2006/6) and the Procurement Manual require all procurement officers and staff, whose principal duties involve the procurement of goods and services, to file financial disclosure and declaration of interest statements annually with the Ethics Office.

13. UNAMI identified and communicated the names of staff required to file financial disclosure and declaration of interest statements to the Ethics Office for the period under audit review. Comparison of the list of staff submitted by UNAMI to a list obtained by the audit from the Ethics Office indicated that all eligible staff with significant procurement, approval and certifying roles filed the requisite financial disclosure and declaration of interest statements. This mitigated the risk of conflict of interest and maintained the integrity of procurement activities. Also, the Ethics Office in January 2016 expressed appreciation for UNAMI's coordination of financial disclosures by staff. OIOS concluded that UNAMI had established adequate controls to ensure compliance with the policy on financial disclosure and declaration of interest.

B. Acquisition planning and solicitation

Acquisition plans were prepared and monitored

14. The Procurement Manual requires missions to develop annual acquisition plans to meet their needs for goods and services in a timely manner and at competitive pricing. The plans should be submitted to the Global Acquisition Planning Team (GAPT) in the United Nations Global Service Centre in Brindisi at the beginning of each budgetary period, followed by quarterly reports on their implementation.

15. The Procurement Section prepared acquisition plans for the years 2014 to 2016, which were submitted to GAPT. The audit obtained seven quarterly update reports submitted to GAPT by the Mission during the period under review. A review of acquisition plans and quarterly update reports indicated the following:

(a) In 2014, the Mission had not procured goods and services worth \$26 million (56 per cent of planned acquisitions) by the end of the third quarter. This was due to aviation, accommodation, catering and other related goods and services that were not purchased due to a three-month evacuation of staff from the Mission because of security reasons; and

(b) In 2015, the Mission had not procured goods and services worth \$33 million (62 per cent of planned acquisitions) by the year end due to a reduction of leased aircraft following a reassessment of Mission needs and a corresponding saving in aviation fuel cost.

16. In addition, UNAMI submitted the acquisition plan for 2016 in August 2016 instead of January, the beginning of the budgetary period. Correspondence between UNAMI and GAPT indicated that this was due to delays by GAPT in clarifying inconsistencies in the new planning template that had been noted by UNAMI. The inconsistencies were not resolved in a timely manner despite regular follow-ups. OIOS concluded that the Mission adequately prepared and reported on implementation of acquisition plans.

C. Bid submission and evaluation

Vendor response rate to solicitations was very low

17. The Procurement Manual specifies the minimum numbers of vendors to be invited based on the estimated values of acquisitions to promote best value for money, fairness, integrity, transparency, effective international competition and the interest of the United Nations.

18. OIOS review of requests for proposals/invitations to bid (RFPs/ITBs) and corresponding estimated values on requisitions/shopping carts relating to the sampled 17 procurement cases indicated that UNAMI invited the required number of vendors to participate in bidding exercises. For example, the Procurement Section invited on average 30 vendors in all nine solicitations with estimated values of between \$200,000 and \$1,000,000, which was 200 per cent more than the required 15 invitees established in the Procurement Manual. However, the number of respondents to solicitations was consistently low, averaging five bidders per solicitation. For example in one RFP for operation and maintenance services, 67 potential bidders were invited but only 4 responded. In another case, 33 vendors were invited but only 2 responded, including an unsolicited bidder.

19. The inability to attract adequate numbers of bidders was mainly due to the volatile security situation and difficulty for potential foreign vendors to obtain business registration licenses, visas and security passes from the host Government, which were mandatory requirements for participation in bidding exercises.

20. The low response rate limited competition and expertise, resulting in contracts being repeatedly awarded to a small pool of vendors who possessed the required documents. Consequently, 40 of the 110 contracts with a total not-to-exceed value of \$21.6 million were awarded to four locally registered vendors, with one accounting for 17 contracts valued at \$3.5 million. The award of so many contracts to the same vendor exposed the Mission to the risk of disruptions in the provision of goods or services in the

event of poor performance by the vendor, as was also highlighted by the LCC. It also limited the Mission's ability to enforce contractual obligations against nonperforming vendors.

21. To address this, UNAMI obtained additional badges from local security authorities for procurement staff to escort prospective vendors in its compounds, and developed standard operating procedures for exceptional escort support for contractors. In light of action taken by UNAMI to encourage vendors to respond to RFPs/ITBs, OIOS did not make a recommendation on this issue at this time.

TOC was not functioning efficiently

22. The Procurement Manual requires missions to establish TOCs and their TORs. The TOC should comprise at least two staff from offices that are not part of the Procurement Section or requisitioning offices. Submissions from unsolicited vendors shall be rejected except from vendors who appear to be affiliated to invitees (to be brought to the attention of and confirmed by the Procurement Section) or had been confirmed to be representatives of invitees prior to closing date.

23. UNAMI established TOCs based in Kuwait and Baghdad with clearly defined TORs. Bid submissions received were opened and recorded in bid abstract sheets by the TOCs. However, a review of solicitation documents and lists of invited vendors and bid abstract sheets relating to the sampled 17 cases indicated the following inconsistencies:

(a) The Procurement Manual requires financial proposals to be kept intact at a secure place pending completion of technical evaluation. The audit noted two instances of temporary misplacement of financial proposals prior to financial bid opening due to human error. The submissions were subsequently located, opened and evaluated; however, these incidents raised concern over security of unopened financial submissions;

(b) There were two instances of acceptance of late submissions: one by the TOC without justification and the other authorized by the CPO in response to an appeal by the vendor that the delay was attributed to a security incident. OIOS considers that in view of the volatile situation in the Mission area, occurrence of security incidents should be anticipated by the bidders, who should plan ahead to ensure timely submissions; and

(c) For one RFP, vendor C was not accepted because it had not been invited to bid, yet a bid from another unsolicited vendor D was accepted. The Procurement Section noted the error after receiving the bid opening sheet but, without reverting to the original invitee, sought clarification from vendor D, which provided a cover note indicating that it was a sister company of the invitee, to justify its inclusion. This indicated inconsistent treatment of submissions received from unsolicited vendors.

24. The exceptions noted above were due to inadequate scrutiny and human errors/omissions by the Procurement Section and the TOC. Previous OIOS procurement audits in UNAMI had also reported weaknesses in receiving, registering and opening of bids. Discussions with the CPO indicated that although training was not provided, the TORs of the TOC were sufficiently detailed to ensure the required guidance on receipt, safeguarding and opening of tenders. In addition, the Procurement Section had advised the chairpersons of TOCs to document and notify the CPO of any deviations relating to the bid opening process. The occurrence of such errors may compromise the fairness and transparency of the procurement process and adversely affect the reputation of the United Nations. To improve the handling of bids the Mission issued TOC standard operating procedures in September 2016, although these were not reviewed as they were issued while the audit was at reporting stage.

(1) UNAMI should provide training to members of the Tender Opening Committee to ensure adherence to their terms of reference and relevant provisions of the Procurement Manual in the handling and recording of bids.

UNAMI accepted recommendation 1 and stated that it had issued standard operating procedures and TORs to guide TOC members and other concerned parties. It would conduct training/workshops to ensure all TOC members were fully aware of their duties and relevant guidance. Recommendation 1 remains open pending receipt of evidence that TOC members have been provided with relevant guidance and training.

Need for improvement in conducting technical evaluations

25. The Procurement Manual requires the establishment of technical evaluation teams (TETs) to evaluate vendor submissions to assess each vendor's ability to satisfy the technical requirement(s) stipulated in solicitation documents and record their strengths and weaknesses. A supervisor and subordinate may not serve together on the same TET.

26. A review of source selection plans and TET reports relating to the sampled 17 cases indicated the following:

(a) Seven technical evaluation reports did not include detailed assessments of each vendor's ability to satisfy the technical requirements as well as descriptions of each bidder's strengths, weaknesses and reasons why bidders were deemed technically compliant or not. For example, for one ITB, the technical evaluation report summary read, "it seems that the proposal of vendor Y is technically compliant".

(b) The TET had to revise its report on another ITB, after the Procurement Section queried how a vendor that was already providing the same service at another location was considered technically non-compliant. One of the mandatory requirements for a third ITB was the ability to deliver fuel within three days of receipt of an order. However, two companies that proposed delivery dates of 5 and 10 days were still considered technically compliant. The CPO noted the non-adherence of the TET to the established evaluation criteria and sought clarifications from the companies to establish their ability to meet the requirement.

(c) Technical evaluations of two RFPs for the provision of catering services in two locations were conducted on 3 and 4 November 2014, respectively. Proposer A submitted the same set of technical proposals but was deemed technically noncompliant for one RFP, due to a poor mobilization plan, among other reasons and technically compliant for the other by the same TET.

(d) In six cases, supervisors and subordinates served together on TETs contrary to provisions of the Procurement Manual. Arithmetical and scoring errors were also noted in evaluations. While they did not change the award decisions, such inaccurate data could potentially lead to award of contracts to vendors whose bids may not be the most responsive.

27. The above occurred because staff serving on TETs did not have adequate capacity and had also not been trained on evaluation of technical proposals. Improper evaluation of bids could preclude the Mission from identifying the best vendors, increasing the risk of selecting vendors that might not be able to perform satisfactorily, especially given the low response to solicitations.

(2) UNAMI should implement measures to: (i) build capacity of technical evaluation teams by providing additional training to section chiefs and staff that frequently participate in technical evaluations; and (ii) ensure that section chiefs of the respective self-accounting units or end users adequately review technical evaluation reports prior to submission to the Procurement Section.

UNAMI accepted recommendation 2 and stated that it would conduct in-house training on technical evaluations for all section chiefs and concerned staff, and ensure that technical evaluation reports are reviewed and signed by respective section chiefs before submission to the Procurement Section. Recommendation 2 remains open pending receipt of evidence that all section chiefs and relevant staff have been trained and adequately review technical evaluation reports.

Commercial evaluation of financial proposals needed improvement

28. The Procurement Manual requires the procurement officer or commercial evaluation team to independently evaluate all cost and non-technical aspects of submissions, document the rationale for recommending a vendor for award and sign the evaluation report.

29. The Procurement Section conducted commercial evaluations of financial proposals and final evaluations taking into account the results of the technical evaluations to establish the vendor proposal most responsive to the requirements established in solicitation documents. These were recorded in bid abstracts. Vendors with the overall highest score, taking into account other factors such as acceptance of United Nations general conditions for contract, prompt payment discounts etc., were generally considered the most responsive and proposed for award. However, OIOS could not establish when the bid abstracts were prepared and by whom because they were not date stamped or signed. This hindered the assessment of compliance with timelines established in the source selection plan and diminished accountability. The CPO indicated that the abstracts were not signed as the procurement officer(s) that signed the LCC case presentations were also deemed responsible for the commercial evaluations.

(3) UNAMI should take action to ensure that procurement officers sign and date-stamp commercial bid abstracts to ensure accountability.

UNAMI accepted recommendation 3 and stated that all bid abstracts would be signed by responsible buyers and procurement officers. Recommendation 3 remains open pending receipt of evidence that bid abstracts are consistently signed and dated.

The award of a security services contract was irregular

30. All staff members are required to comply with the Procurement Manual, which provides guidance on procurement policies, procedures and practices to everyone involved in the procurement and acquisition processes and activities. A number of deviations from the Procurement Manual were observed in the award of a security services contract.

(a) A staff member in the Security Section requested for vendor B to be invited to participate in the solicitation exercise but did not declare that he had no conflict of interest, as required by the Procurement Manual.

(b) The TOC accepted an unsolicited bid from vendor A in response to the RFP as the name appeared to be related to that of invited vendor B (who did not submit a bid). However, the TOC did not bring this issue to the attention of the Procurement Section to confirm whether or not the companies were related. It turned out that although vendors A and B together with five other

separately registered companies were in the process of forming a group company, this transaction was not completed until October 2016. Nevertheless, vendor A's proposal was processed as if it had come from vendor B.

(c) The staff member who had recommended to the Procurement Section to invite vendor B, and his subordinate in the Security Section were both members of the TET. In addition, although vendor A had not provided mandatory documents such as vaccination certificates with its technical proposal and did not possess a business operating license to perform services in Iraq, it was assessed as technically compliant.

(d) The Procurement Section presented the case to the LCC for review, which recommended an award of contract to vendor B, who had not participated in the bidding. During deliberations of the case, LCC raised concern that the vendor might be unable to mobilize within the stipulated time, but the CPO stated that the company was recommended for the award since it had offered a lower price.

(e) The CMS approved an award of contract to vendor B on 4 June 2015 following the recommendation of the LCC. However, contrary to its own presentation, recommendation of the LCC and approval of the CMS, the Procurement Section issued a statement of award in favor of vendor A, on 16 June 2015. Also, without reverting to the original invitee, the Procurement Section advised vendor A to upgrade its registration from level 1 to level 2 in the United Nations Global Marketplace (UNGM). Vendor A, which had not previously been registered, applied for registration in UNGM for levels 1 and 2 on 11 June 2015. The CPO signed a contract valued at \$197,600 with vendor A on 7 July 2015, although it was not registered in UNGM until 30 August 2016 at level 1. In October 2016, the not-to-exceed value of the contract was further increased to \$338,285 due to an extension of contract until 17 May 2017. The Procurement Section included a note on the issue in the procurement file but did not advise the CMS or LCC that the selected vendor was not registered in UNGM at the time of award of contract.

(f) The vendor was unable to mobilize resources by the agreed date of 7 July 2015, due to delays in obtaining the mandatory documents, resulting in an amendment of the contract start date to 28 October 2015, 112 days after signing the contract instead of the stipulated 31 days.

31. OIOS concluded that the award of a contract to an unregistered and unsolicited vendor lacked consistency, fairness and transparency, and needed to be reviewed further.

(4) UNAMI should review the propriety of awarding a security services contract and establish accountability for any inappropriate conduct.

UNAMI accepted recommendation 4 and stated that it had confirmed that the contract was awarded to a sister company of the original invitee, which completed registration in UNGM in August 2016. UNAMI would follow up with UNGM to speed up the vendor registration process, organize training for TOC members and increase the level of scrutiny of all documents received from TOC. Recommendation 4 remains open pending receipt of the detailed report on the Mission's review of the award of the security services contract and evidence of action taken to strengthen internal controls.

D. Contract administration

Security instruments were obtained

32. The Procurement Manual requires the submission by vendors of security instruments to safeguard mission interests during solicitation processes and performance of a contract. Vendors are requested to extend the validity of performance bonds where the contractual obligation is not completed within the validity of the security instrument, or the contract is extended. Expiration of security instruments should be carefully monitored to ensure that the United Nations does not lose the benefit of coverage.

33. A review of 17 cases indicated that requirements of bid bonds were included in solicitation documents and that UNAMI ensured their timely submission. Performance bonds were obtained after contract awards and kept in the respective finance offices in Kuwait, Baghdad and Erbil. The audit team reviewed the records of performance bonds kept in Baghdad and Erbil and physically verified the 18 instruments maintained in Kuwait, and confirmed that all were valid. The Mission also regularly monitored the validity of performance bonds, requested replacements following contract amendments or expiries and enforced compliance. For instance, the Mission recovered the cost of performance bonds from payments due to two vendors when they failed to replace expired bonds. OIOS concluded that adequate controls were in place to ensure that security instruments were consistently obtained from vendors to secure the interests of the organization.

Controls over vendor performance evaluation needed improvement

34. The Procurement Manual requires requisitioners or the Contract Management Unit (CMU), if applicable, to develop vendor performance measurement criteria for inclusion in solicitation documents and contracts and to monitor and evaluate vendor performance regularly. Procurement officers and requisitioners must ensure that a satisfactory performance evaluation is on file before processing any amendments including extensions to existing contracts.

35. A review of 17 cases indicated that in 10 cases, performance measurement criteria were stipulated in statements of works, solicitation documents and contracts. In three cases, the performance criteria were included in the source selection plan but not in the contracts, while in four cases, no criteria were developed. However, irrespective of whether requisite criteria for evaluation were developed and included in the contracts, satisfactory contractor performance reports were prepared in 13 of the 14 cases requiring extensions. Seven of the performance reports were available in relevant case files, while the Procurement Section provided the remaining six after audit inquiry. In one case, the Mission extended a contract in February 2015 without a satisfactory performance evaluation.

36. OIOS identified inconsistencies in holding regular performance review meetings and documenting minutes. Only one section held regular performance review meetings on a monthly basis and documented the minutes as required; while in seven cases, the respective sections held meetings once or twice during contract periods; and in nine cases performance review meetings were not held.

37. The above occurred due to inadequate oversight and lack of prioritization of regular evaluations of vendor performance by requisitioners or CMU. However, the Contracts Management Officer who came on board in June 2015, reminded section chiefs to prepare performance evaluation reports in August 2015. The CMU was in the process of developing guidance on vendor performance evaluation during the audit.

38. As a result of inadequate performance evaluation criteria, there was an increased risk that some vendors could be offering sub-standard goods or services, or that the Mission could be renewing contracts based on inadequate performance evaluations. For example, in contract Y, the vendor had performed poorly since the beginning of the contract on 16 April 2014, as highlighted in performance review meetings with the vendor. However, UNAMI extended the contract four times in less than a year pending selection of a new vendor. The same contractor was engaged to provide other services by amending the existing contract. In two other contracts there were inconsistencies between the negative feedback recorded in the minutes of performance review meetings and positive contractor performance reports prepared for contract extensions.

(5) UNAMI should take action to ensure that: (i) vendor performance evaluation criteria are consistently developed and included in contractual documents; and (ii) the Contract Management Unit monitors and coordinates with requisitioners/end users to conduct vendor performance evaluations during contract periods and prior to extending or renewing contracts.

UNAMI accepted recommendation 5 and stated that it would review and strengthen the process to ensure vendor performance evaluation criteria are attached to statements of works. CMU, in notifying requisitioners about upcoming contract expiration dates, would also remind them to accompany requests for extension or renewal of contracts with a contractor performance evaluation. Recommendation 5 remains open pending receipt of evidence of implementation of these actions.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement activities in the United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMI should provide training to members of the Tender Opening Committee to ensure adherence to their terms of reference and relevant provisions of the Procurement Manual in the handling and recording of bids.	Important	O	Submission of evidence of training provided to TOC members.	28 February 2017
2	UNAMI should implement measures to: (i) build capacity of technical evaluation teams by providing additional training to section chiefs and staff that frequently participate in technical evaluations; and (ii) ensure that section chiefs of the respective self-accounting units or end users adequately review technical evaluation reports prior to submission to the Procurement Section.	Important	O	Submission of evidence that all section chiefs and relevant staff have been trained and adequately review technical evaluation reports.	28 February 2017
3	UNAMI should take action to ensure that procurement officers sign and date-stamp commercial bid abstracts to ensure accountability.	Important	O	Submission of evidence that commercial bid abstracts are consistently signed and dated by procurement officers.	31 December 2016
4	UNAMI should review the propriety of awarding a security services contract and establish accountability for any inappropriate conduct.	Important	O	Submission of the detailed report on the Mission's review of the award of a security services contract and evidence of action taken to strengthen internal controls.	28 February 2017
5	UNAMI should take action to ensure that: (i) vendor performance evaluation criteria are consistently developed and included in contractual documents; and that (ii) the Contract Management Unit monitors and coordinates with requisitioners/end users to conduct vendor	Important	O	Submission of evidence that performance evaluation criteria are consistently developed and included in solicitation documents and contracts; and that vendor performance evaluations and meetings are conducted during contract periods.	31 December 2016

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by UNAMI in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement activities in the United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	performance evaluations during contract periods and prior to extending or renewing contracts.				

APPENDIX I

Management Response

Management Response

Audit of procurement activities in the United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMI should provide training to members of the Tender Opening Committee to ensure adherence to their terms of reference and relevant provisions of the Procurement Manual in the handling and recording of bids.	Important	Yes	Senior Administrative Officer	28/02/17	UNAMI has put in place controls through issuance of an SOP and Terms of Reference (TORs) of TOC for guidance of the members of TOC and other concerned parties. UNAMI will conduct TOC training/workshops to ensure all members of TOC are fully aware of their duties, relevant provision of Procurement Manual and their Terms of Reference.
2	UNAMI should implement measures to: (i) build capacity of technical evaluation teams by providing additional training to section chiefs and staff that frequently participate in technical evaluations; and (ii) ensure that section chiefs of the respective self-accounting units or end users adequately review technical evaluation reports prior to submission to the Procurement Section.	Important	Yes	Senior Administrative Officer	28/02/17	UNAMI will conduct in house training on technical evaluation for all section chiefs and concerned staff. UNAMI will strengthen its internal procedures to ensure that "Technical Evaluation Reports" will be reviewed and signed by section chiefs of respective SAUs prior its submission to Procurement.
3	UNAMI should take action to ensure that procurement officers sign and date-stamp commercial bid abstracts to ensure accountability.	Important	Yes	Chief Procurement Officer	31/12/16	UNAMI has implemented that all bid abstracts are signed by the Buyer and a Procurement Officer in addition to their signatures on the LCC/HCC case presentations to which bid abstracts are attached.

¹ 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.

² 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 procurement activities in the United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UNAMI should review the propriety of awarding contract X and establish accountability for any inappropriate conduct.	Important	Yes	Chief Procurement Officer	28/02/17	UNAMI confirmed that contract X was awarded to a sister company of the original invitee which completed the required UNGM Level 1 registration on 30-Aug-2016. As preventive measures, UNAMI will a) Follow up with UNGM to speed up the vendor registration process; b) organize training for TOC members and c) increase the procurement scrutiny of all documents received from TOC.
5	UNAMI should take action to ensure that: (i) vendor performance evaluation criteria are consistently developed and included in contractual documents; and that (ii) the Contract Management Unit monitors and coordinates with requisitioners/end users to conduct vendor performance evaluations during contract periods and prior to extending or renewing contracts.	Important	Yes	Chief Contract Management Unit	31/12/16	(i) Vendor performance evaluation criteria are normally attached to the Statement of Work (SOW) as an annex. UNAMI will review and consider strengthening the process to address any deficiencies. (ii) UNAMI through Contracts Management Unit (CMU) sends reminders to all SAUs to hold performance meetings. CMU receives a copy of these meeting minutes and reviews them as part of the process of evaluating the contractor's performance. CMU sends out notification to all SAUs ninety (90) days prior to a contract expiry date. Effective December 2016 those notifications also state "all request for extension or renewal of contracts must be accompanied with a contractor performance evaluation".