



## INTERNAL AUDIT DIVISION

### REPORT 2019/008

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Audit of local procurement in the  
United Nations Mission in the Republic  
of South Sudan

The Mission needed to strengthen controls in  
areas related to financial disclosure,  
technical evaluation of bids and low value  
purchases

5 March 2019  
Assignment No. AP2018/633/02

# **Audit of local procurement in the United Nations Mission in the Republic of South Sudan**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Mission in the Republic of South Sudan (UNMISS). The objective of the audit was to assess whether UNMISS procured the required goods and services at competitive prices in a timely manner and in accordance with established policies, guidelines and procedures governing procurement activities. The audit covered the period from 1 July 2016 to 31 August 2018 and included a review of procurement governance and operations.

UNMISS had effective controls over the use of delegated authority and was taking steps to consolidate all its acquisition requirements. However, the Mission needed to strengthen controls in areas related to financial disclosure, technical evaluation of bids and low value purchases.

OIOS made six recommendations. To address issues identified in the audit, UNMISS needed to:

- Strengthen its measures such as reminding staff of their responsibilities to complete the annual financial disclosure and declaration of interest statement to identify and mitigate any conflict of interest;
- Amend the agreement with the contractor providing supermarket services to incorporate the United Nations General Conditions of Contract;
- Provide additional training to staff tasked with formulating procurement documents and conducting technical evaluations;
- Remind requisitioners to ensure they regularly review their requirements and raise shopping carts with sufficient lead time taking into account the procurement processing and delivery time and implement mechanisms for monitoring delays and expediting completion of procurement activities;
- Ensure members of the Local Committee on Contracts attend the requisite basic and advanced training courses; and
- Establish a system of monitoring low value acquisitions to ensure they are not used to procure recurrent requirements and/or to avoid the competitive procurement process.

UNMISS accepted the recommendations and has initiated action to implement them.

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# Audit of local procurement in the United Nations Mission in the Republic of South Sudan

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Mission in the Republic of South Sudan (UNMISS).

2. The acquisition of goods, services and works is an important support function for the Mission to achieve its mandate. The UNMISS Procurement Section is responsible for procuring goods, services and other requirements for the Mission and technical units are responsible for identifying their respective needs and for developing related specifications.

3. The Procurement Section is headed by a Chief Procurement Officer (CPO) at the P-5 level and reports to the Chief, Supply Chain Management. The Section has 33 approved posts: 25 in the Juba UNMISS headquarters and 8 at the Regional Procurement Office (RPO) in Entebbe, Uganda. The United Nations Financial Regulations and Rules and the Procurement Manual govern local procurement activities in UNMISS.

4. From 1 July 2016 to 31 August 2018, UNMISS procured \$560.3 million worth of goods, services and works through the establishment of local contracts and systems contracts established by the Procurement Division in New York and RPO, as shown in Table 1. In addition, low value acquisitions (LVAs)<sup>1</sup> in the Mission totaled \$6 million for the same period.

Table 1  
Value of items procured from 1 July 2016 to 31 August 2018

Period	Value (millions of United States dollars)			
	Local contracts	Procurement Division and RPO contracts	Total value of items procured	Low value acquisitions not included in total procurement
2016/2017	70.8	182.0	<b>252.8</b>	2.6
2017/2018	47.4	173.8	<b>221.2</b>	3.1
July-August 2018	0.1	86.2	<b>86.3</b>	0.3
<b>Total</b>	<b>118.3</b>	<b>442.0</b>	<b>560.3</b>	<b>6.0</b>

Source: OIOS analysis of UNMISS procurement data

5. Comments provided by UNMISS are incorporated in italics.

<sup>1</sup> Procurement of goods and services with values up to a maximum of \$10,000

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess whether UNMISS procured the required goods and services at competitive prices in a timely manner and in accordance with established policies, guidelines and procedures governing procurement activities.
7. This audit was included in the 2018 risk-based work plan of OIOS due to financial, operational and reputational risks associated with the procurement of goods and services.
8. OIOS conducted this audit from March to December 2018. The audit covered the period from 1 July 2016 to 31 August 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the local procurement, which included: governance and procurement activities including acquisition planning, development of requirements and specifications, the solicitation process, evaluation of bids and proposals, awarding of contracts, approval and processing of purchase orders.
9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of 60 procurement cases totaling \$60 million out of the total of 460 cases totaling \$118.3 million using judgmental sampling.
10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Governance**

#### Procurement activities were conducted within the approved delegation of authority

11. The Director of Mission Support (DMS) had delegated authority to procure goods and services up to \$1 million for core requirements and \$0.5 million for non-core requirements up until 21 September 2017 when it was changed to \$1 million for all but special requirements and can sub-delegate his/her procurement authority to other staff within specified limits. UNMISS is required to submit to the Headquarters Committee on Contracts (HCC) for review of procurement actions exceeding specified thresholds for core and non-core requirements. For requirements or procurement actions that are outside of the procurement authority delegated to the DMS, UNMISS is required to seek the approval of the Procurement Division for local procurement authority (LPA) to conduct the procurement exercise locally.
12. An analysis of all 711 purchase orders relating to items procured from locally established contracts totaling \$118.3 million and review of 60 local procurement contracts amounting to \$60 million showed that the DMS entered into financial commitments in accordance with delegated authority limits. The DMS further sub-delegated authority in writing to the CPO and six other procurement officials in accordance with the limits stipulated in the Manual. All procurement actions reviewed including those exceeding thresholds for core and non-core requirements were conducted in accordance with delegated authorities, submitted to relevant committees for review and, where needed, LPA was granted to the Mission prior to commencement of procurement action.
13. OIOS concluded that procurement activities were conducted in accordance with delegation of authority limits.

Some staff were not systematically completing their annual financial disclosure requirements

14. Staff members principally involved in the procurement of goods and services for the Organization are required to file annual financial disclosure and declaration of interest statements through a secure website managed by the United Nations Ethics Office. In accordance with the Procurement Manual, the structure, size and composition of the Procurement Section should adequately support efficient and effective procurement of goods, services and works required by the Mission.

15. The Procurement Section was adequately structured with a P-5 CPO as the Head of the Section. To ensure prompt processing of procurement actions, the Section was supported by five administrative staff and activities were divided among three units, headed by a P-4, with at least five staff in each unit. OIOS review of 60 procurement cases showed that unit chiefs reviewed, and approved tasks performed by other procurement officers and assistants, while the CPO reviewed tasks performed by the unit chiefs. The structure and distribution of functions allowed for adequate supervisory review of the Section's activities. In addition, all procurement staff had the requisite qualifications and experience and had completed all mandatory procurement training courses. UNMISS had also entered into a three-year contract with the Chartered Institute of Procurement and Supply for the continuous professional development and training of procurement staff.

16. Also, UNMISS conducted, in February 2018, a workshop to assess areas of potential exposure to fraud risks and associated mitigating measures. The outcome of this workshop showed that UNMISS had identified similar procurement fraud risks as those included in the United Nations Secretariat Fraud and Corruption Risk Register. The exercise also identified procurement fraud risks and the associated internal controls and risk responses. UNMISS also in May 2018 conducted a review of its procurement fraud risks and associated mitigating measures included in its risk register. The associated mitigating measures were specific and aimed at addressing the identified risks. The implemented mitigating measures such as mandatory integrity training and enforcement of ethical standards of conduct were adequate in reducing the likelihood of fraud. UNMISS intends to conduct this exercise semi-annually.

17. The controls, including the structure, size and composition of the Procurement Section and regular assessment of procurement fraud risks, allowed for adequate segregation of procurement-related activities. However, not all procurement staff were completing and filing the Organization's annual financial disclosure and declaration of interest statement with the Ethics Office. Nine of 33 (27 per cent) and 2 of 38 (5 per cent) procurement staff did not file required disclosure statements for the years ended February 2016 and February 2017 respectively, despite periodic reminders from the Ethics Office and follow up by Human Resources Section.

18. This occurred because UNMISS did not effectively enforce its measures to ensure that staff complied with the annual financial disclosure requirement and that staff who failed to comply were precluded from performing procurement-related functions. As a result, potential risks of personal conflicts of interest were not sufficiently mitigated.

**(1) UNMISS should strengthen its measures such as reminding staff of their responsibilities to complete the annual financial disclosure and declaration of interest statement to identify and mitigate any conflict of interest.**

*UNMISS accepted recommendation 1 and stated that it will submit the related documentary evidence to OIOS. Recommendation 1 remains open pending receipt of evidence that all relevant staff members have completed the financial disclosure requirement.*

### Key performance indicators were properly established and regularly monitored

19. UNMISS, in its results-based budget, properly established expected accomplishments and planned outputs that were specific, measurable and reasonable for its procurement activities. A review of the Section's monitoring reports on its key performance indicators and activities implemented during the audit period showed that the Section compiled relevant data using an excel-based procurement monitoring tool. Some indicators were continuously monitored and others on a quarterly basis.

20. Overall, the Procurement Section achieved 80 per cent of its 24 work plan deliverables during the 2017/18 period. For example, it achieved its goal of a quantitative reduction (3 per cent) in one-time purchase orders and increase (5 per cent) in purchase orders issued against contracts. Also, the Section adequately coordinated with technical units to establish and amend local contracts. However, the Section could not accomplish its goals: (i) to undertake local vendor development activities to increase their participation in solicitations due to restrictions imposed by the local government; and (ii) facilitating receipt of goods and services on target as 30 of 60 procurement cases reviewed were delayed, as referred to later in the report.

## **B. Procurement operations**

### Requisitioners did not properly formulate specifications of their requirements

21. The Procurement Manual requires requisitioners to: (a) develop acquisition plans no later than six months prior to the intended receipt of the goods, services or works that include estimated quantities, value and delivery dates; (b) use their best efforts to accurately describe needed goods, services or works in specifications, statement of works (SOWs) or terms of reference (TORs).

22. All technical units adequately prepared their annual acquisition plans and the Mission consolidated them into an overall Mission acquisition plan. The individual and consolidated plans were reviewed and updated quarterly. OIOS review of specifications/SOWs/TORs for 60 solicitations showed that requisitioners had adequately described their needs in all but four cases. One of these four cases related to the procurement of supermarket services, which is dealt with in the report below. For the other three, two involving information and communications technology services and one for building construction, the specifications and SOW were unclear or inaccurate, resulting in several requests for clarifications from vendors. This in turn resulted in delays in the completion of the solicitation process and cost over-runs. For example, a building construction was delayed by six months and the project cost increased by 45 per cent (or \$157,000).

23. The above occurred because of inadequate training of requisitioners on developing requirements, formulating SOWs and TORs. This issue would be addressed by the Mission's implementation of recommendation 3 in this report.

### The Mission was taking steps to consolidate similar procurement requirements

24. To facilitate prompt processing of procurement requirements, minimize the number of time-consuming and repetitive solicitations for the same items, and achieve economies of scale, UNMISS is required to establish systems contracts for recurring items.

25. An analysis of goods and services showed that the Procurement Section was consolidating similar requirements from various sections/units and procuring through systems contracts items such as freight, mix concrete and aggregates, customs clearance and printing. UNMISS was also working with United Nations agencies to secure lower contract prices and economies of scale and entered into a contract with

them for unarmed security services. This approach resulted in cost savings, with UNMISS being able to obtain more competitive prices due to bulk buying. For instance, UNMISS was able to procure mix concrete and aggregates at unit prices that were 42 per cent and 59 per cent, respectively, lower compared to those previously paid through stand-alone purchase orders. OIOS concluded that the Mission was taking meaningful steps to consolidate similar procurement actions.

#### Level of response from vendors to solicitations was low due to the operating environment

26. The Procurement Manual requires formal methods of solicitations for requirements more than \$40,000 and informal methods for those estimated at up to \$40,000. OIOS review of 60 procurement cases showed that appropriate methods of solicitation were used based on the value and types of items being procured, 44 of which were formal solicitations and 16 were informal solicitations.

27. The Mission was advertising expressions of interest in local papers, UNMISS, United Nations Procurement Division and UNGM websites to encourage vendors to participate in solicitations. In the sample selected, the Mission also invited the recommended minimum number of vendors to participate in all but 7 of the 60 cases reviewed. In two cases the recommended number was not invited due to security considerations, and for the other five cases, the Procurement Section had determined through the results of a market research that there was no competitive market for the requirements and therefore, procured the goods through a sole source. This is discussed below.

28. In general, the average response rate to solicitations was low with an average of 31 per cent for formal solicitations and 32 per cent for informal solicitations. There were also four cases in the OIOS sample where, although UNMISS invited an average of 15 vendors, only one qualified bid/proposal was received, and contracts were awarded based on sole bid/proposal received. In all formal solicitations, the Procurement Section followed up with invited vendors by email to obtain reasons for not responding, which included lack of capacity, other business commitments, and insufficient profit margin. As mentioned above, UNMISS outreach activities to vendors were limited due to restrictions imposed by the local government, insecurity and poor infrastructure. UNMISS was of the view, considering these challenges, that the response rate was acceptable. In view of the explanations provided, no recommendation was made.

#### Need to revise memorandums of understanding for supermarket services

29. Five of the 44 formal solicitation procurement cases reviewed by OIOS were awarded without a competitive bidding process being carried out. UNMISS justified three of them on the basis that there was a lack of a competitive market place, subsequent to conducting market research. This included the procurement of satellite services, maintenance and support services for communication systems, and repair and maintenance services for card printing machines. These awards were within the CPO's delegated authority and approved by the DMS. For the other two cases, one related to property leased for staff accommodation in Juba that had security to consider, and the lease of necessary land to facilitate water piping and collection in a region. Both cases were reviewed and approved in accordance with specified limits and requirements of Procurement Manual.

30. From the sample selected, one case was awarded for the construction, maintenance and operation of a local supermarket in two Mission locations in Juba. The Mission had entered into direct negotiation with one vendor and there was no evidence that other vendors were contacted. The Mission advised that the requirement was not advertised based on the results of a market research conducted shortly after the July 2016 security crisis in Juba which identified the selected vendor as the only eligible and viable option. However, these decisions were not documented. The procurement case was not reviewed by the Local Committee on Contracts (LCC), as it was within the delegated threshold of the DMS.



31. The Mission entered into memorandums of understanding (MoUs) for the provision of services in both locations. The Mission advised that it signed a MoU with the vendor because of the force majeure situation arising from the 2016 civil war in the country and the need to rapidly mobilize the service for the Mission personnel as the security situation made it dangerous for staff to go into Juba city. These MoUs, however, did not include or refer to the need to comply with the United Nations General Conditions of Contract. Further, the duration of the MoUs provided for an initial two years with automatic renewal for two additional periods of two years each, contrary to the Mission's standard contract duration of an initial two years with renewal at the option of UNMISS for two periods of one year each. This increased the risk that the United Nations conditions may not be complied with.

**(2) UNMISS should amend the memorandum of understanding with the contractor for the provision of supermarket services to incorporate the United Nations General Conditions of Contract for the provision of goods and services.**

*UNMISS accepted recommendation 2 and stated that the Mission's Legal Affairs Unit has advised that it would be inappropriate to amend the MoU to include the United Nations General Conditions of Contract for the provision of goods and services, as the said conditions specifically apply to contracts and not to MoU instruments. The Mission is working to rectify the agreement framework for the provision of supermarket services by conducting a full commercial sourcing exercise through the Procurement Section and will then establish a contract with the awarded vendor. The General Conditions of Contract will be annexed to the new contract that will be established with the vendor that will be selected via a competitive procurement process. Recommendation 2 remains open pending receipt of a new contract with a vendor selected through a competitive procurement process incorporating the United Nations General Conditions of Contract.*

Controls over tender receipt, safeguarding and opening were satisfactory

32. UNMISS had established a Tender Opening Committee (TOC) with appropriate composition and enough members to ensure availability of staff, given their frequent turnaround. A review of TOC activities showed that: (a) all hand-delivered and electronic submissions were adequately secured prior to bid openings; and (b) all vendor submissions in response to a request for proposal were submitted in separate envelopes with commercial offers opened after the results of the technical evaluations. All bids/proposals were date and time stamped and bid abstracts were prepared and signed by TOC members in attendance. There was one oversight noted, but this was promptly corrected. Also, those bids/proposals that were submitted late and where procurement officials were copied in their electronic submissions were rejected in accordance with tender opening procedures.

33. OIOS concluded that controls over tender receipt, safeguarding and opening were satisfactory.

Technical evaluations were not always conducted properly

34. The Procurement Manual requires UNMISS to establish technical and commercial evaluation teams to evaluate vendors' bids/proposals for goods or services with an estimated value of \$200,000 or more.

35. From the sample of formal solicitations, UNMISS had established the appropriate technical and commercial evaluation teams. OIOS review assessed that commercial evaluations were correctly conducted. Also, for most of the cases reviewed, the technical evaluation of bids/proposals was conducted using the pre-established criteria and scoring methodologies reflected in the solicitation documents. However, in six cases some errors and oversights were made, including: (a) scores being allocated without considering the specific capabilities of vendors; (b) lack of clear justification for allocation of scores for

purchase of unarmed security services; (c) insufficient explanations about the ratings provided when evaluating accommodation for aircrew; and (d) for no documented reason why bidders were technically cleared without providing the relevant supporting documents. There were also some discrepancies between the technical evaluation matrix and corresponding narratives for the procurement.

36. The above occurred as there was a need for additional training of requisitioners on conducting of technical evaluations. The lack of properly conducted technical evaluations from the outset resulted in delays in the procurement process, and additional administrative burden when technical evaluations had to be redone or revised.

**(3) UNMISS should provide additional training to staff tasked with formulating procurement documents and conducting technical evaluations.**

*UNMISS accepted recommendation 3 and stated that the Procurement Section conducts reviews and meetings with technical sections to ensure that SOW is “fit to bid”. The Procurement Section emphasizes the importance of complying with the source selection plan and the guiding standard operating procedures in conducting the evaluation. Nevertheless, UNMISS shall also provide additional in-house training to requisitioners to enhance their skills in this field. Recommendation 3 remains open pending receipt of evidence that staff have been trained in formulating procurement documents and performing technical evaluation.*

Procurement delivery was not always timely

37. The Procurement Manual requires requisitioners to provide adequate lead time for the procurement process to be properly completed. The Manual provides estimated timelines for typical procurement activities, for instance, the estimated time from raising of the shopping cart to contract award for a request for quotation (RFQ) is between 21 to 50 days; for an invitation to bid (ITB) is between 73 to 153 days; and for a request for proposal (RFP) is between 143 to 357 days.

38. An analysis of all 367 shopping carts processed showed that technical units did not always provide enough lead time for fulfilling some requirements. For instance, about 30 per cent of ITBs only provided an average of 35 days, below the minimum of 73 days, and almost 50 per cent of RFP were also given 35 days, which was well below the minimum of 143 days.

39. Also, a review of the time taken by the Procurement Section to complete procurement activities from raising the shopping cart to award of contracts showed that procurement activities for 30 of the 60 procurement cases reviewed were completed within estimated time targets, while the remaining 30 cases were delayed, some of them significantly. Further analysis showed that there were delays in the tender opening and bid evaluation phases. For example, it took an average of 5 and 7 days to open tender documents of ITBs and RFPs respectively against the one-day target set. Also, bid evaluation took an average of 29 and 68 days more than the maximum set target of 15 and 45 days for ITBs and RFPs respectively.

40. The Mission was not systematically monitoring the time taken for the various stages in the procurement process to highlight delays or bottlenecks in the process in order to take action to address them in a timely manner. Other factors such as repeated technical evaluations due to errors, some LCC meetings were rescheduled, clarification of requirements requests from vendors, and negotiations with vendors for split awards also contributed to processing delays.

41. As a result, goods and services were not always delivered when required impacting operations. For instance, the level of rations for incoming troops were critically low in 2017 as replenishments were received six months late.

**(4) UNMISS should: (a) remind requisitioners to ensure they regularly review their requirements and raise shopping carts with sufficient lead time taking into account the procurement processing and delivery time; and (b) implement mechanisms for monitoring delays and expediting completion of procurement activities.**

*UNMISS accepted recommendation 4 and stated that a reminder has been sent to all Chiefs of the technical sections and their requisitioners reiterating the need to strictly adhere to the established procurement lead times when raising shopping carts. UNMISS is standardizing its tracking tools that all Procurement Units will use to monitor the time taken at the various stages of the acquisition process to identify and act/address any bottlenecks in the process. Umoja Business Intelligence reporting is being implemented, which will also be used to supplement the standardized tracking tools. Recommendation 4 remains open pending receipt of evidence of shopping carts being raised with sufficient lead time and a mechanism in place to monitor delays in procurement activities.*

#### The Mission provided training to the LCC members

42. The Mission established an LCC to review and provide advice to the DMS on proposed procurement actions. A review of the composition of the LCC, its terms of reference and minutes of 22 of the 40 LCC meetings indicated that it convened as and when required with appropriate voting members participating at meetings. The secretary, procurement officials and end-users attended meetings as non-voting members. A review of minutes of meetings noted that there was active participation by members, including adequately questioning delays in case presentations, the basis for arriving at proposed contract values and whether proposed vendors had the capacity to meet quality requirements where proposed costs appeared lower than other submissions. The LCC was also returning cases that failed to follow procurement procedures and did not recommend an award until all its concerns were addressed. For example, LCC withheld its recommendation until it received an analysis to determine whether it was beneficial to rebid a requirement for the construction of a staff welfare building or recommend an increase in the contract value.

43. However, not all members of the LCC had taken the basic and advanced training conducted in the Regional Service Centre in Entebbe due to competing priorities, work schedules and absences on official duty. This could hinder the quality of LCC meeting deliberations and impact on identifying non-compliance issues in a timely manner.

**(5) UNMISS should ensure members of the Local Committee on Contracts attend the requisite basic and advanced training courses.**

*UNMISS accepted recommendation 5 and stated that all 25 active LCC members have received the basic training and 15 have received the advanced training. Based on the action taken, recommendation 5 has been closed.*

#### Controls over low value acquisitions needed improvement

44. Technical units and procurement officers are permitted to directly procure low value goods and services through LVAs up to a maximum threshold of \$10,000. LVAs should not be used for recurring goods/services or items that can be procured under existing contracts.

45. The Mission issued 1,474 LVAs to procure goods/services valued at \$5.7 million during the audit period. Analysis of all LVAs showed that: goods/services procured were recurrent in nature; some orders were split appearing to bypass the procurement process; and LVAs were issued for goods and services that could have been purchased under existing contracts. For example:

- About 770 of 1,474 LVAs (52 per cent) totaling \$2.3 million were issued to 24 suppliers to procure recurrent needs such as sand and aggregates, plumbing materials and conference services. Each vendor received between 15 and 60 LVAs, which when totaled exceeded \$40,000 on average;
- Purchase orders for sand and aggregates (three orders totaling \$28,991), plumbing materials (two orders totaling \$19,244) and conference services (three orders totaling \$22,690) appeared to be split to avoid the maximum threshold of \$10,000 as the orders were issued on and around the same dates; and
- An LVA purchase order for sand and aggregates for \$10,000 was processed on 18 August 2017 even though an active contract for the same items had been established on 9 August 2017.

46. The above occurred because the Mission was not periodically reviewing LVAs to identify split requisitions and/or requirements of a recurring nature so that appropriate action could be taken going forward, impacting on UNMISS ability to obtain best value for money through a competitive bidding process.

**(6) UNMISS should establish a system of monitoring low value requisitions to ensure they are not used to procure recurrent requirements and/or to avoid the competitive procurement process.**

*UNMISS accepted recommendation 6 and stated that the DMS shall instruct all stakeholders, including requisitioners and certifying officers, to submit all their commitments, particularly LVAs, through the Acquisitions and Requisitions Section which shall then monitor and ensure compliance with policies and procedures. Recommendation 6 remains open pending receipt of evidence that an adequate mechanism to monitor LVAs is in place.*

#### **IV. ACKNOWLEDGEMENT**

47. OIOS wishes to express its appreciation to the management and staff of UNMISS 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 Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	UNMISS should strengthen its measures such as reminding staff of their responsibilities to complete the annual financial disclosure and declaration of interest statement to identify and mitigate any conflict of interest.	Important	O	Receipt of evidence that all relevant staff members have completed the financial disclosure requirement.	30 May 2019
2	UNMISS should amend the Memorandum of Understanding with the contractor for the provision of supermarket services to incorporate the United Nations General Conditions of Contract for the provision of goods and services.	Important	O	Receipt of a new contract with a vendor selected through a competitive procurement process incorporating the United Nations General Conditions of Contract.	1 May 2020
3	UNMISS should provide additional training to staff tasked with formulating procurement documents and conducting technical evaluations.	Important	O	Receipt of evidence that staff have been trained on formulating procurement documents and performing technical evaluation.	30 June 2019
4	UNMISS should: (a) remind requisitioners to ensure they regularly review their requirements and raise shopping carts with sufficient lead time taking into account the procurement processing and delivery time; and (b) implement mechanisms for monitoring delays and expediting completion of procurement activities.	Important	O	Receipt of evidence of shopping carts being raised with sufficient lead time and a mechanism in place to monitor delays in procurement activities.	30 June 2019
5	UNMISS should ensure members of the Local Committee on Contracts attend the requisite basic and advanced training courses.	Important	C	Actions taken.	Implemented
6	UNMISS should establish a system of monitoring low value acquisitions to ensure they are not used to procure recurrent requirements and/or to avoid the competitive procurement process.	Important	O	Receipt of evidence that an adequate mechanism to monitor low value acquisitions is in place.	31 March 2019

<sup>2</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>3</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>4</sup> C = closed, O = open

<sup>5</sup> Date provided by UNMISS in response to recommendations.

# **APPENDIX I**

## **Management Response**

**UNITED NATIONS**  
United Nations Mission in the  
Republic of South Sudan



**NATIONS UNIES**  
Mission des Nations Unies en  
République du Soudan du Sud

TO: Mr. Daeyoung Park  
Chief, Peacekeeping Audit Service  
Internal Audit Division, OIOS

DATE: 01 March 2019

REF: OIOS-2018-AP633-01

FROM: Victoria Browning  
Director of Mission Support  
UNMISS

**SUBJECT: Response to the Draft report on an audit of local procurement in the United Nations Mission in the Republic of South Sudan (Assignment No. AP2018/633/02)**

1. UNMISS acknowledges receipt of the draft audit report referenced OIOS-2018-AP633-01 dated 15 February 2019 on the audit of local procurement in the United Nations Mission in the Republic of South Sudan.
2. In connection, please find attached UNMISS comments on the recommendations of the draft audit report provided in Appendix 1.
3. Thank you for your consideration and support.

cc: Mr. Timothy Crowley, Deputy, Director Mission Support, UNMISS  
Mr. Matthew Carlton, Chief, Supply Chain Management, UNMISS  
Mr. Anatoli Ryaboi, Chief Procurement, UNMISS  
Ms. Gulen Muftuoglu, Audit Focal Point, UNMISS  
Mr. James Suglo, Chief Resident Auditor, OIOS, IAD-UNMISS  
Ms. Cynthia Avena-Castillo, Professional Practices Section, IAD, OIOS

## Management Response

## Audit of local procurement in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMISS should strengthen its measures such as reminding staff of their responsibilities to complete the annual financial disclosure and declaration of interest statement to identify and mitigate any conflict of interest.	Important	Yes	Chief Human Resources Officer	30 May 2019	<p>Implementation in progress.</p> <p>All staff, regardless of level, who are involved in any part of the financial/benefit/acquisition processes of the mission, including preparation of SORs/SOWs, Technical Evaluations, and/or are in a position of influence of any sort etc., are subject to the Financial Disclosure programme. Each section provides appropriate staff details to Human Resources which matches those details against the current Staffing Table. The resulting table is then submitted to the Ethics Office by the mission focal points (Chief Human Resources Officer and Chief of Staff).</p> <p>At the beginning of each new declaration cycle, the Financial Disclosure programme sends to the SRSG the previous year's list of eligible participants and instructions for the mission to begin the exercise. The focal points in the mission coordinate with HR as above to update and resubmit the list to the Ethics Office. The Ethics Office writes to each staff member individually and HR follows up on each completion. The Ethics</p>

<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 Mission in the Republic of South Sudan

						<p>Office sends regular updates to the SRSG and focal points to enable HR to individually follow up until all eligible participants have submitted their declarations. HR also continuously updates the original list for staff who have left or arrived during the exercise.</p> <p>UNMISS will submit the following documentary evidence to OIOS: Staffing Table Updates sent to the Ethics Office at the start of the programme; Sample Email sent by the Ethics Office to the staff members; Sample Email/Table of latest completions sent by the Ethics Office to the UNMISS SRSG and focal points; Sample Email sent by HR to individual staff members to ensure compliance with the financial disclosure programme; and Memo from the Ethics Office to the SRSG regarding completion of the process. Please be reminded that all these documents are highly confidential and not to be shared. UNMISS CHRO recommends that OIOS should solicit a memo from the Ethics Office that will enable HR to provide these documents.</p>
2	UNMISS should amend the Memorandum of Understanding with the contractor for the provision of supermarket services to incorporate the United Nations General Conditions of Contract for the provision of goods and services.	Important	Yes	Chief, Welfare Unit	1 May 2020	<p>Implementation in progress.</p> <p>The Mission acknowledges that the MoU between the Mission and the JIT supermarket services was established under force majeure circumstances, which was the best option to ensure the availability of goods for its personnel, bearing in mind the unstable security situation at the duty</p>

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						<p>station during that time. However, the Mission's Legal Affairs Unit has advised that it would be inappropriate to amend the MoU to include the UN General Conditions of Contract (UNICCO) for the provision of goods and services, as the said conditions specifically apply to contracts and not to MoU instruments. The Mission is working to rectify the agreement framework for the provision of supermarket services by conducting a full commercial sourcing exercise through the Procurement Section and will then establish a contract with the awarded vendor. The UNICCO will be annexed to the new contract that will be established with the vendor that will be selected via a competitive procurement process.</p>
3	<p>UNMISS should provide additional training to staff tasked with formulating procurement documents and conducting technical evaluations.</p>	Important	Yes	<p>Chief, Logistics Service Delivery</p> <p>Chief, Supply Chain Management</p> <p>Chief Procurement Officer</p>	30 June 2019	<p>Implementation in progress.</p> <p>The Procurement Section conducts reviews and meetings with each of the Technical Sections to ensure that the SOW/SOR is 'fit to bid'. Furthermore, prior to the commencement of a technical evaluation exercise, the Procurement Section emphasizes to the Technical Evaluation Team the importance of complying with the Source Selection Plan and the guiding SOP in conducting the evaluation.</p> <p>Nevertheless, UNMISS shall also provide additional in-house training to its requisitioners to enhance their skills in this field.</p>

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4	UNMISS should: (a) remind requisitioners to ensure they regularly review their requirements and raise shopping carts with sufficient lead time taking into account the procurement processing and delivery time; and (b) implement mechanisms for monitoring delays and expediting completion of procurement activities.	Important	Yes	Chief, Acquisition and Requisitions Section          Chief Procurement Officer	30 June 2019	4a. The recommendation has been implemented.  The Acquisition and Requisitions Section has sent a reminder to all Chiefs of the Technical Sections and their requisitioners reiterating the need to strictly adhere to the established Procurement Lead Times when raising Shopping Carts (SCs). Furthermore, the technical sections shall be reminded at the monthly Benchmark Meetings and where necessary through other means of communication to continue lead time planning for SC initiation and final delivery of goods/services.  Documentary evidence was provided to OIOS.  4b. Implementation in progress.  UNMISS is standardizing its tracking tools that all Procurement Units will use to monitor the time taken at the various stages of the acquisition process to identify and act/address any bottlenecks in the process. UMOJA BI reporting is being implemented, which will also be used to supplement the standardized tracking tools.
5	UNMISS should ensure members of the Local Committee on Contracts attend the requisite the basic and advanced training courses.	Important	Yes	LCC Chair Person		Recommendation has been implemented.  UNMISS accepts the recommendation given that the criteria (ST/AI/2011/8) on the review committees on contracts is not completely clear and seems to have led to

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						<p>misinterpretation. The Mission has been particularly diligent about ensuring that its Local Committee on Contracts (LCC) membership complies with the eligibility criteria. To that end, the Mission had sought clarification from the Headquarters Committee on Contracts (HCC), whereby confirmation was received that only the basic training is a mandatory prerequisite for serving on the LCC, while the advanced training is highly recommended for chairs and the members. UNMISS confirms that all 25 LCC active members were provided with the basic training and 15 with the advanced training.</p> <p>Documentary evidence was provided to OIOS.</p> <p>UNMISS requests for official closure.</p>
6	UNMISS should establish a system of monitoring low value acquisitions to ensure they are not used to procure recurrent requirements and/or to avoid the competitive procurement process.	Important	Yes	Chief, Acquisition and Requisitions Section	31 March 2019	<p>Implementation in progress.</p> <p>The Director of Mission Support shall instruct all stakeholders, including requisitioners and certifying officers to submit all their commitments, particularly low value acquisitions (LVAs), through the Acquisitions and Requisitions Section (ARS). The ARS shall then be able to monitor ensure compliance with the Organization's policies and procedures.</p>