



INTERNAL AUDIT DIVISION

REPORT 2023/079

Audit of procurement in the United Nations Support Office in Somalia

UNSOS needed to enhance the transparency and effectiveness of procurement activities by improving the definition of requirements and procurement planning, record-keeping, training of staff, and review of bid evaluations

21 December 2023

Assignment No. AP2023-638-01

Audit of procurement in the United Nations Support Office in Somalia

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of procurement in the United Nations Support Office in Somalia (UNSOS). The objective of the audit was to assess the efficiency and effectiveness of UNSOS procurement activities to timely acquire goods and services and achieve the best value for money. The audit covered the period from July 2018 to June 2022 and included the following areas in procurement: a) governance, b) planning, c) sourcing and solicitation of vendors, and d) management and evaluation of bid submissions.

UNSOS established and appointed members to the Local Committee on Contracts with the required mix of expertise and experience, submitted procurement cases to the Local Committee on Contracts and Headquarters Committee on Contracts for review, and adequately justified sourcing decisions. UNSOS also solicited vendors through local and international media and allowed sufficient time to prepare and submit bids. However, there were control gaps regarding the definition of requirements and procurement planning, record-keeping, staff training, and review of bid evaluations, which compromised the transparency and effectiveness of procurement activities.

OIOS made four recommendations. To address issues identified in the audit, UNSOS needed to:

- Establish an adequate procurement record-keeping system to maintain comprehensive and accurate procurement files;
- Strengthen procurement planning by providing requisitioners with necessary training to improve their effectiveness in defining requirements and involving procurement officials early in the procurement planning process;
- Protect the integrity and confidentiality of the electronic bid management process, including restricting access to quotations prior to their opening; and
- Mitigate fraud risk and enhance accountability by ensuring procurement officials effectively and consistently review technical evaluation results for objectivity and transparency, and obtaining signed confidentiality and conflict of interest affidavits from technical evaluation committee members on all solicitations.

UNSOS accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. AUDIT RESULTS	2-11
A. Procurement oversight	2-4
B. Procurement planning	4-6
C. Sourcing and solicitation of vendors	6-7
D. Management of bid submissions	7-9
E. Evaluation of bid submissions	9-11
IV. ACKNOWLEDGEMENT	11
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of procurement in the United Nations Support Office in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement in the United Nations Support Office in Somalia (UNSOS).
2. Security Council resolution 2245 mandated UNSOS to provide logistical support to the Mission, comprising the African Union Transition Mission in Somalia (ATMIS), the United Nations Assistance Mission in Somalia (UNSOM) and the Somali Security Forces (SSF). Logistical support to the Mission includes procurement of goods, services and works.
3. United Nations procurement includes acquisition, by purchase or lease, of property, including products and real estate property, and services, including works. The procurement framework requires UNSOS to conduct such activities with fairness, integrity and transparency to achieve best value for money in procuring goods, services and works.
4. The Secretary-General delegated authority to the Special Representative of the Secretary-General (SRSG), UNSOM and the Head of UNSOS to procure under the Financial Regulations and Rules. The SRSG/UNSOM and Head of UNSOS were also granted authority to sub-delegate procurement authority to other UNSOS-qualified procurement staff.
5. Procurement Section under the Supply Chain Management pillar is responsible for procurement of goods and services in UNSOS. As of June 2022, the Section was headed by a Chief Procurement Officer (CPO) at the P-5 level and had 27 approved posts comprising 16 international staff, 4 national professional officers and 7 national general service staff. UNSOS also financed and maintained two General Temporary Assistance positions at the United Nations Procurement Division.
6. The Local Committee on Contracts (LCC) in UNSOS renders written advice to the Director of Mission Support on procurement actions leading to the award or amendment of procurement contracts. UNSOS submits procurement activities above \$1 million to the Headquarters Committee on Contracts (HCC) for review and further submission to the Assistant Secretary-General (ASG/Office of Supply Chain Management) for approval. Other key players in the procurement process include requisitioners, financial and technical evaluation committees and the Tender Opening Committee (TOC).
7. From 1 July 2018 to 30 June 2022, UNSOS issued 3,303 local purchase orders under local contracts, stand-alone and low-value acquisitions (LVAs) for \$377 million, as shown in table 1 below. UNSOS established 121 local contracts with a total not-to-exceed (NTE) amount of \$407 million.

Table 1: UNSOS local purchase orders category from 1 July 2018 to 30 June 2022

Category (POs)	Number of POs	Value of POs (\$)
Issued under contracts	1,590	327,560,162
Stand-alone purchase orders	813	45,718,004
Low-value acquisitions	900	3,666,327
Total	3,303	376,944,493

Source: Umoja records

8. Comments provided by UNSOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the efficiency and effectiveness of UNSOS procurement activities to timely acquire goods and services and achieve the best value for money.

10. This audit was included in the 2022 risk-based work plan of OIOS because procurement plays a critical role in providing operational and logistical support to implement the Mission's mandated activities, and due to the high risks of fraud and mismanagement of resources involved in procuring goods and services.

11. OIOS conducted this audit from September 2022 to June 2023. The audit covered the period from July 2018 to June 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in UNSOS procurement activities, which included: a) procurement oversight; b) procurement planning; c) sourcing and solicitation of vendors; and d) management and evaluation of bid submissions.

12. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of 813 stand-alone purchase orders totaling \$46 million and 900 low-value acquisitions purchase orders totaling \$4 million, and (d) detailed review of a judgmental sample of 14 procurement cases with a total value of \$151 million.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Procurement oversight

UNSOS was addressing the high vacancy rate of the Procurement Section

14. An adequately staffed, trained, and equipped procurement function ensures transparent, accountable and efficient management of procurement activities.

15. A review of financial disclosure records for calendar years 2021 and 2022 indicated that all procurement staff participated in the United Nations Financial Disclosure Programme to enhance professionalism and ethical standards during procurement activities. Procurement officials had also completed the training required for their roles prior to receiving access to Umoja. Furthermore, adequate segregation of duties was ensured by not allocating them any conflicting roles.

16. The Procurement Section had a high vacancy rate of 30 per cent and experienced a high turnover of procurement staff. For example, the CPO changed three times during the audit period. Eight of the 27 approved posts were vacant, including 3 remaining vacant for 6 to 18 months.

17. The high vacancy rate negatively impacted the implementation of UNSOS procurement activities. For example:

- i) Over 158 purchase orders estimated at \$58 million remained unprocessed, were deleted, or were not fully updated in the system. Various procurement actions were cancelled halfway through due

to errors and staff movements, including 10 requests for proposals, which were referred to the United Nations Procurement Division due to lack of capacity; and

- ii) UNSOS delayed processing procurement actions, resulting in a significant value of its solicitations being processed as ex post facto. An analysis of UNSOS cases submitted to review committees from January 2021 to December 2022 showed that over 10 per cent of its requirements were processed as ex post facto.

18. UNSOS attributed the high vacancy rate to lateral movements, promotions, other external opportunities, and unfilled rosters for the function. Recruitment for the eight vacant positions was underway at the time of the audit, and therefore, OIOS did not make a recommendation.

19. The increased delegation of procurement authority provided UNSOS with an opportunity to increase efficiency in processing procurement actions by subdelegating more procurement roles to eligible and trained staff. However, UNSOS restricted sub-delegation of procurement authority to officers at the P-3 grade and above. Sixteen procurement officials in the Field Service category, eligible to procure goods and services up to \$70,000 as per the delegation of authority framework, did not receive procurement sub-delegations. UNSOS explained that the limited sub-delegation was to ensure better oversight of procurement activities.

20. OIOS notes that the restriction of procurement authority to a few staff enabled UNSOS to mitigate procurement risks in a highly vulnerable environment. However, given the high vacancy, UNSOS could continuously review the possibility of increased delegation of authority and sub-delegate procurement authority to qualifying staff in accordance with the framework, taking into consideration the related risks.

Need for proper records management to improve the transparency of solicitation processes

21. Management of records is essential to ensure transparency and audit trail in procurement activities. United Nations Guidelines for Records Retention on Peacekeeping Procurement and Contracts Management information require archiving case files for a minimum of 10 years after the contract is closed to allow post-implementation reference when required.

22. The Section lacked a centralized filing and archiving system. A review of case files showed that procurement officers maintained both hard and electronic files, which were incomplete and inconsistently maintained. For instance, in the case of an RFP completed in June 2019, where UNSOS split the award for the “supply and installation (turnkey) of modified sea container size office and accommodation units” among three vendors, documentation issues were noted, highlighting incomplete record-keeping in the preliminary stages of the solicitation process. These issues included the absence of signed attendance logs for the bidders' conference and the engagement in site visits with certain vendors who remained unidentified, both crucial activities in the preparation for proposal submission.

23. Incomplete and inconsistent filing of procurement information impacted transparency, audit trail and verification of procurement activities. Information missing on procurement files included bid issues, submissions from and communications to potential bidders, acknowledgements, attendance sheets, bid proposals, etc. In the absence of complete information and inadequately supported low response rates (10 per cent) to bids noted in Section C below, the audit team could not verify that all vendors received the solicitation information at the same time.

24. Improper record management resulted from inadequate supervision, monitoring and lack of enforcement of the filing guidance and directives in place.

(1) UNSOS should establish an adequate procurement record-keeping system to maintain comprehensive and accurate procurement files.

UNSOS accepted recommendation 1 and stated that it had issued instructions and would regularly remind procurement officers to maintain comprehensive and accurate procurement files in line with the United Nations Procurement Manual.

Need to identify and manage procurement fraud and collusion risks effectively

25. The UNSOS operating environment is hostile and highly susceptible to fraud, and in the UNSOS 2022 risk register, UNSOS identified procurement fraud risks as high. Furthermore, as noted in the various sections of this report and from a review of the 14 procurement cases, OIOS identified deficiencies in planning and defining requirements, management of bids, financial and technical evaluations, and management of records, which further weakened the control environment and increased fraud risk on procurement activities.

26. However, UNSOS did not adequately analyse possible fraud schemes, evaluate existing fraud controls and implement measures to mitigate the related risk. This risk is addressed in the ongoing audit of contract management in UNSOS and UNSOM (AP2022-639-02), hence OIOS did not make a recommendation in this report.

Need to enhance the capacity and effectiveness of the Local Committee on Contracts

27. A review of appointments to the LCC from October 2019 to date showed that UNSOS appointed the chairperson, members and the respective alternates to the LCC per ST/AI/2011/8. Membership to the LCC comprised the required mix of commercial, financial, legal, and procurement qualifications and experience. However, UNSOS did not ensure that some members of the LCC were trained prior to their appointment and that regular LCC training was provided to members while they served on the LCC. For example, four members participating in up to four meetings each had not received the required basic or advanced training, and an alternate with only basic training chaired a meeting.

28. Following the audit, UNSOS provided evidence showing that all members of the LCC have received the appropriate level of training. In light of these corrective actions, OIOS did not make any recommendation.

B. Procurement planning

Need to improve the definition of requirements and ensure involvement of procurement officials early in the procurement process

29. Planning for procurement activities involves forecasting requirements, understanding the environment, contractors, and risks related to acquiring goods and services. It includes establishing procurement timelines and identifying the solicitation method, contract type, and method of solicitation. While requisitioners are primarily responsible for defining and communicating the needs and requirements, procurement officials manage the strategic and operational aspects of the procurement process to ensure that these needs are met effectively and efficiently.

30. A review of 14 procurement cases highlighted issues related to the definition of requirements. Further, OIOS noted that procurement officials faced challenges in conducting market surveys and monitoring the procurement timelines, leading to significant delays and inefficiencies in procurement

execution. For example, UNSOS took an average of 18 months to complete solicitation processes for the 14 cases reviewed against the recommended six months. The major delays in procurement processes included obtaining local procurement authorizations, which took an average of six additional months instead of being obtained in advance. In addition, processing and approval of SSPs took an average of two months, while issuance of requests for proposal (RFPs), evaluations and LCC clearances were conducted over three months each. Delayed procurement processes also contributed to the continued ex post facto submissions to review committees.

31. The challenges and implications of requisitioners not adequately defining and estimating procurement requirements, resulted in the following:

- (i) The solicitation of “Provision of third-party operation services for United Nations owned material handling and construction equipment, and vehicles in Somalia” took over 18 months to complete partly because requirements were poorly defined by the UNSOS Transport Section. UNSOS subsequently requested all bidders to resubmit their best and final offers (BAFOs) with additional information on operational key performance indicators, health, safety and business continuity provisions, which had not been included in the original solicitation documents.
- (ii) There was an inadequate description of requirements during the solicitation of “Provision of third-party operation services for United Nations-owned material handling and construction equipment and vehicles in Somalia”. This was followed with post facto amendments to requirements to: (i) revise staff mobilization down to 60 per cent within three months of the contract; and (ii) include additional staff, a field engineer, a lab analyst, an architect and eight extra posts to support physical verification of assets in the Mission. Physical verification of assets was not related to requirements. The additional costs for the amendments were estimated at \$1.9 million.
- (iii) A review of contract expenditure and proportionate NTE against contract period for the 14 contracts selected showed that requirements for 7 contracts with an NTE value of \$106 million were overstated by 30 per cent, and requirements for another three contracts with an NTE value of \$35 million were understated by 12 per cent.

32. There was also instance of ineffective procurement in the solicitation of “Provision of digital satellite television services at UNSOS/UNSOM office locations in Somalia”, the Procurement Section did not survey market conditions to take advantage of the cheapest and most appropriate packages. As a result, requirements for satellite television, labour for installation and maintenance were combined, excluding the primary satellite television service provider, who did not provide installation and maintenance services but offered discounted bulk account packages. Acquiring satellite services and labour for installation and maintenance separately would have saved UNSOS \$60 monthly on subscription charges for each of the 680 accounts, resulting in annual savings of \$490,000. Additionally, because UNSOS obtained satellite services through a secondary provider, the vendor transferred all value-added tax of 16 per cent from the primary provider to UNSOS. For the audit period, UNSOS obtained services and related labour totalling \$3.3 million, including a potential value-added tax of \$450,000.

33. The above occurred because UNSOS had not assessed requisitioners’ capacity and experience to define requirements effectively. Requisitioners had not completed the United Nations training on developing solicitation documents. Moreover, UNSOS did not involve procurement officials in the planning process in a timely manner, which is crucial for performing market surveys and ensuring that requirements adhere to procurement guidelines.

<p>(2) UNSOS should strengthen procurement planning by: (a) conducting a comprehensive assessment of training needs for requisitioners and ensuring they complete the United</p>

Nations training on developing solicitation documents, to improve their effectiveness in defining requirements; and (b) involving procurement officials early in the planning process to ensure they contribute to market surveys and the adherence of requirements to procurement guidelines.

UNSOS accepted recommendation 2 and stated that it had assessed training needs and determined the training required for requisitioners and planned to hold a Contract Management Workshop to review the current acquisition process and make necessary changes to address the observation.

C. Sourcing and solicitation of vendors

UNSOS could assess and mitigate factors impeding vendor participation in solicitation processes

34. Comprehensive market research, analysis and advertisement of business opportunities expand the pool of potential suppliers, widen the geographical distribution and increase the competitiveness of solicitations.

35. UNSOS conducted six business seminars in Somalia and Kenya during the audit period. The seminars focused on doing business with the United Nations, building capacity and strengthening relations with the local business community. UNSOS also sensitized and supported vendor registration on the United Nations General Marketplace and established a list of local contractors invited to participate in the local sourcing of materials and services.

36. For formal solicitations, UNSOS issued requests for expression of interest (REOI) on the United Nations General Marketplace, United Nations Procurement Division, ATMIS, UNSOS websites and in local and international media channels. For the 14 contracts reviewed, UNSOS posted REOIs for an average of 17 days against the recommended minimum of 10 days, allowing vendors sufficient time to prepare. The REOIs attracted an average of 70 participants from 18 countries per solicitation, and UNSOS conducted pre-bid conferences to clarify queries and sensitize potential vendors on requirements.

37. Despite the high initial interest, however, the number of vendors participating in solicitations drastically dropped after the expression of interest and pre-bid conferences. On average, only 10 per cent of bidders who expressed interest submitted offers per solicitation. For example, in 3 of 14 cases reviewed (i.e., Provision of third-party operation services for United Nations-owned material handling and construction equipment and vehicles in Somalia; Third-party engineering services; and Provision of vehicle and equipment maintenance, repair services and spare parts), UNSOS received only 3 offers out of over 40 bidders that had expressed interest for each solicitation. Reduced participation of vendors affected the competitiveness of solicitation processes.

38. UNSOS studied and documented causes for reduced participation in 2 of the 14 cases, where vendors attributed their non-participation to lack of necessary resources. UNSOS also attributed the decline in the participation of vendors to the insecure operation environment and local contractors' lack of sufficient knowledge of the official languages of the United Nations. Yet, UNSOS could improve vendor participation in solicitation processes through more effective analysis of reasons for drastic decreases in vendor participation.

Exceptions to formal solicitations were noted

39. An analysis of sample 296 of the 813 stand-alone purchase orders issued during the audit period showed that 7 of the 296 purchase orders were approved outside the delegation of authority as exceptions to formal methods of solicitation. The details are indicated below:

- (i) Six purchase orders totaling \$2.5 million were approved by the CPO and Officers-in-Charge outside their delegated authority. The charges related to reimbursable expenses not included in contract prices for long-term air charter contracts. The reimbursed costs were not part of the approved contract's NTE amount and required exceptional procurement approval from the Director of Mission Support, UNSOS under Financial Rule 105.16 (a) (viii). However, the expenses were approved by the CPO because UNSOS lacked clarity on the treatment of such reimbursable expenses; and
- (ii) The CPO sole sourced murrum in one camp for \$174,000 in May 2020, which was beyond the designated threshold of \$50,000 for the position. UNSOS did not provide justification for this anomaly.

40. The use of informal methods outside the delegated authority occurred because UNSOS had not established adequate measures to monitor the implementation of its delegation of authority. Since OIOS will review this matter in its planned audit of the delegation of authority framework in UNSOM and UNSOS, no recommendation is made.

UNSOS adequately restricted the use of low-value acquisitions to justifiable cases

41. An analysis of the 10 highest low-value acquisitions (LVAs) categories totaling \$1.9 million (53 per cent of the total value of LVA purchase orders) indicated that UNSOS limited LVAs to non-recurring requirements below \$10,000. On the other hand, OIOS noted that the recurring LVA requirements above the \$10,000 threshold were justified.

42. OIOS concluded that UNSOS appropriately utilized LVAs for its requirements.

D. Management of bid submissions

Need to review and enhance the capacity of the tender opening committee

43. As per the United Nations Procurement Manual, the Director, UNSOS should appoint a minimum of two staff members who are not involved in the procurement process to open, record and safeguard bid submissions.

44. The Director, UNSOS annually appointed a tender opening committee (TOC), most recently on 26 February 2023. The TOC comprised the Chairman (with five alternates), five members and seven secretaries and alternates. TOC members were not involved in other procurement activities, and they adopted standard operating procedures stipulated in the Procurement Manual as terms of reference (ToRs) for opening bid submissions. A review of 14 contracts showed that bid opening sessions were attended by a minimum of two staff members as required.

45. UNSOS also collaborated with the United Nations Office at Nairobi (UNON) to jointly receive and open bids for mutual support and more efficiencies. Bids for UNON and UNSOS solicitations were received

either through UNON's physical mail delivery system or a dedicated electronic mail account managed by UNSOS. However, joint management of bids has not been effective, as explained below:

- (i) UNSOS had not formally included management of bids as part of the overall memorandum of understanding for UNON support. As a result, UNSOS could not monitor, control and hold UNON TOC members accountable for non-compliant bid management activities. For example, OIOS noted that for one solicitation at the time of the audit, "Provision of unarmed security services to UNSOS facilities within Kenya", bids received on 14 November 2022 were not appropriately managed because:
 - UNSOS was not represented on the TOC team that opened the bids;
 - Contrary to procurement guidelines, the TOC concurrently opened the technical and financial proposals;
 - The TOC addressed bid opening results to UNON but not to UNSOS CPO; and
 - One bid received after the submission deadline was received and accepted without consulting the CPO.
- (ii) UNSOS did not demonstrate any benefits of jointly opening bids with UNON because: (a) there was increased vulnerability of the bid management process due to increased and less controlled access to bids from members in the two TOC teams; and (b) review of bids processed between July to December 2022 showed that only 20 per cent related to UNSOS procurement activities. This was not commensurate to the increased time demands of UNSOS TOC staff already engaged with other primary roles.

46. The above happened because UNSOS did not effectively monitor the activities of the TOC. Despite changing the TOC membership annually, UNSOS did not regularly assess the capacity of or train TOC members to better manage bids submitted. For the audit period, TOC members were briefed once on preparation for transitioning to online bid opening on 2 April 2020.

47. Following the audit, UNSOS provided evidence showing that management was in the process of transferring tender management functions to the Global Procurement Services Section (GPSS) in Entebbe. Considering the actions taken, OIOS did not make a recommendation.

Need to safeguard the integrity of electronic receipt and management of bid submissions

48. The integrity of bid submissions is maintained when bids received are recorded, safely kept and formally opened in the presence of more than one staff. During and after the COVID-19 pandemic, UNSOS managed most of the submitted bids electronically through email accounts dedicated to formal solicitations (i.e., RFPs and ITBs) and informal solicitation (i.e., request for quotation).

49. Access to the account receiving bids for formal solicitations was restricted to eight staff: three UNSOS, including the acting chairperson and two alternates; and five UNON (including the chairperson and alternates). Four other staff in the UNSOS Procurement Section were granted access to the account receiving bids for informal solicitations to manage incoming quotations alternately.

50. The joint TOC virtually convened and opened bids after submission deadlines. Bids opened were transferred to shared folders accessible to members selected to manage a particular solicitation. The TOC prepared bid opening reports summarizing vendors, mode of submissions and receipt time of submissions. Bid reports were signed electronically and time stamped. Submissions to requests for quotations were shared with the responsible procurement officers after the closure of submission deadlines.

51. Electronic management of bid submissions provided flexible, efficient and environmentally friendly options to the bid management process. However, UNSOS had not taken adequate steps to effectively protect the integrity of bids submitted, for example:

- i) Because the system did not track when and which team members accessed electronic submissions, the multiple untraceable access to bid information prior to bid opening did not effectively protect bidder information. Also, two UNON staff with access to the TOC email account had not been officially appointed to the UNON TOC. As a result, OIOS could not verify that the confidentiality and integrity of bid information were effectively preserved prior to the opening of bids.
- ii) The electronic signing of bid opening reports was ineffective in further protecting the integrity of bid opening because TOC members only pasted PDF file format copies of their signatures instead of using a more secure system generating digital signatures that uniquely identified the signer.

(3) UNSOS should implement measures to protect the integrity and confidentiality of the electronic bid management process, including restricting access to quotations prior to opening.

UNSOS accepted recommendation 3 and stated that it had established a unique email address to receive responses to requests for quotations, and restricted access to Team Leaders and the Chief Procurement Officer front office.

E. Evaluation of bid submissions

Need to enhance transparency and effectiveness of both technical and financial evaluation processes

52. Independent and competent evaluation teams are necessary to conduct a fair and unbiased evaluation of bid submissions. Technical Evaluation Committees (TECs) should consist of at least two independent members, including one from the requisitioner's office. The TOC and procurement officers should open and evaluate financial proposals, respectively, after technical evaluations. UNSOS should also mitigate potential conflicts of interest and collusion between the TEC and vendors.

53. UNSOS pre-established a TEC for each solicitation process. However, OIOS review of 14 solicitations observed instances that indicated the evaluations were not conducted transparently and effectively. For example:

- (i) UNSOS did not assess out of range bids and unreasonable occurrences to adequately safeguard the solicitation processes against possible collusion and price fixing by vendors. For example:
 - During the solicitation of “Provision of electrical works and powerhouses in Somalia” between July 2017 and June 2018, 2 of the 3 technically compliant bidders submitted quotes twice and thrice the winning bid, which seemed out of range and unreasonable. UNSOS did not examine this among other out-of-range submissions; and
 - During the solicitation of “Provision of materials, installation, and maintenance of public address systems in Somalia” between March 2021 to July 2022, the vendor with the best offer was disqualified for providing incorrect information on work experience, while the second-best vendor voluntarily withdrew its offer. The contract was eventually awarded to a vendor with the third-best offer, which was \$358,000 and \$173,098 more than the first and second-best offers, respectively.

(ii) UNSOS could not explain discrepancies between evaluation figures and quoted prices for the solicitation of “Provision of inventory planning and warehouse support services in Kenya and Somalia”. OIOS noted that:

- After the opening of initial financial quotes on 13 November 2017, the Procurement Section requested vendors for the BAFO on the basis that all vendors had not adequately addressed quality control, health and safety measures, and business continuity in the respective proposals.
- The BAFO evaluation report quoted \$16.5 million and \$18.8 million from vendors A and B, respectively. However, a comparison of BAFO evaluation prices against TOC opening logs of 26 January 2018 showed that vendors A and B had quoted \$15.7 million and \$16.8 million, respectively.
- The contract was eventually awarded to vendor B for \$18.8 million based on best-weighted technical and financial offers. The excess of \$2 million between the award price of \$18.8 million and the BAFO quote of \$16.8 million from the winning vendor was not explained.
- UNSOS did not provide the results of technical and financial evaluations preceding BAFO for review by OIOS. Without adequate solicitation documentation, OIOS could not verify the variance in quotations and whether the BAFO submissions had significantly changed the initial technical offers.

(iii) The technical evaluation process for the solicitation of “Provision of press and media operations” between February 2018 to May 2019 appears to have not been effective, indicating a lack of independence among the TEC members, as explained below:

- The request from CPO, without documented reason, for the TEC to review the results of the additional vendor C, who was not initially technically qualified suggests a deviation from standard evaluation procedures. The TEC subsequently increased the technical evaluation grade of vendor C by 15 points.
- OIOS re-performed the technical evaluation and noted inconsistencies in scoring. Vendor C received a higher technical evaluation grade by 15 points compared to Vendor B, despite similar qualitative assessments.
- Vendor B met requirements for maximum points on experience. However, because vendor A had exceeded the required work experience, vendor B was scored less by 10 points, resulting in a revised benchmark based on one vendor's performance.

54. Ineffective evaluation of vendor submissions occurred because the Procurement Section did not adequately ensure the independence of TEC members and transparency of the evaluation process. TECs for 7 of the 14 reviewed solicitations did not include members independent of the respective requisitioning sections. Further, TEC members did not sign affidavits to enforce confidentiality and declaration of conflict of interest, and procurement officials did not effectively review technical evaluation results to ensure objectivity as required because they considered requisitioners to be fully responsible for evaluating technical offers.

55. After the audit, UNSOS asserted adherence to proper procedures in its technical evaluations, notably through signed confidentiality and conflict of interest affidavits by evaluators. Additionally, procurement staff reportedly conducted consistency checks. However, UNSOS did not provide evidence to support its assertions.

(4) UNSOS should mitigate fraud risk and enhance accountability in the bid evaluation process by: (a) ensuring procurement officials effectively and consistently review technical evaluation results for objectivity and transparency; and (b) obtaining signed confidentiality

and conflict of interest affidavits from technical evaluation committee members on all solicitations.

UNSOS accepted recommendation 4 and stated that it would issue guidance to procurement personnel on review of technical evaluation reports in accordance with predetermined criteria and enforce timely filing of signed affidavits from members of the technical evaluation committees.

IV. ACKNOWLEDGEMENT

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

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNSOS should establish an adequate procurement record-keeping system to maintain comprehensive and accurate procurement files.	Important	O	Receipt of evidence that a satisfactory and sustainable filing system is implemented.	30 June 2024
2	UNSOS should strengthen the procurement planning by: (a) conducting a comprehensive assessment of training needs for requisitioners and ensuring they complete the United Nations training on developing solicitation documents, to improve their effectiveness in defining requirements; and (b) involving procurement officials early in the planning process to ensure they contribute to market surveys and the adherence of requirements to procurement guidelines.	Important	O	Receipt of evidence of assessment and training of requisitioners on developing solicitation documents, and revision of acquisition procedures to timely involve procurement officials in the planning for procurement actions.	30 June 2024
3	UNSOS should implement measures to protect the integrity and confidentiality of the electronic bid management process, including restricting access to quotations prior to opening.	Important	O	Receipt of evidence that UNSOS has verified the effectiveness of the new procedure.	30 June 2024
4	UNSOS should mitigate fraud risk and enhance accountability in the bid evaluation process by: (a) ensuring procurement officials effectively and consistently review technical evaluation results for objectivity and transparency; and (b) obtaining signed confidentiality and conflict of interest affidavits from technical evaluation committee members on all solicitations.	Important	O	Receipt of evidence that signed confidentiality and conflict of interest affidavits are filed, and technical evaluation results are satisfactorily reviewed by procurement staff.	30 June 2024

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNSOS in response to recommendations.

APPENDIX I

Management Response



Interoffice Memorandum

To: Mr. Byung-Un Min, Director,
Resident Auditor, Internal Audit Division,
OIOS

Date: 12 December 2023

Ref: UNSOS/OASG/M/2023-049

From: Qurat-ul-Ain Sadozai, *Qurat*
Officer in-Charge Mission Support UNSOS

Subject: **UNSOS response to the draft report on an audit of procurement in UNSOS
(Assignment No. AP2022-639-01)**

1. Further to your memorandum reference OIOS-2023-02160 of 28 November 2023, please find attached, UNSOS response to the subject audit.
2. We thank you for your continued support to the work of UNSOS.

Cc:

Ms. Fatoumata Ndiaye, USG, OIOS
Mr. Jeffrey Lin, OIOS
Ms. Qurat-Ul-Ain Sadozai, UNSOS
Mr. Fabio Mevoli, UNSOS
Mr. Bruno Maboja, UNSOS
Mr. Dolapo Kuteyi, UNSOS
Ms. Yvette Langenhuizen, UNSOS
Mr. Michael Ndaka, UNSOS

Management Response

Draft report on an audit of procurement in UNSOS (Assignment No. AP2022-639-01)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should establish an adequate procurement record-keeping system to maintain comprehensive and accurate procurement files.	Important	Yes	CPO	June 2024	Management has issued instructions and regular reminders will be sent to procurement staff to maintain comprehensive and accurate procurement files in line with Ch 13.9 of the UN Procurement Manual. Management will conduct continues checks for compliancy by the end of first quarter of 2024.
2	UNSOS should strengthen the procurement planning by: (a) conducting a comprehensive assessment of training needs for requisitioners and ensuring they complete the United Nations training on developing solicitation documents, to improve their effectiveness in defining requirements; and (b) involving procurement officials early in the planning process to ensure they contribute to market surveys and the adherence of requirements to procurement guidelines.	Important	Yes	CPO	June 2024	(a). UNSOS has conducted a needs assessment of training needs for requisitioners and has already determined the level of training required. Training to requisitioners will be provided through UNDP by first quarter of 2024. (b). A Contract Management Workshop is planned for the first quarter of 2024 whereby, current procedures in acquisition process will be reviewed jointly to ensure that necessary changes are made to address the observation made by the auditors.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Draft report on an audit of procurement in UNSOS (Assignment No. AP2022-639-01)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	UNSOS should implement measures to protect the integrity and confidentiality of the electronic bid management process, including restricting access to quotations prior to opening.	Important	Yes	CPO	June 2024	UNSOS has established new unique email address for receiving responses to requests for quotations. Access to the email will be restricted to Team Leaders and CPO front office as the sole authorized officials to retrieve and disseminate any information that is received through the secure bid email. This new email has already been activated and effectiveness of the new procedure will be checked by March 2024.
4	UNSOS should mitigate fraud risk and enhance accountability in the bid evaluation process by: (a) ensuring procurement officials effectively and consistently review technical evaluation results for objectivity and transparency; and (b) obtaining signed confidentiality and conflict of interest affidavits from technical evaluation committee members on all solicitations.	Important	Yes	CPO	June 2024	(a). UNSOS will issue checklist/guidelines to procurement personnel on parameters for review of technical evaluation reports. Taking into consideration that procurement staff are not technical subject matter experts of the various requirements that they handle, the checklist/guideline will require among others attesting that the technical evaluation will be done using the predetermined criteria that is contained in the Source Selection Plan. (b). Effective immediately, all memos requesting for technical evaluation will be supported by signed affidavits of members of the technical evaluation committee. Technical proposals will not be released to requisitioners

Management Response

Draft report on an audit of procurement in UNSOS (Assignment No. AP2022-639-01)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						without having signed affidavits in file. The practice of simultaneously submitting the affidavits for signature by Technical Evaluation Committee Members along with the technical proposals will be discontinued.