



INTERNAL AUDIT DIVISION

REPORT 2016/050

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

19 May 2016
Assignment No. AP2015/637/02

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AUDIT REPORT

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. MINUSCA Procurement Section is responsible for the procurement of goods and services based on requisitions established by end users. The Section was headed by the Chief Procurement Officer at the P-4 level and had 11 approved posts.
4. From 1 July 2014 to 30 June 2015, MINUSCA issued 360 purchase orders/contracts for the local procurement of goods and services valued at \$12.8 million.
5. Comments provided by MINUSCA are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSCA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of local procurement activities in MINUSCA**.
7. The audit was included in the 2015 risk-based work plan of OIOS because of the operational and financial risks relating to the procurement of goods and services by MINUSCA.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the procurement activities in MINUSCA; (b) are implemented effectively; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted the audit in August and September 2015. The audit covered the period from 1 July 2014 to 30 September 2015 and was limited to local procurement activities implemented by MINUSCA. The audit did not cover procurement activities undertaken on behalf of MINUSCA by the United Nations Procurement Division at Headquarters in New York and the Regional Procurement Office at Entebbe.
11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews

and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

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

13. All MINUSCA procurement staff had completed and filed United Nations financial and conflict of interest disclosure statements with the Ethics Office and received delegation of authority for their procurement activities. Additionally, MINUSCA had properly constituted a Tender Opening Committee (TOC). However, due to MINUSCA’s delay in awarding contracts after completing a competitive bidding process related to the procurement of catering and camp management services, there was no assurance that the Organization obtained the best value for the \$7.2 million it paid to a single vendor for these services. There was a need for MINUSCA to take corrective action by completing a competitive bidding process for these services without further delay. Additionally, MINUSCA needed to implement: (a) adequate procedures to ensure compliance with the requirements for source selection planning, scoring methodology, and issuance of letters of regret; and (b) an effective mechanism to enforce the requirement for up-to-date and complete procurement case files.

14. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **partially satisfactory** as implementation of one important recommendation remains in progress. Additionally, MINUSCA has not accepted one important recommendation. OIOS has closed this recommendation indicating management’s acceptance of residual risks arising from not implementing it and may be reported to the Secretary-General and the General Assembly accordingly.

Table 1: Assessment of key control

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

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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.

Regulatory framework

All procurement staff filed their financial and conflict of interest disclosure statements with the Ethics Office

15. The Procurement Manual and the Secretary-General's bulletin on financial disclosure and declaration of interest statements require all procurement staff with principal duties for the procurement of goods and services for the United Nations to annually file financial disclosure and declaration of interest statements with the Ethics Office. A review of communications between procurement staff and the Ethics Office indicated that all staff with procurement roles in MINUSCA had submitted their financial disclosure and declaration of interest statements to the Ethics Office. OIOS concluded that MINUSCA had implemented adequate controls to ensure compliance with the financial and conflict of interest disclosure requirements.

MINUSCA had implemented adequate controls over bids received

16. The Procurement Manual requires MINUSCA to establish a TOC to receive and safeguard bids received in response to formal methods of solicitation. The Manual also requires the TOC to stamp each bid with the time and date of receipt, and maintain records of its activities as well as solicitation abstracts.

17. A review of the physical controls over bids and 211 bids/proposals related to 47 formal solicitations indicated that the TOC established by MINUSCA on 5 September 2014 had consistently stamped bids with the time and date of receipt and prepared the relevant solicitation abstracts; maintained copies of all solicitation abstracts; and obtained the signatures of the procurement staff to indicate that the TOC had provided copies of the abstracts as well as stamped and dated documents to the Procurement Section. OIOS therefore concluded that MINUSCA had implemented adequate controls over bids received.

There was a need for competitive bidding processes for the provision of catering and camp management services

18. The Procurement Manual requires MINUSCA to: (a) establish a formal contract following a formal solicitation process for a procurement exceeding \$40,000; and (b) use sole sourcing only when there is no competitive marketplace or when the product or service needed is only available from one source. The Director of Mission Support had delegated authority to procure core requirements up to \$1,000,000 non-core requirements up to \$500,000. Above these levels, the Director of Mission Support is required to obtain approval from the Procurement Division to procure locally. According to paragraph 9.19 of the Procurement Manual: (a) exigency is not an acceptable rationale for waiver of competitive bidding, when the situation is the result of undue or unjustified delay; and (b) MINUSCA is required to request in writing a waiver of formal methods of solicitation from the Director, Procurement Division or the Assistant Secretary-General for Central Support Services (ASG/OCSS).

19. Interviews with staff and review of MINUSCA correspondence with its vendors, source selection process and documents for 37 procurement actions totaling at \$5.5 million out of 360 procurement actions valued at \$12.7 million indicated that MINUSCA did not conduct formal solicitation processes and establish formal contracts for two procurement actions totaling \$7.2 million involving a single vendor for catering and camp management services as follows.

(i) Need for competitive bidding process to establish a contract for the provision of camp services at the UCATEX Camp in Bangui

20. MINUSCA issued a letter of intent dated 27 March 2015 for the provision of camp services at the UCATEX Camp in Bangui, stating that it was unable to finalize a formal contract in time due to administrative procedures and it would award a formal contract for a 6-month period effective from 16 March 2015 to 16 September 2015 with a not-to-exceed amount of \$3.7 million. While this letter of intent may have been justified, the audit result indicated undue delays in MINUSCA initiating and completing competitive bidding processes to replace the letter of intent. For example, up to the time OIOS issued its initial draft audit report on 2 March 2016, MINUSCA had not completed the required competitive process to regularize the letter of intent, which had been in effect for more than 12 months. Moreover, on 12 March 2016, MINUSCA provided OIOS with a copy of a contract signed by the contractor on 5 January 2016 to replace the letter of intent and advised that it: issued the contract without a competitive process in accordance with financial rule 105(16) (a) (vii), exception to formal method of solicitation (exigency; extended the contract from 16 December 2015 to 15 March 2016 without a formal amendment; extended the contract for second time, from 15 March to 30 April 2016, through Amendment 1, while acknowledging that the contract provided for only one extension; and was working on an a third extension from 1 May to 30 September 2016 to allow sufficient time to complete an ongoing competitive bidding process.

21. The Headquarters Committee on Contracts (HCC) had expressed strong concern that the services were procured under a letter of intent rather than a contract, and even stronger concern that the letter of intent had already expired and the services were provided without the legal, financial and other protections afforded by a written contract. HCC further expressed the concern that a waiver from competitive bidding had not been sought prior to entering into the arrangement.

(ii) Need for competitive bidding process to establish a contract for the provision of catering and camp management services in three regional headquarters

22. On 25 September 2015, MINUSCA issued a separate letter of intent for the provision of catering and camp management services in its three regional headquarters of Bouar, Kaga-Bandoro and Bria for a 6-month period from September 2015 to 26 March 2016 for \$1.3 million; stating that it was unable to finalize a detailed contract prior to the required date for the commencement of the services. MINUSCA also advised that it established this letter of intent in accordance with financial rule 105(16) (a) (vii), exception to formal method of solicitation (exigency). However, the audit results indicated: (a) that MINUSCA issued this letter of intent to the same contractor engaged through a separate letter of intent for the provision of camp services at the UCATEX Camp in Bangui referred to above; and (b) undue delays in MINUSCA initiating and completing competitive bidding process to replace the letter of intent. Regarding undue delays, the audit results indicated that: (a) up to the time OIOS issued its initial draft audit report on 2 March 2016, MINUSCA had not completed the required competitive process to regularize the letter of intent, which had been effective more than 5 months; and (b) MINUSCA subsequently advised that it requested for extension from 27 March to 26 September 2016 to allow sufficient time to complete an ongoing competitive bidding process.

23. In view of MINUSCA's failure to comply with applicable procurement procedures, there was no assurance that the Organization obtained the best value for money in the irregular procurement of catering and camp management services. There was an urgent need for MINUSCA to take corrective action by completing a competitive bidding process without further delay.

(1) MINUSCA should conduct a competitive bidding process for the procurement of catering and camp management services.

MINUSCA did not accept recommendation 1 stating that, regarding the provision of camp services at the UCATEX Camp in Bangui and catering and camp management services in three regional headquarters, it had completed reviewing the statement of work in September 2015 and the Regional Procurement Office in Entebbe issued the tender on 9 March 2016 with a closing date of 18 May 2016. OIOS notes that even though MINUSCA has not accepted the recommendation, it has initiated a competitive bidding process for the procurement of catering and camp management services, as recommended. Therefore, recommendation 1 has been closed but if it is not fully implemented, OIOS may report the matter to the Secretary-General and the General Assembly indicating management's acceptance of residual risks.

MINUSCA needed to improve the vendor evaluation process

24. The Procurement Manual requires MINUSCA to: (a) prepare a source selection plan describing the critical components of the acquisition process and justifying sourcing and procurement decisions in order to achieve the best value for money principle; (b) establish evaluation criteria and scoring methodologies that are exhaustive, fair, clear and measurable and include them in the source selection plan; and (c) issue letters of regret to unsuccessful vendors within five days of approval of an award.

25. A review of MINUSCA source selection process and documents for 37 procurement actions valued at \$5.5 million out of 360 procurement actions valued at \$12.7 million indicated the following:

- For 20 (18 in 2014 and 2 in 2015) procurement cases, the Procurement Section did not prepare source selection plans and the requisitioning offices did not establish the evaluation criteria in the solicitation documents;
- For 17 (9 in 2014 and 8 in 2015) procurement cases with evaluation criteria, the scoring methodology was not pre-established, clear, and measurable. As a result, the technical evaluation committee applied a pass/fail scoring methodology for 14 procurement cases without defining the criteria for pass and fail; and
- Of the 21 procurement cases with unsuccessful vendors, the Procurement Section did not issue letters of regret in 19 (6 in 2014 and 13 in 2015) cases.

26. The above resulted because the Procurement Section did not implement adequate procedures to ensure compliance with the requirements for source selection planning, scoring methodology, and issuance of letters of regret. As a result, there was an unmitigated risk of an unfair and non-transparent evaluation process.

(2) MINUSCA should implement adequate procedures to ensure compliance with the requirements for source selection planning, scoring methodology, and issuance of letters of regrets.

MINUSCA accepted recommendation 2 and stated that while adequate procedures were not in place regarding source selection planning and scoring of bids from 1 April 2014 to 1 January 2015; it had since taken corrective actions. MINUSCA stated that, for the past several months, it had: prepared source selection plans in instances where Invitations to Bid and Requests for Proposal are approved by the Chief Procurement Officer before the issuance of a solicitation document; and developed a template for letter of regret and begun systematically sending them to unsuccessful bidders. Recommendation 2 remains open pending receipt of evidence that MINUSCA has taken corrective

actions to ensure compliance with the requirements for source selection planning, scoring methodology and issuance of letters of regret.

Need for complete and organized procurement case files

27. The Procurement Manual contains a list of the minimum documents required to be included in procurement case files. The Procurement Section had a case file checklist, which required procurement staff to include specific documents in each case file or provide an explanation on the checklist if a mandatory document was not included.

28. A request for the case files for 50 out of 360 procurement actions resulted in the Procurement Section being unable to provide 13 (3 in 2014 and 10 in 2015) files. Out of the 37 case files provided, 25 (9 in 2014 and 17 in 2015) were incomplete as they did not contain one or more of the required documents such as source selection plans, solicitation documents, bids, evidence of tender receipt and opening, technical and commercial evaluation reports and communication of awards.

34. The above resulted as the Procurement Section had not implemented an effective mechanism to ensure that procurement case files were complete and organized. As a result, there was an increased risk of loss of important documents to support the procurement process.

(3) MINUSCA should implement an effective mechanism to enforce the requirement to maintain up-to-date and complete procurement case files.

MINUSCA accepted recommendation 3 and stated that while adequate procedures were not in place regarding the maintenance of procurement files from 1 April 2014 to 1 January 2015; it had since taken corrective actions. MINUSCA stated that it had: provided additional office space to the Procurement Section; designated a Procurement Officer to oversee the archiving process; dedicated and secure archive room; created a procurement file check-list; and developed an electronic record keeping in the Procurement shared drive. Based on the action taken by MINUSCA, recommendation 3 has been closed.

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of MINUSCA for the assistance and cooperation extended to the auditors during this assignment.

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	MINUSCA should conduct a competitive bidding process for the procurement of catering and camp management services.	Important	C	Even though MINUSCA has not accepted the recommendation, it has initiated a competitive bidding process, as recommended. If the recommendation is not fully implemented, OIOS may report the matter to the Secretary-General and the General Assembly indicating management's acceptance of residual risks.	Not applicable
2	MINUSCA should implement adequate procedures to ensure compliance with the requirements source selection planning, scoring methodology, and issuance of letters of regret.	Important	O	Receipt of evidence that MINUSCA has taken corrective actions to ensure compliance with the requirements for source selection planning, scoring methodology and issuance of letters of regrets.	August 2016
3	MINUSCA should implement an effective mechanism to enforce the requirement to maintain up-to-date and complete procurement case files.	Important	C	Action taken	Implemented

² 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.

³ 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.

⁴ C = closed, O = open

⁵ Date provided by MINUSCA in response to recommendations.

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM

Date: 28 April 2016
Ref: OSRSG/014/2016

To: Mr. Bolton Tarleh Nyema
Chief Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Parfait Onanga-Anyanga
Special Representative of the Secretary-General
Head of MINUSCA

Subject: **Response to the draft report on an audit of local MINUSCA procurement. (Assignment No. AP2015/637/02). Period: 1 April 2014 to 30 June 2015.**

1. Reference is made to our memorandum dated 10 March 2016 Re: OSRSG/012/2016 and the OIOS response memorandum dated 15 April 2016 ref: No. IAD: 2016/03.
2. MINUSCA wishes to acknowledge with thanks the further review of the audit conducted by the Chief of Peacekeeping Audit Service. Please find attached the MINUSCA Management response document (Appendix 1, with Annexes).
3. MINUSCA Management notes with appreciation the updated observations and recommendations of the OIOS. However, the result relating to the *overall* effective management of local procurement activities covering the period 1 April 2014 to 30 June 2015 assessed by the OIOS team as “partially satisfactory” is refuted by MINUSCA. This is because the overall rating of “partially satisfactory” means that “*important (but not critical or pervasive) deficiencies exist 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*” and in this regard whereas MINUSCA Management does accept elements of the findings, observations and recommendations, Management does not consider the identified anomalies sufficient to warrant an *overall* rating of “partially satisfactory” nor the statement given in Paragraph 24 of your memorandum that MINUSCA failed to comply with applicable procurement procedures, in establishing catering and camp management services at UCATEX and that Best Value for money was not obtained.
4. You are kindly reminded that in November 2015 the Chief of Supply Chain Management (CSCM) responded in detail to the observations made by the Audit team, clearly demonstrating that the observations had been dealt with. It would appear that this response has not been given due consideration in the formulation of the revised Audit report received on the 10 March 2016 reference IAD: 2016/03. Similarly, the efforts taken by the MINUSCA Procurement team to overcome the mission start up difficulties and the measures taken to resolve operational and administrative problems, inherited from BINUCA, in order to improve conformity with procurement manual procedures and applicable financial rules and regulations have not been recognized by the audit team. For example:

- a) The instruction for the need to prepare Source Selection Plans originally issued on 14 November 2014 (Appendix 2).
 - b) The need to invoke liquidated damages regarding vendor delivery underperformance originally issued on 19 May 2015 and an associated practical guide released in August 2015 (Appendix 3).
 - c) The release of a practical guide document covering vendor registration issued in August 2015 (Appendix 4).
 - d) An instruction regarding the receipt of shopping carts without Product ID codes originally issued on 13 February 2015 (Appendix 5).
 - e) The investigation, preparation and submission of sixteen ex-post facto LCC cases associated with BINUCA contracts by January 2015 (Appendix 6).
5. The revised audit report highlights three areas of concern, one of which (Paragraph 5.1 below) cannot be directly attributed to deficiencies within the operational or administrative functions applicable to the functionality of the MINUSCA Procurement Section. The remaining observations covering Paragraphs 5.2 and 5.3 have been noted and dealt with. However, despite having taken corrective action and previously providing evidence to that effect to the audit team, these observations remain outstanding in the revised audit report. By way of explanation, please see below a more detailed response.

5.1 Audit recommendation No. 1: MINUSCA should conduct a competitive bidding process for the procurement of catering and camp management services.

• **Reference Paragraph 21 in the revised audit report**

To clarify the involvement of the MINUSCA procurement section in the process of procuring catering and camp management services in UCATEX the following explanation is submitted.

The MINUSCA Procurement Section was not involved in the negotiation between UNHQ and ██████████ to acquire the UCATEX camp in Bangui and the Letter of Intent issued to ██████████ to supply the associated camp management services was directly issued by the DMS. However, by the outcome of the arrangement, the procurement team was then tasked on an ex-post facto basis to regularize the contractual arrangements for the provision of life support services at the facility. Under the guidance of the Chief Procurement Officer (CPO) the inherited situation has now been regularized with the issue of a Contract.

To this effect, Management therefore refutes comments made by the audit team report in Paragraph 21 (a) "*the absence of evidence that MINUSCA obtained in writing a waiver of formal methods of solicitation from the director, Procurement division or the ASG/OCSS*" and (b) "*undue delays in MINUSCA initiating and completing competitive bidding processes to replace the letter of intent. Regarding undue delays, up to the time OIOS issued its initial draft audit report on 2 March 2016, MINUSCA provided no clear evidence of its efforts to regularize the letter of intent...*".

Response to Paragraph 21 (a).

By way of e-mail dated 25 March 2015, MINUSCA' DMS sought advice and guidance from the United Nations Procurement Division (UNPD) in New York regarding the intent to engage with [REDACTED] on a sole source basis. In an e-mail dated 26 March 2015 UNPD advised that as the services were already being provided without undergoing the necessary review and award process (since the 16 March 2015), the case should be submitted to the Headquarters Committee on Contracts through the Local Committee on Contracts as an ex-post facto presentation for noting (see Annex 1 of Appendix 1).

Response to Paragraph 21 (b).

The process to initiate the new catering services solicitation was well underway before OIOS issued the initial draft audit report dated 2 March 2016. The SOW was being reviewed in September 2015 and the finalised tender issued on the 9 March 2016 by the RPO with a closing date of 18 May 2016.

- **Reference Paragraph 22 in the revised audit report**

Although the HCC expressed concerns that the services were provided under a letter of Intent rather than a contract it recommended approval of the post facto request submission to issue a contract, the contract has subsequently been issued.

- **Reference Paragraph 23 in the revised audit report**

To clarify the involvement of the MINUSCA Procurement Section in the process of provision of the catering and camp management services at three regional headquarter sites the following explanation is submitted.

The decision to utilize the services of [REDACTED] in place of [REDACTED] was taken due to financial anomalies noticed in the [REDACTED] agreement renewal proposal. The DMS decided, after addressing this matter with the Field Procurement Liaison Team in the Office of the ASG/DFS UNHQ to cancel the agreement with UNOPS and immediately utilize the services of [REDACTED] to ensure continuity of services. Procurement was then tasked to regularize the administrative processes and issue a contract with [REDACTED]. The case is currently under review with the HCC.

To this effect Management refutes comments made by the audit team report in Paragraph 23 : *Regarding undue delays the audit results indicated that (a) "up to the time OIOS issued its initial draft audit report on 2 March 2016 MINUSCA provided no evidence of its efforts to regularize the letter of intent, which had been effective for more than 5 months" and (b) "MINUSCA subsequently advised that it requested for extension from 27 March to 26 September 2016 to allow sufficient time to complete an ongoing competitive bidding process.*

Response to Paragraph 23 (a).

As indicated in our response to Paragraph 21(b), the process to initiate the new catering services solicitation was well underway before issuance of the initial draft audit report dated 2 March 2016. The statement of work (SOW) was being reviewed in September 2015 and the finalised tender issued on the 9 March 2016 by the RPO with a closing date of 18 May 2016.

Response to Paragraph 23 (b).

The original catering SOW required modification and was subsequently modified and released before the release of the draft audit report dated 2 March 2016, to the RPO on the 25 January 2016. The extension was required to complete the ongoing solicitation process.

In light of the Management response to Paragraph 21 (a), 21 (b), 22, 23 (a) and 23(b) recommendation No. 1 should be closed.

5.2 Audit recommendation No. 2: MINUSCA should implement adequate procedures to ensure compliance with the requirements for source selection planning, scoring methodology, and issuance of letters of regret.

- MINUSCA Management accepts that adequate procedures were not in place for the period from 1 April 2014 to the 1 January 2015, however concerted efforts were subsequently made by the CPO to respect procurement procedures from the time of his arrival and the mission is confident that adequate measures are now in place.

For purposes of the audit, Management accepts the recommendation but wishes to highlight that corrective action has already been taken. Please refer to Paragraph 4 above and its associated Appendixes.

Taking the above into consideration the “partially satisfactory” recommendation is accepted for this observation.

5.3 Audit recommendation No. 3: MINUSCA should implement an effective mechanism to enforce the requirement to maintain up-to-date and complete procurement files.

- As indicated above in Paragraph 5.2, MINUSCA Management accepts that adequate procedures were not in place for the period from 1 April 2014 to the 1 January 2015, however concerted efforts were subsequently made by the CPO to respect procurement procedures from the time of his arrival and the mission is confident that adequate measures are now in place.

For purposes of the audit Management accepts the recommendation but wishes to highlight that corrective action has already been taken.

Taking the above into consideration the “partially satisfactory” recommendation is accepted for this observation.

6. Should OIOS agree with MINUSCA Management’s conclusions / recommendations as outlined above in Paragraph 5, only two recommendations should remain in the report (5.2 and 5.3) and noting that corrective action has already been taken these recommendations should be considered implemented and therefore closed.

7. In light of the aforementioned, MINUSCA Management would appreciate receiving a further updated audit report reflecting an *overall* satisfactory performance since the audit findings, observations and recommendations have been satisfied.

Appendix 1: Management Response document

Appendix 2: Source Selection Plans

Appendix 3: Liquidated damages

Appendix 4: Practical guide covering vendor registration

Appendix 5: Product ID codes

Appendix 6: Ex-post facto LCC cases associated with BINUCA contracts

cc: Mr. Milan Trojanović, Director of Mission support, MINUSCA
Mr. Gerard Buckley, Chief of Supply Chain Management, MINUSCA
Mr. Nicholas Rees, Chief Procurement Officer, MINUSCA
Mr. Huber Togni, Chief of Acquisition Planning Section, MINUSCA
Mr. Daniel Curea, Audit Focal Paragraph, MINUSCA
Ms. Eleanor Burns, Director, Internal Audit Division, OIOS
Mr. Ibrahim Bah, Chief Resident Auditor, MINUSCA, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
I	MINUSCA should conduct a competitive bidding process for the procurement of catering and camp management services.	Important	No	CPO/ Procurement Officer	Action commenced in November 2015	<p>The observation and recommendation is noted in respect of future requirements, however, the recommendation is not consistent with the thrust of the Audit Report Findings, which in this instance appear to refer to two separate Procurement Actions taken to engage [REDACTED] to provide Catering and Camp Management Services at the UCATEX site, and subsequently at the three (3) Regional Headquarters (Bouar, Kaga-Bandoro and Bria) in CAR.</p> <p>With regard to the Procurement Action for contracting of services at the UCATEX site, it should be recalled that the Audit Team was provided with copies of extensive correspondence - exchanged between UN HQ and the mission - by which MINUSCA was informed of the general conditions under which the United Nations purchased the UCATEX facility from the European Union. The arrangements concluded in New York between the UN and the EU included a requirement for</p>

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 local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>up to 70 ██████ personnel to remain in residence in the UCATEX facility, and these individuals to continue to be provided with uninterrupted Life Support Services through the existing Service Support Contract - essentially, requiring the absorption by the UN of a pre-existing contract between the EU and ██████</p> <p>The missions Procurement Section was not involved in the negotiations between the UN and the EU for the purchase of the UCATEX facility, however, it was required (by the outcome of the arrangement) to regularize the contractual arrangement on an ex-post facto basis for the provision of life support services at the facility.</p> <p>By way of explanation, Management wishes to provide a summary of events, as follows:</p> <p><u>Background - Catering and Camp Management Services at the UCATEX site, Bangui.</u></p> <p>At the end of its mandate in the Central African Republic, the ██████ ██████ transferred the ownership of the</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>UCATEX camp in Bangui to MINUSCA, effective 16 March 2015.</p> <p>██████████ managed all camp facilities based on contracts established with ██████████ covering the provision of power supply, water supply both bulk and potable, waste and sewage disposal, pest control, cleaning and janitorial services, laundry and catering.</p> <p>In an e-mail dated 25 March 2015 (annex 1 – DMS/UNDP e-mail) MINUSCA's former DMS sought advice and guidance from the United Nations Procurement Division (UNPD) in New York regarding the methodology of how to absorb/transition the existing contract with ██████████ on a sole source basis from ██████████ to MINUSCA. In an e-mail dated 26 March 2015 (see annex 1), UNPD advised that as the services were already being provided without undergoing the necessary review and award process the case should be submitted for vetting and noting to the Headquarters Committee on Contracts through the Local Committee on Contracts as an ex-post facto presentation.</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>On the 26 March 2015 the DMS requested the United Nations Global Service Centre (UNGSC) to provide technical clearance of the SOW that would be used as an integral part of the Contract agreement between MINUSCA and ██████████</p> <p>██████████ was issued with a Letter of Intent with a finalized SOW, by the DMS on the 27 March 2015 requesting that ██████████ provide the subject services at the UCATEX site for a period of six (6) months effective from 16 March 2015 to the 16 September 2015 later extended to 16 March 2016.</p> <p>In a facsimile dated 2 April 2015 to MINUSCA's DMS, UNGSC advised that technical clearance was not applicable to ex-post facto cases.</p> <p>On the 11 April 2015, ██████████ was requested to confirm their proposal against the finalized SOW. A proposal Ref: 140-0099 Revision 1 was forwarded to Procurement on the 14 April 2015.</p> <p>A technical evaluation was requested by</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Procurement on the 24 April 2015 and on 28 April 2015 the Engineering Section returned the technical evaluation report confirming that the proposal submitted by [REDACTED] was found to be acceptable and in accordance with the Services detailed in the SOW.</p> <p>Procurement prepared a submission to the Headquarters Committee on Contract (HCC) through the Local Committee on Contracts (LCC). On the 28 October 2015 the HCC took note and recommended approval.</p> <p>With regard to the Procurement Action through which [REDACTED] was engaged on a sole source basis to provide Catering and Camp Management services at the three (3) Regional Headquarters of Bouar, Kaga-Bandoro and Bria, Management also wishes to provide a summary of events, as follows:</p> <p>[REDACTED]</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

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Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<div data-bbox="1458 491 2004 906" style="background-color: black; width: 100%; height: 100%;"></div> <p data-bbox="1458 949 2004 1380">Returning to the crux of the Audit Recommendation "<i>MINUSCA should conduct a competitive bidding process for the procurement of catering and camp management services</i>" the Audit Team should note that the long term needs for Life-Support Services (i.e. Catering and Camp Management Services) have been assessed and the mission has completed the catering documentation which is currently under solicitation managed by the RPO and is in the process of completing the Janitorial Camp Services Statements of Work (SOW's).</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						In light of the aforementioned, Management is of the view that this recommendation should be removed/closed.
2	MINUSCA should implement adequate procedures to ensure compliance with the requirements source selection planning, scoring methodology, and issuance of letters of regrets.	Important	Partially Accepted (see paragraph 5.2 of the Management response of the 22 April 2016)	CPO/ Procurement Officer	August 2015	<p>It would appear that the Recommendation is a derivative of past practices in BINUSCA, however, for the past several months a Source Selection Plan (SSP) (annex 2 – SSP Example) has been established and is initiated in instances where Invitations to Bid (ITB's) and Requests for Proposal (RFP's) and are approved by the CPO/OIC, before the issuance of a solicitation document.</p> <p>Regarding the scoring methodology of the technical evaluation, please note that the PASS/FAIL criterion is normally applied to Invitations to Bid (ITB) and the scoring methodology (weightings) is used for Requests for Proposal (RFP). The evaluation is conducted following the agreed evaluation criteria as indicated in the pre-approved SSP.</p> <p>With regard to letters of regret, a template has</p>

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>been developed and approved (annex 3 – Letter of Regret example) and letters of regret are now systematically sent to unsuccessful bidder(s).</p> <p>Reference is made to the audit report point 26 were it is stated:</p> <p><i>“A review of procurement actions initiated and completed subsequent to the audit indicated that MINUSCA still has not systematically prepared source selection plans”.</i></p> <p>This statement by the Audit team is categorically rejected by Procurement and should be removed from the report. The actions have been implemented and the source selection plans are systematically prepared.</p> <p>In light of the aforementioned, Management is of the view that this recommendation should be removed/closed.</p>

Management Response

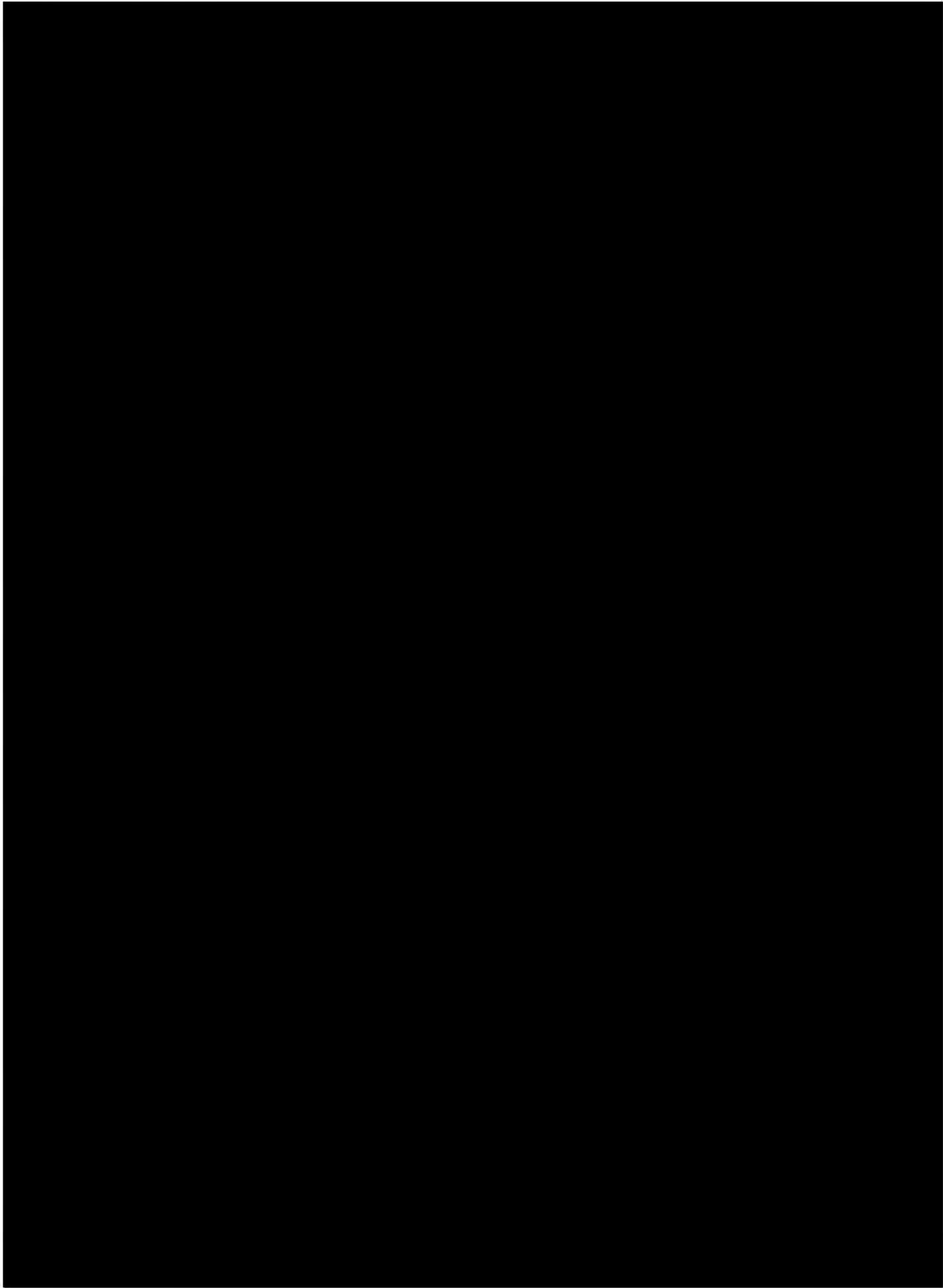
Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

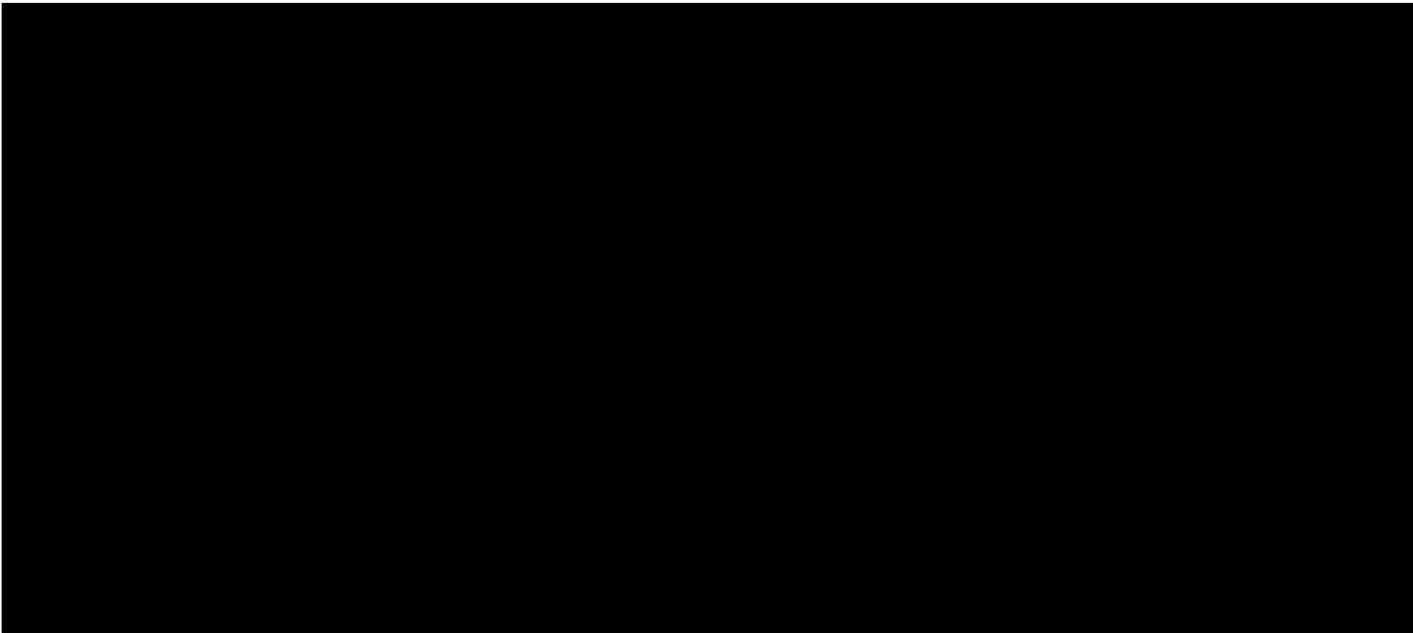
Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSCA should implement an effective mechanism to enforce the requirement to maintain up-to-date and complete procurement case files.	Important	Partially Accepted (see paragraph 5.3 of the Management response of the 22 April 2016)	CPO/ Procurement Officer	August 2015	<p>Following the takeover of the BINUCA operations, MINUSCA's Procurement Section operated out of one office due to the lack of available space. In addition, Procurement moved office twice within a 9 month period thus compounding their ability to establish an effective mechanism to maintain secure and complete case files. However, with the development of the Log Base (Camp Des Jean), disruption in the operational environment has decreased, additional office space has been provided, and Procurement Section has now been able to put in place a number of measures to improve upon the system inherited from BINUCA. Amongst others:</p> <ul style="list-style-type: none"> - A Procurement Officer is now responsible for the oversight of Archiving. - A dedicated and secure archive room and container are now in use in which buyers numerically file closed cases by Purchase Order number. - A procurement file check-list (annex 4 – Procurement Check List) to help buyers to check if all required relevant documents have been included in the case file before filing in the archive room.

Management Response

Audit of local procurement in the United Nations Multidimensional Stabilization Mission in the Central African Republic (MINUSCA)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>- An electronic record keeping in the Procurement Sharedrive is now used to store relevant back up information to support the physical filing system.</p> <p>In light of the aforementioned, Management is of the view that this recommendation should be removed/closed.</p>





United Nations  Nations Unies

SOURCE SELECTION PLAN

EXAMPLE <Supply and Delivery of Computers and Softwares to MINUSCA Logistics Base in Bangui – DAP or DDP-Incoterm 2010>

Requisition Number: _____

Solicitation Number: _____

Date: _____

Drafted by:

<name>
Procurement <Assistant/ Officer>
MINUSCA- Bangui, CAR

Date

Reviewed By:

<name>
Team Leader
Purchasing Unit <....>
MINUSCA, Central African Republic

Cleared by:

<name>
<Chief
MINUSCA, Bangui, CAR

Date

Approved by:

Date

Introduction

This Source Selection Plan (SSP) provides guidance on the selected solicitation process, establishes organizational responsibilities, lists technical evaluation criteria and defines procedures for evaluating proposals received in response to EXAMPLE <Invitation to Bid No. 3400003062 for the Supply and Delivery of Computers and Software to DAP or DDP MINUSCA Logistics Base in Bangui, Central African Republic – Incoterms 2010>.

This plan:

1. Ensures that each participant has a clear understanding of the source selection and evaluation process;
2. Ensures impartial, comprehensive and timely evaluation of bids / quotations / proposals to identify vendors whose expertise and capabilities satisfy the requirement;
3. Describes the responsibilities of the members of the Evaluation Committees;
4. Specifies the criteria to be used in the evaluation process, together with the applicable rating / scoring method;
5. Establishes the procedures for conducting the evaluation of bids / quotations / proposals;
6. Provides an official record of the Sourcing process.

1. Definition of the Requirement

1.0 Details

a) Shopping Cart number:

b) Date Received:

c) Date Required:

d) Estimated value:

e) Requisitioning department:

1.1 Type of requirement: [check the appropriate box]

- Goods
- Services
- Combination of goods and services
- Works

1.2 Category of requirement

- Core requirement (DPKO missions only)
- Special requirement
- Other (i.e. 'normal' requirement)

1.3 Local Procurement Authority [*Missions and OAH only*]

- a) Reason for requesting LPA:
- Value > delegated authority
 - Special requirement
 - Not Applicable
- b) Date requested:
- c) Date received:

1.4 Specifications/Statement of Work/Terms of Reference

Please refer to the attached Scope of Requirement

2. Sourcing / identification of potential vendors

2.0 Sourcing method

Check all that apply:

- Expression of Interest (EOI)
- Request for Information (RFI)
- UNGM database
- UNPD vendor database
- Internet research
- other,

Reason for not posting Request for Expression of Interest (if applicable): The UNGM database and UMOJA contains enough number of supplier for this type of items and considering the value which is less than US\$ 200,000.00 it was deemed unnecessary to post an EOI.

2.1 Request for Expression of Interest (EOI) N/A

- a. Date Posted: _____ Date Closed: _____
- b. Copy of EOI in file: Yes / No
- c. Number of responses received: _____
- d. Justification for inclusion / exclusion of Vendors: _____

2.2 Potential Vendors

Number of vendors invited: _____

Number of countries: _____

Vendors by Country of origin: _____

- Developed Countries:
- Developing Countries and Countries with Economies in Transition;

3. Solicitation Document Type

- ITB
- ITB
- RFP

3.0 Justification for type of solicitation

Estimated value:

- < US\$ 40,000
- US\$ 40,000 – US\$ 500,000
- > US\$ 500,000

Complexity:

- Standard deliverables with generic and firm specifications (clearly defined or continuously used deliverables)
- Statement of Work or Specifications of deliverables cannot be clearly quantitatively or qualitatively expressed in sufficient detail
- Outsourcing of non-core activities and services
- Complex goods using a functional specification
- Other: _____ (please specify)

4. Basis of award

- Lowest acceptable / substantially conforming bid (FRR 105.15 (a))
- Most responsive proposal considering all factors (FRR 105.15 (b))
- Other: Exigency (FRR 105.16 (a) (vii))

5. Contract

5.0 Type of Contractual Instrument

- Purchase Order
- Blanket Purchase Order
- Written Contract
- Systems Contract
- Institutional Contract Agreement (ICA)
- Letter of Assist (LOA)
- Inter-Agency Agreement

5.1 Contract duration:

- One time purchase
- Short Term Agreement (< 1 year): _____ (please specify)
- Long Term Agreement (> 1 year): (eg: 2 years with 3 optional one (1) year extensions)
- other, _____ (please specify)

5.2 Contract General Conditions

- UN General Conditions for Goods
- UN General Conditions for Services
- UN General Conditions for Goods and Services
- UN General Conditions for de minimis Mission Contracts
- UN General Conditions for Air charter agreements
- Other: _____

6. Planning / Procurement Activity Schedule

[Example events listed below – add or delete as required]

<u>Event</u>	<u>Start Date</u>	<u>End Date</u>
ITB	_____	_____
Answers to Queries to all vendors	_____	_____
ITB Closing Date	_____	_____
Technical Evaluation	_____	_____
Commercial Evaluation	_____	_____
Submission of LCC Presentation	_____	_____
LCC Meeting	_____	_____
LCC Minutes	_____	_____
Contract Award/Negotiation/Signature	_____	_____

7. Evaluation Committee

Proposed Commercial Evaluation Team / Procurement Officer:

Proposed Technical Evaluation Team / Requestor (*minimum 3 persons not having the same reporting line, i.e. none is a supervisor of the other(s)*). The SAU may assign an alternate evaluator if any of the following evaluators was not present at the time of bids evaluation.

8. Evaluation Process

Only the bids that are technically compliant with the ITB requirements will be considered for commercial evaluation.

9.0 Evaluation Criteria

9.1 Commercial Evaluation Criteria

EXAMPLE <Main criteria for both cost and non-cost are:

- i. Unit price and total price;*
- ii. Validity of the Bid, after the closing date/time;*
- iii. Acceptance of UN Payment Terms;*
- iv. Acceptance of UN General Conditions for Service Contracts; and*
- v. Delivery terms, noting that the requirement of this ITB is on the basis of DAP (Delivered at Place) or DDP (Delivered Duty Paid) – MINUSCA Logistics Base, Camp De Jean, Central African Republic – Incoterms 2010; >*

9.2 Technical Evaluation Criteria

EXAMPLE < The offer should be technically evaluated under a Pass/Fail rating scheme against each of the following:

- i. Bid must meet the technical specification provided on the purchase order.*
- ii. Vendor shall provide separate detailed description. Photographic material, clear, readable and well-structured color brochures/catalogues/leaflets for item offered and certification of compliance of specific standards by manufacturer.*
- iii. Delivery period not to exceed 5 weeks after receipt of the PO*
- iv. Warranty coverage for factory defects of minimum 1 year.*

An evaluation criterion will be rated Fail if the bid contains major error(s), omission(s) or deficiencies that indicate a lack of understanding of the requirement or an approach which fails to meet the requirement. >

9.3 Minimum requirements

The bidders must be able to provide free days for demurrage at the port of discharge

9.4 Weighting

Not applicable

9.5 Scoring / Rating system

Bids that do not contain sufficient information mentioned in paragraph 9.1 and 9.2 above will be rejected on technical grounds for non-compliance with the ITB requirements

10.0 Risk Factors:

EXAMPLE <Political and security situation during unarrest periods in CAR, may have negative impact on transporting the goods to the final destination in Bangui>.

11.0 Performance Indicators:

EXAMPLE:

*<-Vendor to provide weekly report on progress of movement of the freight enroute through to final destinations
-100% compliance with delivery date>*

12.0 Negotiations / Negotiations Strategy

In exceptional cases, negotiations may be required before the conclusion of a Contract. Negotiations with Vendors after Submission Opening are subject to the clearance of the Chief Procurement Officer and/or recommendation by the Committee on Contracts and subsequent approval by the Director of Mission Support.

In case negotiations will be part of the Selection Process, a Negotiation Strategy shall be drafted prior to the negotiations taking place and must be included in the Procurement Case File.

13.0 Security Instruments (SI) - (PM Ch. 9.34)

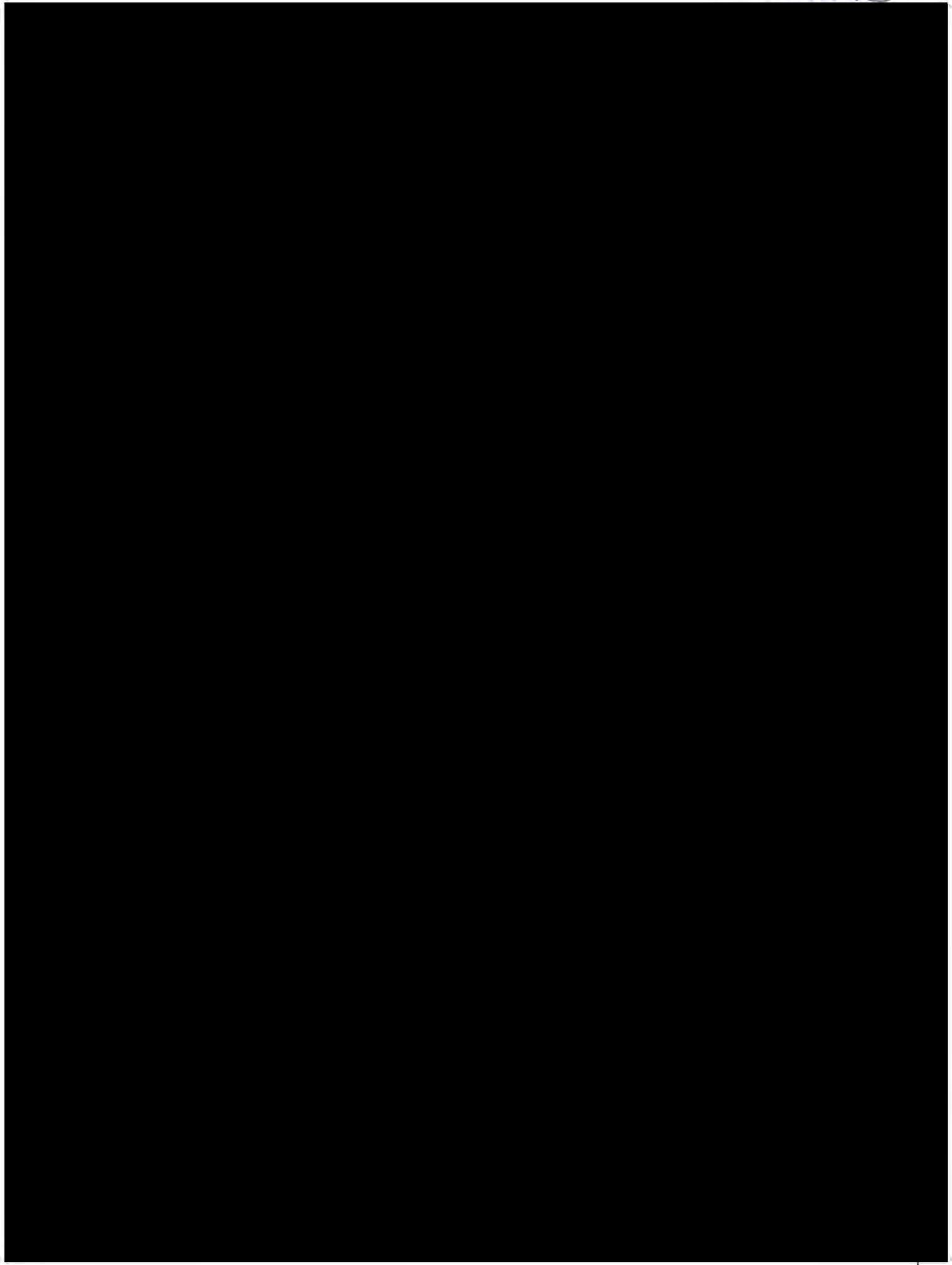
Not required - Reasons:

- Required - Type of SI:
 - Bid Bond - Amount: _____
 - Performance Bond - Amount: _____
 - Letter of Credit - Amount: _____
 - Other: _____ - Amount: _____

14.0 Liquidated Damages (LD) - (PM Ch. 9.35)

- Not required - Reasons:

- Required - Provisions for LD and Amount:
_____ - Amount: _____
_____ - Amount: _____
_____ - Amount: _____



PROCUREMENT FILE CHECKLIST

ITB/RFP/RFQ-.....

Contract

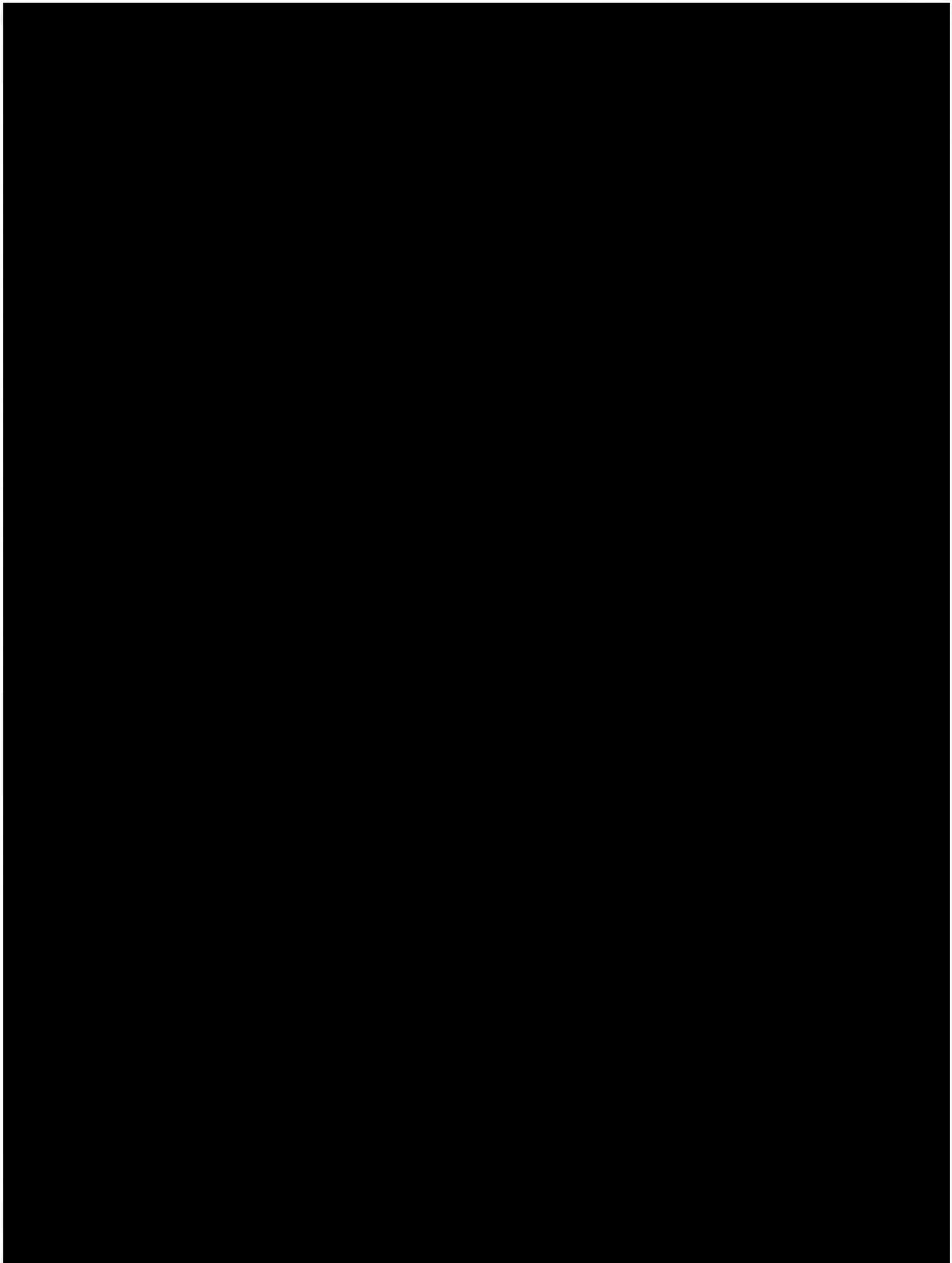
PO number.....

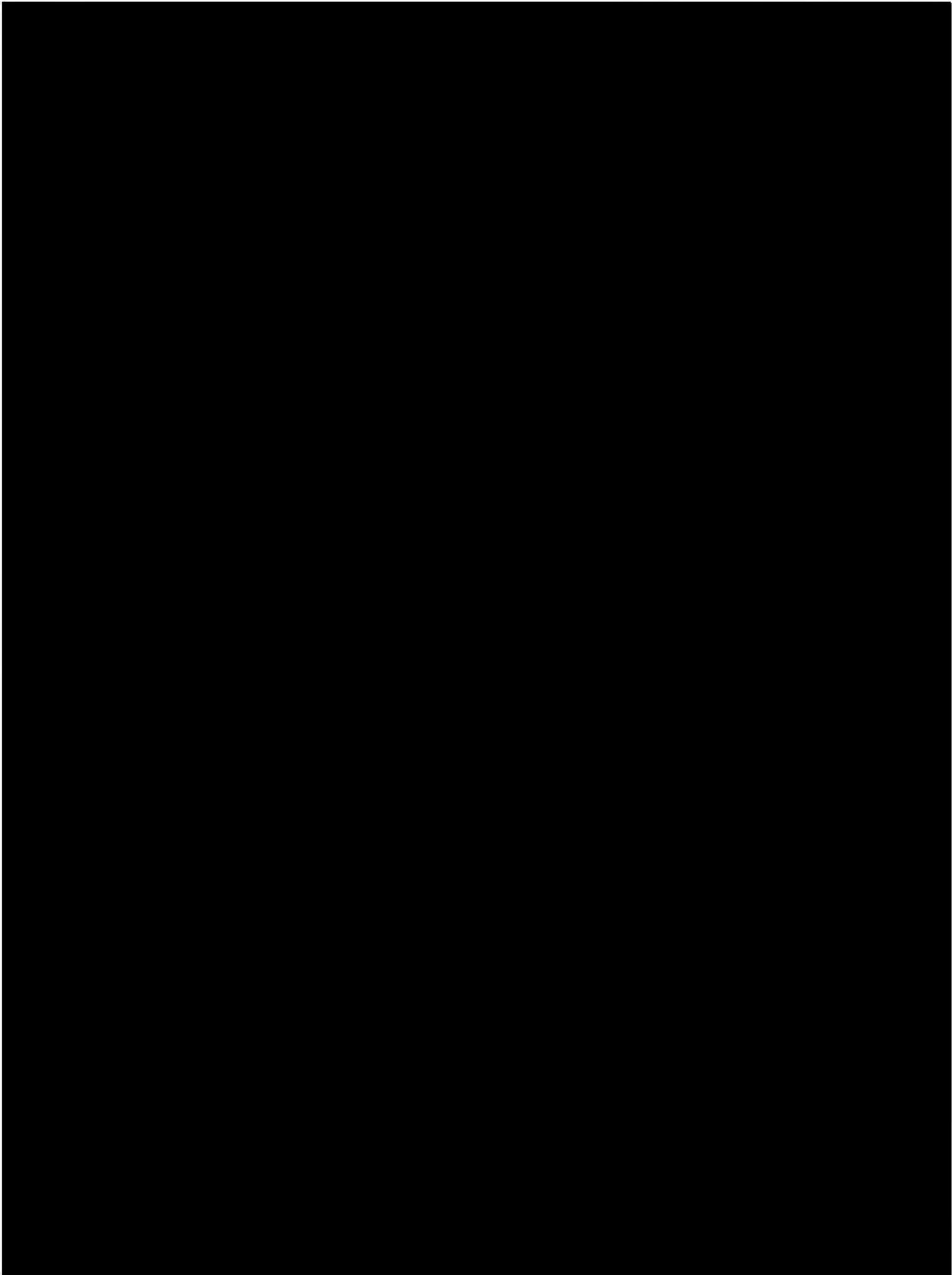
SHOPPING CART No:

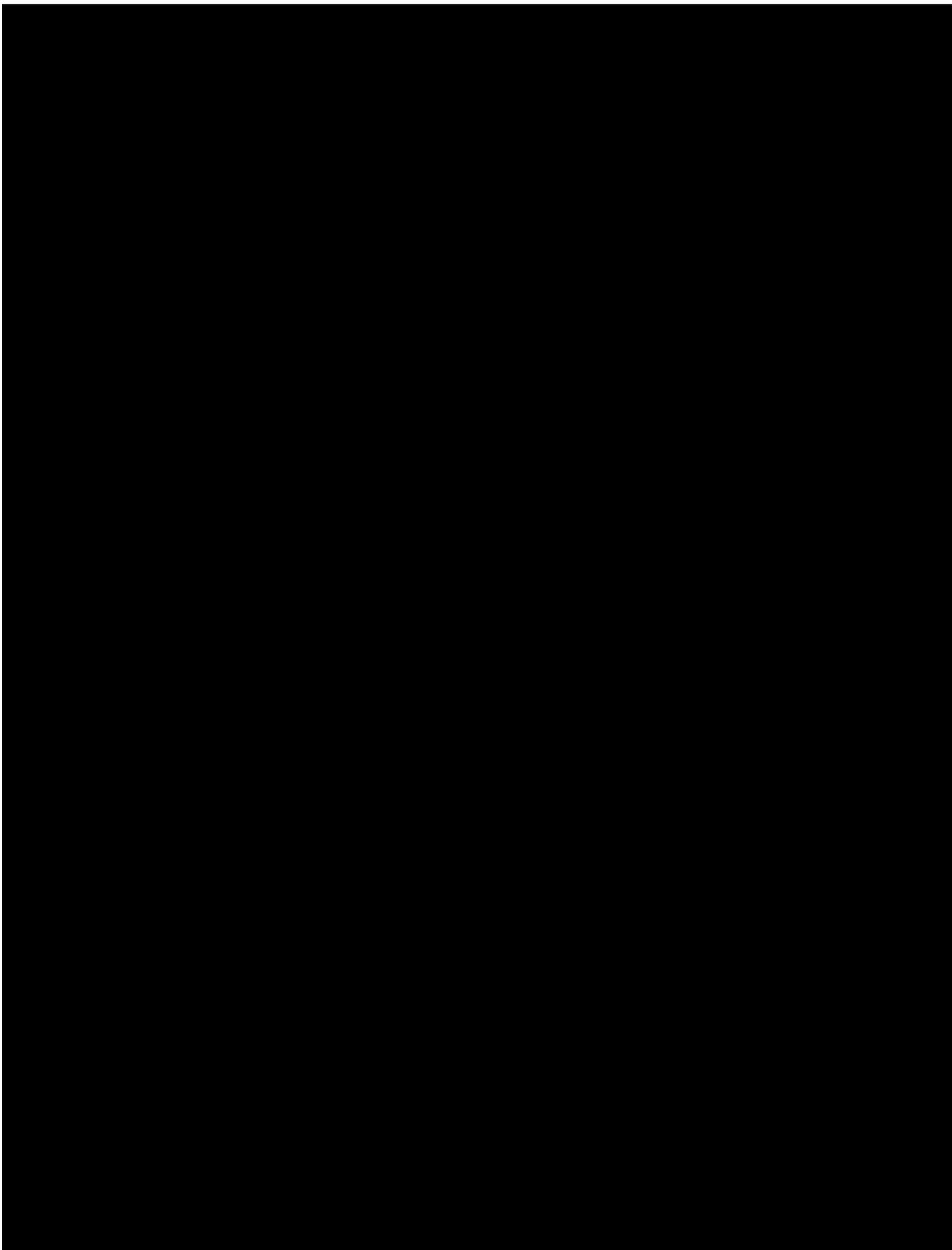
Date.....

Signature Case Officer.....

SECTION 1: Pre-solicitation		Available on file Yes, No, N/A	SECTION 3: Receipt, Opening & Evaluation of Offers		Available on file Yes, No, N/A	SECTION 4 (continued)		Available on file Yes, No, N/A
1.1	Copy of shopping cart		3.1	Copies of received offer(s)		4.6	Vendor's signed acceptance of Award	
1.2	Initiating Memorandum from the Requisitioner		3.2	Signed bid opening report		4.7	Copies of performance security	
1.3	Approved source selection plan		3.3	Copy of no bid responses		4.8	Future Year Commitments approvals (if applicable)	
1.4	Special approval of vendors (if applicable)		3.4	Signed technical evaluation table/report and memo from the Requisitioner		4.9	Copies of regret letters	
1.5	Technical specifications, terms of reference or statement of works (with final clearance by the Requisitioner)		3.5	Signed financial/combined evaluation table/report		4.10	Copy of purchase orders	
1.6	Market surveys (internet research, request for information, etc.)		3.6	Bid abstract				
1.7	Copies of request for expression of interest posted on ungm.org and local media		3.7	Dunn & Bradstreet report (if applicable)		SECTION 5: Post award		Available on file Yes, No, N/A
1.8	Response(s) to the request for expression of interest		3.8	Copy security instrument (if applicable)		5.1	Correspondence regarding disputes	
1.9	Pre-solicitation correspondences (Memos, letters, facsimile, emails, etc.)		3.9	Correspondence with vendors: request for clarifications, complaints, etc.		5.2	Dully signed Inspection & Receiving Report	
SECTION 2: Solicitation		Available on file Yes, No, N/A				5.3	Shipping documents (airway bill, bill of lading, packing list)	
2.1	Invitee list		SECTION 4: Contract Award		Available on file Yes, No, N/A	5.4	Duly filled vendor performance report	
2.2	Complete signed solicitation documents		4.1	Statement of award signed by the buyer, supervisors		5.5	Certificate of final completion of works/services/goods	
2.3	Copies of acknowledgement of receipt of solicitation documents		4.2	Copy of signed LCC presentation.		5.6	General correspondence with vendor+Requisitioner (Memos, letters, facsimile, emails, etc.)	
2.4	Minutes of pre-bid meeting with vendors		4.3	Approved LCC/HCC minutes		5.7	Copies of invoices	
2.5	Amendments to the solicitation documents		4.4	Notice of Consideration of award		SECTION 6: Note to the case file		Available on file Yes, No, N/A
2.6	Notifications of amendments to vendors		4.5	Notice of award		6.1	Any deviation/ exception to the applicable procurement and financial rules and regulations is documented in a note to the file.	
2.7	Clarifications and correspondences with Requisitioner (Memos, letters, facsimile, mails, etc.)							







Practical Guide

Application of Liquidated Damages

Procurement Manual: Chapter 9 Section 9.35

1. Liquidated Damages

- 1.1. Liquidated damages are a form of redress to be paid by the vendor to the buyer in case of lack of performance or delayed delivery. For example, a pre-established fixed sum or percentage for each day the supplier is late delivering the equipment to the final destination. The amount would normally be projected consequently loss for the Organization due to due to lack of performance.
- 1.2. Liquidated damages clauses can only be applied when there is a solid, well / adequately and (undisputable) defensible basis for so doing. As is stated in paragraph 13.6.3(ii) of the procurement manual, it is to be applied as on a compensatory basis, not a punitive basis and care should be taken in applying it.
- 1.3. The solicitation documents for requirements must include a clause for stipulation of liquidated damage and the level according to the Procurement manual (PM).
- 1.4. The written contract resulting from the solicitation must also contain a clause describing the liquidated damage and conditions under which they can be applied according to the PM.
- 1.5. Where the agreed delivery dates change (with the concurrence of the requisitioning office), formal contract amendments shall be effected.
- 1.6. If the vendor complies with contract and delivers the goods and services accordingly, LDs are not applicable.
- 1.7. If the vendor delivers later than the delivery date stipulated on the contract and the delay is not caused by MINUSCA, then there is a case for the application of liquidated damages. Currently Procurement is notified of late deliveries normally by Receive & Inspect, the respective SAU, Finance (RSCE) or the Acquisition Section.
- 1.8. If the reason for the delay in delivery is due to delays caused by MINUSCA then Liquidated damages will not apply. However, a clear explanation relating to the delay caused by MINUSCA must be noted and filed in the respective case file. A copy of the related document should also be scanned and placed in the Sharedrive: Procurement/MINUSCA/ Practical Guide/Liquidated Damages/LD not applied.

You should create a new folder in the "LD not applied" folder to store relevant documents and it should be named using the applicable PO number and a brief project name for example:-
2200021987 Cement

- 1.9. A Report on Determination of Liquidated Damages shall be completed and submitted to Procurement Section or Contracts Management Section when the situation arises.

- 1.10. Depending on the requirement, PO or Contract, Procurement section / Contracts Management Section will formally approach and address this with the vendor in question, investigate and establish whether there is a plausible cause to the delay.
- 1.11. If it is determined that no plausible cause to the delay exists, LDs shall be applied. The vendor in question shall be notified accordingly, also about the monetary consequence.
- 1.12. Finance shall be notified and they will deduct the LD amount in question from the invoice accordingly and pay the vendor the remaining balance.



Practical Guide

Vendor registration

1. Vendor Registration and Management

Vendors Registration is centralized at United Nations Global Market (UNGM)

1.1. Registration with the United Nations Secretariat begins at the United Nations Global Market Place (UNGM) and can be accessed via: <https://www.ungm.org>

1.2. How to Register

1.2.1. To register for a UNGM account Vendors should visit www.ungm.org and under the registration tab complete the Registration Form.

1.3. Basic Registration

1.3.1. To be eligible for basic registration all companies must provide the following information:

(i) Basic Vendor information (name, address, contact information, telephone, email, etc) (ii) Pre-requisite of eligibility.

(iii) Acceptance of UN Supplier Code of Conduct.

(iv) Commodity Codes.

Level 1 Registration:

In addition to the information required for Basic registration, Vendors must indicate the following:

(i) Vendor must have been in Business for a minimum of 3 years.

(ii) Current certificate of incorporation or equivalent document verifying legal status/capacity.

(iii) List of at least three independent, non-affiliated clients/companies whom you have conducted business with over the last year or three letters of reference

Level 2 Registration:

In addition to the documents required for Basic and Level 1 Vendors must provide

i. Names of owner(s) and principals (including parent company, subsidiaries/affiliates, CEO/Managing Director, and those with controlling interest, if applicable).

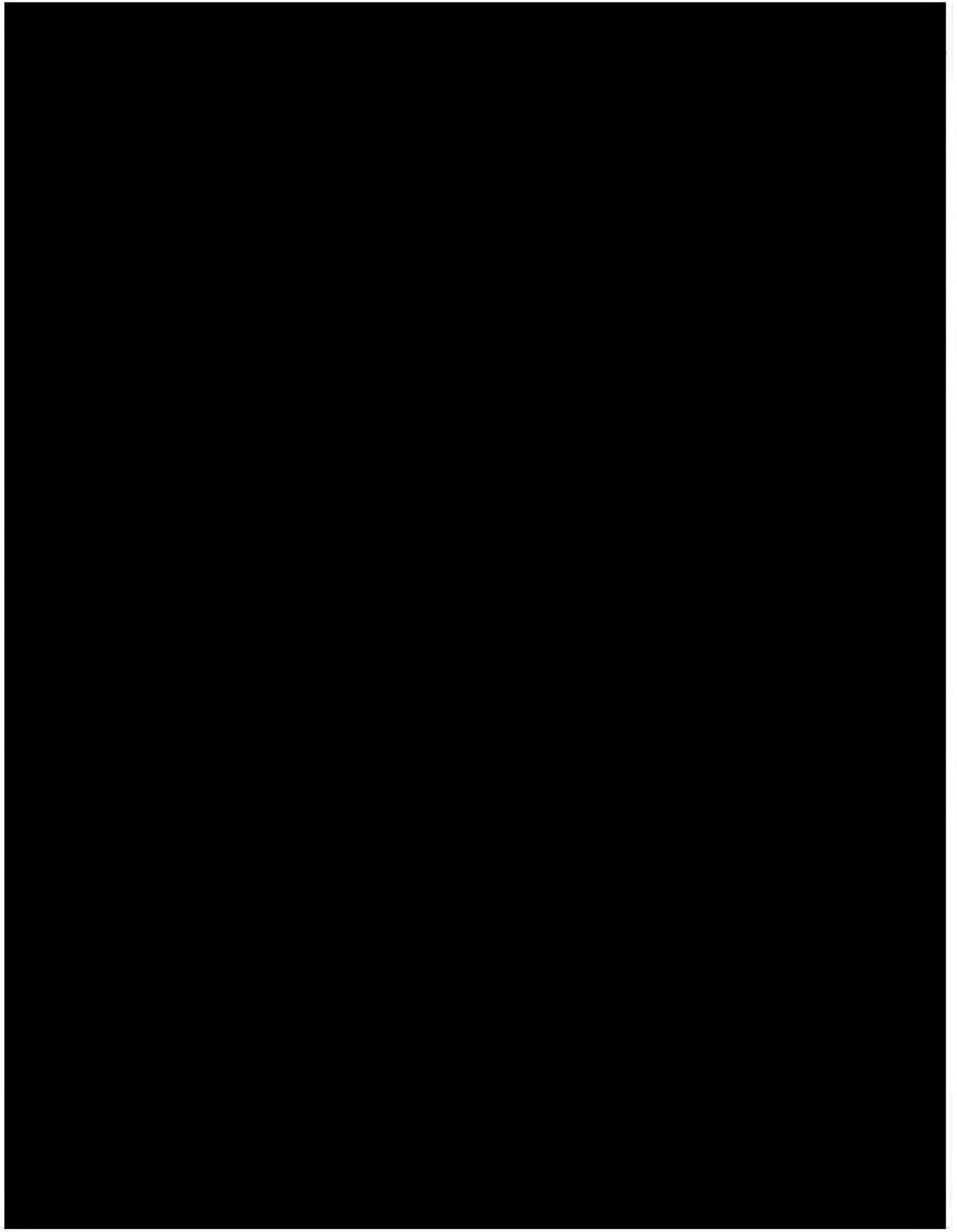
- ii. The names of intermediaries, agents and/or consultants, (if any) used in relation to United Nations contracts or bids/proposals.
- iii. Financial documents including Income Statement and Balance Sheet (audited financial statements or equivalent) for the last three years to be submitted with Auditor's Report or External Accountant Report.

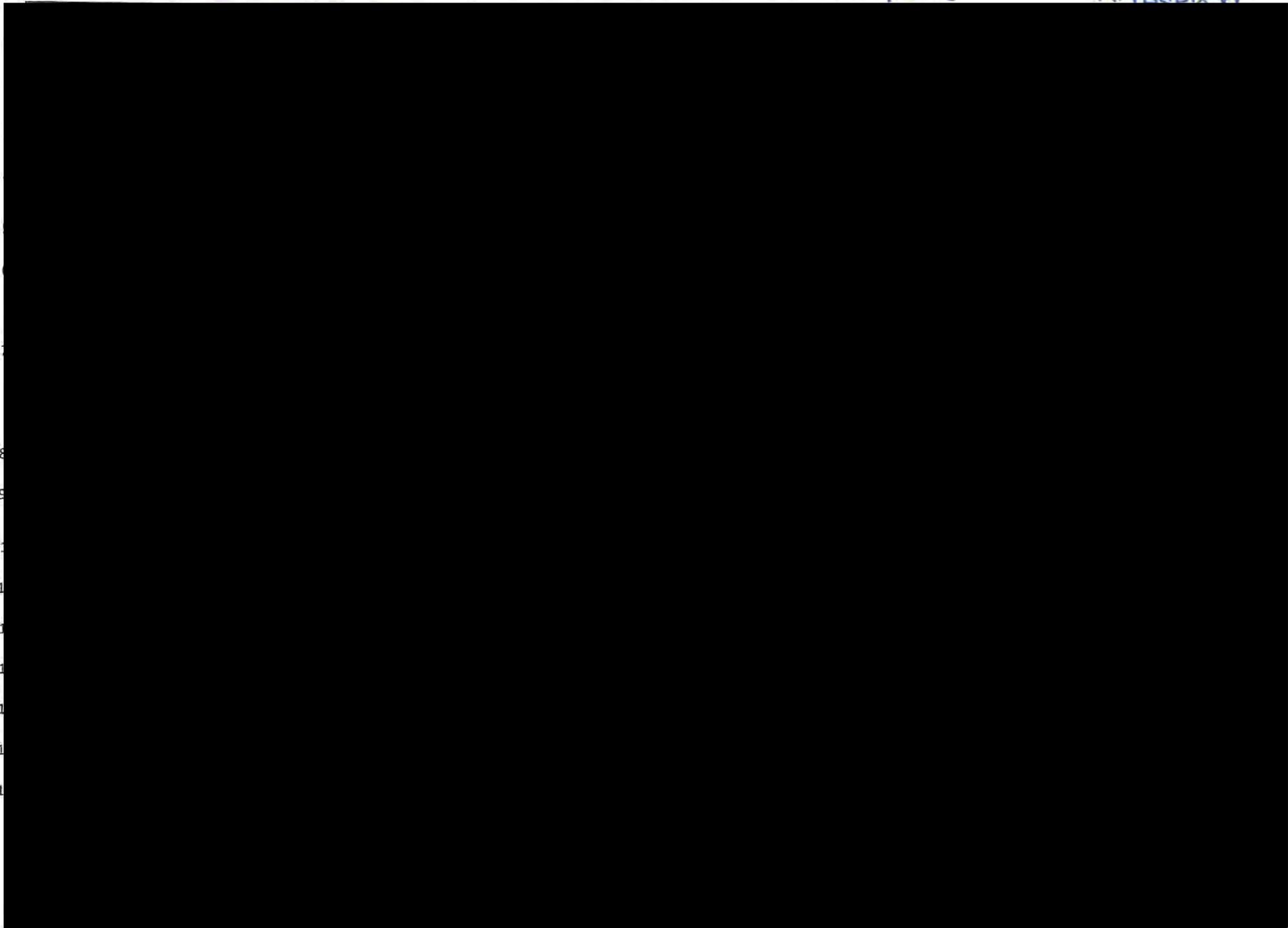
Optional Data to be provided:

- (i) A copy of Code of Ethics and/or Anti-Fraud Compliance Program, or equivalent.
- (ii) Evidence of the applicant's participation in the UN Global Compact or support of equivalent initiatives that indicates the applicant's commitment to align its operations and strategies with universally accepted principles in the areas of human rights; labor, environment and anti-corruption.

Levels of Registration:

- (i) Basic Level registration involves an estimated contract amount of less than US\$40,000.00
- (ii) Level 1 involves estimated contract amount of greater than US\$40,000.00 but less than US\$500,000.00.
- (iii) Level 2 involves estimated contract amount of above US\$500,000.00.





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