



INTERNAL AUDIT DIVISION

REPORT 2016/065

Audit of local procurement in the
United Nations Organization
Stabilization Mission in the Democratic
Republic of the Congo

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

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

10 June 2016
Assignment No. AP2015/620/08

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AUDIT REPORT

Audit of local procurement in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The MONUSCO Procurement Section is responsible for the local procurement of goods and services for the Mission based on requisitions established by end users. The Section is headed by the Chief Procurement Officer at the P-5 level who reports to the Chief Supply Chain Management Section and is supported by 18 international staff, 13 national staff and 6 United Nations volunteers.
4. From January 2014 to December 2015, MONUSCO issued 3,000 purchase orders valued at \$564 million and awarded 538 contracts with a total not-to-exceed amount of \$300 million for the local procurement of goods and services.
5. Comments provided by MONUSCO are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MONUSCO governance, risk management and control processes in providing reasonable assurance regarding the **effective management of local procurement in MONUSCO**.
7. The audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks related to the local procurement of goods and services in MONUSCO.
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 management of local procurement of goods and services in MONUSCO; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted the audit from December 2015 to February 2016. The audit covered the period from January 2014 to December 2015.
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 MONUSCO governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of local procurement in MONUSCO**. OIOS made six recommendations to address the issues identified. MONUSCO: established a Tender Opening Committee (TOC) and the Local Committee on Contracts (LCC) that adequately performed their respective functions; complied with its delegation of procurement authority; and ensured relevant staff filed their financial disclosure and declaration of interest statements. However, MONUSCO needed to: (a) complete vendors’ performance evaluations and renew contracts based on these evaluations; (b) monitor the use of low-value purchase orders; (c) implement procedures to prevent splitting procurement actions and comply with the requirement for formal solicitation for procurement actions exceeding \$40,000; (d) train staff responsible for recording the receipt of goods and services in Umoja, and ensure compliance with the requirements to raise purchase orders and document the receipt of the goods and services and processing of invoices in Umoja; (e) obtain authority for the local procurement of special requirements; and (f) supplement the United Nations Global Marketplace with alternative vendor identification techniques to increase the number of potential vendors.

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

Table 1: Assessment of key control

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

Regulatory framework

MONUSCO procurement staff had filed their financial disclosure and declaration of interest statements

14. The Procurement Manual and the Secretary-General’s bulletin on financial disclosure and declaration of interest statements requires all procurement staff with principal duties for procuring goods and services to file annually financial disclosure and declaration of interest statements with the United Nations Ethics Office.

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.

15. Confirmation received from the United Nations Ethics Office showed that all Mission procurement officers had filed their financial disclosure and declaration of interest statements for 2014 and 2015 with the United Nations Ethics Office.

16. OIOS concluded that MONUSCO procurement officers complied with the requirement to file their annual financial disclosure and declaration of interest statements.

Delegation of procurement authority complied with established thresholds

17. The delegation of authority issued to MONUSCO by the Under-Secretary-General for Field Support requires that the financial limits for any staff should not exceed those stipulated in the Procurement Manual.

18. A review of all 29 delegation of authority forms signed by the Director of Mission Support and procurement staff indicated that the individual financial limits for staff did not exceed the limits stipulated in the delegation of procurement authority issued to MONUSCO by the Under-Secretary-General for Field Support and the Procurement Manual.

19. OIOS concluded that the delegation of procurement authority issued to MONUSCO staff was in accordance with the financial thresholds stipulated in the Procurement Manual.

The Mission established a Local Committee on Contracts that performed its mandated functions

20. The Procurement Manual requires the Mission to establish an LCC to review all procurement cases exceeding the delegation of authority of \$150,000 for the Chief Procurement Officer and to advise the Director of Mission Support when procurement actions do not comply with the United Nations Financial Regulations and Rules.

21. A review of the LCC terms of reference and minutes of 30 of 83 meetings held between January 2014 and December 2015 indicated that the Committee: (a) met at least once weekly and challenged the Procurement Section and requisitioners when procurement cases did not comply with the United Nations Financial Regulations and Rules; and (b) recommended the Director of Mission Support's rejection of 11 of 30 reviewed procurement cases for various reasons such as repeated extension of contracts without competition, weak comparison and analysis of bids, underestimation of requirements, errors and inconsistencies. The Director of Mission Support approved 3 of these 11 cases due to exigency and rejected the other 8 cases as recommended by the LCC. As of March 2016, MONUSCO was finalizing the procurement process for the 8 cases. The LCC was also properly referring contracts above the Mission's delegated authority to the Headquarters Committee on Contracts.

22. OIOS concluded that the Mission properly constituted an LCC, which was performing its mandated functions.

Need to consider the performance evaluations of vendors when extending contracts

23. The Procurement Manual requires the Procurement Section to: (a) maintain copies of vendor performance evaluation reports in the relevant procurement case files and amend contracts based on a satisfactory vendor performance evaluation; and (b) communicate in writing any contractual non-compliance or unsatisfactory performance of registered vendors to the Vendor Review Committee.

24. Interviews with staff of the Procurement and Engineering Sections and a review of the files for 27 contracts with a combined not-to-exceed amount of \$69 million out of 538 contracts with a combined not-to-exceed amount of \$300 million indicated that the Procurement Section amended 6 of 16 contracts without vendor performance evaluations. For example, the Procurement Section amended the contract for the:

(a) Supply of non-food items twice, increasing its not-to-exceed amount from \$40,000 to \$490,000 without vendor performance evaluations;

(b) Provision of personnel for ground support services at airports four times, increasing its not-to-exceed amount from \$235,870 to \$657,577 without vendor performance evaluations; and

(c) Extension of the contract for one year to January 2016 for the provision of cleaning and janitorial services to MONUSCO operations in Kinshasa within the not-to-exceed amount of \$1.9 million (originally approved by the HCC) even though the performance of the contractor had been rated as unsatisfactory. The reported non-performance issues included: (i) inadequate and poor quality cleaning materials; and (ii) poor cleaning services. Additionally, the Procurement Section did not refer the vendor to the Local Vendor Review Committee for review and action.

25. The above resulted because the Contract Management Section did not provide effective oversight over the vendor performance evaluation process, and the Procurement Section overlooked the requirement for vendor performance reports when amending contracts. As a result, there was an increased risk that MONUSCO may continue to work with non-performing vendors resulting in financial loss and the receipt of substandard goods and services.

(1) MONUSCO should implement effective oversight procedures to ensure compliance with the requirements for vendors' performance evaluation and renewal of contracts based on the reports of such evaluations.

MONUSCO accepted recommendation 1 and stated that procurement staff and the Secretary of the LCC would review case presentations prior to submission to the LCC to ensure that vendor performance reports were included for all contract extensions. Recommendation 1 remains open pending receipt of evidence that MONUSCO has implemented procedures to ensure compliance with the requirements for vendor performance evaluation for renewal of contracts.

There was a need for adequate procedures to monitor the use of the direct method of purchasing

26. The Procurement Manual and the Field Finance Procedure Guidelines require self-accounting units such as the Engineering, Transport and Medical Services Sections to use the direct method of purchasing only for goods or services valued up to \$4,000.

27. Interviews with staff of the Procurement, Medical, Engineering and Transport Sections; analysis of low-value purchase orders of less than \$4,000 downloaded from Umoja and the list of MONUSCO contracts; and review of 265 (including 65 low-value purchase orders) of 3,000 purchase orders issued between January 2014 and December 2015 indicated that the Mission repeatedly used low-value purchase orders. For instance, at least 15 vendors were issued with 11 to 50 low-value purchase orders during the audit period.

28. Since MONUSCO was required to implement a formal solicitation process for procurement exceeding \$40,000, the issuance of more than 10 low-value purchase orders of about \$4,000 each meant that the Mission had avoided the competitive process by excessively using the direct method of

purchasing. As a result, there was a risk of fraud and abuse related to the use of the direct method of purchasing.

29. The above resulted because the Mission had not established procedures to monitor the use of low-value purchase orders and to analyse them in order to take corrective action and minimize their use.

(2) MONUSCO should implement procedures to monitor the use of low-value purchase orders.

MONUSCO accepted recommendation 2 and stated that it would issue standard operating procedures requiring the Supply Chain Management Planning Cell to run quarterly reports and share these reports with the Procurement Section to ensure that low-value purchase orders were kept to a minimum. In addition, the Director of Mission Support would issue an Inter-Office Memorandum to all certifying/approving officers reiterating the formal procedure on the use of low-value purchase orders. Recommendation 2 remains open pending receipt of evidence that MONUSCO has implemented procedures to monitor the use of low-value purchase orders.

Need for appropriate measures to prevent splitting procurement actions

30. The Procurement Manual requires MONUSCO to group similar or the same goods together during solicitation and request vendors to quote prices on a per-group basis. The Procurement Manual requires: MONUSCO to undertake formal methods of solicitation such as requests for proposals and invitations to bid for each procurement action exceeding \$40,000; and the LCC to review each procurement action exceeding the Chief Procurement Officer's delegated authority of \$150,000.

31. Analysis of all 538 contracts totaling \$300 million awarded by MONUSCO to 130 vendors and a review of 265 purchase orders indicated that the Mission had split procurement actions with a total not-to-exceed amount of \$1.1 million for some goods such as plumbing materials, timber products, gravel and electrical materials as indicated in the following examples:

(a) The Mission awarded seven contracts to the same vendor for the supply of nails, plumbing materials and wood products. Five of the seven contracts were for \$40,000 or less each. Therefore, the Procurement Section avoided the formal method of solicitation. During the audit period, MONUSCO purchased nails, plumbing materials and wood products totaling \$202,000 from this vendor through the seven contracts;

(b) The Mission awarded two separate contracts with not-to-exceed amounts of \$90,000 and \$135,000 to the same vendor on the same day for supply of soil and sand. Therefore, the Procurement Section avoided submitting procurement actions to the LCC for its review. As of December 2015, the purchases from the vendor had totaled \$50,750; and

(c) The Mission awarded four separate contracts with a combined not-to-exceed amount of \$186,459 to the same vendor on the same day for the supply of timber products in Bukavu. Therefore, the Procurement Section avoided the formal method of solicitation and submitting procurement actions to the LCC for its review. As of December 2015, purchases from the vendor totaled \$124,350.

32. The above resulted because the Director of Mission Support and the Chief Procurement Officer had not exercised due diligence and implemented adequate management review procedures to identify procurement actions that may have been split to circumvent controls requiring formal solicitation and review by the LCC. As a result, there was a risk that procurement of goods and services was not always transparent and competitive to achieve best value for money.

(3) MONUSCO should implement adequate due diligence and management review procedures to: identify cases where procurement actions are split to circumvent controls; and ensure compliance with the requirements for formal solicitation and review by the Local Committee on Contracts.

MONUSCO accepted recommendation 3 and stated that the Procurement Section would run Business Intelligence reports in Umoja to identify cases of split procurement actions. The Officer-in Charge of the Procurement Section would issue guidance to all procurement staff to ensure compliance with the requirements for formal solicitation and LCC review. Recommendation 3 remains open pending receipt of evidence that MONUSCO has implemented procedures to identify and prevent split procurement actions.

Need to raise purchase orders against contracts to prevent exceeding contracted amounts

33. The Procurement Manual requires MONUSCO to raise purchase orders against existing contracts in Umoja in order to prevent exceeding the contract amount.

34. A review of 265 purchase orders indicated that MONUSCO raised purchase orders outside of existing contracts in Umoja. In particular, the Mission issued 208 purchase orders outside of existing contracts for 38 vendors with a total value of \$650,000.

35. This occurred because MONUSCO had not implemented adequate supervisory controls and trained staff to ensure compliance with the requirements to raise purchase orders against existing contracts. As a result, MONUSCO was unable to effectively monitor the not-to-exceed amounts of contracts in Umoja.

(4) MONUSCO should provide training to relevant staff and implement adequate supervisory controls to ensure compliance with the requirements to raise purchase orders against existing contracts in Umoja.

MONUSCO accepted recommendation 4 and stated that it would conduct a two-day training for all procurement and relevant self-accounting unit staff. Recommendation 4 remains open pending receipt of evidence that MONUSCO has trained relevant staff and implemented adequate supervisory controls to ensure compliance with the requirements to raise purchase orders against existing contracts in Umoja.

There was a need to obtain authority for the local procurement of special requirements

36. The Procurement Manual requires MONUSCO to obtain local procurement authority from the Director of the United Nations Procurement Division or the Assistant Secretary-General for Central Support Services to procure special requirements as listed in Annex B to the Manual.

37. Interviews with staff of the Procurement, Transport and Medical Sections and a review of 265 purchase orders indicated that the Mission locally procured goods considered as special requirements listed in Annex B of the Procurement Manual without having the relevant local procurement authority. These goods were procured using low-value purchase orders and included pharmaceutical products and vehicle spare parts from local suppliers despite systems contracts being in place for these products. For example, as at December 2015 MONUSCO had locally purchased pharmaceutical products costing \$191,000 out of the annual requirement of \$1.4 million (13 per cent). The self-accounting units explained

that they had purchased these goods locally in order to meet urgent requirements, for example, field sites needed at least two vehicles to be operational at any time.

38. The above resulted because MONUSCO overlooked the requirement for local procurement authority related to the procurement of special requirements. As a result, there was a risk that MONUSCO procured goods locally that were of lower quality than those available from established systems contracts.

(5) MONUSCO should obtain authority for the local procurement of special requirements.

MONUSCO accepted recommendation 5 and stated that it would ensure that local procurement authority was obtained as and when necessary for the procurement of all special requirements. Recommendation 5 remains open pending receipt of evidence that MONUSCO has obtained authority for the local procurement of special requirements.

MONUSCO implemented adequate controls over the receipt of bids

39. The Procurement Manual requires MONUSCO to establish a TOC to receive and safeguard bids in response to formal methods of solicitation such as requests for proposals and invitations to bid. The Manual 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.

40. A review of physical controls over bids in Goma and 720 bids/proposals related to 173 formal solicitations indicated that MONUSCO had established a TOC, which consistently stamped bids with the time and dates of receipt and prepared the relevant solicitation abstracts; maintained copies of all solicitation abstracts; and obtained the signatures of procurement staff to indicate that the TOC had provided the Procurement Section copies of the abstracts as well as date and time stamped documents.

41. OIOS concluded that MONUSCO implemented adequate controls over the receipt of bids.

Need to increase the pool of vendors and response to solicitations

42. The Procurement Manual requires procurement officers to identify multiple vendors that can meet the needs of requisitioners in order to obtain competitive prices. The Manual also requires the Procurement Section to conduct market surveys to identify qualified vendors to satisfy the requirements established by requisitioners.

43. A review of the files for 27 out of 172 solicitations processed by MONUSCO during the audit period and minutes of 34 of 183 meetings of the TOC indicated that MONUSCO did not conduct any market surveys. Instead, MONUSCO relied entirely on the United Nations Global Marketplace (UNGM) to identify potential vendors. However, discussions with staff of the Procurement Section and a review of UNGM indicated that some local vendors were not invited because they had not registered in UNGM for goods and services they were capable of supplying. For example, the list from UNGM for the supply of asphalt did not include the main vendors that were capable of supplying the product in the country.

44. As a result, there was a very low vendors' response rate to solicitations since, from OIOS sample, only 159 of the 846 vendors invited to participate in the solicitation process responded. For one solicitation, only 2 of 75 vendors invited to bid for the supply of hot mix asphalt and bituminous primer in Goma submitted bids. This was because MONUSCO invited 65 vendors that were registered in the UNGM as small businesses that did not have the capacity to deliver the quantity required. For another solicitation, 13 of 151 vendors invited to bid for the supply of plumbing materials in Bukavu submitted

bids; and only 1 of 34 vendors invited responded to the bid for the supply of plumbing materials in Goma, which was consequently awarded the contract.

45. MONUSCO was encouraging local vendors to register on UNGM; however, UNGM was still insufficient and needed to be supplemented by other vendor identification techniques such as market surveys.

(6) MONUSCO should supplement the United Nations Global Market with alternative vendor identification techniques such as market surveys and advertisements in the national press and invite vendors to register in order to increase the number of potential vendors with the capacity and expertise to provide the required goods and services.

MONUSCO accepted recommendation 6 and stated that it would increase the amount of market surveys for different requirements to ensure that all potential vendors with the capacity and expertise to provide the required goods and services were included on the list of invitees. In addition, the Procurement Section would issue guidelines to all procurement team leaders to verify the list of invitees and to ensure more local vendors were invited in the solicitations. Recommendation 6 remains open pending receipt of evidence that MONUSCO has conducted market surveys to identify vendors with the capacity and expertise to provide the required goods and services.

IV. ACKNOWLEDGEMENT

46. OIOS wishes to express its appreciation to the management and staff of MONUSCO 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 Organization Stabilization Mission in the Democratic Republic of the Congo

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MONUSCO should implement adequate and effective procedures to ensure compliance with the requirements for vendors' performance evaluation and renewal of contracts based on the reports of such evaluations.	Important	O	Receipt of evidence that MONUSCO has implemented procedures to ensure compliance with the requirements for vendor performance evaluation for renewal of contracts.	31 August 2016
2	MONUSCO should implement procedures to monitor the use of low-value purchase orders.	Important	O	Receipt of evidence that MONUSCO has implemented procedures to monitor the use of low-value purchase orders.	31 August 2016
3	MONUSCO should implement adequate due diligence and management review procedures to: identify cases where procurement actions are split to circumvent controls; and ensure compliance with the requirements for formal solicitation and review by the Local Committee on Contracts.	Important	O	Receipt of evidence that MONUSCO has implemented procedures to identify and prevent split procurement actions.	31 August 2016
4	MONUSCO should provide training to relevant staff and implement adequate supervisory controls to ensure compliance with the requirements to raise purchase orders against existing contracts in Umoja.	Important	O	Receipt of evidence that MONUSCO has trained staff and implemented adequate supervisory controls to ensure compliance with the requirements to raise purchase orders against existing contracts in Umoja.	31 December 2016
5	MONUSCO should obtain authority for the local procurement of special requirements.	Important	O	Receipt of evidence that MONUSCO has obtained authority for the local procurement of special requirements.	31 August 2016
6	MONUSCO should supplement the United Nations Global Market with alternative vendor identification techniques such as market surveys and advertisements in the national press and invite	Important	O	Receipt of evidence that MONUSCO has conducted market surveys to identify vendors with the capacity and expertise to provide the required goods and services.	31 August 2016

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

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

³ C = closed, O = open

⁴ Date provided by MONUSCO in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	vendors to register in order to increase the number of potential vendors with the capacity and expertise to provide the required goods and services.				

APPENDIX I

Management Response



MONUSCO

Mission de l'Organisation des Nations Unies
pour la Stabilisation en République
démocratique du Congo

United Nations Organisation Stabilization
Mission in the Democratic Republic of Congo

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PROTECT

STABILIZE

CONSOLIDATE PEACE

INTEROFFICE MEMORANDUM

03 June 2016
Ref. ODMS/16/OM/02016

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

From: Guy Siri
Director of Mission Support
MONUSCO

Subject: **Management Response to Draft Audit Report – Local Procurement in MONUSCO
(Assignment No. AP2015/620/08)**

1. Thank you for your interoffice memorandum reference IAD-16-08 dated 10 May 2016, requesting the Mission to provide comments on the recommendations in the draft audit report on local procurement in MONUSCO.
2. Attached please find Appendix I - Management Response, for your consideration. Supporting documents will be provided to the Resident Audit Team.

Best regards.

Cc Mr. Richard Johnson, Officer-in-Charge, Supply Chain Management, MONUSCO
Mr. Perry George McCarthy, Officer-in-Charge, Procurement Section, MONUSCO
Mr. Emmanuel Ngor, Chair, Local Committee on Contracts, MONUSCO
Mr. Hicham Maoual, Officer-in-Charge, Contracts Management Section, MONUSCO
Ms. Kerry Zillner, Audit Focal Point, MONUSCO
Ms. Eleanor T. Burns, Director, Internal Audit Division, OIOS
Mr. James Okwakol, Chief Resident Auditor, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Attachment: Appendix I - Management Response

Peace it!

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Management Response

Audit of local procurement in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MONUSCO should implement adequate and effective procedures to ensure compliance with the requirements for vendors' performance evaluation and renewal of contracts based on the reports of such evaluations.	Important	Yes	Officer-in-Charge Procurement/ Local Committee on Contracts Secretary	31 August 2016	MONUSCO will ensure that Procurement staff and the Secretary of the Local Committee on Contracts (LCC) review the case presentations prior to submission to the LCC for review to ensure that the Vendor Performance Reports are included for all extensions to contracts.
2	MONUSCO should establish and implement procedures to minimize the use of low-value purchase orders.	Important	Yes	Procurement/ Self-Accounting Units	31 August 2016	A Standard Operating Procedure (SOP) will be issued requiring the Supply Chain Management (SCM) Planning Cell to run quarterly reports and share same with Procurement to ensure that low-value purchase orders are kept to a minimum. In addition, an Inter-Office Memorandum (IOM) will be issued by the Director of Mission Support (DMS) to all Certifying/Approving Officers, reiterating the formal procedure on the use of low-value purchase orders.
3	MONUSCO should implement adequate due diligence and management review procedures to: identify cases where procurement actions are split to circumvent controls; and ensure compliance with the requirements for formal solicitation and review by the Local Committee on Contracts.	Important	Yes	Procurement	31 August 2016	Procurement Section will run Business Intelligence Reports in UMOJA to identify cases of split procurement actions. The OIC Procurement Section will issue guidance to all Procurement staff to ensure that the practice of splitting procurement actions are kept to a minimum, in compliance with the requirements for formal solicitation and LCC review.
4	MONUSCO should provide training to relevant staff in recording the receipt of	Important	Yes	Procurement/ Integrated	31 December 2016	MONUSCO will conduct two days of training for all Procurement staff as well as relevant Self

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 Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	goods and services in Umoja and implement adequate supervisory controls to ensure compliance with the requirements to raise purchase orders against existing contracts, document the receipt of goods and services, and record invoices against the relevant contracts in Umoja			Mission Training Centre (IMTC)		Accounting Unit staff.
5	MONUSCO should obtain local procurement authority for the procurement of special requirements.	Important	Yes	Procurement	31 August 2016	MONUSCO will ensure that Local Procurement Authority is obtained as and when necessary for the procurement of all special requirements.
6	MONUSCO should supplement the United Nations Global Market with alternative vendor identification techniques such as market surveys and advertisements in the national press and invite vendors to register in order to increase the number of potential vendors with the capacity and expertise to provide the required goods and services.	Important	Yes	Procurement Team Leaders	31 August 2016	MONUSCO will increase the amount of market surveys for different requirements to ensure that all potential vendors with the capacity and expertise to provide the required goods and services are included on the list of invitees. In addition, OIC Procurement Section will issue guidelines to all Procurement Team Leaders to verify the List of Invitees and to ensure more local vendors are invited in the solicitations.