



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/081

Audit of local procurement in the United Nations Stabilization Mission in Haiti

Overall results relating to effective management of local procurement activities in MINUSTAH were initially assessed as unsatisfactory. Implementation of one critical and five important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

27 September 2013

Assignment No. AP2012/683/03

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AUDIT REPORT

Audit of local procurement in the United Nations Stabilization Mission in Haiti

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement in the United Nations Stabilization Mission in Haiti (MINUSTAH).
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 MINUSTAH Procurement Section was responsible for the purchase, rental and sale of goods and services and other requirements needed by the Mission, and was governed by the United Nations Procurement Manual. The Section was headed by the Chief Procurement Officer (CPO) at the P-4 level and had 20 approved posts. The total value of goods and services procured by MINUSTAH was \$341 million during the period from 1 July 2010 to 31 December 2012.
4. Comments provided by MINUSTAH are incorporated in italics.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of MINUSTAH governance, risk management and control processes in providing reasonable assurance regarding the **effective management of local procurement activities in MINUSTAH**.
6. The audit was included in the OIOS 2012 risk-based work plan because of the operational and financial risks relating to the procurement process.
7. The key controls tested for the audit were: (a) regulatory framework; and (b) oversight. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of procurement activities; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.
 - (b) **Oversight** - controls that provide for oversight of procurement activities to ensure that threats and opportunities are identified and actions are taken to minimize risks and take advantage of opportunities.
8. The key controls were assessed for the control objectives shown in Table 1. Certain control objectives shown in Table 1 as “Not assessed” were not relevant to the scope defined for this audit.
9. OIOS conducted this audit from October 2012 to March 2013. The audit covered the period from 1 July 2010 to 31 December 2012.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The MINUSTAH governance, risk management and control processes examined were assessed as **unsatisfactory** in providing reasonable assurance regarding the **effective management of local procurement activities in MINUSTAH**. OIOS made nine recommendations to address issues identified. MINUSTAH established a functional Local Committee on Contracts (LCC) that was effective in identifying omissions and inconsistencies in the procurement cases presented. However, the Procurement Section lacked adequate capacity, which caused a number of control weaknesses and non-compliance issues, including: (a) inadequate evaluation of registered vendors; (b) insufficient time for vendors to respond to solicitations; (c) lack of adequate procedures to safeguard documents submitted by vendors; (d) poor and inaccurate cost comparative analyses of offers received; and (e) inconsistencies in scoring and evaluating technical requirements. There was also poor procurement planning by requisitioners, and inadequate procedures to seek consent from landlords prior to conducting capital improvements to properties to ensure that costs incurred were reimbursed. Subsequent to the audit, MINUSTAH provided training and further guidance to requisitioners and implemented procedures to ensure that vendor submissions were properly safeguarded.

12. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **unsatisfactory** as implementation of one critical and five important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	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 MINUSTAH	(a) Regulatory framework	Unsatisfactory	Not assessed	Partially satisfactory	Unsatisfactory
	(b) Oversight	Satisfactory	Not assessed	Satisfactory	Satisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

A. Regulatory framework

Training and further guidance needed to be provided to requisitioners

13. Requisitioners did not properly plan procurement requirements, as 25 per cent of the 1,914 requisitions raised between 1 July 2010 and 31 December 2012 were submitted to the Procurement Section less than a month prior to the due date for delivery. Moreover, repetitive requests were made for the same goods that should have been consolidated into a single requisition. For example, during a six

month period, the Engineering Section raised four requisitions for construction pebbles, gravel and crushed stones totaling \$527,360, and raised 15 requisitions for sand totaling \$2.2 million.

14. Requisitioners did not properly specify requirements in solicitation documents, as shown in the following examples:

- For the supply, delivery and installation of 230 billboards, estimated at nearly \$285,000, the required number of different sizes of billboards were not included in the solicitation documents. Due to the urgency of the requirement, MINUSTAH had to accept smaller sized billboards than required; and
- For the provision of canine services, with an estimated value of \$295,000, the need for relevant information (such as accredited training, licenses and certificates of the dogs and their handlers) was not indicated in the statement of works. Consequently, vendors were not evaluated on their capacity and expertise to provide canine services but instead on criteria including, the number of years operating as a security company and the number of dogs owned by the company.

15. The above resulted, as requisitioners were not fully conversant with procurement procedures, and this impacted on the timeliness and efficiency of the process.

(1) MINUSTAH should provide training and guidelines to requisitioners to ensure that they adequately plan procurement requirements, and establish procedures to ensure that requisitions are raised sufficiently in advance to facilitate a timely and efficient procurement process.

MINUSTAH accepted recommendation 1 and stated that the Procurement Division, Department of Management provided training on the procurement process in late 2012 and in April 2013, and follow-up training had been requested for July 2013. Guidelines had also been issued to requisitioners. Based on the action taken by MINUSTAH, recommendation 1 has been closed.

The vendor registration process needed improvement

16. As at 28 February 2013, MINUSTAH had 1,146 locally registered active vendors with 59 per cent of them from Haiti and the Dominican Republic. A review of a sample of 25 of the 165 vendors registered by the Procurement Section during the audit period indicated that controls over the registration process needed to improve, as there was insufficient information on vendors' past experiences in supplying the subject goods/services and on their financial and technical capabilities. Also, for 12 of the 25 vendors, MINUSTAH did not obtain the required letters of reference and certificates of incorporation/business licenses.

17. The high turnover of staff in the Procurement Section impacted on the effectiveness of the vendor registration process. As an example, the responsible officer was changed four times during the review period. As a result, the Procurement Section did not adequately review and vet documents to ensure that requirements for vendor registration were fully complied with.

(2) MINUSTAH should implement procedures to properly evaluate vendors' applications to ensure that all United Nations requirements are complied with prior to registering vendors.

MINUSTAH accepted recommendation 2 and stated that with the planned implementation of Umoja, the vendor registration process would improve. Also, MINUSTAH confirmed that it

would update local vendor data using the new guidelines. Based on the fact that effective 1 July 2013, due to the implementation of Umoja, vendor registration was being done and monitored by Headquarters, and that MINUSTAH was cleansing its vendor data as part of the transitional process to Umoja in line with the Umoja preparedness plan, recommendation 2 has been closed.

Vendors were not given sufficient time to respond to solicitations

18. A review of a sample of 38 Invitations to Bid indicated that the time given for vendors to respond to the solicitation was less than the stipulated time of 30 days. As a result, only 27 per cent of invitees responded to solicitations, and only one or two responses were received on many instances. The vendor contact details were also not always up-to-date, impacting on the number of responses received. MINUSTAH attributed the low response rate to: (a) delays by the Mission to pay suppliers as vendors were often paid more than 30 days from the date the goods were delivered; (b) the language barrier for local vendors; and (c) fatigue by previously unsuccessful vendors.

(3) MINUSTAH should use the timelines recommended in the Procurement Manual to allow vendors sufficient time to respond to solicitations.

MINUSTAH accepted recommendation 3 and stated that there were exigency situations that sometimes arose; but it would make efforts to comply with the timelines as stipulated in the Procurement Manual. Recommendation 3 remains open pending receipt of evidence that adequate timelines are being provided in current solicitations to ensure vendors are given sufficient time to respond.

(4) MINUSTAH should further analyze the reasons for the continued low participation of bidders in MINUSTAH solicitations, and develop and implement an action plan to improve the vendor response rate.

MINUSTAH accepted recommendation 4 and stated that to increase vendor participation, it had hired a consultant for the Procurement Section whose primary responsibilities would be to plan and deliver a series of seminars on "How to do Business with the United Nations". Recommendation 4 remains open pending receipt of evidence that measures have been implemented to improve the low participation response rate to solicitations.

Inadequate safeguards over documents submitted by vendors

19. The MINUSTAH Tender Opening Committee (TOC) had not established adequate procedures to track and safeguard the submissions of vendors. For example, the TOC lost the financial proposal submitted by a sole competitor for the provision of catering services, and had misplaced another submission for the provision of posters. MINUSTAH, to address these lax procedures, revised the membership of the TOC. The MINUSTAH Security Section was also tasked to investigate the missing financial proposal. The lack of adequate controls over documents received from vendors resulted in the procurement process being delayed.

(5) MINUSTAH should implement procedures to ensure that vendor submissions are adequately secured and accounted for as required by the Procurement Manual.

MINUSTAH accepted recommendation 5 and had up-dated its standard operating procedures on 1 March 2013 to address the control weaknesses related to the receipt and security of bids. A new secured office for submissions was identified and access was controlled by the TOC

Chairperson and Secretary. Based on the action taken by MINUSTAH, recommendation 5 has been closed.

(6) MINUSTAH should finalize the investigation into the lost financial proposal for the procurement of catering services and take appropriate action.

MINUSTAH accepted recommendation 6 and stated that as the Security Section indicated that such an investigation fell outside of its scope of work, it was planning to seek guidance from the Investigation Division/OIOS on how to deal with this case. Recommendation 6 remains open pending receipt of evidence that the investigation into the lost financial proposal for the procurement of catering services has been completed and appropriate action taken.

Technical evaluation process needed improvement

20. MINUSTAH requisitioners and the Procurement Section did not properly constitute evaluation committees as required by the Procurement Manual to evaluate procurement submissions from vendors with an estimated value of at least \$200,000. For example, a review of a sample of 22 procurement cases indicated that three technical evaluations were conducted by a single person and three were performed by a team that included a supervisor and a subordinate. There were also another three technical evaluation reports that were submitted by the concerned Section Chief without evidence that the members of the evaluation committee agreed with the results.

21. MINUSTAH requisitioners and the Procurement Section needed to improve the technical evaluation process, as there were inconsistencies in applying scoring methodologies in accordance with the scope of works and Source Selection Plans. Of the 276 cases reviewed by the LCC during the audit period, 31 procurement cases were deferred and nine had to be withdrawn mainly due to lack of clarity in the presentations, as well as inconsistencies and errors in applying ratings. Consequently, as operational requirements needed to be met, 20 procurement cases during the period were either approved ex post facto or partial post facto. In February 2013, MINUSTAH issued guidance to requisitioners on the establishment of measurable criteria to effectively evaluate vendors' submissions.

(7) MINUSTAH should establish technical evaluation committees in compliance with the Procurement Manual and ensure that scoring methodologies are clear, transparent and consistently applied.

MINUSTAH accepted recommendation 7 and stated that in addition to the training being given, it had issued an instruction to section chiefs responsible for requisitioning to ensure that they strictly adhered to the guidelines and procedures of the Procurement Manual. Recommendation 7 remains open pending the receipt of documentation showing that evaluation committees are performing their functions as required.

Inadequate capacity in the Procurement Section led to lax controls and non-compliance issues

22. The Procurement Section made numerous errors in the procurement process, including non-compliance with the Procurement Manual. The LCC identified these errors, which led them to defer decisions on a number of cases. The following examples were noted:

- The comparative analyses prepared for two purchases of sand with an estimated value of over \$153,000 were incorrect. In one case, the freight charges on one vendor's submission were not included and the submission was incorrectly evaluated as the lowest offer. In the second case, the lowest offer was omitted.

- Six cases were resubmitted by the Procurement Section to the LCC without fully addressing the concerns raised, which related to the lack of explanations and clarity on the scoring of the technical evaluations. For security and medical services, the Procurement Section was required to submit case presentations four times.

23. The above errors identified by the LCC resulted as the Procurement Section lacked the capacity to perform its responsibilities effectively. The capacity gap was mainly due to the high turnover of staff in the Procurement Section, including the departure of heads of units. This was compounded by poor procurement planning by requisitioners.

(8) MINUSTAH should strengthen the capacity of the Procurement Section by filling vacant posts and providing additional training and guidance to relevant staff.

MINUSTAH accepted recommendation 8 and stated that a P-3 Procurement post had been filled and a national professional post was under recruitment. The P-4 Chief Procurement post was currently on hold due to a technical reason. Additional training would also be provided to the staff members as a reinforcement measure. Recommendation 8 remains open pending confirmation that the planned additional resources for the Procurement Section have been put in place and additional training has been provided.

The costs of improvements to leased property were not being fully recovered

24. The Procurement Section and the Engineering Section were responsible for the administration and management of lease agreements. As at 31 December 2012, MINUSTAH had signed 47 contracts for the lease of land and property with a Not-to-Exceed amount of \$20 million to accommodate its offices, staff and troops.

25. The MINUSTAH lease agreements required written consent by landlords prior to the initiation of capital improvements and major alterations or additions to properties. These agreements also stated that MINUSTAH would be reimbursed for all expenses incurred in connection with property improvements. However, MINUSTAH had not implemented adequate procedures over the process of making capital improvements to leased properties and the recovery of associated costs.

26. For example, MINUSTAH spent \$2.1 million on making improvements to two leased properties, including construction of roads, parking areas, perimeter walls, additional buildings and security enhancements without obtaining written consent from the landlords. The landlords of these properties had refused to reimburse amounts for the capital improvements, and after negotiations, only agreed to pay \$300,000 of the \$2.1 million spent. MINUSTAH had also delayed requesting landlords to reimburse the associated costs. For instance, security enhancements made by MINUSTAH conducted in 2010 with a cost of \$26,632 were only requested in 2012.

27. The above situation resulted as MINUSTAH had not implemented an effective system to monitor planned capital improvements and to ensure that landlords were in agreement with the construction works and the expected associated costs. As MINUSTAH has 47 leased properties, it needed to review all capital enhancements made and initiate action to recover costs incurred in accordance with the terms and conditions of the related lease agreements.

(9) MINUSTAH should: (i) implement a system to ensure that all capital improvements to leased properties are negotiated and agreed with respective landlords prior to initiating works; and (ii) review all leased properties with capital improvements already made, and

follow-up with landlords for reimbursement of amounts disbursed in accordance with the terms and conditions of the relevant lease agreements.

MINUSTAH accepted recommendation 9 and stated that the Procurement Section issued a memorandum to the Engineering Section addressing the issues and detailing the way going forward. The Procurement Section will also follow up with the Engineering Section. Recommendation 9 remains open pending receipt of evidence that negotiations are underway to recover costs associated with capital improvements made to leased properties.

B. Oversight

A functional and effective Local Committee on Contracts was in place

28. MINUSTAH had a well-established LCC that was effective in its oversight functions. The LCC duly identified errors and inconsistencies in the procurement cases presented and recommended action to be taken to improve the procurement process. The LCC minutes were generally finalized and presented to the Director of Mission Support within seven days after conclusion of the meeting, and the Director approved LCC minutes within three days after submission. LCC members completed the required training conducted by the Secretariat of the Headquarters Committee on Contracts.

IV. ACKNOWLEDGEMENT

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

(Signed) Mr. David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement in the United Nations Stabilization Mission in Haiti

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSTAH should provide training and guidelines to requisitioners to ensure that they adequately plan procurement requirements and establish procedures to ensure that requisitions are raised sufficiently in advance to facilitate a timely and efficient procurement process.	Important	C	Action taken	Implemented
2	MINUSTAH should implement procedures to properly evaluate vendors' applications to ensure that all United Nations requirements are complied with prior to registering vendors.	Important	C	Action taken as part of Umoja implementation	Implemented
3	MINUSTAH should use the timelines recommended in the Procurement Manual to allow vendors sufficient time to respond to solicitations.	Important	O	Receipt of evidence that adequate timelines are being provided in current solicitations to ensure vendors are given sufficient time to respond.	30 September 2013
4	MINUSTAH should further analyze the reasons for the continued low participation of bidders in MINUSTAH solicitations, and develop and implement an action plan to improve the vendor response rate.	Important	O	Receipt of evidence that measures have been implemented to improve the low participation response rate to solicitations.	31 October 2013
5	MINUSTAH should implement procedures to ensure that vendor submissions are adequately secured and accounted for as required by the Procurement Manual.	Critical	C	Action taken	Implemented

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 MINUSTAH

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement in the United Nations Stabilization Mission in Haiti

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
6	MINUSTAH should finalize the investigation into the lost financial proposal for the procurement of catering services and take appropriate action.	Important	O	Receipt of evidence that the investigation into the lost financial proposal for the procurement of catering services has been completed and appropriate action taken.	31 October 2013
7	MINUSTAH should establish technical evaluation committees in compliance with the Procurement Manual and ensure that scoring methodologies are clear, transparent and consistently applied.	Important	O	Receipt of documentation showing that evaluation committees are performing their functions as required	30 September 2013
8	MINUSTAH should strengthen the capacity of the Procurement Section by filling vacant posts and providing additional training and guidance to relevant staff.	Critical	O	Confirmation that the planned additional resources for the Procurement Section have been put in place and additional training has been provided.	31 October 2013
9	MINUSTAH should: (i) implement a system to ensure that all capital improvements to leased properties are negotiated and agreed with respective landlords prior to initiating works; and (ii) review all leased properties with capital improvements already made, and follow-up with landlords for reimbursement of amounts disbursed in accordance with the terms and conditions of relevant lease agreements.	Important	O	Receipt of evidence that negotiations are underway to recover costs associated with capital improvements made to leased properties.	30 November 2013

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⁴ Date provided by MINUSTAH

APPENDIX I

Management Response



MINUSTAH

TELEFAX TRANSMISSION

Outgoing fax msg no: DMS/13/DF/464	Page 1 of 12
To: Ms. Eleanor T. Burns Chief, Peacekeeping Audit Service, IAD, OIOS, UNHQ, NY	From: Sandra Honoré Special Representative of the Secretary-General MINUSTAH
Fax no: 3-3388 (via email)	Fax no: 7-9080
Info: Ms. Amy Wong (wong6@un.org) Mr. Iswari Bhattarai (bhattarai2@un.org)	Date: 05 September 2013
	Ref: IAD: 12-683/03
Subject: Assignment No AP2012/683/03 – Audit of local Procurement in MINUSTAH	

- Reference is made to your memorandum of 09 August 2013 on the above mentioned subject, under cover of which you forwarded the OIOS Draft report relating to the audit of local Procurement in MINUSTAH.
- Please find attached MINUSTAH's comments on the recommendations as requested.

Best regards.

Drafted by: K. Zillner, AA O/DMS	Cleared by: P. Compte, DDMS
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MANAGEMENT RESPONSE

Audit of local procurement in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should provide training and guidelines to requisitioners to ensure that they adequately plan procurement requirements and establish procedures to ensure that requisitions are raised sufficiently in advance to facilitate a timely and efficient procurement process.	Important	Yes	OIC Procurement Section	CLOSED	The Mission's procurement staff and requisitioners underwent official training on procurement processes and technical evaluations in December 2012. The training was delivered by two senior PD staff members and an additional training was conducted in April 2013. Two sets of guidelines have been issued to requisitioners and Section Chiefs via an IOM in September 2012 and January 2013. A request for follow up training as a reinforcement measure was sent to Procurement Division at HQ on 02 July 2013. The Mission is awaiting a response to its request.
2	MINUSTAH should implement procedures to properly evaluate vendors' applications to ensure that all United Nations requirements are complied with prior to registering vendors.	Important	Yes	OIC Procurement Section	31 October 2013	Effective 01 March 2013, new Vendor Registration procedures were implemented as follows: a. Level 4 Registration was changed to level 3. Basic level is up to 40K, Level 1 up to 500k and level 2 500K and above. b. As per IOM DMS/13/IM/589 dated 13 June 2013, All Missions were notified of new Vendor registration procedures whereby all new Vendors are to be registered

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						directly to the UNGM online or via an enterprise dedicated team. Implementation of this process commenced in May 2013 by way of data cleansing as part of the process of implementation of Umoja (SOP-PD/BRN/SOP/02-2013) dated 27 May 2013. All MINUSTAH vendor records have since been cleansed of duplicated/and temporary vendors and updated into Umoja and will be fully active as of 1 November 2013. Vendor registration in Missions will continue especially where there are low value registrations below 4k. The Local vendor data will be updated in coordination with the enterprise team through assisted registration and using the new guidelines.
3	MINUSTAH should use the timelines recommended in the Procurement Manual to allow vendors sufficient time to respond to solicitations.	Important	Yes	OIC Procurement Section	30 September 2013	Although the Mission makes every effort to fully adhere to the timelines recommended in the Procurement Manual, situations arise where shorter timelines are justified due to operational necessity. Nevertheless, the Mission will undertake to comply with the timelines as stipulated in the Procurement Manual. A reminder memo was issued to all SAUs on 27

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MANAGEMENT RESPONSE

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						August 2013 instructing that all necessary measures should be taken to avoid exigency situations (copy of the memo attached).
4	MINUSTAH should further analyze the reasons for the continued low participation of bidders in MINUSTAH solicitations, and develop and implement an action plan to improve the vendor response rate.	Important	Yes	OIC Procurement Section	31 October 2013	The Mission is planning a series of seminars on "How to do Business with the UN" due to commence in September 2013. A consultant was hired to support Procurement Section with the preparation of the seminars, among other tasks. The first coordination meeting to prepare the first seminar (scheduled for the second week of September) was held on 01 August 2013. Minutes of the meeting are attached.

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	MINUSTAH should implement procedures to ensure that vendor submissions are adequately secured and accounted for as required by the Procurement Manual.	Critical	Yes	OIC Procurement Section	CLOSED	The Mission's SOP on the Tender Opening Committee has been duly updated and signed on 01 March 2013 to reflect specific procedures with regards to the receipt and security of bids received. A secured office for tenders' submissions was identified and placed under the strict control of the TOC's Chairman and Secretary.
6	MINUSTAH should finalize the investigation into the lost financial proposal for the procurement of catering services and take appropriate action.	Important	Yes	Chief Security Section a.i.	31 October 2013	Mission Support forwarded a request for an investigation into the missing financial proposal to Security Section on 04 April 2012. Security Section informed Mission Support on 20 August 2013 that the incident does not fall under the scope of duties of Security Section. Mission Support will redirect the request to the OIOS Investigator in HQNY to seek guidance on a way forward.

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Audit of local procurement in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	MINUSTAH should establish technical evaluation committees in compliance with the Procurement Manual and ensure that scoring methodologies are clear, transparent and consistently applied.	Important	Yes	OIC Procurement Section	30 September 2013	The Mission concurs with the recommendation. A training, that included technical evaluation process, was provided by Procurement Division in December 2012 to procurement staff and to requisitioners. Further training was also provided by a team from PD during the Procurement Assistance Visit (PAV) in April 2013. Procurement has issued guidance to Chiefs of requisitioning Sections to strictly adhere to the guidelines and procedures of the United Nations Procurement Manual. Another reminder memo was sent to all SAUs on 27 August 2013. (copy attached)

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MANAGEMENT RESPONSE

Audit of local procurement in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
8	MINUSTAH should strengthen the capacity of the Procurement Section by filling vacant posts and providing additional training and guidance to relevant staff.	Critical	Yes	OIC Procurement Section	31 October 2013	<p>The recruitment of a P3 Procurement Officer has been finalized and the new staff member arrived in the Mission on 4 Sept 2013. Otherwise, the Mission wishes to clarify the Section will effectively have only two remaining vacant positions to fill. One of those posts is an NPO position which is currently under recruitment. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Regarding additional training, the Mission is awaiting a response to its recent request to PD for follow up training as a reinforcement measure towards the end of the year 2013.</p>

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Rec. no.	Recommendation	Critical ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
9	MINUSTAH should: (i) implement a system to ensure that all capital improvements to leased properties are negotiated and agreed with respective landlords prior to initiating works; and (ii) review all leased properties with capital improvements already made, and follow-up with landlords for reimbursement of amounts disbursed in accordance with the terms and conditions of relevant lease agreements.	Important	Yes	Chief Engineering Section OIC Procurement Legal Office	30 November 2013	Procurement section will follow up with Engineering section (as the requisitioner for all real estate matters) on the issue. A memorandum was sent by the OIC, Procurement to Chief Engineer on 27 August 2013 to address this issue (copy attached).

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UNITED NATIONS
United Nations Stabilization
Mission in Haïti



NATIONS UNIES
Mission des Nations Unies pour la
Stabilisation en Haïti

INTEROFFICE MEMORANDUM

MEMORANDUM INTERNE

MINUSTAH

Date: 27 August 2013

Ref: CAS/OM/2013/08-06

To: All SAUs

From: Louazna Khalouta, OIC
Administrative Services

Subject: Respect of the procurement process timelines

1. Reference is made to the recent BOA yearly visit to MINUSTAH.
 2. One of the auditors' observations mentioned that "MINUSTAH should use the timelines recommended in the Procurement Manual to allow vendors sufficient time to respond to solicitations".
 3. In this regard, we would like to remind all SAUs of the dispositions of the chapter 8 of the Procurement Manual (Rev 7) on "The Acquisition Process" which states the following: **"The Requisitioner shall provide adequate lead-time to the Procurement Office to properly complete the procurement process.**
In its planning, the Requisitioner shall take into account the time required for obtaining EOIs, preparation of Solicitation Documents, receipt of Submissions, evaluation of Submissions, any required review by the HCC and/or LCC, and the need for negotiation and drafting of a Contract.
Based on the complexity of the procurement case, the Requisitioner should know that many tasks during the procurement process are out of the procurement staff responsibility and control (Controller, legal, Insurance, LCC/HCC, etc.). Therefore, it is critical to secure the participation of all the stakeholders at the outset of the acquisition process.
 4. The table of typical time-lines for the different type of solicitations procedures of the procurement process is attached to this memorandum under Annex D-20.
 5. Your compliance with those timelines will be really appreciated.
 6. Thank you. Best regards.
- Cc: Ludmilla Zettel, OIC Procurement Section
Sebastien Laplanche, CISS

Annex D-20. Examples of timelines for various activities in the Procurement Process

This table shows typical timelines for various procurement activities, using estimated working days for each activity. This is for guideline purposes only.

Activity	RFQ	ITB	RFP
Identification of the Need by Requisitioner	1-5	1-5	1-5
Development of the requirement by Requisitioner	5-10	5-10	5-60
Transmittal of the Requisition to Procurement Office	1	1	1
Review of the requirement(s) by Procurement Office	1-3	1-5	1-10
Development of Solicitation Documents by Procurement Office	1-5	20-30	20-40
Submissions of Vendors	10-25	30	30-60
Opening of Submissions by Procurement Office	1	1	1
Evaluation of Submissions - technical (by Requisitioner or Evaluation Committee) and commercial (by Procurement Office)	5-10	5-10	10-30
Request for Best and Final Offers, if appropriate, by Procurement Office			5-10
Review by the HCC and approval of minutes	N/A	10	15-20
Issuance of Award (subject to conclusion of contract)	1	1	1
Preparation of contractual instrument	1-5	5-10	10-30
Input/assistance by OI, AVGLD (if required)	N/A	20-60	20-60
Discussion/negotiation with the prospective Vendor (if required)	1-5	5-35	10-60
Final Internal approval; HCC review and Issuance of minutes (if necessary); and approval by ASG/OCSS	1-10	3-10	15-20

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MINUTES FOR BUSINESS SEMINAR PREPARATION

MEETING HELD ON THE 1 AUGUST 2013 AT UNDP PREMISES

Participants

NAME	UN ENTITY
Marie Felicie Trevant, Costa Dupreville, Radu Leontescu, Sheila Legrand, Viorica Vladica, Derilon Wisnaud, Calixte Sherly Dominique Raul Espinosd Anabelle Royer,	UNDP UNFPA UNICEF FAO UNHCR UNOPS WFP UNDP MINUSTAH

Subject	Comments
<p>Background</p> <p>MINUSTAH plans to increase the procurement of services and goods locally in order to facilitate the implementation of UMOJA/IPSAS project and provide support to the mission as whole, as well as stimulate Haitian economy. In that respect, the mission intends to organize a local business seminar and to reach out members of the Haitian business community. The main objective of this seminar is to educate/sensitize potential local suppliers on UN Supply Chain Management, in particular procurement aspects. This seminar will also reinforce the relationship between MINUSTAH, UN agencies and their existing suppliers and attract new potential vendors.</p>	N/A
<p>Objective of the meeting</p>	UN agencies offered full support for the

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<p>The objective of this meeting was for the MINUSTAH to seek support from UN agencies in organising a Business Seminar Training to local suppliers.</p>	<p>organization of this seminar. They notably expressed interest in taking part to the presentations. Nonetheless, given the seminar will last one day, it was advised that there would not be sufficient slots to allow all UN agencies to present their respective procurement procedures, rules and regulations. Instead, it was suggested that each UN agency would develop promotional materials, such as leaflets, etc.. containing concise information explaining his procedures, rules and regulations that would be to all seminar participants.</p>
<p>Content of Seminar presentation</p> <p>Provisional topics to be covered during the seminar were shared with meeting participants.</p>	<p>As soon as the MINUSTAH Seminar Planning Committee approves the content of this seminar, the latter will be shared with all UN agencies.</p>
<p>Selection of vendors/participants</p> <p>MINUSTAH requested support for the selection of existing vendors and new vendors. A number of ways for selecting vendors was suggested; for instance, use of existing vendor database, use of media: newspaper, radio. In order to select the relevant potential vendors (with the adequate technical and financial capacities) and supplying goods and services of interest to UN, criteria of participation will be established by the MINUSTAH and UN agencies</p>	<p>A pool of suppliers will be selected from the MINUSTAH database and shared with UN agencies. The latter will then compare the MINUSTAH list against their own list of suppliers and inform the suppliers about the seminar and share with them the application form (based on selection criterias) to fill out.</p> <p>MINUSTAH will do the same by informing its own suppliers. The same process will be initiated by the Chamber of Commerce. New suppliers that have never done business with UN will be identified both by the MINUSTAH and UN agencies and invited to submit the criteria selection form. Finally, suppliers fulfilling the criteria to take part to the seminar will be formally invited by the MINUSTAH.</p>
<p>Venue</p> <p>The venue for the training has not been identified yet. However to minimize the cost of the organisation g, it was suggested that the seminar take place in Log Base (MINUSTAH conference room or UNDP conference room)</p>	<p>Such request will be submitted to the MINUSTAH Director of Mission Support (DMS) for his approval</p>

Rec. 7.

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INTEROFFICE MEMORANDUM

MEMORANDUM INTERNE

MINUSTAH

Date: 27 August 2013
Ref: CAS/OM-2013/08-07

To: All SAUs

From: Louazna Khalouta,
OIC, Administrative Services

Subject: Composition of technical evaluation teams

1. The purpose of this memorandum is to remind all Self Accounting Units of the Chapter 11. Part1 of the Procurement Manual (rev7) related to "The Source Selection Process".

2. The mentioned chapter part 1 clearly states the following:

For the evaluation of Submissions with an estimated value of goods or services of US \$200,000 or more, the Source Selection Committee shall establish 2 Evaluation Committees, each consisting of at least 2 members i.e., at least 1 of whom shall be from the Requisitioner's office, and another shall be a qualified UN staff member or a consultant.

- ***A superior and subordinate may not serve together on the Evaluation Committee;***
- ***Members of the Source Selection Committee may also serve as members of the appropriate Evaluation Committee.***
- ***The Evaluation Committees are normally divided into a Technical Evaluation Team, responsible for the technical evaluation, and a Commercial Evaluation Team responsible for the commercial evaluation.***
- ***In order to ensure a clear segregation of duties, Procurement Officers and/or Procurement Assistants cannot serve as members of a Technical Evaluation Committee."***

3. You are requested to comply with those guidelines in order to ensure integrity, transparency and fairness of the procurement process.

4. Thank you. Best regards.

Cc: Ludmilla Zettel, OIC Procurement Section
Sebastien Laplanche, CISS

Rec. 9.

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INTEROFFICE MEMORANDUM

MINUSTAH

MEMORANDUM INTERNE

Date: 27 August 2013

Ref: MIN/PROC/IOM/PM/14-036

To: Mr. Prakash Neupane, Chief Engineering Section

Through: Louazna Khalouta
OIC, Administrative Services

From: Ludmilla Zettel,
OIC, Procurement Section

Subject: Capital Investments to leased properties

1. Reference is made to the recent BOA yearly visit to MINUSTAH.
2. One of the auditors observations mentioned that "MINUSTAH should: (i) implement a system to ensure that all capital improvements to leased properties are negotiated and agreed with respective landlords prior to initiating works; and (ii) review all leased properties with capital improvements already made, and follow-up with landlords for reimbursement of amounts disbursed in accordance with the terms and conditions of relevant lease agreements".
3. In this regard, Procurement Section would like to ensure that no capital improvements on leased properties will be carried out without prior written approval of the landlord.
4. Therefore, it is requested that Engineering Section will seek such approval from the landlord through Procurement Section by submitting drawings, layouts and description of works etc. for any planned works such as new construction, alterations and renovations.
5. Furthermore, Engineering Section will issue internal instructions to the concerned engineering staff advising of the mandatory requirement of the landlord's consent on capital improvements prior to commencement of any planned works. When meeting with the Landlord to seek prior approval, Procurement shall ensure that the Landlord fully understands the nature and description of the planned works and the total cost of the works shall be clearly stated and agreed upon.
6. In addition, it is requested that Engineering Section will review the complete list of all premises leased by the Mission to identify which properties have undergone capital improvements without the prior consent of the Landlord and submit a request to Procurement to enter into negotiations with those Landlords for reimbursement of

7. In this regard, Procurement Section will be grateful to receive such a list by 01st October 2013. Procurement section shall seek the assistance of the Mission's Legal Office in cases where negotiations prove difficult.

8. In light of the above, you are requested to comply with the above guidelines in order to ensure that the investments made on the leased properties are recovered by the Mission.

9. Best regards and thank you.

Cc: Mr. Kent Ekstrom, Chief JLOC
Mr. Sebastien Laplanche, Chief, Integrated Support Services
Ms. Louazna Khalouta, OIC, Administrative Services
Mr. Terseli Loial, Senior Legal Advisor