



INTERNAL AUDIT DIVISION

REPORT 2020/040

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

**The Mission needed to properly manage
related risks, monitor and report on key
performance indicators and address
significant weaknesses in the technical
evaluation process**

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Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The objective of the audit was to assess: (a) the efficiency and effectiveness of local procurement activities in MINUSMA; and (b) compliance with established policies and procedures. The audit covered the period from 1 July 2016 to 31 December 2019 and included a review of procurement delegation of authority, risk management, acquisition planning, solicitations, sourcing and vendor management, tender opening, technical valuations and low value acquisitions.

To improve the efficiency and effectiveness of procurement activities, the Mission needed to properly manage related risks, monitor and report on key performance indicators and address significant weaknesses in the technical evaluation process.

OIOS made nine recommendations. To address issues identified in the audit, MINUSMA needed to:

- Adequately monitor procurement key performance indicators to ensure effective and efficient procurement activities;
- Strengthen its procurement risk management by developing a procurement risk register and risk response and treatment plan, and enhance procurement staff awareness of associated risks through completion of the mandatory training on ethics and prevention of fraud and corruption;
- Address control weaknesses raised by the Local Committee on Contracts to prevent their re-occurrence and to enhance the procurement process;
- Further analyze reasons for procurement delays and take action to minimize them;
- Ensure the proper method of solicitation is systematically used and procurement requirements are not split to avoid formal tendering and oversight procedures;
- Enhance its market research and outreach activities to increase the number of potential qualified vendors to participate in the competitive bidding exercise as well as provide sufficient time for participating vendors to submit their bids;
- Ensure requisitioners are not part of the Tender Opening Committee for procurement cases of their own sections/units, reject late bids unless properly justified and discontinue the practice of individual procurement case officers directly receiving price quotations from vendors responding to request for quotations;
- Ensure technical evaluation teams are properly constituted to avoid conflict of interest situations, technical evaluation criteria are properly established and timely communicated to all bidders; and scoring methodology is well developed and adhered to; and
- Monitor the use of low value acquisitions to ensure they are not used to: procure recurrent requirements, items available through existing contracts, and avoid the competitive procurement process.

MINUSMA accepted the recommendations, implemented one of them and has initiated action to implement the remaining recommendations.

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I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).

2. Procurement of goods and services is a key function in supporting the Mission in fulfilling its mandate. The United Nations Financial Regulations and Rules, the Procurement Manual, relevant Secretary-General bulletins and administrative instructions and Mission-specific standard operating procedures (SOPs) govern MINUSMA procurement activities. Technical units of MINUSMA are responsible for identifying their respective needs and for developing their specifications. The Central Acquisition Unit (CAU) is responsible for reviewing procurement needs raised by technical units, preparing a Mission-wide acquisition plan and creating shopping carts in Umoja to initiate procurement actions. The MINUSMA Procurement Section is responsible for conducting solicitations and procuring goods and services for the Mission.

3. The Procurement Section is headed by a Chief Procurement Officer (CPO) at the P-5 level who reports to the Director of Mission Support (DMS) through the Chief, Supply Chain Management. The Section has 29 approved posts, which comprise 12 international and 9 national staff, 6 national professional officers and 2 United Nations Volunteers. CAU, headed by an officer-in-charge at the FS-5 level, reports to the Chief, Supply Chain Management, and has 8 posts comprising 4 international and 4 national staff.

4. The total value of goods and services procured by MINUSMA through 1,833 contractual instruments (617 local contracts and 1,216 stand-alone purchase orders) from 1 July 2016 to 31 December 2019 was \$165 million. For the same period, the Mission issued 1,856 low value acquisitions (LVA) totaling \$4 million.

Table 1

Value of items procured from 1 July 2016 to 31 December 2019 (millions of United States dollars)

Period	Local procurement	Low value acquisitions
2016/17	48	0.7
2017/18	63	1.4
2018/19	54	1.9
Total	165	4.0

Source: Umoja data

5. Comments provided by MINUSMA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the efficiency and effectiveness of local procurement activities in MINUSMA and its compliance with established policies, guidelines and procedures governing procurement.

7. This audit was included in the 2019 risk-based work plan of OIOS due to financial and operational risks associated with the procurement function of the Mission.

8. OIOS conducted this audit from March 2019 to January 2020. The audit covered the period from 1 July 2016 to 31 December 2019. Based on an activity-level risk assessment, the audit covered higher and medium risks areas which included: procurement delegation of authority; risk management; acquisition planning; solicitations; sourcing and vendor management; tender opening; technical evaluations; and LVAs.

9. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data in Umoja, (d) review of 80 of the 1,833 local contracts and purchase orders entered into in the period, and 93 out of 1,856 LVA purchase orders using a stratified random sampling approach.

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

III. AUDIT RESULTS

A. Procurement authority and risk management

Need to monitor procurement key performance indicators for more effective and efficient procurement activities

11. The Secretary-General's bulletin (ST/SGB/2019/2) on delegation of authority in the administration of the Staff and Financial Regulations and Rules is accompanied by an accountability framework to help heads of entities demonstrate that they are exercising the authorities delegated to them appropriately. With respect to procurement, the framework includes three key performance indicators (KPIs) related to: (i) stand-alone purchase orders to increase utilization of long term contracts; (ii) cases awarded under formal and informal methods of solicitation to maximize where required the use of formal methods of solicitation; and (iii) ex-post facto awards to indicate proper planning.

12. MINUSMA was monitoring the achievement of the three KPIs on a monthly basis, and efforts were made to improve procurement activities in these areas. For example, in comparing the KPIs in the first and second half of 2019, there was: (a) a 10 per cent reduction in the number of stand-alone purchase orders; (b) procurement cases awarded under formal methods of solicitation increased from 27 to 68 per cent; and (c) there was only one partial ex-post facto case valued at \$214,000 in 2019, compared to 12 ex-post facto cases totaling \$23 million in the two previous years.

13. However, these three KPIs were not sufficient in measuring the efficiency and effectiveness of the procurement activities and identifying areas for improvement. OIOS noted that the Procurement Section had established six additional useful KPIs with targets for key procurement activities in its annual work plan, and these included: monitoring procurement lead times; enhanced customer service with quick

response time within 48 hours; all procurement actions are justified and in accordance with United Nations Financial Regulations and Rules and the Procurement Manual; zero post facto contract awards and extensions; commodities and services of acceptable quality are received on schedule and in correct quantities; and increased participation of local vendors in the procurement process. However, these KPIs were not institutionalized, and thus were not monitored and reported on and used as a tool to enhance the procurement process. The audit noted that MINUSMA needed to take action to reduce delays in the process, maximize competitiveness and ensure transparency and objectivity in the management of bid opening and technical evaluations. The proper monitoring and reporting on KPIs may have ensured that inefficiencies in the procurement process were identified and addressed in a timely manner.

14. MINUSMA was appropriately requesting and receiving a local procurement authority from the Procurement Division of the Department of Operational Support (DOS) when a procurement action was expected to be above its \$1 million delegated authority. The Mission also submitted procurement cases to relevant local and headquarters committees for review in accordance with their delegated authority.

15. Procurement staff roles were correctly mapped in Umoja, except for one staff member, who was incorrectly mapped to approve procurement activities up to \$70,000. The staff member had not exercised this authority, and the Mission was taking action to correct this isolated case. However, in 4 of a sample of 80 procurement cases reviewed, procurement officers who did not have the required level of authority signed the purchase order, which was used as the contractual instrument for those cases. While these procurement cases were initially approved in Umoja by staff having the appropriate level of authority, such a practice should be discontinued to mitigate risk of manual post approval changes being made by individuals without the necessary delegated authority.

(1) MINUSMA should: (a) adequately monitor all procurement related key performance indicators for more effective and efficient procurement activities; and (b) ensure purchase orders are signed only by personnel with the required delegation of authority.

MINUSMA accepted recommendation 1 and stated that the following measures had been put in place in July 2020: (a) the Procurement Section in conjunction with the Mission's Programme Management Office has developed KPIs to monitor the implementation of the delegation of procurement authority; and (b) the CPO has issued instructions reminding Procurement Section staff to ensure that purchase orders/contracts are signed by only authorized personnel. Based on the action taken by MINUSMA, recommendation 1 has been closed.

Procurement risks need to be better managed

16. Although procurement activities are normally rated as high risk, and exposed to risks of fraud and corruption, the Mission had not yet developed a procurement risk register to systematically record and manage its risks by including appropriate response and treatment plans. This was despite the Mission having established a Risk Management Committee and had a dedicated Risk and Compliance Officer. Mission management informed that it had not developed and implemented a formal risk management approach due to other priority requirements. The Mission, however, planned to start developing a fraud and corruption risk register in October 2020, and has requested OIOS' assistance in this effort. OIOS also advised that in response to an OIOS recommendation in its audit of the strategic management of the procurement function in the United Nations Secretariat (2019/111), the Procurement Division was in the process of developing a fraud risk management programme and would therefore be able to assist the Mission in the implementation of its fraud risk register.

17. Additionally, while the Procurement Manual requires documentation and assessment of procurement risks for each solicitation including those related to delays, receipt of poor-quality goods or

services, conflict of interest and fraud, this had not been done. This was confirmed by OIOS review of 80 procurement cases where procurement staff had not assessed potential risks or considered mitigation measures prior to solicitation documents being issued. Mission management advised that non-compliance was an oversight and going forward, additional focus on managing risks in the procurement process would be taken.

18. All procurement staff had completed the required procurement related training courses. However, none had completed the two mandatory courses of: (i) Preventing Fraud and Corruption at the United Nations; and (ii) Ethics and Integrity at the United Nations. These courses are designed to raise staff awareness of ethics and fraudulent acts and to advise on actions to be taken to prevent, detect and report on fraud risks. Further, none of the 44 staff involved in procurement activities including those members of the Local Committee on Contracts (LCC) submitted the required financial disclosure and declaration of interest statements with the Ethics Office for 2017. While all procurement staff submitted the statements for 2018, 11 of the LCC members did not. At the time of the audit, the Office of the DMS was still waiting for staff to file the required disclosure forms for 2019. Inadequate management follow-up was the main reason for the non-compliance with mandatory training and financial disclosure requirements.

(2) MINUSMA should strengthen its procurement risk management by: (a) developing a procurement risk register incorporating fraud and corruption risks as well as response and treatment plans; (b) ensuring all procurement staff complete mandatory training related to ethics and prevention of fraud and corruption; and (c) ensuring staff with procurement responsibilities file their annual financial disclosure and declaration of interest statements.

MINUSMA accepted recommendation 2 and stated that the CPO has worked closely with the Risk Management and Compliance Unit to develop a procurement risk register with a risk response and treatment plan. The risk register would incorporate fraud and corruption risks which are being assessed by the Risk Management and Compliance Unit. Also, all procurement staff with procurement responsibilities have completed mandatory trainings and submitted their financial disclosure forms to the Ethics Office. Based on the actions taken, recommendations 2 (b) and (c) are closed. Recommendation 2 (a) remains open pending receipt of a copy of the procurement risk register and risk response and treatment plans that properly incorporates fraud and corruption risks.

Local Committee on Contracts recommendations were not consistently implemented

19. The Mission had a well-established LCC that was comprised of 17 members to ensure there was always a quorum due to frequent absences of staff from the Mission. All members had attended the required LCC training and members came from various sections in the Mission including budget and finance, legal and substantive units.

20. A review of the minutes of 32 of the 64 LCC meetings held during the period showed that it convened when required and there was always a quorum of at least three voting members. The minutes reflected that careful deliberations took place, and because of this, six cases were rejected and five deferred for further consultation with, for example, the Legal Affairs Office. The rejected cases related to concerns expressed by LCC members that could impact the fairness and effectiveness of the procurement process such as: (a) lack of clarity and justification of technical evaluation criteria and scoring methodology; (b) invitation of vendors not registered at appropriate qualification level in the United Nations Global Marketplace (UNGM) database; (c) revision of issued statements of works by requisitioners without informing vendors participating in solicitations; and (d) allowing some, but not all, bidders to submit missing documents during the technical evaluation process. While rejected cases were subsequently resubmitted to and approved by LCC once corrective action was taken, the Procurement Section did not address the root causes of the control lapses identified, and as a result they continued to occur.

- (3) MINUSMA should take appropriate action to address control weaknesses raised by the Local Committee on Contracts to prevent their re-occurrence and to improve the procurement process.**

MINUSMA accepted recommendation 3 and stated that the Procurement Section has established a mechanism whereby the CPO's Administrative Assistant is the focal point for Enterprise Risk Management. The focal point would record, monitor and take appropriate action to resolve any recurrent issues raised by LCC that might affect the fairness of the procurement process and to avoid increased risks of delays in the procurement process. Also, the focal point would liaise with Procurement Section team leaders to ensure such LCC recommendations are discussed at the monthly Procurement Section-requisitioners' review meetings to confirm follow-up of the recommendations. Further, the weakness relates to requisitioners from a section, the CPO will issue a reminder memo or email message to the relevant section chief. Recommendation 3 remains open pending receipt of evidence that the mechanism established by the Mission is effective in ensuring that the recommendations of the LCC related to weaknesses in the procurement process including, but not limited to, technical evaluation criteria and scoring methodology, invitation of qualified vendors and transparency in revision of statements of work, are properly addressed.

B. Procurement activities

Need to improve the acquisition planning process

21. The MINUSMA's acquisition plan should capture all requirements of the Mission to prevent stockouts while avoiding purchases of items already in stock. The plan should also indicate when goods/services are required to ensure they are delivered in a timely manner.

22. The Mission's last three years acquisition plans (2016/17, 2017/18 and 2018/19) captured all procurement requirements of the Mission's components. However, the plans did not specify when the goods/services were needed, and there was no evidence that CAU and technical units verified existing inventory prior to including their requirements in plans to avoid overstocking. For instance, an analysis of the acquisition plans and a stock aging report showed that 245 items including laptops and printers totaling \$3.4 million were included in acquisition plans and ordered although these items were already in stock. The Mission informed that this was mainly due to lack of reliable data in Umoja stemming from its migration from Galileo. To address this, the Mission had launched in February 2019 a project for physical inventory reconciliation, and had already corrected 97 per cent of the discrepancies. As OIOS is currently reviewing such issues as part of its MINUSMA audit of demand and source planning, no recommendation is made in this report.

There was a need to improve the efficiency and effectiveness of the procurement process

23. The Procurement Manual provides target procurement timelines of 70 days for Invitation to Bid (ITB) and 24 days for Request for Quotations (RFQ) from raising the shopping cart in Umoja to the award of the contract.

24. A review of shopping carts for 96 (36 ITBs and 60 RFQs) procurement cases issued during the period showed that the processing time was on average 23 and 36 working days longer than the expected 70 and 24 working days. Although the Section had a mechanism to track procurement actions and was aware of the delays, it was not properly monitoring its KPIs as mentioned above, and thus analyzing reasons for delays to take action to reduce them. OIOS analysis of the 96 cases showed that delays were mostly due

to: (a) the time taken to respond to bidders' requests to clarify terms in statement of works; and (b) the prolonged evaluation process due to lack of clarity and justification of technical evaluation criteria and scoring methodology. These procurement delays meant that goods/services were not always delivered when needed, which could impact the Mission's operations. For instance, spare parts for wastewater treatment plants and generators costing \$2 million and \$192,400, respectively purchased in June 2018 and expected to be delivered in September 2018, were not delivered until January and February 2019 respectively.

(4) MINUSMA should further analyze reasons for procurement delays and take action to minimize them by, for example, providing additional training and guidance to procurement staff and requisitioners in the development of statement of works and timely completion of the evaluation process.

MINUSMA accepted recommendation 4 and stated that the CPO has implemented the following measures: (a) two Procurement Officers at P-4 level would closely monitor the timelines and address any delays in the procurement processes in their respective teams; (b) the Procurement Section workplan issued to all Procurement Section staff includes accountability for each stage of the procurement process in performance objectives of each unit, and team leaders would ensure adherence to and continuous analysis of the timelines and take appropriate actions to minimize delays; and (c) the CPO has sent a reminder memorandum to all section chiefs to ensure that technical clarification requests are responded quickly and technical evaluation of vendors' submissions are completed with technical evaluation reports issued without delay. Recommendation 4 remains open pending receipt of evidence of the training provided and guidance issued to improve the quality of statement of works and technical evaluation criteria, as well as evidence that the average processing time for ITBs and RFQs have been reduced to be in line with those required by the Procurement Manual.

The Mission needed to ensure informal solicitation methods are used only when justified

25. MINUSMA should use formal methods of solicitation by either an ITB or request for proposal (RFP) for requirements of more than \$40,000¹ with a set of mandatory evaluation procedures including a formal tendering process. The informal solicitation method of RFQ requires less stringent evaluation procedures, such as limited tendering and simple price quotation, and is for requirements of less than \$40,000¹. Requirements should not be split into multiple solicitations to avoid formal tendering and evaluation procedures.

26. OIOS review of 80 solicitations consisting of 37 of 1,233 informal and 43 of 285 formal solicitations, identified four exceptions, which did not ensure the Mission was obtaining best value for money, as follows:

- Two cases for the provision of engineering materials valued at \$53,004 and \$47,836 respectively were processed through RFQs, instead of ITBs or RFPs. The Mission stated that this was due to underestimated value of the shopping carts when raised by the technical units.
- Two shopping carts valued at \$403,000 and \$491,000 for timber and electrical items respectively for four regional offices were split and separate bids for each region were administered. The Procurement Section explained that the bids were split to allow bidders from the different regions to supply the goods as local communities would not accept suppliers from Bamako. However, the vendors awarded the contracts were all from Bamako. By not combining requirements, these two

¹ The Procurement Manual revised in September 2019 had raised the threshold to \$50,000 from \$40,000. The Procurement Manual was again revised in June 2020 and raised the threshold to \$150,000.

cases were not submitted to the LCC for its review and there may have been lost opportunities for economies of scale.

(5) MINUSMA should take action to ensure: the proper method of solicitation is systematically used; and procurement requirements are not split to avoid formal tendering and oversight procedures.

MINUSMA accepted recommendation 5 and stated that the CPO has informed all sections about the increase in RFQ threshold to \$150,000 and invited them to ensure that all their requirements are properly estimated. All Procurement Section team leaders would be notified to strictly monitor the shopping carts to ensure that RFQs are used only for requirements under \$150,000. Recommendation 5 remains open pending receipt of evidence that the Procurement Section has implemented a monitoring mechanism that has resulted in: (a) proper methods of solicitation being systematically used; and (b) requirements not being split to avoid formal tendering.

The Mission's method for sourcing and vendor invitation needed improvement

27. As part of the procurement process and to increase the number of local vendors, the Mission conducted market research, organized campaigns/seminars, and advertised expression of interest on a local specialized web page and the United Nations website. However, a review of 43 formal and 37 informal solicitation documents showed that although the required minimum number of vendors per the Procurement Manual were invited to bid with one exception, the invitations were not always targeting the right vendors. For example, in 8 formal solicitations reviewed, 11 of the 57 vendors invited to bid were registered in UNGM at the basic level although the estimated value of goods/services in the solicitations required UNGM levels 1 or 2. The Procurement Section stated that they invited these vendors to encourage them to enhance their capacity to qualify for higher UNGM levels. This practice by the Procurement Section did not appear to be effective, as two of the five UNGM basic level vendors that participated in two solicitations valued at over \$500,000 each (although only UNGM level 2 vendors would normally have been invited) were awarded contracts, but failed to deliver the required goods/services. Also, 6 of the 11 vendors in the basic category did not bid thereby contributing to the low response rate, which for the 80 cases averaged at 27 per cent. As a result, the Procurement Section had to repeat the procurement process, which was inefficient as it caused delays and additional workload.

28. For the above-mentioned eight formal solicitations reviewed, the Procurement Section did not provide sufficient time for vendors to respond to solicitations. For instance: (a) for three RFPs, vendors were given between 14 and 28 days instead of 30 to 60 days; (b) for four ITBs, vendors were given between 6 to 15 days instead of 20 to 30 days; and (c) for one RFQ, vendors were given 8 days instead of 10 to 20 days. Although the Procurement Section stated that this was due to the emergency nature of the services required, the items and services procured were for recurring projects which with adequate planning could have been procured within the normal procurement timelines. The short timelines provided to vendors may also have contributed to low vendor response rates, as for these eight cases the response rate was only 23 per cent. Nonetheless, the short time period did not fully explain the overall low rate, as for all 80 cases reviewed the response rate was only 27 per cent. Although, due to the local market conditions, qualified vendors were sometimes scarce, OIOS is of the view that additional market research and outreach is necessary to improve the number of qualified registered vendors, as well as ensuring that vendors are given sufficient time to respond.

(6) MINUSMA should take steps to improve the competitive bidding process by: (a) enhancing its market research and outreach activities to increase the number of potential qualified vendors to participate in bidding exercises; and (b) providing sufficient time for participating vendors to submit their bids in accordance with established timelines.

MINUSMA accepted recommendation 6 and stated that the CPO had issued guidelines to all Procurement Section staff to abide by the recommended timelines in the Procurement Manual dated 30 June 2020. The CPO also included procurement timelines in the procurement plan for services, and conducted vendors seminar in Bamako, Mali and a business seminar in Niamey, Niger. Recommendation 6 remains open pending receipt of evidence that the Procurement Section: (a) has taken appropriate action to enhance its market research and outreach activities and by doing this has increased the number of potential vendors participating in bidding exercises; and (b) is systematically providing vendors with appropriate timeframes to submit their bids as established in the Procurement Manual.

Receiving, safeguarding and opening of bids need improvement

29. The Mission established a Tender Opening Committee (TOC) with 16 members to ensure there was always a quorum of three persons due to frequent absences of staff from the Mission, and members were provided with SOPs to guide them in performing their functions. The TOC received and secured tender documents that were submitted either by hand delivery from the vendor, courier/mail, facsimile or email and met to open the bids on the dates specified in the solicitation documents. OIOS review of TOC records for 43 formal solicitations identified the following flaws in this process.

- In seven cases mainly from the Engineering Section, staff from requisitioning offices were part of TOC, presenting the risk of a conflict of interest situation since the requisitioning unit were working closely with some vendors submitting bids.
- Prior to January 2019, there was no dedicated facsimile machine or email account located in a secured area and only accessible by TOC members. Instead, the Field Technical Section (FTS) had linked the TOC members' work email accounts to the email address receiving electronic bids from vendors. Consequently, TOC members were receiving bids directly from vendors which compromised the process. Also due to faulty mapping of email accounts by FTS, in 4 of the 43 cases reviewed, bids from some vendors for supply of engineering items (submitted on time) were not accessible to TOC members and only located seven days after the tender opening. Although OIOS confirmed that the bids were subsequently included in the bidding process and the contract award processes were not affected, such a practice needed to be immediately discontinued as it exposed the Mission to risk of fraud. Since February 2019, the Mission had established a dedicated email account.
- For the provision of rehabilitation work for the FAMA camp in Tessalit, which was valued at \$237,000, two of the six bids were received a few hours after the deadline. The two late bids were submitted to the technical evaluation team but seven days later, and after the team had completed their review of the four bids that were received on time. The late bids were the only two that passed the technical evaluation, and one of them was awarded the contract. The CPO explained to LCC in its meeting that the late bids were evaluated in order to avoid restarting the procurement process as none of the four bids submitted on time had passed the technical evaluation criteria. This, however, is contrary to the Procurement Manual, which allows the CPO to exceptionally accept late bids, but only when the delay was not under the control of the vendor, and the acceptance of the submission does not create the appearance of, or an actual, unfair advantage to the vendor.

30. Additionally, informal solicitations through RFQ were submitted to the procurement case officer's email, instead of to a dedicated email account with proper access control, prior to the RFQ closing time. This presented an unmitigated risk of collusion between a procurement officer and vendor such as informing

a vendor of the lowest price after receiving other vendors' price quotations. Although OIOS review showed that this fraud scenario did not take place in the 38 RFQs reviewed, the Procurement Section needed to establish appropriate measures to prevent it occurring in its RFQ processing. Such a scenario should also be considered as part of its planned fraud and corruption risk register.

31. The Mission needed to improve procedures over the opening of bids and the functioning of the TOC to ensure tender documents received are properly safeguarded and to avoid a perception of lack transparency and fairness.

- (7) MINUSMA should: (a) ensure requisitioners recuse themselves from serving as Tender Opening Committee members for procurement cases of their own sections/units; (b) enhance controls to reject all late bids unless properly justified; and (c) discontinue the practice of individual procurement case officer directly receiving price quotations from vendors prior to the request for quotation closing time.**

MINUSMA accepted recommendation 7 and stated that the Mission had promulgated in September 2020 new SOP on TOC with respective provision on the composition of TOC preventing the requisitioners from serving as the Committee members for procurement cases on their own sections/units. The SOP also includes a provision on Late submissions of bids. Further, the CPO had issued guidelines on handling informal solicitations/RFQs to all Procurement Section staff. Recommendation 7 remains open pending receipt of evidence that the measures taken by the Mission have been effective in: (a) preventing requisitioners from serving as TOC members for their own procurement cases; (b) ensuring all late bids are being rejected unless properly justified; and (c) ensuring individual procurement case officers are not directly receiving price quotations from vendors prior to RFQ closing time.

Action needed to address lax controls over the technical evaluation process

32. The Procurement Manual requires technical evaluation teams to consist of at least two members with one member from the requisitioner's section and the other from a non-related section. A supervisor and subordinate should not serve on the same team. A review of 43 formal solicitations indicated that in 38 cases, there was a lack of objectivity in the technical evaluation. In 36 cases, the technical evaluation members were solely comprised of staff from the requisitioning sections/units, and in 2 cases, the teams had a supervisor and supervisee evaluating the bids. The following was also noted:

- An RFP for a four kilometers road rehabilitation project in Timbuktu valued at \$2.6 million included technical evaluation criteria that was unrealistic and could not be met by local vendors. The unrealistic criteria included such aspects as experience of having constructed at least 40 kilometers of road; and 10 years of experience in successfully carrying out similar projects. Further, the scoring methodology was questionable as 5 points were allocated to experience of 15 years and above, 3 points for 14 years, and none for 9 years and below although the criteria required only 10 years of experience. The Headquarters Committee on Contracts rejected the Mission's procurement exercise for this RFP due to inadequate criteria and scoring methodology. The Mission later conducted a new exercise successfully although it resulted in a delay of about eight months.
- In three cases, key evaluation criteria were introduced after receiving bids from vendors.
 - a) For camp construction in Gao totaling \$825,131, the solicitation document did not mention clearly whether the bidders could bid for separate lots within the camp or the whole project, but during the technical evaluation process, the Procurement Section informed team

members that bidders could bid for separate lots within the camp. If the solicitation document had been clear, the solicitation could have attracted more bidders thus increasing competitiveness and more options for the Mission to choose from.

- b) In two ITBs totaling \$108,448 for cleaning liquids and photocopy paper, the ITBs did not include the criterion on urgency of goods delivery, but the technical evaluation teams during their evaluation used this as a reason to disqualify vendors that had indicated a longer delivery period.
- In 10 ITBs, technical evaluation teams did not properly evaluate bids against the pre-established criteria and scoring methodologies that were included in the solicitation documents as follows: (a) 11 bids were rated as qualified although they had not submitted the required information such as sample photographs; and (b) 23 bids were rated as not technically compliant and disqualified without any justification.
- In two ITBs for supply of timber of various dimensions, some bids indicated the dimensions as stated in the solicitation documents and provided sample photographs but were disqualified for not meeting the specifications, while others with similar submissions were rated as qualified. OIOS noted that the poor evaluation process may have resulted in the Mission paying excessive prices, as the contracts that were awarded at a cost \$130,000 more than those quoted from disqualified vendors.

33. The Mission had forwarded some of the above-mentioned cases to OIOS for investigation.

34. The exceptions noted above were caused by inadequate management oversight over technical evaluations and raised questions as to the integrity of the procurement process. There was also a lack of assurance that best value for money was obtained.

(8) MINUSMA should ensure that: (a) technical evaluation teams are constituted in accordance with established guidelines to avoid conflict of interest situations; (b) technical evaluation criteria are properly established prior to issuance of solicitation documents and timely communicated to all bidders; and (c) scoring methodology is well developed, adhered to and properly documented in all evaluations.

MINUSMA accepted recommendation 8 and stated that the request for technical evaluation issued to requisitioners include instructions about how technical evaluation teams are to be constituted according to established guidelines, and how the evaluation process is to be undertaken according to fair, transparent, and measurable criteria and methodology. Also, the source selection plans would now include technical evaluation teams properly constituted, as well as evaluation criteria and scoring methodologies adequately developed, adhered to and documented. Recommendation 8 remains open pending receipt of evidence that the Mission has implemented procedures that are effective in monitoring that: technical evaluation teams are properly constituted; and proper evaluation criteria and scoring methodology are established prior to issuance of solicitation.

Need to strengthen controls over low value acquisitions

35. Technical units can raise LVAs to procure goods and services up to a maximum of \$10,000, but these need to be properly supported and justified. LVAs should not be used to purchase goods and services: (a) of a recurrent nature; (b) currently on existing contracts; and (c) for prolonged contract obligations.

36. A review of all 1,856 LVAs issued during the period valued at \$4 million noted that 326 of them totaling \$1.6 million were issued to purchase recurring construction materials such as sand and aggregates

and plumbing and electrical materials. Further testing of a sample of 93 LVAs noted that 22 of them (24 per cent) totaling \$116,906 were issued to purchase spare parts for FTS and the Transport Section, but the justifications of these purchases were not documented. The Mission explained that LVAs were used because of the long lead time in the procurement process which was also applicable to obtaining them through established systems contracts, and due to unforeseen operational needs. In OIOS view, however, the practice continued due to inadequate planning and because Mission management was not monitoring LVAs to ensure they were used only for non-recurrent items or those not available under existing contracts. Excessive use of LVAs increased the risk of selecting less competitive suppliers and thus not obtaining best value for money.

(9) MINUSMA should monitor the use of low value acquisitions and remind requisitioners to ensure they are not used to procure recurrent requirements and items available through existing contracts and/or to avoid the competitive procurement process.

MINUSMA accepted recommendation 9 and stated that it was monitoring and tracking the use of LVA through the monitoring and implementation of the annual demand plan. Also, from 2019/20 cycle, the Acquisition Management Section has taken up the responsibility of monitoring and tracking the Mission's requirements and is in the process of initiating the long-term agreements for requirements that do not fall under systems contracts in order to mitigate the use of LVAs. Further, Acquisition Management Section has created a dashboard which monitors and tracks the demand plan implementation as well as any related deviations. Recommendation 9 remains open pending receipt of evidence that the monitoring mechanism implemented by the Mission is effective in ensuring LVAs are only used for non-recurrent items and those not available under existing contracts.

IV. ACKNOWLEDGEMENT

37. OIOS wishes to express its appreciation to the management and staff of MINUSMA 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 activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	MINUSMA should: (a) adequately monitor all procurement related key performance indicators for more effective and efficient procurement activities; and (b) ensure purchase orders are signed only by personnel with the required delegation of authority.	Important	C	Action taken.	Implemented
2	MINUSMA should strengthen its procurement risk management by: (a) developing a procurement risk register incorporating fraud and corruption risks as well as response and treatment plans; (b) ensuring all procurement staff complete mandatory training related to ethics and prevention of fraud and corruption; and (c) ensuring staff with procurement responsibilities file their annual financial disclosure and declaration of interest statements	Important	O	Receipt of a copy of the procurement risk register and risk response and treatment plans that properly incorporates fraud and corruption risks.	30 June 2021
3	MINUSMA should take appropriate action to address control weaknesses raised by the Local Committee on Contracts to prevent their re-occurrence and to improve the procurement process.	Important	O	Receipt of evidence that the mechanism established by the Mission is effective in ensuring that the recommendations of the LCC related to weaknesses in the procurement process including, but not limited to, technical evaluation criteria and scoring methodology, invitation of qualified vendors and transparency in revision of statements of work, are properly addressed.	30 June 2021
4	MINUSMA should further analyze reasons for procurement delays and take action to minimize them by, for example, providing additional training and guidance to procurement staff and requisitioners	Important	O	Receipt of evidence of the training provided and guidance issued to improve the quality of statement of works and technical evaluation criteria, as well as evidence that the average	30 June 2021

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by MINUSMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

	in the development of statement of works and timely completion of the evaluation process.			processing time for ITBs and RFQs have been reduced to be in line with those required by the Procurement Manual.	
5	MINUSMA should take action to ensure: the proper method of solicitation is systematically used; and procurement requirements are not split to avoid formal tendering and oversight procedures.	Important	O	Receipt of evidence that the Procurement Section has implemented a monitoring mechanism that has resulted in: (a) proper methods of solicitation being systematically used; and (b) requirements not being split to avoid formal tendering.	30 June 2021
6	MINUSMA should take steps to improve the competitive bidding process by: (a) enhancing its market research and outreach activities to increase the number of potential qualified vendors to participate in bidding exercises; and (b) providing sufficient time for participating vendors to submit their bids in accordance with established timelines.	Important	O	Receipt of evidence that the Procurement Section: (a) has taken appropriate action to enhance its market research and outreach activities and by doing this has increased the number of potential vendors participating in bidding exercises; and (b) is systematically providing vendors with appropriate timeframes to submit their bids as established in the Procurement Manual.	30 June 2021
7	MINUSMA should: (a) ensure requisitioners recuse themselves from serving as Tender Opening Committee members for procurement cases of their own sections/units; (b) enhance controls to reject all late bids unless properly justified; and (c) discontinue the practice of individual procurement case officer directly receiving price quotations from vendors prior to the request for quotation closing time.	Important	O	Receipt of evidence that the measures taken by the Mission have been effective in: (a) preventing requisitioners from serving as TOC members for their own procurement cases; (b) ensuring all late bids are being rejected unless properly justified; and (c) ensuring individual procurement case officers are not directly receiving price quotations from vendors prior to RFQ closing time.	30 June 2021
8	MINUSMA should ensure that: (a) technical evaluation teams are constituted in accordance with established guidelines to avoid conflict of interest situations; (b) technical evaluation criteria are properly established prior to issuance of solicitation documents and timely communicated to all bidders; and (c) scoring methodology is well developed, adhered to and properly documented in all evaluations.	Important	O	Receipt of evidence that the Mission has implemented procedures that are effective in monitoring that: technical evaluation teams are properly constituted; and proper evaluation criteria and scoring methodology are established prior to issuance of solicitation.	30 June 2021

STATUS OF AUDIT RECOMMENDATIONS

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

9	MINUSMA should monitor the use of low value acquisitions and remind requisitioners to ensure they are not used to procure recurrent requirements and items available through existing contracts and/or to avoid the competitive procurement process.	Important	O	Receipt of evidence that the monitoring mechanism implemented by the Mission is effective in ensuring LVAs are only used for non-recurrent items and those not available under existing contracts.	30 June 2021
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APPENDIX I

Management Response

FACSIMILE

30 October 2020

Reference: MINUSMA/ODMS/2020/0247
(addendum)

TO: Mr. Daeyoung Park Chief Peacekeeping Audit Service Internal Audit Division OIOS, Entebbe	FROM: Anton Antchev Director of Mission Support 
ATTN: Mr. Seydou Sirpe Chief Resident Auditor Bamako	
INFO:	
FAX #:	FAX #:
TEL #:	TEL #:
SUBJECT: MINUSMA response to draft report on an audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) (Assignment No: AP2019/641/01)	
Total number of transmitted pages including this page: 6	
<p>Reference: Facsimile, IAD-19/641/01, dated 3 April 2020 and, Peacekeeping Audit Service, OIOS, memorandum of 3 April 2020, OIOS-2020.</p> <ol style="list-style-type: none">1. In reply to the referenced correspondence, please find attached MINUSMA's Management Response to the OIOS findings and recommendations, as presented in the subject report.2. A note has been taken of the areas of concern that warrant attention and the production of an action plan for implementing the recommendations. For enhanced efficiency and effectiveness of MINUSMA operations, all necessary actions to improve will be taken. <p>Best wishes.</p>	
Drafted by: Boniface Mailu, AA/RMCU 	Authorized by: Audrey Serret, OiC SAO 
Through: Katerina Maximova, OiC RMCU 	

APPENDIX I

Management Response Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementatio n date	Client comments
1	MINUSMA should: (a) adequately monitor all procurement related key performance indicators for more effective and efficient procurement activities; and (b) ensure purchase orders are signed only by personnel with the required delegation of authority.	Important	Yes	Chief Procurement Officer (CPO)	July 2020 Fully implemented	The following measures were put in place: (a) Procurement Section in conjunction with the Mission's Programme Management Office has developed Key Performance Indicators to monitor the implementation of the delegation of procurement authority; (b) Purchase Orders/contracts are signed by only authorized personnel. The Chief Procurement Officer has issued an email to remind all procurement staff on that requirement.
2	MINUSMA should strengthen its procurement risk management by: (a) developing a procurement risk register, risk response and treatment plan, including fraud risks; (b) ensuring all procurement staff complete mandatory training related to ethics and prevention of fraud and corruption; and (c) ensuring staff with procurement responsibilities file their annual financial disclosure and declaration of interest statements.	Important	Yes	CPO	2 (b) and 2(c) were fully implemented in July 2020 2(a) would be fully implemented by 30 June 2021	(a) The Chief Procurement Officer has worked closely with the Risk Management and Compliance Unit (RMCU) to develop a procurement risk register with a risk response and treatment plan. This risk register would incorporate fraud and corruption risks which are being assessed by RMCU (b) All Procurement staff members with procurement responsibilities have completed mandatory trainings and submitted their financial disclosure forms to the Ethics Office.

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

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

APPENDIX I

Management Response

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical²/ Important³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSMA should take appropriate action to address control weaknesses raised by the Local Committee on Contracts to prevent their re-occurrence and to improve the procurement process.	Important	Yes	CPO	30 June 2021	<p>(a) Procurement Section (PS) has established a mechanism whereby the CPO Administrative Assistant is also the focal point for Enterprise Risk Management (ERMFP). The focal point will record, monitor and take appropriate action to resolve any recurrent issues raised by Local Committee on Contracts (LCC) that might affect the fairness of the procurement process and to avoid increased risks of delays in the procurement process.</p> <p>(b) The ERMFP will liaise with PS Team Leaders to ensure such LCC recommendations are discussed at the monthly PS-Requisitioner review meetings to confirm follow-up of the recommendations.</p> <p>(c) Where the weakness relates to Requisitioners from a Section, CPO will issue a reminder memorandum or email message to the relevant Section Chief.</p>
4	MINUSMA should further analyze reasons for procurement delays and take action to minimize them by for example providing additional training and guidance to procurement staff and requisitioners in the development of statement of works and timely completion of the evaluation process.	Important	Yes	CPO	30 June 2021	<p>The CPO has implemented the following measures:</p> <p>(a) The two Procurement Officers at P-4 level are to closely monitor the timelines and address any delays in the procurement processes in their respective Teams.</p> <p>(b) The PS Workplan issued to all PS staff includes accountability for each stage of the procurement process in performance objectives of each unit. Team Leaders are to ensure adherence to and continuous analysis of the Timelines and to take appropriate actions to minimize delays.</p> <p>(c) CPO has sent a reminder memorandum to all Section Chiefs to ensure that technical clarification requests are responded to quickly and technical evaluation of vendors submissions are completed with technical evaluation reports issued without delay.</p>

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Management Response

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical²/ Important³	Accepted? (Yes/No)	Title of responsible individual	Implementatio n date	Client comments
5	MINUSMA should take action to ensure: the proper method of solicitation is systematically used; and procurement requirements are not split to avoid formal tendering and oversight procedures.	Important	Yes	CPO	30 June 2021	The CPO has informed all Sections about the increase in request for quotation (RFQ) threshold to \$150,000 and invited them to ensure that all their requirements are properly estimated. All procurement team leaders would be notified to strictly monitor the shopping carts to ensure that RFQs are used only for requirements under \$150,000
6	MINUSMA should take steps to improve the competitive bidding process by: (a) enhancing its market research and outreach activities to increase the number of potential qualified vendors to participate in bidding exercises; and (b) providing sufficient time for participating vendors to submit their bids in accordance with established timelines. issuance of solicitation documents and timely communicated to bidders; and (c) scoring methodology is well developed, adhered to and properly documented in all evaluations.	Important	yes	CPO	30 June 2021	<ul style="list-style-type: none"> a) CPO has issued guidelines to all PS Staff to abide by the recommended timelines in the Procurement Manual dated 30 June 2020 b) CPO also has included timelines in the Procurement Plan for services. c) CPO has conducted vendors seminar in Bamako. d) CPO has conducted Business Seminar in Niger in March 2020

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Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementatio n date	Client comments
7	MINUSMA should: (a) ensure requisitioners recuse themselves from serving as Tender Opening Committee members for procurement cases of their own sections/units; (b) enhance controls to reject all late bids unless properly justified; and (c) discontinue the practice of individual procurement case officer receiving price quotations from vendors prior to the request for quotation closing time and date.	Important	Yes	Chairperson of the TOC	30 June 2021	(a) PS has promulgated in September 2020 standard operating procedures (SOP) on Tender Opening Committee with the respective provision on the composition of the TOC preventing the requisitioners to serving as Tender Opening Committee members for procurement cases of their own sections/units. (b) SOP also includes a provision on Late submissions of bids. (c) CPO has issued guidelines on handling informal solicitations (RFQ) to all PS Staff.
8	MINUSMA should ensure that: (a) technical evaluation teams are constituted in accordance with established guidelines to avoid conflict of interest situations; (b) technical evaluation criteria are properly established prior to issuance of solicitation documents and timely communicated to bidders; and (c) scoring methodology is well developed, adhered to and properly documented in all evaluations.	Important	Yes	CPO	30 June 2021	(d) The Procurement Section's Request for Technical Evaluation issued to requisitioners include instructions about how technical evaluation teams are to be constituted according to established guidelines, and how the evaluation process is to be undertaken according to fair, transparent, and measurable criteria and methodology. (e) The source selection pan (SSP) document now includes technical evaluation teams properly constituted, evaluation criteria properly established and scoring methodologies adequately developed, adhered to and documented.
9	MINUSMA should monitor the use of low value acquisitions and remind requisitioners to ensure they are not used to procure recurrent requirements and items available through existing contracts and/or to avoid the competitive procurement process.	Important	Yes	Chief Acquisition Management Section	30 June 2021	(a) MINUSMA is monitoring and tracking the use of low value acquisition through the monitoring and implementation of the annual demand plan. (b) From this cycle (2019-20) the Acquisition Management Section (AMS) has taken up this responsibility of monitoring and tracking all of MINUSMA requirements and is in the process of initiating the long-term agreements for requirements that do not fall under any system contracts in order to mitigate the use of low value acquisition (LVA).

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Management Response

Audit of local procurement activities in the United Nations Multidimensional Integrated Stabilization Mission in Mali

						(c) AMS has also created a dashboard which monitors and tracks the demand plan implementation as well as any related deviations.
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