



INTERNAL AUDIT DIVISION

REPORT 2020/061

Audit of procurement and contracts management activities in the United Nations Interim Force in Lebanon

Improvements were needed in demand planning, acquisition turnaround times, development of specifications and management of contracts

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Audit of procurement and contracts management activities in the United Nations Interim Force in Lebanon

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management activities in the United Nations Interim Force in Lebanon (UNIFIL). The objective of the audit was to assess whether UNIFIL's procurement and contract management activities were efficient and effective. The audit covered the period from 1 July 2018 to 30 June 2020 and reviewed higher and medium risks areas in procurement and contract management, which included: (a) demand and acquisition planning; (b) requisitioning; (c) solicitations and contract awards; and (d) contract management.

UNIFIL sourced most of its requirements through system contracts, adequately monitored not-to-exceed amounts and expiry dates of contracts and appropriately applied exceptions to formal methods of solicitations. However, inadequate analysis of historical consumption patterns and non-establishment of maximum and minimum stock levels adversely impacted the effectiveness of the demand planning process. The Mission also needed to improve implementation of acquisition plans, development of specifications for goods and services, technical evaluations of bids, reviews by the Local Committee on Contracts (LCC) and contract management, as well as consider whether the continuous award of contracts to the same vendors ensured best value for money.

OIOS made eight recommendations. To address issues identified in the audit, UNIFIL needed to:

- Implement a systematic approach to estimating demand requirements as stipulated in the Supply Chain Management Blueprint;
- Strengthen resourcing of the acquisition planning function to improve the development and implementation of the Mission's acquisition plan;
- Strengthen controls over the procurement of low value acquisitions;
- Streamline the process of developing and reviewing specifications for goods and services included in solicitation documents;
- Select an appropriate mix of personnel and skill sets to serve in technical evaluation committees;
- Revise the composition of the LCC and train its members;
- Develop and implement an action plan to train staff of technical sections who are involved in the supply chain planning and acquisition processes; and
- Assess key performance indicators to ensure they address matters critical to contract delivery and are cost-effective to implement and ensure requisitioners properly reflect performance issues in vendors' performance reports.

UNIFIL accepted the recommendations and initiated action to implement them.

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Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management activities in the United Nations Interim Force in Lebanon (UNIFIL).
2. The United Nations Financial Regulations and Rules (FRR) and the Procurement Manual govern the procurement of goods and services. The Procurement Manual requires UNIFIL to conduct procurement and contract management activities in a fair, objective and transparent manner and to obtain best value for money for the Organization.
3. The Procurement Section is responsible for providing advice on procurement related actions, preparing source selection plans, developing solicitation documents, presenting procurement cases for review by the Local Committee on Contracts (LCC), evaluating bids to determine vendors' eligibility for contract awards, and drafting contractual instruments. The Secretary-General delegated procurement authority to the Head of Mission with established financial thresholds to enter into contracts for the provision of goods and services to support the operations of UNIFIL. The Head of Mission sub-delegated the procurement authority to the Director of Mission Support and procurement staff based on established individual financial thresholds. Cases above the Mission's delegated authority are approved by the Assistant Secretary-General, Office of Supply Chain Management (OSCM), following review and advice by the Headquarters Committee on Contracts. The Chief Procurement Officer, at P-4 level, heads the Procurement Section and reports to the Chief SCM. She is supported by five international and 16 national staff.
4. The Acquisition Management Section (AMS) supports the acquisition process in terms of acquisition planning, requisitioning (i.e., creation of shopping carts) and contract performance evaluation on behalf of the technical units in the Service Delivery Management (SDM) pillar. The Chief AMS, at P-4 level, also reports to the Chief SCM and is supported by four international and 12 national staff.
5. Purchase orders raised during the period July 2017 to 30 June 2020 amounted to \$145 million as detailed in Table 1, along and the Financial Rule applied.

Table 1: Summary of purchase orders raised and applicable financial rules

Financial Rule	No. of purchase orders	Value	Percentage
105.13 – Authority and responsibility	3	8,000	0%
105.15 – Formal methods of solicitation	912	117,266,421	81%
105.16 – Exceptions to the use of formal methods of solicitation	971	10,915,420	8%
105.17 – Cooperation	44	16,923,843	12%
Grand Total	1,977	145,113,684	100%

6. Comments provided by UNIFIL are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess whether UNIFIL's procurement and contract management activities were efficient and effective.

8. This audit was included in the 2019 risk-based work plan of OIOS due to the financial, operational and reputational risks relating to supply chain planning and the procurement of goods and services in UNIFIL.

9. OIOS conducted this audit from October 2019 to August 2020. The audit covered the period from 1 July 2018 to 30 June 2020. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in procurement and contract management, which included: (a) demand and acquisition planning; (b) requisitioning; (c) solicitations and contract awards; and (d) contract management.

10. The audit methodology included: (a) interviews with key personnel; (b) review of 31 out of 120 procurement files and other relevant documentation; (c) analytical review of data; (d) physical observation of inventory; and (e) review of contract management activities.

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

III. AUDIT RESULTS

A. Demand and acquisition planning

Need to improve the demand planning process

12. Technical sections such as Medical, Transport, Field Technology Services, and Engineering and Facilities Management are responsible for estimating their requirements for goods and services (demand planning) prior to uploading demand data into the Demand and Acquisition Planning (DAP) tool, a web-based application designed to facilitate data collection, review and aggregation of missions' annual demand plans.

13. None of the UNIFIL technical sections used any forecasting model or gathered adequate historical data to determine their gross demand¹. As UNIFIL had not defined a methodology to accurately estimate its demand requirements, sections were placing heavy reliance on previous year's budget figures. Moreover, UNIFIL technical sections were using current stock values, which did not take into consideration goods procured but still in transit. Also, assumptions used in arriving at demand requirements (such as size of clientele base, estimated level of activity, asset replacement requirements, etc.) were not adequately documented. Consequently, the Mission was carrying excess inventory of several items in its warehouse, although it had only declared ballistic helmets and repeater stations, both valued at \$34,000, as excess stock. OIOS review of stock items as at June 2020 noted:

¹ The Annual **Gross Demand Plan** represents the local entity's overall requirements for goods and services for the ensuing fiscal year. Gross demand is unconstrained and based on the actual operational requirements of the local entities. The Annual **Net Demand Plan** represents the local entity's net requirements for goods and services. It derives from the Annual Gross Demand Plan less the projected holdings calculated on the basis of the current inventory, the consumption rate as well as the ongoing procurement.

- Printers and laptops valued at \$437,000 were held in stock for periods up to three years and were already approaching the end of their four-year life expectancy. Several printers, computers and other information and communication technology (ICT) equipment valued at over \$1.4 million had been declared obsolete and were awaiting disposal even though many of them had only been used for a fraction of their useful life - ranging from one to three years.
- The Mission received 394 air conditioner units valued at \$254,000 in the last 12 months that were yet to be installed. Only 40 (or 4 per cent) of the 1,014 units currently installed were more than three years old and in need of replacement in the next few years. Replacing most of the units with the new ones procured (which was a practice previously adopted by UNIFIL) would unavoidably result in retiring units that had only operated for a fraction of their useful life resulting in waste.
- Overstocking of items above the quantities required was also observed with fire extinguishers, treadmills, and several other items of equipment such as radio receivers, display monitors, television sets and medical equipment valued about \$650,000. The low consumption rates did not justify the need for additional stock.

14. In addition to inadequate analysis of historical consumption patterns to determine accurate demand requirements, the Mission had not established trigger points such as maximum (except for computers and printers) and minimum stock levels, reorder quantities and reorder points to determine appropriate acquisition actions. Consequently, the targeted benefits of supply chain planning of reduced surplus inventory and assets, and reduced inventory that expires in stock was not being achieved. This was exacerbated by replacing assets before the end of their useful lives.

(1) UNIFIL should implement the stipulated systematic approach to forecasting demand requirements through: (i) determination of historical consumption patterns; (ii) enhanced visibility of stocks in warehouse and those in transit; (iii) documentation of underlying assumptions supporting the figures projected; and (iv) establishment of stock trigger points for maximum and minimum stock levels, reorder points and reorder quantities.

UNIFIL accepted recommendation 1 and stated that AMS would coordinate with technical sections to improve the accuracy of forecasted demand using historical patterns of consumption. The technical sections would also ensure that levels of stock holdings are checked regularly, maximum and minimum stocks levels as well as reorder points and quantities are established, and proper documentation is maintained. Recommendation 1 remains open pending receipt of evidence of implementation of a systematic approach to forecast demand requirements based on comprehensive inventory management data.

Need to enhance implementation of acquisition plans

15. AMS is responsible for updating the status of acquisitions and sharing it with technical sections for their input and feedback. Using the DAP tool, the Mission identified opportunities to consolidate requirements, which resulted in combined long-term agreements for paints (Engineering and Transport requirements), and printing services (Life Support Services and Strategic communication and Public Information).

16. To further enhance monitoring of the acquisition plan, UNIFIL held monthly integrated business planning meetings with UNGSC, at which best practices were shared, challenges discussed, and remedial actions implemented. To complement these meetings and to have in-depth reviews of the implementation

of the acquisition plans at Mission level, AMS was also conducting since January 2020 monthly local integrated business planning meetings with technical sections to review supply chain activities at a more strategic level. However, effective implementation of the acquisition plan was hindered by the following:

- a. Inadequate monitoring of the procurement process

17. At an operational level, while AMS shared budget performance reports with technical sections, interactions to review implementation of the acquisition plan were informal and held on an ad hoc basis. There was no evidence that the Mission held robust discussions to determine when procurement actions should be initiated, and to identify deviations from the demand plan and take timely corrective measures. For instance, as at end March 2020, 57 per cent of product categories in the 2019/20 delivery schedule, valued at \$36 million, had not been met on time and had to be rescheduled from their initially planned quarters to later quarters. Consequently, total budget utilisation as measured by expenditure against budget stood at 87 per cent against a target of 100 per cent stipulated in the Mission service level agreement (SLA) among the three pillars² in the Mission. At the end of September and December 2019, utilisation rate was at 61 per cent and 79 per cent, against targets of 80 per cent and 90 per cent, respectively.

18. Purchases from new contracts were particularly low, standing at 29 per cent and 32 per cent at end of quarters 1 and 2 of 2019/20, respectively. This was largely due to delays in solicitation and award of new contracts. Table 2 shows percentage utilisation of budget per quarter.

Table 2: Percentage utilisation of the budget for 2019/20

Description	Q1 - Sept 19	Q2 - Dec 19	Q3 - Mar 20
Budget utilisation in percentage (cumulative)	61	79	87
Target utilisation in percentage (cumulative)	80	90	91-100

Source: AMS budget utilization reports

19. On average, the Mission took longer to complete new procurement processes than the prescribed timelines in the Procurement Manual³. Solicitations through requests for proposals (RFPs) took 289 days, and invitations to bid (ITBs) took 221 days, against standard averages of 194 and 100 days, respectively. Most of the time was spent on finalizing technical specifications/statements of works (SOWs), accounting for 50 to 70 per cent of the total time taken.

20. As a result of the protracted solicitation process, 15 out of 52 contracts (29 per cent) reviewed by the LCC between July 2017 and March 2020 were not renewed on time resulting in short term extensions of one to eight months. In some cases, delayed completion of contract documents adversely impacted the mobilization period required, especially for new vendors. In one instance, a supplier was forced to take on employees of the former vendor due to the short mobilization period as there was insufficient time to obtain necessary security clearance for their own staff. The supplier was unhappy about this indicating it would distort their cost structure. In another case, some vendors opted not to bid, citing the mobilization deadlines were too tight. Setting tight mobilization deadlines reduced competition and gave undue advantage to incumbent contractors.

21. The above inefficiencies occurred because the Mission did not have a robust monitoring system over the establishment of new local contracts. Timelines were not set for activities that occur prior to submission of unfunded shopping carts to the Procurement Section, such as the preparation of SOWs, and

² Supply Chain Management, Service Delivery and Operations and Resource Management.

³ Annex D-20 of the Procurement Manual Version 7, which specified procurement timelines, is no longer part of the current United Nations Procurement Manual issued in June 2020, but the timelines are still useful for assessing turnaround times of procurement activities.

therefore, those processes were not monitored to provide timely assistance and other remedial support to requisitioners. Lessons learned were similarly not documented for future acquisition activities. While the Mission had established a Supply Chain Performance Management Section to, inter alia, analyze and report on the performance of the integrated supply chain end to end processes, the Section was yet to develop the relevant framework to accomplish this.

b. Unavailability of reliable monitoring data

22. As there was no interface between the DAP tool and Umoja, AMS used Umoja Business Intelligence reports and detailed budget implementation reports from the Finance Section to manually update DAP monitoring reports. A review of the Umoja budget performance reports and AMS DAP monitoring reports revealed several inaccuracies such as misstating expenditure of several product lines, which resulted in incorrect budget variances ranging from \$10,000 to \$4.7 million. Inaccurate data diminished the effectiveness of monitoring reports in tracking implementation of the acquisition plan.

23. OIOS is not making a recommendation as the DAP tool currently in use is only a temporary solution, while a more permanent solution is under development.

c. Inadequate deployment of resources

24. According to the SCM Blueprint, the Acquisition Planning Unit is responsible for planning, developing and managing the acquisition process for various services and commodities. However, due to staffing constraints in the Unit, activities such as the determination of sourcing options, forecasting of logistics arrangements and stock holdings, and identification of goods in pipeline were instead done by technical sections, the Requisitions Unit of AMS or not done at all, resulting in excess stocks as cited above.

25. Moreover, supervisory oversight of the acquisition planning function was suboptimal as DAP reports were not reviewed at the AMS Section level. Further, the position of Chief SCM was vacant for an extended period from July 2018 to January 2020, during which time several officers-in-charge were appointed on a rotational basis. A new Chief SCM was appointed in January 2020 who started taking steps to address the control weaknesses identified in the acquisition planning process.

(2) UNIFIL should strengthen the resourcing of the acquisition planning function to effectively oversee, among others, estimation of demand requirements, determination of sourcing options and delivery timelines, possible consolidation of requirements, and implementation of the acquisition plan through establishment and monitoring of key milestone dates in the procurement process.

UNIFIL accepted recommendation 2 and stated that local integrated business planning meetings involving SCM and SDM had been scheduled to address priorities in acquisition planning. Also, technical sections and SCM were developing an operational level agreement to define and monitor workflows between them during the procurement process. In addition, the Mission always consolidated its requirements, unless economies of scale were not achievable. Recommendation 2 remains open pending receipt of evidence of implementation of measures undertaken to strengthen the acquisition planning function.

B. Requisitioning

Compliance with Mission directive on the creation of shopping carts improved

26. In July 2018, UNIFIL instructed technical sections to communicate their requirements to AMS for them to centrally create shopping carts in Umoja to enhance efficiency and quality of the shopping carts. This was also to ensure economies of scale by aggregating demand requirements in line with guidelines in the SCM framework. However, certain technical sections went ahead and directly raised 109 shopping carts valued at \$5.3 million without involving AMS and therefore, AMS did not have the opportunity to verify whether the technical sections had properly defined specifications and complied with all requirements. Fifty-four of the 109 shopping carts were rejected by Procurement Section and had to be reprocessed, resulting in delays and inefficiencies. Nevertheless, there were improvements to the process in 2020, with only one shopping cart raised outside AMS in the period up to June 2020. Therefore, OIOS did not make a recommendation on this issue.

Mission's utilization of systems contracts was above average

27. The Procurement Division established systems contracts for certain commodities to minimize the number of time-consuming and repetitive solicitation exercises at multiple locations and to achieve economies of scale. Over the past four years, UNIFIL's total purchases from systems contracts amounted to \$103 million, about 80 per cent of total procurement.

28. The Mission had encountered several challenges with the use of systems contracts, including late or wrong delivery of goods by vendors. UNIFIL raised concerns as between July 2018 and February 2020 there were over 50 instances of late or incorrect delivery of goods related to 10 systems contracts and imposed liquidated damages totaling \$644,000. As a result, the Mission decided not to use systems contracts to procure cement, pharmaceutical products, air conditioners and office stationery, and obtained local purchase authorities from the Procurement Division. By doing this, UNIFIL realized savings of \$295,000 on purchases of \$1.7 million in 2019 and 240,000 in 2018.

Utilization of low value acquisitions should be improved

29. Technical sections can procure goods and services up to \$10,000 (low value acquisitions (LVAs) if there are no existing contracts and they are non-recurring. During the audit period, 363 LVAs were raised totalling \$1.5 million. Sixteen LVAs totalling \$118,000 were used to split purchases to below the LVA threshold, and 23 LVAs totaling over \$178,000 were raised to acquire recurring items and items for which there were existing contracts. There was no justification for these purchases in Umoja.

30. The Office of the Director of Mission Support confirmed the incorrect use of LVAs and stated that although LVAs were an efficient mechanism to acquire goods and services, guidelines governing their use were not consistently adhered to, despite reminders to certifying officers.

(3) UNIFIL should strengthen controls over the procurement of low value acquisitions and hold certifying officers accountable for failure to adhere to relevant guidelines.

UNIFIL accepted recommendation 3 and stated that the Office of the Chief SDM had already reminded SDM sections of the need for certifying officers to follow procurement guidelines and to comply with FRR pertaining to LVAs. The Chief SDM had also shared an LVA checklist and requested that it be uploaded with any LVA request in Umoja. The Office would follow up this matter quarterly to ensure

compliance. Recommendation 3 remains open pending receipt of the results of the first quarterly follow-up by the Office of the Chief, SDM on the effectiveness of measures implemented to strengthen procurement of LVAs.

Need to enhance the development of specifications for goods and services

31. The Procurement Section rejected 58 per cent of shopping carts reviewed (18 out of a sample of 31) because requisitioners did not: (a) provide all relevant information; (b) there were incorrect product descriptions and product identifications; and (c) technical specifications were not sufficiently generic or alternatively too detailed. As a result, the following was noted:

- The specifications for provision of drinking water required round bottles with handles as a mandatory requirement, which led to disqualification of one out of five vendors whose bottles did not have handles despite being a well-known brand. The Mission explained that handles were required by customers for ease of lifting; however, there was no documentation to support the assertion.
- The specifications for consultancy services on perception surveys and focus groups required bidders to be certified by the International Organization for Standardization, which was not a prerequisite for the industry in question. Alternative qualifications were not admitted and led to the disqualification of two out of five bidders; and
- The evaluation criteria for security services applied an “all or nothing” approach and did not award marks for intermediate positions on company and personnel experience. Consequently, 2 out of 10 bidders were disqualified because the information submitted was not in the required format despite having provided part of the required submissions. This also occurred in the evaluation of the bid for camp support services, causing UNGSC to raise concerns that the scoring system did not provide a sufficient range of acceptable results that had the potential to significantly skew results at extreme ends. The scoring was not amended despite UNGSC concerns.

32. In addition, AMS did not maintain formal records of their review of technical specifications for quality control purposes and future reference. Records were either saved on personal folders or remained in emails without being stored in a central repository. As a result, the robustness of the review of the technical specifications could not be verified. AMS had also not clarified which of its units; namely Requisitioning or Contracts Performance Evaluation Units were substantively responsible for reviewing solicitation documents for adequacy and completeness prior to submission to the Procurement Section. Both units from time-to-time reviewed SOWs, as the division of responsibility was unclear.

33. Similarly, AMS did not outline the process flow of documents from technical sections to either the Requisitioning or Contracts Performance Evaluation Unit, which resulted in delays in finalization of documents. Some technical sections when asked considered the Contracts Performance Evaluation Unit as the substantive reviewer, while others stated the Requisitioning Unit.

(4) UNIFIL should streamline the process of developing and reviewing specifications for goods and services in solicitation documents including: (i) clarifying the respective responsibilities of the parties involved; and (ii) providing formal feedback to requisitioners for continuous lesson learned.

UNIFIL accepted recommendation 4 and stated that the Mission had streamlined its processes by introducing a checklist form as an official request to raise shopping cart, creating a generic email

account to receive requirements, establishing an AMS eFiling repository database to record cases and preparing weekly reports on all cases received. Recommendation 4 remains open pending receipt of a copy of the streamlined processes and workflows to develop and review specifications for goods and services, and evidence of feedback provided on lessons learned from such reviews.

Need to improve the technical evaluations of bids

34. UNIFIL established committees to evaluate bids and proposals according to predefined evaluation criteria. However, the evaluation documents showed deviations from guidelines and inconsistencies, which resulted in disqualification of bidders who were compliant. This resulted in a high rate of non-compliant vendors, an average of 51 per cent of the sample reviewed. Inconsistencies included:

- A bidder for construction of solid ablution blocks was deemed non-compliant for not indicating the currency of the bid, despite clarification when contacted by the Procurement Section, which held that admission of the clarification would amount to a material modification, when in fact it was not.
- Seven bidders were disqualified for submitting bids via a generic procurement email address, while two other bids were admitted despite using the same wrong email address.
- Bidders on six bids were not given the opportunity to provide missing information, while bidders on seven other bids were. Such information included curriculum vitae, company experience and ownership documents of assets. While the Procurement Section is required to use their professional judgement to determine when to reach out for information that is missing, there were indicators that it was influenced by whether an incumbent vendor or preferred bidder was participating in the solicitation. For example, in four cases where the incumbent vendor had supplied all required information, the Mission did not request other bidders to provide missing information but followed up in four other cases where both the incumbent vendor and other bidders had omitted necessary information.
- A supervisor and subordinate were both on the same panel in three instances contrary to procurement guidelines thus potentially limiting the committees' ability to provide a fair and unbiased evaluation. There was also no evidence that members of technical committees had declared that they did not have conflicts of interest prior to undertaking the evaluations.

35. The above occurred largely because AMS and commercial evaluation committees did not review the composition of technical evaluation committees to ensure they had the capability and objectivity to adequately review the procurement process. The requisitioning technical sections were solely responsible for selecting the committee members. Additionally, the Mission stated that there was no template for conflict of interest declarations in the Procurement Manual or the documents library of the Office of Legal Affairs. The Mission had consulted with the Procurement Division and had been advised that one may be included in Umoja as part of the e-tendering solution implementation expected in 2021. OIOS will follow up this issue separately with the Procurement Division.

36. In addition, the involvement of key stakeholders in bid evaluations was suboptimal; for instance, the Environmental Officer was not part of a technical evaluation committee to evaluate offers for projects with a major environmental impact despite having expressed interest to be included. Furthermore, technical evaluation committees were mostly composed of national staff. Out of the 27 staff who conducted technical evaluations reviewed by OIOS, 15 or 55 per cent were at G-5 level and below, with the majority at G-4, who had been given the responsibility to assess bids that resulted in contract awards totaling about \$13.6

million. Only 1 P-4 and 3 P-3 staff were involved in bid evaluations, even though the Mission had 58 P-4 and P-5 positions, as well as 13 National Professional Officers at the C and D levels. There was also no evidence indicating that evaluation committee members were adequately trained. This impacted the quality of evaluations, transparency and the perception of fairness of the acquisition process.

(5) UNIFIL should strengthen technical evaluations by: (i) selecting an appropriate mix of personnel and skill sets to serve in the respective committees; and (ii) providing relevant briefing and training to technical evaluation committee members.

UNIFIL accepted recommendation 5 and stated that the Office of the Chief, SDM continued to work closely with technical sections to strengthen technical evaluations by selecting members with an appropriate mix of skills to serve in the respective committees. Forty SDM technical staff members involved in procurement related duties had been identified to undertake training courses recommended by the Department of Management Strategy, Policy and Compliance. Recommendation 5 remains open pending receipt of evidence that technical committees have an appropriate mix of personnel and skills sets and that members have been adequately trained.

Need to revise the composition of LCC

37. During the audit period, the Committee reviewed 76 cases and all of them were recommended to the Director of Mission Support for approval.

38. OIOS review of the functioning of the LCC indicated that three members served terms that were in excess of the maximum allowable tenures, although at the time of the audit, only one member was in breach of the term limit. This happened as the Mission believed that the limit on tenure applied to the Headquarters Committee on Contracts but not the LCC. UNIFIL has since requested clarification and the Procurement Division confirmed the requirement. A rotation policy may reduce potential conflict of interest situations and impartiality.

39. In addition, only 7 of the 13 members had completed both basic and advanced LCC training, with 4 and 3 other members unable to provide evidence of their completion of the training. LCC members were also unable to provide evidence that they had: (a) undertaken the seven mandatory procurement courses; and (b) received refresher training to familiarize themselves with procurement changes. Lack of attendance at training may increase the risk that members are not fully conversant with procedures.

40. Furthermore, 3 of 13 members were either at P-3 or FS-5 levels, which was contrary to the administrative instruction on review committees on contracts (ST/AI/2011/8), which requires that, to the extent possible, LCC shall have members at P-4 and above. The Mission had about 60 positions between P-4 and D-1 levels. LCC members were also appointed based on their functional title and not on individual capacity, and changes to compositions were often only occasioned by departures from the Mission. There were no planned mandatory rotations.

41. Therefore, due to inadequate attention to ensure appropriate composition of the LCC and properly trained members, some of the weaknesses in the procurement process were not identified and thus addressed in a timely manner such as: improper composition of technical evaluation committees; inconsistencies in contacting vendors on missing information; and high non-compliant rates of bids, including where bidders were disqualified for minor omissions that were allowable in the Procurement Manual.

(6) UNIFIL should revise the composition of the Local Committee on Contracts and provide periodic training to its members to ensure enhanced effectiveness and compliance with the Procurement Manual.

UNIFIL accepted recommendation 6 and stated that the Mission was reviewing the revised composition of the LCC. It would continue to ensure that the members complete the required mandatory training prior to taking up their role and provide periodic training deemed necessary thereafter. Recommendation 6 remains open pending notification of the revised LCC composition and receipt of evidence that they have completed the relevant training.

C. Solicitations and contract awards

Award of contracts to same vendors for extended periods needed further review

42. UNIFIL continued to make efforts to identify new vendors to enhance competition through wide circulation of invitations to bidders both within and outside Lebanon. While in most cases reviewed the number of bidders invited exceeded the minimum required, the level of interest from new bidders as measured by response rates was low at between 4 to 15 per cent. Some vendors had been repeatedly awarded contracts. For instance, one vendor had been awarded, at the same time, seven different construction contracts totalling \$780,000, even though there were several other vendors. Also, for 7 out of 16 LVA purchases from the same vendor, quotations valued at \$21,000 out of \$53,000 were systematically obtained one day after other competing vendors had submitted theirs, implying that by the time this vendor was making his quotations the cost of the competing bids were already known. Several other incumbent vendors won back-to-back awards for periods ranging between 5 and 15 years.

43. In addition, vendors whose offers had been rejected because they were non-technically compliant were not provided with detailed information on the reasons for disqualification. The Mission only clearly communicated reasons for disqualification where there was late submission of bids or use of the wrong email address. Also, while the Mission had received explanations on why some of the vendors were unable to participate in a solicitation exercise, the explanations were not consistently and adequately analyzed to improve the response rate for future exercises.

44. The Mission had not undertaken an analysis to determine the underlying causes for the continuous award of contracts to the same vendors for extended periods (in the absence of limiting markets conditions). It stated that there were neither United Nations guidelines or requirements to conduct such analysis nor any evidence of wrongdoing or procurement irregularity. However, in OIOS' view, such an analysis would give UNIFIL the opportunity to identify wrongdoing if it exists considering that there were significant inconsistencies in the treatment of bidders specially in awarding contracts. The review would also help the Mission to identify how it can further diversify its vendor base to improve international competition and obtain better value for money. OIOS plans to conduct in the near future an audit of selected procurement contracts in order to further explore these areas and therefore does not make a recommendation on this issue in this report.

There was need for additional training of staff in technical sections

45. Staff in technical sections are responsible for many aspects of supply chain planning and acquisition processes. However, there was a need for responsible staff to gain more knowledge and skills related to the procurement process to reduce the inefficiencies and inconsistencies cited above. There were seven procurement courses, which the Secretary-General's bulletin on United Nations mandatory training

programmes (ST/SGB/2018/4) strongly encouraged staff who are involved in the acquisition and contract management processes, other those in Procurement Section, to complete. UNIFIL’s directive of April 2019 went further and made these courses mandatory for all such categories of staff. However, none of the staff of the technical sections who had a significant role in the procurement process were able to provide evidence that they had completed the required training. Attendance at such training may assist UNIFIL to address some of the identified procurement weaknesses and better achieve the goals established for the supply chain management process.

(7) UNIFIL should develop and implement an action plan to train staff of technical sections that are involved in supply chain planning and acquisition processes to enable the Organization to achieve the targeted benefits of supply chain management.

UNIFIL accepted recommendation 7 and stated that SDM and the Office of Operations and Resource Management were organizing training for identified participants of the acquisition process. The Office of the Chief, SDM had, in coordination with the Integrated Mission Training Centre and Office of the Chief SCM, started to develop an action plan and tracking mechanism to ensure adequate training is provided to all technical sections staff to achieve the targeted benefits of supply chain management. Recommendation 7 remains open pending receipt of an action plan to train staff of technical sections involved in supply chain planning and acquisition processes and evidence of its implementation.

Exceptions to formal methods of solicitations were appropriately applied

46. During the audit period, UNIFIL invoked exceptions to formal methods of solicitation under Financial Rule 105.16 on 971 purchase orders totaling \$10.9 million as shown in Table 6. UNIFIL determined that applying formal methods of solicitation was not in the best interest of the United Nations and the Chief Procurement Officer and LCC approved the exceptions prior to purchase orders being issued.

Table 3: Exceptions to the use of formal methods of solicitation

Financial Rule	Description of rule	Total spent \$	Amount tested ⁴	Percentage tested ⁵
105.16(a)(i)	No competitive market	1,962,661	1,159,769	59
105.16(a)(ii)	Need to standardize requirement	3,195,743	2,704,026	85
105.16(a)(ix)	Formal solicitation did not give satisfactory results	2,368,625	1,470,774	62
105.16(a)(x)	Amount below threshold for formal solicitation	3,009,765	257,382	9
Others	Others	378,626	95,943	25
Total		10,915,420	5,687,893	52

Source: OIOS compilation from Umoja

47. Of the above amounts: (a) \$1.2 million under FRR 105.16(a)(i) was for medical expenses with a major hospital; (b) \$2.7 million under FRR 105.16(a)(ii) was for replacement of ICT parts with key vendors; and (c) \$1.5 million under FRR 105.16(a)(ix) for replacement of parts for military vehicles. OIOS concluded that the exceptions to the formal methods of solicitations were appropriately applied.

Financial disclosures were conducted as required

48. All staff members whose principal duties involved the procurement of goods and services for the Organization are required to participate in the United Nations Financial Disclosure Programme. This

⁴ This refers to amounts OIOS tested to confirm whether the exceptions applied were appropriate and duly approved

⁵ This calculated percentage of dollar amounts tested against total spent under the financial rule namely: d/c*100

includes all procurement staff, requisitioners and LCC members, as well as staff in technical sections who had Umoja rights to raise and approve shopping carts. UNIFIL ensured that all relevant staff including 17 from the Procurement Section and 120 from technical sections filed financial disclosure and declaration of interest statements with the United Nations Ethics Office. The audit verified the completeness of filings and found no exceptions. OIOS concluded that the Mission had established adequate controls to ensure compliance with the policy on financial disclosure and declaration of interests.

D. Contract management

Need to improve contract management

49. Contract management is key to ensuring the Organization obtains best value for money. It consists of monitoring and managing vendors' performance including quality of work/products, adherence to timelines, meeting key performance indicators (KPIs), and applying prices, payments and applicable discounts as contracted. The requisitioner is required to evaluate vendor performance and report the results in a timely manner for corrective action, if necessary.

50. A review of contract management records for 31 out of 114 contracts showed that for 29 contracts, requisitioners were not adequately monitoring performance against the agreed KPIs because either KPIs were not defined or were too generic to be effective measures of performance. The following was noted:

- For six contracts, the requisitioner rated vendor performance as acceptable, very acceptable or highly acceptable in the Contract Performance Reporting Tool (CPRT). However, UNIFIL had levied liquidated damages of \$113,500 on the six vendors for unsatisfactory performance. Performance ratings in CPRT were also not recorded in a timely manner. As at March 2020, ratings for quarters three and four of 2019 had not been completed.
- For 22 contracts, requisitioners did not conduct periodic meetings with vendors to discuss performance. Kick-off meetings were not held for 16 of the 31 cases reviewed as the staff believed these were not necessary because of their already close interaction with vendors. For the kick-off meetings conducted, the requisitioner did not invite AMS to provide an independent perspective in setting the tone for the performance monitoring.
- For the provision of camp support services with not-to-exceed (NTE) of \$3.7 million, the requisitioner did not verify whether the vendor was achieving the KPIs. OIOS observed toilets in the sleeping quarters were not kept clean or adequately supplied with toilet paper and soap. Similarly, there was insufficient cleaning of the ablutions visited. The forms used by the vendor to show proof of the work done by cleaners and their supervisors were either not signed, signed in advance or not available.
- For the provision of waste management services with NTE of \$923,000, the requisitioner did not reflect performance issues in the vendor's performance reports. OIOS observed that the vendor did not properly segregate recyclables and non-recyclables. Although UNIFIL provided waste bins, most of them had broken lids and the vendor had not properly coded the bins to facilitate segregation.
- For provision of drinking water and water dispensers with NTE of \$370,000, the contract provided for periodic ongoing testing of the quality of the water in line with World Health Organization specifications. The vendor was also required to provide technicians to maintain the dispensers. Despite these provisions, the Mission did not ensure that the vendor regularly tested the

water, and the maintenance of the water dispensers, was done fortnightly to monthly, instead of weekly as required.

51. The above occurred as: (a) requisitioners thought that the responsibility for contract management was with AMS, even though their responsibility for managing vendors' performance was clearly outlined in the SLA signed in January 2019 among the three Mission support pillars; (b) some of the KPIs were neither critical for delivery of the services nor cost-effective to manage considering limited staffing capacity such as those for camp support and waste management services; and (c) all performance issues were not documented in vendors' performance reports. Weak contract management meant that UNIFIL did not always obtain best value for money.

(8) UNIFIL should improve the management of its contracts by: (i) assessing key performance indicators for their criticality to contract delivery and cost-effectiveness of implementation; and (ii) ensuring that requisitioners properly reflect performance issues in vendors' performance reports.

UNIFIL partially accepted recommendation 8 and stated that the Mission had already developed KPIs to be assessed through different contract management mechanisms. The Mission was also implementing a monitoring mechanism through CPRT and would file reports on quarterly basis for all contracts. In addition, an Instant Feedback System (IFS), which interfaces with Umoja and CPRT, would be launched soon to enable real-time performance monitoring of the receipt of all contracted goods and services to instantly capture feedback on contractors' delivery performance. SDM technical sections would also provide quarterly reports on all contracts through the CPRT. OIOS considers that UNIFIL fully accepted the recommendation by providing an appropriate action plan. Recommendation 8 remains open pending receipt of evidence that the results of contractors' performance monitoring are properly reflected in CPRT and IFS.

Monitoring of contract not-to-exceed amounts and expiry dates

52. Requisitioners, with the support of AMS, are required to monitor contracts' NTE amounts and expiry dates to maintain the validity of contracts. A review of 50 contracts showed that the monitoring of NTE amounts and contract expiry dates was manual and tracked using Excel worksheets. Forty contracts had minor areas for improvement such as the need to ensure correct NTEs are systematically reflected and expiry dates of contracts monitored. In order to address these concerns, the Mission embarked on an initiative of automating the monitoring of NTEs and contract expiry dates by reminding requisitioners and AMS at specified intervals. Based on the action taken, OIOS did not make a recommendation.

IV. ACKNOWLEDGEMENT

53. OIOS wishes to express its appreciation to the management and staff of UNIFIL 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 procurement and contracts management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	C/ O ⁸	Actions needed to close recommendation	Implementation date ⁹
1	UNIFIL should implement the stipulated systematic approach to forecasting demand requirements through: (i) determination of historical consumption patterns; (ii) enhanced visibility of stocks in warehouse and those in transit; (iii) documentation of underlying assumptions supporting the figures projected; and (iv) establishment of stock trigger points for maximum and minimum stock levels, reorder points and reorder quantities.	Important	O	Receipt of evidence of implementation of a systematic approach to forecast demand requirements based on comprehensive inventory management data.	31 December 2021
2	UNIFIL should strengthen the resourcing of the acquisition planning function to effectively oversee, among others, estimation of demand requirements, determination of sourcing options and delivery timelines, possible consolidation of requirements, and implementation of the acquisition plan through establishment and monitoring of key milestone dates in the procurement process.	Important	O	Receipt of evidence of implementation of measures undertaken to strengthen the acquisition planning function.	31 December 2021
3	UNIFIL should strengthen controls over the procurement of low value acquisitions and hold certifying officers accountable for failure to adhere to relevant guidelines.	Important	O	Receipt of the results of the first quarterly follow-up by the Office of the Chief, SDM on the effectiveness of measures to strengthen procurement of LVAs.	31 December 2021
4	UNIFIL should streamline the process of developing and reviewing specifications for goods and services in solicitation documents including: (i) clarifying the respective responsibilities of the parties involved; and (ii) providing formal feedback to requisitioners for continuous lesson learned.	Important	O	Receipt of a copy of the streamlined processes and workflows to develop and review specifications for goods and services, and evidence of the feedback provided on lessons learned from such reviews.	31 December 2020
5	UNIFIL should strengthen technical evaluations by: (i) selecting an appropriate mix of personnel and skill sets to	Important	O	Receipt of evidence that technical committees have an appropriate mix of personnel and skills	31 December 2021

⁶ 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.

⁷ 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.

⁸ Please note the value C denotes closed recommendations, whereas O refers to open recommendations.

⁹ Date provided by UNIFIL in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of procurement and contracts management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	C/ O ⁸	Actions needed to close recommendation	Implementation date ⁹
	serve in the respective committees; and (ii) providing relevant briefing and training to technical evaluation committee members.			sets and that members have been adequately trained.	
6	UNIFIL should revise the composition of the Local Committee on Contracts and provide periodic training to its members to ensure enhanced effectiveness and compliance with the Procurement Manual.	Important	O	Notification of the revised LCC composition and receipt of evidence that they have completed the relevant training.	1 July 2021
7	UNIFIL should develop and implement an action plan to train staff of technical sections that are involved in supply chain planning and acquisition processes to enable the Organization to achieve the targeted benefits of supply chain management.	Important	O	Receipt of an action plan to train staff of technical sections involved in supply chain planning and acquisition processes and evidence of its implementation.	31 December 2021
8	UNIFIL should improve the management of its contracts by: (i) assessing key performance indicators for their criticality to contract delivery and cost-effectiveness of implementation; and (ii) ensuring that requisitioners properly reflect performance issues in vendors' performance reports.	Important	O	Receipt of evidence that the results of contractors' performance are properly reflected in CPRT and IFS.	31 December 2021

APPENDIX I

Management Response



18 December 2020

To: Ms. Eleanor T. Burns, Director
Internal Audit Division, OIOS

From: Major-General Stefano Del Col, Head of Mission and Force Commander
UNIFIL

Subject: **Draft report on an audit of procurement and contract management activities in the United Nations Interim Force in Lebanon (Assignment No. AP2019-672-06)**



1. We refer to your memorandum on the above subject, reference No. OIOS-2020-01778 dated 04 December 2020. Please find attached, UNIFIL's response to the recommendations contained in the subject Draft Report.

2. In following the usual procedure, copies of any supporting documents will only be provided to MERAO based at UNIFIL HQ and will not be transmitted to you with this Mission's response.

Best regards.

Cc: Mr. Effendi Syukur, Audit Focal Point, UNIFIL
Mr. Ibrahim Bah, Chief, MERAO, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNIFIL should implement the stipulated systematic approach to forecasting demand requirements through: (i) determination of historical consumption patterns; (ii) enhanced visibility of stocks in warehouse and those in transit; (iii) documentation of underlying assumptions supporting the figures projected; and (iv) establishment of stock trigger points for maximum and minimum stock levels, reorder points and reorder quantities.	Important	YES	Chief of SDM with Technical Section Chiefs	31 December 2021	SDM Technical Sections (TS) will coordinate their efforts with SCM/AMS to improve the efficiencies of the forecasted demand by working on the historical patterns of their requirements, whereby repetitive patterns may result in contract establishments. SDM TS will ensure that: a) stock holdings are checked regularly, both in warehouse and in transit, b) with maximum and minimum stock levels established, c) with reorder points and quantities established and d) with proper documentation in place. The office of the CSDM will follow up on this activity on a quarterly basis to ensure compliance.
2	UNIFIL should strengthen the resourcing of the acquisition planning function to effectively oversee, among others,	Important	Yes	Chief of SDM with Technical	31 December 2021	Local Integrated Business Planning meetings including SCM and SDM have been scheduled to address

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

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

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	estimation of demand requirements, determination of sourcing options and delivery timelines, possible consolidation of requirements, and implementation of the acquisition plan through establishment and monitoring of key milestone dates in the procurement process.			Section Chiefs and Chief of AMS		priorities. Consolidation of requirements is considered at all times with SDM and FTS, unless unjustified, economy of scale not achievable, or due to incompatibility of goods. An operational level agreement is in development with technical sections to define and monitor workflow between the supply chain and technical services in the procurement process.
3	UNIFIL should strengthen controls over the procurement of low value acquisitions and hold certifying officers accountable for failure to adhere to relevant guidelines.	Important	Yes	Chief of SDM with Technical Section Chiefs	31 December 2021	Office of the CSDM has already taken steps to address this recommendation by reminding SDM Sections about the Director of Procurement Division's guidelines to be followed by all Certifying Officers to ensure that they comply with the Financial Rules and Regulations pertaining to LVA. The CSDM has shared an LVA Checklist and requested that it be uploaded with any LVA request in Umoja. Also, a reminder memo from the CSDM with the relevant guidance in this regard was issued to SDM TS on 5 November 2020 (Both provided) The Office of the CSDM will follow up on this activity on a quarterly basis to ensure compliance.

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UNIFIL should streamline the process of developing and reviewing specifications for goods and services in solicitation documents including: (i) clarifying the respective responsibilities of the parties involved; and (ii) providing formal feedback to requisitioners for continuous lesson learned.	Important	Yes	Chief of AMS	Implemented	OIOS has accepted our previous commentary on the creation of an online repository and generic email. The following are actioned: 1. Checklist Form (official request to raise SC). 2. Generic created for receipt of requirements: 3. Link to AMS eFiling repository database where all cases are available: 4. Weekly report where AMS log the cases received in the generic email. (Supporting documentation for all provided)
5	UNIFIL should strengthen technical evaluations by: (i) selecting an appropriate mix of personnel and skill sets to serve in the respective committees; (ii) complying with procurement guidelines on requesting clarification from bidders; (iii) providing relevant briefing and training to technical evaluation committee members; and (iv) ensuring members of committees submit conflict of interest declarations to the Procurement Section.	Important	Point i Yes Points ii and iii Yes	Point i Chief of SDM with Technical Section Chiefs Points ii and iii Chief Procurement, Chief AMS and Chief SDM	31 December 2021	Office of the CSDM continues to work closely with its TS to strengthen their technical evaluations by (i) selecting an appropriate mix of personnel and skill sets to serve in the respective committees; A list of 40 SDM TS staff members involved in procurement related duties (assigned roles in Umoja and Technical Evaluations), was prepared and shared with the office of the CSCM in an effort to jointly address this recommendation. UNIFIL Procurement Section has obtained from DMSPSC the training recommendation and has provided it to SCM office (copy provided). The

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
			Point iv No	Point iv Chief Procurement		<p>office of the CSDM will follow up on this activity on a quarterly basis to ensure compliance</p> <p>For point iv – there is no template provided for Conflict of interest declarations even within the UNI procurement manual nor in the office of legal affairs documents library. UNIFIL PS consulted with UNPD and have been advised that there is no form. It may be included as part of UNPD SAP Ariba implementation expected in 2021. It should be noted that all UNIFIL Technical evaluation members are UN staff with fixed term/continuing contracts therefore provisions of UN staff rules apply in terms of Ethics.</p>
6	UNIFIL should revise the composition of the Local Committee on Contracts and provide periodic training to its members to ensure enhanced effectiveness and compliance with the Procurement Manual.	Important	Yes	SAO with IMTC for training assistance as required.	1 July 2021	The revised composition of LCC is currently being reviewed and will be updated. Mission will continue to ensure that all LCC members complete the required mandatory training prior to taking up the role and that LCC members are provided with any periodic training deemed required to ensure enhanced effectiveness and compliance with the Procurement Manual

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	UNIFIL should review instances of continuous award of contracts to the same vendors for extended periods (in the absence of limiting markets conditions) and analyze and address factors that impede the participation of potential vendors in an effort to enhance the pool of bidders.	Important	NO	N/A	N/A	The OIOS did not identify any instances or examples of wrongdoing or procurement irregularity during the audit nor did the auditors provide any examples to support the issuance of this recommendation. The UNIFIL position remains “all contracts reviewed during the audit were processed through a competitive United Nations procurement process” There is a detailed UN Procurement process in place for any Mission defined requirement which follows numerous steps that at the end, results in identification of recommended vendor and relevant contractual award, through demonstration of BVM
8	UNIFIL should develop and implement an action plan to train staff of technical sections that are involved in supply chain planning and acquisition processes to enable the Organization to achieve the targeted benefits of supply chain management.	Important	Yes	Chiefs of SDM, ORM, and other accounts Holders:	31 December 2021	Upon receipt of DOS/OSCM/PMSS instruction from UNIFIL PS, UNIFIL SCM office has provided said NY training guidance to SDM and IMTC/ORM for further implementation. (Documentation provided) SDM and ORM identified participants in the Acquisition process and are organizing the required training. Further as of November 2020, Office of the CSDM, in coordination with IMTC and Office of

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						the CSCM initiated an action plan and started working on a tracking mechanism to ensure that adequate training is provided to all SDM TS staff to achieve the targeted benefits of supply chain management Office of the CSDM will follow up on this activity on a quarterly basis to ensure compliance.
9	UNIFIL should improve the management of its contracts by: (i) assessing key performance indicators for their criticality to contract delivery and cost-effectiveness of implementation; and (ii) ensuring that requisitioners properly reflect performance issues in vendors' performance reports.	Important	Point i Yes (Partially by AMS)	Point i Chief AMS	31 December 2021	Pont i - As per para PM 13.1.1 the Contract Management function is the responsibility of either staff directly assigned to oversee and manage the implementation of the contract, the Requisitioner, or the end-user (hereinafter collectively referred to as "responsible contract management staff" or RCMS). The RCMS is responsible for monitoring the performance of the contractor and for receiving, accepting, and approving the deliverables specified in the contract. (i) SDM in coordination with CPEU developed KPIs to be assessed through different contract management mechanisms/tools (performance meetings/Contract Performance Reporting Tool – quarterly reporting/Receiving and Inspections reports (ii) CPEU is implementing a monitoring

Management Response

Audit of procurement and contract management activities in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
			Point ii Yes	Point ii Chief of SDM with Technical Section Chiefs		<p>mechanism through the Contract Performance Reporting and SDM will file reports on quarterly basis for all contracts It should also be noted that the instant Feedback System (IFS) is to be launched soon, which will enable real-time performance monitoring of the receipt of all contracted goods and services. IFS will instantly capture feedback on the contractor performance in the delivery of goods and services. IFS interfaces with UMOJA and CPRT.</p> <p>Point ii In coordination with SCM/AMS/CPEU, SDM TS will provide reports on a quarterly basis for all contracts through Contract Performance Reporting Tool.</p>