



## INTERNAL AUDIT DIVISION

### REPORT 2018/073

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Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

There is need to improve the operational framework and strengthen the acquisition strategy and some aspects of the solicitation process

24 July 2018  
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# **Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management at the United Nations Office on Drugs and Crime (UNODC) in Colombia. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective management of procurement activities and contracts at UNODC in Colombia. The audit covered the period from January 2016 to December 2017 and included a review of: (a) the operational framework for procurement; (b) procurement planning; (c) solicitation and selection process; and (d) contract management.

The UNODC Country Office in Colombia (COCOL) documented procurement requirements, established evaluation criteria and evaluated bids in line with established guidelines. There were on-going efforts to strengthen the procurement capacity at COCOL and UNODC headquarters to cater for the expected increase in procurement levels following the signing of the new alternative development project with a total budget of \$316 million. However, there is need to improve the operational framework and strengthen the acquisition strategy and some aspects of the solicitation process.

OIOS made five recommendations. To address issues identified in the audit, UNODC needed to:

- Assess and determine the appropriate operational framework and operational arrangements that are required to effectively support the procurement needs of its Colombia operations and optimize the use of existing staff resources;
- Analyze the case for increased delegation of procurement authority to COCOL and best options on who should be granted the primary and alternate delegation of authority;
- Update the procurement plan to include procurement needs for the new alternative development project and develop a strategy for procuring recurring requirements including through system contracts where appropriate;
- Establish review mechanisms to oversee compliance with the established requirements for minimum number of vendors invited to bid and minimum number of days allowed for submission of bids; and
- Ensure that staff understand and correctly apply delegation of authority thresholds for procurement, and establish oversight mechanisms to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.

UNODC accepted the recommendations and has initiated action to implement them.

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# Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of procurement and contract management at the United Nations Office on Drugs and Crime (UNODC) in Colombia.

2. UNODC has supported the Colombia government in the development of strategies in the fight against corruption, drugs and crime for more than 20 years. The UNODC Country Office in Colombia (COCOL) had an agreement of cooperation with the government of Colombia for the period 2014-2019. The agreement identifies four strategic areas of cooperation: a) integrated monitoring system of the territory; b) reduction of drug consumption; c) alternative development; and d) strengthening of the justice system in the fight against crime. Through these four strategic objectives UNODC aims to: (a) improve knowledge of the issues related to drugs and crime; (b) provide technical support for the implementation of international agreements; (c) provide guidance about strategies and policy against drugs and crime; and (d) develop national capacity to fight production, traffic and consumption of drugs.

3. COCOL was recognized as one of the main facilitator in the fourth priority of the 24 November 2016 peace agreement to end the conflict in Colombia and build lasting peace. In 2017, following the signing of the peace agreement, COCOL signed a new alternative development project with the Government of Colombia (COLW40) with a total budget of \$316 million to be implemented in the period 2018-2021.

4. COCOL was headed by a Representative at the D-1 level. The workforce included two international professionals, seven national officers, 13 general services staff and 677 service contractors. In 2018, COCOL expanded its senior management team to include a Senior Programme Officer (P-5) and an Operations Officer (P-4). COCOL's total expenditure for 2016 and 2017 were \$35 million and \$48.6 million respectively. With the implementation of the new alternative development project, COCOL annual budget for the period 2018-2019 was expected to increase to approximately \$100 million. In 2016 and 2017 COCOL procured goods and services totaling \$8.7 million and \$8.6 million respectively.

5. At the time of the audit, COCOL Procurement Unit (COCOL-PU) was composed of five personnel with service contracts. The COCOL Representative had delegation of authority to sign procurement contracts up to \$40,000. The UNODC/United Nations Office at Vienna (UNOV) Procurement Unit (UNOV-PU) provided oversight, support and guidance to COCOL-PU. Procurement actions above \$40,000 were done under the supervision of the United Nations Development Programme (UNDP). As shown in Table 1, the value of around 75 per cent of the procurement contracts in 2016 and 2017 were below \$40,000 and managed by COCOL.

**Table 1: COCOL procurement statistics for 2016-2017**

Responsible entity	2016		2017		Total 2016-2017
	Number of purchase orders	Amount in \$ (million)	Number of purchase orders	Amount in \$ (million)	Amount in \$ (million)
UNDP	37	2.9	19	1.5	4.4
COCOL	1,459	5.8	1,672	7.1	12.9
<b>Total</b>	<b>1,496</b>	<b>8.7</b>	<b>1,691</b>	<b>8.6</b>	<b>17.3</b>

6. Comments provided by UNODC are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective management of procurement activities and contracts at UNODC in Colombia.

8. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with COCOL's large procurement volume which was expected to significantly increase from 2018 with the implementation of the new alternative development project.

9. OIOS conducted this audit from January to April 2018. The audit covered the period from January 2016 to December 2017. Based on an activity-level risk assessment, the audit covered risk areas in the management of procurement activities which included review of: (a) the operational framework (structure, staffing levels and delegation of authority); (b) procurement planning; (c) solicitation and selection process; and (d) contract management. For procurement actions conducted by COCOL, the audit reviewed compliance with key aspects of the United Nations Procurement Manual guidelines which are designed to ensure efficiency, transparency and competitiveness of the procurement process.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical reviews of data; and (d) sample testing.

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

## **III. AUDIT RESULTS**

### **A. Operational framework**

#### Need for coordination with headquarters

12. The size and composition of procurement offices at field missions and offices away from headquarters depends on many factors such as mandate, location and complexity of acquisition projects. The procurement capacity required for effective and efficient operations of an office should be assessed during the project planning and/or during the strategic or annual work planning and budgeting process. UNODC had made efforts to strengthen the capacity of COCOL-PU to cater for the expected increase in procurement levels following the signing of the new alternative development project (COLW40). The COLW40 budget included provision for a new post of Chief of Procurement at the level of National Officer (NO-C) and four new fixed term posts at the General Service level. COCOL had engaged with UNOV-PU and conducted a joint selection process for the new Chief of Procurement post. OIOS was informed that the recruitment of the four new fixed term posts was pending the arrival of the new Chief of Procurement and further assessment of procurement needs. In addition, COCOL had requested UNODC headquarters to increase its delegation of authority for procurement.

13. UNOV-PU was also hiring a P-3 procurement officer to support the procurement needs of UNODC field offices in the America region in anticipation of larger volumes of solicitations, mostly from COCOL. COCOL indicated that in the past it did not use the services of UNOV-PU because the nature of the services and goods procured were best served with COCOL-PU and the local UNDP office who had knowledge of

the local market and language. COCOL was not aware of how the new P-3 procurement officer at UNOV-PU would contribute to supporting its procurement needs. In 2017, the Director of the Division for Operations had indicated that significant changes in COCOL organigram and reporting lines need to be coordinated between the Division for Management, COCOL and the Division for Operations. In OIOS view, there was need for a holistic assessment to determine the appropriate framework and operational arrangements needed at UNODC headquarters and locally in Colombia to effectively support COCOL procurement needs and ensure efficient use of the approved staffing resources. The relation and reporting requirements between COCOL-PU and UNOV-PU and the role of the new P-3 procurement officer in UNOV-PU also needed to be clarified. There was also a need to review and determine the extent to which COCOL should use UNOV-PU and UNDP for procurement actions above its delegated authority.

14. In addition, there was a need to determine what would be the most cost-efficient delegation of authority level for COCOL since this would have an impact on COCOL-PU workload. Although COCOL had requested for additional delegation of authority and all senior COCOL staff interviewed were of the view that increased delegation of authority would be useful, COCOL had not formally assessed the expected efficiency gains and other potential benefits of having an increased level of delegation of authority locally. In view of the expected increase in the capacity of COCOL-PU, there was a case for re-assessing COCOL capacity to handle higher delegation of authority beyond the UNOV/UNODC standard \$40,000 threshold granted to field offices. UNOV-PU indicated that before a decision on this is made, it would need to get guidance from the Department of Management at United Nations Headquarters on the extent to which it could delegate authority to field offices since this issue is not clearly addressed in the Procurement Manual. Further, only the COCOL Representative had delegation of authority and he had no alternate. This was an administrative burden to the Representative given other competitive priorities of managing the office. Since the level and complexity of purchase orders was likely to increase in 2018 and subsequent years, the issue of who should hold the delegated authority needs to be re-assessed.

- (1) UNODC should assess and determine the appropriate operational framework and operational arrangements that are required to effectively support the procurement needs of its Colombia operations and optimize the use of existing staff resources.**

*UNODC accepted recommendation 1 and stated that the recommended assessment is currently ongoing. COCOL, the Division for Operations and the Division for Management are working within the broader context of finalizing the project implementation structure (org chart) in the much enlarged COCOL office structure. They aim at finalizing discussions on the best procurement arrangements supporting COCOL by July/August 2018 and thereafter conclude related recruitment cases. Recommendation 1 remains open pending receipt of the appropriate operational framework and related arrangements to effectively support the procurement needs of UNODC Colombia operations.*

- (2) UNODC should analyze the case for increased delegation of procurement authority to the UNODC Country Office in Colombia and best options on who should be granted the primary and alternate delegation of authority.**

*UNODC accepted recommendation 2 and stated that consultations among COCOL, UNOV-PU, and the Field Operations Management Support Section on the issue of increased delegation of authority, including on who should be the primary and secondary delegation of authority holders are ongoing. COCOL's request for increased delegation of authority is being reviewed/analyzed by UNOV-PU. All parties involved will ensure that the delegation of authority is awarded in a timely manner. Concurrently, UNOV-PU is also in touch with Department of Management at United Nations Headquarters regarding the options and process for increased delegation (higher than \$40,000) prior to the submission of a proposal to the Director for Management, UNOV/UNODC. Recommendation 2 remains open pending receipt of evidence that the analysis of the case for increased delegation of procurement authority to COCOL has been finalized and decisions made on who should be granted the primary and alternate delegation of authority.*

## **B. Procurement planning**

### Need to strengthen acquisition strategy for repetitive requirements

15. As stated in the Procurement Manual, acquisition planning is essential for the effective and timely solicitation of bids and proposals, award of contracts and delivery of the goods, services and works required. According to the Procurement Manual (8.1), requisitioners must complete the acquisition plan including all relevant details and submit it to the Procurement Office in a timely manner. Requisitioners are responsible for developing acquisition plans in cooperation with their procurement office, generally not later than six months before the need for receipt of the goods, services or works. COCOL risk register of 2017 also identified risks associated with weak procurement planning.

16. Programme managers regularly shared with COCOL-PU their purchasing requirements and COCOL had also shared with UNOV-PU the procurement plans for 2016 and 2018. COCOL had however not shared with UNOV-PU the procurement plan for 2017. Further, the 2018 plan identified needs of around \$5 million per year but did not include the additional requirements expected in the implementation of the new alternative development project. COCOL stated that this was because the requirements were still unclear as the new project was at its early stage. In addition, although COCOL had identified the list of goods and services it planned to procure, it had not established a strategy to engage in system contracts to cover repetitive needs over one or more years and had not assessed the supplier market to enable it to develop a sourcing strategy for the recurring needs. Doing this would enable COCOL to identify areas of

risks and opportunities such as absence of vendors and alternative purchasing strategies for recurrent requirements in order to optimize the value for money of the procurement results. It would also help to reduce workload and inefficiencies associated with procuring the same items repetitively.

17. COCOL was enhancing its cooperation with the United Nations Verification Mission in Colombia (such as the joint selection process for the travel agent) and with UNDP to collect systemic needs and develop a common country-purchasing programme. With the planned strengthening of procurement capacity at COCOL-PU and UNOV-PU, COCOL is in a position to improve its strategic procurement planning and identify other opportunities where long-term agreements could be established. During the audit, COCOL-PU staff and project managers identified some areas where long-term agreements could be established such as acquisition of satellite images, event management services (including transport), and agricultural tools and machines. In 2017, procurement needs in these areas were addressed through multiple procurement actions which was inefficient.

**(3) The UNODC Country Office in Colombia should: (a) update its procurement plan to include procurement needs for the new alternative development project; and (b) develop a strategy, in coordination with relevant headquarters sections, for procuring recurring requirements including through system contracts where appropriate.**

*UNODC accepted recommendation 3 and stated that part (a) of the recommendation has already been partially implemented. A procurement/acquisition plan for the new alternative development project covering the first semester of 2018 has already been developed. The acquisition plan for the second half of 2018 is currently being prepared. With regard to part (b), COCOL and Division of Operations in close coordination with UNOV- PU will develop a strategy for procuring recurring requirements including through system contracts, where appropriate. Recommendation 3 remains open pending receipt of the updated procurement plan and details of the strategy developed for procuring recurring requirements.*

### **C. Solicitation and selection process**

#### Need to ensure compliance with minimum requirements for bidding exercises

18. The Procurement Manual outlines the recommended procurement process from identification of needs to final selection of vendors. Compliance with the requirements is essential to help ensure that the procurement process is transparent, fair and competitive. OIOS reviewed a sample of 85 procurement cases with value between \$10,000 and \$40,000 and 65 low value acquisition cases to assess compliance with the established requirements.

19. OIOS noted that COCOL complied with key aspects of the Procurement Manual requirements: (a) terms of reference (TOR) or internal notes were consistently prepared and included the technical specifications that were then used in the evaluation process; (b) specifications included in the TOR and internal notes were generic and did not include the name of the vendor; (c) criteria used for evaluation of bids were pre-identified in the TOR; (d) the evaluation of bids was properly documented and evaluation summary results signed and dated; and (e) COCOL ensured that selected vendors were registered in the United Nations Global Market Place (UNGM) before being awarded contracts. In addition, justifications for using sole source were documented and approved and in 2017, corrective action was taken to register more vendors in the UNGM which led to a decrease in the use of sole source from 12 in 2016 to 2 in 2017. For the procurement actions done through UNDP, the evaluation process was adequately overseen by UNDP and its Committee on Contracts.



20. However, COCOL did not consistently comply with the requirements for minimum timelines that should be given to vendors to submit bids as recommended in Annex D-20 of the Procurement Manual and the minimum number of vendors that should be invited as recommended in section 9.6 of the Procurement Manual as explained below:

- In 54 out of the 65 cases reviewed, the Request for Quotation (RFQ) was issued for less than 10 days which is the minimum recommended timeline that vendors should be allowed to submit quotations/bids. In 19 of the cases, the RFQs were issued for less than 5 days. COCOL explained that the shortened timelines were due to urgency of the requirements. In OIOS view, deficiencies in planning also contributed to the problem of RFQs being issued for short periods. COCOL needs to ensure that vendors are accorded sufficient time to submit bids as recommended in the Procurement Manual in order to optimize the competitiveness of the procurement process.
- In 19 out of the 65 cases reviewed, COCOL invited less than five vendors to submit bids. According to COCOL, this was due to the limited number of vendors available in the market. COCOL had established a practice of limiting the total contracts awarded to individual vendors to \$40,000 per year which limited the number of vendors that could be invited to bid. The reasons for the lower number of invitees were not documented and included in the procurement case file as required by the Procurement Manual. Compliance with the requirement should be enforced to enhance transparency and competitiveness of the procurement process.

**(4) The UNODC Country Office in Colombia should establish review mechanisms to ensure compliance with the established requirements for minimum number of vendors invited to bid and minimum number of days allowed for submission of bids.**

*UNODC accepted recommendation 4 and stated that it has been implemented. To ensure compliance with the minimum number of days for receiving a vendor's quotation, COCOL has extended the deadline from 5 to 10 working days. At least five suppliers are invited to submit their respective bids. The monitoring table that tracks procurement processes will be used to also track mandatory requirements such as minimum number of days/vendors. The COCOL Operations Officer will conduct regular (twice a month or more, if necessary) reviews of the monitoring table. Recommendation 4 remains open pending receipt of evidence that the monitoring table to track procurement processes is regularly updated and reviewed by the Operations Officer.*

Need to avoid splitting of bids and ensure correct interpretation of delegation of authority thresholds

21. COCOL Representative is authorized to sign contracts up to \$40,000 to a single contractor in respect of a single or a series of related requisitions. However, COCOL was using an incorrect and restrictive interpretation for which the threshold of \$40,000 was considered to be per vendor and per year, regardless of whether it was dealing with unrelated requisitions. The restrictive interpretation reduced the number of potential vendors COCOL could invite to bid because vendors who reached the \$40,000 threshold in the course of a year were not invited to submit bids for any other procurement actions undertaken during that year. This led to COCOL having to continuously look for new vendors and as noted in paragraph 20 above (second bullet point), contributed to the failure to consistently comply with the recommended minimum number of vendors invited to bid.

22. COCOL had contacted UNOV-PU for clarification on the interpretation of the delegation of authority threshold but, according to COCOL, the explanation provided was not clear and therefore it continued using the more restrictive interpretation. COCOL identified 36 cases (mostly for agricultural tools and equipment, logistics operators, construction material and transport) in 2016 and 2017 where vendors were not invited to submit bids because they had reached the annual \$40,000 threshold. This practice meant that COCOL may not have got the best value for money in such cases since the vendors who

had reached the \$40,000 threshold could potentially still offer competitive prices but were not invited to bid. There was a need for further briefing/training and oversight to ensure that staff clearly understood and applied the correct interpretation of delegation of authority thresholds.

23. In 2016 and 2017, COCOL issued 2,141 purchase orders totaling \$2.7 million under the low value acquisition (LVA) threshold, which was \$4,000 in 2016 and was increased to \$10,000 from 2017. COCOL had two officers with “LVA preparer roles” in Umoja (SA.07a LVA). COCOL incorrectly interpreted the LVA threshold as being applicable per staff with the LVA preparer role instead of per requisition or series of related requisitions. This led to failure to identify opportunities to combine the procurement of related purchases and contributed to problems with splitting of requisitions. OIOS reviewed and analyzed all LVAs for 2017 and found 26 instances involving 62 purchase orders totaling \$361,000 where COCOL issued multiple purchase orders to the same vendor in the same week or month. In six cases involving 13 purchase orders, the services/goods were delivered to the same location by the same vendor within short intervals. COCOL did not have a mechanism in place to identify LVA requisitions that could be combined and only monitored the thresholds per staff with the LVA preparer role. COCOL needs to establish review mechanisms to ensure that opportunities to combine purchases are identified and splitting of requisitions is avoided in order to optimize efficiency and value for money for its purchases.

**(5) The UNODC Country Office in Colombia and UNODC/UNOV Procurement Unit should:**  
**(a) ensure that staff understand and correctly apply delegation of authority thresholds for procurement; and (b) establish oversight mechanisms to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.**

*UNODC accepted recommendation 5 and stated that UNOV-PU provided clarification on how the delegation of authority should be interpreted. A general note on the topic will be issued by UNOV-PU to all field offices which have been facing similar issues. UNOV-PU is also collaborating with COCOL and Division of Operations on the scheduling of specific procurement training sessions, which will address the matter. The field based procurement training will also be used to share knowledge and best practices on oversight mechanisms already established at headquarters and in UNODC field offices. Recommendation 5 remains open pending receipt of: (a) evidence that procurement training sessions have been scheduled; and (b) details of oversight mechanisms established to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.*

## **D. Contract management**

Arrangements for managing contracts were adequate

24. COCOL had 15 contracts for the provision of services including insurance, security, cleaning and other services. COCOL had developed a spreadsheet for monitoring major milestones of contracts and ongoing contract obligations. COCOL was also in the process of identifying additional opportunities to expand the portfolio of system contracts for programme and support areas and planned to streamline office requirements such as copying services, office supplies, rent of information technology equipment and vehicle insurance to be managed centrally. A review of a sample of contracts showed that receipt and inspection of goods and services were completed in Umoja as required and payments were aligned with the terms and conditions in the purchase orders. No significant delays in payments were noted and there was a system in place to follow up on refund of value-added tax. Further, procurement files were generally well maintained in line with the minimum documentation requirements outlined in the Procurement Manual. In 2017, COCOL corrected its filing methodology and the procurement-related files were uploaded in the Umoja Supplier Relationship Management module as required. COCOL also maintained soft copies of all

documents not stored in Umoja. Based on the above, OIOS concluded that the arrangements for managing contracts were adequate.

#### **IV. ACKNOWLEDGEMENT**

25. OIOS wishes to express its appreciation to the management and staff of UNODC for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
Director, Internal Audit Division  
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## STATUS OF AUDIT RECOMMENDATIONS

## Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNODC should assess and determine the appropriate operational framework and operational arrangements that are required to effectively support the procurement needs of its Colombia operations and optimize the use of existing staff resources.	Important	O	Receipt of the appropriate operational framework and related arrangements to effectively support the procurement needs of UNODC Colombia operations.	30 September 2018
2	UNODC should analyze the case for increased delegation of procurement authority to the UNODC Country Office in Colombia and best options on who should be granted the primary and alternate delegation of authority.	Important	O	Receipt of evidence that the analysis of the case for increased delegation of procurement authority to COCOL has been finalized and decisions made on who should be granted the primary and alternate delegation of authority.	30 September 2018
3	The UNODC Country Office in Colombia should: (a) update its procurement plan to include procurement needs for the new alternative development project; and (b) develop a strategy, in coordination with relevant headquarters sections, for procuring recurring requirements including through system contracts where appropriate.	Important	O	Receipt of the updated procurement plan and details of the strategy developed for procuring recurring requirements.	31 December 2018
4	The UNODC Country Office in Colombia should establish review mechanisms to ensure compliance with the established requirements for minimum number of vendors invited to bid and minimum number of days allowed for submission of bids.	Important	O	Receipt of evidence that the monitoring table to track procurement processes is regularly updated and reviewed by the Operations Officer.	30 September 2018
5	The UNODC Country Office in Colombia and UNODC/UNOV Procurement Unit should: (a) ensure that staff understand and correctly apply delegation of authority thresholds for procurement; and (b) establish oversight mechanisms to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.	Important	O	Receipt of: (a) evidence that procurement training sessions have been scheduled; and (b) details of oversight mechanisms established to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.	30 September 2018

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

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNODC in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNODC should assess and determine the appropriate operational framework and operational arrangements that are required to effectively support the procurement needs of its Colombia operations and optimize the use of existing staff resources.	Important	Yes	The Representative, Country Office in Colombia in coordination with senior managers in the Division for Operations (DO) and the Division for Management (DM)	September 2018	The recommended assessment is currently ongoing. The Country Office in Colombia (COCOL), the Division for Operations (DO) and the Division for Management (DM) are working within the broader context of finalizing the project implementation structure (org chart) in the much enlarged COCOL office structure. COCOL, DO and DM aim at finalizing discussions on the best procurement arrangements supporting COCOL by July/August 2018 and thereafter conclude related recruitment cases.
2	UNODC should analyze the case for increased delegation of procurement authority to the UNODC Country Office in Colombia and best options on who should be granted the primary and alternate delegation of authority.	Important	Yes	The Chief, UNOV/UNODC Procurement Unit in coordination with senior managers in DO and in COCOL	September 2018	Consultations among COCOL, the UNOV/UNODC Procurement Unit (PU/GSS) and the Field Operations Management Support Section (FOMSS/DO) on the issue of increased delegation of authority, including on who should be the primary and secondary DoA holders, are ongoing. COCOL's request for increased delegation of authority is being reviewed/analyzed by PU/GSS. All parties involved will ensure that the delegation of authority is awarded in a timely manner.  Concurrently, PU/GSS is also in touch with DM/UNHQ regarding the options and process for increased delegation (higher than \$ 40,000) prior to the submission of a

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

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

## Management Response

## Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

Rec. no.	Recommendation	Critical/ <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						proposal to the Director for Management, UNOV/UNODC.
3	The UNODC Country Office in Colombia should: (a) update its procurement plan to include procurement needs for the new alternative development project; and (b) develop a strategy, in coordination with relevant headquarters sections, for procuring recurring requirements including through system contracts where appropriate	Important	Yes	The Representative, COCOL in coordination with senior managers in DO and DM	December 2018	Point (a) of the recommendation has already been partially implemented. A procurement/acquisition plan for the new alternative development project covering the first semester of 2018 has already been developed. The acquisition plan for the second half of 2018 is currently being prepared.  With regard to point (b), COCOL and DO, in close coordination with PU/GSS, will develop a strategy for procuring recurring requirements including through system contracts, where appropriate.
4	The UNODC Country Office in Colombia should establish review mechanisms to ensure compliance with the established requirements for minimum number of vendors invited to bid and minimum number of days allowed for submission of bids.	Important	Yes	The Representative, COCOL	September 2018	The recommendation has been implemented. To ensure compliance with the minimum number of days for receiving a vendor's quotation, COCOL has extended the deadline from 5 to 10 working days. At least five (5) suppliers are invited to submit their respective bids. Relevant supporting documentation have been submitted to the Internal Audit Division for review.  To ensure compliance with the mandatory requirements for the minimum number of days for receiving bids and the minimum number of suppliers invited, the Operations Officer, COCOL will conduct regular (twice a month or more, if necessary) reviews of the monitoring table.
5	The UNODC Country Office in	Important	Yes	The Representative,	September 2018	The Procurement Unit/GSS provided

## Management Response

## Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Colombia and UNODC/UNOV Procurement Unit should: (a) ensure that staff understand and correctly apply delegation of authority thresholds for procurement; and (b) establish oversight mechanisms to identify opportunities to combine recurring low value requirements and avoid splitting of requisitions.			COCOL and the Chief, UNOV/UNODC Procurement Unit in coordination with DO		<p>clarification on how the DoA text should be interpreted.</p> <p>A general note on this topic will be issued by PU/GSS to all Field Offices, which have been facing similar issues. GSS/PU is also collaborating with COCOL and FOMSS/DO on the scheduling of specific procurement training sessions, which will address this matter. GSS/PU confirmed that the field based procurement training, which was already conducted in 2018 in two field locations (ROSEN for all African Field Offices and ROCA for all West and Central Asian Field Offices), will also share knowledge and best practices on oversight mechanisms already established at HQ and in UNODC field offices.</p>