



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of local procurement management in UNMIS

**Controls over acquisition planning and
requisitioning processes need improvement to
ensure more economical procurement**

15 May 2009

Assignment No. AP2008/632/07

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. Ashraf Jehangir Qazi
A: Special Representative of the Secretary-General
United Nations Mission in Sudan

DATE: 15 May 2009

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS

REFERENCE: IAD: 09- 02426

Fatou

SUBJECT: **Assignment No. AP2008/632/07 – Audit of local procurement management in UNMIS**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 3 and 6 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 5. In OIOS' opinion however, this recommendation seeks to address a significant risk area. We are therefore reiterating it and request that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 3, 4, 6 and 7), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Nicholas von Ruben, Acting Director, Mission Support Division, UNMIS
Mr. Farid Zarif, Chief of Staff, UNMIS
Ms. Heather Landon, Chief Administrative Services, UNMIS
Ms. Barbara Klopp, Chief Procurement Officer, UNMIS
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Seth Adza, Audit Response Team, Department of Field Support
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Ms. Maria Elena Munoz, Programme Officer, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Local procurement management in UNMIS

The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement management in the United Nations Mission in Sudan (UNMIS). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls relating to the management of local procurement. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS found that internal controls over local procurement were generally adequate and the Mission has made significant progress in improving them since OIOS' last audit and the management review conducted by the United Nations Procurement Division in 2006. However, some additional areas requiring improvement were identified, particularly in relation to acquisition planning and monitoring, as well as the timely delivery of goods and services:

- The Mission's acquisition plans did not consider the current stock for new requirements;
- The Mission used direct purchases to address immediate needs to compensate for untimely procurements, as evidenced by the 1,407 direct purchases with a value of \$697,827 made during the period 1 July 2007 to 31 October 2008. Direct purchases were not adequately monitored and related controls were not uniformly applied across the Mission;
- There were no clear criteria for the application of liquidated damages for non, poor or delayed performance by contractors. A review of 638 purchase orders found that 564 (88 per cent) had not been delivered on time, attracting possible liquidated damages of approximately \$2.2 million. However, the Mission did not seek penalties for most of these and explained that late delivery was not an automatic trigger for application of liquidated damages.

OIOS made recommendations to address the weaknesses noted and to further improve the procurement function in the Mission.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of local procurement management in the United Nations Mission in Sudan (UNMIS). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNMIS was established by Security Council Resolution 1590 of 24 March 2005, with operational support provided by 14,385 civilian and uniformed personnel. The timeliness and effectiveness of the operational support is largely determined by the availability of resource requirements. Solicitation and delivery to the Mission of such requirements is the responsibility of the Procurement Section in UNMIS (for local procurement) and the United Nations Procurement Division (UNPD) for special requirements for which procurement is centralized.
3. The Procurement Section, which is headed by the Chief Procurement Officer at the P-5 level, has an authorized staffing level of 50. At the time of the audit, 12 of these posts were vacant. The volume of procurement activity for the period 1 July 2007 to 31 October 2008 was 1,740 requisitions, with a value of approximately \$386 million.
4. Table 1 shows the procurement authority delegated to UNMIS:

Table 1: Delegated procurement authority for UNMIS

Delegation		Procurement type to single contractor	Financial limit (\$)
From:	To:		
Assistant Secretary General for Peacekeeping Operations (ASG)	Director of Mission Support(DMS), UNMIS	Non-core requirements	200,000
		Core requirements	1,000,000
DMS	Chief Procurement Officer	All procurement	75,000
Advice must be sought from the Local Committee on Contracts for procurements in excess of \$75,000 and from the Headquarters Committee on Contracts for procurements in excess of the Mission's delegated authority of \$200,000.			

5. The Chief Procurement Officer (CPO) ensures that the procurement staff understand the requirements for various procurement action by formally and frequently bringing to their attention the provisions of existing guidelines. UNPD also conducts annual management reviews of the procurement function in UNMIS and makes recommendations for improved controls.
 6. Comments made by UNMIS are shown in *italics*.
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II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the adequacy and effectiveness of internal controls relating to the management of local procurement, more specifically to determine:

- (a) The timeliness of and the lead times for the procurement process; and
- (b) Compliance with established procurement policies and financial guidelines to ensure best value for money.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the activities relating to the management of local procurement for the period 1 July 2007 to 31 October 2008. The audit focused on the following areas: guidance provided to requisitioners, acquisition planning and monitoring, timeliness of procurement initiation of the procurement process and delivery of goods, records management and client satisfaction with respect to quality of goods and services procured.

9. The audit did not cover the activities of the Local Committee on Contracts, the procurement of core requirements, contract management and vendor registration, as these were covered in prior audits/reviews by OIOS and the Board of Auditors.

10. The audit reviewed procurement support services and measured these against existing financial and procurement guidelines. The audit activities included surveys, interviews with senior management and key procurement personnel, and reviews, analyses and tests of pertinent data and documentation.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Internal controls

Enhanced procurement controls

11. Several process improvements had contributed to the overall enhancement of procurement controls since OIOS' last audit in 2006. For instance, since the arrival of the current CPO in October 2006, 36 internal directives have been issued to guide procurement personnel such as on: (a) the handling of requisitions, solicitation and bids; (b) the preparation of contract documents; (c) contract award; (d) obtaining securities/performance bonds; (e) vendor performance; (f) expediting procurement procedures; and (g) ethics. The CPO has also made presentations to the requisitioners on various procurement matters. However, retention of this knowledge in the Mission has proved to be difficult due to high staff turnover.

12. Internal controls requiring strengthening are discussed in the following sections of the present report.

B. Acquisition planning and monitoring

Inadequate acquisition planning and monitoring

13. Chapter 8 of the Procurement Manual provides guidelines on acquisition planning to ensure timely and efficient acquisition of good quality products and services at competitive prices. It provides for revisions to the plans at no more than three month intervals for missions to obtain economies of scale and other benefits to the Organization.

14. Acquisition plans were prepared in accordance with the provided guidelines which require indication of the estimated quantity, estimated value and expected quarter that goods are required. However, the expected time of the procurement was not always provided. The CPO was also concerned that while it was not a requirement, there was no indication of when the requisition should be raised, taking into consideration the various types of solicitation which required lead times of 28 to 408 days as recommended in Annex D-20 of the Procurement Manual. This in turn impacts on the timeliness of procurement processes and gives rise to direct purchases by the requisitioners to address any immediate needs. Requisitioners agreed with OIOS that there was a need to add the date and the type of solicitation to the acquisition plan, in addition to having a better understanding on the various solicitations and their timelines.

15. OIOS reviewed the acquisition plans for the Engineering Section for financial years 2007/08 and 2008/09 against a sample of 82 acquisitions valued at \$41.3 million. Of these, 20 acquisitions valued at \$29.6 million were not included in the acquisition plans. The Mission explained that changes in strategies and operational capacities contributed to the lack of adherence to acquisition plans. While OIOS understands that the Mission has changing needs dependent on the sometimes unstable operational conditions in the country, periodic review and updates of the plan should have been done. This would ensure more efficient and economical procurement activities.

Recommendations 1 and 2

The UNMIS Office of Mission Support should ensure that:

- (1) Acquisition plans include the requisition creation date and type of solicitation to allow the Procurement Section to better plan procurement activities; and**
- (2) Quarterly revisions of acquisition plans take into consideration changing priorities and conditions to ensure efficiency and economy of all procurements.**

16. UNMIS accepted recommendation 1, stating that it will be implemented in the acquisition plan for financial year 2009/10, and that the Office of Mission Support will issue a directive to all self-accounting units (SAUs) regarding the recommended changes. Recommendation 1 remains open pending receipt of a copy of the directive to SAUs and a copy of the acquisition plan for financial year 2009/10.

17. UNMIS accepted recommendation 2, stating that its implementation is ongoing and that it will be further implemented in the acquisition plan for financial year 2009/10. The Office of Mission Support will also issue a directive to all SAUs regarding the quarterly review of the acquisition plan. Recommendation 2 remains open pending receipt of a copy of the directive to SAUs on the revision of the acquisition plan as a result of any changes in priorities.

Inadequate monitoring of direct purchases

18. Chapter 9.4.1 of the Procurement Manual provides that individual purchases of \$2,500 per item and per transaction do not require competitive bidding. OIOS noted that the concern of the CPO on the use of direct purchases to address immediate needs or to remedy untimely procurements was evidenced by the 1,407 direct purchases with a value of \$697,827 made during the period 1 July 2007 to 31 October 2008 (see Table 2). From a sample of 50 direct purchases, OIOS found that 41 items were included in the acquisition plans, but not procured accordingly.

Table 2: Direct purchases for the period 1 July 2007 – 31 October 2008

Section	FY 07/08		FY 08/09	
	No. of direct purchases	Value	No. of direct purchases	Value
Air Operations	13	\$5,771.21	--	\$--
Communications & Information Technology	109	69,864.16	--	--
Engineering	420	257,030.70	3	2,392.29
General Services	280	148,667.13	2	383.24
Medical	16	9,373.60	1	565.93
Movement Control	27	11,666.88	1	211.79
Supply	333	115,748.37	1	39.96
Transport	201	76,111.84	--	--
	1,399	\$694,233.89	8	\$3,593.21
TOTALS	No. of direct purchases (FY 07/08 & FY 08/09)		Value	
	1,407		\$697,827.10	

19. While OIOS understands that there may be valid reasons why direct purchases are used more frequently than desired, e.g., difficulties and delays in customs clearance of goods, there is a risk that the high volume of direct and small purchases may not allow the Mission to obtain economies of scale in procurement activities.

20. OIOS also noted that 1,387 direct purchases with a value of \$690,135 were for multiple acquisitions of similar commodities. Table 3 indicates the popular commodities that need to be monitored to minimize the risk of excessive carrying costs and pilferage of assets that are not subjected to the established monitoring mechanism.

Table 3: Examples of popular commodities attracting multiple direct purchases

Object Code	Description	FY 07/08	
		Frequency/No. of direct purchases	Amount (US\$)
4103	Maintenance supplies -Facilities & Infrastructure	117	95,373.84
4618	Spare parts & supplies - Facilities & Infrastructure	107	45,489.86
4112	Miscellaneous maintenance & repair services -Facilities & Infrastructure	107	58,484.17
4616	Spare parts - Ground Transport	103	47,148.00
4617	Repairs & Maintenance - Ground Transport	102	32,064.67
5513	Sanitary & cleaning materials	80	19,251.12
4707	Other miscellaneous services	69	42,364.48
4203	Water	54	18,510.26
5512	Stationery and office supplies	54	9,384.81
5361	Acquisition of other equipment	51	11,817.80

21. The audit further found that the mechanism in place for controlling direct purchases was not being applied across the Mission. The direct purchases form which requisitioners were required to complete for approval by the Finance Section and the CPO was not always prepared. As a result, the Finance Section only saw some direct purchases when invoices were submitted for payment, while the Procurement Section did not see such purchases.

Recommendation 3

(3) The UNMIS Office of Mission Support should ensure that the established controls over direct purchases are enforced across the Mission, and that all self-accounting units rationalize their direct purchases in order to benefit from the economies of scale and minimize the risk of excessive carrying costs and pilferage of assets that are not subjected to the established monitoring mechanism.

22. UNMIS accepted recommendation 3 and stated that the Director of Field Budget and Finance Division (FBFD), DFS on 19 February 2009 issued new revised procedures for direct expenditures. The Mission added that it had disseminated the revised procedures and will ensure that the Mission is complying with them. Based on the action taken, recommendation 3 has been closed.

Insufficient consideration of actual Mission needs during acquisition planning

23. OIOS' review of acquisition plans noted that they were mostly based on replacement of written-off assets. A specific column was included in the acquisition plans to indicate the written off items, and was then translated to procurement requirements. The stock holdings in the Mission were not considered, as was also confirmed by the requisitioners in an OIOS survey (see examples in Table 4 below). This method of determining mission needs poses a risk of financial loss to the Organization and excessive inventory as noted by prior OIOS audits of expendable and non-expendable assets.

Table 4: Examples of Supply Section acquisition plan versus stock holdings

Type of Goods or Services	Current stock in the Mission at 30 June 2007		Acquisition plan 07/08		Current stock in the Mission at 30 June 2008		Acquisition plan 08/09	
	Qty	Value (US\$)	Qty	Total Cost	Qty	Value (US\$)	Qty	Total Cost
Bookcase steel open					1,509	109,788.00	271	24,930.00
Chairs, Managerial					2,698	171,225.00	449	30,980.00
Chairs, Secretary					2,831	162,943.69	644	36,550.00
Computer table	327	42,065.79	33	6,450.0	2,058	150,283.93	321	11,070.00
Folding chair.					7,054	114,331.23	115	1,320.00
Folding table					1,155	90,652.00	263	18,150.00
Plastic Chairs					19,837	93,712.40	394	4,076.00
Visitors Chairs					6,183	234,226.00	737	177,990.00
Partitions					12,170	461,753.00	512	23,860.00
Desk Managerial					2,440	236,044.00	295	47,270.00
Desk Secretarial					1,991	157,426.00	463	58,220.00
Whiteboard					3,147	99,831.00	67	1,540.00
Digital Still Camera	598	110,493.00	24	12,140.0	598	110,493.00	106	40,200.00
Shredder Large	4	2,926.24	7	12,080.0	503	500,860.00	120	165,600.00

24. The Mission explained that previously the requisitioners did not consider inventories when preparing the acquisition plans as they did not have confidence in the Mission's inventory system (Galileo). An exercise was in progress to reconcile actual holdings with Galileo data.

Recommendation 4

(4) The UNMIS Office of Mission Support should ensure that requisitioners prepare their acquisition plans based on projected operational needs after taking into account the number of written off assets that require replacement and the current stock holdings of items in the warehouses.

25. *UNMIS accepted recommendation 4, and stated that its implementation is ongoing and that the Office of Mission Support will issue a directive on the matter to all SAUs. Recommendation 4 remains open pending receipt of a copy*

of the directive to SAUs and evidence of implementation of the modified methodology.

C. Timeliness of procurement activities

Need for ongoing training of requisitioners in developing requirements

26. Annex D-20 of the Procurement Manual provides recommendations on standard timelines for various procurements. OIOS sampled 714 procurements against these guidelines and noted that 440 activities were completed within the timelines (see Table 5 below). For the 274 procurement cases exceeding the timelines, OIOS found that more time was spent in: (a) the development of requirements by requisitioners; and (b) bid evaluation, including reviews by the LCC and the Headquarters Committee on Contracts (HCC). Twelve of these cases were further examined to determine the nature of such procurements. These included stationery, generator parts, compact rations, broadcast equipment, carpentry materials, etc, and one case of fencing at airfields. The Mission explained that some of these delays were caused by the need to repeat the bidding exercise.

Table 5: Procurements against timelines in Annex D-20 of the Procurement Manual

Time taken	Type of solicitation / standard timeframe			Total
	RFQ (28 - 81 days)	ITB (108 - 218 days)	RFP (148 - 408 days)	
Completed below timeframe	53	68	1	122
Completed within timeframe	170	140	8	318
Completed in excess of timeframe	164	110	0	274
No. of acquisitions sampled	387	318	9	714

27. Feedback obtained from requisitioners in an OIOS survey also confirmed that the preparation of specifications and understanding of the different types of solicitation were challenging. While the Procurement Section had taken steps to educate requisitioners on various procurement matters in the past, retention of this knowledge in the Mission had proven to be difficult due to the high staff turnover. This situation highlights the need for ongoing training of requisitioners on developing requirements.

28. OIOS also reviewed the trend in initiating requisitions and noted that there were adequate controls to prevent unnecessary requisitions at the end of the budget period aimed to use up allotted funds.

Recommendation 5

(5) The UNMIS Office of Mission Support should establish mandatory online courses on relevant procurement matters for requisitioners.

29. *UNMIS did not accept recommendation 5, stating that the recommendation is accepted in principle and that this is an issue common to all*

missions and should therefore be addressed by DFS and UNPD. OIOS wishes to emphasize the need for training to address one of the main reasons for delays in the procurement process was the time taken during the requisition stage. OIOS therefore reiterates recommendation 5 and requests UNMIS not only to bring the recommendation to the attention of DFS and UNPD, but to ensure, pending further action regarding an online course, that all requisitioners are trained on the relevant procurement matters. Recommendation 5 remains open pending confirmation that UNMIS has brought this matter to the attention of DFS and UNPD, and has embarked on alternative training for requisitioners.

D. Source selection, bidding and contract award

Exigency cases not always properly identified and brand specifications were sometimes used in solicitation documents

30. Chapter 9.5.2 of the Procurement Manual defines exigency as “an exceptional compelling and emergent need, not resulting from poor planning or management, or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons if not addressed immediately”. The audit found that out of the 142 cases with a total value of \$33.8 million classified by the requisitioners as exigency for the period 1 July 2007 to 31 October 2008, three, with a combined value of \$22,870, were considered by the Procurement Section as actual exigencies. Therefore, fifty-five of these cases had been subjected to competitive bidding while the remaining 87 cases were conducted in accordance with the UN Financial Regulations and Rules 105.16 on exceptions to the use of formal methods of solicitation. OIOS examined 18 of the 87 cases and established that there was no evidence of circumvention of the bidding process. OIOS therefore makes no recommendation.

31. Chapter 9.3.1 of the Procurement Manual provides guidelines to prevent specification of particular products in a way that only one vendor or a limited group of vendors can fulfill the requirement. The Procurement Section was proactive in ensuring that brand names were not applied. In addition, from a sample of 50, only two cases were noted by OIOS, where brand specifications had been used without any evidence of proper justification. The CPO took note of the two cases and advised that the Procurement Section will be more vigilant to detect the use of brand specifications. OIOS therefore makes no recommendation in this regard.

E. Delivery of goods and services

Untimely delivery of goods and services and non-application of liquidated damages clause

32. Chapter 15.1.4 of the Procurement Manual provides that contractual rights may be enforced when the contract is not being performed properly, or vendor performance is otherwise unacceptable, by: (a) invoking liquidated damages or the withholding of payment; (b) drawing under a performance bond; or (c) terminating the contract. The procurement officer shall exercise

professional judgement, in consultation with the Legal Officer, as to the use of remedies.

33. OIOS reviewed a sample of 638 purchase orders and found that 564 (88 per cent) had not been delivered on time, attracting possible liquidated damages of approximately \$2.2 million. There were late deliveries of more than one month from the date the deliveries were expected to the date the actual deliveries were made for 433 of the 564 purchase orders. The highest delay noted was 67 weeks (17 months). However, the Mission did not seek liquidated damages for most of these delays.

34. The CPO explained that late delivery was not an automatic trigger for the application of liquidated damages. Where adequately supported, after an investigation by the Mission, a penalty was imposed for two extreme cases in December 2007 and August 2008 totaling \$545,370. The Mission advised that due to the logistics difficulties in the country, due care needed to be taken in imposing penalties. Each case was, therefore, reviewed on merit and appropriate action taken, including contract termination. The Mission also explained that delays may be attributed to inefficiencies in the customs clearance process. OIOS found, however, that these reasons were not adequately documented in the case files to provide an audit trail.

35. OIOS further noted that the computation of liquidated damages was not always possible due to the absence of quantifiable liability clauses in some contracts. Some contract documents provided general penalty clauses such as right for compensation, procurement from other sources, refusal to accept goods and termination of contract, while other contracts specified penalties in the amount of 0.5 per cent per week of delay or 10 per cent of the total contract price, whichever is lower. The CPO explained that the lack of standardized liquidated damages clauses is attributed to the various practices borrowed from various missions by the case officers and a control would be put in place to standardize all future contracts.

Recommendations 6 and 7

The UNMIS Office of Mission Support should:

(6) Require the Procurement Section to analyze the reasons for all late deliveries on an individual basis and ensure that management decision to enforce the penalty clause for late deliveries or otherwise is clearly documented for future reference; and

(7) Ensure that quantifiable liability clauses are incorporated in all contract documents per the guidance provided in Annex D-17 of the Procurement Manual to facilitate the computation of liquidated damages where necessary.

36. UNMIS accepted recommendation 6, stating that the Chief Procurement Officer had issued procurement guideline 04/2004 dated 01 April 2009 on the subject to all procurement staff, with immediate effect. All purchase orders/contracts for which late delivery is a factor will specifically address this in writing (consideration and decision) in the form of a note-for-file. A copy of the guidelines was provided to and reviewed by OIOS. Based on the action taken by UNMIS, recommendation 6 has been closed.

37. UNMIS accepted recommendation 7 and stated that the CPO will standardize the text and disseminate to all procurement staff to be used in the form of a procurement guideline. Recommendation 7 remains open pending receipt of the procurement guideline containing the standardized text regarding liquidated damages.

F. Records management

Delays in voiding requisitions outstanding at financial year end

38. The Mercury database is the management tool for procurement activities. All procurements are recorded in this database from the point a requisition is created to the point payment is made to the vendor. OIOS reviewed data held in the database and noted that there were significant delays in ensuring that requisitions that had not resulted in purchase orders by the end of the budget period were cancelled (208 requisitions with a value of approximately \$7.9 million for the period 1 July 2007 – 30 June 2008). The function of updating the database is the responsibility of the requisitioner. The continued reflection of void purchases as valid did not ensure the release of unused funds back into the budget account linked to Mercury, and impacted the accuracy of budgetary information held in Mercury for procurement monitoring purposes.

Recommendation 8

(8) The UNMIS Office of Mission Support should request the United Nations Logistics Base to automate the function of deleting void purchases at the end of each budget period.

39. UNMIS accepted recommendation 8 and stated that the Mission will formally request this functional enhancement. Recommendation 8 remains open pending confirmation that the function of deleting void purchases has been automated.

G. Client satisfaction

40. OIOS conducted an online client satisfaction survey on the quality of goods and services provided by UNMIS. Sixty-six per cent of the respondents noted an improvement in procurement services over time. The results of the survey further suggested 18 categories for improvement, of which communications and information technology, catering services, cleaning services, internet, supplies and transport attracted the highest responses.

Improved stocking and quality of supplies, and improved quality of support services were noted as the main areas requiring improvement. Although OIOS has not made any recommendation, the Mission's attention is drawn to the need for it to conduct regular client satisfaction surveys to assess the effectiveness of services provided.

V. ACKNOWLEDGEMENT

41. We wish to express our appreciation to the Management and staff of UNMIS for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNMIS Office of Mission Support should ensure that acquisition plans include the requisition creation date and type of solicitation to allow the Procurement Section to better plan procurement activities.	Compliance	Medium	O	Receipt of the directive to SAUs, and a copy of modified form as implemented	30 September 2009
2	The UNMIS Office of Mission Support should ensure that quarterly revisions of acquisition plans take into consideration changing priorities and conditions to ensure efficiency and economy of all procurements.	Strategy	Medium	O	Receipt of the directive to SAUs on revising the acquisition plans regarding changing priorities	31 July 2009
3	The UNMIS Office of Mission Support should ensure that the established direct purchase controls are enforced across the Mission, and that all self-accounting units rationalize their direct purchases in order to benefit from the economies of scale and minimize the risk of excessive carrying costs and pilferage of assets that are not subjected to the established monitoring mechanism.	Compliance	High	C	Action completed	Implemented
4	The UNMIS Office of Mission Support should ensure that requisitioners prepare their acquisition plans based on projected operational needs after taking into account the number of written off assets that require replacement and the current stock holdings of items in the warehouses.	Compliance	High	O	Receipt of the directive to SAUs and evidence of implementation of a modified methodology	31 July 2009
5	The UNMIS Office of Mission Support should establish mandatory online courses on relevant procurement matters for requisitioners.	Human resources	Medium	O	Confirmation that UNMIS has brought this matter to the attention of DFS and UNPD, and the resulting outcome, as well as proof of training provided to requisitioners by the Mission	Not provided
6	The UNMIS Office of Mission Support should require the Procurement Section to analyze the	Compliance	High	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/ ¹ O ²	Actions needed to close recommendation	Implementation date ²
7	<p>reasons for all late deliveries on an individual basis and ensure that management decision to enforce the penalty clause for late deliveries or otherwise is clearly documented for future reference.</p> <p>The UNMIS Office of Mission Support should ensure that quantifiable liability clauses are incorporated in all contract documents per the guidance provided in Annex D-17 of the Procurement Manual in order to facilitate the computation of liquidated damages where applicable.</p>	Compliance	High	O	Receipt of the procurement guideline containing the standardized text regarding liquidated damages	30 April 2009
8	The UNMIS Office of Mission Support should request the United Nations Logistics Base to automate the function of deleting void purchases at the end of each budget period.	Information resources	Low	O	Confirmation that the function of deleting void purchases has been automated	30 April 2009

¹ C = closed, O = open

² Date provided by UNMIS in response to recommendations