



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/047

Audit of the acquisition and management of contract no. PD/C0165/09 for the provision of information and communications technology staffing support services at Headquarters

Overall results relating to the economical acquisition and efficient and effective management of the information and communications technology staffing support contract at Headquarters were partially satisfactory. Management has satisfactorily implemented two recommendations, while the implementation of five important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

24 May 2013

Assignment No. AH2011/513/08

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AUDIT REPORT

Audit of the acquisition and management of contract no. PD/C0165/09 for the provision of information and communications technology staffing support services at Headquarters

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the acquisition and management of system contract no. PD/C0165/09 for the provision of information and communication technology (ICT) staffing support services at Headquarters.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. The Procurement Division (PD) in the Office of Central Support Services (OCSS) established contract no. PD/C0165/09 on 12 November 2009 for the provision of staffing support services to support the ICT infrastructure throughout United Nations Headquarters facilities in New York. The total duration of the contract is for five years with a provision to extend for two additional one-year periods. The total price (not to exceed amount) of the contract for the initial five-year term is \$90 million. The Office of Information and Communications Technology (OICT) is responsible for management of this contract. As at 30 April 2012, the total payments made under this contract were approximately \$17 million.
4. Comments provided by the Department of Management are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of the Secretariat's governance, risk management and control processes in providing reasonable assurance regarding the **economical acquisition and efficient and effective management of the contract for the provision of ICT staffing support services at Headquarters**.
6. The audit was included in the 2011 OIOS risk-based work plan due to the high value of the contract and the criticality of the related services that support the continued availability of ICT at Headquarters. Uneconomical acquisition or inefficient or ineffective management of the contract may lead to waste of resources or disruption of ICT services.
7. The key controls tested for the audit were: (a) needs assessment; (b) coordinated management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Needs assessment** – controls that provide reasonable assurance that there are proper mechanisms in place to determine the requirements for the ICT staffing support contract. This includes the strategic planning, budgeting and requisitioning processes in OICT.
 - (b) **Regulatory framework** – controls that provide reasonable assurance that policies and procedures: (i) exist to guide acquisition and contract management and administration activities;

(ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

8. The key controls were assessed for the control objectives shown in Table 1.

9. OIOS conducted this audit from October 2011 to September 2012. The audit covered the period from January 2008 to April 2012.

10. OIOS conducted an activity-level risk assessment to identify and evaluate specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. The audit covered the requisitioning and contract award processes and compliance with contract terms. A sample of purchase orders and payment transactions were selected for detailed testing.

III. AUDIT RESULTS

11. The Secretariat’s governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **economical acquisition and efficient and effective management of the system contract for the provision of ICT staffing support services at Headquarters**. OIOS made seven recommendations to address issues identified in this audit. The key control of needs assessment relating to efficient and effective operations and safeguarding of assets was rated as partially satisfactory because there was inadequate evidence to substantiate how the requirements for the contract had been determined. As OICT did not conduct a formal needs assessment to justify the number of personnel deployed, it was not possible to assess whether the number of personnel engaged under the contract was optimal for the efficient delivery of ICT services at Headquarters. The regulatory framework was rated as partially satisfactory because the protracted procurement process resulted in repeated extensions to previous ICT staffing support contracts. Furthermore, regular vendor performance evaluations were not conducted, criteria to determine hourly rates were not established, payments to the vendor were delayed, and the discount clause in the contract was not applied.

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

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Economical acquisition and efficient and effective management of the contract for the provision of ICT staffing support services at Headquarters	(a) Needs assessment	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Needs assessment

Office of Information and Communications Technology needs to develop a sourcing strategy

13. OICT did not have an overarching ICT sourcing strategy to determine whether to recruit staff members or procure contract personnel to meet the ICT staffing needs. In order to have an appropriate sourcing model/strategy for staffing needs, OICT is undertaking an in-house project to review existing sourcing practices and to identify the ideal staff sourcing options/arrangements for different functional areas in OICT. This project is headed by a senior staff member seconded from the Chief Executives Board. In view of the actions taken by the client, OIOS is not making a recommendation.

There was inadequate justification of the number of contract personnel required

14. In the statement of work, OICT estimated its requirements for contract personnel as a minimum of 90 and a maximum of 220 people over the five-year term of the contract. However, there was inadequate evidence of the process followed to arrive at these estimates. In the absence of such evidence, it was not possible to determine whether the number of personnel provided for in the contract was appropriate to support OICT's operations.

15. OICT managed the contract to ensure personnel deployed remained within the numbers allowed, but the requirements in the statement of work were not aligned with OICT's work plan. Since 2009, contract personnel numbers have increased by approximately 100 per cent (shown in Table 2), but there was no analysis of business need that substantiated the increase. In the absence of a sourcing strategy and analysis of business need, there was no justification to support the efficient use of resources.

Table 2

Number of personnel engaged by OICT under contract no. PD/C0165/09

	2009	2010	2011	2012*
Contract personnel	67	78	118	138

*As of 30 September 2012

16. OICT stated that there were several reasons that justified the increased number of contract personnel. At the time the initial estimation of personnel was completed in 2009, the context and personnel requirement for the Capital Master Plan (CMP) were not yet clarified. As CMP progressed, these requirements changed and OICT provided varied levels of support based on need, and personnel were utilized accordingly. Also, staffing regulations had changed, and the use of General Temporary Assistance (GTA) had been modified to limit contracts to 724 days. Critical functions that were previously staffed through the use of GTA posts had to be sourced differently, and OICT recruited contract personnel in order to provide continuity of service for these critical functions.

(1) OICT should conduct a formal assessment of the number of contract personnel currently deployed under contract no. PD/C0165/09 and align it with its work plan to ensure the efficient use of resources.

OICT accepted recommendation 1 and stated that following the audit, they completed significant contract review activities in December 2012, which they expected will result in a review of resource utilization by 31 December 2013. Recommendation 1 remains open pending notification that a formal assessment of the number of personnel deployed under the contract and its alignment with OICT's work plan has been conducted.

B. Regulatory framework

Mechanisms to monitor the contractor's performance were not instituted

17. Contract no. PD/C0165/09 details performance indicators for different aspects of the contract namely: (i) ordering process; (ii) consultant's performance; and (iii) contract administration process. A total of 24 performance indicators (six for each aspect the contract) and remedies for non-compliance were also detailed in the contract. The remedies range from written notice to the contractor to discounts on invoices proportional to the number of times of non-conformance with a performance indicator.

18. OICT had yet to institute a mechanism to monitor/track these performance indicators to evaluate the contractor's performance in accordance with the contract. There were instances where the contractor did not meet the following performance indicators and OICT did not enforce the associated remedies:

- (i) Résumés did not conform to the job description profile and request;
- (ii) Candidates did not accept the offer after the interview;
- (iii) Personnel replacements were not provided on time; and
- (iv) Submission of quarterly reports was delayed.

19. Since the beginning of the contract, OICT had not conducted a vendor performance evaluation to assess the contractor's performance. This is inconsistent with the requirements in the Procurement Manual, which call for annual vendor performance evaluations to be conducted for contracts that exceed \$200,000 or long-term contracts of two or more years.

20. OICT explained that it did not conduct a performance evaluation because it was under the impression that evaluations were required only at the time of amending or extending the contract. OICT also explained that the performance indicators were too detailed and that adequate resources were not available to monitor them.

(2) OICT should: (i) review the nature and number of the performance indicators in contract no. PD/C0165/09 to make them more manageable; (ii) institute mechanisms to assess the performance of the contractor against the applicable performance indicators; and (iii) apply remedies as appropriate.

OICT accepted recommendation 2 and stated that revised indicators will be incorporated in the resource review by 31 December 2013. Recommendation 2 remains open pending notification of the actions taken to enhance the design and monitoring of performance indicators relating to the contract.

Discount rates specified in the contract were not applied

21. Contract no. PD/C0165/09 stipulates that for any calendar year that total expenditures exceed \$5 million, the contractor will apply a discount of 1.5 per cent to the hourly rates applicable to the remainder of the calendar year and the following year. If the total accumulated expenditures exceed \$15 million, the contractor will apply a further discount of 1.5 per cent to the hourly rates for the remainder of the calendar year and the following year.

22. Although the total expenditure as at 30 April 2012 amounted to \$17 million, the contractor did not apply the discount after total payments exceeded \$5 million and \$15 million respectively at the rates

described above. Moreover, this provision was not enforced by the certifying officers in OICT and the Accounts Division. Therefore, estimated discounts of \$149,721 were not availed of as of 30 April 2012. The details of the expenditure and related discounts are shown in Table 3.

Table 3

Total expenditure incurred under contract no. PD/C0165/09 and applicable discount

Discount for exceeding \$5 million in a year		\$
	Expenditure in 2010	4,587,435
	Expenditure in 2011	9,453,174
	Expenditure from 1 Jan to 30 April 2012	3,243,802
	Total expenditure	17,284,411
	Expenditure in excess of \$5 million in 2010	NIL
	Expenditure in excess of \$5 million in 2011	4,453,174
	Expenditure in the following year up to 30 April 2012	3,243,802
	Total amount eligible for discount of 1.5%	7,696,976
A	Discount due from contractor for expenditures exceeding \$5 million	115,455
Additional discount for exceeding \$15 million		
	Excess of expenditure over \$15 million	2,284,411
B	Discount due from contractor for expenditures exceeding \$15 million	34,266
	Total discount due from the contractor (A+B)	149,721

Source: Data provided by OICT

23. OICT acknowledged that this provision had not been enforced. OICT needs to take action to recover the excess payment of approximately \$150,000 from the contractor and ensure that the contractor applies the appropriate discounts in future invoices.

(3) OICT should enforce the discount clause stipulated in Annex B of contract no. PD/C0165/09 where applicable, and recover discounts earned to 30 April 2012 of approximately \$150,000 from future payments to the contractor.

OICT accepted recommendation 3 and stated that they had effectively passed the issue to the Procurement Division, which was in negotiations with the vendor to recover the discounts. The discounts have been in effect since 31 August 2011 and continue to be applied. OCSS stated that PD in consultation with the Office of Legal Affairs will negotiate with the vendor on the recovery of the previously earned discounts. Recommendation 3 remains open pending notification that the discounts of approximately \$150,000 earned to 30 April 2012 have been recovered from the contractor.

Criteria for applying higher hourly rates were not specified

24. Contract no. PD/C0165/09 stipulates that the United Nations reserves the right to appoint contract personnel at up to 20 per cent above or below the regular contractual hourly rates and emerging technologies hourly rates, based on the qualifications, skills and experience of the individual selected for a proposed assignment. The emerging technologies rates were generally two to three times higher than the standard contract rates.

25. Out of 133 contract personnel on board as at 30 April 2012, 17 (13 per cent) were appointed below the contract hourly rates; 20 (15 per cent) at the contract hourly rate; 58 (44 per cent) up to 20 per cent more than the contract hourly rates. A total of 38 contract personnel (28 per cent) were appointed at higher than 20 per cent of the regular contractual rate; this included 22 appointed at the emerging technologies rate and 16 appointed at rates not established in the contract. The breakdown of contract personnel based on hourly rates is shown in Table 4 below.

Table 4
Breakdown of contract personnel based on hourly rates

	Regular rate			Emerging technologies rate			Rates not established in contract	Total
	Less than 20 per cent of par	At par	Up to 20 per cent above par	Less than 20 per cent of par	At par	Up to 20 per cent above par		
No. of contract personnel	17	20	58	21	1	0	16	133
Percentage	13%	15%	44%	16%	1%	0%	12%	100%

Source: Data provided by OICT

26. Overall, only 15 per cent of contract personnel were paid at the regular contract hourly rates. OICT did not have any criteria for appointing contract personnel above or below the contractual rates. The six programme managers in OICT, in consultation with their teams, selected suitable candidates mainly focusing on the quality of the candidate rather than differences in the hourly rates for the proposed candidates. Establishing criteria for determining hourly rates would ensure consistency among requisitioners in OICT on the application of hourly rates for contract personnel.

(4) OICT should develop criteria for appointing contract personnel above or below the agreed contractual rates to ensure consistency in the application of the rates.

OICT accepted recommendation 4 and stated that as the contract in question expires at the end of 2015, OICT is currently developing a statement of work, which will include criteria for establishing contractual rates. Recommendation 4 remains open pending notification that criteria for establishing contractual rates have been incorporated in the revised statement of work.

Some contract personnel were paid at rates not established in the contract

27. As indicated on Table 4, 16 contract personnel were paid at rates that were not established in the contract i.e. rates that were not at par or plus/minus 20 per cent of the regular or emerging technologies rates. PD also raised similar concerns in its memorandum dated 18 April 2012 to OICT.

28. OICT indicated that these contract personnel had been transitioned from previous ICT staffing contracts and after negotiating with the contractor, OICT decided to continue their services at the same rates they were receiving under the previous contracts. This was contrary to Chapter 1.3 of the Procurement Manual, which stipulates that only procurement officers were authorized to conduct price negotiations with the contractor. This action of OICT diluted the integrity of the procurement process and should be avoided in future. OICT subsequently informed OIOS that PD had agreed to continue with the modified rates on an exceptional basis with the understanding that no other contractors will be recruited at rates that were not established in the contract. On the basis of the agreement OICT reached with PD, OIOS is not making a recommendation.

Personnel were paid at the emerging technologies rates even though they were not performing the related functions

29. Emerging technologies were defined in the request for proposal as those functions which at the time of entering into the contract were: (i) not in existence; (ii) have since undergone substantial change rendering previously required skills partly or wholly irrelevant; and (iii) had only been in existence in a rudimentary state.

30. Twenty-two contract personnel who were paid at emerging technologies hourly rates were not performing the functions defined under emerging technologies. OICT pointed out that the definition of emerging technologies was not relevant in the context of the United Nations where technological advancements were not at par with the industry. Hence, OICT appointed some of the contract personnel at the emerging technologies hourly rates to perform functions that were outdated in the market.

(5) OICT should review the definition of emerging technologies in the United Nations context and, if necessary, request OCSS to amend the contract after negotiations with the contractor.

OICT accepted recommendation 5 and stated that they were in the process of drafting a revised definition for emerging technologies, which they expected to complete by 30 June 2013. Recommendation 5 remains open pending receipt of the revised definition of emerging technologies in the United Nations context.

The requirement to provide a letter of “no criminal record” was not enforced

31. Contract no. PD/C0165/09 stipulates that a letter of “no criminal record” shall be provided by the contractor prior to their personnel commencing work or services at the United Nations premises in order to obtain security clearance. However, this requirement was not enforced. The contract personnel commenced work within the premises without obtaining the necessary security clearance.

32. OICT explained that as the contractor was providing certification in its quarterly reports that its personnel had “no criminal record” it did not insist on a formal letter prior to their commencing work. OIOS is of the opinion that since the contract personnel have access to highly sensitive data, it is essential to have assurance that they do not have any criminal record before they commence work.

(6) OICT should ensure that a letter of “no criminal record” is provided by the contractor before contract personnel commence work at the United Nations premises as required in contract no. PD/C0165/09.

OICT accepted recommendation 6 and stated that with effect from October 2012, the contractor has been providing a statement of 'no criminal record' before contract personnel commence work at UN premises. Based on the action taken by OICT, recommendation 6 has been closed.

Delays in processing of invoices

33. Invoices were not paid within 30 days of receipt as stipulated in contract no. PD/C0165/09. As at 30 April 2012, 136 invoices amounting to \$3.2 million were pending for payment for more than 30 days.

34. The delays were mainly attributable to the technical review and clearance stage of invoice processing, wherein supervisors were required to certify the time and attendance information of contract personnel that report to them. Supervisors were not able to promptly verify this information because they had no oversight of data entered in the time and attendance system. While contract personnel entered their index numbers and biometric identification into the system twice a day on entering and leaving the building/office, the system had no provision for supervisors to review and approve the attendance information at periodic intervals. Additionally, contract personnel did not punch into the system during the day to provide an accurate record of their movements.

35. OICT acknowledged the need for making appropriate provisions in the time and attendance system wherein the supervisors should be able to approve the time and attendance records of the contract personnel on a weekly or bimonthly basis.

(7) OICT should improve the time and attendance system to allow supervisors to approve the attendance records of contract personnel reporting to them at frequent intervals to preserve the integrity of data and to improve the timeliness of invoice processing.

OICT accepted recommendation 7 and stated that in July 2012, they purchased five additional licenses of the time management system used by contractual staff, to allow Section Chiefs (as approving officers) access to the system to review, comment and approve the working hours of personnel on a daily/weekly/monthly basis. Based on the action taken by OICT, recommendation 7 has been closed.

Delays in the procurement process

36. The procurement exercise for this contract started in August 2005 and concluded in September 2009, approximately after four years. There were multiple reasons for the delays such as:

- (a) Ambiguous specifications in the statement of work - it took about a year for PD to finalize with OICT the request for proposal (RFP) no. 981 as various issues needed to be resolved with the requisitioner. However, many queries were received from vendors on the RFP and since none of the vendors was found to be technically compliant, PD had to cancel the RFP. This first bidding exercise lasted 474 days prior to its cancellation.
- (b) Unclear evaluation criteria in RFP no. 1226 delayed the finalization of technical evaluation by OICT, which took approximately 277 days.
- (c) Absence of a Source Selection Plan (SSP) - PD indicated that the solicitation exercise for the contract started in June 2008, which was before SSPs were used consistently by PD. However, the SSP requirement has appeared in the Procurement Manual since 2004 and should have been used by PD in view of the high value of this contract.

37. PD had to repeatedly extend the previous ICT staffing support contracts to avoid disruption of ICT services at Headquarters because of the delays in finalizing the contract. PD explained that there had been several changes to personnel in both PD and OICT during the procurement process, thereby affecting continuity. PD plans to assess the risks of delays in the procurement process and incorporate mitigating actions in SSPs of future solicitation exercises to avoid a recurrence. Since SSPs are now prepared more consistently and PD has introduced key performance indicators to monitor the timeliness of contract issuance, OIOS does not make a recommendation.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of the acquisition and management of contract no. PD/C0165/09 for the provision of information and communications technology staffing support services at Headquarters

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	OICT should conduct a formal assessment of the number of contract personnel currently deployed under contract no. PD/C0165/09 and align it with its work plan to ensure the efficient use of resources.	Important	O	Submission of a formal assessment of the number of personnel deployed under the contract and its alignment with OICT's work plan.	31 December 2013
2	OICT should: (i) review the nature and number of the performance indicators in contract no. PD/C0165/09 to make them more manageable; (ii) institute mechanisms to assess the performance of the contractor against the applicable performance indicators; and (iii) apply remedies as appropriate.	Important	O	Submission of documentation showing the actions taken to enhance the design and monitoring of performance indicators relating to the contract.	31 December 2013
3	OICT should enforce the discount clause stipulated in Annex B of contract no. PD/C0165/09 where applicable, and recover discounts earned to 30 April 2012 of approximately \$150,000 from future payments to the contractor.	Important	O	Notification that the discounts of approximately \$150,000 earned to 30 April 2012 have been recovered from the contractor.	30 September 2013
4	OICT should develop criteria for appointing contract personnel above or	Important	O	Notification that criteria for establishing contractual rates have been incorporated in	31 December 2015

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

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by DM in response to recommendations.

Recom. no.	Recommendation	Critical¹/ important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
	below the agreed contractual rates to ensure consistency in the application of the rates.			the revised statement of work.	
5	OICT should review the definition of emerging technologies in the United Nations context and, if necessary, request OCSS to amend the contract after negotiations with the contractor.	Important	O	Submission of the revised definition of emerging technologies in the United Nations context.	30 June 2013
6	OICT should ensure that a letter of “no criminal record” is provided by the contractor before contract personnel commence work at the United Nations premises as required in contract no. PD/C0165/09.	Important	C		Implemented
7	OICT should improve the time and attendance system to allow supervisors to approve the attendance records of contract personnel reporting to them at frequent intervals to preserve the integrity of data and to improve the timeliness of invoice processing.	Important	C		Implemented



TO: Mr. Gurpur Kumar, Deputy Director
A: Internal Audit Division, Office of Internal Oversight Services

DATE: 23 May 2013

THROUGH: Neeta Tolani, Director *Neeta Tolani*
S/C DE: Office of the Under-Secretary-General for Management

FROM: Mario Baez, Chief, Policy and Oversight Coordination Service *Mario Baez*
DE: Office of the Under-Secretary-General for Management

SUBJECT: **Assignment No. AH2011/513/08 - Audit of the acquisition and management of contract no. PD/C0165/09 for the provision of ICT staffing support services at Headquarters**

1. In response to your memorandum dated 2 April 2013 on the above subject, we are pleased to provide the comments of the Office of Information and Communications Technology (OICT) to the recommendations in the draft report in the attached Appendix I.

2. In addition, the Office of Central Support Services (OCSS) would like to request some amendments to paragraph 44 of the draft report, as follows:

“44. The procurement exercise for this contract started in August 2005 and concluded in September 2009, approximately after four years. There were multiple reasons for the delays such as:

- (a) Ambiguous specifications in the statement of work - ~~PD~~ it took about a year for the Procurement Division (PD) to finalize with OICT the request for proposal (RFP) no. 981 as various issues needed to be resolved with by the requisitioner. However, many queries were received from vendors on the RFP and since none of the vendors was found to be technically compliant, PD had to cancelled the RFP as indicated in the Procurement Manual. This first bidding exercise lasted 474 days prior to its cancellation.
- (b) ~~Unclear~~ The technical evaluation proposed by OICT had unclear evaluation criteria for RFP no. 1226 and this delayed the finalization of technical evaluation by OICT the solicitation documents, which took approximately 277 days.
- (c) Absence of a Source Selection Plan (SSP) - PD indicated that the solicitation exercise for the contract started in June 2008, which was before SSPs were used consistently by PD. However, the SSP requirement appeared in the Procurement Manual since

*13-01267
24 May 2013*



2004 and should have been used by PD in view of the high value procurement.”

3. Thank you for providing our office with the opportunity to comment on the draft report.

AUDIT RECOMMENDATIONS

Audit of the acquisition and management of Contract No. PD/C0165/09 for the provision of ICT staffing support services at Headquarters

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OICT should conduct a formal assessment of the number of contract personnel currently deployed under contract no. PD/C0165/09 and align it with OICT's programme of work to ensure the efficient use of resources.	Important	Yes	Director and OIC for OICT	31 December 2013	Following audit activities last year, significant contract review activities were completed in December 2012 which will result in a review of resource utilization to be provided by the stated deadline.
2	OICT should: (i) review the nature and number of the performance indicators in contract no. PD/C0165/09 to make them more manageable; (ii) institute mechanisms to assess the performance of the contractor against the applicable performance indicators; and (iii) apply remedies as appropriate.	Important	Yes	Director and OIC for OICT	31 December 2013	Following audit activities last year, significant contract review activities were completed in December 2012, with revised indicators to be incorporated into a resource review to be provided by the stated deadline.

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

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	OICT should enforce the discount clause stipulated in Annex B, Note 2 of contract no. PD/C0165/09 where applicable, and recover discounts earned to 30 April 2012 of approximately \$150,000 from future payments to the contractor.	Important	Yes	Special Assistant to OIC, OICT	30 September 2013	OICT has effectively passed the issue to the Procurement Division, which is in negotiations with the vendor to recover the discounts. The discounts have been in effect since 31 August 2011 and continue to be applied.
4	OICT should develop criteria for appointing contract personnel above or below the agreed contractual rates to ensure consistency in the application of the rates.	Important	Yes	Director and OIC for OICT	31 December 2015	The contract in question expires at the end of 2015. OICT is currently developing a statement of work and will include the recommendation for the continued contract or establishment of a new contract with another vendor with revised criteria and established contractual rates.
5	OICT should review the definition of emerging technologies in the context of the United Nations and, if necessary, amend the contract after negotiations with the contractor for the efficient and effective contract management.	Important	Yes	Chief OICT/IMS	30 June 2013	Revised definition currently being drafted, with expected transmission and review with OIOS by stated deadline.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	OICT should ensure that a letter of "no criminal record" is provided by the contractor before contract personnel commence work at the United Nations premises as required in Article 4.13 of the contract no. PD/C0165/09.	Important	Yes	Director and OIC for OICT	Implemented	The contractor has been providing a statement of 'no criminal record' before contract personnel commence work at UN premises.
7	OICT should improve the time and attendance system to allow supervisors to approve the attendance records of contract personnel reporting to them at frequent intervals to preserve the integrity of data and to improve the timeliness of invoice processing.	Important	Yes	Special Assistant to OIC, OICT	Implemented	In July 2012, OICT purchased five additional licenses from Kronos, the time management system used by contractual staff, to allow managers/Section Chiefs (as approving officers) access to the System to review, comment and approve the working hours of personnel on a daily/weekly/monthly basis.

