



OFFICE OF INTERNAL OVERSIGHT SERVICES
INTERNAL AUDIT DIVISION

Reference: AUD-8-3:1 (0020/05)

12 January 2005

To: Mr. Andrew Toh, Assistant Secretary-General
Office of Central Support Services

From: Patricia Azarias, Director
Internal Audit Division I, OIOS

A handwritten signature in cursive script that reads "P. Azarias".

Subject: **OIOS Audit No. AH2003/513/4: Audit of the Adequacy of the Procurement Vendor Roster**

1. I am pleased to present herewith OIOS' final report on the audit of the adequacy of the procurement vendor roster which was conducted between March and August 2003 at Headquarters. Based on your comments dated 8 May 2004 to our draft report, and subsequent discussions between OIOS and the Procurement Division, OIOS has considered recommendations 1, 3 to 12, and 14 to 22 accepted by your office. In light of the comments provided, please note that recommendations 2, 13 and 23 have been withdrawn, and recommendations 5, 10, 12, 19 and 22 have been closed. A summary of the status of recommendations and the additional steps required to close them are shown in Annex 6. I would appreciate your returning Annex 6 indicating the implementation dates for all accepted recommendations.

2. The Internal Audit Division I is assessing the overall quality of its audit process and kindly requests that the attached client satisfaction survey form is completed by your office after consulting with the managers who dealt directly with the auditors.

3. I would like to take this opportunity to thank you and your staff for the assistance and cooperation extended to the auditors on this assignment.

Copies to:
Ms. C. Bertini
UN Board of Auditors
Office of Legal Affairs
Planning and Compliance Officer, OIOS



United Nations

OFFICE OF INTERNAL OVERSIGHT SERVICES

Internal Audit Division I

A large, faint, dotted world map serves as a background for the central text.

Audit Report

Audit Subject: Audit of the Adequacy of the Procurement Vendor Roster

Audit No. and Location: AH2003/513/4, Headquarters

Report date: 12 January 2005

Audit team: Florante Yabyabin, Auditor-in-Charge

Antonio Babor, Audit Assistant

Rosanne Fasano, Audit Assistant

Mariame Konte, Audit Assistant

Summary

The audit's primary objectives were to assess the adequacy, efficiency and effectiveness of the roster and to verify the Procurement Division's (PD) compliance with rules and regulations; a follow-up was also made on prior recommendations issued by OIOS concerning vendor rosters used in field missions. The audit revealed that PD's procedures for registering vendors generally assure that only qualified vendors are awarded UN contracts. Improvements had also been made in the registration process: in 1999, an internet website published by PD allowed interested vendors to read guidelines and instructions and download application forms for becoming qualified UN suppliers. Since then, the computerization of the registration process and vendor reports continued to improve. Also, PD has established a partnership with the Inter-Agency Procurement Services Office of the United Nations Development Programme for the use of the United Nations Common Supplier Database, now called the United Nations Global Marketplace.

However, the auditors found that vendor registration procedures were not consistently applied, in that PD made numerous exceptions when registering vendors, sometimes without adequate evaluation criteria; in fact, contracts were awarded and purchase orders were issued to vendors which were not properly approved in the registration process. The review also disclosed that in some cases, procurement officers did not stop payments to unapproved vendors and allowed purchase orders to be issued so that payments could be made, contrary to procedures.

OIOS also found that PD did not specify the registration status of vendors recommended for contract awards in procurement presentations reviewed by the Headquarters Committee on Contracts (HCC). The lack of proper registration and approval raises the risk of the UN dealing with companies which might not meet UN requirements, and reduces other qualified vendors' chances in competing for UN contracts.

OIOS also reviewed the recording of vendor information in IMIS (Integrated Management Information System) and found that OCSS' Information Technology Services Division (ITSD) did not exercise sufficient controls over the recording of vendor data into IMIS. This created the risk that unapproved vendors might have been entered into the system; as well, payments might have been made without the proper review and supervision by authorized staff.

OIOS recommendations

OIOS recommendations are summarized as follows:

- For vendors recorded with PA status, PD should stop issuing purchase orders unless exceptions authorized by the PD Chief are documented; PD should perform an immediate review of all PA vendors;
- For presentations submitted to the HCC, PD should include information concerning the registration status of recommended vendors;

- Reviews of vendor files and data should be made to ensure that: (a) vendor files contain complete and accurate required documentation, including the vendors' financial status and other changes; (b) duplicate vendor IDs are avoided; (c) all vendor database fields are properly completed; (d) the relevant commodity codes are used; (e) pertinent procedures are followed whenever company name changes occur; and the registration status of all vendors currently in the roster are valid.
- An appropriate interface between PD's system and IMIS should be established to ensure the reconciliation of data between them;
- To avoid duplication of procedures and enhance efficiency, PD should consider discontinuing the 3-year requalification reviews of vendors recorded in the roster, automating the recording of vendor status changes for monitoring purposes, and automating the removal of vendors from the roster if they have not responded to invitations five or more times; and
- PD should inform all current and prospective vendors that changes in their financial situations should be communicated to PD as early as possible.

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I. BACKGROUND

1. The United Nations' Procurement Division (PD) of the Office of Central Support Services (OCSS) maintains a vendor roster – a list of companies which have applied from around the world to become qualified suppliers for United Nations' purchases of goods or services. During a procurement exercise, procurement officers select and invite companies from a list of approved vendors to make tenders or offers for Invitations to Bid (ITB) or Requests for Proposal (RFP) issued by PD. These companies were required to submit applications and be successfully evaluated by PD's Vendor Registration Unit (VRU) of the Support Services Section; once approved, contracts or purchase orders are then issued to them by PD.
2. As of 31 December 1996, PD's number of "approved" vendors totalled 405; Table 1 summarizing the vendor roster as of 22 August 2003 (see also Annex 1) showed that the total of "approved" vendors has since increased approximately twelve times to 5,265, with the corresponding cumulative purchases from these vendors (purchases up to 22 August 2003) totalling approximately \$2.9 billion, an increase of about thirty-three times from a cumulative total of purchases of around \$86.1 million up to 31 December 1996.
3. The following status of vendors is indicated in the vendor roster:

Approved vendors:

- a. FR (fully registered) – vendors with applications evaluated by VRU as qualified UN suppliers;
- b. SA – special approval, normally performed by the Chief of Support Services Section;
- c. PA – provisionally approved as a temporary measure for three months in order to complete the application process;
- d. ICA – Institutional contractor approval – institutions or corporate bodies contracted by the UN (with an ICA – institute corporate agreement) for the provision of outside expertise or professional services;
- e. UNAG – UN agency; and
- f. NGO – Non-governmental organization;

Non-approved vendors:

- a. BLCK – Blocked from use by procurement officers;
- b. VC – Vendor has changed its name;
- c. SUS – Suspended vendor;
- d. CB – Vendor has closed its business;
- e. DUP – A duplicate ID of the same vendor exists; and
- f. PRU – A vendor's provisional registration was unsuccessful.

Table 1							
<i>Vendor Status in Roster</i>							
<i>As of 22 August 2003</i>							
<i>Approved vendors</i>							
Vendor type	FR	SA	PA	ICA	UNAG	NGO	Total
Total	4,316	76	737	133	1	2	5,265
% of Total	51	1	9	1	0	0	62%
<i>Non-approved vendors*</i>							
Vendor type	BLCK	VC	SUS	CB	DUP	PRU	Total
Total	3,054	110	2	36	3	1	3,206
% of Total	36	1	0	1	0	0	38%
Total							8,471
% of Total							100%

*Note: Current status only; vendors' prior status may have been indicated as "approved". See also Annex 1.

II. AUDIT OBJECTIVES AND SCOPE

4. This is OIOS' first comprehensive review of PD's vendor roster. The audit's primary objectives were to assess the adequacy, efficiency and effectiveness of the roster, and to determine PD's adherence to procurement rules when evaluating applicants and using the roster. OIOS reviewed the Vendor Registration Unit's procedures and the terms of reference prepared in an RFP (Request for Proposal) for a consultant's review of the vendor registration system, and also performed sample vendor analyses. A follow-up made on pertinent recommendations in prior OIOS audit reports revealed that those pertaining to the vendor roster have mostly been implemented. The findings and recommendations were discussed with PD officials during the audit and the preparation of the report. PD's comments, the Board of Auditors' comments on PD's use of unregistered vendors, and the relevant sections in the new Procurement Manual issued in February 2004 were considered in the preparation of this report.

III. AUDIT FINDINGS AND RECOMMENDATIONS

A. Control environment for vendor registration

5. The vendor registration process was established in the 1990s to assist PD in determining which vendors from around the world were capable of providing goods or services to the UN. Criteria for selection included the relevance of products or services offered by a vendor, its financial stability and payment terms, and its business experience and technical competence. Vendors submitted applications to PD which were evaluated by the Vendor Registration Unit (VRU) of PD's Support Services Section, and successful applicants were listed in the vendor roster as 'fully registered'. In 1999, an internet website established by PD allowed prospective vendors to download application forms and submit them to PD which, in OIOS' view, was a positive step for facilitating the procurement process.

6. The VRU processed all applications received from prospective vendors and maintained the vendor roster based on guidelines contained in Section 7 of the Procurement Manual, which also described the Vendor Review Committee (VRC), the evaluation criteria, the

suspension and removal of vendors and roster maintenance. The VRU evaluated vendor applications and recommended the removal of vendors from the roster to the VRC, which was chaired by the PD Chief or his representative, which included PD section chiefs as Committee members.

7. In 2004, PD established a partnership with the Inter-Agency Procurement Services Office (IAPSO) of the United Nations Development Programme for the use of IAPSO's United Nations Common Supplier Database, now called the United Nations Global Marketplace (UNGM). Vendors are given access to submit applications and to perform updates on their own data. The UNGM is currently described as the main supplier database for 14 UN agencies and entities, and the inclusion of PD represents a significant step towards the harmonization of vendor registration procedures throughout the UN system.

8. OCSS uses several information and reporting systems for the registration and maintenance of PD's vendor roster. These are: (a) the IMIS system which records vendor serial numbers and payment information, (b) PD's Reality system which records vendor information, (c) PD's Reporting system which generates reports from Reality, and (d) PD's Bid Module which allows procurement officers to select vendors from the roster. During the audit, PD was in the process of hiring a consultant to assist with the improvement of the vendor registration system, which in OIOS' opinion is a good initiative.

9. In OIOS' view, except for the inadequate documentation of some evaluation criteria, PD's vendor registration procedures and control guidelines were generally adequate.

B. Issuance of purchase orders to PA vendors

10. OIOS performed analyses of vendors listed in the roster as of 22 August 2003 and the results revealed that PD had allowed vendors with 'PA' status (vendors which were never fully registered) to be awarded contracts and purchase orders. One analysis revealed that 39 vendors with BLCK status as of 22 August 2003 were issued purchase orders totalling approximately \$120.8 million when procurement officers had temporarily allowed their BLCK status to be changed to PA on one or more occasions (see Annex 2). The analysis also disclosed that vendors with PA status were issued purchase orders totalling approximately \$37.6 million also as of 22 August 2003 (see Table 2).

From	To	POs Issued to PA (in \$)	POs issued to all vendors (in \$)	% of Total POs
25-Oct-95	24-Oct-96	0.5	68.3	0.7%
25-Oct-96	24-Oct-97	2.1	255.5	0.8%
25-Oct-97	24-Oct-98	4.7	248.0	1.9%
25-Oct-98	24-Oct-99	4.1	289.3	1.4%
25-Oct-99	24-Oct-00	4.6	593.0	0.8%
25-Oct-00	24-Oct-01	7.7	540.1	1.4%
25-Oct-01	24-Oct-02	5.7	524.5	1.1%
25-Oct-02	13-Jul-04*	17.1	1,069.4	1.6%
	<i>*18.5 months</i>	<u>46.5</u>	<u>3,588.1</u>	1.3%

11. OIOS also noted that exceptions to registration procedures had been made by procurement officers, and that in several e-mails, the VRU had questioned these exceptions and was unable to reject these requests because they were not empowered to enforce the registration rules. When the PD Chief was asked to clarify this situation, he said that it was necessary to 'unblock' the status of vendors which had already been awarded contracts or issued purchase orders in order to process payments to these vendors. In OIOS' opinion, allowing purchase orders to continue to be issued to unapproved vendors gives procurement officers excessive discretion in the selection and use of vendors, and might unnecessarily expose the Organization to financial risk in case such vendors lose the ability to meet UN requirements.

12. *OCSS stated that the analysis made by OIOS was misleading since it implied that PD continued to issue purchase orders to PA vendors even after it had changed its policy in its instruction of 24 October 2002. OCSS also stated that the VRU had been empowered to enforce vendor registration rules, and in the aforementioned case, the unblocking of vendors with BLCK status was necessary to pay invoices from PA vendors who had been awarded contracts prior to the 24 October 2002 change in policy, with such exceptions being approved by the Chief of PD in accordance with the established procedure.*

13. In OIOS' view, the analysis performed on vendors with PA status was not misleading because the results had highlighted the magnitude of risk assumed by the United Nations when purchase orders were issued to vendors which were never fully registered. Also, in OIOS' opinion, there was no change in policy; the old Procurement Manual had already stated that no purchase order or contract should have been issued to unregistered vendors.

14. Following OCSS' reply to the draft report, OIOS extended the scope of its analysis of PA vendors to include current purchases, and the results still indicated that PD continued to issue purchase orders to PA vendors without evidence that they were fully registered, despite PD's 24 October 2002 instruction which had reportedly already changed its policy. The analysis revealed that for the period 24 October 2002 to 13 July 2004, total purchase orders issued to PA vendors amounted to approximately \$17.1 million which in OIOS' opinion was quite large, although this amount comprised only a small percentage (1.6 percent) of total UN purchases of approximately \$1.1 billion for the same period (see Table 2).

15. OIOS' extended analysis also revealed that between 25 October 2002 and 13 July 2004, purchases were made not only from 106 PA vendors which were former recipients of purchase orders issued by the UN, including large companies such as AT&T, DHL, Kinko's and Microsoft, but also from 16 new vendors without evidence of the completion of the proper registration forms.

16. *Because of the extended analysis, PD requested an opportunity to provide comments to this report, to which OIOS agrees. PD acknowledged some weakness in the system and mentioned that some vendors included in OIOS' analysis would be considered for special approval status once the criteria for special approval are finalized. PD also explained that current vendor contracts cannot be terminated even if they did not comply with vendor registration requirements; the vendors involved included sole sources and suppliers of*

specialized services such as AT&T, Bayer, DHL, etc. Once PD has finalized the special approval criteria and procedures, PD intends to spend some time to review vendors with which the UN has been doing business for many years. OIOS notes that on 23 September 2004, the PD Chief issued instructions concerning vendor registration for the “Special Approval” status.

17. No approval in writing. At the time of the audit, OIOS did not see documentary evidence that exceptional procedures were established by the Chief of PD, nor did it find any indication of such approvals in PD’s Reality system for the guidance of all procurement staff. In OIOS’ view, because vendor registration is a part of the Organization’s contractual process, these exceptions should be established by PD as soon as possible.

Recommendations 1 – 3

PD should:

- (1) Stop issuing purchase orders effective immediately to vendors recorded with PA status and ensure that decisions made by the PD Chief granting exceptions to the policy that no contractual award shall be made before formal registration and approval of a vendor are documented in the pertinent vendor files (AH2003/513/4/001 – reiterated for immediate action);
- (2) Empower the VRU to enforce the vendor registration rules so that they are consistently applied in all procurement transactions (AH2003/513/4/002 – withdrawn); and
- (3) Perform an immediate review of all PA vendors currently listed in the roster and ensure that they have all submitted applications; and process outstanding applications, if any, as soon as possible, with additional resources being devoted for this exercise if necessary (AH2003/513/4/003 – reiterated for immediate action).

18. *OCSS stated that it had no objection to recommendation 1 and would develop a standard template for use in the circumstances mentioned, with PD expecting to have this form available by 31 May 2004. Because PD continued to issue purchase orders to PA vendors, indicating that no action seemed to have been made, OIOS considers this recommendation partially accepted and is being reiterated for immediate action.*

19. *For recommendation 2, OCSS stated that the VRU was still empowered to ensure that the vendor registration rules were consistently applied, with the authority to approve exceptions remaining with the PD Chief. OIOS accepts this explanation and withdraws recommendation 2.*

20. *For recommendation 3, OCSS stated that it would review the issue of provisional registration upon completion of the consultant’s review of the vendor management programme,*

and upon consideration of the consultant's findings and recommendations and PD's recent decision to participate in the United Nations Global Marketplace (UNGM). Also, in September 2004, while describing PD's involvement with the UNGM, the PD Chief said that PD is cooperating with IAPSO in the drafting of business processes on how vendor management would be undertaken in the future based on the consultant's report which was finalized in May 2004.

21. OIOS considers the review of provisional registration especially important and urgent in light of the audit findings. OIOS reviewed the consultant's final report and PD's description of its involvement with the UNGM. In OIOS' view, PD's involvement with the UNGM, although a progressive step towards collaborative purchasing, will not immediately solve or correct the weaknesses cited in this report concerning vendor registration. OIOS therefore reiterates recommendation 3 for immediate action.

C. Recommendation to HCC for contract awards to PA vendors

22. The audit also found that PD did not specify the registration status of PA vendors in some presentations made to the Headquarters Committee on Contracts (HCC) recommending contract awards. Between January 1998 and August 2002, a total of 195 such presentations valued at approximately \$200.2 million were approved by the ASG/CSS, of which 19 were post-facto cases.

Recommendation 4

PD should ensure that information concerning the registration status of vendors being recommended for contract awards is supplied to the HCC before its review of procurement presentations, to enable HCC to verify that established vendor registration procedures were followed (AH2003/513/4/004 – reiterated for immediate action).

23. *OCSS stated that in all of its written presentations of procurement cases to the HCC, PD would indicate whether the recommended vendor is fully registered. If such is not the case, PD would fully explain why an exception to the Organization's procurement policy of not awarding contracts to vendors who were not fully registered was being recommended.* OCSS' reply indicated that both the finding and the recommendation were accepted; OIOS will therefore verify the recommendation's implementation in subsequent submissions to the HCC.

D. Need to establish criteria for Special Approval (SA)

24. The VRU performs the evaluation of all vendor applications submitted to PD and records the results and status codes in vendor files created in PD's Reality system. OIOS found, however, that for one status code SA (special approval), vendor records were evaluated and approved exclusively by the Chief of Support Services Section, and then entered by the VRU staff into Reality; as of 22 August 2003, there were 72 SA vendors with cumulative purchases totalling approximately \$142 million up to 22 August 2003 (see Annex 3).

25. OIOS' attempts to review the files of vendors of this type were unsuccessful because no file existed for most of them, although their approvals were recorded in the Reality system. OIOS did not therefore see any evidence that applications were submitted by them to VRU or the Chief of Support Services Section for evaluation. This situation was discussed with the Chief of Support Services Section who admitted that no guideline or criteria had been established for this type of vendor, although the PD Chief stated that this category was only meant for those which could not be classified into any existing "approved" vendor type, such as FR (fully registered) or PA (provisionally-approved). In OIOS' view, the evaluation criteria for the approval of such vendors should now be established before further evaluation is made, and should also be described in the Procurement Manual.

Recommendation 5

PD should establish the evaluation criteria for the approval of SA (special approval) vendors before further evaluation of vendors is made by the Vendor Registration Unit and the Chief of Special Support Services, and ensure that such criteria is also described in the Procurement Manual (AH2003/513/4/005).

26. *OCSS clarified that most of the vendors granted special approval by the Chief of Support Services Section related to an exercise in December 1999/January 2000 when PD cleaned its vendor database. This review resulted in the Chief of Support Services granting special approval to a number of public and private non-profit organizations as well as academic institutions, and also to vendors who were previously awarded contracts with the Organization and whose performances were known to be satisfactory. With the exception of this one time exercise, PD currently grants special approval status to non-profit public and private organizations as well as academic institutions for which a standard vendor evaluation was not applicable. At this time, cases for special approval are now presented for review by the VRC. OIOS notes that this paragraph explains why "special approvals" were used by PD. Again, in OIOS' view, criteria for the designation of "special approvals" for vendors should have first been established before their use. On 23 September 2004, the PD Chief issued its instructions concerning vendor registration for the "Special Approval" status. Recommendation 5 is therefore considered implemented and closed.*

E. Noted exceptions to registration procedure

27. In OIOS' view, a major risk in doing business with vendors is the Organization's exposure from the issuance of purchase orders (and the subsequent payment of invoices) to unqualified vendors recorded in PD's roster. Using statistical sampling and other methods, OIOS reviewed PD's records for 211 vendors listed in the roster as of 22 August 2003, assessed the registration and evaluation process for each vendor, and analyzed the purchases made. The audit sample of 211 vendors represented approximately 2.5 per cent of the total vendors in the roster as of 22 August 2003, and their corresponding purchases totaling around \$945.5 million represented approximately 33 per cent of all purchase orders issued by PD (approximately \$3 billion) as of the same date. Exceptions are shown in Annex 4, and the

analyses for ten vendors which did not submit applications are described in succeeding paragraphs.

28. OCSS suggested that Annex 4 be modified to reflect the exceptions made since 24 October 2002 when the revised registration policy was implemented. Also, OCSS noted that Annex 4 included vendors with approved status prior to the policy change, including the Government of Nigeria and the other entities with which the United Nations has existing real estate leases. OCSS believed that contracts with those entities cannot be considered as exceptions, and stated that exceptions were occasionally necessary, where for example a unique source of supply existed for an operational requirement and the vendor for whatever reason did not complete the UN's vendor registration requirements.

Analysis of selected vendor records

29. American Express – (total purchase orders issued – approximately \$82.6 million). This vendor was entered three times in IMIS, as shown in Table 3.

Table 3

ID number	Vendor name	Approval date	Approver's name	Approver's office	Registration date
3543	AMERICAN EXPRESS - TRAVEL REL SVCS	20/03/1996			20/03/1996
11123	AMERICAN EXPRESS	12/11/1998	CHRIS FATHERS/SELAM	PROCUREMENT	12/11/1998
12159	AMERICAN EXPRESS TRAVEL AGENCY	21/06/1999	ROSALIE B. ALUNAN	DESA EXECUTIVE OFFICE	

**credit card payments for official expenses for UN vehicles and the Secretary-General's residence*
***erroneous entry, data not recorded at PD, no purchases issued nor payments made*

30. No file could be found for these vendors. The auditors were informed that some old and inactive files might have been destroyed in accordance with records retirement procedures and because of lack of office space. However, OIOS noted that PD is supposed to keep original applications and other documents in vendor files, as stated in Section 7 of the new Procurement Manual below:

7.10(1) "...All original applications, supporting documents, UN Procurement Office evaluation forms, and correspondence concerning the application are to be duly filed in the appropriate VRA file..."

31. In OIOS' view, the above procedure should be followed for all vendors at all times; if PD encounters space problems, it should consider scanning the above documents and keeping the scanned copies in a secure location.

Recommendation 6

PD should ensure that a file is prepared for each vendor containing original applications, supporting documentation, evaluation forms, approval documents and other vendor information for each approved vendor in accordance with established procedures; if necessary, such documents should be scanned (AH2003/513/4/006).

32. *OCSS agreed with this recommendation and would take the necessary action.* OIOS therefore considers recommendation 6 accepted and will verify its implementation during future audits of this area.

33. The IMIS system, established in 1996, is used when making payments to vendors, and the Reality system is used by PD to generate the vendor roster. Since that time, no interface has been established between the IMIS and Reality systems to enable vendor entries (ID number, etc.) to be simultaneously recorded, so all information has to be manually re-entered in the Reality system. Therefore, the information for vendor ID 3543 (American Express Travel Related Services) recorded in IMIS on 20 March 1996 (see Table 3) was recorded again in Reality on 25 March 1996. OIOS' discussions with PD confirmed that the manual re-recording of vendor information continues to be made at this time.

34. In prior external and internal audits, the establishment of an interface or mechanism between the IMIS and Reality systems had been recommended to ensure the simultaneous recording of vendor information into both systems, to reduce processing time and facilitate the reconciliation of vendor data. This recommendation is now being reiterated.

Recommendation 7

OIOS reiterates the prior recommendation that OCSS establish a mechanism or interface between the IMIS and Reality systems as soon as possible to ensure that vendor data entered into IMIS is simultaneously recorded in Reality (AH2003/513/4/007).

35. *OCSS stated that it was worth complementing the statement that no interface had been established between the IMIS and the Reality systems. Because the UN did not have access to the Reality system source code, it was not possible to develop a fully-automated process that uploaded the data. OCSS stated that if this interface or another mechanism were to be developed, a data cleaning and re-synchronization exercise would first be required. While PD fully supported the concept behind this recommendation, OCSS stated that it would appear that the best use of resources would be to focus on the new system rather than make significant changes to the IMIS-Reality interface process at this time. This approach would then address a number of procedural as well as system issues, including the maintenance of certain vendor data by the Office of Programme Planning, Budget and Accounts. OCSS further stated that PD had been working with the Department of Peacekeeping Operations (DPKO) to develop a common procurement management system utilizing each other's*

expertise and resources, and that DPKO estimated that the planned system would be available by the end of 2006. OIOS therefore considers recommendation 7 accepted and will verify its implementation during future audits of this area.

36. OIOS' analysis revealed that the record for vendor ID 12159 (American Express Travel Agency) which was erroneously entered in 1999 (see Table 3) could not have been entered by the office indicated in IMIS (e.g. DESA Executive Office), as only PD was allowed to create ID numbers in IMIS' vendor database; also, the staff member listed as the registering officer did not recall entering any such data into the system. Also, at the time the vendor's data was entered in 1999, records did not indicate whether a warning or other message was displayed indicating that the entry was a duplicate one; it was also not clear why a non-PD staff member had entered a vendor record into IMIS. When OIOS was informed that no file existed, OIOS noted that, under current procedures, PD does not prepare a file for vendor records prepared or entered into IMIS by another office; instead, PD requires that other offices complete a form entitled "changes or additions to IMIS or supplier database" (PTD 3/25/96) before entering such information in IMIS. It therefore appeared that this form was not prepared before vendor ID 12159 was recorded. Although OIOS found no serious implications, in OIOS' view, PD should review the recording of entries for this vendor and henceforth ensure that only PD staff are allowed to enter information into the IMIS and Reality vendor databases.

37. OIOS reviewed other records to determine how often this type of error occurred and found that IMIS' vendor database contained numerous duplicate entries not only for similarly-named companies, but also for the same vendor names (see Annex 5). In OIOS' opinion, the recording of duplicate numbers should be reviewed by OCSS to determine whether vendor data recording procedures should be improved and/or corrected, and to ensure that only one ID number is properly assigned and used for each vendor, and that any duplicate number is immediately transferred to the "VC" (vendor changed name) listing to ensure that it would no longer be used by procurement officers during bidding exercises. Also, PD should ensure that all fields are completed by registration staff and that its Reality database is reconciled with IMIS records for data accuracy.

Recommendations 8 – 9

(8) OCSS should review the recording of duplicate numbers in its vendor databases to determine whether vendor data recording procedures should be improved and/or corrected and to ensure that only one ID number is properly assigned and used for each vendor, and that any duplicate number is transferred to the "VC" listing in accordance with procedures (AH2003/513/4/008); and

(9) PD should ensure that all fields are completed by registration staff and that its Reality database is reconciled with IMIS records for data accuracy (AH2003/513/4/009).

38. OCSS agreed with recommendation 8, stating that it would conduct a review of IMIS data entry procedures, consult with other stakeholders such as IMIS and the Accounts Division to develop a revised procedure, and complete the transfer of duplicate vendors to inactive status by the end of 2004. For recommendation 9, OCSS stated that the data entry of vendor information was only made by VRU staff; except for rare unavoidable human errors made during data entry, the Reality records should correspond to IMIS data entries. OCSS stated that upon the review of the whole process as previously mentioned, these issues would also need to be addressed. OIOS therefore considers recommendations 8 and 9 accepted and will verify their implementation during future audits.

39. OIOS verified whether the commodity codes recorded for vendor IDs 3543 and 11123 were correct. Vendor ID 3543 which functioned as a travel agent was listed with codes 652400 (credit), 662500 (economic conditions concepts) and 699000 (trade and business services), while vendor ID 11123 which functioned as a credit card company was listed with code 613100 (office, computer and communication). In OIOS' view, the proper commodity codes should be listed for each vendor upon recording their information; PD should review (and correct where necessary) the commodity codes used for these and for all other vendors.

Recommendations 10 – 11

PD should:

(10) Correct the recording of contract amounts for vendor IDs 3543 and 11123 and indicate in their internal notes that they are distinct and separate from each other (AH2003/513/4/010); and

(11) Review (and correct where necessary) the commodity codes recorded in the vendor roster to ensure that vendors are listed with the proper commodity codes (AH2003/513/4/011).

40. OCSS assumed that the recommendation stated that PD should correct the recording of commodity codes and not the recording of contract amounts. On this assumption, OCSS accepted recommendation 10 and had made the necessary changes. OIOS considers this recommendation accepted and closed as a corrective action was made by PD.

41. For recommendation 11, OCSS stated that PD would require extra resources to review commodity code data entry, bearing in mind in-house resource constraints and being aware of changes taking place in the business world. OCSS also stated that, it would be necessary to devise a practical and effective method for this review, and while it agrees with the recommendation, OCSS would need to think about this issue upon completion of the current review of the vendor management system and upon considering the impact of using the UNGM. OCSS would try to develop an action plan by 30 September 2004. OIOS therefore considers this recommendation accepted and will verify its implementation during future audits.

42. Cogim Spa (total purchase orders issued – approximately \$39.2 million). This vendor was entered in IMIS twice as follows:

Table 4

ID number	Vendor name (COGIM SPA) PLEASE USE ID#	Approval date	Approver's name	Approver's office	Registration date	Registration staff	Current Status
12490	12602	27/08/1999	K. MITSUI	PROCUREMENT DIVISION			BLCK
12602	COGIM SPA	23/09/1999	K. MITSUI	PROCUREMENT DIVISION	23/09/1999	FLORA ESPIRITU	FR

43. OIOS found that vendor ID 12602 was entered by PD despite the existence of vendor ID 12490 in the system for the same vendor, address, telephone and bank account numbers (see Table 4). Somehow, PD then indicated that ID 12602 should be used instead of vendor ID 12490 from 23 September 1999, but OIOS found that purchase orders continued to be issued for vendor ID 12490 as late as August 2002, with payments being made as late as June 2003. In OIOS' view, the record for vendor ID 12602 should not have been entered by PD without first verifying if any record for a similar name existed, especially if the new record is for the same vendor. This procedure should be performed in the registration process before PD assigns an ID number for a new vendor. Also, PD should determine why vendor ID 12490 which was entered ahead of vendor ID 12602 was indicated as a duplicate number and blocked, and why purchase orders continued to be issued (and payments made) for vendor ID 12490 which was supposed to have been unavailable for use by procurement officers from 23 September 1999.

Recommendation 12

PD should check whether any similarly-named vendor exists before a new vendor record is entered, and verify existing information to avoid duplication if such conditions exist (AH2003/513/4/012).

44. *PD considered this recommendation fully implemented since it was explained to be a standard operating procedure.* OIOS noted a few cases and acknowledges that such a standard procedure exists; this recommendation was therefore closed.

45. East Line Airlines/Aviation (total purchase orders issued – approximately \$38.6 million). This vendor was entered twice in IMIS, as shown in Table 5.

Table 5

ID number	Vendor name	Approval date	Approver's name	Approver's office	Registration date	Registration staff	Current Status
11252	EAST LINE AIRLINE	26/04/1999	VEVINE STAMP	PROCUREMENT DIVISION	26/04/1999	FLORA ESPIRITU	FR
12200	EAST LINE AVIATION	29/06/1999	P. AUSTIN	PROCUREMENT DIVISION	29/06/1999	FLORA ESPIRITU	BLCK

46. OIOS found that although vendor ID 11252 (East Line Airline) was entered and approved on 26 April 1999 in IMIS, the internal notes in Reality indicated that this vendor was

recorded with PA status on 4 January 1999 and was successfully evaluated as an approved supplier on 26 April 1999 (see Table 5).

47. On 9 April 1999, a director from the vendor's office wrote to a PD staff member discussing an agreement that its registered name be changed to that of its parent company as the latter facilitates the administration and oversight of its UN contracts. Vendor ID 12200 (East Line Aviation) was then created and listed as approved while the old number was transferred to the unapproved list as "VC" in accordance with procedures. However, there was no record of any application being received nor background check being made of the parent company, especially because aside from the contact's name, the bank account and location, address, telephone and facsimile numbers for the latter company were different. OIOS then noted an email request from the contact person on 19 December 2001 that the name be changed again to the original without any explanation, which was acted upon by PD. In OIOS' view, PD should review these changes and obtain explanations for each occurrence; also, PD should ensure that procedures concerning name changes are henceforth strictly followed.

Recommendations 13 – 14

PD should:

(13) Review the changes for this vendor and document each occurrence in the vendor file (AH2003/513/4/013); and

(14) Ensure that procedures concerning name changes are henceforth strictly followed (AH2003/513/4/014).

48. *For recommendation 13, OCSS stated that it did not believe that the review of the 1999 organizational changes would produce any meaningful information relating to vendor registration. For recommendation 14, OCSS agreed that the standard procedures concerning name changes should be followed. However, OCSS found it necessary to review the current procedure as there were many different situations which led to a change of vendor name. Upon completion of the current vendor management review, OCSS would study the issue and implement changes, if any, by 30 September 2004. OIOS accepts OCSS' explanation and withdraws recommendation 13. Recommendation 14 is considered accepted and its implementation will be verified during future audits of this area.*

49. Dyncorp (total contracts awarded to vendor 9469 – approximately \$35.8 million). This vendor was entered in IMIS with a similar name, as shown in Table 6.

Table 6

ID number	Vendor name	Approval date	Approver's name	Approver's office	Registration date	Registration staff	Current Status
9469	DYNCORP AEROSPACE OPERATIONS INC.	16/01/1997	FRANCIS TSE	PROCUREMENT DIVISION	16/01/1997		BLCK
13917	DYNCORP TECHNICAL SERVICES, INC.	18/05/2000	JULIA M. SALAZAR	PD/SSS	18/05/2000	JULIA M. SALAZAR	BLCK

50. OIOS again noted that no file was found for these vendors, and internal Reality notes were found indicating that these two vendors could be the same because they have similar first names and were found in the same city and state. They were both first recorded as "PA", which then both expired. However, OIOS noted that although vendor ID 9469's status (Dyncorp Aerospace) was first recorded in January 1998, its "PA" status was not changed until January 2000 (see Table 6); similarly, vendor ID 13917 (Dyncorp Technical Services) was first recorded in May 2000 but its "PA" status was only changed in November 2002.

51. OIOS noted that when monitoring the PA status of vendors, VRU staff manually changed the vendors' status to BLCK at the expiration of the PA status in three months, which appeared to be tedious and time-consuming; in numerous occasions, OIOS found that such changes were made after more than three months have elapsed. In OIOS' view and as discussed with the IT and Change Management Support Team (ICMS) of the Support Services Section (SSS), these changes should be programmed to be done automatically. To reduce the possibility of giving contract awards to "PA" vendors in violation of procedures, PD should consider automating the vendor status change from "PA" to "BLCK" at the expiration of the three-month "PA" period, thereby reducing processing time.

Recommendation 15

PD should consider automating the vendor status change from "PA" to "BLCK" at the expiration of the three-month "PA" period to reduce processing time and also reduce the possibility of giving contract awards to "PA" vendors in violation of procedures (AH2003/513/4/015).

52. OCSS stated that upgrading the system to have the functionality recommended would require significant financial resources as the current software does not allow for this, and that PD did not currently have the resources for the enhanced functionality. OCSS also stated that PD did not deem this to be financially practical, especially when a new system is being developed. However, OCSS stated that this requirement would be considered in the specifications of a new system, and in the meantime, a list is currently generated on a daily basis and is being forwarded to the VRU automatically for necessary action.

53. During discussions in August 2004, OCSS informed OIOS that while PD's IT staff believe that it is technically feasible to enhance PD's system (ProcurePlus, formerly Reality)

to change the status of a vendor from "PA" to "BLCK" status automatically three months after the status is set, the enhancement may require substantial changes in the system including data structure in the SQL tables. Still, PD would investigate further and if its resources allow, would undertake the initiative. OIOS was informed that an auto-weekly report is now in place which reports changes of vendor status during the week, and which provides detailed audit trails for all vendor status changes. Based on these explanations, OIOS considers recommendation 15 partially accepted and would monitor PD's implementation. the generation of audit trail reports for vendors which had not yet replied to tenders sent by PD, or for those where their registration status had changed.

54. Trading Force (total purchase orders issued – approximately \$29.5 million). This vendor was entered in IMIS as follows:

Table 7

ID number	Vendor name	Approval date	Approver's name	Approver's office	Registration date	Registration staff	Current Status
3343	THE TRADING FORCE LIMITED	20/03/1996			20/03/1996		BLCK

55. OIOS noted that some vendor information was not entered in IMIS and found internal Reality notes made in May 2002 indicating that this vendor went into receivership. The auditors verified that no purchase order was issued in 2002; however, no documentary evidence existed as to when or why this vendor went into receivership. In OIOS' opinion, all documentation concerning vendors' financial status should be retained because a vendor's approval is affected by its financial stability, and PD should also inform all current and prospective vendors that changes in their financial situations should be communicated to PD as early as possible.

Recommendations 16 – 17

PD should:

- (16) Ensure that all documentation concerning vendors' financial status are kept in their files (AH2003/513/4/016); and
- (17) Inform all current and prospective vendors that changes in their financial situations should be communicated to PD as early as possible and that any change not reported could lead to a review of any vendor's registration status (AH2003/513/4/017).

56. OCSS accepted recommendation 16 and the Chief, PD, would instruct all staff members to ensure that any financial-related information received independently is shared with VRU for proper filing. For recommendation 17, OCSS stated that the UN Global Marketplace (UNGM) requires vendors to update their profiles and submit information relating to changes as and when they occur. Additionally, UNGM sends out an email

reminder to this effect every six months. PD did not have resources to approach all its vendors on this matter immediately, and would add this requirement whenever it provides a notice of successful registration to vendors. OIOS therefore considers recommendations 16 and 17 accepted and will verify their implementation.

57. Price Waterhouse (total purchase orders issued – approximately \$19.0 million). This vendor was entered in IMIS as follows:

Table 8

ID number	Vendor Name	Approval date	Approver's Name	Approver's office	Registration date	Registration staff	Current Status
1728	PRICE WATERHOUSE COOPERS	20/03/1996			20/03/1996		SA
4588	(DON'T USE- PLEASE USE #1728) PRICE WATERHOUSE	20/03/1996			20/03/1996		BLCK
11227*	PRICE WATERHOUSE COOPERS, INC.	18/12/1998	MARIE LEGRAND	DESA			
16291	PRICEWATERHOUSECOOPERS LLP			DM/OCSS/ PD	04/05/2001	NS	BLCK

*erroneous entry, data not recorded at PD, no purchases issued nor payments made

58. The following entries were indicated in internal Reality notes for vendor ID 1728:

Vendor ID 4588 is duplicate – do not use;
 Access blocked, provisional registration expired, June 1997;
 BLCK removed for procurement officer to issue a purchase order, July 1997;
 Access blocked, provisional registration expired, October 1998;
 Re-activated as per request of procurement officer, December 1998;
 Reinstated per request of procurement officer, April 1999;
 Status – Special Approval, January 2000

59. IMIS entries show that the BLCK status for this vendor was removed several times to accommodate procurement officers' requests since 1997 (see Table 8), and PD records revealed that purchase orders totaling approximately \$19 million were issued to the vendor between 1997 and 2001; also, the vendor finally attained "SA" status in January 2000, without any indication or explanation.

60. Odebrecht-Raytheon (contract award – approximately \$16.6 million). This vendor was entered in IMIS as follows:

Table 9

ID number	Vendor Name	Approval date	Approver's Name	Approver's office	Registration date	Registration staff	Current Status
4496	ODEBRECHT-RAYTHEON	20/03/1996			20/03/1996		BLCK

61. There was no evidence that vendor ID 4496 (Odebrecht-Raytheon) submitted an application and OIOS noted that this record was only entered in Reality in January 1998, almost two years after the same record was first entered in March 1996 (see Table 9). Also, it appeared to have only been provisionally-registered, and its status was blocked as of April 1998.

However, OIOS noted that a contract amounting to approximately \$16.6 million was awarded in November 1997. In OIOS' opinion, this vendor should have submitted an application before the contract was considered by both PD and the HCC for award, to ensure that the registration procedures were strictly followed. (Please refer to Recommendation 4.)

62. Ircon/IECS (total purchase orders issued – approximately \$13.2 million). This vendor was entered in IMIS as follows:

Table 10

ID number	Vendor Name	Approval date	Approver's Name	Approver's office	Registration date	Registration staff	Current Status
5496	IRCON/IECS JOINT VENTURE	13/05/1996		PTD	13/05/1996		BLCK

63. The internal Reality notes dated 16 October 1998 showed that this vendor's provisional registration (PA status) had expired; however, since there was no indication of status changes since it was first entered in 1996 (see Table 10), the expiration of its PA status might have been earlier than 1998. Still, purchase orders totaling approximately \$13.2 million were issued up to as late as April 2003. (Please refer to Recommendation 1.)

64. 304 E45th (total purchase orders issued – approximately \$12.1 million). This vendor was entered in IMIS as follows:

Table 11

ID number	Vendor Name	Approval date	Approver's Name	Approver's office	Registration date	Registration staff	Current Status
3453	304 E. 45TH ASSOCIATES	20/03/1996			20/03/1996		PA

65. This vendor's provisional registration had also expired as of 20 June 1996, but purchase orders totaling approximately \$12.1 million were still issued up to February 2003. (Please refer to Recommendation 1.)

Recommendation 18

PD should stop the issuance of purchase orders to vendors with ID numbers 3453, 4496, and 5496 and verify their current registration status (AH2003/513/4/018).

66. *OCSS stated that while PD would review the registration status of these vendors and take the necessary action by 31 May 2004, it would like to stress that the issuance of future purchase orders for these vendors would be necessary to meet the financial obligations as long as a valid contract exists. This is true for vendors such as ID no. 3453 assigned to the FF building landlord for the lease of the FF building office space initiated in 1995, to meet continuing requirements, and to avoid interruption of service in peacekeeping missions from vendors 4496 and 5496 who were awarded contracts prior to 24 October 2002. OIOS accepts this explanation and considers recommendation 18 accepted and will verify its implementation.*

67. Intecom Inc. (total purchase orders issued – approximately \$8.8 million). This vendor was entered in IMIS in 1996 and replaced with a new name, Eads Telecom, (total purchase orders issued – approximately \$1.2 million) in 2003 as indicated below:

Table 12

ID number	Vendor Name	Approval date	Approver's Name	Approver's office	Registration date	Registration staff	Current Status
2786	INTECOM INC.	20/03/1996			20/03/1996		PA
20485	EADS TELECOM NORTH AMERICA, INC.	12/02/2003	DMA	DM/OCSS/ PD/SSS	12/02/2003	E SUKKA- RIEH	FR

68. Vendor ID 2786 (Intecom Inc.) and vendor ID 20485 (Eads Telecom) are one and the same company, with the original name being changed in February 2003 (see Table 12). Vendor ID 2786's provisional registration had expired as of 20 June 1996, but purchase orders totalling approximately \$8.8 million continued to be issued up to August 2003 despite the expiration of its PA status and the name change. Internal Reality notes also indicated that access to the vendor was reinstated to allow payments of outstanding invoices for 2002; vendor ID 2786's current status indicates that this access is still available and that its PA status has not yet been changed to BLCK.

69. In OIOS' view, an approved vendor should only have one ID number in use, and vendor ID 2786 which was replaced by vendor ID 20485 should have been listed with the status "VC" (vendor changed name) immediately upon the recording of the new name. PD should review this vendor's records and determine why outstanding invoices for 2002 had to be paid in 2003, with a copy of the review being provided to IAD1, OIOS.

Recommendation 19

PD should review this vendor's records and determine why outstanding invoices for 2002 had to be paid in 2003, with a copy of the review being provided to IAD1, OIOS (AH2003/513/4/019).

70. *OCSS stated that Purchase Order for Services (OBPS-7305) was originally issued to INTECOM Inc. to cover services from October to December 2002. When invoices were received, they were in the name of EADS Telecom which was the new name of INTECOM Inc. Since the company name on the invoice did not match the POs, the payments could not be processed. The change in the name of the vendor required the vendor registration to be processed again. Once completed, PD issued an amendment to the original PO on 30 June 2003 to reflect the new name. Only at this point was Accounts able to pay the invoices which had accumulated. OIOS has verified this explanation and has closed recommendation 19.*

F. Suggested improvements

71. Process. According to Section 7 (paragraphs 7.11.5[1to5]) of the Procurement Manual, a review and a verification of vendor records and information are supposed to be performed at reasonable intervals from the date of registration; OIOS verified that this is done

for every registered vendor whether or not the UN had awarded contracts to such vendors. In OIOS' opinion, since PD requires the submission of vendors' updated information in its internet website, performs background vendor checks (e.g. Dun and Bradstreet reports), and requests updated vendor information when issuing tenders or offers, this review and verification procedure as described in the pertinent paragraphs of the Manual should no longer be necessary. Also PD's procedures should result in vendor records containing the appropriate information each time a procurement exercise is made, as the responsible procurement officers and staff of substantive offices are supposed to evaluate and properly assess each prospective vendor's qualifications and expertise before selecting the vendor to which a contract would be awarded. OIOS therefore suggests that PD withdraw this procedure from the vendor registration process.

Recommendation 20

Once the comprehensive review and update of the vendor roster suggested by OIOS is initiated and performed by PD, OCSS should withdraw the vendor re-qualification procedure from the registration process, provided such vendors are properly assessed during the bidding and evaluation exercises in accordance with procedures (AH2003/513/4/020).

72. *OCSS accepted this recommendation and believed that no specific action was necessary, as Procurement Officers/Assistants were well aware of the importance of undertaking a qualification review as part of the bidding process, provided that such vendors were properly assessed during the bidding and evaluation exercises in accordance with procedures.* OIOS therefore considers recommendation 20 accepted and will verify its implementation during future audits of this area.

73. Automated removal of vendors from the roster. The audit revealed that some vendor registration processes performed manually by PD could be systematically improved to reduce processing time and generate savings and efficiency; these are:

- a. vendor ID recording in both the IMIS and Reality systems, discussed in Section E (see recommendation 7);
- b. vendor status changes from PA to BLCK at the expiration of the 3-month PA period, discussed in Section E (see recommendation 15); and
- c. deletion from the roster of vendors which did not respond to invitations five or more times, as indicated in PD's internet website.

Recommendation 21

PD should consider automating the removal from the roster of vendors which did not respond to invitations five or more times (AH2003/513/4/021).

74. *OCSS accepted this recommendation and PD was in the process of making the necessary changes to the procedures to record a vendor's response; PD would aim to have new procedures in place by 31 May 2004. OIOS considers recommendation 21 accepted and will verify its implementation during future audits.*

G. Vendor IDs

75. ITSD controls the recording of all vendors used by the Organization in the IMIS system. The vendors in IMIS' list currently totals over 21,400 which is more than two and one-half times those recorded by PD in its Reality system (PD's roster listed 8,471 vendors as of 22 August 2003 – see Table 1). OIOS performed a brief analysis of the recording of vendor IDs in IMIS records and found that this procedure is not controlled by ITSD. The results are explained further in subsequent paragraphs.

76. Missing data. Of over 21,400 vendor IDs in IMIS, names of staff members entering and approving vendor data entries were not indicated in 6,000 records (around 28 per cent of total records); of this total, around 3,979 records were entered in 1996. The 1996 records might have been entered by a data conversion exercise from old accounting records. However, in OIOS' view, all records should indicate all entering and approving information, and the lack of these entries show that no audit trail exists for records being entered into the system. According to ITSD, the following fields are indicated as "null" fields in IMIS and do not therefore require any entry:

vndr_regis_date	-	date when vendor data was recorded;
vndr_regis_name	-	name of staff member recording vendor data;
vndr_apprv_date	-	date when vendor entry was approved;
vndr_apprv_name	-	name of staff member approving vendor entry;
vndr_apprv_dept	-	approving staff member's department or office;

77. *OCSS stated that a data conversion exercise was carried out in 1996. At that time, a vendor registration exercise was undertaken by PD, with the data being captured by the vendors on 3.5" diskettes sent out by the United Nations, and which were then used to populate a database and upload the data into IMIS. User requirements had always indicated that new vendors could be recorded in IMIS before they were registered. OCSS stated that it should be noted that some vendor records were established for non-procurement purposes and were not subject to registration at all, and this was the reason why the database tables allowed null entries in the field to be listed.*

78. In OIOS' view, as the recording of vendor ID numbers in IMIS enables payments by the Organization of invoices presented by vendors, strict controls on entering and approving vendor data should exist to ensure that these payments are properly made by authorized staff members; the above fields should therefore be converted to "required" fields so that records must be entered before the recording of vendor data could be completed. OIOS suggests that ITSD establish an audit trail of all vendor data entries into IMIS, and requests ITSD to supply this information to OIOS as soon as possible for the 6,000 vendors wherein these records were missing for OIOS' review.

79. Recording errors. OIOS also found that various UN offices enter vendor ID data and that some errors were made when recording information in IMIS, resulting in duplicate vendor ID numbers and incorrect recording dates. OIOS suggests that ITSD ensure the accuracy of vendor data entry; it would also be useful if ITSD supply OIOS a copy of the data entry procedures for recording vendor information into IMIS and all recording information for the 6,000 vendors indicated with missing information for OIOS' review as soon as possible.

80. *OCSS stated that an audit trail already exists in the vendor history table (vend_h). However, OCSS also stated that the records created via the mass data conversion exercise in 1996 would not indicate individual users entering data. For the balance of the 6,000 vendors, ITSD could provide OIOS with a list of those vendor records established as registered for whom the fields listed were not entered. OCSS further stated that ITSD was responsible for the development and maintenance of IMIS, and was not responsible for the accuracy of the data, or for the data entry procedure. These responsibilities rested with the data owners.*

Recommendations 22 – 23

OCSS instruct ITSD to:

(22) Convert the five fields indicated in paragraph 77 into "required" fields so that records must be entered before the recording of vendor data could be completed (AH2003/513/4/022); and

(23) Establish an audit trail of all vendor data entries into IMIS (AH2003/513/4/023 – withdrawn).

81. *For recommendation 22, OCSS stated that ITSD and PD would review the possibility of ensuring that when a vendor is flagged as active and/or registered, the system would require entry of the data relative to the registration and approval of the vendor. For recommendation 23, OCSS believed that no action is required, as the audit trail was available in the vendor history table. OIOS accepts the explanations and considers recommendation 22 implemented and closed. Recommendation 23 would be withdrawn based on PD's comment.*

IV. ACKNOWLEDGEMENT

82. We wish to express our appreciation for the assistance and co-operation extended to the auditors by the management and staff of OCSS.

Patricia Azarias, Director
Internal Audit Division I, OIOS

ANNEX 1
Vendor Roster as of 22 August 2003
(referred to in paragraph 2)

Total Vendors in Reality Database: 8,471

Approved Vendors

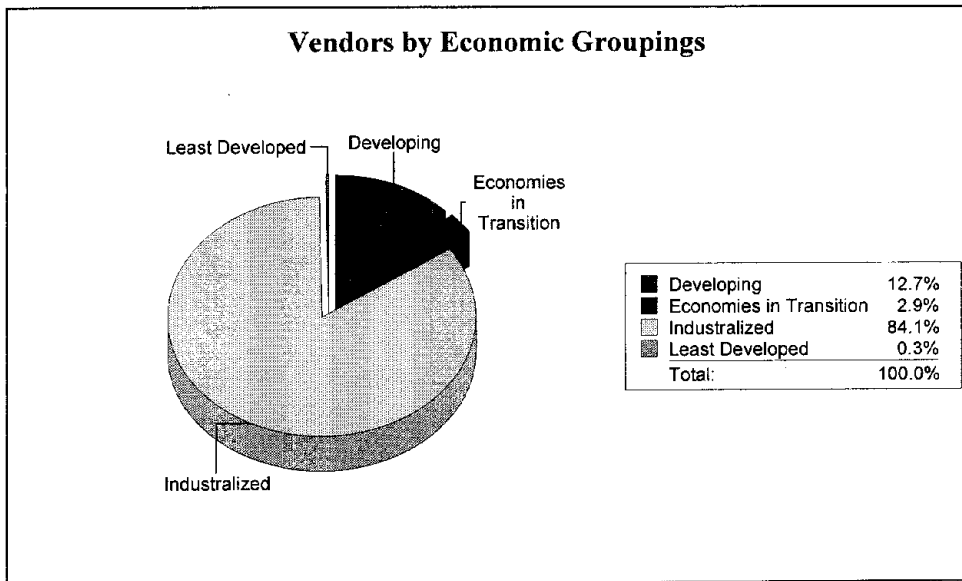
Fully Registered		4,316
ICA	Institutional Contractor Approval	133
NGO	NGO	2
PA	Provisional Approval	737
SA	SPECIAL APPROVAL	76
UNAG	UN AGENCY	1
		<u>5,265</u>

On Hold

BLCK	BLOCKED	3,051
CB	CLOSED BUSINESS	36
DUP	Duplicate Vendor	3
NO REASON CODE SELECTED ¹		2
PRU	Provisional & Registr Unsuccess	1
SUS	SUSPENDED	2
VC	Vendor Changed Name	110
		<u>3,205</u>

Unapproved Vendors

NO REASON CODE SELECTED ²		<u>1</u>
--------------------------------------	--	-----------------



¹ Data error

² Data error

ANNEX 2
Sample of BLCK vendors as of 22 August 2003
(referred to in paragraph 10)

#	ID	PO amounts	Payments	Remarks
1	2434	\$6,561,168.09	\$5,318,149.87	name changed
2	2459	\$1,098,400.00	\$1,098,400.00	duplicate ID
3	2850	\$1,285,888.99	\$29,717.82	name changed
4	3301	\$1,228,175.00	\$3,962,338.49	PA exp
5	3343	\$29,525,801.66	\$28,909,199.76	in receivership
6	3492	\$2,057,545.16	\$3,037,463.75	no appln submitted
7	3595	\$516,370.43	\$86,089.47	PA exp
8	3682	\$1,313,411.63	\$482,322.78	PA exp
9	3728	\$1,700,434.88	\$2,453,972.23	PA exp
10	3857	\$1,366,880.00	\$1,026,302.00	duplicate ID
11	3892	\$1,614,234.45	\$1,415,092.53	duplicate ID
12	4039	\$3,580,582.00	\$3,413,774.59	duplicate ID
13	4041	\$4,304,391.75	\$4,553,455.16	performance issues
14	4130	\$543,181.77	\$494,071.66	PA exp
15	4181	\$19,354.51	\$20,398.05	PA exp
16	4255	\$886,000.00	\$0.00	PA exp
17	4496	\$16,556,594.40	\$0.00	PA exp
18	4633	\$864,679.69	\$1,033,633.00	suspended
19	4684	\$940,705.33	\$2,058,128.49	duplicate ID
20	5012	\$2,262,448.00	\$2,633,680.00	duplicate ID
21	5487	\$2,089,380.00	\$2,308,765.83	PA exp
22	5922	\$1,151,057.34	\$1,665,062.68	PA exp
23	5994	\$8,770,050.00	\$8,737,622.00	PA exp
24	6767	\$573,800.00	\$175,085.00	PA exp
25	6875	\$2,602,413.33	\$24,491.61	filed for bankruptcy
26	6881	\$626,496.47	\$699,127.34	no appln submitted
27	7592	\$1,784,492.00	\$1,784,492.00	PA exp
28	7609	\$1,357,500.00	\$1,357,500.00	PA exp
29	7701	\$925,000.00	\$851,830.25	PA exp
30	8149	\$4,757,006.65	\$4,789,626.55	name changed
31	8207	\$600,343.05	\$563,607.09	PA exp
32	8361	\$2,869,067.85	\$132,220,437.61	PA exp
33	8598	\$320,000.00	\$262,858.73	PA exp
34	8854	\$786,891.00	\$752,091.00	no appln submitted
35	9240	\$6,922,509.40	\$6,907,055.40	PA exp
36	9318	\$5,549,580.00	\$5,432,533.55	PA exp
37	9381	\$558,368.66	\$493,161.39	name changed
38	9460	\$1,856,299.00	\$1,842,018.00	PA exp
39	9469	\$35,807,448.00	\$404,350.66	PA exp
40	9648	\$4,460,782.47	\$146,400,272.95	PA exp
41	9686	\$885,000.00	\$885,000.00	PA exp
42	9854	\$561,500.00	\$13,975,176.86	PA exp
43	10404	\$5,027,895.80	\$5,058,113.40	PA exp
44	10414	\$861,160.00	\$1,129,461.46	PA exp
45	11115	\$3,102,587.00	\$3,020,966.69	PA exp
46	11216	\$3,789,047.13	\$3,576,243.63	duplicate ID
47	11222	\$783,320.00	\$783,320.00	PA exp
48	11450	\$500,190.93	\$508,824.44	PA exp
49	11769	\$969,988.00	\$1,090,950.00	PA exp
50	11848	\$529,490.00	\$503,139.42	duplicate ID

ANNEX 2
Sample of BLCK vendors as of 22 August 2003
(referred to in paragraph 10)

#	ID	PO amounts	Payments	Remarks
51	11980	\$756,979.00	\$737,667.41	PA exp
52	12046	\$1,493,820.00	\$0.00	PA exp
53	12200	\$28,787,891.00	\$28,774,813.00	performance issues
54	12490	\$11,859,824.00	\$11,805,824.00	duplicate ID
55	13405	\$663,901.27	\$650,963.02	PA exp
56	14974	\$935,110.00	\$748,388.00	PA exp
57	15477	\$943,785.53	\$745,300.53	PA exp
58	17156	\$614,570.00	\$629,690.00	PA exp
59	17513	\$4,254,043.00	\$4,254,043.00	PA exp
60	19721	\$673,700.35	\$673,475.99	PA exp
60 TOTAL ALL BLCK		<u>\$230,588,535.97</u>	<u>\$459,249,540.14</u>	
39 TOTAL PA EXP		<u>\$120,828,382.61</u>	<u>\$353,304,025.23</u>	
% IN NUMBER		<u>65.00%</u>		
PO % IN VALUE		<u>52.40%</u>		

ANNEX 3
Purchase Orders Issued to "SA" Vendors
as of 22 August 2003
(referred to in paragraph 24)

1 866 UN PLAZA ASSOCIATES LLC (16338) [USA] Approved: Y	\$4,115,174.05
2 A.H. MALIK (8903) [KEN] Approved: Y	\$26,674.00
3 AMERICAN ECONOMIC ASSOCIATION (3542) [USA] Approved: Y	\$27,110.00
4 AMERICAN EXPRESS (11123) [USA] Approved: Y	\$23,672,501.00
5 AMERICAN EXPRESS TRAVEL RELATED SVC (3543) [USA] Approved: Y	\$58,979,070.00
6 AMERICAN LIBRARY ASSOCIATION (300) [USA] Approved: Y	\$184,786.00
7 AMERICAN SOCIETY OF INTL. LAW (13092) [USA] Approved: Y	\$4,694.00
8 AMERICAN SOCIOLOGICAL ASSOCIATION (4823) [USA] Approved: Y	\$17,660.00
9 ASSOCIATION OF AMERICAN GEOGRAPHERS (3611) [USA] Approved: Y	\$12,462.50
10 AUDIO PLUS VIDEO INTERNATIONAL (12325) [USA] Approved: Y	\$3,787.00
11 BARTH-TEX (3648) [USA] Approved: Y	\$26,342.00
12 BEERS ENTERPRISES, INC. (20740) [USA] Approved: Y	\$18,000.00
13 BRAHLER ICS AG (16995) [GER] Approved: Y	\$188,673.77
14 COLUMBIA UNIVERSITY - ACIS (3804) [USA] Approved: Y	\$2,125.00
15 COLUMBIA UNIVERSITY BOOKSTORE (5692) [USA] Approved: Y	\$335.25
16 CONSOLIDATED EDISON COMPANY (37) [USA] Approved: Y	\$363,300.67
17 COREL CORPORATION (9597) [CAN] Approved: Y	\$373.00
18 DECISION ONE CORPORATION (9742) [USA] Approved: Y	\$5,649,958.23
19 DICKSTEIN,SHAPIRO,MORIN & OSHINSKY (13960) [USA] Approved: Y	\$20,000.00
20 DIGITAL EQUIPMENT CORPORATION (3908) [USA] Approved: Y	\$289,163.92
21 DSI TECHNOLOGY ESCROW SERVICES (19142) [USA] Approved: Y	\$200.00
22 EXXON MOBIL (13144) [USA] Approved: Y	\$32,000.00
23 FEDERAL EXPRESS CORP. (3987) [USA] Approved: Y	\$162,000.00
24 FUJI PHOTO FILM USA INC. (4016) [USA] Approved: Y	\$31,275.00
25 GE LIGHTING (6343) [USA] Approved: Y	\$65,776.64
26 GEODIS CALBERSON (10169) [FRA] Approved: Y	\$17,473,504.78
27 GOODYEAR INTERNATIONAL CORP. (4057) [USA] Approved: Y	\$22,268.35
28 GTSI CORP. (16776) [USA] Approved: Y	\$2,785,795.53
29 HARVARD UNIVERSITY (1023) [USA] Approved: Y	\$274,118.00
30 HEIDELBERG USA, INC. (9425) [USA] Approved: Y	\$300,481.48
31 HITACHI DENSHI AMERICA, LTD. (11079) [USA] Approved: Y	\$542,211.80
32 HLW INTERNATIONAL (18346) [USA] Approved: Y	\$27,780.00
33 IBM NORTH AMERICAN SALES ATLANTA (8428) [USA] Approved: Y	\$9,500.00
34 IKEA (10711) [USA] Approved: Y	\$6,678.00
35 Ikegami Electronics (U.S.A.), (4122) [USA] Approved: Y	\$297,548.50
36 INTOSAI (6451) [AUS] Approved: Y	\$100,000.00
37 ITT DEFENSE, INC. (4171) [USA] Approved: Y	\$72,765.00
38 LDDS WORLDCOM (4264) [USA] Approved: Y	\$965,709.83
39 LIBRARY OF CONGRESS (4280) [USA] Approved: Y	\$45,000.00
40 MAN ROLAND INC. (4311) [USA] Approved: Y	\$146,586.00
41 MENDIK REALTY COMPANY, INC. (4344) [USA] Approved: Y	\$6,600.00
42 MICRON COMPUTER INC. (4363) [USA] Approved: Y	\$49,645.88
43 MOBIL OIL CORPORATION (4386) [USA] Approved: Y	\$44,000.00
44 MORGAN STANLEY CAPITAL (4393) [USA] Approved: Y	\$209,000.00
45 MTA BRIDGES & TUNNELS / PANYNJ CSC (9057) [USA] Approved: Y	\$14,050.00
46 N.Y.C. DEPARTMENT OF TRANSPORTATION (4418) [USA] Approved: Y	\$108,024.00
47 NCR CORPORATION (4435) [USA] Approved: Y	\$4,478.00
48 NEW YORK CITY POLICE DEPARTMENT (4458) [USA] Approved: Y	\$26,000.00
49 NEW YORK STOCK EXCHANGE (4466) [USA] Approved: Y	\$17,600.00
50 NEW YORK TIMES (4467) [USA] Approved: Y	\$92,176.60

ANNEX 3
Purchase Orders Issued to "SA" Vendors
as of 22 August 2003
(referred to in paragraph 24)

51 OECD/ORG. FOR ECONOMIC CO-OP. & DEV (8436) [FRA] Approved: Y	\$37,913.00
52 OSTERREICHISCHE STAATSDRUCKEREI (4513) [AUS] Approved: Y	\$949,037.51
53 POPULATION ASSOCIATION OF AMERICA (5276) [USA] Approved: Y	\$11,656.00
54 PRICE WATERHOUSE COOPERS (1728) [USA] Approved: Y	\$19,038,311.63
55 RADIO FOR PEACE INTERNATIONAL (4615) [USA] Approved: Y	\$60,100.00
56 REMCO MAINTENANCE CORPORATION (4630) [USA] Approved: Y	\$110,563.00
57 RESEARCH DEPARTMENT OF STATISTICS, (6171) [NOR] Approved: Y	\$240,420.00
58 SEDAB SAFETY EQUIPMENT DEVELOPMENT (19853) [SWE] Approved: Y	\$22,260.00
59 SENSOR SYSTEMS, INC. (16959) [USA] Approved: Y	\$13,820.59
60 STOCKHOLM ENVIRONEMENT INSTITUTE AT (10131) [UK] Approved: Y	\$8,500.00
61 THE ECONOMIST INTELLIGENCE UNIT (11967) [USA] Approved: Y	\$1,647,867.83
62 THE KNOLL GROUP (4847) [USA] Approved: Y	\$344,971.10
63 U.S. POSTAL SERVICE (4912) [USA] Approved: Y	\$453,000.00
64 UNICEF (4922) [DEN] Approved: Y	\$300.02
65 UNITED NATIONS BOOKSTORE (4928) [USA] Approved: Y	\$2,455.00
66 UNITED NATIONS CATERING (5081) [USA] Approved: Y	\$171,988.00
67 UNITED NATIONS GIFT CENTRE (4929) [USA] Approved: Y	\$320.00
68 URBITRAN ASSOCIATES ,INC. (20780) [USA] Approved: Y	\$61,100.00
69 VOLVO CAR INTERNATIONAL AB (8680) [SWE] Approved: Y	\$935,878.24
70 WORLD BANK PUBLICATIONS (10624) [USA] Approved: Y	\$280.00
71 WORLD HEALTH ORGANIZATION (5009) [SWI] Approved: Y	\$114,284.95
72 WORLDWATCH INSTITUTE (2179) [USA] Approved: Y	\$41.00

\$141,760,031.65

ANNEX 4
Examples of Exceptions in Audit Sample
(referred to in paragraph 27 to 70)

<i>Vendor type</i>	<i>Vendor ID</i>	<i>Total Purchases</i>	<i>Remarks</i>
FR	71	\$ 39,107,277.01	Original created date not indicated. <i>(This date would have shown the initial registration status.)</i>
FR	2628	37,030,136.18	Original created date not indicated; vendor listed in 20 commodity codes.
FR	3382	111,884,262.86	Original created date not indicated; vendor listed in 9 commodity codes.
FR	6183	27,575,050.99	Original created date not indicated; status changes PA – BLCK – PA – FR.
FR	9468	31,534,001.53	Original created date not indicated.
FR	10152	105,507.70	Original created date not indicated; no vendor file.
FR	11210	1,015,724.00	Original created date not indicated; no vendor file.
FR	16694	13,881.00	Original created date not indicated; no vendor file.
SA*	1728, 11227, and 16291	19,038,311.63	Three ID numbers for same vendor; no vendor file; status changes PA – BLCK – PA – BLCK – PA – SA (no explanation indicated).
SA*	3543, 11123, and 12159	82,651,571.00	Three ID numbers for same vendor; no vendor file; status changes PA – BLCK – PA – BLCK – PA – SA (no explanation indicated).
SA	16338 and 16688	4,115,174.05	Two ID numbers for same vendor.
PA*	2786 and 20485	9,951,095.05	Original created date not indicated; status changes PA – BLCK – PA; no application; name changed.
PA*	3453	12,094,245.47	Status changes PA – BLCK – PA – BLCK – PA – BLCK – PA; no application.
PA	3847	1,685,000.00	No vendor file; status changes PA – BLCK – PA – BLCK – PA; no application.
PA*	5496	13,220,468.85	Status changes PA – BLCK – PA – BLCK – PA.
ICA	14971	2,524,585.90	Status change PA – ICA; no description of approval indicated.
ICA	14319	1,134,000.00	No description of approval indicated.
BLCK*	3343	29,525,801.66	Original created date not indicated; no application; no record of approval.
BLCK*	4496	16,556,594.40	Original created date not indicated; no application; no record of approval.
BLCK	8361	2,869,067.85	Original created date not indicated; no application; no record of approval; status change PA – BLCK.
BLCK	9648	4,460,782.47	No record of approval; status change PA – BLCK.
BLCK*	9469	35,807,448.00	No vendor file; status change PA – BLCK.
BLCK*	11252 and 12200	38,580,605.00	Original created date not indicated; performance issues brought to SRC, status change FR – BLCK; old ID number re-used.
BLCK*	12490 and 12602	39,152,360.00	No vendor file; no application; status change PA – BLCK.
<i>Total</i>		<i>\$ 561,632,952.60</i>	

ANNEX 5

Duplicate IDs - (Vendor name starting with 'A' only)
(referred to in paragraph 37)

VENDOR ID	VENDOR	DATE APVD	APPVD BY	DEPT/ OFFICE	DATE ENTERED	ENTERED BY
14091	A. DAMIANO & COMPANY	02/06/2000	P. AUSTIN	MPPS	02/06/2000	SBR
16645	A. DAMIANO & COMPANY		VALUE			
18010	ABB SWITCHGEAR AB	16/01/2002	21/12/2001			
9192	ABB SWITCHGEAR AB	25/05/1999	P. AUSTIN	PROCURE	25/05/1999	FLORA
11475	AEROFIN CORP	26/02/1999	P. AUSTIN	PROCURE		
11132	AEROFIN CORP	19/11/1998	PEARL	PROCURE	19/11/1998	
6642	AFA PROTECTIVE SYSTEMS	27/09/1996	KANWARJ	PTD	27/09/1996	
3495	AFA PROTECTIVE SYSTEMS INC.	20/03/1996			20/03/1996	
281	Africa Watch	20/03/1996			20/03/1996	
279	Africa Watch	20/03/1996			20/03/1996	
21130	AHEAD TEK, INC.	12/06/2003	DMA	DM/OCSS/	12/06/2003	EBS
21069	AHEADTEK			DM/OCSS/	30/05/2003	CHRISTINE
14179	AIRCRAFT MAINTENANCE & SUPPORT			PD SSS	13/06/2000	ANTHONY LE
14152	AIRCRAFT MAINTENANCE SUPPORT SERVICES			PD SSS	13/06/2000	ANTHONY LE
14200	AIRCRAFT MAINTENANCE SUPPORT SERVICES LTD	28/03/2001	WALTER	PD SSS	15/06/2000	ANTHONY LE
12873	AKAD TRADING EST.	19/11/1999	03/11/99			
11666	AKAD TRADING EST.	18/03/1999				
17798	AL BARAKEH PAPER STATIONERY INDUSTRIES		VALUE			
17881	AL BARAKEH PAPER STATIONERY INDUSTRY COMPANY	21/12/2001	17/12/2001			
16203	AL JAZIRAH CO.		VALUE			
16274	AL JAZIRAH COMPANY	02/05/2001	28/03/2001			
14558	AL MOHEEB CO.	23/08/2000	24/07/2000			
14759	AL MUHEEB CO.		VALUE			
19675	ALI AL MUSSALAM TRADING EST. W.L.L.	04/10/2002	AS PER			
20867	ALI AL MUSSALAM TRADING EST., W.L.L.		VALUE			
12467	ALSTOM MOTEURS S.A.	20/08/1999	K. MITSUI	PROCURE	20/08/1999	FLORA
15745	ALSTOM MOTEURS S.A.	20/02/2001	23/01/2001			
2310	AMERICAN ASSOCIATION OF LAW LIBRARIES	20/03/1996			20/03/1996	
320	American Association of Law Libraries	20/03/1996				
360	American Association of Petroleum Geologists	20/03/1996			20/03/1996	
321	American Association of Petroleum Geologists	20/03/1996			20/03/1996	
13679	AMERICAN BANK NOTE COMPANY	17/04/2000	KIYOHIRO	SSS/PD	19/04/2000	JULIA M.
8975	AMERICAN BANK NOTE COMPANY	02/10/1997	ANNA	PROCURE	02/10/1997	
3539	AMERICAN BOOKSELLERS ASSOCIAT.	20/03/1996			20/03/1996	
324	American Booksellers Association	20/03/1996				
327	American Compensation Association	20/03/1996			20/03/1996	
326	American Compensation Association	20/03/1996				
13137	AMERICAN MANAGEMENT ASSOCIATION	17/01/2000	K. MITSUI	PROCURE	17/01/2000	FLORA

ANNEX 5

Duplicate IDs - (Vendor name starting with 'A' only)
(referred to in paragraph 37)

VENDOR ID	VENDOR	DATE APPVD	APPVD BY	DEPT/OFFICE	DATE ENTERED	ENTERED BY
338	American Management Association	20/03/1996				
346	American Red Cross	20/03/1996			20/03/1996	
3553	AMERICAN RED CROSS	20/03/1996			20/03/1996	
9075	AMERICAN SECURITY DISTRIBUTION	21/10/1997	PATRICIA	ACCOUNT		
10160	AMERICAN SECURITY DISTRIBUTION, INC.		V. STAMP		09/04/1998	NESTOR
13964	AMERICAN SOCIETY FOR TRAINING & DEVELOPMENT	24/05/2000	ALY SALL	DPI/AIS/A		
7028	AMERICAN SOCIETY FOR TRAINING AND DEVELOPMENT		PIERRE	DPI/LIBRA		
351	American Society for Training and Development	20/03/1996				
391	American Society for Training and Development	20/03/1996			20/03/1996	
10276	AMRIYA PHARMACEUTICAL INDUSTRIES	11/05/1998	SUPPLIER	PROCURE	11/05/1998	FLORA
10837	AMRIYA PHARMACEUTICAL INDUSTRIES CO.	17/09/1998				
10299	AMSTERDAM FABRICATORS CORP	18/05/1998		PROCURE	18/05/1998	SELYVN C.
3569	AMSTERDAM FABRICATORS CORP.	20/03/1996			20/03/1996	
16871	APPLIED INNOVATION MANAGEMENT			DM/OCSS/	06/07/2001	JULIA M.
16960	APPLIED INNOVATION MANAGEMENT, INC.			DM/OCSS/	13/07/2001	SUNG-WON
17548	ARAB TRADERS COMPANY	22/10/2001	28/09/2001			
19930	ARAB TRADERS INC.	12/11/2002	AS PER			
17499	ARABIAN ENGINEERING SERVICES L.L.C.	11/10/2001	20/09/2001			
13451	ARABIAN ENGINEERING SERVICES LLC	13/03/2000	KIYOHIRO		14/03/2000	OLIVIA C.
10401	ARCH TECHNICAL CONSULTING	12/06/1998	JULIA	PROCURE		
15233	ARCH TECHNICAL CONSULTING ESTABLISHMENT	06/12/2000	20/11/2000			
13390	ARTHUR ANDERSEN	03/02/2000	K. MITSUI	PROCURE	03/02/2000	FLORA
359	Arthur Andersen LLP.	20/03/1996				
17120	ASCOT S.R.L.	03/08/2001	18/07/2001			
12157	ASCOT SRL		SUPPORT	PROCURE	21/06/1999	SBS
6769	ASIAN DEVELOPMENT BANK	16/10/1996	KELVIN	ACCOUNT		
13727	ASIAN DEVELOPMENT BANK	24/04/2000	E.N.RAND	OPPBA	24/04/2000	MEKIA SIRAJ
14711	ASIA WEEK LIMITED			PD SSS	13/09/2000	JULIA M.
7513	ASIA WEEK LTD.	04/02/1997	DAVID	DAM/ACC		
9248	AUTOMATION GRAPHICS	26/11/1997	RONALD	PROCURE	26/11/1997	
3626	AUTOMATION GRAPHICS	20/03/1996			20/03/1996	
8322	AUTOMOVILES UTILITARIOS S.A.	03/06/1997	A. RUIZ	PTD	03/05/2001	JULIA M.
18100	AUTOMOVILES UTILITARIOS S.A. "AUSA"	06/02/2002	11/01/2002			
11753	AVENIR INC.	23/03/2000	P. AUSTIN	PROCURE	23/03/2000	FLORA
10166	AVENIR INC.	13/03/1998	P.	PROCURE	13/03/1998	FLORA
14199	AVENTIS PASTEUR	15/06/2000	SHIRLEY	OPPBA/AC		
3831	AVENTIS PASTEUR	20/03/1996			20/03/1996	
3628	AVERY DENNISON	20/03/1996				

ANNEX 5

Duplicate IDs - (Vendor name starting with 'A' only)
 (referred to in paragraph 37)

VENDOR ID	VENDOR	DATE APPVD	APPVD BY	DEPT/ OFFICE	DATE ENTERED	ENTERED BY
3629	AVERY DENNISON	29/07/1999	P.AUSTIN	PROCURE	29/07/1999	FLORA C.
3631	AVID TECHNOLOGY	20/03/1996			20/03/1996	
21395	AVID TECHNOLOGY, INC.	21/08/2003	DMA	DM/OCSS/	21/08/2003	EBS
11802	AVIN OIL ANSTALT	06/04/1999				
10053	AVIN OIL ANSTALT	06/04/1998				

ANNEX 6

Status of Recommendations and Action Required from Auditee

<i>Rec. No.</i> <i>AH2003/513/4-</i>	<i>Comment and Status</i>	<i>Action Required from OCSS</i>	<i>Implementation Date</i>
001	Partially accepted; open	Satisfactory evidence that PD had stopped issuing purchase orders to vendors recorded with PA status, and decisions made by PD Chief are documented in vendor files	
002	Withdrawn; closed	None	n/a
003	Partially accepted; open	Satisfactory evidence that PD has performed an immediate review of all PA vendors currently listed in the vendor roster	
004	Accepted; open	Satisfactory evidence that presentations submitted to the HCC included information concerning the registration status of recommended vendors	
005	Implemented; closed	None	n/a
006	Accepted; open	Satisfactory evidence of complete and accurate documentation in vendor files	
007	Accepted; open	Satisfactory evidence of appropriate interface established between IMIS and Reality systems	
008	Accepted; open	Satisfactory evidence of a review of the duplicate recording of ID numbers in vendor databases	
009	Accepted; open	Satisfactory evidence of the proper completion of all vendor database fields and the reconciliation of vendor data between the IMIS and Reality systems	
010	Accepted; closed	None; action already done by PD	n/a
011	Accepted; open	Satisfactory evidence that commodity codes indicated in the vendor roster were reviewed and corrected where necessary	
012	Implemented; closed	None	n/a
013	Withdrawn; closed	None	n/a
014	Accepted; open	Satisfactory evidence that procedures concerning vendor name changes are strictly followed	
015	Partially accepted; open	Satisfactory evidence that vendor status changes have become automated	
016	Accepted; open	Satisfactory evidence that documentation concerning vendors' financial status are kept in their files	
017	Accepted; open	Satisfactory evidence that PD has informed all current and prospective vendors that changes in their financial situations should be communicated to PD as early as possible and that any change not reported could lead to a review of their status	
018	Accepted; open	Satisfactory evidence that PD has stopped the issuance of purchase orders to vendors with ID numbers 3453, 4496 and 5496 and also verified their current registration status	
019	Accepted; closed	None; action already done by PD	n/a
020	Accepted; open	Satisfactory evidence that OCSS has withdrawn the vendor re-qualification procedure from the registration process	
021	Accepted; open	Satisfactory evidence that PD has automated the removal from the roster of vendors which did not respond to invitations five or more times	
022	Implemented; closed	None	n/a
023	Withdrawn; closed	None	n/a