

INTERNAL AUDIT DIVISION I  
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Ms. Carolyn McAskie  
A: Special Representative of the Secretary-General  
ONUB

DATE: 3 November 2005

REFERENCE: AUD- 7-5:75( 00213 /05)

FROM: Patricia Azarias, Director  
DE: Internal Audit Division I, OIOS



SUBJECT: **OIOS Audit No. AP2005/648/09: Procurement functions at ONUB**  
OBJET:

1. I am pleased to present herewith our final report on the audit of the above subject, which was conducted between February and May 2005.
2. We note from your response to the draft report that ONUB has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 1, 5, 6, 8, 9, 12, 13 and 16 in the OIOS recommendations database, and recommendations 2 and 10 have been withdrawn. In order for us to close out the remaining recommendations (3, 4, 7, 11, 14 and 15), we request that you provide us with the additional information as discussed in the text of the report and a time schedule for their implementation. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e. recommendations 1, 4, 7, 12, 14, 15 and 16) in its annual report to the General Assembly and semi-annual report to the Secretary-General
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
4. I take this opportunity to thank the management and staff of ONUB for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations  
Ms. Donna-Marie C -Maxfield, OIC, ASD/DPKO  
Mr. Karsten Herell, Chief Administrative Officer, ONUB  
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# Office of Internal Oversight Services Internal Audit Division I



## Procurement functions at ONUB

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**Audit no:** AP2005/648/09  
**Report date:** 3 November 2005  
**Audit team:** Nicholas M. Makaa, Auditor-in-Charge

## **EXECUTIVE SUMMARY**

### **Procurement functions at ONUB (AP2005/648/09)**

OIOS conducted an audit of procurement functions at ONUB between February and May 2005. The overall objective of the audit was to identify and assess risks in the procurement of goods and services in the Mission; and determine whether procurement activities were carried out effectively and efficiently in accordance with the Financial Regulations and Rules of the UN and the UN Procurement Manual.

ONUB began its operations in June 2004, and although the Procurement Section has made some progress with limited staff resources, it has had difficulties in appointing a regular Chief Procurement Officer until July 2005. Meanwhile the Mission continued to use the services of a consultant since July 2004. This individual had been representing the Mission on procurement related matters, supervising staff members, and signing obligation/contract documents, in contravention of Financial Rules 105.4 to 105.6. This also violated ST/AI/1999/7 governing the use of individual contractors and consultants.

The following other problems were identified:

- Procedures for identifying vendors should be put in place and a Vendor Review Committee established to implement shortcomings in vendor performance.
- The bidding process should be streamlined to minimize the risks and to effectively and efficiently procure goods and services, making appropriate use of the delegation of authority.
- Annual procurement plans need to be prepared, as also a strategy for acquisition of goods and services. Furthermore, requisitioners should be advised of the importance in using generic specifications instead of brand names in requisitioning for goods to facilitate fair competition for goods and services being acquired. OIOS was pleased to note that ONUB initiated corrective actions on these matters.
- The current operation of the Local Committee on Contracts (LCC) has improved since January 2005, but there is need to consider the suitability of the current LCC Chairperson as there is a potential conflict of interest because the procurement function comes under his direct responsibility. The guidelines issued to LCC members should be revised to incorporate UN Financial Regulations and Rules (ST/SGB/2003/7) and the new Procurement Manual. In addition, the CAO should seek approval for the appointment of the LCC Chairperson and obtain the written delegation of authority for all the Procurement Section staff members as appropriate from the Assistant Secretary-General for Central Support Services.
- ONUB should document and implement a policy that requires rotation of staff members within the Procurement Section. Also, all staff members involved in the procurement process should be required to sign a declaration of ethical responsibilities, including the need to maintain confidentiality and report any conflict of interests in line with GA resolution 59/288 on procurement reform.

## TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8
IV. OVERALL ASSESSMENT	9
V. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Requisitioning	10 – 16
B. Bidding process	17 – 36
C. Receiving and inspection	37
D. Payments to vendors	38
E. Other Matters	39 - 49
VI. ACKNOWLEDGEMENT	50

## I. INTRODUCTION

1. OIOS conducted an audit of procurement functions at the United Nations Operation in Burundi (ONUB) between February and May 2005. The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations organizations.

2. ONUB was established by the Security Council resolution 1545 of 21 May 2004 to support and help implement the efforts undertaken by Burundians to restore lasting peace and bring about national reconciliation, as provided under the Arusha Agreement.

3. The procurement function has the responsibility to ensure best value for money, fairness, integrity and transparency, effective international competition, and that the interest of the UN is best served. The Mission's Procurement Section (PS) has three units: two for processing purchases and the other unit for handling the vendor roster, contractor performance and processing invoices for payment. Specifically, the Section is responsible for:

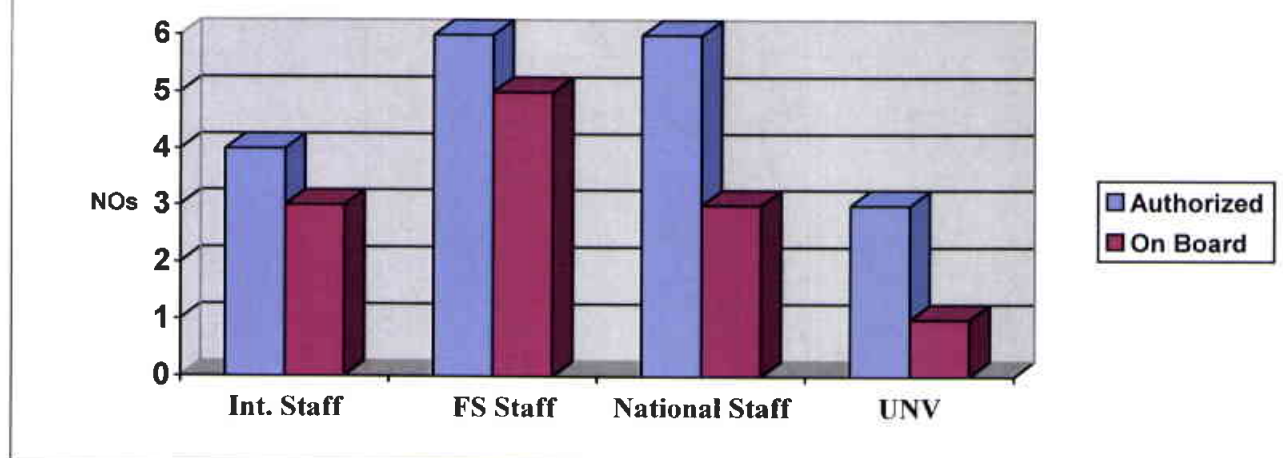
- Local and international procurement of goods and services for the operation;
- Developing procurement sources and maintaining a roster of vendors; and
- Conducting market surveys and monitoring the implementation of ONUB contracts.

4. The Procurement Section's procurement statistical activities for the period 1 June 2004 to 31 January 2005 showed the information in the table below. PS started using Mercury software system from a manual system since October 2004, to maintain its data.

Details	Volume of activities (Numbers)	Value (US\$)
Requisitions	342	61,533,677
Purchase orders	319	65,924,277
Contracts (annual lease costs)	82	1,947,270
LCC cases	55	6,109,415
HCC cases	1	950,000

5. Under the responsibility of the Chief of Administrative Services, the Procurement Section of ONUB is to be headed by a Chief Procurement Officer (CPO) at P-4 level, with 18 personnel consisting of three P-3 level, 6 Field Service (FS) and staff members, 3 UN Volunteers (UNVs) and 6 National staff members. As of January 2005, the Section was headed by a consultant who was being assisted by three P-3, five FS, one UNV and three national staff members (see Figure 1).

**Figure 1: Procurement Section Posts -- Authorized & On Board as of 31/01/05**



6. The comments made by the Management of ONUB on the draft audit report have been included in the report as appropriate and are shown in italics.

## **II. AUDIT OBJECTIVES**

7. The overall objective of the audit was to identify and assess risks in the procurement of goods and services in the Mission, and to determine whether procurement activities were carried out effectively and efficiently in accordance with UN Financial Regulations and Rules and the UN Procurement Manual.

## **III. AUDIT SCOPE AND METHODOLOGY**

8. The audit involved an assessment of procedures established by ONUB to handle procurement functions to ensure best value for money, fairness, integrity and transparency, effective international competition; and that the interest of the UN is best served. The audit scope covered the procurement activities in requisitioning, bid process, post-contract award, receiving, and processing of payments since ONUB's inception in June 2004. The audit methodology involved interviewing staff and management, reviewing available documentation, and inspecting property in warehouses, as appropriate.

## **IV. OVERALL ASSESSMENT**

9. Since the appointment of regular incumbents in the posts of Chief Administrative Officer and Chief of Administrative Services, ONUB has made some improvements in the area of procurement. However, the Mission should reinforce its efforts to mitigate the risks associated with procurement by improving its control mechanisms, particularly with regard to: the use of delegation of procurement authority; preparation of annual procurement plans; use of generic specifications instead of brand names in requisitions; and effective vendor roster management. In addition, ONUB needs to obtain the written delegation of authority from the Assistant



Secretary-General for Central Support Services for each staff member in the Procurement Section. It should also review the appropriateness of using the services of a consultant as the Chief Procurement Officer.

## V. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Requisitioning

#### Procurement Plans

10. ONUB had not established procedures to ask requisitioners, toward the end of each year, to submit their requirements for the following year, including justifications and explanations for the goods and services required to be procured.
11. Section 8.1.4 of the Procurement Manual requires that procurement planning be conducted as it is essential for effective and timely solicitation of bids or proposals, award of contracts and delivery of goods and services required. Furthermore, section 12 of General Assembly resolution 55/247 encourages the preparation of annual procurement plans.
12. OIOS noted that not all sections submitted their requirements. The Procurement Section also did not follow up to obtain the acquisition plans. As a consequence, the Mission could not prepare, develop and submit an overall procurement plan for the year 2005/2006. A survey of key sections (Engineering, Communication and Information Technology, Transport and Supply) that procure the bulk of the goods and services indicated that they had not been required to prepare acquisition plans.
13. ONUB risks failing to effectively and timely solicit bids or proposals and maximize the opportunity of obtaining economies of scale and other benefits for the Organization in the absence of such plans. Consequently, most sections continued to purchase goods and services as direct expenditures, without following established procurement procedures.

#### **Recommendation 1**

ONUB Administration should ensure that a proper needs assessment of goods and services required by the Mission is made and consolidated into an annual procurement plan (AP2005/648/9/001).

14. *ONUB accepted and implemented recommendation 1, commenting that the 2005-2006 budget is based on the requirements identified and justified by the Mission. A procurement acquisition plan for 2005-2006 was sent to UNHQ on 19 May 2005. The Integrated Support Service has developed an acquisition planning tool for the whole Mission and is compiling data to further enhance the planning process. Based on the Mission's response, OIOS has closed recommendation 1.*

## Use of brand names

15. Requests for purchases prepared by ONUB requisitioners through the Mercury system often specified the brand names of the items requested, rather than being generic in nature as required by Sections 8.2.1 (2) and 8.3.1 (4) of the Procurement Manual. From a review of requisitions sent to ONUB Procurement Section, OIOS noted that brand names or suppliers' names were used, especially for equipment requisitioned by the Communication and Information Technology Section. Procurement Section confirmed that brand names are often used in order to clarify or better define the technical specifications of the products needed.

### **Recommendation 2**

ONUB Administration should impress upon requisitioners the need to prepare generic specifications with a view to facilitating fair competition for goods and services being procured (AP2005/648/9/002).

16. *ONUB did not accept recommendation 2 commenting that Procurement is advising requisitioners on an ongoing basis and that all requests are treated as generic by the Procurement Section, even if a reference is made to a brand name. The Procurement Section has advised requisitioners on the need to ensure generic, or standard, technical specifications. However, in some instances only specific brands can be used, such as items under warranty, for compatibility or replacement purposes. The use of brand names to better define the technical specifications by requisitioners to Procurement and ensure the needs are clearly understood is not seen as detrimental as long as the outgoing request is generic. In every procurement action the procurement process has been cast as broad as possible to capture as many vendors as possible to ensure fair competition. Based on the Mission's clarifications, OIOS has withdrawn recommendation 2.*

## **B. Bidding process**

### Vendor registration/selection

17. As required by the Procurement Manual, the Procurement Section has designated a Vendor Database Officer (VDO) who is responsible for administering and maintaining the vendor database, evaluating vendor registration applications from potential vendors, advising the Vendor Review Committee (VRC) on the status of the vendor evaluations and presenting recommendations of Procurement officers and assistants to the VRC to suspend or remove registered vendors from the vendor database.

18. However, since ONUB is a newly started mission, procedures have not been put in place to allow proper market search and surveys. Besides, information pertaining to vendors is also difficult to obtain locally. As a result, it is difficult to verify the authenticity of information on quality of products and/or services supplied by prospective vendors. It also restricts active participation by all vendors as encouraged by General Assembly resolution 59/288 on procurement reform. ONUB needs to consult with other peacekeeping missions in the region for information and advice to improve its vendor database.



### **Recommendation 3**

ONUB Procurement Section should establish and implement procedures for ensuring that all qualified vendors are added to the vendor database only after a proper scrutiny of their financial viability, technical competence, business experience and capacity. Prospective vendors should be requested to produce audited financial statements and references from other customers for consideration (AP2005/648/9/003).

19. *ONUB accepted recommendation 3 and stated that it has been in contact with MONUC and UNMEE about the exchange of vendor information and joint procurement actions for many months. The Procurement Section is reviewing all vendor data and will ensure each registration file is complete. All existing and new vendors will be properly reviewed and details from MONUC or other regional missions will be accessed. Recommendation 3 remains open pending receipt of documentation from ONUB showing that it has been fully implemented.*

#### Vendor Review Committee (VRC)

20. Section 7.13 of the Procurement Manual requires that a VRC be established comprising a Chairperson, Secretary and members whose function is to review complaints from potential vendors, in line with General Assembly resolution 54/14 that encourages such UN system-wide cooperation for selection of suppliers internationally for bidding. The VRC can also take timely corrective measures in dealing with cases of consistent non-compliance and poor performance by vendors, in line with General Assembly resolution 59/288 on procurement reform.

21. OIOS noted that the Procurement Section has not established the VRC, partly because of inadequate staffing resources.

### **Recommendation 4**

ONUB Administration should establish a Vendor Review Committee and implement procedures for evaluation of vendors in conformity with General Assembly resolution 59/288 on procurement reform (AP2005/648/9/004).

22. *ONUB accepted recommendation 4 and stated that a Vendor Review Committee will be established. Recommendation 4 remains open pending confirmation by ONUB that it has been fully implemented.*

#### Immediate Operational Requirements (IOR)

23. OIOS noted that ONUB made frequent use of IOR which is a procedure authorized for the expeditious procurement and supply of items or services urgently required by a mission for operational reasons. The Field Administrative Manual section IX (2.1 and 2.2) defines this

procedure as "...invoked only in emergency cases where items are required urgently for immediate operational requirements. Normally this will involve only a few line items, such as sandbags, barbed wire, cement, etc. – possibly in large quantities – although other items may be requisitioned on an IOR basis. In most cases IOR requisition can be filled through local procurement within the existing financial limits of the mission. However, occasions may arise where the quantities requisitioned exceed those limits."

24. ONUB requisitioners such as Engineering, Communications and Information Technology, Transport and Supply Sections have used the IOR procedure in the past, with the Engineering Section having the highest number of about 152 of IOR requisitions covering the period between July 2004 and May 2005. Discussions with Engineering Section staff confirmed that many IORs have been raised in the past due to poor planning, and non-availability of products locally. ONUB risks failing to obtain value for money or purchase goods competitively if the use of IORs is not checked and controlled.

#### **Recommendation 5**

ONUB Administration should impress upon requisitioners that the use of Immediate Operational Requirements should be restricted to emergency situations, and that such requests will be processed only after approval by the Chief of Administrative Services (AP2005/648/9/005).

25. *ONUB accepted recommendation 5 and commented that the LCC has advised those raising requisitions and the Procurement Officer(s) at numerous meetings on the restricted use of IOR's and that they cannot be the result of poor planning. As a start up mission there was need for some IOR's, however, these are now limited. The Engineering Section has implemented measures to improve their planning, and the Integrated Support Service has developed an acquisition plan which should assist in reducing IOR's. Based on the actions taken by ONUB, OIOS has closed recommendation 5.*

#### Tender Opening Committee

26. Prior to May 2005 there was no documentation on the establishment of the Tender Opening Committee (TOC) of ONUB. The Chief of Administrative Services has established a TOC, which has been approved by the Chief Administrative Officer (CAO). The procedures governing the new TOC effective May 2005 now include rejection of unsolicited bids as required by Section 10.1.5 of the Procurement Manual. OIOS was pleased to note that the TOC members were not part of the Procurement Section or requisitioning sections.

#### Public opening of tenders

27. The Mission had not been conducting public opening of bids, although this is required to be conducted in accordance with Section 10.8 of the Procurement Manual. The Mission attributed this to scarce staffing resources and lack of the necessary facilities. In the interest of

enhancing transparency in procurement, OIOS believes that ONUB should establish the practice of public opening of bids.

### **Recommendation 6**

ONUB Administration should introduce the practice of public opening of bids to enhance transparency of the procurement process in conformity with the provisions of the Procurement Manual (AP2005/648/9/006).

28. *ONUB accepted recommendation 6 and advised that public bid openings will be implemented at next appropriate bid opening. The bid opening procedures issued on 31 May 2005 are applicable to public openings. Public openings are normally held on a Friday at 1000 hours at the ONUB Green Building, after the tender closing on Wednesday. Based on the Mission's response, recommendation 6 has been closed.*

### Local Committee on Contracts

29. The Local Committee on Contracts (LCC) in ONUB was established by the ASG for Central Support Services in June 2004 with responsibilities to render advice to the Mission's CAO on issues relating to procurement of goods and services. Between June 2004 and February 2005, the LCC reviewed 55 procurement cases valued at approximately \$6.11 million. OIOS' review of the minutes of 17 LCC meetings showed the following:

- a. A secretary of the LCC was not formally designated for the first 16 LCC meetings covering the period from June 2004 to January 2005. Consequently, minutes of these meetings were not signed by this official, in contravention of Section 2.3.4 (2) h of the Procurement Manual, which requires signing of the LCC recommendations and minutes and promptly forwarding them to the CAO through the Chairperson for approval. Only in January 2005 did the CAO reconstitute LCC members and designate a Secretary and an alternate. Consequently, the Secretary or alternate started and continues to sign LCC recommendations and minutes since the LCC's 17 meeting held on 25 February 2005.
- b. Guidelines issued to LCC members on 2 February 2005 had not been updated to reflect and incorporate the New Financial Regulations and Rules of the UN (ST/SGB/2003/7 dated 9 May 2003) and the Procurement Manual issued in February 2005.
- c. The current composition of the LCC dated 24 January 2005 identifies the Chief of Administrative Services (CAS) as the chairperson of LCC. This suggests a potential conflict of interests as the procurement function is under his responsibility.
- d. Documentation on the delegation of authority from the ASG/OCSS designating the chairperson of LCC of ONUB was not available. Section 2.5.3 of the Procurement Manual states that upon nomination by the CAO, the Chairperson shall be designated by the ASG/OCSS.

e. LCC members had not signed a declaration for confidentiality and to report areas where there could be conflict of interest with regard to reviewing LCC procurement related cases.

f. Of the 17 minutes reviewed, 8 minutes were not dated, and therefore the audit could not determine whether they were submitted to the CAO for approval within 10 business days after the conclusion of the meeting as required by Section 2.3.3 (2) f of the Procurement Manual. However, OIOS noted that minutes prepared since Minute number 17 include appropriate signatures and dates.

g. OIOS reviewed and was satisfied with the contents of the minutes, particularly beginning January 2005.

h. With regard to ex-post or partial ex-post facto cases handled by the LCC, in no instance was any of the officials held responsible. For example, between January and May 2005, OIOS noted two partial *ex-post facto* cases presented to the LCC covering procurement actions of nearly \$2.06 million. *Ex-post facto* presentations are a violation of Financial Rule 105.16. The LCC has never rejected any *ex-post facto* requests nor has the CAO informed the appropriate officials that they may be held personally accountable and financially liable pursuant to Financial Rule 101.2 for authorizing any *ex-post facto* case that cannot be properly justified. This is also inconsistent with Section 12.1.8 (4) of the Procurement Manual and General Assembly resolution 59/288 on procurement reform which requires minimizing the practice to those cases which fully comply with the criteria for exigency.

### **Recommendations 7 to 11**

The ONUB Administration should:

(i) Consider, and take appropriate action, on the appropriateness of designating the Chief of Administrative Services as the Chairperson of the Local Committee on Contracts because of a potential conflict of interest since the procurement function falls under his responsibility (AP2005/648/9/007);

(ii) Obtain the approval of the ASG for Central Support Services designating the Chairperson of LCC, as required by Section 2.5.3 of the Procurement Manual (AP2005/648/9/008);

(iii) Establish procedures requiring LCC members to sign a declaration governing their LCC responsibilities including the need for confidentiality and for reporting any conflict of interest (AP2005/648/9/009);

(iv) Introduce guidelines requiring that partial or ex-post facto cases must be properly justified prior to presentation to the Local Committee on Contracts. The Committee should not note or otherwise acknowledge an ex-post facto case without adequate justification (AP2005/648/9/010); and

(v) Ensure that the guidelines issued to LCC members in February 2005 are updated to reflect and incorporate the new Financial Regulations and Rules and the Procurement Manual issued in February 2004 (AP2005/648/9/011).

30. *ONUB did not accept recommendation 7, stating that the Chief of Administrative Services (CAS) is the direct supervisor of the Chief Procurement Officer (CPO). The CPO does consult the CAS on procurement and other matters on a regular basis. The Mission does not feel this is an issue that will unduly affect the procurement or approval process. Furthermore, recommendations of the LCC are addressed and reviewed by the CAO. OIOS disagrees with management's comments and reiterates that the mere fact that CPO directly reports to CAS and that the CPO consults on procurement and other matters on a regular basis results in a conflict of interest. Recommendation 7 remains open pending confirmation by ONUB that it has been implemented.*

31. *ONUB accepted recommendation 8 and advised that the Mission has received, accepted and implemented the new delegation of authority of procurement authority from the ASG/OMS/DPKO, as at 30 June 2005. Under the new delegation of authority, the CAO shall constitute the LCC membership and then report the membership to the ASG/OMS/DPKO and the Chairman HCC. Based on the Mission's response, OIOS has closed recommendation 8.*

32. *ONUB also accepted recommendation 9 and commented that in LCC meeting 21 of 15 April 2005 the LCC were reminded of the need for confidentiality and confidential clause was included on the front page of the minutes and continues to be included in all LCC Minutes whereby all Committee members present at each meeting sign the minutes. The Mission will also require each LCC Committee member to sign an individual confidential statement. Based on the Mission's response, OIOS has closed recommendation 9.*

33. *ONUB did not accept recommendation 10 commenting that there have been limited post facto cases at ONUB. The LCC and Procurement Section have and will advise that clear and adequate justification is required for all ex-post facto cases. The LCC and CAO has in the past requested appropriate justifications for post factor cases, and will continue to request such information, and information regarding the actions surrounding the case will be determined to see if personal accountability is appropriate. Based on the Mission's response, OIOS has withdrawn recommendation 10.*

34. *ONUB accepted recommendation 11 commenting that the new Financial Regulations and Rules of the UN (ST/SGB/2003/7 dated 9 May 2003) and the Procurement Manual (January 2004) are available online to all members, and as such they were not reproduced for direct*



*distribution to the LCC Members. LCC members have been sent a copy of both documents. Recommendation 11 remains open until ONUB provides a copy of the revised LCC guidelines.*

#### Arrangements for receiving bids and proposals

35. OIOS found that arrangements for receiving bids and proposals from vendors needed improvement. The Mission did not have dedicated facilities to receive bids and proposals by facsimile or e-mail. Lack of these facilities increased the risk of tampering of solicitation documents, thereby compromising the integrity of the procurement process.

#### **Recommendation 12**

ONUB Administration should assign dedicated facilities for receipt of bids and proposals in order to maintain the integrity of the procurement process (AP2005/648/9/012).

36. *ONUB accepted recommendation 12 and stated that the Bid Opening committee has a dedicated facsimile line where the faxes are received into a secured fax machine. To assist vendors in sending their bids on time a dedicated tender email address is now being organized with CITS. Based on the Mission's response, OIOS has closed recommendation 12.*

#### **C. Receiving and inspection**

37. A sample review of Receiving and Inspection Reports to assess whether complaints had been raised about quality of products did not disclose any weaknesses. OIOS noted that control mechanisms in Mercury System are adequate to ensure invoices are properly matched to the Receiving and Inspection Reports, which includes discrepancy reports. Furthermore, discussion with staff members did not reveal any problems in the area of receiving and inspection.

#### **D. Payments to vendors**

38. A review of the procedures for processing invoices submitted for payment through the Procurement Section showed that Section matches the invoices with the Receiving and Inspection Reports, after which it forwards them to Payments Unit of Finance Section to process payment. A sample review of invoices processed for payment did not disclose any problems.

#### **E. Other matters**

#### The Chief of Procurement Section

39. In view of the lack of adequate experienced staff during the Mission's start up phase, ONUB has been using services of a consultant as the Chief Procurement Officer (CPO) since July 2004 to date. This arrangement violated Section 2 (f) of ST/AI/1999/7 governing the use of consultants and individual contractors which states "Consultants shall not perform functions of staff members of the Organization or have any representative or supervisory responsibility."



40. In addition, the consultant represents ONUB on procurement matters, supervises ONUB staff members, and has continued to sign obligation/contract documents valued at over \$27 million covering procurement of goods and services from June 2004 to January 2005. This was in contravention of Financial Rules 105.4 and 105.5 which require that all commitments and obligations should be certified by a duly authorized certifying officer.

41. Three candidates had been selected for the post of CPO, but each had declined the offer. Subsequently, another candidate was identified and took up the appointment in July 2005.

### **Recommendation 13**

ONUB Administration should ensure that consultants are used strictly in accordance with the provisions of ST/AI/1999/7, and that obligating documents are only signed by authorized officials as required by the UN Financial Regulations and Rules (AP2005/648/9/013).

42. *ONUB accepted recommendation 13 and commented that a Chief Procurement Officer, who is a UN staff member at P-4 level, has been appointed and delegated approving functions in compliance with the new delegation of authority.* Based on the Mission's response, OIOS has closed recommendation 13.

### Rotation of staff members within the Procurement Section

43. ONUB has not established any policy with regard to rotating staff members in the Procurement Section to handle different commodities/services because the Mission started about a year ago, and the Procurement Section did not have its full staff strength. The consultant in charge of the Procurement Section clarified that the section is small, and normally staff members are encouraged to take over functions of colleagues who are on leave or are absent from the office.

44. Additionally, staff members of the Procurement Section have not signed any declaration of ethical responsibilities in handling procurement related matters. In OIOS' opinion, this is necessary to enhance transparency and accountability.

### **Recommendations 14 and 15**

ONUB Administration should:

- (i) Document and implement a policy that requires rotation of staff members within the Procurement Section to handle different commodities/services with a view to increasing transparency in the procurement process (AP2005/648/9/014); and

(ii) Require all staff members involved in the procurement process to sign a declaration of ethical responsibilities, including the need to maintain confidentiality and report any conflict of interest (AP2005/648/9/015).

45. *ONUB did not accept recommendation 14 commenting that some cross training has taken place within Procurement. During the critical start-up period of the mission it has not been possible to fully rotate staff. Staff rotation results in lower productivity during training and cross over period. In addition, the new local and UNV procurement personnel required training from a limited number of experienced staff-that have less than 12 months service. This policy will be considered when the new procurement personnel have mastered their roles and are in a position to be rotated. No date can yet be set for this to be the case. OIOS reiterates that a policy should be documented and implemented on rotation of staff members to enable increased transparency in the procurement process. Recommendation 14 remains open pending receipt of documentation from ONUB showing that it has been implemented.*

46. *ONUB accepted recommendation 15 and stated that a declaration can be prepared and signed by Procurement personnel. Recommendation 15 remains open pending receipt of documentation from ONUB showing that it has been implemented.*

#### Delegation of procurement authority

47. Section 3.2.2 (5) of the Procurement Manual states that the procurement authority and the financial levels of authority to make commitments are granted in writing by the ASG for Central Support Services (OCSS) directly to the Chief Procurement Officer (CPO) and to the individual Procurement Officers or Procurement Assistants on an individual basis, until a blanket administrative instruction is issued for that purpose. During the audit, ONUB was unable to produce documentation showing such delegation of authority.

48. OIOS noted that the consultant in charge of the Procurement Section presented cases to the LCC as the Chief Procurement Officer and also signed contracts and purchase orders without a delegation of authority delegated by ASG for OCSS as required by Sections 3.2.2 (3) and (4) of the Procurement Manual.

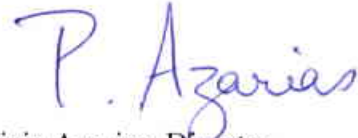
#### **Recommendation 16**

ONUB Administration should obtain written delegation of authority from the ASG for OCSS with regard to the authority exercised by the Chief Procurement Officer and individual procurement staff members (AP2005/648/9/016).

49. *ONUB accepted recommendation 16 and advised that the Chief Procurement Officer has been delegated approving functions in compliance with the new delegation of authority. Based on the Mission's response, OIOS has closed recommendation 16.*

## VI. ACKNOWLEDGEMENT

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



Patricia Azarias, Director  
Internal Audit Division-I, OIOS