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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE
OIOS · BSCI

TO: Mr. Alan Doss
A: Special Representative of the Secretary-General
United Nations Mission in Liberia

DATE: 21 May 2007

REFERENCE: AUD-7-5:3 (07-00212)

FROM: Dagfinn Knutsen, Acting Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2006/626/02 - Procurement fraud indicators in**
OBJET: **UNMIL**

1. I am pleased to present the report on the above-mentioned audit, which was conducted from March to August 2006.
2. Based on your comments, we are pleased to inform you that we will close recommendations 1, 8 and 9 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 3, 10, 12 and 13), in its annual report to the General Assembly and semi-annual report to the Secretary-General.
4. 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.

cc: Mr. Jordan Ryan, Deputy Special Representative of the Secretary-General, UNMIL
Mr. Philip Cooper, Director, ASD/DPKO
Mr. Stephen Lieberman, Director of Administration, UNMIL
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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INTERNAL AUDIT DIVISION

OFFICE OF INTERNAL OVERSIGHT SERVICES

AUDIT REPORT

Procurement fraud indicators in UNMIL

21 May 2007

Assignment No. AP2006/626/02

INTERNAL AUDIT DIVISION

FUNCTION

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

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EXECUTIVE SUMMARY

Procurement fraud indicators in UNMIL

OIOS conducted an audit of the procurement of goods and services by UNMIL from March to August 2006. The objective of this audit was to identify fraud indicators and internal control weaknesses in the procurement process. It was not the purpose of this audit to detect instances of possible fraud. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In general, procurement procedures were well established, staffs were aware of procurement policies and procedures, and compliance with such procedures was at an acceptable level. However, OIOS found room for further improvement to strengthen internal controls in the procurement function, as summarized below:

- (a) Poor requisition planning and inadequate review of contract amendments resulted in the awarding of higher rates for trucking services despite the existence of contracts with lower rates.
- (b) Monitoring of access privileges to the Mercury system needed to be strengthened. OIOS found that the access rights of employees who have left the Mission for several days or months have not yet been deactivated.
- (c) There appeared to be an excessive number of requisitioners registered in the Mercury system.
- (d) There was no mechanism to ensure that staff members entrusted with procurement responsibilities had complied with financial disclosure requirements.
- (e) Other practices requiring correction include the unauthorized disclosure of bidders' identities to other bidders.

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I. INTRODUCTION

1. OIOS conducted an audit of the procurement of goods and services by the United Nations Mission in Liberia (UNMIL) from March to August 2006.
2. Based on the Mission's acquisition plan for the financial year 2005/06, the Mission was planning to procure goods and services amounting to \$128.8 million. At the end of January 2006, 748 purchase orders (POs) with a value of \$62.75 million had been raised. Of this amount, 333 POs totalling \$12.5 million were reported as fully received by the Mission and 181 POs with a value of \$39.5 million as partially received.
3. Generally, fraud indicators are deviations from established best practices, procedures, rules, and regulations. Hence, fraud indicators by themselves do not establish the existence of fraud. Fraud, being an act of deception or misrepresentation, requires extensive investigation. This audit was intended to alert the Mission's management to possibilities of improprieties in the procurement system if fraud indicators existed, and to recommend remedial actions to ensure the integrity of the procurement process.
4. Comments made by UNMIL are shown in *italics*.

II. AUDIT OBJECTIVES

5. The objective of the audit was to identify fraud indicators and internal control weaknesses in the procurement process.

III. AUDIT SCOPE AND METHODOLOGY

6. This audit covered procurement under delegated authority to the Mission. OIOS reviewed a random sample of 52 POs. Of these, 25 were one-time purchases; 15 were based on locally-awarded contracts and 8 on HQ system contracts; and 4 were cancelled.
 7. Procurement files pertaining to the selected POs were reviewed, as well as the relevant documentation pertaining to the following phases of the procurement cycle: requisitioning, vendor identification, solicitation, evaluation of offers, contract awarding and post-award and contract amendments. Information on vendors, POs, contracts, requisitioners, and other relevant data in the computer-based procurement system used in peacekeeping missions (Mercury) was also reviewed. OIOS also conducted interviews with selected staff to obtain their views on the integrity of the Mission's procurement practices and procedures.
 8. It was not the purpose of this audit to detect instances of possible fraud.
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IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Requisitioning

Control on number of requisitioners

9. The requisitioners from various sections raise requisitions for goods and services in the Mercury system. Good business practice suggests and internal control principles require that the number of persons who can raise requisitions through such a system be limited to (a) a few carefully selected principal requisitioners and (b) alternates to allow operations to run smoothly in case the principal requisitioners are unavailable. Furthermore, given the number and nature of procurement transactions, such as the Mission's practice of consolidating orders, buying in bulk and acquisition planning, there appears to be no compelling reason for a section to have more than a few, qualified requisitioners. The total number (44) of requisitioners registered in the system at the time of the audit seemed excessive. Several of these requisitioners were registered as requisitioners for more than one section (see Table 1).

Table 1: Distribution of requisitioners in the Mission

Section	Number of Requisitioners		
	TOTALS ¹	Actually working in a section	From other sections
Aviation	12	2	10
Communications and IT	13	11	2
Engineering	15	7	8
General Services	8	4	4
ISS/Fuel Unit	5	4	1
Movement Control	12	3	9
Personnel	2	0	2
Public Information	7	3	4
Supply	14	5	9
Transport	11	4	7
UNLB	1	1	0
TOTAL		44	

¹ Some staff members are registered as requisitioners for more than one section.

10. Interviews with some of these requisitioners disclosed that they: were not the ones who put requirements together; were not familiar with technical specifications; and did not participate in the preparation of the procurement plan. They were added as requisitioners to allow paperwork to mover through the system in the absence of the primary requisitioners. However, in Mercury, there is no user profile for “Data Entry Clerk” or similar function that would differentiate between the primary requisitioners and those who merely act as data input clerks.

11. Requisitions by relatively unqualified and inexperienced staff, who do not have sound knowledge of specifications of various items required by their sections could result in the rejection of their requisitions due to improper specifications. This could lead to inefficient procurement, wasteful purchases, and losses to the Organization. Furthermore, registration of more requisitioners than needed, or registration of “read-only” users as requisitioners could create added maintenance issues for systems administrators. While not in itself an indicator of fraud, such registrations could create opportunities for fraudulent activities.

Recommendations 1 to 4

The UNMIL Administration should:

(1) Request the Mercury system developers to expand the types of users in the system to include a profile for the function of data entry clerks, which differ from the current “requisitioner” access rights;

(2) Require the re-registration of current requisitioners as either data entry clerks or requisitioners and regularly verify that they are performing their assigned functions;

(3) Limit the number of employees registered as requisitioners in Mercury to no more than the minimum number required by a section’s operations and one or two alternates from the same section who should only have access to raise or modify a requisition for their section; and

(4) Ensure that requisitioners have knowledge of technical specifications used by their section and the ability to explain and coordinate with Procurement Section buyers regarding requirements, and to account for what they have submitted on behalf of their section.

12. *The UNMIL Administration accepted recommendation 1 and has provided OIOS with a copy of the Mercury change-order request to the Mercury team. Based on the action taken by UNMIL, recommendation 1 has been closed.*

13. *The Mission accepted recommendation 2 and stated that it will be implemented by 1 August 2007. Upon implementation of the above-mentioned Mercury change-order, the Mission will undertake a complete re-registration programme for all staff involved in the requisitioning process. Recommendation 2 remains open pending (a) the Mission's confirmation and OIOS' verification that the Mercury system includes a profile for data entry clerks; and (b) the Mission's submission to OIOS of the list of requisitioners as of 1 August 2007 and the list of former requisitioners re-registered as data entry clerks, and OIOS' verification of such information.*

14. *The Mission accepted recommendations 3 and 4 and stated that these will be implemented by 1 August 2007 and 1 July 2007, respectively. The Mission added that the implementation of recommendation 1 and 2 will allow easier identification of the technical authority concerning requisitions. Recommendations 3 and 4 will remain open pending the Mission's confirmation, and OIOS' verification, that requisitioners registered as of 1 August 2007 are the minimum required by sections, have access only to their sections' requisitions, and possess the technical knowledge and ability to coordinate with Procurement Section.*

Poor identification of trucking requirements

15. OIOS' review of 40 samples POs (15 based on local contracts and 25 one-time POs) disclosed that prices were solicited and contracts were awarded in accordance with the provisions of the Procurement Manual. However, three related local contracts for trucking services were not adequately supported by documentation and justification from the requisitioner. As a result, the contracts were amended in a less-than-ideal manner (see Table 2).

Table 2: Summary of trucking contracts awarded in September 2005

Vendor	Contract Number	Original Contract		Amended Contract		Nature of Amendment
		NTE Amount	Date signed by Mission	NTE Amount	Date signed by Mission	
A	6MIL/ CON/151	\$179,400	8 Sept 2005	\$179,400	5 Nov 2005	Additional destinations and types of trucks
B	6MIL/ CON/153	10,000	9 Sept 2005	50,000	7 April 2006	Additional destinations and types of trucks; increase in NTE amount
C	6MIL/ CON/152	60,480	9 Sept 2005	60,480	1 st amendment: 13 Sept 2005	Change of rates from "per-day" to "per-trip" basis
					2 nd amendment: 3 Nov 2005	Additional destinations and types of trucks
TOTALS		\$249,880		\$289,880		

16. The preparation of schedules of destinations and the identification of types of trucks needed for the Request for Proposal (RFP) issued on 5 July 2005 were not done precisely to facilitate efficient bidding and the price comparison process. The RFP requested prices for 178 line items (one line item being one type of truck to one destination). Until the day of the RFP's release, e-mails were being exchanged between the Joint Logistics Operations Center (JLOC) and Procurement Section on which types of trucks and destinations were to be included, without a comprehensive picture of the locations and equipment needed. Eventually, the Procurement Section prepared the schedule of destinations and types of trucks, which was not appropriate since this was the role of the requisitioning office and not a procurement function.

17. After technical evaluations and the opening of financial proposals, trucking requirements for inclusion in contracts were still being determined, justified, and refined, as evidenced by e-mails between JLOC and Procurement. After the bids were opened, JLOC determined that there was no transport requirement for seven destinations and seven types of trucks (49 items). Consequently, these items in the RFP, for which bids were received, were not awarded in the original contracts. After the contracts were awarded, JLOC again determined that trucks were needed for four destinations previously determined to have "no requirement". Two of these destinations were subsequently included in the amended contracts with Vendors A and C.

Recommendation 5

(5) The UNMIL Administration should ensure that the requisitioners provide the Procurement Section with precisely determined and detailed schedules or lists of services that they require. These detailed requirements should be established well before bid solicitation documents are sent to prospective bidders.

18. *The UNMIL Administration accepted recommendation 5 and stated that it will be implemented by 1 May 2007. The Mission added that while the Mission's detailed acquisition plan is well established, OIOS observations concerning the particular transport requirements are well taken. UNMIL will formally emphasize this recommendation to the requisitioners. In the meantime, the Procurement Section has emphasized to its staff that buyers must satisfy themselves of the adequacy/precision of the details of specifications provided by requisitioners. Recommendation 5 remains open pending the Mission's submission to OIOS of the memorandum to requisitioners emphasizing the need for detailed requirements.*

B. Bid documentation

19. To ensure correct attribution of bids to vendors, it is important that bid documents adequately identify the bidder. However, bidders' names and other identifying information such as contact information and vendor identification (ID) number are not printed on every page of the bid forms, such as Invitations to

Bid (ITB), Requests for Quotations (RFQ), and RFPs, but only on the first page. According to the Procurement Section, the Mercury system is not capable of printing bidders' information in every page of bid forms. This constraint creates control issues because bidders often do not indicate their names on tables containing bid prices. Nor are bidders' names manually marked on the pages. This could result in "mixing up" documents or misidentifying bidders vis-à-vis prices offered.

20. Due to the unreliability of the local postal system, prospective bidders pick up bid solicitation documents from the Procurement Section. However, not all bid solicitation documents are acknowledged as received by these vendors. It cannot always be established whether all vendors in the list of invited bidders were actually contacted and invited to bid.

21. When bidders' representatives pick up bid forms, the Procurement Section requires them to sign on a list that contains other bidders' names. This could have resulted in one or more prospective bidders learning the identities of other invited bidders and preparing their bids accordingly, attempting to obtain information on other bidders' offers, or contacting other bidders in an attempt to rig or manipulate bids. The Procurement Section subsequently advised OIOS that since September 2006 they have been requiring prospective bidders to prepare and sign individual forms to acknowledge receipt of bid documents.

22. Lists of invited vendors, particularly local vendors, do not always provide complete contact information. In 12 case files, information on lists of invited bidders contained only the post office box numbers instead of street addresses, only cell phone numbers, or e-mail addresses, or incomplete street addresses. This is not a good practice because such lists do not provide staff members who review procurement transactions with confidence that such vendors actually exist and have been visited by buyers and other staff. Also, the vendor ID numbers are not indicated in these lists.

Recommendations 6 and 7

The UNMIL Administration should:

(6) Request the Mercury system developers to modify, if possible, the program to allow buyers to insert on every page of bid documents the name of the invited bidders, ID numbers, bidding exercise number, and other pertinent information. In the meantime, the UNMIL Management should require the Tender Opening Committee (TOC) to mark, as a minimum, the bidders' names and ID numbers on all pages of bid documents received in response to ITBs and RFPs, and for the Procurement Section to do the same on all documents received in response to RFPs or informal forms of price inquiries. The Procurement Section should also be instructed to encourage bidders to mark all pages of bid documents with this information; and

(7) Require staff members who prepare lists of invited bidders to include the following contact information in the list of invited bidders: complete street address, telephone numbers, and e-mail addresses.

23. *The UNMIL Administration accepted recommendation 6 and stated that it has been implemented with the transmittal of a change-order request to the Mercury team. However, the Mercury team indicated that this particular change can be done directly by the UNMIL Communication and Information Technology Section (CITS). Accordingly, UNMIL CITS has been directed to make the changes. In the interim, the TOC has been requested to mark the bidders' names and ID numbers on all pages of UN-generated bid documents received in response to ITBs and RFPs. Recommendation 6 remains open pending the Mission's submission to OIOS of (a) examples of bid documents with the bidders' information manually marked on all pages by the TOC in the interim, and (b) subsequently, examples of bid documents electronically stamped with bidders' names on each page of the bid documents.*

24. *The UNMIL Administration accepted recommendation 7 and stated that it will be fully implemented immediately, with regard to all locally-registered vendors. However, the Mission advised that not all bidders will have e-mail addresses. With vendors registered in non-UNMIL databases, such as UN Global Marketplace, UNMIL will alert the database administrator to complete the information whenever such instance arises. Recommendation 7 remains open pending the Mission's submission of examples of lists of invited bidders that contain bidders' complete contact information to the extent possible.*

C. Contract amendments

25. The contract with Vendor C (Table 2) signed on 9 September 2005 was amended on 13 September 2005 to eliminate "per day" rates, before the contract took effect on 15 September 2005. The original contract provided "per day" rates for seven types of trucks to be used within Greater Monrovia. "Per day" rates within Greater Monrovia, where trucks can make more than one trip per day, are more favorable for UNMIL when properly managed. This contract was valid for one year from 15 September 2005. The amendment could have increased UNMIL's costs.

26. The Procurement Section explained that: (a) the amendment requested by the vendor was reasonable because the bidder's proposal did not clearly confirm that prices quoted were per-trip and the bidder did not realize that the contract proposed a per day price instead; and (b) rental per day requires strict supervision and it is much safer and cost-effective to rent on an all-inclusive cost per trip. Accordingly, the Procurement Section should not have entered into a "per day" contract if such supervision mechanism was not in place. There is no documentation from the requisitioner requesting a change in contract terms and conditions stating that they would not be able to provide the required supervision over trucks rented on a per-day basis.

27. In October 2005, the Mission solicited prices from Vendors A, B, and C (see Table 2) for seven kinds of trucks to seven groups of destinations, including four destinations previously bid on and two destinations previously awarded. These requests for prices were not done through RFQ or ITB, but by letters to the three vendors. In November 2005, the contracts of Vendors A and C referred to in Table 2 were amended to provide rates for additional destinations and types of trucks. These rates were based on the higher October 2005 quotations and not on the lowest bids on the July 2005 RFP. Higher rates for the same types of trucks for two destinations were awarded to contractors notwithstanding lower existing rates with other contractors. Similarly, higher rates for the same truck types and destinations were awarded to one contractor. According to the Procurement Section, the two destinations were included by JLOC by mistake in the price solicitation for additional destinations, and the Procurement Section did not spot the mistake when requesting additional quotations from the three vendors. When additional tables were added to the contracts of Vendors A and C, they included these destinations with the higher prices. See details in Tables 3 and 4 below.

Table 3: Price increases due to contract amendments involving two different contractors

Destination	Type of Truck	Awarded to	Awarded on	Rate	Difference in rates
Harper	Crane truck	Vendor B	Sep 2005	\$1,000.00	\$1,600
		Vendor C	Nov 2005	\$2,600.00	
Harper	Water truck	Vendor B	Sep 2005	\$1,000	\$2,260
		Vendor A	Nov 2005	\$3,260	
Robertsport	Crane truck	Vendor B	Sep 2005	\$300	\$200
		Vendor C	Nov 2005	\$500	
Robertsport	20' container truck	Vendor C	Sep 2005	\$300	\$1,000
		Vendor A	Nov 2005	\$1,300	
Robertsport	Low-bed trailer	Vendor A	Sep 2005	\$300	\$1,600
		Vendor C	Nov 2005	\$1,900	
Robertsport	Water truck	Vendor B	Sep 2005	\$235	\$1,125
		Vendor A	Nov 2005	\$1,360	

Table 4: Price increases due to contract amendments involving the same contractor

Destination	Type of Truck	Rate in Sep 2005 contract	Rate in Nov 2005 amendment	Difference
Robertsport	40' container truck	\$300	\$1,600	\$1,300
Robertsport	Dump truck <= 14 tons	\$157	\$300	\$143

Destination	Type of Truck	Rate in Sep 2005 contract	Rate in Nov 2005 amendment	Difference
Robertsport	Dump truck >14 tons	\$225	\$400	\$175

Recommendations 8 and 9

The UNMIL Administration should ensure that:

(8) Contracts are amended only when it is clearly in the best interest of the Mission to do so and when requested and justified by the requisitioner of the services. In such cases, the Procurement Section should document the reasons; and

(9) The Procurement Section exercises due care in the review of contract amendments to ensure that they are based on lowest valid offers by contractors and that only one is awarded for the same type of service.

28. *The UNMIL Administration accepted recommendation 8 and stated that it will be implemented forthwith. The Mission added that occasions to amend the contract may arise due to commercial or legal reasons, rather than as a result of a request from the requisitioner. The UNMIL Administration also accepted recommendation 9, stating that it has been implemented and that the Procurement Section will henceforth exercise due care in the review of contract amendments to ensure they are based on lowest valid offers by contractors and only one rate is awarded for the same type of service. The Procurement Section has emphasized to its staff the need to document the reasons for contract amendments in a transparent and satisfactory manner. Based on the actions taken by UNMIL, recommendations 8 and 9 have been closed.*

D. Access to Mercury system

29. The list of persons with access to the Mercury system provided by the Procurement Section early in the audit showed 30 buyers with access to Mercury. In addition to Procurement staff, who performed buying functions, this number included five Procurement Support Unit staff who had no buying duties, the Chief Administrative Services (CAS), one Information Technology (IT) Assistant, and three Procurement staff who had since been assigned to another Mission or separated. While the access authorizations of the CAS and the IT Assistant have since been corrected, the three former Procurement staff were listed as buyers at the time of the audit.

30. Nine Procurement staff had multiple access privileges, i.e. Buyer, Procurement Editor, Invoice Entry Staff, Invoice Matching, Vendor Registration and Expediting, and Procurement Officer. Some staff members had multiple levels of access in Mercury, e.g. the CAS (Buyer, Procurement Editor, and Procurement Officer), an IT Administrator based in the Mission and another based in Brindisi, Italy both had Administrator and requisitioner access privileges

for nine sections. The IT Administrator has since left the Mission, while the Brindisi-based Administrator was listed as Administrator at the time of the audit.

31. Access to Mercury by Procurement staff whose contracts had ended or who had since been transferred to other Missions is not immediately discontinued upon their departure from the Mission (see Table 5). One employee formerly assigned to MOVCON and transferred to the Personnel Section in December 2005 was listed as a requisitioner for the Aviation Section at the time of the audit.

Table 5: Delays in deactivating Mercury system access privileges of former Mission staff members

Employee's Position	ID Number	Index Number	Date of departure from Mission	Date of discontinuance of Mercury Access	Approx. Working Days Delay (to 9/30/06)
Finance and Accounting Asst	UNV 000283	265773	29 Mar 2005	Still active as of audit cutoff date	392
Budget Officer	CV 000298	255864	31 July 2005	Still active as of audit cutoff date	304
Procurement Officer	CV 000632	710115	28 Apr 2006	Still active as of audit cutoff date	109
Procurement Assistant	CV 000497	946724	20 Oct 2005	21 Feb 2006	88
Planning Assistant - Supply	CV 000558	407174	14 Apr 2005	30 June 2005	55
Admin Assistant/ Training Coordinator	CV 000483	439298	6 Apr 2006	28 Apr 2006	16
Buyer	UNV 000002	277973	31 Dec 2005	21 Feb 2006	15
Buyer	UNV 000007	259378	31 Dec 2005	21 Feb 2006	15
Admin Assistant	CV 000155	638941	2 Feb 2006	21 Feb 2006	12
Buyer	CV 000415	224220	15 June 2005	30 June 2005	11
Systems Administrator	CV 000314	871492	19 June 2006	3 July 2006	10

Recommendations 10 to 12

The UNMIL Administration should:

(10) Carefully review and approve the granting of access rights to the Mercury system with a view to strengthening internal control and segregation of duties. For example, section chiefs and certifying officers should have read-only access and verifying or certifying authority; and systems administrators' access should be limited to system maintenance;

(11) Periodically review the list of staff members with access privileges to the Mercury system and revoke the access privileges of those staff members who are no longer connected with the Mission, or whose duties have changed. Access privileges to Mercury of staff members who leave the Mission should be discontinued at their departure; while access privileges of staff members whose duties and responsibilities no longer require such access should be discontinued when their new job functions take effect; and

(12) Include as part of the checkout process the immediate deactivation of staff member's access privileges to the Mercury system.

32. *The UNMIL Administration accepted recommendations 10 and 11, and stated that by 1 June 2007 the Mission will review the granting of access rights to requisitioners in Mercury, and the list of staff members with access privileges who are no longer connected with the Mission or whose duties have changed. Thereafter, such reviews will be carried out bi-annually after recommendations 1 to 3 are implemented. Recommendations 10 and 11 remain open pending (a) the Mission's submission to OIOS of a list of all Mercury users showing their access rights, and (b) OIOS' verification that those users are still with the Mission and their job functions are related to procurement or Mercury system's maintenance.*

33. *The UNMIL Administration accepted recommendation 12 and stated that it will be implemented by 1 June 2007. The Mission added that the deactivation of staff members' privileges to UNMIL software is part of the checkout process. UNMIL CITS has been directed to carry out the immediate deactivation of staff's access privileges to the Mercury system not later than two days from their departure from the Mission. Recommendation 12 remains open pending (a) the Mission's submission to OIOS of the directive to CITS, and (b) OIOS' verification that access of staff members who have left the Mission, or whose job descriptions have changed, were deactivated from Mercury within the two-day time frame.*

E. Verification of financial disclosures

34. Staff members whose principal duty is the procurement of goods and services for the UN are required to file such financial disclosure forms (P.208) pursuant to the Secretary-General's bulletins ST/SGB/2005/19 (which required such submission by February 28 in respect to the period 1 January to 31 December of the previous year, and which was in effect until 30 April 2006) and ST/SGB/2006/6 (which took effect 1 May 2006 and which requires submission by 31 March). OIOS' inquiry of the Procurement Section and review of personnel files as of 16 May 2006 relating to 12 procurement staff did not indicate any evidence that such financial disclosure statements were submitted for the year ended 31 December 2005. OIOS recognizes that financial disclosures are confidential and are submitted by the relevant staff member directly to the Ethics Office. However, the Mission should have a mechanism to determine whether its staff members with procurement responsibilities have complied with the above requirements.

Recommendation 13

(13) The UNMIL Administration should ensure that financial disclosure statements are submitted to the UN Ethics Office by staff whose principal duties are related to the procurement of goods and services for the Mission.

35. *The UNMIL Administration accepted recommendation 13, stating that the process has been initiated. The Mission added that on 14 April 2007, UNMIL provided a list of all staff members whose principal duties are related to the procurement of goods and services to UNHQ Personnel Management and Support Service (PMSS). This list will then be conveyed to the Ethics Office. All personnel on the list will be required to confirm to UNMIL Personnel Section that the financial disclosure statements have been submitted to the Ethics Office. Recommendation 13 remains open pending the Mission's submission to OIOS of (a) a copy of the list of the staff members and the 14 April 2007 transmittal memorandum to UNHQ PMSS, (b) a copy of the reminder to the staff to comply with such requirements, and (c) documentation showing that concerned staff members have submitted the financial disclosure statements to the Ethics Office.*

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	C	Action completed	Implemented
2	O	(1) Confirmation by the Mission that the Mercury system includes a profile for data entry clerks; and (2) Submission to OIOS of the list of requisitioners as of 1 August 2007 and the list of former requisitioners re-registered as data entry clerks	1 August 2007
3	O	Confirmation by the Mission that requisitioners registered as of 1 August 2007 are the minimum required by sections, have access only to their sections' requisitions, and possess the technical knowledge and ability to coordinate with Procurement Section	1 August 2007
4	O	Same as for recommendation 3	1 July 2007
5	O	Submission to OIOS of the memorandum to requisitioners emphasizing the need to provide detailed specifications of requirements	1 May 2007
6	O	Submission to OIOS of (1) examples of bid documents with the bidders' information manually marked on all pages by the TOC in the interim; and (2) subsequently, examples of bid documents electronically stamped with bidders' names on each page of the bid documents	"Implemented" according to Mission
7	O	Submission of examples of lists of invited bidders that contain the bidders' complete contact information to the extent possible	"Implemented" according to Mission
8	C	Action completed	Implemented
9	C	Action completed	Implemented
10	O	Submission to OIOS of a list of all Mercury users showing their access rights	1 August 2007
11	O	Same as for recommendation 10	1 June 2007
12	O	Submission to OIOS of the directive to CITS to immediately deactivate staff's access privileges to the Mercury system not later than two days from their departure from the Mission	1 June 2007
13	O	Submission to OIOS of: (1) a copy of the list of the staff members and the 14 April 2007 transmittal memorandum to UNHQ PMSS; (2) a copy of the reminder to the staff to comply with such requirements; and (3) - documentation showing that concerned staff members have submitted the financial disclosure statements to the Ethics Office	"Implemented" according to Mission

¹ C = closed, O = open

² Date provided by UNMIL in response to recommendations

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Procurement fraud indicators in UNMIL

(AP2006/626/02)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your overall satisfaction with the conduct of the audit and its results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: _____ Title: _____ Date: _____

Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:
 Director, Internal Audit Division, OIOS
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA
 By fax: (212) 963-3388
 By E-mail: iad1support@un.org