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TO: Mr. Tom Koenigs
A: Special Representative of Secretary-General
United Nations Assistance Mission in Afghanistan

DATE: 21 May 2007

REFERENCE: AUD-7-5:9 (07-00213)

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



SUBJECT: **Assignment no: AP2006/630/05: Compliance with bid opening procedures**
OBJET: **at UNAMA**

1. I am pleased to present the report on the above-mentioned audit, which was conducted in December 2006.
2. Based on your comments, we are pleased to inform you that we will close recommendations 1, 4, 6 and 8 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 10 to 12), 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. Philip Cooper, Director, ASD/DPKO
Mr. Takahisa Kawakami, Chief of Staff, UNAMA
Ms. Cecilia MC Gill, Office-in-Charge, Administration, UNAMA
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Mika Tapio, Programme Officer, OIOS
Mr. Iswari Bhattarai, Chief Resident Auditor, UNAMA



INTERNAL AUDIT DIVISION

OFFICE OF INTERNAL OVERSIGHT SERVICES

AUDIT REPORT

**Compliance with bid opening
procedures at UNAMA**

21 May 2007

Assignment No. AP2006/630/05

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

Compliance with bid opening procedures at UNAMA

OIOS conducted an audit of compliance with bid opening procedures at UNAMA in December 2006. The main objectives of the audit were to (i) assess the extent to which UNAMA complied with UN bid opening procedures; (ii) identify areas requiring further improvement to strengthen internal control; and (iii) recommend risk mitigation strategies and corrective actions. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS found that there is a need to need to strengthen internal controls of designated fax machines, as well as recording and safekeeping facsimile submissions of bid documents. All envelopes containing bid submissions should be kept intact to ensure transparency of the date and time received. Only designated staff should witness bid openings. The evaluation sheet (Bid Abstract) should be signed by the responsible staff member to ensure accountability and avoid mistakes. A written note needs to be prepared in cases where the solicitation document does not allow public opening to enhance transparency.

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I. INTRODUCTION

1. The UNAMA Procurement Section is responsible for procuring goods and services to meet Mission requirements. Procurement was generally solicited through Requests for Quotations (RFQ), Invitations to Bids (ITB) and Requests for Proposal (RFP) depending upon the types of goods or services being procured. Bidders were required to submit ITBs and RFPs to UNAMA either by courier or through personal delivery by the bidder in a sealed envelope clearly marked and addressed to the Chairman, Local Tender Opening Committee (LTOC) or via a dedicated fax number designated for this purpose. RFQs are made to prospective bidders via fax or E-mail. RFQs can also be hand delivered to solicit quotations in the local market. Hand deliveries of quotations are received by the Procurement Section. Facsimile submissions are received either by the Radio Room or the Procurement Section. E-mail submissions are sent to the Procurement Section or to the purchasing section chief.

2. The LTOC is responsible for safeguarding, opening and submitting bid documents to the Procurement Section pertaining to ITBs and RFPs. All submissions in response to RFQs received prior to the deadline are to be placed in the Procurement Section's Contract File, and according to the Procurement Manual, do not need to be opened publicly.

3. The UNAMA LTOC was established in April 2005. In November 2006, the LTOC membership was reconstituted to consist of the Chief of Accounts as Chairman, one vice chairman, one member and one representative of the Procurement Section in addition to six alternate members representing various sections and units.

4. From 1 January 2005 to 30 November 2006, the LTOC met 68 times and opened 124 bids. Approximately three meetings were held monthly, with an average of two bids opened at each meeting. The types and numbers of bids opened in 2005-2006 are shown in table 1.

Table 1: Numbers of bids opened in 2005 and 2006

Category	Numbers opened in		
	2005	2006	Total
ITB	63	47	110
RFP	6	8	14
Total	69	55	124

Note: 1) RFP includes both technical and financial proposals.

2) Data for 2006 covers 11 months ending 30 November.

5. Comments made by UNAMA are shown in *italics*

II. AUDIT OBJECTIVES

6. The major objectives of the audit were to:
- (a) Assess the extent to which UNAMA complied with UN bid opening procedures;
 - (b) Identify areas requiring further improvement to strengthen internal control; and
 - (c) Recommend risk mitigation strategies and corrective actions.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered the period 1 January 2005 to 30 November 2006, and included a review of copies of all Abstracts of Bids (AoB) maintained by LTOC. We also reviewed approximately 10 per cent of the bid opening files (9 ITB and 6 RFP files) selected randomly from the bids opened during 2005-2006, verified the documents and completed the checklist prepared for this purpose. However, RFQs were not included in the audit scope. Further, the audit was limited to reviewing bid opening procedures and did not assess other procurement related activities including contract award. We interviewed the LOTC Chairperson, the Chief, Procurement Section, staff members of the Mail and Pouch Unit and the Radio Room. The auditor also attended a 29 November 2006 meeting of the LTOC to observe bid opening practices and controls to determine how bid documents were maintained, whether all envelopes were sealed, how many individuals attended the bid openings, how the AoB is prepared, etc.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Issuance of ITBs and RFPs

Public opening was restricted

8. All bid submissions pertaining to ITBs and RFPs are to be recorded and publicly opened at the time and place specified in the solicitation documents as required by Sections 10.8.3 and 10.8.4 of the Procurement Manual. In 10 of the fifteen files reviewed, a clause was inserted in the solicitation document stating that due to security restrictions, only the Tender committee members and the Procurement representative will attend the bid opening proceedings. Public opening occurred in only three cases. In two of the 15 cases reviewed, the solicitation documents did not indicate whether they would be opened publicly or restricted to the Tender committee members. RFP AMA/2006/RFP/008 did not specify the bid opening date and time. There were no notes in the files to justify the security situations in 10 cases where public opening was not allowed. In

OIOS' view, the security situation that will prevail at the time of bid opening cannot be forecasted at the time of solicitation of bids as the date of solicitation is earlier than the date of bid opening. In some cases, the RFPs were not signed by the responsible official, resulting in a lack of transparency, accountability and compliance with the Procurement Manual.

9. Given the security situation in Kabul, UNAMA needs to take appropriate measures when providing security clearances to individuals other than staff members who enter the UNOCA compound. However, security clearances may be provided to the interested bidders or their representatives to attend the bid opening event. UNAMA was also allowing other parties, including casual construction workers to enter the compound and perform work despite similar security concerns. Persons seeking to enter the compound must first call the concerned staff member to arrange entry. The staff member then informs the Security section to check in the individual and issue a pass if appropriate.

Recommendation 1

(1) The UNAMA Procurement Section should insert a clause in each ITB and RFP stating that the bids will be opened publicly at the specified date and time, and that interested bidders or their authorized representatives should be present during bid opening.

10. *The UNAMA Administration accepted recommendation 1 and explained that the Procurement Section has been instructed to coordinate with the LTOC Chairman to clearly indicate the time, date and location of the official bid opening in ITBs/RFPs, and all bidders will be invited to participate in the bid openings. Based on UNAMA's response, recommendation 1 has been closed.*

B. The Tender Opening Committee and its proceedings

11. Section 10.1.1 of the UN Procurement Manual (PM) requires the establishment of a TOC, consisting of at least two members from different offices, who should not be part of the Local Procurement Section or the requisitioning office.

12. UNAMA had established its LTOC to ensure the integrity of the bid opening process in accordance with the guidelines provided in the Procurement Manual. The current membership of the LTOC, which replaced the previous members seated on 12 April 2005, is as follows:

- (a) Chairperson: Chief, Accounts Unit
- (b) Vice Chair: Chief, Payroll Unit
- (c) Member: PCIU Assistant
- (d) Attendant: Procurement Clerk (Ex officio)
- (e) Alternate: Air Safety Officer
- (f) Alternate: Budget Assistant
- (g) Alternate: Special Equipment Technician

- (h) Alternate: IT Technician
- (i) Alternate: Mail Assistant
- (j) Alternate: Personnel Assistant

13. The LTOC opened all bid documents at the head office, Administration Building, in the UNOCA compound, irrespective of whether bid documents were received directly at the head office or through Regional Offices. Most of the bid documents were received directly in the head office, and only in rare instances, were bidders allowed to submit their bids to Regional Offices. The LTOC did not maintain separate minutes of each tender opening meeting, but prepared Abstracts of Bids (AoB) for each event. The LTOC maintained a file containing photocopies of AoBs, while the originals were forwarded to Procurement Section.

14. As mentioned, the LTOC conducted 68 meetings from 1 January 2005 to 30 November 2006 to ensure an effective procurement process despite the LTOC member's busy schedules.

Unauthorized persons witnessed bid opening

15. Our review of a sample of 15 AoBs showed that a quorum of at least two members for bid opening was not achieved, although at least two staff members had always witnessed the bid opening. In many cases, the staff members who witnessed the bid opening were not members of the LTOC. Some examples are cited in table 2 below.

Table 2: Unauthorized staff members witnessed bid opening

ITB/RFP #	Remarks
AMA/2006/RFP/008	Non-members (two s/ms, witnessed the opening of the financial proposal and one s/m witnessed the opening the technical proposal) attended the LOC meeting
AMA/2006/RFP/007	Non-members (two s/ms, witnessed the opening the financial proposal and one s/m the opening the technical proposal) attended the LOC meeting
AMA/2006/RFP/006	Non-members (two s/ms, witnessed the opening the financial proposal and one s/m the opening the technical proposal) attended the LOC meeting
AMA/2005/RFP/05-010	One non-TOC member attended the meeting and witnessed the opening of the financial and technical proposals
AMA/2006/ITB/010	Two of the signatories were not LTOC members
AMA/2006/ITB/016	Two of the signatories were not LTOC members.
AMA/2006/ITB/011	Two of the signatories were not LTOC members.
AMA/2006/ITB/380	One of the signatories was not an LTOC member.
AMA/2006/ITB/013	Two of the signatories were not LTOC members.
BID5-256 ASH	One of the signatories was not an LTOC member.

16. In addition to the issues noted above, we could not verify the names of staff members who witnessed the bid opening proceedings pertaining to AMA/2005/RFP/001 and AMA/2005/RFP/02 on 17 and 26 January 2005

respectively, as there was no official memo showing the membership of the LTOC during that period. We were informed that staff members attended bid opening procedures based on verbal authorization given by the then Chief of LTOC. Some fields of the AoB for AMA/2005/ITB/004, were kept blank, and were not crossed out due to unauthorized representation and the lack of accountability on bid opening proceedings.

17. We were informed that the other staff members were called to witness the meeting, as the designated members were not available at the scheduled time. This assertion is not reasonable in OIOS' view, as there were six alternate members, (excluding the Chairperson, Vice Chair) and a representative of the Procurement Section, who could have been invited to attend.

Recommendations 2 and 3

(2) The Chairperson of the UNAMA Local Tender Opening Committee should contact all authorized members in advance of a Committee meeting to confirm that they can attend, and ensure that at least two authorized members attend each bid opening event.

(3) The UNAMA Administration should issue written instructions identifying the composition of the Local Tender Opening Committee.

18. *The UNAMA Administration accepted recommendation 2 but stated that due to the regular unavailability of LTOC members in the Mission area, the LTOC Chairman will request the Administration to review and increase the number of LTOC members in order to ensure that at least two authorized members would attend each bid opening event.* Recommendation 2 remains open pending receipt of documentation from UNAMA showing that at least two authorized members attend each bid opening event.

19. *The UNAMA Administration accepted recommendation 3 and stated that the composition of UNAMA Tender Opening Committee was re-established on 6 November 2006. Due to the departure of some members, a revised composition of the Committee will be formed.* Recommendation 3 remains open pending receipt of documentation from UNAMA showing the revised composition of the Tender Opening Committee.

Financial proposals were opened before completing technical evaluation reports

20. Section 10.8.4 (4) of the Procurement Manual states that the technical proposals shall be opened at the public meeting, and the financial details of the proposals shall normally remain unopened until the Procurement Officer has received the completed technical evaluation. Financial proposals should be opened only when the technical proposal of a particular bidder appears to be technically feasible to discharge the responsibilities envisaged by the RFP.

21. OIOS reviewed six bid opening files involving RFPs and identified discrepancies in three of these cases as outlined in the remarks column of table 3 below. These discrepancies weakened the integrity of the procurement process and the confidentiality of financial information during the technical evaluation stage.

Table 3: Financial proposals opened before technical evaluation

RFP #	Remarks
AMA/2005/RPF/001	Financial proposals were opened prior to completing the technical evaluation.
AMA/2005/RFP/010	Financial proposals were opened prior to completing the technical evaluation as the UN agencies (recipient of common services) within UNOCA complex, collectively agreed to do so.
AMA/2006/RFP/008	Only one party (Ecolog) was recommended in the technical evaluation, but two other financial proposals were also opened.

Recommendation 4

(4) The Chairperson of the UNAMA Local Tender Opening Committee should ensure that technically acceptable financial proposals pertaining to RFPs, where the two envelope system is used, shall be opened after receiving the technical evaluation report.

22. *The UNAMA Administration accepted recommendation 4 and explained that the LTOC Chairman has been instructed to strictly comply with the Procurement Manual. The envelopes containing financial proposals will not be opened until the result of the evaluation of the technical proposal is received. Based on UNAMA's response, recommendation 4 has been closed in the OIOS recommendations database.*

Bid received through e-mail was entertained

23. Submissions received by electronic means shall be rejected, unless requested in the solicitation document. When an electronic submission is requested, due attention shall be given to ensuring that the submission can be authenticated, and that it is sufficiently secure and confidential.

24. Of the 15 bid opening files reviewed, none had permitted the submission of bids through e-mail. We were informed that no e-mail account had been opened for this purpose. OIOS observed in Bid No AMA/2005/RFP/002 that a party had submitted two technical proposals via fax on 21, and 22 January 2005 which were recorded as duplicates. The delivery method of another technical proposal submitted by the same party could not be determined in the absence of the envelope or any other record. But the financial proposal submitted by the same party dated 22 January 2005, was received by e-mail as was evident from the note on the envelope. We could not verify the recipient of said proposal as the

e-mail address was not printed in the bid document. This financial proposal was also considered a valid submission for evaluation purposes in contravention of section 10.1.3 of the Procurement Manual.

Recommendations 5 and 6

(5) The Chairperson of the UNAMA Local Tender Opening Committee should ensure that electronic bid submissions, including e-mails, should not be entertained unless such bids are specifically permitted in the solicitation document.

(6) The UNAMA Administration should ensure that electronic bid submissions, including e-mails, are appropriately authenticated, and remain secure and confidential, when such submissions are permitted.

25. *The UNAMA Administration accepted recommendation 5 and explained that the LTOC Chairman will not entertain any bids/proposals received by e-mail. Recommendation 5 remains open pending receipt of documentation showing that bids submitted by e-mail are not accepted unless such bids are specifically permitted in the solicitation document.*

26. *The UNAMA Administration accepted recommendation 6 but stated that the LTOC and Procurement Section have been instructed not to accept any bids/proposals sent through electronic mail. Based on the Mission's response, recommendation 6 has been closed.*

C. Receipt and safeguarding of submissions

Receipt of bid documents not properly tracked

27. The UNAMA Procurement Section issued ITBs/RFPs which specified conditions of submission--courier service, mail, hand delivery or fax. In most cases, submissions were made via courier service, which were initially received by the Mail and Pouch Unit. The UNAMA Radio Room also received bid documents submitted by fax, which were submitted to the Mail and Pouch Unit in envelopes with the Finance Section shown as the recipient. The Mail and Pouch Unit recorded all mail, including bid documents, on spreadsheets showing date of receipt, sender and the Section/Unit to which it is to be delivered. No separate recording system was used for recording specific information on bid documents. The spreadsheet records did not identify the subject matter or the name of the sender and/or receiver to specifically track the receipt of bid documents. We were informed that the Mail and Pouch Unit generally handed over incoming mail to the focal point of the concerned section every 30 minutes. Accordingly, bids were provided to the focal points of the Finance and Procurement Sections, who ultimately gave them to the LTOC Chairperson. This made it difficult to track a bid document as the mail recording system did not show the subject matter or bid number, the date and time of receipt, etc, and increased the risk of breaching the confidentiality of the bid.

28. Upon receipt of ITBs and RFPs whether submitted via courier service or hand delivery, the LTOC is responsible for recording the time and date stamping the envelope immediately. For facsimile submissions, the LTOC is required to seal them in envelopes or in another container and record the time and date of receipt, the date and time of opening, and the name of the prospective vendor on the envelope to ensure that they will not be available until the opening. It is also important that the LTOC records the receipt of the solicitation document against the invitee list provided by the Procurement Officer, and place all submissions in a secure area or in a safe until the specified bid opening time.

29. A metal safe in the office of the LTOC Chairperson was used to secure bid documents. Two facsimile machines (No 6074 and 6047) in the office of Chairperson and the Vice Chair of the LTOC were designated for facsimile submission of bids. Machine number 6047 was kept in a wooden box with a proper lock and key. However, fax machine no.6074 was kept in an unlocked wooden box and was accessible to everyone, especially those staff who were working in the Chairperson's office. The keys to the safe and the designated facsimile machine (no 6047) were kept by the Chair and Vice Chair of LTOC. We were informed that all types of submissions received by them were kept in the safe until bid opening time. However, no records were maintained showing that the documents were compared with the invitee list provided by the Procurement Officer.

Recommendation 7

(7) The UNAMA Administration should develop a separate recording system for bids received by mail, hand delivery or courier service to record all important specific information and arrange to deliver all received bid documents directly to the Chair or Vice Chair of the Local Tender Opening Committee.

30. *The UNAMA Administration accepted recommendation 7 and explained that the Chief General Services has been instructed to ensure that all incoming courier envelopes addressed to LTOC are delivered to the LTOC Chairman as soon as possible, and that details of receipt of the document such as arrival date and time are provided. All local bidders can submit their bids/proposals directly to the Chairman of the LTOC. Recommendation 7 remains open pending receipt of documentation from UNAMA showing that bids received by mail, hand delivery or courier service are separately recorded and delivered directly to the LTOC Chair/Vice-Chair.*

The date and time of bid submission were uncertain

31. Our review of 9 ITBs and 6 RFPs files showed that most bidders had submitted their bids through a courier service. There were also facsimile submissions in some cases, and an electronic submission in a bid number AMA/2005/RFP/002. We attempted to verify from envelopes whether bids were submitted within the stipulated date and time. In 10 cases, the envelopes

pertaining to bid submissions were not kept in the files. Facsimile submissions received on bid Nos. AMA/2005/RFP/05-002, AMA/2005/ITB/016, AMA/2006/ITB/013, AMA/2005/ITB/011, and AMA/2005/ITB/380 were also not accompanied by envelopes as required by Section 10.6.2 (b) of the Procurement Manual. In the absence of date and time stamped envelopes, it was impossible to determine whether bids were submitted within the stipulated date and time. This resulted in the lack of integrity, transparency and an audit trail in bid opening files. The acting chief of the Procurement Section noted that he was not fully aware that all bid submission envelopes needed to be safeguarded. He further noted that he often discarded such envelopes; an indication that he was not conversant with some of the rules and procedures contained in the Procurement Manual.

32. The date and time of receipt were recorded on the envelopes using a machine in which the date and time could be adjusted manually instead of a machine in which date and time changed automatically. This posed a risk that the wrong date and time could be inserted in the machine allowing for the acceptance of bids that were actually submitted after the stipulated time.

Recommendations 8 to 10

(8) The Chairperson of the UNAMA Local Tender Opening Committee should ensure that all facsimile bid submissions are kept in an envelope which shows the date and time of receipt and other details outlined in Section 10.6.2 (b) of the Procurement Manual before they are placed in the bid submissions safe.

(9) The UNAMA Administration should provide the Local Tender Opening Committee with a machine for recording bids which changes the date and time automatically.

(10) The UNAMA Chief of Procurement should ensure that all envelopes received which contain bid submission documents be kept intact in the respective procurement files.

33. *The UNAMA Administration accepted recommendations 8, 9 and 10, and stated that recommendation 8 has been implemented. For recommendation 9, the Mission stated that a date stamping machine has already been purchased. Action is underway to put the inscription "Tender Committee – Bid Received" on the stamping plate. For recommendation 9, UNAMA explained that all Procurement staff have been instructed to keep all documents, including envelopes containing bids/proposals in each case file as per recommendation 10. Based on UNAMA's response, recommendation 8 has been closed in the OIOS recommendation database. Recommendations 9 and 10 remain open pending receipt of documentation from UNAMA showing that the date stamping machine is operational and that all envelopes containing bid documents received are kept in the respective procurement files.*

Facsimile submissions were not properly controlled and monitored

34. Different fax numbers were used to receive facsimile bid submissions, although only one fax number (i.e. 6047) was designated as the dedicated fax line. Facsimile submissions were allowed in 14 cases (except UNAMA SALE/01/2006 relating to sale of assets) of the 15 files reviewed. In 40 per cent of the cases reviewed two or more fax numbers were specified in solicitation documents for the purpose of submitting bids. A total of 23 facsimile submissions were received under six different bid numbers. Of the 23 facsimile submissions, 13 bids were submitted where additional fax numbers were permitted, as shown in table 4.

Table 4: Use of alternative fax numbers and submission of bids

Bid #	Fax numbers specified as per solicitation documents	# of facsimile submissions
AMA/2005/ITB/380	via Brindisi +39 083124 604, and +39 083124 604 via Afg.+93 7010 6047 via NY0011212 963 2675	Eight submissions were received from different fax numbers (i.e.+0012129632669 and +001212390831246069)
AMA/2005/ITB/004	via.NY +1212963 2669 via Afg.+9370106047	Out of six submissions, five were submitted via fax

35. The bids were also accepted as valid submissions even when they were made through fax numbers other than those specified in the solicitation documents as evidenced in AMA/2005/ITB/380. Further, the Radio Room had two fax machines, using 001212 963 2669 (via. NY) and 0039 083 124 6069 (via Brindisi), where many faxes relating to bid submissions were received. The Radio Room used an automatic machine to record the date and time on the fax received. We tested the accuracy of the time machine on 21 December 2006 at 14.20m, and found that the machine ran fast and stamped “2006 DEC 21 PM 2.47”.

36. The fax machines were placed on a long table inside the Radio Room. However, there was a notice on the Radio Room door that unauthorized persons are not permitted to enter. Six staff members worked on a shift basis in the Radio Room, and five of them had access to the facsimile submissions. These conditions posed a risk concerning the integrity and confidentiality of the facsimile submissions received on these machines.

37. The quotation by Vision Pte Ltd under Bid No BID5-256 ASH was not incorporated in the comparative chart (Bid Abstract), even though it was included in the AoB with the remark “incomplete”. The cover page of its facsimile submission, showed a total of eight pages, whereas only pages 01 to 03 pages were in the file. We could not locate any valid records to substantiate that the submission was in fact incomplete. This made it more difficult to assess the completeness of faxes received on three fax lines (39-0831-24-6047 via Brindisi, 93-701-060-74 or 47 via Afghanistan) assigned in this ITB as there were no reports of faxes received.

Recommendations 11 to 13

(11) The UNAMA Procurement Section, in consultation with the Chairperson of the Local Tender Opening Committee, should ensure that only dedicated fax numbers are used at all times and that these numbers be specified in solicitation documents.

(12) The Chairman of the UNAMA Local Tender Opening Committee should ensure that: (i) facsimile submissions are accessed only by the LTOC Chair or Vice Chair; (ii) submissions are kept inside envelopes which are date and time stamped; and (iii) only those facsimile submissions which are submitted via the designated fax numbers are considered.

(13) The Chief of the UNAMA Communications and Information Technology Section should ensure that the fax machines designated for the receipt of bids automatically generate fax reports in each case.

38. *The UNAMA Administration accepted recommendation 11 but stated that the ITB and RFP formats indicate the dedicated fax numbers where bids and proposals should be submitted. The Mission added that when connectivity is very poor, CITS provides three separate/alternate numbers, all of them coming through the same fax machine located in the office of the LTOC Chairman. However, OIOS found many instances where facsimile submissions were received in the Radio Room, not directly in the LTOC Chairman's dedicated fax machine. In view of this, recommendation 11 remains open pending receipt of documentation from UNAMA showing that only dedicated fax numbers are used at all times to receive tenders.*

39. *The UNAMA Administration accepted recommendation 12 but stated that action has been taken except number (ii). The Mission explained that as soon as the date stamping machine becomes operational (see recommendation 9), the envelopes containing tenders will be date and time stamped. Recommendation 12 remains open pending receipt of documentation showing UNAMA's plan of action to ensure that the (i) facsimile submissions are accessed only by the LTOC Chair or Vice Chair; and (ii) only those facsimile submissions which are submitted via the designated fax numbers are considered.*

40. *The UNAMA Administration accepted recommendation 13 and explained that the fax machine designated for the receipt of bids automatically generates fax reports for each facsimile received. OIOS observed two tenders received by facsimile in the Radio Room without the automatic transmission report. Recommendation 13 remains open pending receipt of documentation from UNAMA showing that fax machines designated for the receipt of bids automatically generate fax reports in each case.*

D. Preparation of evaluation sheets

41. The names of bidders, and prices quoted by them are recorded in the AoB, signed by the Chairperson of LTOC, and witnessed by other responsible staff members. OIOS noted that the LTOC was recording unit prices in cases where the solicitation only contained a few line items. However, if the solicitation contained a larger number of line items and if the bidder included a total bid amount, only the total was recorded in the AoB. In cases where there were many line items and the bidder included the unit prices and not the total bid amount, the term “as per quotation” was shown in the AoB. The overall evaluation sheet (comparative chart) or the abstract sheet showing all line items along with required quantities, rates per unit, and the total amount, was prepared by the Procurement Section. An appropriate decision to award the contract can only be made when the comparative chart is prepared correctly, and the decision is based on a competitive price.

Discrepancies on abstract sheet

42. Our review of a sample of quoted rates on the AoB relating to two ITBs and two RFPs identified discrepancies in the preparation of the Bid Abstract relating to BID5-256 ASH. The AoB, which was prepared and signed by LTOC members, quoted total amounts. OIOS found a Bid Abstract (evaluation sheet) in the file showing detailed computations, which contained numerous discrepancies. (see table 5). The Bid Abstract had not been signed which posed the risk of a lack of accountability.

Table 5: Discrepancies on the evaluation sheet of BID5-256 ASH

Name of bidder	Item #	Item name and part #	Total value as per quoted rate	Total value shown in Abstract Sheet
Saud Bahwan Automotive	20	Spring Assy, RR	\$3720	\$3700
	34	Shim kit, Anti Squeal-0494560010	\$94	\$112
		Freight	\$3,800	\$0
Dan Office	8	Nut Sub Assy, Bearing Guide-4401522020	\$1,022	\$1,064
	12	Computer Engine, Toyota part-8966635190	\$3,636	\$3,635
	55	Clutch Cover Assy-3121026160	\$552	\$562
Santpoort Project Supplies	28	Element Air filter-1780161030	\$1,407	\$1,389
Toyota Motor Corporation	7	Pulley Assy, Idle – 88440-35060	JPY35,400	JPY24,600
	8	Nut Sub- Assy-44015-22020	JPY98,400	JPY5,520
	9	Seal- 90310-25004	5,520.00	676,000.00
	10	Valve Sub-Assy-44201-35020	338,000.00	228,000.00

	11	Coupling Assy Fluid- 16210-67030	228,000.00	702,000.00
		Freight	433,308.00	4,330,308.00
	15	Ball Joint Assy- 43310-39016	60,300.00	60,300,000.00

43. Errors were made in entering the quoted rates. There were also transposition errors in entering the unit prices in various items. For example, the total value of the Toyota Motor Corporation bid was inflated by 65,017,749 Japanese Yen (equivalent to US\$619,216). The freight component (US\$3,800) quoted by Saud Bahwan was not included when preparing the Abstract Sheet. We compared the total quote submitted by the Toyota Motor Corporation with that of Saud Bahwan Automotive, and found that the total quote by Toyota Motors was \$48,698 as against \$49,649 by Saud Bahwan Automotive, to whom the purchase order was issued.

Recommendation 14

(14) The UNAMA Procurement Section should ensure accountability in the preparation of accurate bid evaluation sheets (i.e., bid abstracts) which correctly show the rates furnished by bidders.

44. *The UNAMA Administration accepted recommendation 14 and explained that the Mission has reiterated to all Procurement staff to carefully review all bid abstracts. Henceforth, all bid abstracts will be duly signed and dated by all concerned.* Recommendation 14 remains open pending receipt of documentation from UNAMA showing that bid abstracts are prepared accurately and signed and dated by concerned staff.

Unsigned bids entertained

45. Bidders are required to submit signed bids. The cover page and the page containing the rate quotes are generally signed by the bidder to authenticate the rates and assure responsibility by bidders for their submission. It is also necessary to clearly state this signature requirement in the solicitation document to inform bidders. Our review showed that this requirement was generally complied with. However, in the case of Bid no. AMA/2005/ITB/013, none of the bidders had signed the price quotation and there were no letters specifying that they had submitted the offers. There was no bid submission envelope in the file nor was the price quote list contained on a page bearing the bidder's letter head. However, the bids were considered as valid offers and treated accordingly.

Recommendation 15

(15) The Chief of the UNAMA Procurement Section should ensure that each solicitation document contains a clause requiring bidders to sign their bid documents, and specify that noncompliance with this requirement will invalidate the bid offer.

46. *The UNAMA Administration accepted recommendation 15 and stated that all Procurement staff were reminded to follow this instruction. During hand-distribution of bids to the local vendors, verbal reminder will also be made. Recommendation 15 remains open pending receipt of sample solicitation documentation from UNAMA indicating the clause requiring bidders to sign their tenders and that non-compliance with this requirement will invalidate their offer.*

V. ACKNOWLEDGEMENT

47. We wish to express our appreciation to the Management and staff of UNAMA 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	Submission to OIOS of documentation showing that at least two authorized members attend each bid opening event	Already implemented
3	O	Submission to OIOS of documentation showing the revised composition of the Tender Opening Committee	Already implemented
4	C	Action completed	Implemented
5	O	Submission to OIOS of documentation showing that bids submitted by e-mail are not accepted unless such bids are specifically permitted in the solicitation document	Immediate
6	C	Action completed	Implemented
7	O	Submission to OIOS of documentation from UNAMA showing that bids received by mail, hand delivery or courier service are separately recorded and delivered directly to the LTOC Chair/Vice-Chair	Immediate
8	C	Action completed	Implemented
9	O	Submission to OIOS of documentation showing that the date stamping machine is operational	May 2007
10	O	Submission to OIOS of documentation showing that all envelopes containing bid documents received are kept in the respective procurement files	Immediate
11	O	Submission to OIOS of documentation from UNAMA showing that only dedicated fax numbers are used at all times to receive tenders	Already implemented
12	O	Submission to OIOS of documentation showing UNAMA's plan of action to ensure that the (i) facsimile submissions are accessed only by the LTOC Chair or Vice Chair; and (ii) only those facsimile submissions which are submitted via the designated fax numbers are considered	Immediate
13	O	Submission to OIOS of documentation showing that fax machines designated for the receipt of bids automatically generate fax reports for every bid received	Already implemented
14	O	Submission to OIOS of documentation showing that bid abstracts are prepared accurately and signed and dated by concerned staff	Immediate
15	O	Submission of sample solicitation document containing a clause requiring bidders to sign bid documents and that non-compliance with this requirement will invalidate their offer	Immediate

1. C = closed, O = open

2. Date provided by [client] in response to recommendations. [Insert "Not provided" where date is not provided; "Implemented" where recommendation is closed; (date) given by the client.]

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Bid opening procedures at UNAMA

(AP2006/630/05)

	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