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OIOS AUDIT OF UNHCR COMMITTEE ON CONTRACTS

Auditors:

Mr. Raja Arumugham
Mr. Chunlin Tang
Ms. Doremieke Kruithof

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EXECUTIVE SUMMARY

From February to May 2004, OIOS conducted an audit of the UNHCR Committee on Contracts (CoC). The audit covered the CoC activities between 2001 and 2003. During that period, the CoC held 114 meetings and approved almost 400 cases amounting to some US\$ 165 million. A draft report was shared with the Controller in his capacity as the Chairperson of the CoC in July 2004; comments were received by August 2004. *The Controller has accepted all of the recommendations made and is in the process of implementing them.*

- OIOS assessed the UNHCR CoC operation, as above average, the compliance with current UNHCR CoC rules and procedures was satisfactory. Cases were generally reviewed and approved by the Committee with diligent deliberation. However, a number of cases were approved under emergency procedures without adequate justification.
- In comparison to other CoCs of the UN Secretariat (UNOG, UNOV and UNON), OIOS found that the UNHCR CoC is focussed to meet emergency oriented procurement requirements. The Rules and Procedures have been framed to ensure prompt decision-making. Furthermore, unlike the recommendatory authority of the other CoCs, the Chairperson of the UNHCR CoC has decision-making authority. OIOS concurs with such an approach.
- The 1999 Rules and Procedures have undergone a number of changes or have partly become obsolete. A formal amendment of the Rules and Procedures by the High Commissioner is required. *A tentative plenary session of the CoC is set on 03 September 2004 to review the CoC issues.*
- In OIOS opinion, certain revisions should be made to the current Rules and Procedures so that CoC can better meet operational requirements and further enhance its compliance, efficiency and effectiveness.
- The composition of the CoC should be modified, with a better balance between operations and resource managers. The Regional Bureaux as the main requisitioners should be represented. The Legal Officer should become a regular member instead of being an observer. Some of the current members, whose functions and responsibilities within UNHCR are of little relevance to the functions of the CoC, could be replaced. The changed composition would enhance the CoC's expertise on operational and legal aspects. *The CoC would meet in a plenary session and revise the membership of the Committee.*
- The Alternate Chairperson should be nominated among the regular members to ensure the continuity and consistency of the CoC decisions. *The proposed revision to the CoC membership would address this issue.*

- The position of the Secretary of the CoC within the Supply Management Service may affect the independent functioning of the CoC. The Secretary should be independent of SMS and report directly to the Chairperson of the CoC or another official in the Controller's Office. Furthermore, an Alternate Secretary should be designated. *In future, the CoC Secretary would report directly to the Controller or alternatively to the Executive Assistant to the Controller. Also two staff members have been designated as regular alternate Secretaries to the CoC.*
- The Controller has a dual role in the approval of emergency cases. As the supervisor of SMS, the Controller approves the request for considering cases under emergency procedures. As Chairperson of the CoC, the Controller has the final decision in substance on the case. The approval of the emergency procedures may therefore be perceived as a de facto approval in substance and thus affect the independent review by the other CoC members. This procedure should be revised. *The procedure was revised immediately.*
- Control deficiencies were found in the reporting of related contracts to the CoC, such as delayed reporting, missing reports and over-threshold orders. The new procurement information system should address this issue and strengthen the oversight over related contracts. *SMS would address these issues during the second phase of the MSRP.*
- The support provided by the CoC to the LCCs established and functioning in the various field offices is limited. There were problems in the functioning of the LCCs like ineligible membership, ex-post facto submissions and approval in excess of delegated authority. The CoC should establish quality control over the LCC activities by ensuring standard operating guidelines and periodic monitoring. *The Controller would shortly issue a memo to all Representatives.*

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I. INTRODUCTION

1. From February 2004 to May 2004, OIOS conducted an audit of the UNHCR Committee on Contracts (CoC). The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors and adopted by the Internal Audit Services of the United Nations Organizations.
2. The CoC was established according to Article 10.10 of the Financial Rules for Voluntary Funds administered by the High Commissioner for Refugees. The CoC shall review and advise the Chairperson on all contracts equal to or above US\$ 100,000. The CoC shall also review proposals relating to amendments to contracts, delegation of procurement to Implementing Partners and authorization of a waiver of competitive bidding. Rules and procedures governing the CoC have been promulgated by Inter Office Memorandum (IOM)/38/99 - Field Office Memorandum (FOM)/39/99, dated 9 April 1999.
3. The table below summarises the number of meetings and the cases approved by the CoC for the years 2001, 2002 and 2003.

Year	Number of Meetings	Cases Approved	Total value approved (approx. US\$ million)	Average no. of cases per meeting
2001	39	111	49.8	2.8
2002	37	150	53.0	4.0
2003	38	138	62.6	3.6
Total	114	399	165.4	3.5

4. The findings and recommendations contained in this report were discussed with the Chairperson during the meeting held on 12 May 2004. Also a draft of the report was shared in July 2004 with the Controller in his capacity as the Chairperson of the CoC. The comments, which were received in August 2004, are reflected in the final report. *The Chairperson has accepted all the audit recommendations made and is in the process of implementing them.*

II. AUDIT OBJECTIVES

5. The main objectives of the audit were to evaluate
 - the adequacy and effectiveness of the composition of the CoC, its established processes and procedures relating to its functioning
 - the impact of the CoC activities on the procurement process
 - the compliance with regulations, rules and procedures governing the UNHCR Committees on Contracts.

III. AUDIT SCOPE AND METHODOLOGY

6. The audit covered the activities of the CoC from January 2001 to December 2003. The audit reviewed the authority of the CoC and the guidelines, evaluated the composition and the established procedures and practices relating to case submission, review and approval by CoC. The audit also evaluated the emergency procedures. The audit reviewed the minutes of the 114 CoC meetings held during the review period and analysed the available internal correspondences relating to the functioning of the CoC.

7. The audit team met with the Chairperson and a former Chairperson, members, ex-officio members and some alternate members of the CoC, the Secretary of the CoC and responsible staff members of the Supply Management Service (SMS). The discussions focussed on the process and functioning of the CoC and their views were considered and included in the report. The audit team also observed the proceedings of the 1049th CoC meeting held on 16 April 2004. OIOS also compared the functioning of the CoC with other Committees on Contracts in the UN in order to identify best practices and to establish benchmarks.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Mandate

8. In accordance with Article 10.10 of the UNHCR Financial Rules, the High Commissioner has issued, in April 1999, the current Rules and Procedures of the UNHCR Committees on Contracts by IOM/38/1999-FOM/39/1999. According to Section 15 of the Rules and Procedures, they may be amended by the High Commissioner upon the recommendation of a plenary meeting of the Committee on Contracts established at Headquarters.

9. Subsequently, several changes to the Rules and Procedures have taken place. While according to the 1999 Rules and Procedures, the CoC shall be composed of six members, the CoC currently has only four members. Furthermore, the emergency procedures per Section 13 have been amended and the threshold for the notification of related contracts has been revised. Also, after the abolition of the Regional Directorates in Africa, the provisions of Section 7.2 on Regional Committees on Contracts have become partly obsolete. These ad-hoc revisions to its Rules and Procedures had been included in different sections of the UNHCR Manual at different times. According to IOM/108/2001- FOM/105/ 2001, the revised Rules and Procedures were placed as an Annex to Chapter 4 – Programme Management of the UNHCR Manual. The revisions in April 2003 (IOM/ 26/2003 – FOM/ 26/2003) were placed as an Annex to Chapter 2 – Organisational Structure and Responsibilities, whereas Chapter 8 of the UNHCR Manual – Supply Management – only contains a reference to the Rules and Procedures governing the CoCs.

10. While the CoC has discussed proposed amendments to its Rules and Procedures in four meetings (1055th in October 2001, 1057th in November 2001, 1061st in November 2001 and 1095th in November 2002), no formal amendment has taken place. In order to ensure a proper legal basis for the CoC's operation, the Rules and Procedures should be formally amended by the High Commissioner.

Recommendation:

- UNHCR should formally amend the Rules and Procedures governing the UNHCR Committees on Contracts in accordance with Section 15 of the current Rules to reflect changes made in the past and to achieve a more balanced composition of the CoC membership; the revised Rules and Procedures should be included in Chapter 8 (Supply Management) of the UNHCR Manual (Rec.01).

11. *The Chairperson accepted the recommendation and indicated that a plenary session of the CoC had been tentatively scheduled for 3 September 2004 to discuss and recommend changes for approval by the High Commissioner. OIOS will keep the recommendation open until the Rules and Procedures have been formally amended.*

B. Composition of the CoC

Membership of the CoC.

12. Based on the audit, OIOS is of the opinion that the current membership of the CoC should be reviewed and revised. According to Section 2.1 of the Rules and Procedures, the CoC shall be composed of six members, namely: the Controller (Chairperson); the Head, Financial Resources Service; the Deputy Director, DOS; the Chief, PCOSS/DOS; the Head, DRRMS/DCI; and the Chief, POSS/DIP. Although the Rules and Procedures have never been amended, the CoC is currently composed of only four members (the position of Head, Financial Resources Service having been abolished, and the Deputy Director, DOS no longer attending). During the discussions, some of the current members believed that their functions and responsibilities within UNHCR were not relevant to the functions of the CoC. The Chief, POSS/DIP rarely attended any of the CoC meetings, even after formal notice by the Chairperson. The Head of DRRMS/DCI regularly sent his Deputy (alternate member) to attend CoC meetings. Both members did not see any rationale in continuing as CoC members. OIOS concurs that there is no evident need for DCI and DIP to be represented on the CoC. The membership of DCI and DIP should therefore be reconsidered.

13. OIOS noted that, while DOS, DCI and DIP are represented on the CoC as regular members, the Regional Bureaux, who are the major requisitioners, are not. In order to adequately reflect the views of the Bureaux and field offices in the CoC's deliberations, at least one of the regular members should represent the Regional Bureaux. The regular membership of the Regional Bureaux could be on a rotational basis so that all Bureaux are represented in the CoC at some point in time. This would make the CoC decisions more representative and authoritative.

14. There are currently two ex-officio members in CoC, a representative of the Internal Audit Service and the Legal Officer. They attend the meetings as observers. Due to its independent functions, the Internal Audit's ex-officio capacity is justified. However, OIOS does not see, why the Legal Officer should be limited to observer status. The Legal Officer should be a regular member of CoC to effectively review the legal aspects of the contracts and other procurement activities. This would expand the expertise of the CoC membership.

15. According to Section 5 of the Rules and Procedures, three members, including the Chairperson, form a quorum. With currently only four members in the CoC, it is sometimes

difficult to reach a quorum. During the discussions OIOS learnt that due to unforeseen work and official missions of some of the members, it is sometimes difficult to organise a meeting due to lack of quorum. OIOS also noted in the 1078th meeting on 17 May 2002, there were only two members present and in an emergency case (tents purchased for Pakistan on 20 September 2001) only two members approved the case instead of three. In view of the specific nature of the UNHCR functions and the urgency of its requirements, OIOS suggests increasing the membership of CoC to six including the Chairperson with a quorum of four members. This would provide adequate representation of the various departments of UNHCR, more flexibility in organising meetings regularly and would also facilitate reaching a quorum.

16. The UNHCR CoC is unique in nature. Generally in the UN system, CoCs and their Chairpersons (HCC, UNOG, UNOV and UNON) have only recommendatory authority, whereas a higher authority takes the final decision on the contract award. In UNHCR, the Chairperson of the CoC, on the basis of the advice by the members, has final decision-making authority on the case. This process drastically shortens the time required for decision-making and allows a rapid response to emergency requirements. The Chairperson of the UNHCR CoC has thus a critical and decisive role.

17. Currently, the Chief, Budget Section serves as the First Alternate Chairperson of the CoC. However, he is not a regular member of the CoC, but only an alternate member. This arrangement needs to be revised. OIOS review of the 114 meetings indicated that the First Alternate Chairperson chaired 25 meetings and other CoC members chaired 10 meetings. Considering the critical role played by the Chairperson, the First Alternate Chairperson should become a regular member. His continued presence in the CoC would ensure continuity and consistency of deliberations and decisions, in the absence of the Chairperson.

18. OIOS recommended that the UNHCR Controller, in his capacity as Chairperson of the CoC, should initiate a revision of the membership of the CoC. *The Chairperson stated that the CoC would meet in a plenary session and revise the membership of the Committee with the proposed representation of Head of Financial Services, as First Alternate Chairperson/Member, Chief of PCOS, Second Alternate Chairperson/Member, Head of DRRMS, Third Alternate Chairperson/Member, Chief of POSS, Member, Chief of ESS, Member, Chief of LAS, Member and Chief of Technical Support Section, Member. The respective Section/Service deputies will serve as alternates to the CoC Members.*

19. OIOS welcomes the intended revision of the membership and will keep recommendation 01 open, until the new composition of the membership has been incorporated in the amended Rules and Procedures.

The Secretary of the CoC.

20. The main functions of the Secretary of the CoC are notifying the members about the meetings, circulation of documentation and drafting the minutes and circulating the approved minutes of the CoC. Furthermore, the Secretary is also responsible for the opening and recording of the bids and tender documents. The position of Secretary of the CoC is presently situated within the Supply Management Service, reporting to the Chief, Logistics Unit (his reporting officer for the PAR). In OIOS view, the current reporting arrangement may affect the independent functioning of the CoC. The Secretary should be independent of SMS to maintain the integrity of his functions. Therefore, the Secretary should be reporting either

directly to the Chairperson of the CoC or to another official in the Controller's Office with no line responsibility for procurement.

21. The review found that since September 2003, no Alternate Secretary has been appointed to the CoC. As a result in April 2004, a meeting had to be cancelled due to the illness of the Secretary and two cases scheduled for that meeting had to be approved using emergency procedures. A regular Alternate Secretary needs to be assigned to ensure continuity of the CoC functions. OIOS recommended that the function of the Secretary of CoC should be segregated from SMS and that the Secretary reports either directly to the Chairperson of the CoC or to another official in the Controller's Office. *SMS confirmed that in future the CoC Secretary would report directly to the Controller or alternatively to the Executive Assistant to the Controller. Also two staff members were designated as regular alternate Secretaries to the CoC.*

C. Functioning of the Committee

Convening of the meetings.

22. The CoC meets regularly every Friday at 9.00 a.m. OIOS is satisfied that the CoC Secretary notified all the members well in advance of the scheduled meetings and the agenda. The Chairperson reserved the right to cancel a meeting when less than two submissions are received by the CoC Secretary by the deadline of submission of proposals. In instances when only one proposal was available, the consideration of the proposal was normally postponed until the next meeting. However, in a number of instances, the cancelling of the meeting resulted in recourse to approval under emergency procedures. OIOS has concerns with this practice. In such situations, the Chairperson should determine the urgency of the proposal and convene a meeting to give the CoC the benefit of discussing the case and approve the case. CoC could also use the interactive communication tools, such as telephone conference or e-mail exchange in its discussions. OIOS recommended that the CoC should convene a normal meeting to consider a single proposal, if urgent, in order to avoid unjustified recourse to emergency procedures. *The Chairperson agreed to implement this recommendation.*

Submissions to the CoC

23. OIOS assessed the timeliness and the completeness of the documents submitted by the requisitioners and SMS to the CoC and found them to be generally satisfactory. However, there were few shortcomings. The Desks and the requesting units had to submit the submissions to the Secretary of the CoC by 12:00 noon every Wednesday. The Secretary of the CoC would then prepare the agenda and forward the cases to the CoC members. In this process, the actual time available to the members to review the cases was less than 48 hours before the meeting, which is inadequate, especially in complex cases. Sometimes there were more than four cases that require time to review. In few instances cases were submitted on the day before the meeting. In order to address this issue, the Chairperson of CoC emphasized on several occasions (April 2003 and December 2002) the importance of timely submission of cases. Notwithstanding this, the submissions were delayed on several occasions. CoC should consider revising the deadline to every Tuesday noon for submission of proposals and in coordination with the Desks and SMS ensure adherence to the deadline.

24. OIOS recommended that the CoC should revise the deadline for submission of cases to the CoC to every Tuesday and request SMS to ensure adherence. *The Chairperson accepted a revised submission deadline of Tuesday 3 PM instead to comply with the 48-hour notice requirement.* OIOS welcomes this change.

25. Regarding the completeness of the proposals, certain inadequacies were noticed. There was no clear format for the submission of the proposals. In some instances important information was not provided or the necessary documents like price evaluation was not properly clarified or the price comparison tables not properly validated. During the meeting on 4 April 2004 observed by OIOS team, the requisitioner distributed additional information during the meeting. This should have been sent to the members in advance for adequate review.

26. In particular, submissions from field offices, although jointly signed by the Head of Desk concerned and by the Chief, SMS, were not always clear, detailed and complete. The proposals from the field need to be thoroughly reviewed by SMS before submission to the CoC. In order to address the issue of completeness of the proposals, SMS is drafting a checklist. OIOS believes that this would ensure proper review of the cases by SMS prior to forwarding them to the Secretary of the CoC. OIOS also suggests that the Secretary should do a random verification of the proposals for the completeness. Submissions, that do not meet the basic formal requirements, should be returned to the requesting Unit.

Recommendation:

- In order to ensure that submissions to the CoC meet minimum requirements, the UNHCR Supply Management Service and the Secretary of the CoC should review the proposals for completeness before transmitting them to the CoC members. In addition, SMS should develop a checklist for field offices for the preparation of CoC submissions (Rec. 02).

27. *SMS and COC Secretary accepted the recommendation. SMS would draw a checklist and/or standard format of CoC proposals as a guide for field offices and would be communicated in all staff e-mail. SMS had started developing standard checklists (e.g. for lease agreements) and would continue to draft forms of submissions incorporating guidelines set by the CoC.* OIOS would await the outcome of this exercise.

Attendance at the meetings

28. The quorum of at least three members was generally achieved in the CoC meetings, except on one occasion (1078th meeting of 17 May 2002) in which only two members attended the meeting. OIOS is also satisfied that the requisitioners attend the meetings to present the case and clarify the issues raised by the members. However, OIOS is concerned that some of the regular members although present in Headquarters do not attend the meetings. Instead they send their alternates. E.g. the Head, DRRMS/DCI and the Chief, PCOS/DOS regularly sent their alternates to attend the CoC meetings. OIOS wishes to highlight that CoC members serve in their personal capacity and that alternate members should only attend, if the regular members are unavailable. UNHCR while reconstituting the CoC as recommended in this report should ensure that the regular members attend the CoC

and their alternates attend only in the absence of the regular member.

Minutes of the meetings

29. OIOS reviewed the minutes of the meetings and noted that the proceedings of the meetings were recorded and minutes drawn. The minutes fairly reflected the proceedings and discussions of the cases. Nonetheless, OIOS found that in the past some minutes were kept only in draft format (meeting 1080, 1081, 1082, 1084 and 1099) without approval. OIOS also noted that the current Secretary of the CoC has conscientiously ensured the proper clearance and approval of the minutes since he assumed his new functions.

Emergency procedures

30. According to Section 13 of the Rules and Procedures, emergency procedures will be followed, whenever an immediate review on a specific submission is required and a formal meeting cannot be convened in time. OIOS noted that between 2001 and 2003, a total of 40 cases (23 in 2001, 17 in 2002 and 10 in 2003), which constituted 9.5 percent of all total cases, were approved under emergency procedures. The total amount of these cases was US\$ 24.8 million, representing 15 percent of the financial value of the cases. For 18 of the cases, OIOS is not convinced that the use of emergency procedures was justified. Between 14 and 20 December 2002, eight cases were approved under emergency procedures, although no exigency existed, on the ground that there was no CoC meeting during that period. Three other cases related to the renewal of the annual air charter services and could have been foreseen with proper monitoring. On 30 April 2002, the CoC approved a major case of US\$ 8.76 million (Purchase of timber for Afghanistan) under emergency procedures. In the view of OIOS, a contract award of this volume should not have been approved without the CoC meeting and deliberating. OIOS recommended that the Head of SMS should ensure that emergency procedures are invoked only for justified cases. *The recommendation was brought into effect immediately.*

31. OIOS reviewed the emergency procedure approval process and noted the ‘dual role’ of the Controller. As the supervising official of SMS, the Controller approved the request for the consideration of a proposal under ‘emergency procedures’. Then the proposal is circulated to two other members for approval and finally approved by the Controller in his capacity as the Chairperson of the CoC. There is a risk that the approval of the emergency procedure by the Controller may be perceived by the other members as de facto approval in substance and may thus affect their review. OIOS recommended that the UNHCR Controller should delegate the approval of emergency procedures to the Head of SMS. *The recommendation was brought into effect immediately.*

32. Cases approved under emergency procedures are subsequently submitted to the CoC for information. The CoC only takes note of these cases. The emergency procedure cases were promptly submitted to the CoC, except for one case approved on 26 September 2002, which was reported to CoC only on 10 January 2003. Similarly, in another emergency proposal (Iraq stockpile, on 26 December 2002) the member and his alternate approved the proposal. Although these are rare cases, SMS should ensure timely reporting and proper approval of all emergency proposals to the CoC.

Ex-post facto cases

33. Between 2001 and 2003, the CoC considered and took note of 15 cases on an ex-post facto basis. The 'post facto' was attributable to the delayed renewal of long-term contracts, local procurement by field offices in excess of the authority delegated to the Local Committee on Contracts and so on. Considering that the CoC meets weekly and that its procedures ensure expedient decisions, OIOS considers the ex-post facto cases as unjustified. UNHCR needs to establish tracking mechanism to monitor the expiry of the long-term contracts and establish proper oversight of the local procurement and LCC activities. *The CoC Secretary had agreed to take on this additional task.*

Related Contracts

34. According to Section 7.1 (b), the CoC shall be notified of all contracts with a single vendor during a period of 12 months, which exceed a certain threshold. OIOS found certain deficiencies in the reporting of related contracts by SMS. Only 33 related contracts exceeding the procurement threshold (total amounts of US\$ 6.1 million) generated by the procurement information system were reported to CoC. OIOS found 28 other cases meeting the criteria, which had not been reported. There were delays in notifying the CoC, in some cases up to five months. The deficiencies are attributable to various factors: the automatic report generation by UNHCR ITTS without any verification by SMS, the absence of any logging system of such cases by the Secretary of the CoC and input errors in the information system by SMS. SMS should strengthen its information system to track the related contracts and report them promptly to the CoC. OIOS recommended that the SMS should enhance its information system so that all related contracts in excess of US\$ 200,000 are reported to CoC in time. *SMS stated that the implementation of this recommendation, being a technical issue, was scheduled during the second phase of the MSRP.*

D. Local Committee on Contracts issues

35. In accordance with 2.4 of the Rules and Procedures, the Representative/Chief of Mission may establish a Local Committee on Contracts (LCC) in a field office. The composition of the LCC shall be communicated to the Controller and to the Head of SMS. Copies of the LCC minutes shall be sent to the Secretary of the CoC.

36. Most UNHCR country offices and a number of UNHCR Sub-Offices have indeed established an LCC. However, the Secretary of the CoC had only information on 19 LCCs. The CoC is not aware of how many LCCs have been established and functioning in the field offices. OIOS considers this a major weakness. Apparently, many Representatives/Chiefs of Mission do not inform the Controller of the establishment and composition of their LCC nor do they send the minutes of the LCC to the Secretary of the CoC. OIOS recommended that the UNHCR Controller, in his capacity as Chairperson of the CoC, should request all Representatives to inform on the establishment and composition of their LCCs and to ensure that the LCC minutes are periodically submitted to the Secretary of the CoC. *The Controller confirmed that he would shortly issue a memorandum to all Representatives to this effect.*

37. According to Section 14 of the Rules and Procedures, the LCC minutes received shall be presented periodically to the Chairperson and members of the CoC. This has not been done; instead the minutes received were simply filed. OIOS' review of the documents

received from LCCs disclosed that several LCCs made compliance errors, including ineligible membership, ex-post facto submissions and approval in excess of its delegated authority etc. OIOS suggested that the Chairperson of the CoC establish a quality review mechanism for LCCs with results reported periodically to the CoC. OIOS recommended that the Secretary of the CoC should review the quality of LCC minutes received and advise Representatives on any improvements needed. *This recommendation was brought into effect immediately. As soon as the CoC Secretary received the LCC minutes and the LCC composition information, they were passed on to the Chief of Procurement and Contracts Section in SMS for review and feedback. The quarterly quality review report would be prepared starting the third quarter of 2004 (July to September 2004).*

E. Other issues

38. Based on the audit, OIOS highlights the following issues and suggestions for consideration without, however, making any formal recommendations.

39. The biannual statistical reports of the CoC were quite informative. However, the format and content of these reports could be improved by including information relating to the emergency cases, ex-post facto cases, waiver of competitive bidding cases, framework agreements cases and contract review or revision cases. This would enhance CoC's analytical capability and oversight of special cases. *In the meeting held on 02 July 2004, the CoC Secretary submitted these reports in his Bi-Annual Report for the period January to June 2004.*

40. There is a need for a mechanism to address dissenting opinions in the CoC. Under UN rules, the official approving the contract award (ASG, OCSS at UNHQ or DG/Executive Director at Offices away from Headquarters) may deviate from the recommendation of the Committee on Contracts, if this is properly documented. According to the UNHCR procedures, the Chairperson takes decisions based on the advice of the CoC members. No procedure is foreseen in case, the Chairperson's decision deviates from the advice given by the majority of the members. While, in the past, most decisions have been made on consensus basis, OIOS believes that there is a need for a formal procedure in case of a dissenting opinion between the majority of the members and the Chairperson. *The Controller confirmed that any dissenting views would be properly recorded in the future. SMS suggested that this issue be discussed at the envisaged CoC plenary meeting.*

V. ACKNOWLEDGEMENT

41. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the members of the UNHCR CoC and the staff of SMS.

Egbert C. Kaltenbach, Chief
UNHCR Audit Service
Office of Internal Oversight Services

