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UNMIK
Investigation Task Force

Case 287/04

October 26, 2004

Pristina Airport – Alleged administrative irregularity regarding an X-RAY Tender

Allegation

On the 29th May 2003, the Divisional Manager, Kosovo Trust Agency (KTA) [UNMIK EU-Pillar IV], approved and signed a contract between Pristina Airport and the Vendor before the Capital Expenditure was formally approved by KTA.

Background Information

On 7 March 2003, Pristina Airport launched an international tender to supply X-ray equipment. On 4 April 2003, the Evaluation Committee awarded the contract to the Vendor, who had not submitted the lowest tender, but, was the only company that met the rigorous technical specifications. The Vendor is acknowledged as a world-class company specializing in such equipment.

The contract between Pristina Airport and the Vendor was concluded on 10 April 2003. It is not clear when the Vendor signed this document. The KTA Internal Auditor 1 expressed concerns over the conclusion of the contract, which resulted in the Divisional Manager signing on behalf of the Procuring Entity on 29 May 2003. KTA Official 1 also signed the contract, but did not record the date against his/her name.

The Capital Expenditure Approval, dated 19 June 2003, was signed by KTA Official 2, on 20 June 2003.

Investigative details

On 23 June 2004, ITF investigators interviewed the Divisional Manager, who explained that he/she believed he/she was authorized to sign the contract after having received the approval for the Capital Expenditure from the KTA.

Confronted with the documents that showed he/she had signed the X-Ray Contract with the Vendor before the Capital Expenditure request was approved by KTA, he/she stated that KTA probably gave him a verbal approval

KTA Finance Official could neither confirm nor disprove this claim as there is no evidence of the verbal approval being granted.

The Divisional Manager also signed the Letter of Notification to the Vendor (dated 10 April 2003) on 29 May 2003 before KTA approved the Capital Expenditure on 20 June 2003. It is not clear when the Letter of Notification was sent to the Vendor; according to the Divisional Manager the Airport did not inform the company before the Capital Expenditure Approval was signed.

ITF investigators have carefully studied the applicable law, such as the Finance Administration Instruction 1999/2 (UNMIK), Assembly of Kosovo – Law on Public Financial Management and Accountability 2003/2 and Assembly of Kosovo – Law on Public Procurement in Kosovo 2003/17 (initially foreseen to be into force 9 June 2004, new date 1 October 2004), and have spoken to KTA Finance Official and KTA Internal Auditor 2 to clarify if the facts specified either breached the above regulations or internal KTA rules. No breaches of UNMIK Regulations or internal KTA rules were identified by KTA Finance Official or KTA Internal Auditor 2.

Conclusions

The fact that the Divisional Manager signed a Contract and Letter of Notification before receiving the signed Capital Expenditure Approval from the KTA should be seen as a minor administrative irregularity, particularly since he/she instructed KTA Official 1 by memorandum of 23 June 2003 (three days after KTA's approval) to inform the supplier of the agreement of the contract.

The ITF found no evidence of financial loss to the Pristina Airport or the KTA.

Recommendations.

This results of this investigation do not reach a level where recommendations for administrative action are necessary, however, it is recommended that UNMIK, and in particular, the KTA undertake the following actions:

Recommendation 1: That airport staff responsible for procurement activity have received adequate training in the handling of procurement matters:

Recommendation 2: That airport staff responsible for procurement activity strictly adhere to all applicable Procurement Regulations;

Recommendation 3: That airport and KTA staff authorized to sign contract documentation only do so after receiving written approvals on Capital Expenditures.