

Summary

Follow up: audit of Procurement and Contract Administration Processes for Maintenance and Construction Contracts in West Bank, Jordan, Lebanon and Gaza Field Offices

department of internal oversight services

Background

DIOS conducted in 2017-2019 a multi-year thematic audit aimed to assess the efficiency and effectiveness of governance, risk management, and internal controls over the procurement and contract management processes for maintenance and construction contracts at four UNRWA fields of operation (West Bank, Jordan, Lebanon and Gaza field offices).

The management of procurement and contract administration processes for maintenance and construction contracts in Jordan, Lebanon, and Gaza field offices was

assessed as “Partially Satisfactory - Some Improvement Needed.” The process in West Bank field office was assessed as “Partially Satisfactory - Major Improvement Needed,” primarily due to the need for structural re-alignment.

A total of 33 recommendations were issued, out of which eight were high risk related to the: solicitation and evaluation of bids (four); conflict of interest (two); and field and HQ organizational structure (two). A summary by field office/HQ and by category is shown below:

Category/field offices or HQ	West Bank field office	Lebanon field office	Jordan field office	Gaza field office	HQ Amman	Total
Prequalification of contractors	1	-	1	-	-	2
Solicitation and evaluation of bids	2	3	3	2	2	12
Coordination between stakeholders	1	1	-	-	-	2
FICIP/ICID Org. structure	1	-	-	-	1	2
Contract management	1	1	-	1	-	3
Conflict of interest management	-	1	1	-	1	3
Use of FMIS	2	2	3	1	1	9
Total	8	8	8	4	5	33

Objective of the follow-up report

This follow-up report summarizes the findings from the thematic audit and the results of the DIOS follow up on the observation and recommendation implementations. DIOS aimed at highlighting those positive changes in the process, and reiterate required actions for further improvement.

Results of follow-up of recommendation implementation

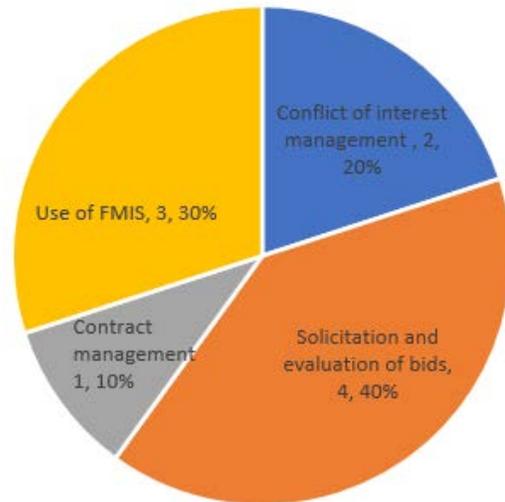
Much progress has been made in implementing the recommendations, which resulted in positive changes and enhancement in the procurement and contract management processes while some important recommendations are in progress.

To date, 70% of the recommendations have been implemented, resulting in enhanced guidance (TI#1 2019), aligned practice agency-wide on pre-qualification of contractors, as well as more effective organizational structure, with the design units reporting into ICID HQA to improve the monitoring role of HQ further. Moreover, contract management in terms of contractor performance and variation order monitoring have improved as noted during recommendation follow-up. Going forward, priority should be on the enhancement of the procurement process in solicitation and evaluation of bids (three high risk recommendations in progress), as well as on contract management. In particular, the fields should better comply with TI #1 -2019 to: conduct market research; and to ensure that technical evaluation is conducted appropriately. The increased usage of FMIS is encouraging and should be applied consistently for all construction projects across the field offices.

DIOS notes the initiative by ICID pursuant to prior recommendation to provide detailed guidance on good practice for technical evaluation, as well as planned amendment of

the technical guidance, and further notes improved coordination between ICID and CSSD as relevant. This closer collaboration and consultative approach should facilitate the roll out (of said guidance) to assist the field in better implementation of current instruction.

The remaining 10 recommendations in progress relate to the following areas:



DIOS continues to monitor the recommendation implementation as part of the regular follow up and will determine future audit assignments based on assessment of remaining risks.

Methodology, Approach and Disclosure

DIOS assessed the efficiency and effectiveness of governance, risk management, and internal controls over the procurement and contract management processes for maintenance and construction contracts at four UNRWA fields of operation (West Bank, Lebanon, Jordan and Gaza field offices).

The approach included enquiries and interviews with staff, review of control processes and relevant documents, selection of transactions samples for analysis and examination, and other procedures deemed necessary.

The thematic audits were conducted in accordance with DIOS standards, which are designed to conform to the International Standards for the Professional Practice of Internal Auditing and took into consideration the risk assessment exercise conducted prior to the audit.

Pursuant to OD14, this summary of the follow up report of procurement and contract management audits for maintenance and construction contracts is made publicly available on the DIOS internet page upon report issuance (on 10 August 2021).