



MONUSCO

INTEROFFICE MEMORANDUM

Ref: ODMS/2011/014

To: Mr. Musa Audu
OIC, Resident Audit Office

Date: 10 February 2011

From: Paul Buades
Director of Mission Support

A handwritten signature in dark ink, appearing to be 'P. Buades', written over a horizontal line.

Subject: **OIOS Audit No. AP2010/620/09: Audit of vendor payment
process in MONUSCO.**

Further to your draft report on the above audit, please find attached the mission management's response.

Best regards.

Cc: Mr Roger A. Meece, SRSG

ANNEX 1

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
Assignment No. AP2010/620/09 – Audit of vendor payment process in MONUSCO

Para. no.	Recommendation	Risk category	Risk rating	Accepted (Yes/No)	Implementation date	Client Comments
13	The MONUSCO Office of Mission Support should review the task orders unilaterally issued by MovCon and consider regularizing the payments estimated at \$2.8 million made to two freight forwarders if they are legitimate. Otherwise, the Mission should take appropriate action to recover the amounts.	Compliance	Medium	Yes	1 April 2011	Management concurs. The divergence from procurement practices although compelled by reasons of expediency and reality of the situation on the ground at that time is intermittent. The payments made are being reviewed to determine their legality. Management is also considering ways of regularizing the payments. Overall the situation has been rectified and the mission has established a single (3way split) contract covering all locations.
16	The MONUSCO Office of Mission Support should implement appropriate procedures for resolving discrepancies and short deliveries in a timely manner to prevent financial loss to the Organization.	Financial	Medium	Yes	31 March 2011	Management agrees with the recommendation and an SOP, delineating the roles of R&I, Finance and Procurement on timely resolution of discrepancies is now under consideration.
18	The MONUSCO Office of Mission Support should ensure that all processed invoices and supporting documents are stamped as paid by the Cashier's Office to mitigate the risk of duplicate payments.	Compliance	Medium	Yes	1 February 2011	Implemented. All processed invoices and supporting documentation are now stamped "Paid"
21	The MONUSCO Office of Mission Support should ensure that established systems contracts are used in procuring medicines and that medicines not covered in the systems contract are procured through an open and transparent process in compliance with the United Nations Procurement Manual.	Financial	High	Yes	31 March 2011	Management agrees with the recommendation and is seeking further clarification with UNHQ on interpretation of the contract regarding 1) issue of vendor non compliance with the initial contract terms due to disparity in prices of brand and generic pharmaceutical brands. And 2) confirmation on whether missions are only restricted to order pharmaceuticals from the line items initially given to the vendor as part of the contract or fresh bidding has to be done for items that do not fall within contract list.

Para. no.	Recommendation	Risk category	Risk rating	Accepted (Yes/No)	Implementation date	Client Comments
23	The MONUSCO Office of Mission Support should ensure that it has an adequate tool to track and monitor the invoice payment process.	Operational	Medium	Yes	31 July 2011	Management acknowledges the need for a better tool to track the invoice payment process and will write a business case to UNHQ on the viability of establishing an electronic monitoring tool.
10	Follow up on previous Recommendations (AP2009/620/13) The MONUSCO Office of Mission Support should ensure that all payments to local vendors are made into their local bank accounts in line with banking regulations of the host countries. Mission accepted this but continues to pay a local communications service vendor approx \$100 000 per month through the Swiss bank account of vendor. Non compliance with local regulations may impact the Mission's relations with the Government.	Compliance	High	Yes	30 February, 2011	Under Implementation. Management has replaced measures to ensure compliance with local banking regulations for all vendors. In the exceptional case of the local communications vendor management is seeking to clarify with vendor to determine whether his business is foreign or locally registered. The mission awaits the documentary proof whereupon appropriate action will be taken accordingly.
5	(AP2009/620/13) The MONUSCO Office of Mission Support should implement procedures to expedite the processing and payment of vendors. The mission accepted this recommendation; however 48 of the 91 pending invoices (52%) reviewed had been outstanding for more than 30 days. As a result, the mission did not benefit from an early payment discount estimated at more than \$100 000.	Operational	Medium	Yes	1 March 2011	Management has addressed the issue of loss of Prompt Payment Discounts due to invoice processing delays. A follow up mechanism has been employed to enhance coordination and follow up with the different stakeholders. (SAU's. Finance and Procurement). In the meantime all SAU's have been instructed to ensure invoices are processed in accordance with the time-frames specified in the Invoice Processing Management SOP. See attachment.
7	(AP2009/620/03) The MONUSCO Office of Mission Support should expedite subscription to the Platts price index to ensure that the index is effectively used by the Contract Management and Finance Section for verification of fuel prices charged by vendors. The mission accepted this recommendation but the process of subscription to the Pratt price index had not been completed.	Operational	Medium	No		The mission has submitted its requirements for a Platts subscription to UNHQ. PD accordingly requested transfer of funds to cover costs of the subscription. Mission subsequently deployed funds (\$16,495) for Platts and matter is now pending with PD. We request closure of this recommendation as DFS is implementing for all missions. See attachment

Recommandation 5 Attachment

Nations Unies

Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo



MONUSCO
KINSHASA

United Nations

United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

MEMORANDUM INTERIEUR

INTEROFFICE MEMORANDUM

DATE: 17/01/2011
Ref: # FIN/VEN/01/11/001

TO: Mr. Garba Assane
Chief Contracts Management

Thru:

FROM: Walton David
OIC Finance Section

RECEIVED BY CONTRACTS
MANAGEMENT SECTION
19 Jan 2011
DATE

17-13

CW

SUBJECT: Prompt Payment Discount (PPD)

During the past month it has been brought to my attention that the SOPs established for PPDs are not being adhered to and as a result the mission ends up not being able to take advantage of the discounts due to late submission of payment requests.

The agreed upon SOP clearly states that Finance would have a minimum of five (5) days within which to review and process all PPD. However we are only given one day or at times hours within which to process payments. This puts great stress and pressure on staff handling these payments and after we have completed our efforts at trying to ensure that the mission gets the discount, the funds do not get into the clients account due to last minute processing.

This has been brought to the attention of your office, and it is sad to say that to date we have not seen any improvements. The following is a list of PPD showing the dates and times received:

	CMS CASE #	Vendor	Date Received	Pmt Date	Amt Paid
1	CMS/CFO/ELF/10/1724	ELF OIL RDC	22/12/2010 16:35 hrs	23/12/2010	\$1,977,153.65
2	CMS/CFO/TRISTAR/10/1746	TRISTAR	30/12/2010 10:00hrs	31/12/2010	\$1,056,875.63
3	CMS/CFO/TRISTAR/11/0003	TRISTAR	05/01/2011 15:18 hrs	06/01/2010	\$1,539,562.26
4	CMS/CFO/TRISTAR/10/1755	TRISTAR	05/01/2011 15:18 hrs	06/01/2010	\$527,713.55
5	CMS/CFO/ELF/11/0016	ELF OIL RDC	10/01/2011	11/01/2011	\$781,687.67
6	CMS/TRIGYN/11/0027	TRIGYN	11/01/2011	RUSH PPD	\$251,593.50
7	CMS/CFO/ELFO/11/0060	ELF OIL RDC	14/01/2011 11:02 hrs	14/01/2011	\$1,191,788.38
8	CMS/CFO/ELFO/11/0060	ELF OIL RDC	14/01/2011 11:02 hrs	14/01/2011	\$475,401.55

operable Disruption

As you are aware audit has made reference to this on several occasions and as such we need to ensure that we make full use of all discounts to the organization.

We are therefore requesting your assistance in ensuring that Finance receives PPDs on a timely basis so as to ensure that we make full use of the discounts and do not have to respond to audit observations.

Best regards.

cc: Mr. Wallace Divine, DDMS
Ms. Marielle Granjean, Chief Vendors Unit

Recommendation 7 Attachment

Nations Unies



United Nations

Mission de l'Organisation des Nations Unies pour la
Stabilisation en République Démocratique du Congo

MONUSCO

United Nations Organization Stabilization Mission
in the Democratic Republic of Congo

KINSHASA

MEMORANDUM INTERIEUR

INTEROFFICE MEMORANDUM

TO: Mr. Moses Tefula
Chief Budget Section

DATE: 14 October 2010

FROM: Richard Lorne Johnson
OIC Supply Section *[Signature]*

REFERENCE: SUP/Bud/10/1151

SUBJECT: Redeployment of Funds to UNHQ for the subscription of Platt requirements
OBJET:

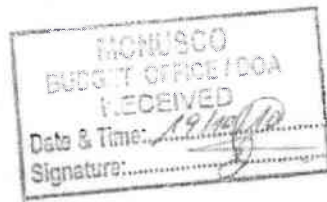
1. The purpose of this memorandum is to request redeployment of funds for a total amount of US\$16,495 in respect of subscription for Platt requirements to enable Contract Management Section effectively monitor and process vendor invoices as required in the turn-key contract arrangement. Attached is an email from New York Headquarters regarding the above requirement.

2. The total amount above should be redeployed from Supply Field cost centre 6772, Class 230, Object code 4213 to UNHQ Cost centre 6098, Object code 4213.

3. Thanking you for your usual cooperation.

4.

5. Best Regards



Tashi Dhendup/MONUC
10/02/2011 11:24

To Charity Mutasa/MONUC@MONUC
cc
bcc
Subject Fw: Request for Confirmation of Platts requirements

----- Forwarded by Tashi Dhendup/MONUC on 10/02/2011 11:24 AM -----



Gurinder Singh/MONUC
10/12/2010 11:40 AM

To Tashi Dhendup/MONUC@MONUC
Garba Assane/MONUC@MONUC, Richard Lorne
Johnson/MONUC@MONUC, Kelechi
Onyekwere/MONUC@MONUC, Miguel Da
cc Conceicao/MONUC@MONUC, Karen
Thompson/MONUC@MONUC, Miriam
Musoke/MONUC@MONUC
Subject Fw: Request for Confirmation of Platts requirements

Dear Tashi,

1. The current status is that FU has asked Budget to deploy funds (\$16,495) for Platts.
2. Mail from Mihaela Bajora , DFS (starting mail below) states:

Missions will be requested to transfer funds accordingly via facsimile to cover the costs of their chosen subscription option subsequent to contract signature with Platts.

and also that

1. All missions which are not included in this table, however who now have a requirement for a Platts subscription, please kindly revert with your choice of A or B, specific Fuel Types and Data category requirements or Full market scan requirements;

Regards,

GP



Document.pdf

----- Forwarded by Gurinder Singh/MONUC on 10/12/2010 11:27 AM -----



Gurinder Singh/MONUC
14/10/2010 11:17 AM

To Richard Lorne Johnson/MONUC
Garba Assane/MONUC@MONUC, Miriam
cc Musoke/MONUC@MONUC, Karen
Thompson/MONUC@MONUC
Subject Re: Fw: Request for Confirmation of Platts requirements

Dear Rick

Thanks for the digging.

We need to:

- a. Get Platts from HQ directly
- b. Get ICIS-LOR thru PS.

Rgds,

GP

Richard Lorne Johnson---14/10/2010 08:07:46 AM---Gurinder: I checked out the DPKO / DFS sponsored...



Richard Lorne
Johnson/MONUC
14/10/2010 08:07 AM

To Gurinder Singh/MONUC@MONUC
cc
Subject Re: Fw: Request for Confirmation of Platts requirements

Gurinder:

I checked out the DPKO / DFS sponsored "collaboration" website in more detail. It is an interesting site but limited in scope.

You can see from my "snapshots" below that the connections offered only take you back to the "commercial vendor" websites. The most important links on related "prices" that we require go to the vendors' web pages where the vendor is selling this data.

We will therefore need a "subscription" to get this detailed data. I will process your requirements as listed. Hopefully, your honorary membership gives you satisfaction! :-)

Best regards,
Richard L. Johnson
OIC Supply Section / Chief Fuel Unit
MONUSCO
175-5105 / +243 99 706 8812
johnson34@un.org

Gurinder Singh---13/10/2010 05:50:51 PM---Dear Richard I am an honored member of the CoP now.

From: Gurinder Singh/MONUC
To: Richard Lorne Johnson/MONUC@MONUC
Cc: Garba Assane/MONUC@MONUC, Karen Thompson/MONUC@MONUC, Miriam Musoke/MONUC@MONUC
Date: 13/10/2010 05:50 PM
Subject: Re: Fw: Request for Confirmation of Platts requirements

Dear Richard

I am an honored member of the CoP now.