



## DPKO/DFS Policy

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# Contract Management

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Approved by: Susana Malcorra, Under Secretary General DFS  
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## DPKO/DFS Contract Management Policy

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### ANNEXES

- A Extract from the United Nations Procurement Manual – Sections 13.2 to 13.9.
  - B Extract from the United Nations Financial Regulations and Rules (ST/SGB/2003/7) - section V (Utilization of funds), sub-section C (Procurement)
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### A. PURPOSE

1. The purpose of this policy is to provide clear direction on the management of contracts throughout their lifecycle including the delineation of roles and responsibilities within the Department of Peacekeeping Operations (DPKO) and the Department of Field Support (DFS). The policy also clarifies working relations between DFS/DPKO and Procurement Division in the Department of Management (DM), the Office of Legal Affairs (OLA), and missions in managing contractual agreements. Related SOPs and Guidelines shall be issued subsequent to the promulgation of this policy.
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### B. SCOPE

2. This policy provides direction to all DPKO/DFS staff members who have responsibilities that include contract management functions. It will articulate the higher-level framework, principles and functions of contract management and the underlying services, and organizational requirements and considerations applicable to such functions within DPKO/DFS. The provisions of this policy cover functions throughout the contract lifecycle, which spans from pre-solicitation to planning, to implementation and closeout. This guidance should also be of assistance to colleagues in other departments who execute functions related to DPKO/DFS contract management.
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## C. RATIONALE

3. The rationale for the development of this policy is to improve the ability of DPKO/DFS to globally coordinate and manage contracts consistently, and to effectively ensure that vendors and the United Nations are meeting their contractual requirements and obligations and that the United Nations is seeking and where possible obtaining best value for money. The objective should be to ensure the fulfillment of contractual obligations (by both parties) so as to meet the mission's objectives. With the increasing cumulative value of DPKO/DFS contracts to be managed, the normal complexities of contract management are being compounded by inconsistent interpretation of organizational rules and regulations and undefined working relationships among the entities responsible for contract management functions.
4. The UN relies increasingly on commercial contractors to provide critical goods, services and works for mission support. For example, in FY2006/7 the value of supply contracts alone exceed 1.2 billion USD in value including up to 600 million USD for rations and 327 million USD for fuel and related services. Many of these are highly complex contracts for the delivery of multiple services over multiple locations using sophisticated pricing schedules. The trend for major contracts is to move away from the supply of commodities and towards turn-key performance-based service contracts, requiring greater sophistication in performance monitoring to ensure compliance by all parties. The large monetary value, broad scope and complexity of contracts all require robust contract management from the moment of initiation to the closeout of a contractual relationship.
5. The need for a more coordinated and structured approach has been highlighted in Secretary General's reports to the General Assembly and OIOS audits<sup>1</sup>. This Policy represents one step in the establishment of an adequately structured approach to Contract Management.
6. It is recognized that different definitions of contract management related activities exist and are referred to by DPKO/DFS stakeholders. However the rationale behind the choice of definitions in this policy is to give priority to industry standard definitions and to reach consensus between concerned stakeholders.

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## D. POLICY

### Introduction

7. This policy provides organizational direction to DPKO/DFS mission and headquarters staff members who are responsible for contract management functions. The policy articulates institutional direction in the following areas:

- [Contract Management Framework](#)

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<sup>1</sup> See OIOS recommendations AP2006/600/02, AP2004/600/09, AP2005/632/01, AP2005/632/04, AP2005/682/06, AP2006/600/02, AP2006/628/01, AP2006/632/08, AP2007/600/04, AP2007/620/14, AP2007/624/05, AP2007/672/01, AP2007/672/03,

- [Contract Management Principles](#)
- [Roles and Responsibilities](#)
- [Key Requirements Affecting Contract Management](#)
- [Conducting Contract Management](#)
- [Mission-Specific Considerations](#)

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### **[Contract Management Framework](#)**

The following section outlines the context within which DPKO/DFS managers perform contract management functions.

- 8. *Contract Management Legal Framework.*** DPKO/DFS staff members who are managing contracts are required to operate within defined policy and processes. This legal framework for DPKO/DFS contract management includes the UN charter and the Financial Regulations and Rules. The legal environment within which contract management must function includes these as well as the United Nations General Conditions of Contract (UNGCC), the Procurement Manual, appropriate delegation of authority and division of responsibility between the mission and United Nations headquarters in New York and between participating sections and departments.

DPKO/DFS contractual agreements are subject to United Nations Commission on International Trade Law (UNCITRAL) arbitration standards. DPKO/DFS contractual agreements are also governed by international conventions relevant to international sale of goods including:

- a) UN Convention on the Limitation Period in the International Sale of Goods 1974
- b) UNIDROIT Convention on Agency in the International Sale of Goods 1983
- c) UN Convention on International Bills of Exchange and International Promissory Notes 1988
- d) UN Convention on Independent Guarantees and Stand-By Letters of Credit 1995

Other sources of legal framework missions commonly operate under are: mission mandates from the Security Council, the Status of Forces Agreement / Status of Mission Agreement SOFA/SOMA with the host country, MOUs (such as if the UN is providing support to regional organizations), Resolutions of the General Assembly and administrative instruments e.g. SG's Administrative Instructions, SG's Bulletins etc.

The United Nations Office of Legal Affairs is the principal source of formal legal advice for any DPKO/DFS staff member who executes contract management functions. Contract Compliance and Performance managers may also relay such OLA legal advice to requisitioners and mission procurement officers.

- 9. *Code of Ethics.*** All DPKO/DFS staff members who perform contract management functions should do so in accordance with the ethical standards of the United Nations. Staff members shall uphold the purposes of the organization, strive for the increase of knowledge and job performance in the field of contract management, and abide by the letter and spirit of the ethical standards of the United Nations. This contract management code of ethics establishes for the staff member a foundation of professional conduct. However, ethical conduct may require more than merely

abiding by the letter of code. It is therefore incumbent upon each staff member to make a commitment to honorable behavior in all aspects of work and professional activity.

Each DPKO/DFS staff member who performs contract management functions shall:

- Strive to attain the highest professional standard of job performance, to exercise due diligence in carrying out the duties incumbent upon them, and to serve the United Nations to the best of their ability.
- Keep informed of acquisition developments, through academic course work and attendance at training courses, in order to increase knowledge, skill, and thoroughness of work preparation.
- Respect the confidence and trust reposed in the staff member by the United Nations
- Conduct oneself in such a manner as to bring credit upon the United Nations, as well as to maintain trust and confidence in the integrity of the acquisition process.
- Avoid engagement in any transaction that might conflict with the proper discharge of one's employment duties by reason of a financial interest, family relationship, or any other circumstance that could cause a breach of confidence in the acquisition process.
- Not knowingly influence others to commit any act that would constitute a violation of this code.

**10. *Management of Contracted Services for the provision of goods, services and works in DPKO and DFS.*** Management of contracted services in the name of DPKO/DFS falls under the responsibility of several entities within DPKO, DFS and DM. Each entity performs one or several specific contract management functions throughout the contract lifecycle. The requirement to manage contracts in a systematic manner falls under the responsibility of procurement, requisitioners and contract compliance and performance managers in headquarters and in missions. Specific roles and responsibilities and divisions of labor are outlined in paragraphs 24 to 29 of this policy.

**11. *Reporting Contract Information to Appropriate Authorities.*** Contract information reporting requirements of DPKO/DFS include systems and processes established in headquarters and missions to record and report the execution and management of contractual agreements with vendors of goods and services to United Nations Peacekeeping operations. These systems and processes are outlined with the roles, responsibilities and division of labor in paragraphs 24 to 29 of this policy.

**12. *Contractual instruments:*** Contractual instruments which are in use by the United Nations are governed by the instruction outlined in the United Nations Procurement Manual. The choice of type and form of contracts is the responsibility of the procurement section in missions and the procurement Division in UNHQ New York in consultation with the requisitioners. However DPKO/DFS contract managers should be aware that DPKO/DFS currently uses the following contractual instruments:

- |   |                |
|---|----------------|
| (a) Blanket Purchase Orders                 | (section 13.3) |
| (b) Purchase Orders                         | (section 13.4) |
| (c) Systems Contracts                       | (section 13.5) |
| (d) Written Contracts                       | (section 13.6) |
| (e) Institutional Contract Agreements (ICA) | (section 13.7) |
| (f) Internal Purchase Orders                | (section 13.8) |

All DPKO/DFS staff members who have a responsibility to perform a contract management function are expected to be fully informed of the above mentioned instruments and the instructions for their usage as stipulated in the United Nations Procurement Manual (See Annex A). A copy of the United Nations Procurement Manual can be accessed via the following link:

<http://www.un.org/depts/ptd/manual.htm>.

- 13. Financial Regulations and Rules.** This policy has been developed in conformity with the requirements articulated in section V (Utilization of funds); sub-section C (Procurement) of the United Nations Financial Regulations and Rules (ST/SGB/2003/7). Details of the following rules can be found in annex B of this policy:

- a) Rule 105.13 Authority and Responsibility
- b) Rule 105.14 Competition
- c) Rule 105.15 Formal methods of solicitation
- d) Rule 105.16 Exceptions to the use of formal methods of solicitation
- e) Rule 105.17 Cooperation
- f) Rule 105.18 Written contracts
- g) Rule 105.19 Advance and progress payments

- 14. Contractual Checks and Balances.** DPKO/DFS contracts establish terms and conditions that stipulate contractual obligations to be met by participating parties. The abidance by and respect of such obligations are verified by several internal and external oversight bodies within the United Nations which include:

- a) **The Board of Auditors** refers to the external body charged with oversight and verification of problematic contracting cases that are brought to their attention through regular accounting verification.
- b) **The Office of Internal Oversight Services** refers to the internal body charged with the investigation of contracting cases that are brought to their attention with potential incidences of mismanagement by contract managers and other contract management stakeholders.
- c) **The Receipt and Inspection unit** in DPKO/DFS missions is responsible for physically verifying that received goods, are in fact in accordance with stipulations of the contractual agreement.
- d) **Requisitioners** in missions are responsible for verifying that services and works are carried out in accordance with stipulations of the contractual agreement.
- e) **Contract Compliance and Performance managers** in headquarters and missions provide a service to requisitioners, mission procurement officers and vendors to ensure contractual compliance and obligations are monitored and respected by participating parties. Key performance indicators, deliverables and milestones are set out in the original contractual agreement with advice and support from the Contract Compliance and Performance managers. This function which is new to many missions is further defined in paragraph 28.

- 15. Standard Terms and Conditions of Contracts.** Standard terms and conditions applicable to DPKO/DFS contracts are outlined in the UN General Conditions of Contract (UNGCC). The appropriate version to be used depends upon the deliverables to be acquired. The various standard forms of the UNGCC include the following:

- (a) United Nations General Conditions of Contract for the Provision of Goods;
- (b) United Nations General Conditions of Contract for the Provision of Services;
- (c) United Nations General Conditions of Contract for Provision of Goods and Services;
- (d) United Nations General Conditions of Contract for *De Minimis* Field Contracts.

Notable issues covered in these terms and conditions include but are not limited to:

- a) Arbitration
- b) Competent authority
- c) Definition of INCOTERMS
- d) Privileges and Immunities
- e) Use of the UN logo

DPKO/DFS managers who are responsible for contract management functions are expected to be familiar with the above-mentioned standard terms and conditions. Further details on UNGCC and standard forms can be consulted in the United Nations Procurement Manual in section 13.1 (See Annex A). A copy of the United Nations Procurement Manual can be accessed via the following link:  
<http://www.un.org/depts/ptd/manual.htm>.

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### **Contract Management Principles**

The intent of this section is to detail the fundamentals of acquisition that all DPKO/DFS managers who perform contract management functions should comprehend. These fundamentals are a part of the larger DPKO/DFS contract management framework that is described in the previous section.

- 16. Operational Goals of Contracts.** Within the context of United Nations Peacekeeping missions and Special Political missions, the operational goal of contracting is to efficiently and effectively enable the implementation of the DPKO/DFS mission mandate. Contracts for the provisions of goods, services and works to the mission should be managed in a manner that defends the best interests of the organization to fulfill its mandate. Proactive initiative and common sense should always be favored to ensure that necessary contracted deliverables are made available to requisitioners to the required specifications, at the required time, in the required place and in the required quantities and quality. Operational efficiency and effectiveness should be considered a priority for United Nations staff members involved in contract management functions.
- 17. Accountability.** All DPKO/DFS contract managers are obliged by the Financial Regulations and Rules and by the present Policy to properly manage contracts throughout the contracting lifecycle. This implies abiding by stipulations of the United Nations Procurement Manual, the United Nations code of ethics, and the United Nations charter. DPKO/DFS staff members who manage contracts for the organization should maintain the highest standards of integrity and professionalism in executing contract management functions. Staff members are accountable to the Secretary General of the United Nations to properly manage contracts. Staff members found to have failed in their contract management responsibilities shall be subject to internal justice measures that are proportional to the infractions committed.

18. **Effectiveness versus Efficiency.** DPKO/DFS mission contract managers have a responsibility to maintain balance between effectiveness and efficiency in executing contract management responsibilities. Managerial decisions may have positive or negative impacts on intended consequences and the best interests of the organization. It is in the long term best interests of DPKO/DFS to attract and retain a sufficiently large number of qualified competitive vendors to enter into contractual agreements for the provision of goods, services and works in peacekeeping missions. It is not in the best interests of the organization to reduce the pool of potentially motivated vendors through excessively burdensome administrative barriers, win-lose attitudes or controls that are disproportionate to the nature and value of the contracted goods, service or works. The contractual agreement comprises obligations for both the vendor and the organization. In executing the organizations obligations (payment of invoices, services to the vendor, delivery of task orders etc.) efficiently, mission managers effectively defend the long term best interests of the organization. This also puts the organization in a better position to expect similar treatment from vendors.
19. **Proactive contract management.** Mission and headquarters management is advised to focus on organizing their management structure to managing contracts in a proactive as opposed to a reactive manner, by planning in anticipation of potential risks and by preventing the escalation of minor disputes. This implies being proactive in planning ahead for new contracts/extensions, having template SOWs ready, keeping procurement well-briefed of impending procurement actions, proactively planning for implementation even before contract signing, proactively address implementation issues such as change, claims and disputes, etc.
20. **Project team management.** Mission senior Management should set up a project management office i.e. cross-functional project teams (that for larger contracts may even be dedicated) as the preferred approach to develop/negotiate/implement/close out contracts. The practice of a chief of SAU being tasked to operationalise a contract in isolation (with other SAUs and expertise working on an as directed and in arms-length basis) is discouraged. This approach is suitable for very large contracts but for the majority of relatively small contracts this can be left to the SAU.
21. **Trade-offs.** Where operational decisions need to be made for operational reasons or safety reasons but that conflict with other considerations, be it financial, or a matter of principle (e.g. being forced to pay a duty to release goods although that conflicts with the UN's privileges and immunities), then headquarters and mission managers should make decisions in the best interests of the organization and mandate implementation, while documenting and communicating such managerial decisions through the chain of mission and headquarters command.
22. **Imperfections** – Contracts are never perfect, especially in the field or conflict situations. Misunderstandings and unanticipated challenges are inevitable. Claims and disputes are normal part of contract implementation. The management mind-set should be to address the issues promptly, professionally and to avoid unnecessary escalation.
23. **Communication** – Management should make timely, open and honest communication (internally as well as with contractors) a key principle in headquarters and mission contract management. It is not uncommon for a staff member to be tasked to manage a contract they are unfamiliar with. Like-wise, before a technical



requirement can be drawn up in the SOW, the requisitioners need to have clear guidance from management as to the intended procurement strategy, support concept, planning assumptions etc.

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### **Roles and Responsibilities**

24. The purpose of this section is to detail the roles and responsibilities in relation to contract management within DPKO/DFS as well as other key stakeholders undertaking contract management activities in the DPKO/DFS acquisition cycle. The four main functions that are defined in the following pages include:

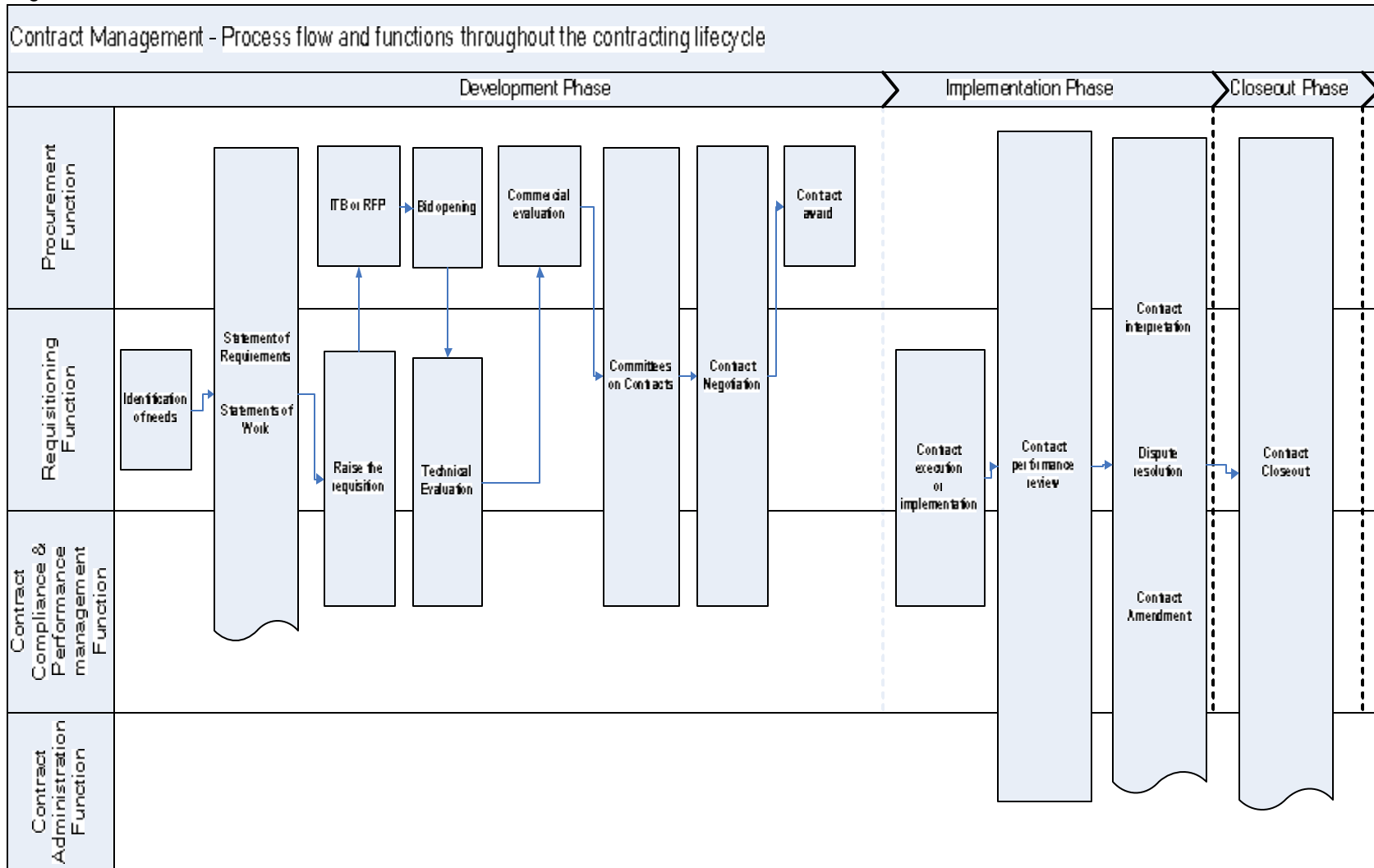
- a) Requisitioning function
- b) Procurement function
- c) Contract administration function
- d) Contract compliance and performance management function

Functions are defined throughout the three phases of the contract lifecycle:

- a) Contract Development
- b) Contract Implementation
- c) Contract Closeout.

The four functions and three phases are outlined in Figure 1 on the following page and further detailed in paragraphs 25 to 29.

Figure 1



## **25. Requisitioning Function.**

- a) Role: The requisitioning function is the responsibility of requisitioning Self Accounting Units and Cost Centers. The requisitioning function in relation to contract management includes raising the requisition according to and in the best interests of the DPKO/DFS needs.
- b) Requisitioning function responsibilities with relation to contract management include:

### **Contract Development:**

- Developing SAU specific acquisition plans
- Contributing to the mission acquisition plan
- Identification of the requirement and development of the Statement of Work (SOW) and specifications (e.g., key performance indicators) with support from CCPM
- Submission of initial requisitions to procurement office
- Setting performance standards in the solicitation documents with support from CCPM
- Developing and implementing Quality Assurance Surveillance Plans to monitor contractor performance in a systematic method with support from CCPM
- Developing the technical evaluation matrix with support from CCPM
- Technical evaluation of proposals
- Contract development with support from CCPM
- Raising the requisition (or requesting the relevant SAU to do so) and requesting the Finance section to obligate the funds and make sure that procurement issues the purchase order.
- Obtaining or confirming the procurement strategy (with support from Procurement), support concept, planning assumptions, deployment timetable etc. from the relevant sections; or in the absence of which obtain management approval for any ad-hoc assumptions.
- Determining with advice from procurement, OLA or the mission legal advisor and CCPM whether there are any policy (legal, financial or political) impediments to the intended contractual arrangement and to obtain the necessary waivers and approvals as necessary
- With procurement, develop, agree and obtain approval for the source selection plan for the intended contract
- Developing risk assessments for contracts
- Technical research to keep abreast of modern technologies, industry standards and business practices.

### **Contract Implementation:**

- Consultation with Contract Compliance and Performance Management (CCPM) for review and advice on contractual issues, lessons learned and best practices
- Submission of requisitions to procurement office for ongoing systems contracts
- Preparation and monitoring of relevant procurement plans with the mission Procurement section.
- Ensure timely certification of invoices and payment of vendors

- Completion of vendor performance evaluations periodically
- Notification of mission Procurement and CCPM on any concerns/issues that need to be addressed.

**Contract Closeout:**

- Drawing up closeout plans
- c) Guidelines for requisitioning of goods, services and works within DPKO/DFS shall be developed following promulgation of this Policy

**26. Procurement Function.**

- a) Role: The procurement function sources, solicits, awards, establishes and amends the contract and enables the contractual relationship between DPKO/DFS and a third party until the fulfillment of the terms & conditions.. Under UN rules, this function is managed by designated procurement officers.
- b) Procurement function responsibilities in relation to contract management include:

**Contract Development:**

- Developing solicitation documents
- Providing advice on the development of Statements of Work (SOW)
- Managing the bidding process
- Commercial evaluation of proposals
- Submission of recommendation to Local Committee on Contracts (LCC) and/or Headquarters Committee on Contracts (HCC)
- Awarding Contracts
- Debriefing of unsuccessful bidders
- Issuing the purchase order
- Advising the requisitioner on the procurement strategy
- With the requisitioners, developing, agreeing to and obtaining approval for the source selection plan
- Providing advice on market survey/research, commercial terms, contract duration, contracting model (e.g. when to amalgamate contracts or split contracts, contract phasing, adjustments for quantity etc), pricing structure, develop the price schedule,
- Coordinating with OLA and CCPM to ensure that the most effective model legal contract is used.
- Leading in the negotiation of contractual terms with vendors

**Contract Implementation:**

- Establishing and executing the provisions of contracts and contract amendments
- In consultation with SAUs, making constructive change(s) to the contract as a result of either a specific action or a failure to act
- Coordinating matters of contractual interpretation with OLA or the mission legal advisor and CCPM
- Leading in the negotiation of new contractual terms / amendments with vendors
- Effecting any contract change or modification through a formal amendment, with support from CCPM

- Elaboration of a mission vendor performance appraisal process
- Mediation with the assistance of OLA
- Consult with OLA for advice on legal obligations arising from the contract that need to be respected by all parties. This should be done in collaboration with CCPM.
- Managing warranties, performance bonds and insurance policies

**Contract Closeout:**

- Formal close out of contractual arrangements
  - Ensuring that close out obligations are respected by all parties
- c) Guidelines or Standard Operating Procedures for the procurement of goods, services and works within DPKO/DFS shall be developed following promulgation of this Policy. These guidelines should fully reflect the provisions of the United Nations procurement manual but should go further in details of the specificity of procurement within the context of DFS operations.

**27. Contract Administration Function.**

- a) Role: The contract administration function involves the management of issues that arise during the performance of a contract. Once a contract award has been made, and assuming that no significant issues presented themselves during the immediate post-award phase (i.e. the protest period), the tasks associated with ensuring appropriate contract performance begin. The contract administration function provides the required management to ensure that the vendor and DPKO/DFS keep contractual promises. The key-determining factor in contract administration is to ensure that the same people who planned, negotiated and developed the contract are the same ones who proactively and seamlessly prepare for contract implementation.
- b) Reporting lines: The contract administration function is the responsibility of the mission requisitioning self-accounting units and the mission procurement section and the headquarters support sections and Procurement Division depending on the contract lifecycle step that is being executed.
- c) Contract administration function responsibilities include:

**Contract Development:**

- Creation of the contract in Mercury for mission contracts (procurement responsibility)
- Other procurement section actions that are necessary to establish a contract within the administrative system (procurement responsibility)
- Development of a Quality Assurance Surveillance Plan (SAU responsibility with guidance from CCPM)

**Contract Implementation:**

- Day-to-day execution and monitoring of contract, acquisition information and performance of obligations (SAU responsibility with guidance from CCPM)
- Receipt and inspection of goods and services (SAU and R&I unit responsibility)

- Raising obligations in Mercury/IMIS (procurement responsibility)
- Certification of invoices for services/goods rendered/provided satisfactorily and budgeting (SAU responsibility)
- Implementation of a Quality Assurance Surveillance Plan (SAU responsibility with guidance from CCPM)
- Assisting CCPM and procurement in responding to legal or dispute settlement issues arising from contracts (SAU responsibility)
- Consultation with CCPM for review and advice on contractual issues and best practices (SAU responsibility)
- Submission of requisitions to the Procurement office (SAU responsibility)
- Preparation and monitoring of relevant procurement plans (SAU responsibility with guidance from CCPM and procurement)
- Timely verification and submission of invoices for payment of vendors (SAU responsibility)
- Monitor and follow up payment of vendors with the Finance section
- Instigate the contract amendment or review process (SAU responsibility with guidance from CCPM)
- Organizing regular performance meeting and issuance of periodical performance report (SAU responsibility)
- Measure and analyze variances from the original project plan (SAU responsibility supported by CCPM)
- Understand and use cost/schedule controls
- Amendment of existing contracts (Procurement Function)

**Contract Closeout:**

- Drawing up of contract closeout plans (SAU responsibility with guidance from CCPM)
- Closure of the contract in Mercury (procurement responsibility)
- Liquidation of funds (Finance responsibility in collaboration with the SAU and Procurement)
- Other procurement section actions that are necessary to close a contract within the administrative system (procurement responsibility)
- Elaboration of a contract closure report (procurement responsibility)

d) Guidelines for administration of contracts within DPKO/DFS shall be developed following promulgation of this Policy.

**28. Contract Compliance and Performance Management (CCPM) Function.**

- a) Role: Contract Compliance and Performance Management (CCPM) fulfills the role of overview, monitoring and corporate management of contracts. Contract compliance and performance management assists responsible requisitioning self-accounting units and responsible procurement officers in managing contracts in accordance with UN Regulations and Rules, and in the best interests of mission mandate implementation, throughout the period that a services, goods or works contract is active. Contract compliance and performance management provides the expertise and advice that ensures that DPKO/DFS requirements for compliance, legality and accountability are met throughout the contract lifecycle. Effective Contract compliance and performance management is different from

contract administration. CCPM provides a centralized office that leads the implementation of CM policy and methodology, coordinates CM education and training, advises on tools and procedures, promotes lessons learned and best practices, assists SAUs to develop implementation plans and requirement checklists, monitors compliance check lists, forward plans (e.g. change, amendments, extension, close out of contracts). CCPM should be a management support function and be actively involved as an integral part of the project team that monitors contract performance.

- b) Reporting lines: In peacekeeping missions the contract compliance and performance management function falls under the responsibility of senior mission management at or above the same level of authority as requisitioning Self Accounting Units (SAU) and Cost Centers. Previously these offices have been known as the Contracts Management Unit. Where missions are called to manage multiple service contracts and/or individual contract values exceeding \$25,000,000 or complex contracts that involve significant risk or liability for the organization, then dedicated SAU contract managers and other appropriate Subject Matter Experts (SMEs) are required to integrate the CCPM office and provide services described below to SAUs, and the procurement section.

CCPM reports should be made available to both the mission SAUs, the procurement section, the CISS and the CAS. Important contract compliance and performance issues should be brought to the attention of the CMS/DMS via regular ISS and AS reports. It should be noted here that ultimate accountability for the outcome of contract implementation lies with the requisitioning self-accounting units. This policy applies whether a dedicated CCPM unit exists in the mission or not.

- c) Contract compliance and performance management function responsibilities include:

**Contract Development:**

- Participating in teams to develop Statements of Work (SOW) and Requisitions, CCPM offers advice on content based on best practices. It ensures that SOWs and RFPs are performance-based, and describe the relevant work requirement and performance standards adequately
- Assisting to establish the mission acquisition plan
- Assisting SAUs in the development of specific SAU acquisition plans
- Providing advice on lessons learned in the course of the contract management history, to ensure consistency of future contracts and contracts management procedures with the organization's best interests and operational requirements
- Providing guidance on the development of technical evaluation criteria of vendor proposals to be utilized or included in the solicitation process
- Assist in setting performance standards in solicitation documents
- Provide advice on the parameters of liquidated damages or performance credit provisions that will be included in the ITB/RFP
- Maintaining centralized library for SOW and its criteria
- Participating in tender related bidder conferences
- Contributing to responses to vendor questions
- Assisting with the evaluation of vendor proposals

- Assisting in LCC and HCC presentation
- Providing guidance during contract formulation, drafting and negotiation
- Participation in the development of contract terms and conditions to ensure the contract contains provisions that hold the contractor accountable for producing desired results
- Contributing to the development of Memoranda Of Understanding, Letters Of Assist and exchange of letters
- Assisting in developing contract administration plans
- Assisting in the development of the QASP
- Developing and monitoring the contract compliance matrix
- Helping to ensure internal consistency in SOW provision, terminologies, interpretation of contractual terms, consistency in enforcement of contractual rights, consistency in performance monitoring and reporting, consistency in notices and approaches to dispute resolution.
- Contributing to requisitioner Risk Assessments of contracts

#### **Contract Implementation:**

- Assisting SAUs and procurement in the evaluation of proposals for, and participation in, negotiation of proposed modifications to active contracts.
- Providing advice and assistance to SAUs and procurement on contract mobilization
- Assisting SAUs and procurement in the monitoring of Key Performance Indicators linked to contracts
- Assisting SAUs and procurement in monitoring priorities
- Contributing to the development of a quality assurance surveillance plan to provide a systematic, structured method to evaluate services and products, including unannounced appraisals and random spot checks to assess the operational effectiveness of the contract and the performance of both parties.
- Moderating / mediating routine contractor performance meetings to encourage a constructive exchange of views or positions between parties, amicable resolution of potential disputes, and a harmonious relationship between the parties. This function exemplifies the pre-emptive and proactive role of CCPM.
- Contribution to SAU completion of periodic contract performance reports.
- Ensuring the processing of Contractor performance evaluations, by requesting all SAUs to complete the official performance evaluation reports, at such intervals as directed by DPKO/DFS.
- Collaborating with SAUs in preparing the evaluation reports jointly, and providing any guidance, advice and suggestions necessary to evaluate Contractors effectively.
- Disseminating Contractor performance reports within the Mission in accordance with the Procurement Manual, and submitting them to UN Headquarters in compliance with existing DPKO/DFS reporting requirements.
- Providing support to SAUs, Procurement and other Contract Management stakeholders with information on the entitlements and



obligations of parties to UN contracts in support of mandate implementation.

- Liaising with other departments (e.g., OLA, PD) and mission offices (Procurement, Legal Advisor) and providing advice about disputes and dispute resolution procedures.
- Providing guidance in connection with contract extension and renewals.
- With support from the mission legal advisor or OLA, providing advice to Procurement and Requisitioners on processing contract claims, invoking contract remedies, processing contract termination procedures and requirements of the contractor to provide a bond or other securities to apply toward completing the contract in case the contract is terminated for cause.
- Providing input to the dispute resolution process
- Contributing to the procurement section elaboration of a mission vendor performance appraisal process through the coordination and collation of data. The performance of vendors contracted with one-time purchase orders is the responsibility of Procurement. CCPM appraises contractors holding signed contracts which include a detailed Scope of Requirement and that are executed over a period of time, requiring a more comprehensive evaluation.
- Facilitating the timely payment of vendors
- Providing support to SAUs and Procurement in the monitoring of contractors compliance with the terms & conditions of contracts
- Working in collaboration with SAU in developing contract-specific Standard Operating Procedures (SOP)
- Providing support to Mission SAU's on matters pertaining to issues and terms of use of UNOE/UN facilities for the purpose of contract support.
- Providing advice on drafting contractual notices,

#### **Contract Close-out:**

- Developing a closeout plan in conjunction with the requisitioning SAU and Procurement.
- Identifying, memorializing and disseminating best practices and lessons learned. This function is performed with a view towards re-commencing the first phase of contractual relationship, contract development
- Performing contractor assessment from a CCPM perspective and assisting mission contract management stakeholders in the performance of due diligence at contract closeout.
- With support from the mission legal advisor or OLA, providing advice on termination/suspension,

#### **d) Contract Compliance and Performance Management function IT systems and standard processes include:**

- Provide support to the requisitioning SAU on establishing an appropriate Work Breakdown Structure (WBS) / Task / Work Order process.
- Provide support to the requisitioning SAU and procurement on ensuring an appropriate amendment process.

- Provide support to the requisitioning SAU and procurement on implementing an appropriate QA programme.
  - Provide support to the requisitioning SAU and procurement on dispute resolution process.
  - Provide support to the requisitioning SAU and procurement on ensuring an appropriate vendor evaluation process.
- e) Guidelines for Contract Compliance and Performance management within DPKO/DFS shall be developed following promulgation of this Policy.

## 29. **DPKO/DFS managerial responsibilities**

The intent of this section is to detail the specific roles of departmental senior management (USGs, ASGs, Headquarters Directors of DPKO/DFS Divisions, Mission SRSGs, DMS/CMS and senior mission leadership) in relation to contract management, including appointing qualified individuals and identifying sufficient resources to carry out related tasks. These roles include:

- a) **Resources:** The ASG DFS and mission DMS/CMS should ensure that the CCPM function is resourced in headquarters and in all missions. Qualified contract management staff members should be recruited in all headquarters and mission offices that are called to execute contract management related functions.
- b) **Risk assessment:** DPKO/DFS Directors of Divisions and mission DMS/CMS should ensure that all DPKO/DFS contractual agreements that exceed a value of 10 million USD are accompanied by a risk assessment of the contract during the contract development stage as well as when the vendor is selected but prior to award. It is strongly recommended that contractual agreements of a value less than 10 million USD be accompanied by a risk assessment of the contract. Such an assessment should be elaborated by the requisitioning self accounting unit and CCPM managers at the outset of contract initiation and elaboration. The assessment should be maintained and updated by the SAU and CCPM managers throughout the lifecycle of the contract. The assessment should be recorded within the contract case file in the mission and in headquarters.
- c) **Resources for CCPM:** Mission DMS/CMS should ensure that adequate resources are dedicated to Contract Compliance and Performance management in all missions. Such resources should be mobilized under a stand-alone CCPM unit in the service of the SAUs and the procurement section.
- d) **Exposure of the organization:** DPKO/DFS Directors of Divisions and mission DMS/CMS have responsibilities over the execution of contract management functions and therefore should ensure that the four general principles for procurement functions are also adhered to in the management of DPKO/DFS contracts. Those four principles are articulated in the United Nations Financial Regulations and Rules (ST/SGB/2003/7), section V (Utilization of funds), sub-section C (Procurement), regulation 5.12. The principles are:
- i. Best value for money (further detailed in section 1.5 of the United Nations procurement manual)
  - ii. Fairness, integrity and transparency
  - iii. Effective international competition

iv. The interest of the United Nations

In consideration of these principles DPKO/DFS managers executing contract management functions should always consider taking measures to limit the organization's exposure to eventual risks of negative consequences of the development and execution of contractual agreements.

- e. **Training:** Sufficient personnel should be trained to manage contracts in accordance with this policy and associated guidance and best industry practice. A contract management training module should be developed and made available to headquarters and mission staff members online and in class training sessions. Senior DPKO/DFS headquarters and mission management should ensure that all DPKO/DFS managers called to execute contract management functions receive regular contract management training and updates on relevant organizational policy. Staff members executing contract management functions should receive at least one training session per year in order to qualify to carry out such functions.
- f. **Outsourcing of Contract management / contract administration functions.** The general rule is that these are core functions of the UN and as such outsourcing is prohibited. However, there may be situations where missions are obliged to engage consultants to establish contract management processes and systems; and to engage technical support e.g. quality inspectors or clerk of works to assist with executing contract administration functions. In such cases it is at the discretion of the ASG DFS to decide whether outsourcing should be authorized or not.
- g. **Pre-implementation / post-contract-signing meeting.** This is a crucial aspect for contract implementation. There has to be a process to ensure that relevant managers and staff members: (i) Read and analyze contract requirements, (ii) develop contract requirement checklists (what we do and what they do), (iii) develop an implementation plan (roles and responsibilities for the entire contract life cycle, (iv) SOPs, (v) plan and schedule performance meetings, (vi) develop monitoring and reporting templates, etc., (vii) help finalize the compliance check list,

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**Key Requirements Affecting Contract Management**

30. **Financial Guidelines for contracts.** The United Nations Financial Regulations and Rules (FRRs) apply to DPKO/DFS contract management. Both the UN Financial Regulations and Rules and the Field Finance Procedures and Guidelines govern financial provisions and considerations for contract management for the provision of goods, services and works to United Nations peacekeeping missions. These governing guidance documents supersede all other UN financial policy documents and determine how much latitude and discretion United Nations peacekeeping contract managers may exercise in executing contract management functions.

All DPKO/DFS staff members who have a responsibility to execute a contract management function are expected to be fully informed of the UN Financial Regulations and Rules and the Field Finance Procedures and Guidelines. A copy of

the United Nations Financial Regulations and Rules can be accessed via the following link:

<http://daccessdds.un.org/doc/UNDOC/GEN/N03/357/35/PDF/N0335735.pdf?OpenElement>.

A copy of the Field Finance Procedures and Guidelines can be accessed via the following link:

<http://intranet.dpkp.org/dpkp/pages/DocumentDetails.aspx?DocId=1743>.

31. **Value Management.** The United Nations policy on contract awarding stipulates the requirement to obtain best value for money for the organization. Value does not refer to price considerations alone, and corresponds with other variables such as quality, timeliness, performance and compliance. Other considerations such as fair treatment of vendors and long-term best interests of the organization should also be taken into account. In order to gain respect and fair treatment and long-term commitment for the organization, contract management representatives should extend such courtesies to potential and current vendors. The organization has every interest in attracting and retaining competent vendors to contract business agreements and should adopt a comprehensive short term and long term value analysis of contracting initiatives.
32. **Performance Standards.** DPKO/DFS contract managers will assist to set, measure and review performance standards throughout the contract. These performance standards should be set during the elaboration of the statement of work and solicitation documents. DPKO/DFS staff should integrate the following considerations during the development of Statements of Work (SOW) that will eventually lead to a contractual agreement and execution. Performance standards should articulate how the contractor's work effort will be evaluated, in terms of quantity, quality, frequency, or other appropriate measures. The performance standards that are elaborated in DPKO/DFS Statements of Work should define clearly the expected, required, or acceptable level of performance from the contractor. The standards should be achievable and measurable. Performance standards should be limited to the minimum necessary to achieve effective and efficient contract management in the best interests of the organization. They should ensure that contract deliverables or milestones are capable not only of being defined but also measured. Contracts should as much as possible link contract deliverables to price/cost drivers such that invoices can be pegged to milestones or deliverables. This would link the certification of invoices to certification of performance and by consolidating the two will streamline the payment process. Detailed instruction on establishing performance standards shall be elaborated in future DPKO/DFS Contract Management guidelines.
33. **Reviewing Arrangements.** Staff responsible for Contract Management functions in DPKO/DFS should be fully aware of and involved in the review of current and intended contract arrangements. They contribute to Procurement Division conducted contract close outs and market research prior to commencement of new or renegotiated contracts. It should be understood that contract amendments and closeouts fall under the responsibility of mission procurement offices and the Procurement Division in New York. However it is the responsibility of SAUs and contract compliance and performance managers to proactively anticipate necessary arrangements and their relevant contributions to each amendment and closeout exercise. Such contributions may include but are not limited to:

- a) Monitoring amendment and closeout deadlines and raising them when appropriate with the associated procurement office
- b) Monitoring “Not to Exceed” (NTE) values and task orders
- c) Flagging any potential issues that can be expected at the time of the next amendment or the contract closeout
- d) Providing any useful documentation to the associated procurement officer
- e) Providing the associated procurement officer with updates on key performance indicators, deliverables and contract milestones in advance of amendments or closeouts

**34. *Management of Information.*** DPKO/DFS contract managers are required to maintain and report information about the performance of contracts and to provide after-action reports and lessons learnt. Reporting requirements should be elaborated during the development of Statements of Work (SOW) that will eventually lead to a future contractual agreement and execution. Reporting requirements should articulate how the evaluations of the contractor’s work effort will be reported. Reporting requirements should articulate how often and in what format any required progress or performance reports should be provided. Reporting requirements should be limited to the minimum necessary to achieve effective and efficient contract management in the best interests of the organization. There are also reports mandated by the procurement manual which must be provided for the procurement file. These are internal confidential reports normally not shown to the vendor. Detailed instructions on establishing reporting requirements shall be elaborated in future DPKO/DFS Contract Management Guidelines or SOPs. After action reports should be developed after notable incidents in the execution of the contractual agreement or after closeout of the contract.

Contract performance reports and after-action reports should be accessible to authorized mission and headquarters managers by a suitable method and used to assist DPKO/DFS in managing contracts. The dedicated mission or headquarters Contract Compliance and Performance management unit should centralize the contract database. The data must not be openly available except to authorized CMS/DMS, SAU, CCPM and procurement personnel. Appropriate security of the system should be maintained.

**35. *Relationship management.*** DPKO/DFS managers who execute contract management functions are called to establish and maintain business relationships with counterparts within and outside the organization within the framework of assigned contracts. Key stakeholder relationships should be established between requisitioners, procurement officers, finance officers, vendors, legal advisers and contract compliance and performance managers. Business relationships should be established in a courteous respectful manner. Each counterpart has a useful role to play in ensuring that the best interests of the organization are defended and that contract deliverables meet organizational requirements. The United Nations may not always be considered by multinational vendor corporations as representing a major commercial opportunity in terms of contract value and quantities. It is important therefore to ensure that conditions of contracting with DPKO/DFS remain attractive enough to provide the organization with sufficient choice in terms of numbers of vendors interested in and bidding for each contract. For example it is not useful to create delays in processing task orders or invoice payments for the sake of bureaucratic prerogatives. It is more beneficial to the organization to ensure respectful treatment of goods, service or works providers at all times and to expect similar standards of treatment from those same vendors.

36. ***Maintaining Records.*** Records of contract management by DPKO/DFS personnel should be maintained in the mission archiving system. Inactive contract management records should be shipped to the United Nations archives in New York through the usual procedure outlined in the Peacekeeping Operations Retention Schedule (PORS). Such records should include but are not limited to the following elements:

- a) Original signed contract
- b) Invoices and supporting documentation
- c) Associated LCC and HCC minutes
- d) Amendments
- e) Performance evaluations
- f) Correspondence dealing with contractual disputes
- g) Closeout documents

Recorded documents are needed for management of work, to provide proof of performance, to keep track of changes, to prove claims, and to retain evidence in case of litigation and audits. It is important to establish probity, evidence and institutional memory.

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### **Conducting Contract Management**

37. ***Planning Contracts and Defining the Requirement.*** Mission management should provide high-level guidance on the support concept, mission support plan, the procurement strategy, planning assumptions and timelines. Requisitioning Self Accounting Units and Cost Centers should plan for the amount, level of effort and time period of contracted services or goods in close collaboration with CCPM and associated procurement officers. It is important to assist the associated procurement officer in determining the most appropriate method of requesting a quote or tender response from the market place. Self-accounting units are ultimately responsible for elaborating and ensuring optimal quality of Statements of Work, Performance standards, Statements of Requirements and technical specifications of requirements. Contract compliance and performance managers and procurement officers should assist requisitioning Self Accounting Units and Cost Centers in ensuring appropriate levels of detail and quality is included in such contractual documents. Such contract defining documents should guarantee optimal contracting of the delivery of goods, services or works in accordance with the requirements and the best interests of the organization. All contracts for services must be performance based.
38. ***Selecting the appropriate contracting instrument.*** The United Nations has several contracting instruments available to implement, which are selected according to the best interests of the mission mandate implementation by the mission procurement section. These contracting instruments are outlined in paragraph 12 of this policy and in the United Nations Procurement Manual.
39. ***Technical Evaluation of Bids.*** SAUs should develop technical evaluation criteria in conjunction with CCPM and Procurement Officers. The technical evaluation criteria should identify the key criteria that the United Nations requires to ensure that the bidder can perform to an acceptable standard. The weightings should be as objective as possible to minimize subjectivity. It should be remembered that under

the Best Value concept of procurement, the higher the technical evaluation points, the more the organization is likely to pay. Therefore the allocation of points to technical criteria should be carefully done to ensure that all points awarded during the technical evaluation over the minimum should reflect additional value to the organization. Requisitioning Self Accounting Units and Cost Centers are responsible for technically evaluating vendor bids for the provision of good, services or works. Technical evaluations should be carried out in accordance with the criteria in the solicitation documents that should be established in the best interests of organizational needs. A balance should be maintained between the need for exhaustive verification of technical proposals, risk and expediency in the best interests of operational requirements. Procurement often consolidates all key decisions for a particular acquisition into a 'source selection plan' that is signed by both procurement and the requisitioner.

40. **Risk Management of Contracts.** DPKO/DFS contracting risk should be systematically managed throughout the contract lifecycle. Potential risk events associated with solicitation of offers, contract award, contract mobilization, contract execution steps, deliverables or milestones should be identified and formally articulated by the SAU, CCPM or associated procurement officer. Such potential impediments to achieving associated contract objectives should be assessed according to likelihood of occurrence and potential impact to contract execution. Mitigation initiatives should be identified and implemented to reduce the likelihood and / or impact of each risk. Contingency plans should be developed for execution in case of the occurrence of the identified risks events. In order to minimize the administrative burden of risk management, contract managers should focus on those potential risks that are of high likelihood and negative impact to contract execution. In the absence of a formal mission risk framework, each mission shall establish its own methodology to identify and track contract related risks.
41. **Quality Assurance.** Development of the quality assurance framework/program supporting contract management is the responsibility of CCPM whereas the implementation of the Quality Assurance plan will be the responsibility of the requisitioning Self Accounting Units and Cost Centers. SAUs should be assisted by Contract Compliance and Performance managers and procurement officers in establishing and maintaining such supporting tools. Quality assurance guidelines shall be further developed in the Contract Management guidelines associated with this policy. Quality assurance should apply a systematic process of auditing, monitoring and testing that identifies in a timely fashion, problem areas, documents discrepancies in performance, and generally reviews the delivery of a service.
42. **Performance Evaluation.** Requisitioning Self Accounting Units and Cost Centers are required to evaluate performance during the execution of a contract. Performance evaluations should be based on the performance standards and key performance indicators set out in the original contractual agreement. The mission procurement officer in charge of the contract should also be kept informed of the evaluation. Contract compliance and performance managers should assist the requisitioning Self Accounting Units and Cost Centers and procurement section by providing advice and where possible resources to complete the evaluation.

Updated information on status, issues, and concerns should be shared between the DPKO/DFS contract managers and contracted vendors during periodic face-to-face meetings. The frequency, content and required attendees for these meetings should be mutually agreed upon, and each should have a written agenda and meeting

minutes. These meetings should be used to augment any written reports required and serve as a means to continue an open and honest dialogue for issues related to contract performance.

- 43. *Transition of contracts.*** With the assistance of the associated procurement officer and contract compliance and performance manager, requisitioning Self Accounting Units and Cost Centers should anticipate and manage the transition between outgoing and incoming contract services or transition of the same contractor from one status to another. These transitions include contract amendment and close-out. Transitional requirements should be anticipated and developed during the contract elaboration phase, and incorporated into the contractual agreement
- 44. *Services to Contractor.*** Depending on the contractual agreement, DPKO/DFS may be responsible to provide support to contractors on a reimbursement or free basis. Such DPKO/DFS support services should be clearly articulated in the contractual agreement and may include but are not limited to:
- a) Visas
  - b) Security
  - c) UN provided services including access to UN facilities and medical services
  - d) Sustainment (i.e. food and accommodation)
  - e) Offices
  - f) Office equipment
  - g) Fuel
  - h) Medical treatment
  - i) Evacuation
  - j) Transportation
  - k) Vehicles
  - l) Customs clearance

The contract document may also stipulate applicable cost-recovery which the UN should implement in exchange for providing certain services to the contractor.

- 45. *Dispute Resolution.*** Dispute resolution is governed by the contractual agreement that is initially established between the organization and the vendor. A clear delineation of responsibilities should be established between headquarters and mission legal offices and contract managers / requisitioners. The responsible procurement officer should seek legal advice with input from the requisitioning self-accounting units, the Contract Compliance and Performance Management Unit and the mission legal advisor and/or the headquarters office of legal affairs. Based on jurisprudence and UN contracting experience, Contract Compliance and performance managers may relay appropriate legal advice (received from the mission legal advisor or OLA) to requisitioning self-accounting units. However advice from OLA and/or the mission legal adviser shall supersede that of the Contract Compliance and Performance manager. Issues beyond local resolution should be referred to Procurement Division in headquarters. Detailed instruction on dispute resolutions shall be elaborated in future DPKO/DFS Contract Management SOPs and/or Guidelines.
- 46. *Managing Various Contract Types.*** One unique management system cannot suit all contracts. The level of management must be appropriate to the risk, value and type of contract. SOPs or Guidelines on managing these contract types shall be



developed following promulgation of this policy. Contract types include but are not limited to:

- a) **Standard commercial services contracts**
- b) **Standard commercial goods contracts**
- c) **Standard commercial works contracts**
- d) **Special contracts for leases**

Need to ensure authenticity of ownership and the identity of the proprietor of the premises. This represents a frequent problem in mission areas where authoritative documentation in proof of ownership of real property and identities of parties may not be available. All precautions should be taken to preserve the organization from litigation related to such lease agreements after the fact. Procurement should be notified early of such requirements and if possible participate in site recces. No such agreements should be entered into without the express involvement from Procurement Section and permission of CMS/DMS. The host government should be first requested to provide premises free of cost in accordance with the relevant SOFA/SOMA.

e) **Banking**

Banking agreements are facilitated and monitored by the office of the treasurer in UNHQ. Procurement undertakes the tendering process. The treasurer in close collaboration with the respective Finance Section/Service puts together the SOW and thereafter analyses the offers, prior to presentation to the LCC/HCC. No such agreements should be entered into without the express involvement and permission from this office and the office of the controller. This type of contract is considered to be highly sensitive by the UN and special procedures have been promulgated by the Controller to CPOs & CFOs on this.

f) **Air Charter**

g) **Insurance**

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### **Mission-Specific Considerations**

**47. DMS/CMS.** Directors / Chiefs of Mission support should be aware of, and ensure the application of the present contract management policy. Careful attention should be given to the division of labor between the mission Self-Accounting Units, the Procurement Section and the Contract Compliance and Performance Management resources. The latter should not be considered an alternate mission contract oversight body. The spirit of the Contract Compliance and Performance Management capacity development should be one of service to Self-Accounting Units and Procurement colleagues. CCPM resources should not cause unnecessary delays in contract execution or honoring UN responsibilities in terms of invoice payments or task ordering. Nor should the CCPM function undermine the delegated responsibility and accountability of SAUs. The focus should be maintained on the short and long term best interests of the organization.

**48. Contracting in Unique Environments.** There are unique requirements for managing contracts in the peacekeeping environment. DPKO/DFS mission staff are often called to consider whether sourcing of certain contracts should be done only locally. If for any reason DPKO/DFS believes that in the best interest of the UN local sourcing of requirements is preferred, Procurement should be consulted on the feasibility of doing so within the procurement rules and regulations. While Member

States request that we increase procurement with developing countries and countries in transition, the FRRs require that the procurement process is undertaken with due consideration to “effective international competition” and “fairness, integrity and transparency”. Missions’ procurement sections should strive to encourage local vendors’ participation in procurement opportunities, as well as, registration on the UN’s vendor rosters. Procurement sections, sometimes in collaboration with Procurement Division, should offer business seminars to inform local vendors on how to register and compete for UN business. Missions’ procurements may contain local unique local requirements. Solicitations should be based on SOWs that contain performance oriented specifications that meet the mission’s requirements while giving all qualified vendors that opportunity to compete. It is very important that contract management and local conditions are considered when developing the mandatory and desirable requirements in the SOW to ensure successful implementation. It should be reminded here that the ultimate decision to procure locally or not falls under the responsibility of the mission procurement section and that “effective international procurement” is a core principle of UN procurement. Positive and negative considerations may include:

- a) Legal status of vendors
- b) Local laws and registration requirements to conduct business
- c) Language barriers
- d) Speed of delivery
- e) Environmental impact
- f) Capacity & capability of local vendors
- g) Value for money through regional procurement
- h) Reactivity on a daily basis
- i) Availability of required quantities or quality
- j) Potential inequities caused to the local market and populace.
- k) Political affiliations of vendors
- l) Public opinion of the mission
- m) Impact on the local economy

The mission must request the Procurement Division in New York to issue a Local Procurement Authority (LPA) to the mission, if required. If granted, this authorizes the mission to undertake the solicitation and evaluation process, in accordance with all of the established rules, regulations and procedures.

DPKO/DFS managers who are responsible for contract management functions are required to familiarize themselves with the unique elements of their peacekeeping mission environment in the execution of their responsibilities. They should take these elements into account and make managerial decisions accordingly in the best interests of the organization.

- 49. *Local Customs and Laws.*** It is important for DPKO/DFS contract managers to give careful consideration to local customs and laws when determining local contract agreements. While the United Nations peacekeeping missions benefit from certain privileges and immunities and these are reiterated in a SOMA/SOFA, it is most important for mission managers to integrate local customs and legal considerations in all contract management related decisions when in the best interests of the organisation. However, United Nations and Contract Management codes of ethics should be always adhered to in spite of any practices or customs that might suggest otherwise. Where possible such considerations may be integrated into the articulation of contractual agreements whether they are to be established with local

or external vendors. In all cases, advice should be sought from the mission legal advisor and/or OLA in UNHQ New York.

50. ***Dealing with Host Governments.*** When mission contract managers are called to deal with local, provisional and host governments, advice should be systematically requested from the DMS/CMS, the Office of Legal affairs, the mission legal advisor and the mission chief of political affairs prior to proceeding with initial contacts. This also applies in the absence of a functioning local government where contract managers may be called to deal with community representatives. DPKO/DFS mission managers who execute contract management functions should keep informed of local political or administrative considerations that may affect the terms and conditions and the execution of contractual agreements.
51. ***Dealing with Local vendors and Industry.*** When dealing with industry at the local and/or national level, DPKO/DFS mission managers who execute contract management functions should first seek advice from United Nations Country Team colleagues who may have more knowledge of local business practices and considerations. Contract managers should gather information on the local market dynamics and labor laws before proceeding to establish or execute contractual agreements. Contract decisions are often affected by DSS assessments. Formal clearances should be obtained from DSS when the security situation necessitates such measures.
52. ***Special considerations.*** Special considerations should be taken into account in dealing with non-commercial partners providing goods and services to DPKO and DFS. SOPs or Guidelines on managing these special relationships shall be developed following promulgation of this policy. Non-commercial partners include but are not limited to:
- a) Member states
  - b) Troop contributing countries
  - c) Police contributing countries
  - d) UN agencies, funds and programs
  - e) International and non-governmental organizations.

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## **E. TERMS AND DEFINITIONS**

The following terms have been identified as relevant to DPKO/DFS contract management activities:

53. **Acquisition planning** – The process by which efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the organization's need in a timely manner at a reasonable cost. It includes developing the overall strategy for managing the acquisition. In DPKO/DFS missions the mission acquisition plan is prepared by Procurement with the SAU and the Contract Compliance and Performance Management unit and the SAU acquisition plan is the responsibility of the requisitioning SAU with support from Procurement and CCPM. The SAU lists all the requirements with estimated costs that it expects to requisition over the Financial Year. These plans are sent to New York (Supply) for consolidation and forwarding to the Procurement Division.

- 54. Contract Administration** – refers to the management of issues that arise during the performance of a contract. Once a contract award has been made, and assuming that no significant issues presented themselves during the immediate post-award phase (i.e. the protest period), the tasks associated with ensuring appropriate contract performance begin, and are usually referred to using the generic term “contract administration”. The range and extent of contract administration activities required will vary greatly, depending primarily on the complexity, dollar value, and organizational significance of the contract. It is also important to note that effective contract administration is a shared responsibility of both contracting parties. The contract specifies the duties, obligations, and benefits that both parties are responsible for and entitled to. The contract administration function provides the oversight required to ensure that contractual promises are kept. Contract administration can be straightforward, particularly when the contracting parties are individuals or small organizations. The complexities often associated with effective contract administration tend to be more prevalent and important as the size and complexity of the contracting parties’ organizations increase. Contracting professionals in large, complex organizations frequently find themselves simultaneously responsible for administration activities on multiple contracts, and usually require some technical assistance and ongoing input from their internal customers, internal professional resources, management, and other stakeholders. The increasing level of complexity and the dependence upon resources external to the contracting function frequently present significant contract challenges for the contracting professionals for both contracting parties.
- 55. Contract Amendment** – Refers to any written alteration to the contract and can include specification, delivery point, rate of delivery, contract period, price, quantity, or other provision of an existing contract, accomplished in accordance with a contract clause; may be unilateral or bilateral. Only the responsible procurement officer/contracting authority can approve and issue a contract amendment. The amendment must be in writing and signed and accepted by both the UN and the contractor. In DPKO/DFS missions this is the responsibility of the procurement section upon request from an SAU.
- 56. Contract Closeout** – The process of declaring that the obligations under a contract have been satisfied and that a procurement file is both physically and administratively complete. In DPKO/DFS missions this is the responsibility of the procurement section.
- 57. Contract Compliance and Performance Management** – refers to the activities involved with the overview, monitoring and corporate management of contracts. Contract compliance and performance management assists responsible requisitioning self-accounting units and responsible Procurement Officers in managing contracts in accordance with UN Regulations and Rules, and in the best interests of mission mandate implementation, throughout the period that a services, goods or works contract is active. Contract compliance and performance management provides the expertise and advice that ensures that DPKO/DFS requirements for compliance, legality and accountability are met as long as a goods, services or works contractual agreement is active. Effective Contract compliance and performance management is different from contract administration.
- 58. Contract Lifecycle** – Refers to the duration of a contract which spans three phases, namely 1) Development 2) Implementation and 3) Closeout. These phases include identification of needs, raising the requisition, procuring the goods, services or works,

contract signature, contract execution, contract implementation, contract amendment and contract closeout.

59. **Contract Management** - The art and science of managing a contractual agreement throughout the contracting process. Contract management is the process of managing contracts, deliverables, deadlines, contract terms and conditions, while ensuring customer satisfaction. The purchasing process does not end when the contract is awarded. Effective post-award contract management is essential to the seamless acceptance of supplies and services. Contract management affects many areas within an organization and can significantly influence its budget, operations, customer service, and public image. Procurement and contract management are actually mirror images of each other. Both professions describe the broader process of sales or acquisition between two parties. Some objectives of buyers and sellers are distinctly different, while others are surprisingly similar. A mutually beneficial contract often can be challenging to craft. Buyers want the lowest price, whereas sellers want to maximize it. Both, however, should strive to meet the quality, delivery, and performance expectations of each other. Working together, they form a group of professionals under the “acquisition” umbrella.
60. **Contract Performance review or Quality Assurance** – A planned and systematic pattern of actions necessary to provide adequate confidence that material, data, supplies, and services conform to established technical requirements, and to achieve satisfactory performance.
61. **Headquarters Committee on Contracts (HCC)** - The HCC is based in United Nations headquarters in New York and ensures that the proposed procurement actions are based, inter-alia, on fairness, integrity and transparency, and as such are impartial and unambiguous. The HCC reviews presentations, written or electronic, made by and through UN/PD and provides advice to the Assistant Secretary General (ASG), Office of Central Support Services, or other officials duly authorized under Financial Rule 105.13, on whether proposed procurement actions, including contracts that generate income to the Organization, are in accordance with the UN FRR, SGBs and AIs, and UN procurement policies.
62. **Host Government** – Refers to the government of the country where the Peacekeeping mission is to operate.
63. **INCOTERMS** – Internationally recognized terms of sale that defines responsibilities of both the buyer and seller in any international transaction and are codified into 13 distinct categories. They identify the point at which the ownership and risk of goods transfer from the buyer to the seller.
64. **Key Performance Indicator (KPI)** - Key Performance Indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of contractual agreements. They will differ depending on the contract. Whatever Key Performance Indicators are selected, they must reflect the organization's goals, they must be key to its success, and they must be quantifiable (measurable). Key Performance Indicators usually are long-term considerations. The definition of what they are and how they are measured do not change often. The goals for a particular Key Performance Indicator may change as the organization's goals change, or as it gets closer to achieving a goal. KPIs should be clearly articulated in the statement of work. In DPKO/DFS missions this is the responsibility of the requisitioning self-

accounting unit (SAU) when establishing the SOW / SOR with guidance from the Contract Compliance and Performance Management unit.

65. **LOA** - Letters of Assist (LOA) refer to contractual agreements for the provision of goods and services by a government to a United Nations Peacekeeping Missions. More detailed information on LOAs can be found in section 13.9 of the United Nations Procurement Manual.
66. **Local Committee on Contracts (LCC)** - The LCC is established in missions to review and provide advice to the DMS/CMS, DOA/CAO, or other officials duly authorized under Financial Rule 105.13, on whether proposed procurement actions, including contracts that generate income to the Organization, are in accordance with the FRR, SGBs, Als, and procurement policies. Mutatis mutandi, the functions of the LCC mirror those of the HCC.
67. **Market research** – The process used for collecting and analyzing information about the entire market available to satisfy the organization's need. It involves obtaining the minimum information required to establish the most suitable approach to acquiring, distributing, and supporting supplies and services. In DPKO/DFS missions this is the responsibility of the procurement section and the SAUs.
68. **Memorandum of Understanding (MOU)** – Refers to a contractual understanding between the United Nations and a Member State on the roles and responsibilities of each party in a specific context with a specific deliverable.
69. **Performance Assessment** - Traditionally, the procurement of goods and services, in general, has used the term Quality Assurance (QA) to refer to the various functions performed by the organization to determine whether a contractor fulfilled contractual obligations pertaining to quality and quantity. In a performance-based environment, it is the contractor who is responsible for QA, motivated through various kinds of incentives such as performance credits and the contractor's interest in its resultant past performance information. Performance assessments are, perhaps, the key to a successful contract administration experience and can be developed into a detailed plan setting forth the process used to make sure the organization is receiving the services for which it has contracted. Performance assessments are based on the work to be done by the contractor as specified in the SOW. They state how the contract administration team will:
  - a) Survey
  - b) Observe
  - c) Test
  - d) Sample
  - e) Evaluate
  - f) Document
70. **Performance-based contract**- A documented business arrangement in which the buyer and seller agree to use a performance work statement, performance-based metrics, and a quality assurance plan to ensure that contract requirements are met or exceeded. A contract that is structured around the purpose of the work to be performed as opposed to either the manner in which the work is to be performed or a broad statement of work (SOW).

71. **Quality Assurance Surveillance Plan (QASP)** – The QASP is the plan that should be followed to ensure that the organization receives proper performance according to requirements identified in the contractual agreement. The information developed by this plan provides objective evidence of acceptable performance and also provides the means whereby deductions may properly be taken for unacceptable performance. Further details on how to implement a QASP should be included in future DPKO/DFS Contract Compliance and Performance management guidelines. In DPKO/DFS missions this is the responsibility of the requisitioning self-accounting unit (SAU) with guidance from the Contract Compliance and Performance Management unit.
72. **Requisitioner** – refers to a DPKO or DFS manager (who usually works within a requisitioning Self Accounting Unit (SAU) or Cost Center), who is responsible for submitting to the United Nations Procurement Division or the mission Chief Procurement Officer (CPO), through the Certifying Officer, and the Budget and/or Finance section for their action, an approved IMIS / Mercury pre-encumbrance document, or a similar document from the local requisitioning system. The requisitioner develops an acquisition plan in cooperation with the CCPM and UN/DP or the mission CPO in accordance with standard timelines and ensures the timely submission of the requirement to the CPO. Upon identifying a future need and conducting market research, the requisitioner develops the scope of the requirement through technical specifications.
73. **Self-Accounting Unit (SAU)**—refers to the DPKO/DFS mission business unit that has the responsibility to implement specific mission support programmes and accordingly commit the organization to expenditure and contractual agreements in line with the needs of the mission. The self-accounting unit is accountable for the proper execution of contractual agreements, within its domain of expertise, in the best interests of the organization.
- 73.1 **Cost Centers** – New York headquarters and mission Cost Centers are organizational units in which a certifying officer exercises control over resources on behalf of the Director of the Logistics Support Division or the mission DMS/CMS, and can be established at different locations (Field or New York Headquarters)
74. **Statement of Work (SOW) / Statement of Requirements (SOR)** –The portion of a solicitation document and the resultant contract that describes the actual work to be done by means of specifications or other minimum requirements, quantities, performance dates including a statement of the requisite quality. The SOW/SOR defines the scope of the overall contract in the case of task-order contracts. In DPKO/DFS missions this is the responsibility of the requisitioning self-accounting unit (SAU) with guidance from the Contract Compliance and Performance Management unit.
75. **Troop Contributing Country (TCC)** – Refers to a country that contributes military personnel to implement the mandate of a peacekeeping mission.

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## F. REFERENCES

### Normative or Superior References

On all procurement issues, the official procurement manual is the governing authority.

Contract Management definitions retained for this Policy are those implemented by the United States National Contract Management Association.

**Related Policies**

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**G. MONITORING AND COMPLIANCE**

The office of the Assistant Secretary General for Field Support is responsible for monitoring compliance with this policy.

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**H. CONTACT**

Office of the Assistant Secretary General for the Department of Field Support

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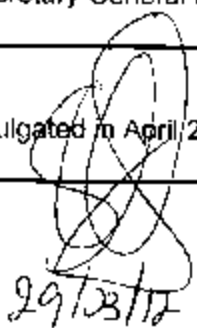
**I. HISTORY**

This Policy was first promulgated in April 2012 and has not yet been amended.

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**APPROVAL SIGNATURE:**

**DATE OF APPROVAL:**



A handwritten signature, which appears to be "J. B. Smith", is written over the signature line. Below the signature, the date "29/03/12" is handwritten.