



INTERNAL AUDIT DIVISION

AUDIT REPORT

Quick impact projects in UNMIS

The Mission has improved the implementation rate of QIPs over the past year; however, improved compliance with DPKO's Policy Directive on QIPs and the Mission's Administrative Instruction would ensure objectives of the projects are achieved in a timely manner

29 October 2010

Assignment No. AP2010/632/03

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Haile Menkarios
A: Special Representative of the Secretary-General
United Nations Mission in Sudan

DATE: 29 October 2010

FROM: Fatoumata Ndiaye, Director
DE: Internal Audit Division, OIOS

REFERENCE: IAD: 10-**00909**

SUBJECT: **Assignment No. AP2010/632/03 – Audit of Quick Impact Projects in UNMIS**

OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 4 and 6 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. David Wimhurst, Chief of Staff, UNMIS
Mr. Nicolas Von Ruben, Director of Mission Support, UNMIS
Ms. Heather Landon, Chief, Administrative Services, UNMIS
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
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Ms. Eleanor Burns, Chief, Peacekeeping Audit Service, OIOS
Ms. Amy Wong, Professional Practices Section, IAD, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of quick impact projects in UNMIS

OIOS conducted an audit of quick impact projects (QIPs) in the United Nations Mission in Sudan (UNMIS). The overall objective of the audit was to determine the adequacy and effectiveness of internal controls over QIPs. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Mission has improved the implementation rate of QIPs over the past year; however, there is a need to improve compliance with DPKO's Policy Directive on the Management and Implementation of QIPs to ensure objectives of projects are fully achieved in a timely manner. The following are the audit results:

- Contrary to the guidelines for the implementation of QIPs, the Mission had not formalized its review and prioritization of projects.
- Funds were transmitted to implementing partners by UNMIS staff members instead of directly to their bank accounts. This increases the risk of misappropriation or loss of funds.
- Twenty-nine of the 38 QIPs reviewed were monitored and supervised by project officers lacking the necessary technical expertise to assess them. In these cases, the Mission paid implementing partners and closed projects based on the results of the monitoring work performed by these officers.
- QIPs were delayed for periods of up to sixteen months primarily due to delays in implementing partners receiving funds and the failure of implementing partners to comply with work plans and relevant memoranda of understanding.

OIOS has made recommendations to assist UNMIS in addressing the issues summarized above and to contribute to improving the management of QIPs.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of quick impact projects (QIPs) in the United Nations Mission in Sudan (UNMIS). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. QIPs are small, visible and rapidly implementable projects intended to establish and build confidence of the local population in the Mission and the peace process.
3. The Special Representative of the Secretary-General (SRSG) has assigned oversight of QIPs implementation to the Chief of Staff (COS). Each sector of the Mission has a QIPs Review Committee also referred to as the Project Review Committee which is responsible for reviewing QIPs proposals and recommending them for approval by the COS. QIPs are typically identified and the related proposals prepared by the substantive components of the Mission.
4. The total expenditure for QIPs during fiscal year 2009/2010 was \$999,312, representing 100 per cent of the budget.
5. The status of the QIPs as at the time of the audit is summarized in Table 1:

Table 1: Status of QIP projects

	2008/2009	2009/2010
Approved	6	32
Completed	17	22
On-going	1	17
Cancelled	-	1

6. Comments made by UNMIS are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objective of the audit was to determine the adequacy and effectiveness of internal controls over QIPs.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the following activities implemented during fiscal years 2008/2009 and 2009/2010: project selection, approval, implementation, monitoring and evaluation.

The audit methodology included review of project documents and interviews with key personnel involved in managing QIPs and physical inspections of selected projects at five locations including Khartoum, Juba, Kadugli, Abyei and Yambio.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Selection and approval of QIPs

9. The DPKO Policy Directive on the Management and Implementation of QIPs issued in February 1997 (the Policy) defines the purpose of QIPs, describes their nature, scope, value and duration and outlines the principles for managing them.

Prioritisation of QIPs

10. In line with the Policy, paragraph 4 of the UNMIS QIPs Administrative Instruction states that the SRSG shall set and regularly review QIPs priorities in line with the Mission's mandate. The Mission did not provide OIOS with the requested evidence of its review of QIPs priorities for the fiscal year 2009/2010. There was an uneven allocation of QIPs among the various sectors, which could not be justified as indicated in Table 2.

Table 2: Distribution of QIPs by sector

Sector	Number of Approved QIPs	Percentage
I	20	34
II	1	2
III	5	9
IV	20	34
V	2	3
VI	3	6
Khartoum	7	12
Total	58	100

11. Failure to formally review QIPs priorities may result in lost opportunities to generate support for the Mission by addressing the immediate needs of the population.

Recommendation 1

(1) The UNMIS Management should ensure that quick impact project priorities are established, documented and regularly reviewed to ensure they are adequately focused and effective in eliciting support for the Mission's mandate.

12. *The UNMIS Management accepted recommendation 1 and stated that formal review and prioritization/planning of QIPs are done at the sector and Headquarters levels through the QIPs review committees and endorsed by the COS. The documentation showing reviews by QIPs committees and the endorsement of the selection of QIPs by the COS was not provided to OIOS, although it was requested during the audit. Recommendation 1 remains open pending evidence of the endorsed list of QIPs reviewed by Headquarters and sector level committees.*

B. Disbursement of funds to implementing partners

13. The UNMIS QIPs Administrative Instruction provides that funds will only be released to implementing partners' bank accounts and not to personal bank accounts.

14. For 17 of the 38 projects reviewed by the audit, UNMIS project officers made cash disbursements to implementing partners. OIOS was informed that this was done to avoid delays in transmitting funds to implementing partners' bank accounts. This process increases the risk of misappropriation of funds.

Recommendation 2

(2) The UNMIS Management should, to comply with its Quick Impact Projects Administrative Instruction, ensure that funds for projects are transmitted to implementing partners through their bank accounts.

15. *The UNMIS Management accepted recommendation 2 and stated that funds for future QIPs will only be released to the implementing partners' bank account in line with QIPs Administrative Instruction. The DMS may, on a case-by-case basis, exceptionally approve other modes of disbursement of funds, which will be specified in the relevant memorandum of understanding between UNMIS and the implementing partner. Recommendation 2 remains open pending receipt of evidence that QIPs funds are being transmitted to implementing partners' bank accounts, and any exceptions to this process is properly documented in the memorandum of understanding and approved by the DMS.*

C. Monitoring and supervision of QIPs

16. Before an engineering project is approved by the QIPs Steering Committee, the initiating unit requests and obtains comments on the project's feasibility from the Mission's Engineering Section. Twenty-nine of the 38 QIPs reviewed by the audit were engineering projects for which inputs of the Engineering Section were sought. However, all but three of these projects were monitored by project officers who were not engineers and hence lacked the technical expertise to competently supervise engineering works and confirm that materials used and standards of work were in line with the relevant specifications. The Mission relied on the monitoring results of project officers when processing payments for implementing partners and for subsequently closing the projects.

17. The use of project officers who do not have technical knowledge and experience on certain projects may result in accepting work that is not compliant with the relevant technical specifications. In this regard, a borehole that was drilled in the Duduma area of the Yambio team site in Sector I became non-operational within less than a month following its construction. The project officer did not have technical expertise in engineering to be able to identify any design and implementation flaws.

18. The UNMIS QIPs Administrative Instruction does not specify the desirable competencies of project officers. Additionally, not all locations in the Mission had resident engineers, and engineering staff at the Mission's Headquarters indicated that they did not have the time or responsibility for evaluating QIPs.

Recommendation 3

(3) The UNMIS Management should require personnel with the necessary experience to evaluate quick impact projects prior to making the final payment to implementing partners to ensure the project has complied with the technical specifications.

19. *The UNMIS Management accepted recommendation 3 and stated that QIPs are of different types and that some do not require evaluation by engineers. Engineers or other technical specialists come into the picture when construction work is involved. It is the current practice for an UNMIS engineer to evaluate the project when such a request is made by the project officer. UNMIS will ensure that this practice continues. Recommendation 3 remains open pending receipt of evidence that payments in respect of engineering projects are supported by engineers' evaluations of those projects.*

D. Timeliness of QIPs

20. Paragraph 14 of the QIPs Administration Instruction and paragraph 4 of the generic memorandum of understanding (MoU) used in engaging implementing partners provide that the timeframe for implementation of a QIP should not exceed three months after disbursement of the first advance.

21. Twelve of the 38 projects reviewed by audit were delayed for periods between one to sixteen months, and 5 of the 12 projects were delayed beyond six months. Delays were caused by late receipt of funds by implementing partners and the failure of partners to adhere to work plans and terms of engagement as outlined in the respective MoU.

22. Delays in completing projects may diminish the Mission's ability to effectively promote and facilitate the United Nations peacekeeping and peace building efforts in Sudan.

Recommendation 4

(4) The UNMIS Management should closely monitor projects to ensure adherence of implementing partners to agreed work plans, memoranda of understanding and other reporting requirements.

23. *The UNMIS Management accepted recommendation 4 and stated that all projects are monitored and followed up to ensure that implementing partners are*

on track. Additionally, the importance of project monitoring will be emphasized during the training of project officers. Based on the assurances given, recommendation 4 has been closed.

E. Maintenance of QIPs records

24. Paragraph 31 of the QIPs Administrative Instruction outlines the responsibilities of a project officer, which among others includes the establishment and maintenance of project records. In addition, the peacekeeping best practices toolbox on handover notes issued by the Best Practices Section of DPKO requires that the departing officer prepares and provides a handover note.

25. Complete records were not maintained for any of the projects reviewed. The folders obtained from project officers did not contain original copies of all relevant documents and correspondences including MoUs, reports of initial site inspections and project monitoring forms. The Mission did not obtain evidence showing that project officers handed over official records before they were separated from the Mission. Project officers were not aware that they were responsible to maintain project records.

26. In the absence of complete records, the Mission may encounter difficulties in establishing accountability.

Recommendation 5

(5) The UNMIS Management should ensure that heads of sections adequately brief project officers on their roles and responsibilities with regard to the maintenance of project records and require project officers to submit handover notes before they leave their positions.

27. *The UNMIS Management accepted recommendation 5 and stated that it was being implemented. Nevertheless, UNMIS Management will send out a reminder to heads of section to this effect.* Recommendation 5 remains open pending receipt of a copy of the reminder sent to heads of sections on the need to maintain records in QIPs.

F. Training

28. Training is imperative in creating awareness and responding to changes in a dynamic peacekeeping environment. Officers for only 11 of the 38 projects covered by the audit were invited and hence participated in training on the management of QIPs in August and December 2009. Project officers who are not adequately trained on their roles and responsibilities may not be able to adequately monitor projects.

Recommendation 6

(6) The UNMIS Chief of Staff should ensure that all project officers are trained on their roles and responsibilities.

29. *The UNMIS Management accepted recommendation 6 and stated that training is organized on a quarterly basis.* Based on the assurances given, recommendation 6 has been closed.

V. ACKNOWLEDGEMENT

30. We wish to express our appreciation to the Management and staff of UNMIS for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNMIS Management should ensure that quick impact project priorities are established, documented and regularly reviewed to ensure they are adequately focused and effective in eliciting support for the Mission's mandate.	Governance	Medium	O	Evidence of the endorsed list of QIPs reviewed by Headquarters and sector level committees.	October 2010
2	The UNMIS Management should, to comply with its Quick Impact Projects Administrative Instruction, ensure that funds for projects are transmitted to implementing partners through their bank accounts. In regions where there are poor banking facilities, additional procedures should be prepared by the Mission to ensure adequate controls over the receipt of funds by project officers and their subsequent disbursement to implementing partners.	Financial/compliance	Medium	O	Receipt of evidence that QIPs funds are being transmitted to implementing partners' bank accounts, and any exceptions to this process is properly documented and approved by the DMS.	October 2010
3	The UNMIS Management should require personnel with the necessary experience to evaluate quick impact projects prior to making the final payment to implementing partners to ensure the project has complied with the technical specifications.	Operational	Medium	O	Receipt of evidence that payments in respect of engineering projects are supported by engineers' evaluations of those projects.	Ongoing.
4	The UNMIS Management should closely monitor projects to ensure adherence of implementing partners to agreed work plans, memoranda of understanding and other reporting requirements.	Compliance	Medium	C	Action taken.	Implemented.
5	The UNMIS Management should ensure that heads of sections adequately brief project officers on their roles and	Compliance	Medium	O	Receipt of a copy of the reminder sent to heads of sections on the need to maintain records on QIPs.	Ongoing.

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	responsibilities with regard to the maintenance of project records and require project officers to submit handover notes before they leave their positions.					
6	The UNMIS Chief of Staff should ensure that all project officers are trained on their roles and responsibilities.	Operational	Medium	C	Action taken.	Implemented.

1. C = closed, O = open

2. Date provided by UNMIS in response to recommendations.