



INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of the implementation of aviation contracts in MONUSCO

Overall results relating to the effective implementation of aviation contracts were initially assessed as partially satisfactory. Management has implemented the recommendation satisfactorily

FINAL OVERALL RATING: SATISFACTORY

18 December 2012

Assignment No. AP2011/620/14

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AUDIT REPORT

Audit of the implementation of aviation contracts in MONUSCO

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the implementation of aviation contracts in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The MONUSCO aviation fleet consisted of 55 aircraft, which included 15 fixed-wing and 40 rotary-wing aircrafts for use by civilian, police and military personnel. The fleet was acquired under 32 long-term charter agreements and six letters of assist (LoAs).
4. The Technical Compliance Unit (TCU) within the Aviation Section is responsible for aircrew management, invoice processing, contractors' performance evaluations, receipt and inspection of aircraft, aircraft usage reporting, and ensuring that all air carriers are providing essential air transport services as specified in the relevant contracts and LoAs. The TCU liaises with the Aviation Transport Section of the Department of Field Support (DFS) in discharging its functions. The TCU is headed by the Chief Aviation Technical Compliance Officer at the P-4 level, reporting to the Chief of Aviation Section. The budgets for the years 2009/10, 2010/11 and 2011/12 were \$255.1 million, \$271.4 million and \$341.1 million, respectively. The increase in 2011/12 was due to the sourcing of additional aircraft from other missions to support the November 2011 elections in the Democratic Republic of Congo.
5. Comments provided by MONUSCO are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of the MONUSCO governance, risk management and control processes in providing reasonable assurance regarding the **effective implementation of aviation contracts**.
7. The audit was included in the 2011 OIOS risk-based work plan due to the importance of air operations in the implementation of MONUSCO's mandate and the significant amount of resources allocated to air operations.
8. The key controls tested for the audit were: (a) regulatory framework; and (b) project management. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Regulatory framework** – controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of air travel management; (ii) are implemented consistently; and (iii) ensure reliability and integrity of financial and operational information.
 - (b) **Project management** – controls that provide reasonable assurance that there is sufficient project management capacity to achieve the implementation of aviation contracts.

9. OIOS conducted this audit from November 2011 to March 2012. The audit covered the period from 1 July 2009 to 31 December 2011.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The MONUSCO governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective implementation of aviation contracts**. OIOS made one recommendation in the report to address issues identified. MONUSCO had developed and disseminated procedures to guide staff in implementing aviation contracts including procedures for evaluating the performance of contractors, inspecting of aircraft, obtaining relevant certificates, and briefing aircrew, and these procedures were operating effectively. Additionally, Aircraft Use Reports were completed, verified and submitted to DFS as required. However, procedures over the recovery of costs for services provided to third parties needed to be strengthened.

12. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **satisfactory** as the recommendation made was implemented satisfactorily.

Table 1: Assessment of key controls

Business objective(s)	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective implementation of aviation contracts	(a) Regulatory framework	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Project management	Satisfactory	Satisfactory	Partially satisfactory	Satisfactory
FINAL OVERALL RATING: SATISFACTORY					

A. Regulatory framework

Standard operating procedures were developed and updated

13. MONUSCO had developed and updated standard operating procedures to govern and manage air operations in line with the DPKO/DFS Aviation Manual. These included: contractor performance evaluations; aircrew management; invoice processing; inspection of aircraft; and aircraft usage reporting. These procedures were assessed as adequate and working effectively.

Contractors' performance evaluations were performed as required

14. A review of 150 of 310 performance evaluation reports noted that they were submitted as required under the terms of the charter agreements. Performance evaluations reported that suppliers

complied with the requirements of the DPKO/DFS Aviation Manual, and no underperformance issues were noted. These reports were certified by the Chief Aviation Officer (CAVO) and the Chief Aviation Safety Officer (CASO), and authorized for release to the Aviation Transport Section (ATS), DFS by the Office of the Director of Mission Support.

Aircraft were adequately inspected on arrival in the Mission's area of operations

15. MONUSCO inspected aircraft upon initial arrival in the Mission and when an existing aircraft returned after maintenance work. A review of 70 of the 148 inspection reports determined that MONUSCO obtained, examined and had on file the required certificates of airworthiness. Also, inspection documents were complete and included: (a) an assessment of the aircraft's documentation; (b) a technical assessment of the flight and cabin crew; and (c) an assessment of the technical condition of the aircraft. Each inspection report was reviewed and certified by the designated officials (CAVO and CASO) and submitted to ATS, DFS. OIOS assessed that adequate and effective controls were in place over the aircraft inspection process.

Aircrews' qualifications were verified and maintained on file and aircrews were briefed on arrival

16. In compliance with the relevant contracts, the Mission maintained the qualifications and training records of aircrew, including pilot licenses, qualifications, crew certificates, copies of national passports and medical certificates. A review of 20 of 44 aircrew based in Kinshasa confirmed that requisite documentation was on file and was up-to-date. Contractors' representatives based in Kinshasa also confirmed that on arrival the TCU properly briefed them on MONUSCO's operations and relevant United Nations policies and procedures.

Aircraft Use Reports were properly recorded

17. A review of 2,000 of 18,000 Aircraft Use Reports (AURs) prepared in 2010/11 determined that they were signed and submitted to the respective sector aviation office (Air Region) by the pilot after each flight. AURs were reviewed and approved by the Chief of the relevant Air Region in which the flight occurred, and were checked against the flight-following system maintained by the Aviation Section in order to verify the accuracy and completeness of the number of flights and hours reported. The AURs were also verified by the TCU in Kinshasa. The AURs were forwarded as required to ATS, DFS. No exceptions were identified between that reported by the pilot and MONUSCO.

MONUSCO was establishing an aviation services contract

18. The MONUSCO aircraft were often tasked to conduct flights outside the Mission's area either as a special flight for United Nations senior management, dignitaries, Casualty and Medical Evacuation, and staff welfare. These flights required services, including: aviation fuel; airport ground handling; over-flight clearance; accommodation and transportation for the aircrew; and payment for landing fees. These services were outsourced to a vendor since 2004. However, MONUSCO did not have a service contract, even though over \$3 million had been paid to this vendor through miscellaneous obligation documents during the period under review.

19. A competitive bidding process was concluded in 2011. However, the process was not successful as three vendors, including the current supplier, submitted bids that did not meet the established technical evaluation criteria. As of November 2012, a new procurement exercise launched by MONUSCO in conjunction with the Regional Procurement Office, was under review by the Headquarters Committee on Contracts. Since action was on-going to establish a contract for aviation services, OIOS did not make a recommendation.

B. Project management

Cost recovery procedures needed to be strengthened

20. MONUSCO was providing air services to United Nations agencies and embassies in Kinshasa. At the time of the audit, amounts totaling \$417,233 were due, some of them since the beginning of July 2010. There was a need for MONUSCO to further pursue with entities the recovery of costs for air services provided.

(1) MONUSCO should strengthen its cost recovery procedure for air services provided on behalf of United Nations agencies and other approved entities.

MONUSCO accepted recommendation 1 and stated that already \$374,848 had been recovered, and the remaining amount was in process of being recovered. Also, procedures had been implemented to ensure that the Finance Section received details of air services provided to third parties from the Aviation Section in a timely manner to prepare debit advices. An aging analysis would be regularly reviewed, and reminders issued. Based on the action taken by MONUSCO, recommendation 1 has been closed.

Personnel were adequately trained and competent

21. A training plan was developed and implemented to ensure that staff members involved in aviation contract management were adequately trained. In 2010/11, this included: 25 staff trained in advanced airport operations; three on aviation law, air transport regulations and air transport economics; and 25 on flight operations management. There was a record of training conducted in the Quality Assurance and Standardization Unit of the Aviation Section, including copies of relevant certificates.

22. The personnel records for staff responsible for contract management at the TCU Kinshasa showed that they had the relevant competencies, qualifications and experience as required by the job specifications and DPKO/DFS Aviation Manual.

IV. ACKNOWLEDGEMENT

23. OIOS wishes to express its appreciation to the Management and staff of MONUSCO for the assistance and cooperation extended to the auditors during this assignment.



Ms. Fatoumata Ndiaye, Director
Internal Audit Division, OIOS

STATUS OF AUDIT RECOMMENDATIONS

Audit of the implementation of aviation contracts in MONUSCO

Recom. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MONUSCO should strengthen its cost recovery procedure for air services provided on behalf of United Nations agencies and other approved entities	Important	C	Action taken	Implemented

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by MONUSCO in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]