INTERNAL AUDIT DIVISION

REPORT 2014/107

Audit of quick-impact projects in the African Union-United Nations Hybrid Operation in Darfur

Overall results relating to the management of quick-impact projects in the African Union-United Nations Hybrid Operation in Darfur were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

5 November 2014
Assignment No. AP2014/634/06

CONTENTS

AUDIT REPORT

Audit of quick-impact projects in the
African Union-United Nations Hybrid Operation in Darfur

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of quick-impact projects (QIPs) in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).

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.   QIPs were small-scale, rapidly implementable and highly visible projects which addressed emergency situations relating to the rehabilitation of essential infrastructure, building of basic institutions and functioning of public services and utilities. QIPs were of benefit to the population and were used by UNAMID to establish and build confidence in the Mission, thereby improving the environment for effective mandate implementation efforts in Darfur.

4.   Table 1 provides financial and project implementation information for the QIPs in UNAMID.

**Table 1: Financial and project data for quick-impact projects implemented by the
African Union-United Nations Hybrid Operation in Darfur as at June 2014**

Financial period	Approved budget	Number of projects:			
		Approved	**Completed**	**Ongoing**	**Not started**
2012/13	$2 million	97	79	18	--
2013/14	$2 million	67	14	15	38

5.   Comments provided by UNAMID are incorporated in italics.

II.   OBJECTIVE AND SCOPE

6.   The audit was conducted to assess the adequacy and effectiveness of UNAMID governance, risk management and control processes in providing reasonable assurance regarding the **effective management of quick-impact projects in UNAMID**.

7.   The audit was included in the 2014 OIOS risk-based work plan due to operational and reputational risks relating to the management of QIPs.

8.   The key control tested for the audit was project management. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that the project management capacity for implementing the QIPs programme includes: sufficient financial resources; competent human resources; and appropriate project management tools, methodologies and systems.

9.   The key control was assessed for the control objectives shown in Table 2.

10.   OIOS conducted the audit from March to June 2014. The audit covered the period from 1 July 2012 to 30 June 2014. OIOS reviewed 46 (33 completed and 13 ongoing projects) out of the 164 QIPs approved for implementation, and made site visits to 22 projects (17 completed and 5 ongoing).

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

III.   AUDIT RESULTS

12.   The UNAMID governance, risk management and control processes examined were **partially satisfactory[1]** in providing reasonable assurance regarding the **effective management of quick-impact projects in UNAMID.** OIOS made two recommendations to address the issues identified. The QIPs guidelines issued by the Head of Mission in December 2011 resulted in better evaluation of the credibility and technical competence of project implementing partners, improved frequency and accuracy of reporting on progress of projects, and completeness of project files. However, UNAMID needed to: (a) ensure proposals for new QIPs were prepared at the sector level in a timely manner; and (b) conduct annual evaluations of the QIPs programme to assess its impact and efficiency.

13.   The initial overall rating was based on the assessment of the key control presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of two important recommendations remains in progress.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of quick-impact projects in UNAMID	Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory

Project management

<u>Quick-impact projects were developed and implemented in line with Mission priorities</u>

14.   The Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) policy and guidelines on QIPs required missions to ensure that QIPs were developed and implemented in line with the geographic and thematic priorities of their mandates. Furthermore, QIPs were to be selected based on at least one of the three criteria: (a) promoting acceptance of mandated tasks; (b) building confidence in the peace process; and (c) generating support for the Mission.

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[1] A rating of **"partially satisfactory"** means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

15.   In December 2011, UNAMID restructured the governance and management of QIPs to improve implementation and to ensure that projects implemented were priority-focused, sector-based and decentralized. The structure at Mission Headquarters included: (a) a Project Review and Approval Committee (PRAC), chaired by the Deputy Joint Special Representative; (b) a Technical Review Team chaired by the Senior Adviser to the Deputy Joint Special Representative; and (c) a QIPs Focal Point. UNAMID also established QIPs management teams in each sector.

16.   The PRAC met six times during the audit period and approved 164 QIPs, which were evenly distributed across UNAMID thematic priority focus areas of: (a) water and sanitation; (b) health; (c) early recovery and livelihood; (d) empowerment of the underrepresented; (e) environment protection; and (f) education. A review of minutes of PRAC meetings and relevant supporting documents indicated that the Committee properly reviewed proposed QIPs and ensured QIPs were supporting Mission priorities. OIOS concluded that QIPs were implemented in line with the established thematic priority-focus areas of the Mission and complied with DPKO/DFS guidelines.

Proposals for new quick-impact projects required improvement at sector level

17.   The DPKO/DFS policy on QIPs required QIPs to be completed within six months from the date of release of the first instalment of project funds to the implementing partner. The policy further required that QIP funds to be obligated and committed to specific projects as early as possible and that reasonable efforts be made to ensure funds were used within the budget period for which they were requested.

18.   In fiscal year 2012/13, UNAMID obligated funds totaling $1.6 million for the 97 QIPs approved by PRAC. However, UNAMID obligated funds for 38 of these 97 projects in the final three months of the fiscal year and therefore, the projects could not be completed within the same budget period. This resulted as PRAC delayed approving projects due to insufficient information presented in QIP submissions and the lengthy process taken by QIP teams in assessing and accrediting implementing partners. Moreover, QIP teams in sectors faced challenges in obtaining relevant documents to support QIP submissions. For example, QIP teams needed to obtain confirmation from the local government that land proposed for the QIP was government-owned and to obtain a letter of commitment from the related government ministry to allow the land to be used.

> **(1) UNAMID should improve the planning process for quick-impact projects at the sector level to ensure that the assessment of the capability of implementing partners and submission of required documents are done in a timely manner.**
>
> *UNAMID accepted recommendation 1 and stated that heads of offices in five sectors would ensure continuous monitoring of QIPs focal points at project sites on a weekly basis and continuous communication with implementing partners to ensure submission of required documents in a timely manner.* Recommendation 1 remains open pending receipt of evidence and verification by OIOS that a mechanism has been put in place to: (a) monitor the work of sector focal points; (b) assess the capabilities of implementing partners; and (c) monitor the timely submission of required documents.

Projects were being implemented as outlined in proposals

19.   UNAMID guidelines on QIPS required the Mission to screen implementing partners prior to contracting them, conduct frequent monitoring visits to project sites and during these visits, complete an Implementing Partner Assessment Form, verify the status of projects, and implement adequate visibility measures showing that projects were funded by UNAMID.

20.   A review of 46 out of the 164 QIPs files indicated that partners selected to implement projects met requirements established by UNAMID, which included checking by the QIPs management team at sectors of their track record and financial background. Visits to 22 projects indicated that QIPs were being implemented as planned. For the 17 completed projects visited, there were no signs of defects or poor workmanship. UNAMID also informed OIOS that they were satisfied with the work completed on these 17 QIPs. Moreover, all of the completed projects were handed over to beneficiaries and had sign boards indicating that UNAMID was the project donor. For the five projects that were ongoing, materials purchased for these QIPs were properly safeguarded at sites where work was ongoing.

21.   OIOS concluded that adequate procedures were in place for screening implementing partners prior to contracting them, status of projects was being reported accurately and adequate visibility measures were in place.

Delays in payment of first instalment to implementing partners had been addressed

22.   The DPKO/DFS policy on QIPs required that the first payment be made within three months from the date the project was approved.

23.   For fiscal year 2012/13, an analysis of the time taken from the approval of a QIP to the date of first payment confirmed that implementing partners were generally paid within three months. However, for fiscal year 2013/14, UNAMID was able to release the first instalment within three months of the approval of the project to only 10 out of 67 projects. The remaining 57 projects received instalments between four and seven months from the date of approval. This impacted on the ability of implementing partners to complete projects within the agreed project cost as prices for material had increased due to inflation. The delays in the release of first instalment were due to the implementation of Umoja, as the Finance Section had not entered the names of implementing partners as "business partners" in Umoja. However, OIOS review of payments for QIPs approved after 1 March 2014 indicated that Umoja had been updated to include names of implementing partners and payments were being made in a timely basis. Based on the action taken by the Mission, OIOS did not make a recommendation.

Documents were adequately maintained

24.   The UNAMID standard operating procedures for QIPs indicated that a completed project file should contain the following duly completed documents: Project Proposal Form, Project Assessment Checklist, Initial Site Visit Form, Memorandum of Understanding, Project Monitoring Form, Project Closure and Evaluation Form, Financial Reports, and QIP Monitoring Checklist. A review of 46 project files (33 completed and 13 on-going projects) indicated that all the relevant documents were completed and filed. OIOS concluded that adequate documentation was maintained for QIPs in accordance with UNAMID procedures.

There was a need to conduct an overall annual evaluation of quick-impact projects as a programme

25.   The DPKO/DFS Policy on QIPs required the QIP Management Team, in coordination with PRAC, to conduct annual evaluations of the QIPs programme to determine its impact and identify lessons learned. Due to lack of resources, UNAMID had not conducted any annual evaluations of its QIP programme.

(2) UNAMID should conduct an overall evaluation of the quick-impact programme annually to assess its impact and efficiency.

UNAMID accepted recommendation 2 and stated that the Civil Affairs Section would recruit a consultant to conduct an overall evaluation of the QIPs programme to assess its impact and efficiency. Recommendation 2 remains open pending receipt of evidence that the required annual evaluation of the QIPs programme has been conducted.

IV.   ACKNOWLEDGEMENT

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

(*Signed*) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of quick-impact projects in the African Union-United Nations Hybrid Operation in Darfur

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNAMID should improve the planning process for quick-impact projects at the sector level to ensure that the assessment of the capability of implementing partners and submission of required documents are done in a timely manner.	Important	O	Receipt of evidence and OIOS verification of mechanisms put in place to: (a) monitor the work of sector focal points; (b) assess the capabilities of implementing partners; and (c) submit required documents in a timely manner	31 March 2015
2	UNAMID should conduct an overall evaluation of the quick-impact programme annually to assess its impact and efficiency.	Important	O	Receipt of evidence that the required annual evaluation of the QIPs programme has been conducted	31 March 2015

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[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 UNAMID in response to recommendations.

APPENDIX I

Management Response
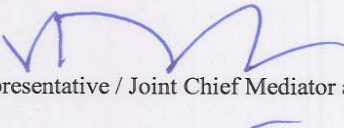
African Union – United Nations Hybrid Operation in Darfur

Office of the Acting Joint Special Representative

28 October 2014

To: Ms. Eleanor T. Burns
        Chief, Peacekeeping Audit Service
        Internal Audit Division, OIOS

From: Abiodun O. Bashua
        Acting Joint Special Representative / Joint Chief Mediator a.i.
        UNAMID

Subject: **Draft Report on an audit of quick-impact projects in the African Union-
          United Nations Hybrid Operation in Darfur (Assignment No. AP2014/634/06)**

1.   With reference to your memorandum of 12 October 2014, on the above-subject matter,
please find attached UNAMID's response (Appendix I) to the draft report for your consideration
and records.

Best regards.

cc: Mr. Anthony Nweke, Acting Director of Mission Support, UNAMID
        Mr. Guang Cong, Chief, Civil Affairs Section, UNAMID
        Mr. Prances Sooza, Chief, Resident Auditor, OIOS/UNAMID
        Mr. Velayutham Gopal, Audit Focal Point, UNAMID
        Ms. Josiane Tiya, QIPs Focal Point, Office of the Acting Joint Special Representative,
        UNAMID
        Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division,
        OIOS
        Mr. Oumar Kane, Senior Political Affairs Officer, Office of the Acting Joint Special
        Representative, UNAMID

Management Response

Audit of quick-impact projects in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should improve the planning process for quick-impact projects at the sector level to ensure that the assessment of the capability of implementing partners and submission of required documents are done in a timely manner.	Important	Yes	**Overall Responsible**: Acting Joint Special Representative (JRS) **Overall Responsible at the Sector Level**: Head of Offices (HoO)	31 March 2015	Head of Offices (HoO) in five sectors will ensure that there is a continuous monitoring of Quick Impact Projects (QIPs) Focal Points to the project sites on a weekly basis and continuous communication with the Implementing Partners to ensure submission of required documents are done on timely manner.
2	UNAMID should conduct an overall evaluation of the quick-impact programme annually to assess its impact and efficiency.	Important	Yes	**Overall Responsible**: Acting JSR **Overall Responsible at the HQ Level:** Civil Affairs Section	31 March 2015	Civil Affairs Section will recruit a consultant to conduct an overall evaluation of the Quick Impact Projects (QIPs) programme to assess its impact and efficiency.

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[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.