



INTERNAL AUDIT DIVISION

REPORT 2015/034

Audit of quick impact projects in the
United Nations Organization
Stabilization Mission in the Democratic
Republic of the Congo

Overall results relating to the effective management of quick impact projects in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

27 April 2015
Assignment No. AP2014/620/07

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-6
Regulatory framework	3-6
IV. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of quick impact projects in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of quick impact projects (QIPs) 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. QIPs were small-scale, rapidly implementable projects meant to build confidence in the Mission and the environment for effective mandate implementation.
4. The MONUSCO QIPs Unit was responsible for coordinating the QIPs programme and facilitating the disbursement of funds to implementing partners. The QIPs Unit was headed by a Programme Manager at the P-3 level who reported to the Chief of the Office of the Deputy Special Representative of the Secretary-General, Rule of Law/Operations East. The Programme Manager was assisted by four national staff.
5. MONUSCO budgeted \$2 million for each of the fiscal years 2012/13 and 2013/14, which funded 103 projects and 79 projects respectively.
6. Comments provided by MONUSCO are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of MONUSCO governance, risk management and control processes in providing reasonable assurance regarding the **effective management of quick impact projects in MONUSCO**.
8. The audit was included in the 2014 risk-based work plan of OIOS because of the reputational risk related to the management of QIPs.
9. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of quick impact projects in MONUSCO; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
10. The key control was assessed for the control objectives shown in Table 1.
11. OIOS conducted the audit from September to November 2014. The audit covered the period from 1 July 2012 to 30 September 2014 and included a review of 49 projects valued at \$1.19 million, representing 27 per cent of the 182 projects valued at \$3.96 million, and funded during fiscal years 2012/13 and 2013/14. OIOS visited 25 projects located in Bunia, Bukavu, Goma, Kinshasa and

Lubumbashi. The audit did not cover the new QIPs in the Islands of Stability¹ as these had been approved for implementation during 2014/15 and just commenced.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the 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

13. The MONUSCO governance, risk management and control processes examined were initially assessed as **partially satisfactory**² in providing reasonable assurance regarding the **effective management of quick impact projects in MONUSCO**. OIOS made four recommendations to address the issues identified. MONUSCO had: taken adequate steps to ensure that QIPs were in line with its overall plan and broader strategy; and implemented adequate mechanisms and procedures for their review and approval and for ensuring that costs were within authorized limits. However, MONUSCO needed to: (a) ensure that site visits were undertaken to assess the viability of QIPs prior to their approval; (b) coordinate with United Nations entities on QIPs being implemented; (c) ensure that implementing partners provide accurate bank account details to avoid delays in implementing projects; and (d) conduct periodic evaluations of the QIPs programme to assess its impact and effectiveness.

14. The initial overall rating was based on the assessment of the key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of one important recommendation remains in progress.

Table 1: Assessment of the 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 MONUSCO	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

¹ Areas freed from armed groups where MONUSCO intend to restore state authority through the deployment of civilian and military/police components, and community projects.

² 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

Regulatory framework

The Mission had taken adequate steps to ensure quick impact projects were in line with its overall plan and broader strategy

15. The DPKO/DFS Policy on QIPs required MONUSCO to select projects that were in line with its overall plan and broader strategy for community outreach.

16. A review of 49 of the 182 QIPs implemented in fiscal years 2012/13 and 2013/14 indicated that projects were in line with the Mission's overall plan and broader strategy, which was to re-focus its activities in the east of the country, during this period. For example, the Mission had allocated 75 per cent of the QIPs \$2 million budget for fiscal year 2013/14 to the Mission's operations in the east. Also, as part of the project review and approval process, MONUSCO implemented procedures to ensure that each project was in line with the Mission's overall plan and strategy. OIOS concluded that MONUSCO had implemented adequate controls to ensure that QIPs implemented were in line with its overall plan and broader strategy for community outreach.

Adequate controls were in place over the budget limits for quick impact projects

17. The DPKO/DFS Policy on QIPs required MONUSCO to establish budgets for individual projects not exceeding \$50,000 unless prior authorization was obtained from the United Nations Controller to exceed this amount. A review of 49 of the 182 projects indicated that budgets for 47 of the 49 approved projects were within the \$50,000 limit. For the remaining two QIPs, which exceeded this limit, MONUSCO obtained the United Nations Controller's approval. OIOS concluded that MONUSCO implemented adequate controls to ensure budgets of QIPs were within authorized limits and appropriately approved.

Initial site visits needed to be performed and documented prior to preparation of project proposals

18. The MONUSCO standard operating procedures for the management of QIPs, which was issued in August 2013, required each head of field office to: establish a local project review committee to review and approve QIPs; and a quality management team to verify if proposed QIPs met all relevant criteria prior to their review and approval by the local project review committee. The standard operating procedures also required project sponsors and relevant stakeholders to conduct initial site visits to assess a project's feasibility. The results of the visits were to be included in QIP proposals submitted to the local project review committees for review and approval.

19. A review of 49 of the 182 QIPs initiated during the audit period indicated that heads of all field offices had established local project review committees that were reviewing and approving QIPs. However, only two of the four field offices visited had established quality management teams. This was because the heads of these two offices were of the view that the work of these teams duplicated the work of the local project review committees. A review indicated that in field offices that did not have quality management teams, the local project review committees had implemented adequate procedures to ensure QIPs met all relevant criteria, except for ensuring initial site visits were systematically conducted to assess the viability of QIPs as referred to below.

20. A review of 49 QIPs indicated that QIP sponsors and stakeholders did not conduct initial site visits. This resulted as local project review committees were not consistently requesting project sponsors to submit initial site visit reports to confirm the viability of the project. The lack of initial site visits impacted the implementation of projects. For example, a project to construct toilet facilities at camp

Kokolo near Kinshasa was delayed for five months following the initial disbursement of funds as the proposed site was subsequently found unsuitable.

(1) MONUSCO should enforce procedures to ensure that initial site visits are conducted to assess the viability of projects prior to their approval.

MONUSCO accepted recommendation 1 and stated that it had revised its standard operating procedures to make an initial site visit a prerequisite to the submission of projects to heads of field offices, and to include site visit reports in the project files to be submitted to quality assurance management teams and ultimately to the Project Review Committee. MONUSCO also provided extracts from reports evidencing that this control was being implemented. Based on action taken by MONUSCO, recommendation 1 has been closed.

Coordination with other United Nations entities needed to be enhanced in selection of projects

21. The DPKO/DFS Policy on QIPs required MONUSCO to coordinate with other United Nations entities to ensure that QIPs did not duplicate or undermine other humanitarian or developmental activities.

22. A review of 49 projects indicated that 18 QIPs were implemented in sectors where other United Nations entities were implementing projects such as construction of buildings, rehabilitation of roads and supply of equipment to health facilities and schools. A review of the minutes of local project review committees meetings and project proposals indicated that MONUSCO did not consistently coordinate its efforts with these United Nations entities or obtain details of projects being implemented by them. The review noted only one case where MONUSCO consulted and collaborated with a United Nations entity on a project to rehabilitate and provide equipment to a hospital in Bunia.

23. The above resulted as local project review committees were not enforcing procedures to ensure project sponsors were coordinating with other United Nations entities when proposing projects. As a result, there was an increased risk that MONUSCO was implementing projects to address needs that were also being addressed by other United Nations entities.

(2) MONUSCO should take action to ensure that prior to approval of a quick impact project, confirmation is obtained that there has been adequate coordination with other United Nations entities.

MONUSCO accepted recommendation 2 and stated that it had revised its standard operating procedures, requiring heads of field offices and the chairpersons of quality assurance management teams to invite representatives of relevant United Nations entities to meetings when QIPs proposals were being reviewed. MONUSCO also stated that in the Project Review Committee meeting of October 2014, representatives from relevant United Nations entities were invited to attend to enhance collaboration and avoid duplication in the implementation of QIPs. Based on action taken by MONUSCO, recommendation 2 has been closed.

The Mission had adequately assessed capacity of implementing partners to execute projects

24. The DPKO/DFS Policy on QIPs required MONUSCO to assess the capacity of proposed executing agencies to implement and complete projects within the required timeframe. Some 33 of the 49 projects reviewed by OIOS were executed by implementing partners. A review of minutes of meetings of the local project review committees indicated that MONUSCO had properly assessed the capacity of implementing partners. OIOS concluded that controls to assess the capacity of implementing partners to implement QIPs were adequate and effective.

The Mission had established memoranda of understanding with partners

25. The DPKO/DFS Policy on QIPs required the Director of Mission Support to arrange for the expeditious signing of memoranda of understanding with implementing partners. A review of 33 projects executed by implementing partners indicated that a memorandum of understanding was signed by the implementing partners and the Director of Mission Support prior to the disbursement of the first instalment of funds. OIOS concluded that MONUSCO had implemented adequate and effective procedures for the signing of memoranda of understanding.

Funds were not received by implementing partners on a timely basis

26. The DPKO/DFS Policy on QIPs required the first installment to be paid immediately following the signing of the memorandum of understanding. The Finance Section required two weeks to complete an electronic fund transfer within the Democratic Republic of Congo.

27. A review of 49 projects indicated that MONUSCO delayed payments to implementing partners of 12 projects, on average by 43 days. The delays were attributed to: (a) implementing partners providing MONUSCO with incorrect bank account information; (b) some local banks not having effective systems and procedures to process electronic fund transfers; and (c) initial Umoja problems such as missing implementing partner accounts. This delay in the transfer of funds protracted the start of projects.

(3) MONUSCO should implement procedures to ensure implementing partners provide accurate bank account details.

MONUSCO accepted recommendation 3 and stated that from 2014/15 implementing partners were required to present for verification, official correspondences from banks confirming their account details before the signing of the memorandum of understanding with MONUSCO. Also, the Director of Mission Support required confirmation that this process had been completed prior to signing the memorandum of understanding with the partner. Based on action taken by MONUSCO, recommendation 3 has been closed.

The Mission had implemented adequate project closure procedures

28. The MONUSCO standard operating procedures for the management of QIPs required project officers to conduct site visits with relevant stakeholders and prepare closure and evaluation forms upon the completion of QIPs. Project officers were also to organize hand-over ceremonies or celebrations for completed projects with the presence of relevant local authorities and the MONUSCO public information component. MONUSCO was required to implement adequate procedures to ensure executing agencies submitted the required final narrative and financial reports, and return unutilized funds.

29. A review of the completion documents (such as the results of project completion site visits, final narratives and financial reports) for 49 projects indicated that closure and evaluation forms had been prepared for all 31 projects that required such reports. For these projects, MONUSCO had organized hand-over ceremonies or celebrations with the presence of relevant local authorities and the MONUSCO public information component. OIOS concluded that MONUSCO had implemented adequate controls over the closure of projects.

Annual evaluations of quick impact projects were not conducted

30. The DPKO/DFS Policy on QIPs required periodic evaluations to assess the impact of QIPs. MONUSCO had not conducted any such evaluations. This resulted as MONUSCO had not established procedures for QIPs evaluation and lacked adequate and experienced staff to conduct the evaluations. As a result, the Mission did not have information on the effectiveness of QIPs.

(4) MONUSCO should: conduct periodic evaluations to assess the impact and effectiveness of quick impact projects; and use the feedback obtained to enhance future projects.

MONUSCO accepted recommendation 4 and stated that it was in the process of developing the terms of reference for the evaluation of the impact and effectiveness of QIPs implemented in fiscal year 2013/14. Recommendation 4 remains open pending receipt of the evaluation report on MONUSCO QIPs.

IV. ACKNOWLEDGEMENT

31. 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.

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of quick impact projects in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Recom. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	MONUSCO should enforce procedures to ensure that initial site visits are conducted to assess the viability of projects prior to their approval	Important	C	Action taken	Implemented
2	MONUSCO should take action to ensure that prior to approval of a quick impact project, confirmation is obtained that there has been adequate coordination with other United Nations entities.	Important	C	Action taken	Implemented
3	MONUSCO should implement procedures to ensure implementing partners provide accurate bank account details.	Important	C	Action taken	Implemented
4	MONUSCO should conduct periodic evaluations to assess the impact and effectiveness of quick impact projects, and use feedback obtained to enhance future projects	Important	O	Receipt of evaluation report on MONUSCO QIPs.	30 June 2015

³ 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.

⁴ 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.

⁵ C = closed, O = open

⁶ Date provided by MONUSCO in response to recommendations.

APPENDIX I

Management Response



MONUSCO

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

United Nations Organisation Stabilization
Mission in the Democratic Republic of Congo

12, Avenue des Aviateurs - Gombe
Kinshasa, RD Congo - BP 8811

Tel. +243 81 890 5000
+243 81 890 6000

PROTECT

STABILIZE

CONSOLIDATE PEACE

INTEROFFICE MEMORANDUM

15 April 2015
Ref. SRSG/COS/267/2015

To: Ms. Eleanor Burns, Director
Internal Audit Division, OIOS

From: Ian Sinclair
Mission Chief of Staff
MONUSCO

Subject: **Management Response to Draft Report - Audit of quick impact projects in MONUSCO
(Assignment No. AP2014/620/07)**

1. Your interoffice memorandum reference IAD-15-620-001 dated 9 April 2015 refers.
2. Attached please find the management response in respect of the recommendations in the draft report on the subject audit. Supporting documents will be provided to the Resident Audit Team only.

Kind regards.

Cc Mr. Guy Siri, Director of Mission Support, MONUSCO
Ms. Ilene Cohn, Chief of Office, Office of DSRSG, Rule of Law, MONUSCO
Mr. Philip Compte, Deputy Director of Mission Support, MONUSCO
Ms. Veronika Weidinger, Programme Manager, QIPs Unit, MONUSCO
Mr. Cyril Plummer, Officer in Charge, Finance Section, MONUSCO
Mr. George Musiska, Officer in Charge, Office of the Chief Resident Auditor, MONUSCO
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Attachment: Appendix I – Management Response

Peace it!

facebook.com/monusco.org | twitter.com/monusco | flickr.com/monusco | www.monusco.org

Management Response

Audit of quick impact projects in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical/ ¹ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MONUSCO should enforce procedures to ensure that initial site visits are conducted to assess the viability of projects prior to their approval.	Important	Yes	Chief of Office, DSRSG-Rule of Law/Ops East	August 2014	Implemented. Please refer to Mission comments provided to the Detailed Audit Results.
2	MONUSCO should take action to ensure that prior to approval of a quick impact project, confirmation is obtained that there has been adequate coordination with other United Nations entities.	Important	Yes	Chief of Office, DSRSG-Rule of Law/Ops East	November 2014	Implemented. Please refer to Mission comments provided to the Detailed Audit Results.
3	MONUSCO should implement procedures to ensure implementing partners provide accurate details of their banks.	Important	Yes	Chief of Office, DSRSG-Rule of Law/Ops East	July 2014	Implemented. Please refer to Mission comments provided to the Detailed Audit Results.
4	MONUSCO should conduct periodic evaluations to assess the impact and effectiveness of quick impact projects, and use feedback obtained to enhance future projects.	Important	Yes	Chief of Office, DSRSG-Rule of Law/Ops East	30 June 2015	The Mission has developed the Terms of Reference for the evaluation of the 13/14 impact and effectiveness of QIPs. The annual evaluation of 2013/14 Quick Impact Projects was launched in March 2015. The results of the evaluation are expected to be presented to the SRSR before the end of the financial year 2014/2015. Supporting document provided to the Audit Team.

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.