



INTERNAL AUDIT DIVISION

REPORT 2020/023

Audit of programmatic funds of the African Union-United Nations Hybrid Operation in Darfur

**The Mission needed to streamline its
disbursement process and enhance project
monitoring to ensure the projects are
implemented in a timely manner**

14 September 2020

Assignment No. AP2019-634-05

Audit of programmatic funds of the African Union-United Nations Hybrid Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of programmatic funds of the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess the adequacy and effectiveness of controls over the use of its programmatic funds allocated to State Liaison Functions (SLFs) projects. The audit covered the period from 1 January 2019 to 31 January 2020 and focused on project management activities.

UNAMID established appropriate controls to ensure that SLF projects were selected and approved in line with mandated priority areas; however, delays in disbursement of project funds and project implementation needed to be addressed.

OIOS made two recommendations. To address issues identified in the audit, UNAMID needed to:

- Improve its disbursement process including coordination between responsible sections/units in order to streamline the process and thus prevent delays initiating projects; and
- Implement a project monitoring system and provide guidance and training to responsible staff to ensure: (a) projects are implemented in a timely manner; and (b) deviations to agreed scope and purpose of projects are dealt with in a timely and appropriate manner.

UNAMID accepted the recommendations and has initiated action to implement them.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2-3
III. AUDIT RESULTS	3-6
Project management	3-6
IV. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of programmatic funds of African Union-United Nations Hybrid Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of programmatic funds in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). These funds were allocated to members of the United Nations Country Team (UNCT) to implement various projects.

2. In January 2019, pursuant to Security Council resolution 2429 (2018), UNAMID established a transition concept known as State Liaison Functions (SLFs), which were created to carry out joint peacebuilding activities by UNAMID and members of UNCT in light of the expected closure of the Mission. This pilot concept throughout its implementation went through various organizational transitions and practical operational adjustments. However, UNAMID and UNCT, within six months from resolution 2429 (2018) established four SLF offices, located in El Fasher, El Geneina, Nyala and El Daein where UNAMID civilian and police personnel worked together with UNCT staff.

3. To facilitate disbursement of its programmatic funds to members of the UNCT and set out the terms and conditions governing the implementation of SLF projects, UNAMID signed memoranda of understanding (MOUs) with 10 United Nations agencies, funds and programmes (AFPs). As per the MOU requirements, 80 per cent of the total value of all assigned projects was to be paid to the individual AFP within 10 days of signing the MOU and the remaining 20 per cent within 10 days after submission of the substantive and financial mid-term reports.

4. Table 1 shows relevant information such as number of projects and level of funding. The MOUs covered all the projects approved for respective AFPs. For example, under SLF-I phase, AFPs were allocated between 3 to 69 projects, with the value of individual project varying from between \$8,000 for a training workshop to \$828,100 for a construction and renovation project. The maximum implementation period was six months, and the time allocated depended on the size of the project.

Table 1
Information on the programmatic funds allocated to SLF projects

<i>SLF phase</i>	<i>Funding period</i>	<i>Amount in United States Dollar (\$)</i>	<i>Number of projects</i>
SLF-I	January to June 2019	\$14. 8 million	136
SLF-II	July to December 2019	\$16.1 million	251
SLF-III	January to March 2020	\$6.7 million	127
SLF-IV	April to June 2020	\$4.2 million	49
Total		\$41.8 million	563

Source: OIOS compilation of MOUs and records provided by UNAMID
Approved SLF budget of UNAMID from 1 July to 31 December 2020 was \$5.2 million

5. The peacebuilding activities of SLF projects focused on the three priority areas of Security Council resolution 2429 (2018) as follows:

- Providing durable solutions, livelihoods and resilience, consisting of projects for vocational and entrepreneurship training and alternative employment for youths, rehabilitation of irrigation dams and boreholes, support for livelihoods centres and water resource areas, peaceful reintegration of internal displaced persons, and rural livelihoods support to improve social cohesion.
- Strengthening rule of law institutions and systems in Darfur, consisting of projects for construction and rehabilitation of rule of law facilities, training and capacity building with the establishment of justice confidence centres, conducting workshops for district court judges and personnel and members for the civil society on justice accountability and trial monitoring, and training on prison management.
- Promoting human rights in Darfur, consisting of projects for infrastructural development and refurbishment of human rights resource centres, preparation and dissemination of human rights awareness and promotional materials, conducting workshops on human rights prevention and abuses for different categories of audience, enhancement of community protection mechanism through capacity building support, and incorporation of national and international standards in state laws to strengthen legislative functions on human rights.

6. According to the MOUs, AFPs were responsible and accountable for implementing projects in line with the intended purpose, and for submitting progress and final financial and substantive reports to UNAMID on the agreed timelines. Also, as AFPs have the expertise on subject matter, the MOUs required AFPs to be responsible for conducting the in-depth review of the implementation of their projects, and that the status was in line with amounts disbursed. However, as UNAMID was still accountable for the use of the programmatic funds, it had a responsibility to oversee the management of SLF projects, including allocation and disbursement of funds to AFPs, and monitoring the implementation of activities agreed in MOUs.

7. In 2018, UNAMID established the Mission Programmatic Activity Approval Committee (MPAAC), which was chaired by the Deputy Joint Special Representative of the Secretary-General (DJSR) and was responsible for reviewing and approving SLF projects. In February 2019, UNAMID established an Interim Transition Team that was transitioned to the Joint Transition Cell (JTC) in September 2019. This structure was headed by a Chief at the D-1 level, and there was a dedicated Project Cell tasked with coordinating the planning and monitoring of SLF projects. The Project Cell was headed by a P-3 and had two P-2 level staff.

8. Comments provided by UNAMID are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the adequacy and effectiveness of controls over the use of UNAMID programmatic funds allocated to SLF projects.

10. This audit was included in the 2019 risk-based work plan of OIOS due to the operational and financial risks associated with the implementation of SLF projects.

11. OIOS conducted this audit from September 2019 to January 2020. The audit covered the period from 1 January 2019 to 31 January 2020. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in project management.

12. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, and (c) analytical reviews of data.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

Project management

Programmatic projects were approved in line with priority areas, but initiated with some delay

14. In accordance with the concept note developed by UNAMID for the transition of peacebuilding activities to the UNCT, programmatic funds were allocated to projects in line with the priority areas established by Security Council resolution 2429. These projects were to be jointly developed by UNAMID and relevant AFPs.

15. OIOS reviewed the selection process for all SLF-I and SLF-II projects and noted that UNAMID and AFPs ensured that the approved projects were aligned with the Security Council's mandated priorities, and were based on needs assessments taking into account situational analyses of the four Darfur States. The approval of projects also followed a consultative process with the Government of Sudan. OIOS also noted that MPAAC were thoroughly reviewing project proposals prior to their approval to ensure they included well defined objectives and outputs, were linked to mandate and strategic priorities, and included reasonable budgets. Priorities were given to proposals containing gender-related issues.

16. There were some initial challenges in the establishment of the SLF concept and thus implementation of projects. This was due to a state of emergency declared by the Government, a change of regime and the different operating systems of AFPs. There were also delays in the completion of MOUs, which inevitably delayed the start of project activities. Nonetheless, UNAMID continued to work with AFPs to find practical solutions to address these delays.

17. OIOS concluded that UNAMID had effective controls to ensure that SLF projects were selected and approved in line with mandated priority areas.

Need to release programmatic funds in a timely manner

18. The MOUs between UNAMID and AFPs required release of 80 per cent of the combined approved budget for all assigned projects within 10 days of signing the MOU. The remaining 20 per cent was to be released within 10 days after submission of the substantive and financial mid-term report by the AFP.

19. Delays were experienced in paying instalments. For instance, three payments totaling \$2.7 million to 10 AFPs for 32 SLF-I projects, were paid between one to two months after the MOUs were signed, and payment of the final instalments were also delayed. For SLF-II projects, there were also delays in payments, all averaging about one month after the signing of the MOU. Delays in disbursement for SLF-I projects were because SLFs were in start-up mode, and time was needed to setup business partner profiles in Umoja. It was also because the disbursement process was cumbersome as it consisted of eight steps carried out by

different UNAMID sections/units and this required intensive coordination. For SLF-II projects, the staff of the newly established JTC needed to be trained on the disbursement process, which caused delay. Additionally, funds were made available to AFPs in Darfur through their headquarters, which also contributed to the delays.

20. The late release of funds delayed the implementation of projects. For example: (a) the SLF-I projects that were planned to start in January 2019 only started in April 2019; and (b) as of 17 November 2019, 59 of the 89 projects to be implemented by two AFPs had not been completed as envisaged in the MOUs.

(1) UNAMID should take action to improve its disbursement process including coordination between responsible sections/units in order to streamline the process and thus prevent delays in project implementation.

UNAMID accepted recommendation 1 and stated that it had already strengthened the coordination with Umoja certifying and authorizing officers including the Budget and Finance Section to facilitate immediate approval of funds commitments and corresponding release of funds to implementing partners. Recommendation 1 remains open pending receipt of evidence of actions implemented to streamline the disbursement process within the expected limit of 10 days.

Submission of project reports were delayed, but UNAMID was exploring options to reduce them

21. The MOUs required an AFP to provide to UNAMID mid-term and final substantive and financial reports on the implementation of the projects and expenditures incurred. These reports were generally submitted late, even after deadlines for submission were extended. For instance, SLF-I mid-term reports by all 10 AFPs were submitted in July 2019, three months after the deadline, and final reports were also submitted one to two months after the extended deadline of 30 September 2019. For SLF-II, as of 5 December 2019, only 5 of the 10 expected mid-term reports were received despite reminders from JTC to AFPs with the agreed deadline extended to 31 October 2019. Two AFPs submitted final reports in March 2020 without submitting mid-term reports.

22. Delays in submission of mid-term reports impacted the release of the remaining 20 per cent of project funds and thus extended the overall project completion timelines, which were generally expected to be completed within three to six months. The Mission explained that prior to submission of reports to UNAMID, AFPs experienced delays in obtaining certified copies from their headquarters, which was required by their internal reporting rules and procedures. To address this, UNAMID was exploring options to release funds on receipt of a draft report cleared by the Head of the AFP at the country level. Considering efforts being made by UNAMID to find practical solutions to expediate the process and mitigate delays in project implementation, as well as the fact that these projects were phasing down, no recommendation was made.

Monitoring of project implementation status and project costs needed to improve

23. In accordance with the MOUs, UNAMID, having the overall accountability for the use of the programmatic funds, were required to oversee and monitor project implementation, which included on-site visits. Additionally, the MOUs required AFPs to report any deviation of the project scope and cost plan approved by UNAMID and return unspent balances.

24. The 136 approved SLF-I projects were expected to be fully implemented by 30 June 2019 which was later extended to September 2019. However, only 101 projects (74 per cent) had been fully implemented as of mid-November 2019. As of mid-March 2020, 120 SLF-I projects (88 per cent) had been fully implemented.

25. A review of final reports submitted by the 10 AFPs showed that during project implementation, 6 AFPs modified the scope of projects approved by UNAMID. This resulted in an increase of the total number of projects approved in the MOUs from 136 to 180 projects. These changes had been done without consulting UNAMID, although the total amount of funds remained the same. According to AFPs, they decided to make these changes due to unexpected conditions on the ground or emerging project alternatives that AFPs considered more suitable. For example, during SLF-I, one AFP diverted approved funding for training local representatives on microfinance software to another SLF-I project related to establishment of saving associations. Initially the project was to support 10 such associations, but this was increased to 37. The unilateral decision by AFPs to use funds for projects (or expanding to scope of projects) not approved by MPAAC increased the risk that programmatic funds were not always spent for the intended purposes and determined priorities.

26. Additionally, eight AFPs did not return to UNAMID unspent balances from SFL-I projects totaling \$2.1 million and without seeking approval from UNAMID used them to fund SFL-II activities. The initial projects were cancelled due to increased safety and security risks created by political instability. This resulted in limited access to banking facilities and fuel supply, which were necessary to implement the projects. The non-recovery of unspent balances resulted as UNAMID was not reconciling the approved budget in MOUs with expenditures reported in financial reports submitted by AFPs. Accordingly, unspent balances were not identified by UNAMID and followed up and returned.

27. The above resulted due to ineffective monitoring and oversight by UNAMID of project implementation. UNAMID had not provided guidance to responsible staff on monitoring, such as conducting site visits and assessing project status against amounts disbursed. For instance, each substantive section involved in SLF projects exercised different levels of commitment in its monitoring activities. The UNAMID's Governance Community Stabilization Section (GCSS), responsible for supervising the Resilience and Livelihood/Durable Solutions Pillar¹, to which about 50 per cent of the programmatic funds for SLF-I projects was allocated, did not engage in any monitoring activities and did not request monitoring reports from its staff embedded in the Pillar. On the other hand, UNAMID's monitoring activities by the Human Rights Pillar and Rule of Law Pillar were generally active, conducting on-site visits and regularly producing comprehensive monitoring reports.

28. To enhance monitoring of SLF projects: (a) UNAMID introduced a new clause in the MOU with AFPs for SLF-II projects requiring UNAMID to request AFPs where necessary to submit financial and substantive updates in addition to mid-term and final reports, but no requests had been made so far; (b) the Office of the DJSR had reached out to the Department of Political and Peacebuilding Affairs and an AFP to seek their support for SLF project monitoring capacity, but this was unsuccessful; and (c) the Mission tasked JTC to improve coordination with UNAMID staff embedded in SLF offices to gather more information on the status of projects and was in the process of designing a project monitoring system. While appreciating the additional monitoring activities planned, OIOS was of the view that staff of JTC and those embedded in SLFs, particularly those in the Resilience and Livelihood/Durable Solutions Pillar, needed to be provided additional guidance and training to improve the effectiveness of its monitoring activities. Without addressing this, UNAMID may not be able to confirm that its programmatic funds have been properly accounted for.

(2) UNAMID should implement a project monitoring system, and provide guidance and training to responsible staff to ensure: (a) projects are implemented in a timely manner; and (b) deviations to the agreed scope and purpose of the projects are dealt with in a timely and appropriate manner.

¹ Was renamed as the Immediate Service Delivery/Durable Solutions during SLF-II period.

UNAMID accepted recommendation 2 and stated that it had in place a project monitoring system that tracks project implementation in a timely manner, with progress reports on a monthly basis by JTC and for mid-term and end-term pillar matrices. This system was currently being strengthened in consultation with AFPs to develop a coherent results framework, indicator tracking system, revisions to the existing monitoring and reporting template, and data dashboard via the SLF power business intelligence tool. Training on these tools will be rolled out from September 2020. Recommendation 2 remains open pending receipt of evidence that the new project monitoring management information system is operational and trainings to responsible staff are provided.

ACKNOWLEDGEMENT

29. 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) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of programmatic funds of the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNAMID should take action to improve its disbursement process including coordination between responsible sections/units in order to streamline the process and thus prevent delays in project implementation.	Important	O	Receipt of evidence of actions implemented to streamline the disbursement process within the expected limit of 10 days.	30 September 2020
2	UNAMID should implement a project monitoring system, and provide guidance and training to responsible staff to ensure: (a) projects are implemented in a timely manner; and (b) deviations to the agreed scope and purpose of the projects are dealt with in a timely and appropriate manner.	Important	O	Receipt of evidence that the new project monitoring management information system is operational and trainings to responsible staff are provided.	30 September 2020

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by UNAMID in response to recommendations.

APPENDIX I

Management Response

AFRICAN UNION

الاتحاد الأفريقي



UNAMID



UNITED NATIONS

الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

6 September 2020

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

From: Jeremiah Mamabolo
Joint Special Representative, UNAMID

Subject: **Draft report on an audit of programmatic funds in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2019/634/05)**

1. With reference to your memorandum dated 14 August 2020, on the captioned subject, please find attached UNAMID response (Appendix I) to the draft report for your consideration.

Thank you.

cc: Ms. Anita Kiki Gbeho, Deputy Joint Special Representative, UNAMID
Dr. Sultan Temuri, Officer-in-Charge, Police Commissioner, UNAMID
Mr. Marcel Clement Akpovo, Chief, Human Rights Section, UNAMID
Ms. Francoise Simard, Chief, Rule of Law Section, UNAMID
Ms. Florence, Senior Administrative Officer, UNAMID
Mr. Samuel Kiiru, Chief, Risk Management and Compliance Unit, UNAMID
Mr. Alexandre Etocke, Chief Resident Auditor, Internal Audit Division, OIOS, UNAMID
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of programmatic funds of 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 take action to improve its disbursement process including coordination between responsible sections/units in order to streamline the process and thus prevent delays in project implementation.	Important	Yes	Officer-in-Charge Joint Transition Committee (JTC)	30 September 2020	UNAMID accepts the recommendation and has already strengthened the coordination with Umoja Certifying and Authorizing Officers including Budget and Finance Section to facilitate immediate approval of Funds Commitments and corresponding release of funds to the Implementing Partners.
2	UNAMID should implement a project monitoring system, and provide guidance and training to responsible staff to ensure: (a) projects are implemented in a timely manner; and (b) deviations to the agreed scope and purpose of the projects are dealt with in a timely and appropriate manner.	Important	Yes	Officer-in-Charge Joint Transition Committee (JTC)	30 September 2020	UNAMID already has in place a project monitoring system that tracks project implementation in a timely manner, with progress reports on a monthly basis by JTC and for mid-and end-term Pillar Matrices. This system is currently being strengthened in consultation with AFPs to develop a coherent Results Framework, indicator tracking system, revisions to the existing Monitoring and Reporting Template, and data dashboard via the SLF Power BI tool. Training on these tools will be rolled out from September 2020.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.