



INTERNAL AUDIT DIVISION

REPORT 2019/025

Audit of the management of the Trust Fund in support of the African Union Mission to Somalia and the Somali National Army

Controls over planning, prioritizing and approval of the Trust Fund's resources needed to be strengthened

24 April 2019
Assignment No. AG2018/638/01

Audit of the management of the Trust Fund in support of the African Union Mission to Somalia and the Somali National Army

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the Trust Fund in support of the African Union Mission to Somalia (AMISOM) and the Somali National Army (SNA). The objective of the audit was to assess the adequacy and effectiveness of internal controls over the management of the Trust Fund in support of AMISOM and SNA. The audit covered the period 1 March 2014 to 30 July 2018 and included a review of risk areas relating to governance and project management.

The United Nations Support Office in Somalia (UNSOS) had amended the Trust Fund's terms of reference and initiated actions to mainstream the Sustainable Development Goals in the Trust Fund's activities. However, controls over planning, prioritizing and approval of Trust Fund resources needed to be strengthened.

OIOS made seven recommendations. To address issues identified in the audit, UNSOS needed to:

- Finalize its Memorandum of Understanding with the Federal Government of Somalia for the provision of logistic support to the Somali security forces in accordance with the terms of reference of the Trust Fund;
- Enhance compliance with the Human Rights Due Diligence Policy by requesting AMISOM to share the reports of the Civilian Casualty Tracking Analysis and Response Cell for monitoring purposes;
- Establish mechanisms for planning, prioritizing and approval of Trust Fund activities, including formalizing the role of the Project Review Group, to ensure that Trust Fund resources are utilized in accordance with the terms of reference and donor agreements;
- Establish a mechanism to ensure that funds for quick impact projects are released in a timely manner, and that follow up action is taken to obtain the required progress/completion reports;
- Document the lessons learned from its engagement with a United Nations agency on the project for secure road transportation, including appropriate mechanisms to monitor such projects in future to ensure the achievement of the intended objectives;
- Document the lessons learned from weaknesses in asset management relating to the Radio Bar Kulan (RBK) project to avoid their recurrence in future and develop an action plan for disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules; and
- Take appropriate measures to ensure that reporting requirements specified in the donor agreements are complied with.

UNSOS accepted the recommendations and has initiated actions to implement them.

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Audit of the management of the Trust Fund in support of the African Union Mission in Somalia and the Somali National Army

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the Trust Fund in support of the African Union Mission in Somalia (AMISOM) and the Somali National Army (SNA).

2. The United Nations Support Office for AMISOM was established to provide logistic support to AMISOM based on Security Council resolution 1863 of 16 January 2009. The Trust Fund in support of AMISOM was established in 2009 to supplement the resources for logistic support provided to AMISOM, which was not funded through assessed contributions. Security Council resolution 2102 of 2 May 2013 established the United Nations Assistance Mission in Somalia (UNSOM) with a mandate to provide policy advice to the Federal Government of Somalia and AMISOM on peacebuilding and state-building activities. Security Council resolution 2124 of 12 November 2013 expanded the logistic support to SNA engaged in joint operations with AMISOM. Consequently, the terms of reference (TOR) of the Trust Fund were amended in 2014 to incorporate logistic support to SNA and it was renamed as the Trust Fund in Support of AMISOM and SNA.

3. Security Council resolution 2245 of 9 November 2015 renamed the United Nations Support Office for AMISOM as the United Nations Support Office in Somalia (UNSOS). The Director of UNSOS was designated as the programme manager of the Trust Fund and the Chief of Budget and Finance as the certifying officer. The establishment and management of the Trust Fund were governed by the United Nations Financial Regulations and Rules and the United Nations Human Rights Due Diligence Policy (HRDDP).

4. According to the TOR, the Trust Fund financed the following activities: (i) reimbursement of troop and police contingent costs; (ii) acquisition of equipment required for troop and police contingents; (iii) provision of any other equipment, supplies or services and other logistics requirements of AMISOM; (iv) hiring of personnel, consultants, experts and support staff; (v) assistance to the development of AMISOM's financial and administrative systems; (vi) capacity outreach activities aimed at the Somali general population, civil society and government institutions that establish and build confidence in the mission, its mandate, and the peace process; and (vii) logistic support to SNA. The stakeholders of this Trust Fund were AMISOM, UNSOM, the Somali Government and SNA.

5. Table 1 shows the total income and expenditure of the Trust Fund for the period 2014-2017.

Table 1: Summary of income and expenditure for the Trust Fund in support of AMISOM and SNA

Particulars	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)
Voluntary contributions	9,824,971	26,645,693	18,230,000	17,583,000
Other Income	14,854	0	0	27,000
Investment income	356,160	174,710	121,000	157,000
Total income	10,195,985	26,820,403	18,351,000	17,767,000
Expenditure	24,868,485	19,207,138	19,436,000	12,044,000
Excess (shortfall) of income over expenditure¹	(14,672,500)	7,613,265	(1,085,000)	5,723,000

¹ Shortfall was financed from accumulated reserves.

6. Comments provided by UNSOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of internal controls in ensuring effective management of the Trust Fund in support of AMISOM and SNA.

8. This audit was included in the 2018 risk-based work plan of OIOS at the request of the Head of UNSOS in view of the risks arising from potential weaknesses in management of the Trust Fund that could adversely affect the achievement of its objectives.

9. OIOS conducted this audit from September to December 2018. The audit covered the period 1 March 2014 to 31 July 2018. Based on an activity-level risk assessment, the audit included a review of risk areas relating to governance and project management.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of transactions. OIOS selected for detailed review project and non-project expenditure amounting \$22 million out of the total expenditure of \$76 million pertaining to the Trust Fund during the review period.

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

III. AUDIT RESULTS

A. Governance

UNSOS had amended the Trust Fund's TOR as required

12. The Trust Fund financed the logistic support for 10,900 troops in SNA on joint operations with AMISOM which included the provision of food and water, fuel, transport, tents, defence stores and appropriate communication equipment to enable interoperability with AMISOM. By its resolution 2431 of 30 July 2018, the Security Council further expanded the nature of support provided through the Trust Fund to include logistical support to the Somali security forces (of which SNA was a part) on joint operations with AMISOM. This change in the mandate of the Trust Fund necessitated the revision of its TOR. During the audit, UNSOS revised the TOR which was subsequently approved by the Controller on 4 December 2018.

There were no criteria for allocating logistic support to various units within the Somali security forces

13. Security Council resolution 2431 of 30 July 2018 expanded the logistic support to cover the Somali security forces, of which SNA is a part, while retaining the overall ceiling of 10,900 troops. As a result, the logistic support provided under the Trust Fund needed to be shared among various units in the Somali security forces within the overall ceiling. This also meant that the logistic support provided so far to SNA would be reduced because the support now needed to be provided to all the Somali security forces within the overall ceiling of 10,900 troops. OIOS is of the view that UNSOS needed to determine the criteria for allocating the logistic support among the various units of the Somali security forces to serve as an appropriate basis for the provision of such support.

14. *UNSOS stated that the mission regularly engages with the Federal Government of Somalia through its Chief of Defence Forces, as part of its regular operational support, to determine the distribution of logistic support among the SNA elements in various locations. In this regard, the Federal Government of Somalia has primacy as to how the logistical package should be distributed, and they make changes from time to time in line with operational requirements. With respect to a significant potential change emanating from the change in the Security Council mandate to support Somali security forces in lieu of SNA, this may not be forthcoming. The reason is that the donor who has historically provided the bulk of the donation to the SNA Trust Fund (over 90 per cent) has caveated the donation for only support to SNA. UNSOS does not envisage a change in this dispensation in the near future. In view of the explanation provided by UNSOS, OIOS did not make a recommendation on this issue.*

Need to establish Memorandum of Understanding with the Federal Government of Somalia

15. The TOR of the Trust Fund stipulated that the United Nations shall enter into a Memorandum of Understanding (MOU) with the Federal Government of Somalia to ensure that all equipment, supplies and services provided or financed through the Trust Fund are used in a transparent manner for the intended purposes based on appropriate internal control procedures. These arrangements should also apply to payments made from the Trust Fund to SNA, as well as services provided by AMISOM or its troop contributing countries to SNA.

16. At the time of the audit, UNSOS was yet to finalize the MOU with the Federal Government of Somalia for the support provided to SNA. UNSOS attributed this to frequent leadership changes in SNA. In view of the change in the Trust Fund's mandate which requires provision of logistic support to the entire Somali security forces, UNSOS needs to accordingly establish the MOU with the Federal Government of Somalia.

(1) UNSOS should finalize its Memorandum of Understanding with the Federal Government of Somalia for the provision of logistic support to the Somali security forces in accordance with the terms of reference of the Trust Fund.

UNSOS accepted recommendation 1 and stated that it has already shared the draft tripartite MOU with the Federal Government of Somalia and AMISOM. UNSOS will follow up on the signature of the MOU by all parties. Recommendation 1 remains open pending receipt of the signed MOU.

Need to enhance compliance with HRDDP

17. The TOR of the Trust Fund states that the provision of specified logistic support to SNA units is subject to compliance with HRDDP. One of the governance risks identified in the UNSOS risk register is the risk that UNSOS may provide support to non-United Nations security forces implicated in human rights violations that are contrary to provisions of United Nations resolutions, policies and standards. The mitigating actions identified in the risk register were to establish human rights monitoring capacity and application of the HRDDP guidance note.

18. UNSOS and UNSOM did not have adequate capacity to monitor and report on human rights violations and ensure compliance with HRDDP. However, UNSOM/UNSOS had taken the following measures:

(a) Standard operating procedures were developed for implementing HRDDP regarding support by the United Nations presence in Somalia to non-United Nations security forces in Somalia.

(b) The Civilian Casualty Tracking Analysis and Response Cell (CCTARC) was established in AMISOM to receive information from the field about incidents and human rights violations, investigate such violations, and report them to the United Nations. During the reporting period, an expenditure of \$995,347 was incurred on salaries of seven consultants/experts in CCTARC. Although CCTARC prepared activity reports, AMISOM did not regularly share them with UNSOM/UNSOS for review. In the circumstances, UNSOS could not verify the effectiveness of CCTARC activities.

19. To enhance compliance with HRDDP, UNSOM/UNSOS needed to request AMISOM to share the reports of CCTARC for effective monitoring.

(2) UNSOS should enhance compliance with the Human Rights Due Diligence Policy by requesting AMISOM to share the reports of the Civilian Casualty Tracking Analysis and Response Cell for monitoring purposes.

UNSOS accepted recommendation 2 and stated that while the consultative mechanism established by UNSOM, UNSOS and AMISOM continues to address all HRDDP issues, UNSOS will continue to follow up with AMISOM to provide the indicated CCTARC reports. Recommendation 2 remains open pending receipt of evidence that AMISOM has been providing reports of CCTARC activities to UNSOS for monitoring purposes.

UNSOS had initiated action to mainstream Sustainable Development Goals in Trust Fund activities

20. General Assembly resolution 70/1 defined 17 Sustainable Development Goals (SDGs) and 169 targets encapsulating in each goal the three development dimensions: economic, social and environmental. United Nations entities are expected to mainstream SDGs in their programme of work to effectively support Member States in implementing them.

21. The Trust Fund's activities facilitated implementation of SDGs 3 (Good Health and Well-Being), SDG 5 (Gender), and SDG16 (Peace, Justice and Strong Institutions). The Trust Fund supported AMISOM that was in turn mandated to: (i) enable the gradual handing over of security responsibilities to the Somali security forces; (ii) reduce the threat posed by armed opposition groups; and (iii) assist the Somali security forces to provide security for the political process at all levels as well as stabilization, reconciliation and peace building in Somalia. Other activities implemented in support of the SDGs included quick impact projects for rehabilitation of clinics, supply of drugs, mosquito nets and medical supplies, community toilets and boreholes, and construction of community schools. In December 2017, UNSOS implemented the United Nations system-wide gender parity strategy, including setting targets and holding managers accountable for gender parity through work plans and performance evaluations. OIOS therefore concluded that UNSOS had initiated action to mainstream SDGs in Trust Fund activities.

B. Project management

Need to strengthen controls over planning of Trust Fund activities

22. The United Nations Regulations and Rules on Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation emphasize the need for planning even for activities that are financed by extrabudgetary funds. Planning includes preparation of cost plans and formulation, prioritization and approval of projects by the review bodies to achieve intended objectives. An annual cost plan with estimates under various budget lines (such as staff costs, travel, consultants, and operating expenses) needed to be prepared.

23. During the review period (2014-2017), the total expenditure incurred from the Trust Fund was \$75.5 million. Out of the expenditure of \$22 million selected by OIOS for detailed review, \$10.6 million was spent on planned activities (projects) and the remaining \$11.4 million was spent on unplanned activities (non-project). UNSOS had not prepared an annual cost plan for the Trust Fund under the various budget lines beyond 2014 on the grounds that the expenditure incurred from the Trust Fund was on recurring items such as reimbursement of expenses related to support to SNA, payment of travel and daily allowance to AMISOM staff, payments to consultants and other miscellaneous expenses.

24. There was no evidence of review and approval of the expenditure of \$10.6 million incurred under projects. UNSOS stated that a Project Review Group (PRG) was responsible for providing general policy and strategic guidance on the use of the Trust Fund's resources and reviewing projects proposals and recommending them to the Director of UNSOS for approval. However, there were no records to show that PRG had been formally constituted, and there was no evidence of their meetings to suggest that they had reviewed any of the projects.

25. UNSOS stated that the programme manager of the Trust Fund individually authorized each transaction based on the request from AMISOM. Although the programme manager authorized individual transactions, there was no evidence to show that the underlying activities had been planned or prioritized for effective utilization of Trust Fund's resources in accordance with the TOR. For example, UNSOS incurred \$2.3 million as non-project expenditure for repairs and maintenance of equipment in the mission, which included \$340,000 on warehouse technical staff and \$30,000 to purchase gas for the warehouse. The expenditure was financed from two grants: (i) \$1.3 million from a grant whose agreement provided earmarked funding for acquisition of priority equipment for AMISOM; and (ii) \$1 million from a grant whose agreement did not authorize repairs and maintenance of equipment.

26. Moreover, the expenditure included repairs and maintenance of equipment of UNSOS, UNSOM and United Nations agencies in addition to AMISOM and SNA, whereas only 32 per cent of the equipment in the mission belonged to AMISOM. The cost of repair and maintenance of equipment belonging to UNSOS, UNSOM and other United Nations agencies was not provided for in the TOR. In the absence of adequate planning, review and monitoring mechanisms, there was no assurance that the Trust Fund's resources were effectively utilized in accordance with donor agreements and the TOR.

(3) UNSOS should establish mechanisms for planning, prioritizing and approval of Trust Fund activities, including formalizing the role of the Project Review Group, to ensure that Trust Fund resources are utilized in accordance with the terms of reference and donor agreements.

UNSOS accepted recommendation 3 and stated that it had established the PRG in October 2018 to systematically review proposals for activities under the Trust Fund. UNSOS requested that the recommendation be recorded as implemented. OIOS takes note of the establishment of the PRG but recommendation 3 remains open pending receipt of evidence that the PRG has been meeting on a regular basis and reviewing the Trust Fund's activities to ensure that the related resources are utilized in accordance with the TOR and donor agreements.

Need to strengthen project management

27. OIOS review of five projects involving a total expenditure of \$10.6 million indicated the following.

(a) Delay in the release of funds and inadequate monitoring of quick impact projects

28. The Department of Peacekeeping Operations/Department of Field Support Policy (2013) on quick impact projects (QIPs) authorized UNSOS to support QIPs to promote acceptance of the mandated tasks amongst the local population and to establish, build confidence and generate support for the mission. QIPs are small-scale, rapidly implementable projects, addressing immediate needs of the population. The QIPs Policy and UNSOS standard operating procedures on QIPs require UNSOS and AMISOM to review and approve all project proposals to ensure that projects were justified, and to monitor implementation by obtaining completion and assessment reports from implementing partners.

29. Between March 2014 and June 2016, AMISOM submitted requests for 37 QIPs amounting to \$225,000 to address the needs of the local community. AMISOM prepared a project proposal with objectives and deliverables for each project. UNSOS released funds for only 10 QIPs amounting to \$77,000 from the Trust Fund out of 37 requested by AMISOM. UNSOS did not document the reasons for not releasing funds for the remaining 27 projects, although the requested funds were available. Also, UNSOS had taken an average of 75 days to release the funds, which delayed the implementation of QIPs.

30. According to project documents, AMISOM needed to submit periodic progress and completion reports to UNSOS. However, AMISOM did not submit these reports and there was no evidence of follow up by UNSOS. In the circumstances, there was no assurance that the QIPs were completed in a timely manner and that the objective of building confidence in the community was achieved.

(4) UNSOS should establish a mechanism to ensure that funds for quick impact projects are released in a timely manner, and that follow up action is taken to obtain the required progress/completion reports.

UNSOS accepted recommendation 4 and stated that it will review the current standard operating procedure to further improve the review, approval, funding and monitoring of QIPs. Recommendation 4 remains open pending receipt of evidence of establishment of a mechanism to ensure timely release of funds for QIPs and effective monitoring of QIPs.

(b) Need to document lessons learned from the project for road transportation of supplies

31. UNSOS entered into a financial agreement with a United Nations agency (“Agency A”) in 2014 for a project to support AMISOM mobility operations and convoy delivery to mitigate the risk of guerrilla attacks on the main supply routes when transporting by road. The financial agreement was based on the umbrella MOU between the United Nations Secretariat and Agency A.

32. The objectives of the project were to: (i) facilitate AMISOM’s delivery of its mandated activities by acting as an enabling agent, assisting the Heavy Transport Unit in reaching their destinations safely; (ii) enhance AMISOM’s freedom of movement and ability to resupply their bases, thereby allowing troops to focus on their operational activities; and (iii) reduce AMISOM’s exposure to the risk of potentially lethal attacks by insurgents on convoys and forward operating bases. The project’s deliverables were to provide mentors to contingents, provide supply route surveys, provide training to convoys, repair and maintain mine-protected vehicles, and provide advice and supervision of perimeter security. The intended outcome was to achieve 90 per cent safety for convoys and 100 per cent training for AMISOM convoy staff to reduce

overall transportation costs, especially air transportation costs. The project was to be monitored through external and internal quality assurance to ensure compliance with the intended objectives.

33. The duration of the financial agreement was seven months from 1 July 2014 to 31 January 2015, but it was signed on 27 November 2014 with retrospective effect. UNSOS paid a total amount of \$2.5 million to Agency A from the Trust Fund on 2 December 2014, before the end of the agreement. There was no evidence to show that this project was reviewed and approved by PRG. Agency A did not submit periodic progress and completion reports to UNSOS as required in the project document. UNSOS also did not follow up with Agency A on these reports. There was no evidence that the project was monitored through external and internal quality assurance.

34. The total expenditure on transportation of supplies during 2014 and 2015 was \$2.2 million. After spending \$2.5 million on the project for a period of seven months to facilitate transportation by road, one would expect an increase in expenditure on transportation by road and a decrease in expenditure on transportation by air. However, out of the total expenditure on transportation, the expenditure on transportation by air increased from 74 per cent in 2014-2015 to 99 and 93 per cent during 2016 and 2017, respectively, as shown in Table 2.

Table 2: Transportation expenditures during the period 2014 to 2017 (in \$)

Year	Total expenditure on transportation	Expenditure on transportation by air	Percentage of air transport to total expenditure
2014-15	2,190,346	1,620,912	74%
2016	3,877,433	3,833,621	99%
2017	8,249,633	7,686,403	93%

35. UNSOS stated that the increase in expenditure on air transportation was due to an increase in attacks and ambushes on road convoys. UNSOS also stated that the dynamic security situation in Somalia due to external socio-political factors beyond its control contributed to the increased expenditure on air transportation. OIOS is of the view that UNSOS needs to document the lessons learned from its engagement with Agency A on this project to ensure that these are not repeated in future.

(5) UNSOS should document the lessons learned from its engagement with Agency A on the project for secure road transportation, including appropriate mechanisms to monitor such projects in future to ensure the achievement of the intended objectives.

UNSOS accepted recommendation 5 and stated that it will document the lessons learned from the implementation of the project by Agency A and incorporate them in the management of similar future projects. Recommendation 5 remains open pending receipt of documentation showing the lessons learned from UNSOS' engagement with Agency A.

(c) Need to strengthen management and disposal of assets relating to the Radio Bar Kulan Project

36. In March 2010, UNSOS, in consultation with UNSOM, had established a public service broadcasting network project called Radio Bar Kulan (RBK) to implement public information operations in support of AMISOM and to provide news, information and programming produced for and on behalf of the Somali people. After managing the project internally for more than two years, UNSOS entered into a two-year agreement with a local not-for-profit trust in November 2012 to operate, manage and facilitate the expansion of RBK and establish a public service broadcaster. This agreement was extended annually from 2014 to December 2016. RBK ceased live broadcasts and operations as of 30 October 2016 due to lack of

financial support from the Trust Fund. The total funding for this project before its closure was approximately \$5.9 million.

37. The MOU between UNSOS and the not-for-profit trust vested ownership in UNSOS of all assets acquired from the Trust Fund's resources. Even though the MOU required the not-for-profit trust to sign a certificate of temporary possession for UNSOS/Trust Fund assets in its possession, UNSOS did not enforce this requirement. Also, UNSOS did not accurately and completely record all equipment issued and returned in connection with the RBK project. As a result, UNSOS did not have a complete record of assets acquired using the Trust Fund's resources for the RBK project and did not reconcile the assets returned after the closure of the RBK project. UNSOS stated that the assets of the RBK project could not be monitored due to lack of access to certain operational sites owing to security restrictions. OIOS notes that while some assets were located in areas with security restrictions, UNSOS did not demonstrate that the project assets in secure locations such as Nairobi were monitored.

38. The TOR of the Trust Fund requires the assets to be disposed of in accordance with the United Nations Financial Regulations and Rules. UNSOS was yet to develop a plan for disposal of RBK project assets although the project had concluded in October 2016. UNSOS stated that there were issues relating to physical verification of the RBK assets, which delayed the disposal.

(6) UNSOS should: (i) document the lessons learned from weaknesses in asset management relating to the RBK project to avoid their recurrence in future; and (ii) develop an action plan for disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules.

UNSOS accepted recommendation 6 and stated that it will document the lessons learned from weaknesses in asset management to avoid their recurrence in future. An action plan will be developed for the disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules. Recommendation 6 remains open pending receipt of documentation showing the lessons learned and action plan for disposal of RBK project assets.

Need to clarify compliance with donor reporting requirements

39. Requirements for reporting to donors are stipulated in donor agreements. Ten out of 33 donor agreements required UNSOS to submit interim and final narrative, and/or certified financial reports.

40. Instead of submitting the required reports to donors individually, UNSOS prepared an annual report that covered information on all activities undertaken from Trust Fund. UNSOS stated that due to the amount of work involved with donor-specific reporting, it subsequently agreed with donors to jointly report on all donor funding as part of the annual report. However, there was no evidence that this arrangement had been agreed to by all the concerned donors, particularly those that had specific reporting requirements. Failure to comply with the requirements that were agreed to between the United Nations and the donor increased the risk of a negative impact on future funding, which could adversely affect the implementation of projects and prevent the Organization from fully achieving its objectives. In addition, delays in reporting to donors contravened the agreements and could result in reputational risk to the Organization.

(7) UNSOS should take appropriate measures to ensure that reporting requirements specified in the donor agreements are complied with.

UNSOS accepted recommendation 7 and stated that it provides annual reports for the Trust Fund. The report contains substantive details on the impact of the project. The financial portion details the amount spent and available balance and is shared with all donors. UNSOS will explore the

possibility of meeting the reporting requirements of the individual donors. OIOS considers that the reporting requirements specified in donor agreements are contractual obligations. Alternative means of reporting are appropriate only provided that the donors have formally agreed in writing to accept such reports in lieu of the specific reports stipulated in the respective donor agreements. Recommendation 7 remains open pending receipt of evidence that UNSOS is complying with the reporting requirements agreed to with donors in writing.

IV. ACKNOWLEDGEMENT

41. OIOS wishes to express its appreciation to the management and staff of UNSOS 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 the management of the Trust Fund in support of the African Union Mission in Somalia and the Somali National Army

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNSOS should finalize its Memorandum of Understanding with the Federal Government of Somalia for the provision of logistic support to the Somali security forces in accordance with the terms of reference of the Trust Fund.	Important	O	Receipt of the signed MOU.	31 December 2019
2	UNSOS should enhance compliance with the Human Rights Due Diligence Policy by requesting AMISOM to share the reports of the Civilian Casualty Tracking Analysis and Response Cell for monitoring purposes.	Important	O	Receipt of evidence that AMISOM has been providing reports of CCTARC activities to UNSOS for monitoring purposes.	31 December 2019
3	UNSOS should establish mechanisms for planning, prioritizing and approval of Trust Fund activities, including formalizing the role of the Project Review Group, to ensure that Trust Fund resources are utilized in accordance with the terms of reference and donor agreements.	Important	O	Receipt of evidence that the PRG has been meeting on a regular basis and reviewing the Trust Fund's activities to ensure that the related resources are utilized in accordance with the TOR and donor agreements.	31 December 2019
4	UNSOS should establish a mechanism to ensure that funds for quick impact projects are released in a timely manner, and that follow up action is taken to obtain the required progress/completion reports.	Important	O	Receipt of evidence of establishment of a mechanism to ensure timely release of funds for QIPs and effective monitoring of QIPs.	31 October 2019
5	UNSOS should document the lessons learned from its engagement with Agency A on the project for secure road transportation, including appropriate mechanisms to monitor such projects in future to ensure the achievement of the intended objectives.	Important	O	Receipt of documentation showing the lessons learned from UNSOS' engagement with Agency A.	31 July 2019

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies 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.

⁴ C = closed, O = open

⁵ Date provided by UNSOS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

[Insert audit title]

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
6	UNSOS should: (i) document the lessons learned from weaknesses in asset management relating to the RBK project to avoid their recurrence in future; and (ii) develop an action plan for disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules.	Important	O	Receipt of documentation showing the lessons learned and action plan for disposal of RBK project assets.	31 October 2019
7	UNSOS should take appropriate measures to ensure that reporting requirements specified in the donor agreements are complied with.	Important	O	Receipt of evidence that UNSOS is complying with the reporting requirements agreed to with donors in writing.	31 July 2019

APPENDIX I

Management Response



Interoffice Memorandum

To: Mr. Gurpur Kumar, Director
Internal Audit Division, OIOS

Ref: UNSOS/0419/M.015

From: Amadu Kamara, Director
UNSO

Date: 17 April 2019

Subject: re: Draft report on an audit of Audit of the management of the Trust Fund in support of the African Union Mission in Somalia and the Somali National Army (Assignment No. AG2018-638-01)

1. Further to your memorandum of 3 April 2019, reference OIOS-2019-00770, please find attached UNSOS response to the above-mentioned subject.
2. We thank you for your continued support to the work of UNSOM and UNSOS.

Best regards.

cc: Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS
Mr. Henri Fourie, Chief, Audit Response Unit, DOS
Mr. Abdinasir Issa, Acting Chief Resident Auditor, UNSOS, Internal Audit Division, OIOS
Mr. Harjit Dhindsa, Chief Operations and Resource Management, UNSOS
Mr. Vijay Kapoor, Chief Budget and Finance Officer, UNSOS
Mr. Amareshwara Rao, Chief Human Resources Officer, UNSOS
Mr. Dolapo Kuteyi, Senior Administrative Officer, UNSOS
Ms. Rosalie Piezas, Risk Management and Compliance Officer, UNSOS

Management Response

Audit of the management of the Trust Fund in support of the African Union Mission in Somalia and the Somali National Army

No.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should finalize its Memorandum of Understanding with the Federal Government of Somalia for the provision of logistic support to the Somali security forces in accordance with the terms of reference of the Trust Fund.	Important	Yes	Office of the ASG	December 2019	UNSOS management has already shared the draft tripartite MOU with the Federal Government of Somalia and AMISOM. UNSOS will follow up on the signature of the MOU by all parties.
2	UNSOS should enhance compliance with the Human Rights Due Diligence Policy by requesting AMISOM to share the reports of the Civilian Casualty Tracking Analysis and Response Cell for monitoring purposes.	Important	Yes	Office of the ASG	December 2019	While the consultative mechanism established by UNSOM, UNSOS and AMISOM continues to address all HRDDP related issues, UNSOS will continue to follow up with AMISOM to provide the indicated CCTARC reports.
3	UNSOS should establish mechanisms for planning, prioritizing and approval of Trust Fund activities, including formalizing the role of the Project Review Group, to ensure that Trust Fund resources are utilized in accordance with the terms of reference and donor agreements.	Important	Yes	Chief, Budget and Finance Section	Implemented	Management established the Project Review Group in October 2018, to systematically review proposals for activities under the Trust Fund to ensure compliance with the established criteria. A copy of the document establishing the PRG is attached herewith. Management therefore requests the auditors to record this recommendation as implemented.
4	UNSOS should establish a mechanism to ensure that funds for quick impact projects are released in a timely manner, and that follow up action is taken to obtain the required progress/completion reports.	Important	Yes	Director UNSOS	October 2019	UNSOS management will review the current SOP to further improve the review, approval, funding and monitoring of QIPs. This SOP would improve processes and procedures associated with project proposal review and approval; funds disbursement including reporting for both interim and completion reports.

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies 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.

Management Response

Audit of the management of the Trust Fund in support of the African Union Mission in Somalia and the Somali National Army

5	UNSOS should document the lessons learned from its engagement with Agency A on the project for secure road transportation, including appropriate mechanisms to monitor such projects in future to ensure the achievement of the intended objectives.	Important	Yes	Chief, Budget and Finance Section	July 2019	UNSOS management will document lessons learned from the implementation of project by Agency A and incorporate them in the management of similar future projects.
6	UNSOS should: (i) document the lessons learned from weaknesses in asset management relating to the RBK project to avoid their recurrence in future; (ii) develop an action plan for disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules.	Important	Yes	Director UNSOS	October 2019	UNSOS will document the lessons learned from weaknesses in asset management to avoid their recurrence in future. An action plan will be developed for the disposal of assets returned from the RBK project in accordance with the United Nations Financial Regulations and Rules.
7	UNSOS should take appropriate measures to ensure that reporting requirements specified in the donor agreements are complied with.	Important	Yes	Chief, Budget and Finance Section	July 2019	UNSOS provides annual reports for the trust fund. The report contains substantive details on the impact of the project. The financial portion details the amount spent and available balance, and is shared with all donors. Section E 9 of OPPBA Guideline of 5 February 2016 (Annex I) allows missions to jointly report on all donor funding as part of the annual report. UNSOS will explore the possibility of meeting the reporting requirements of the individual donors.



United Nations Support Office in Somalia (UNSOS)

To: See Distribution

Date: 25 October 2018

From: Amadu Kamara
Director UNSOS
DMS UNSOM

Subject: **Terms of Reference for AMISOM Trust Fund Project Review Group**

1. The UNSOS Project Review Group (PRG) has been established to provide recommendations on requirements proposed for funding under the Trust Fund in Support of AMISOM. Its purpose is to review projects proposals to ensure compliance with the Trust Fund terms of reference and recommend them for funding to the Director of UNSOS.

Composition of Project Review Group

Chairperson	Alternate Chairperson
Chief, Operations and Resources Management	Chief Service Delivery
Members	Alternate Members
Chief Service Delivery	Senior Logistics Officer, Service Delivery
Legal Officer	Legal Officer
AMISOM representative	
Representative of section(s) relevant to project	
Secretary	
Chief, Budget and finance Officer, UNSOS	Trust Fund Officer, UNSOS

2. The Trust Fund Unit of the Budget and Finance Section serves as secretariat of the PRG, and is responsible for preparing the PRG documentation, preparing minutes, confirming availability of funds and preparing the request for allotment.

Process

3. All requests received for funding under the AMISOM Trust Fund shall be forwarded to the Chief Budget and Finance Section, who will work with the section relevant to the project to prepare a project proposal. The proposal will then be submitted to the PRG for consideration.

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4. In reviewing proposals for funding, the PRG shall consider:
 - The specific terms of reference of the Trust Fund
 - The overall legal, administrative and financial framework governing UN Trust Funds
 - UNSOS mandate and programme of work
 - AMISOM mandate and programme of work
5. Following deliberation on proposals, the PRG shall recommend to the Director approval, postponement or rejection of project proposals submitted for funding.

Meetings:

6. UNSOS Budget and Finance Section shall arrange meetings of the PRG as required. Project proposals shall be sent to the PRG members for review at least three working days before the date of the meeting to allow members sufficient time to study the documentation in advance of the meeting. Meetings may be conducted in person, or by electronic review.

Thank you for your cooperation.

Distribution

To: Chief ORM, CSD, CSCMS, COS UNSOM
UNSOS and UNSOM Section Chiefs

cc: Head of UNSOS