



# **INTERNAL AUDIT DIVISION**

## **REPORT 2023/050**

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### **Audit of the Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan**

**UNMISS needed to strengthen financial  
controls and enhance women and youth  
representation in the Reconciliation,  
Stabilization, and Resilience Trust Fund  
projects**

**10 October 2023**

**Assignment No. AP2023-633-09**

# **Audit of the Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the Reconciliation, Stabilization, and Resilience Trust Fund (RSRTF) in the United Nations Mission in the Republic of South Sudan (UNMISS). The objective of the audit was to assess the effectiveness of controls for carrying out RSRTF activities in UNMISS. The audit covered the period from 1 January 2020 to 31 March 2023, including financial and project management.

UNMISS implemented four RSRTF projects totalling \$3.1 million between 1 January 2020 and 31 March 2023, intending to reduce conflict drivers and foster stable conditions for development and resilience in South Sudan. It also established an efficient monitoring and reporting system for project progress and evaluated completed projects. However, UNMISS needed to improve controls over cash advance requests, ensure timely vendor payments, identify areas to utilize programme support cost revenue and enhance women and youth representation in RSRTF projects.

OIOS made four recommendations. To address issues identified in the audit, UNMISS needed to:

- Verify the non-availability of registered or potential vendors prior to approving cash advances, adhere to maximum cash advance limits per activity, and timely record cash advance requests in Umoja grant accounts;
- Track payments to ensure timely payments to vendors for RSRTF activities;
- Identify areas to use programme support costs revenue for covering the administrative costs associated with RSRTF projects; and
- Strengthen its advocacy and outreach to enhance the participation of women and youth in RSRTF projects.

UNMISS accepted the recommendations and has initiated actions to implement them. Actions required to close the recommendations are indicated in Annex I.

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# Audit of Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan (UNMISS).

2. The South Sudan Reconciliation, Stabilization, and Resilience Trust Fund (RSRTF) was launched in December 2018 jointly by UNMISS and the United Nations Country Team (UNCT). Its main goal was to provide strategic financing to integrated programmes to reduce conflict drivers and creating stable conditions for development and resilience in South Sudan. The fund focuses on Area Based Programmes (ABPs) that target specific conflict hotspots, using concentrated resources to address underlying conflict drivers and barriers to long-term peace, whether political, security, social or economic. In addition, the ABPs' modality is reinforced by applying a smaller Thematic Grants Window (TGW) funding which allows for quicker application of funding within a short implementation timeframe addressing thematic gaps and priorities within existing ABPs.

3. The governance structure of the RSRTF includes:

- a) *Steering Committee*: Responsible for strategic guidance and oversight. It is chaired by the Deputy Special Representative of the Secretary-General/United Nations Resident Coordinator and Humanitarian Coordinator. The Committee comprises two representatives each from UNCT, UNMISS, donors and Non-Governmental Organisations (NGOs) in South Sudan.
- b) *RSRTF Secretariat*: Handles day-to-day operations, provides support to the Steering Committee, and manages resource allocation and project cycles.
- c) *Administrative Agent*: Manages donor contributions, disburses funds to participating organisations and prepares progress reports for donors. The United Nations Multi-Partner Trust Fund Office serves as the Administrative Agent for the South Sudan RSRTF.

4. UNMISS received \$3.1 million from the Administrative Agent for implementing four RSRTF projects during the period 1 January 2020 to 31 March 2023. UNMISS led the implementation of two TGW projects totalling \$1.2 million. In addition, it assisted the lead participating organizations in implementing the other two ABPs, totalling \$1.9 million. Table 1 shows a breakdown of the funds disbursed to UNMISS.

**Table 1: RSRTF distribution in UNMISS (as of 31 March 2023)**

<i>Project</i>	<i>Disbursed funds (\$)</i>	<i>Project type</i>	<i>UNMISS lead section</i>	<i>Project start</i>	<i>Project end</i>
Project 1	629,802	Thematic Grant	Civil Affairs Division	Jan-20	Jun-22
Project 2	565,533	Thematic Grant	Political Affairs Division	Apr-20	Dec-21
Project 3	1,111,911	ABPs	Rule of Law and Security Institutions	Jan-21	Ongoing
Project 4	823,918	ABPs	Office of the Head of Field Office, Bentiu	Dec-21	Ongoing
<b>Total</b>	<b>3,131,164</b>				

*Source: South Sudan RSRTF Secretariat*

5. Comments provided by UNMISS are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess the effectiveness of controls for carrying out RSRTF activities in UNMISS.

7. This audit was included in the 2023 risk-based work plan of OIOS due to the financial, operational and reputational risks associated with the implementation of the RSRTF projects.

8. OIOS conducted this audit from April to May 2023. The audit covered the period from 1 January 2020 to 31 March 2023. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in trust fund activities, which include: (a) financial management, and (b) project management.

9. The audit methodology included: (a) conducting interviews with key personnel involved in trust fund activities, (b) reviewing relevant documents such as project activity reports, (c) performing data analysis of financial transactions, and (d) conducting sample testing of trust fund transactions.

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

## **III. AUDIT RESULTS**

### **A. Financial management**

#### UNMISS needed to improve controls over cash advance requests

11. According to the UNMISS Standard Operating Procedures (SOP) for sections utilizing programmatic activities, cash advance requests (CAR) can be raised for planned activities or events in locations where it is certified that there are no current or potential business partners. The total cash advance requested for a single activity should not exceed \$10,000 and only UNMISS international civilian staff can receive the advance funds. The advance funds must be cleared within 14 days after the completion of the activity.

12. A review of a sample of 20 CARs totalling \$134,566 out of 122 requests totalling \$437,210 indicated that advances were issued to international civilian staff and supported by proper documents related to the RSRTF activities. However, improvements in controls over cash advances were needed in the following areas:

#### *Registered and potential vendors were paid through cash advance requests*

13. The United Nations Financial Regulations and Rules require that vendors must be paid through bank transfers or by cheque. Despite this requirement, five registered vendors were paid a total of \$23,878 in cash for four RSRTF activities using the CAR. Furthermore, two potential vendors received a total of \$21,049 in cash for the services they provided. The vendors were paid through international civilian staff members who initially received the cash advances to facilitate the carrying out of the respective RSRTF activities. Cash payments to these vendors were a departure from the provisions of SOP. This occurred because the CARs were processed without the required forms from the Field Administrative Officers, which certify the absence of current or potential vendors at the event location.

*Non-compliance with maximum cash advance limit per activity*

14. Four of the 20 randomly selected CARs exceeded the prescribed limit of \$10,000 per activity. The disbursed amounts ranged from \$12,817 to \$23,450. In each of these four cases, the CAR was divided between two staff members, resulting in one staff receiving \$10,000 while the remaining balance was given to the other. This situation occurred because the substantive sections<sup>1</sup> incorrectly applied the \$10,000 limit to cash advances provided to individual staff members instead of considering it for each RSRTF activity as intended.

*Lack of timely recording of RSRTF expenses in Umoja grant accounts*

15. In Umoja, a grant account was created for each RSRTF project to account for funds received and disbursed during the project implementation.

16. The funds received from the Administrative Agent were accurately and promptly recorded in each grant account. However, the Budget and Finance Section (BFS) did not timely record the disbursements in the grant account for RSRTF activities using CAR. The cash advances were settled only when the staff members submitted expense reports and supporting documents. It took staff members an average of 89 days after the event's completion to settle CAR, primarily due to oversight and absences related to the COVID-19 pandemic. The delays in settling CAR by staff members posed a risk of budget overruns. For example, a substantive section exceeded the approved project budget by \$61,246 to incur additional expenses. The overspending was rectified only after the RSRTF Steering Committee approved an increase in overall budget cost to cover the exceeded amount.

**(1) UNMISS should strengthen controls over cash advance requests by: (a) verifying the non-availability of registered or potential vendors prior to approving cash advances, (b) correctly applying the established standard operating procedures to adhere to maximum cash advance limits per activity, and (c) timely recording cash advance requests in Umoja grant accounts.**

*UNMISS accepted recommendation 1 and stated that it would review the current standard operating procedures and determine whether it should be revised, as per the current operational imperatives. The Budget and Finance Section would liaise with relevant substantive sections in Juba and the field offices to confirm the non-availability of registered or potential vendors and to ensure the timely recording of cash advance requests.*

UNMISS strengthened measures for expense allocation to the correct budget categories

17. Expenditures related to the implementation of RSRTF activities are required to be allocated to specific budget categories based on expenditure classification set by the United Nations Development Group (UNDG). In addition, any expenditures exceeding 20 per cent of the budgeted cost per budget category require approval from the RSRTF Steering Committee.

18. UNMISS did not allocate expenditures to correct budget categories according to UNDG definition. This led to an overstatement of expenditures in these affected budget categories. For example, two RSRTF project expenses amounting to \$82,436 and \$132,451 were incorrectly allocated to the general operating and other direct costs budget category, respectively. This category is meant for general office expenses like

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<sup>1</sup> Substantive sections include Political Affairs Division, Civil Affairs Division, Rule of Law and Security Institutions Section and Office of the Head of Field Office, Bentiu.

telecommunication, rents and finance charge. Consequently, the actual costs exceeded the approved budgeted amount for these projects' general operating and direct costs budget category by \$144,344 and \$194,535, respectively, as shown in table 2.

**Table 2: Budget vs. actual costs per budget category (as of 31 March 2023)**

#	Project	Budget category	Budgeted cost (\$)	Actual cost (\$)	Balance (\$)
1	S1-32RSS-000002	General operating and other direct costs	31,560.00	175,904.09	(144,344.09)
2	S1-32RSS-000004	General operating and other direct costs	17,575.00	212,110.48	(194,535.48)

Source: Umoja

19. BFS provided guidance to the substantive sections regarding the allocation of expenditures to correct budget categories occasionally. However, the above instances of incorrect allocations indicated a need for more robust guidance. Incorrect budget allocations may pose a risk of misrepresenting the financial position of the project and ineffective controls over spending within each budget category.

20. Based on preliminary audit results, UNMISS, through BFS, has planned to bolster its capacity to manage and administer extra-budgetary resources. BFS has also recruited a Finance and Budget Assistant who will provide dedicated support on extra-budgetary resources. In addition, BFS has communicated its commitment to ongoing guidance and support to the substantive sections. Based on the action taken by UNMISS, OIOS did not make a recommendation.

UNMISS needed to ensure timely vendor payments

21. The payment terms in RSRTF purchase orders required vendors to be paid within 30 days upon satisfactory delivery of goods and services. A review of a random sample of 35 invoices totalling \$445,120 out of 213 invoices totaling \$755,312 indicated that payments for 22 vendor invoices totalling \$254,884 were made after the stipulated 30 days in the purchase orders. The average payment delay was 61 days beyond the payment due date. This payment delay occurred due to the absence of an effective invoice payment tracking mechanism within the substantive sections and the implementation of the Controller's guidance for addressing ongoing liquidity challenges. Delayed payments may expose the Mission to reputational risk. Furthermore, such payment delays may result in vendors increasing prices for future goods and services to absorb the costs of overdue payments.

**(2) UNMISS should track payments to ensure timely payments to vendors for Reconciliation, Stabilization, and Resilience Trust Fund activities.**

*UNMISS accepted recommendation 2 and stated that it would strive to improve on tracking the payments to vendors for timeliness while taking into consideration guidance from the Controller regarding ongoing liquidity challenges.*

UNMISS needed to identify areas to utilize programme support cost revenue

22. UNMISS charged programme support costs (PSC) on RSRTF project expenses to offset the additional administrative support expenses accrued during the implementation of projects funded by the RSRTF.

23. From 1 January 2020 to 31 March 2023, UNMISS accumulated a total of \$86,791 as PSC revenue during the implementation of four RSRTF projects. However, UNMISS did not have a plan on how the

generated PSC revenue could be effectively utilized. Consequently, as of March 31, 2023, the PSC revenue generated from all four projects remained unutilized. This occurred because UNMISS had not assessed the potential areas, including costs that the PSC revenue could fund. As a result, there was a risk that incremental administrative expenses incurred from RSRTF activities were funded from Mission's assessed funds, potentially impacting the efficient implementation of the Mission's regular budget.

**(3) UNMISS should identify areas for utilizing programme support costs revenue to cover the incremental administrative costs associated with the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.**

*UNMISS accepted recommendation 3 and stated that moving forward the Budget and Finance Section would submit a cost plan to the Director of Mission Support, who has delegated authority to approve cost plans for programme support costs.*

## **B. Project management**

UNMISS needed to enhance women and youth representation in RSRTF projects

24. UNMISS implemented two TGW projects, costing \$629,802 and \$565,533, led by the Civil Affairs and Political Affairs Divisions. These projects aimed to empower leaders at various levels and enhance their civic and political participation through dialogues, forums, and workshops. Additionally, two ABPs, costing \$1.1 million and \$823,918, were carried out by the Rule of Law and Security Institutions Section and Office of the Head of Field Office, Bentiu. These programmes involved diverse partners to strengthen local ownership of peacebuilding and reinforce community-based initiatives. The RSRTF projects targeted women and youth participation across sectors, aiming to empower them in local and broader political and peace processes. However, participation by women and youth in forums, workshops and dialogues fell below the intended targets. For example, in the Civil Affairs Division's TGW projects, 25 per cent of the 1,353 participants were women, and 20 per cent were youth, despite the targeted participation rates being 50 per cent for women and 30 per cent for youth. In the Political Affairs Division's TGW project, out of 1,800 participants, approximately 20 per cent were women. The ABP implemented by the Rule of Law and Security Institutions Section also saw limited women's involvement, with only 11 out of 70 participants being women in a conference on sexual and gender-based violence prevention. Similar underrepresentation was observed in the seven activities of Koch ABP implemented by the Office of the Head of Field Office, Bentiu, where only 26 per cent were women.

25. There needed to be more measures, such as deliberate efforts to target and increase the involvement of women and youth in project activities and strengthened advocacy targeting key decision-makers to ensure they provide opportunities for women and youth. The low participation by women and youth has hindered the Mission's ability to empower them through RSRTF projects and enhance their political and civic engagements.

**(4) UNMISS should strengthen its advocacy and outreach to enhance the participation of women and youth in the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.**

*UNMISS accepted recommendation 4 and stated that the Mission made every effort to increase the participation of women and youth in RSRTF activities. The Mission would continue to strengthen its advocacy and outreach and integrate gender considerations in all project concept notes during meetings with government officials and radio outreach campaigns.*



#### The projects were monitored and reported effectively

26. A review of project documentation indicated that UNMISS exceeded the planned number of activities in certain projects due to the availability of additional funds. For example, in the TGW project, namely, ‘Empowering the Grassroots: Linking National and Subnational Processes’, 19 activities were implemented instead of the planned 8, while in the other TGW project, namely, ‘Targeted Support to Peace Implementation: Enhancing Political and Civic Space’, carried out 29 activities instead of the planned 17. Furthermore, UNMISS effectively collaborated with other RSRTF partners to implement two ABPs by attending regular project coordination meetings and providing detailed information on its activities. This information was consolidated into routine project reports for submission to the RSRTF Secretariat. There was also an effective mechanism to monitor and report on the progress of project implementation. Quarterly updates were consistently provided to the RSRTF secretariat, which included explanations for any target failures, challenges encountered, and the corrective actions taken.

27. There were, however, delays in implementing 3 out of 4 projects. The TGW projects, ‘Empowering the Grassroots: Linking National and Subnational Processes’, and ‘Targeted Support to Peace Implementation: Enhancing Political and Civic Space’ were delayed by 15 and 9 months, respectively, while one ongoing ABP, ‘Community Violence Reduction in Central-Southern Jonglei and the Greater Pibor Administrative Area’ has been delayed by 9 months as of 31 March 2023. These delays were attributed to operational restrictions stemming from the COVID-19 pandemic, security issues and a volatile political climate. The RSRTF Steering Committee was promptly informed about the delays, leading to extensions in project durations. Since these constraints were beyond the Mission’s control, OIOS did not make a recommendation regarding project delays.

#### Completed projects were evaluated

28. In November 2022, an external evaluation funded by the RSRTF secretariat was conducted to assess the two TGW projects completed in December 2021 and June 2022, respectively. The evaluation included a review of the RSRTF’s approach to thematic funding and the impact and performance of these projects. The evaluation report highlighted the positive impact of projects such as addressing conflict drivers by enhancing political space, trust building, dialogue among political parties, and raising awareness about the newly formed coalition government. It also provided six recommendations addressing the areas of relevance, coherence, effectiveness, efficiency, impact and sustainability of the TGW funding instrument. The RSRTF Steering Committee will consider these recommendations for implementing future TGW projects.

### **IV. ACKNOWLEDGEMENT**

29. OIOS wishes to express its appreciation to the management and staff of UNMISS for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	UNMISS should strengthen controls over cash advance requests by: (a) verifying the non-availability of registered or potential vendors prior to approving cash advances, (b) correctly applying the established standard operating procedures to adhere to maximum cash advance limits per activity, and (c) timely recording cash advance requests in Umoja grant accounts.	Important	O	Receipt of evidence of strengthened controls over cash advance requests.	1 August 2024
2	UNMISS should track payments to ensure timely payments to vendors for Reconciliation, Stabilization, and Resilience Trust Fund activities.	Important	O	Receipt of evidence of tracking payments to ensure timely payments to vendors.	1 August 2024
3	UNMISS should identify areas for utilizing programme support costs revenue to cover the incremental administrative costs associated with the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.	Important	O	Receipt of evidence of utilizing programme support costs revenue.	1 August 2024
4	UNMISS should strengthen its advocacy and outreach to enhance the participation of women and youth in the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.	Important	O	Receipt of evidence of strengthened advocacy and outreach to enhance participation of women and youth.	31 March 2025

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>5</sup> Date provided by UNMISS in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMISS should strengthen controls over cash advance requests by: (a) verifying the non-availability of registered or potential vendors prior to approving cash advances, (b) correctly applying the established standard operating procedures to adhere to maximum cash advance limits per activity, and (c) timely recording cash advance requests in Umoja grant accounts.	Important	Yes	Chief, Finance Unit and Finance and Budget Assistant	1 August 2024	UNMISS will review the current standard operating procedures to ascertain whether any revisions are necessary, as per the current operational imperatives. BFS will strengthen its liaison with relevant substantive sections in Juba and the field offices to ensure confirmation of the availability of registered or potential vendors and timely recording of the cash advance requests. BFS further plans to bolster its capacity in managing and administering voluntary contributions. Regarding the comment on point (c), please note that Umoja does not allow the payment of any cash advances without processing it in ECC. Clarity is sought on whether the audit recommendation only refers to an offline cash advance payment tracking system.
2	UNMISS should track payments to ensure timely payments to vendors for	Important	Yes	Chief, Finance Unit and Finance and	1 August 2024	UNMISS is committed to improving its tracking of payments to vendors to ensure they are done in a timely

<sup>1</sup> 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.

<sup>2</sup> 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.

## Management Response

## Audit of Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Reconciliation, Stabilization, and Resilience Trust Fund activities.			Budget Assistant		manner. However, in this current financial environment with a serious cash liquidity issue, it has become imperative to implement measures that would mitigate additional liquidity issues, including prompt payment to vendors, as guided by the Controller, and manage expectations of its vendors, service providers and partners.
3	UNMISS should identify areas for utilizing programme support costs revenue to cover the incremental administrative costs associated with the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.	Important	Yes	Finance and Budget Officer	1 August 2024	BFS will submit a cost plan to the DMS, who has delegated authority to approve cost plans for programme support costs, moving forward.
4	UNMISS should strengthen its advocacy and outreach to enhance the participation of women and youth in the implementation of Reconciliation, Stabilization, and Resilience Trust Fund projects.	Important	Yes	Political Pillar Section Chiefs implementing RSRTF funding programs	31 March 2025	UNMISS acknowledges the recommendation and would like to note that the Mission makes every effort to increase participation of women and youth in RSRTF Activities. As such, the Mission will continue to strengthen its advocacy and outreach integrate gender considerations in all project concept notes, during meetings with government officials, and/or through radio outreach campaigns. However, it must be noted that some activities are designed to specifically target specific

Management Response

Audit of Reconciliation, Stabilization, and Resilience Trust Fund in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>population groups. For instance, in the context of RSRTF Area-Based Programme which often engage those directly engaged in violence (cattle camp youth, at-risk target groups, etc.) it might not be feasible to ensure women participation in ALL activities. Previous recommendations by the RSRTF Secretariat have also noted the need to go beyond “ticking boxes on a checklist” and instead focusing on the relevance of target groups to specific activities, so they remain fit for purpose.</p>