



## INTERNAL AUDIT DIVISION

### REPORT 2015/085

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Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police

Overall results relating to the effective management of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police were initially assessed as partially satisfactory. Implementation of three important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

27 August 2015

Assignment No. AP2014/683/08

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# AUDIT REPORT

## **Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police**

### **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Stabilization in Haiti's (MINUSTAH) trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police (HNP).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. In May 2010, the Department of Peacekeeping Operations (DPKO) requested a donor government for financial support for a three-year project costing about \$4.4 million to strengthen specialized sexual and gender-based crimes police cells and units within HNP. This government granted DPKO an amount equivalent to \$850,000 in December 2010 to start the project. This first grant was managed by DPKO and was not covered by this audit. After the implementation of the first phase of the project, the donor government accommodated the request of DPKO for further funding (the second grant) in December 2012 for the same amount.
4. The second grant, net of 13 per cent project support cost, was equivalent to \$779,630. This grant was allotted to MINUSTAH and covered by this audit. This amount was to be spent on various activities including \$380,000 for a five-day sexual and gender-based violence (SGBV) course provided to 500 HNP officers, and \$276,000 for the provision of 12 SGBV investigation offices of HNP in the regions. The donor government also agreed to provide additional funding to continue with SGBV projects to build capacity of HNP through training of its officers and building SGBV investigation offices in 2015.
5. The project valued at \$779,630 was managed by the United Nations police SGBV team within the MINUSTAH SGBV Unit. The SGBV Unit had eight approved police officers' posts including a team leader who supervised the implementation of trust fund projects. The staffing cost of the Unit during 1 January 2013 to 31 December 2014 was \$837,000.
6. Comments provided by MINUSTAH are incorporated in italics.

### **II. OBJECTIVE AND SCOPE**

7. The audit was conducted to assess the adequacy and effectiveness of MINUSTAH governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the MINUSTAH trust fund to strengthen specialized sexual and gender-based crimes police cells and units within HNP**.
8. This audit was included in the 2014 risk-based work plan of OIOS at the request of Mission management and because of the risks associated with improper utilization of donor funding.

9. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Project management** - controls that provide reasonable assurance that there is sufficient project management capacity for proper utilization of the trust fund; and

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the utilization of the trust fund; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

10. The key controls were assessed for the control objectives shown in Table 1. Certain control objectives shown in Table 1 as “Not assessed” were not relevant to the scope defined for this audit.

11. OIOS conducted the audit from November 2014 to January 2015. The audit covered the period from 1 January 2013 to 31 December 2014 and reviewed the SGBV projects implemented from the donor government’s December 2012 grant.

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

### III. AUDIT RESULTS

13. The MINUSTAH governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of the MINUSTAH trust fund to strengthen specialized sexual and gender-based crimes police cells and units within HNP**. OIOS made four recommendations to address the issues identified. MINUSTAH supported HNP in strengthening its operational capability to address sexual and gender-based crimes by: providing training to 639 HNP personnel and organizing seminars for 51 high ranking police officers; and completing the construction of eight SGBV investigation offices. However, MINUSTAH needed to: (a) ensure that estimates for future construction projects consider all cost factors; (b) prepare cost-effective training proposals that showed options were researched, costed and documented; (c) establish procedures to determine the eligibility of trust fund expenses; and (d) segregate trust fund expenses by booking the appropriate commitment items in Umoja.

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

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

**Table 1: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
<b>Effective management of the MINUSTAH trust fund to strengthen specialized sexual and gender-based crimes police cells and units within HNP</b>	(a) Project management	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### **A. Project management**

#### Adequate reporting of accomplishments and expenditures

15. The Field Finance Procedure Guidelines and the grant agreement required periodic substantive and financial reporting to the donor. A review of financial reports for calendar years 2013 and 2014 showed that against the planned aggregate budget of \$779,630, MINUSTAH incurred \$751,649 out of which \$380,000 was spent on organizing SGBV trainings and seminars for HNP officers, \$259,088 for construction of SGBV investigation offices and the remaining \$112,561 for the provision of equipment for training and investigation offices and other operating costs. Further, the SGBV reports, including the one for the quarter ending in 31 March 2014, indicated that MINUSTAH: (a) trained 639 police officers; (b) organized three seminars for 51 high-ranking HNP officers; (c) completed SGBV standard operating procedures for HNP; (d) built and rehabilitated eight dedicated SGBV investigation offices; and (e) provided equipment for training courses and for the investigation offices. Since the reports adequately reflected the accomplishments and expenditure against the grant, OIOS concluded that the Mission implemented controls to ensure compliance with the relevant reporting requirements.

#### Shortfall and delays in building and rehabilitating investigation offices needed to improve

16. The project proposal, based on which the government provided the second grant to the United Nations, provided for the construction of 12 SGBV investigation offices. By December 2014, MINUSTAH completed the construction and rehabilitation of eight investigation offices while the construction of one SGBV training classroom was still in progress. The shortfall in the number of construction projects was due to the underestimation of costs. A review of six of nine cost estimates for construction activities financed by the trust fund indicated that the estimates were done on the basis of market price at Port-au-Prince and did not consider overheads, profit margins and site locations outside the capital.

17. The construction of 12 SGBV offices was proposed to be completed by the end of 2013; however, only three projects were initiated in 2013 and six in 2014. The delays were due to inadequate planning and monitoring. The annual project plans did not have targets and timelines for various activities. MINUSTAH advised that the delays were also attributable to other external factors including occasional delays by the contractors.

**(1) MINUSTAH should take steps to: ensure that estimates for future construction projects under the trust fund consider all cost factors, including allowing for contingencies to make sure that estimates are closer to reality; and improve its project work plan by incorporating specific targets and timelines for monitoring timely implementation of projects.**

*MINUSTAH accepted recommendation 1 and stated that it had prepared a detailed assessment report for upcoming trust fund projects incorporating specific targets, timelines and monitoring. Recommendation 1 remains open pending receipt of evidence of improved cost estimates and a copy of the detailed assessment report showing an improved work plan.*

#### Project proposals needed improvement

18. United Nations Financial Regulations and Rules require due consideration to be given for best value for money and fairness and integrity for procuring any goods and services. The project proposal provided \$380,000 to be used for the training of 500 HNP officers. A review of payment vouchers and SGBV training documents indicated that MINUSTAH incurred \$355,000 until December 2014 for the training of 639 HNP officers. Some \$300,000 (or about 85 per cent of the training expenses) was spent on hotel facilities and overnight accommodation for participants and instructors. The remaining \$55,000 was incurred on training materials, and per diem and backpacks for participants, which on average was \$86 per trainee.

19. In the absence of detailed breakdown of the \$380,000 for training, OIOS could not ascertain the budget allowed to be spent on hotel costs. Nonetheless, in the opinion of OIOS, spending 85 per cent of the training expenses for hotels in different locations, including in Port-au-Prince where alternative training facilities and accommodation were available, was not cost-effective. MINUSTAH advised that the training courses were organized in good hotels to: provide participants and instructors a better training environment including with necessary accommodation and food; and ensure participants' attendance and punctuality. MINUSTAH added that it considered holding the training courses in the HNP School, but it was in use throughout the year; and when not in use to train cadets, it was being repaired to accommodate new cadets. MINUSTAH; however, did not exhaust other less costly alternatives or conduct research to determine whether these training programmes could be held more cost-effectively.

**(2) MINUSTAH should prepare training proposals that include a detailed breakdown of the budgeted cost of facilities, materials and trainers and ensure that options considered in the implementation of proposals are adequately researched and documented.**

*MINUSTAH accepted recommendation 2 and stated that it had made it mandatory to include detailed breakdown of all costs at the time of submission of project proposals. Recommendation 2 remains open pending receipt of documentation showing detailed breakdown of costs and evidence of adequate research and costing of training proposals.*

## **B. Regulatory framework**

#### Procedures needed to validate expenditures

20. The donor's grant letter required the funds to be used on activities stipulated in the project proposal. The grant letter also required the trust fund to be used in accordance with the approved United Nations rules and procedures. A review of 42 trust fund related vouchers/invoices valued at \$440,550 out of 57 vouchers/invoices valued at \$751,649 indicated that certain expenditures were not explicitly

envisioned in the project proposal. These expenditures included: (a) \$31,950 at a rate of \$10 per day per trainee as cash payment to 639 trainees in addition to accommodation and meals in hotels for attending the training courses; (b) \$3,850 for providing t-shirts to the participants; (c) \$4,250 for organizing a ceremony at a hotel in Port-au-Prince to mark the closure of SGBV projects; and (d) \$3,618 for refreshments for the inauguration of SGBV offices. However, the Mission spent \$707,981 on activities directly related to the project. While MINUSTAH was of the view that all expenditures were directly related to the effective implementation of the project, MINUSTAH did not have procedures in place to review and systematically assess eligibility of all expenditures charged to the trust fund. Instead, MINUSTAH relied on the prudence of the United Nations Police officers in the SGBV Unit. The lack of review procedures increased the risk that some expenditures not directly related to the effective implementation of the project may be charged to the trust fund.

**(3) MINUSTAH should establish procedures for consistently reviewing the eligibility of trust fund expenses.**

*MINUSTAH accepted recommendation 3 and stated that it would establish procedures to review the eligibility of trust fund expenses through the Project Review Committee. Recommendation 3 remains open pending receipt of evidence of the Project Review Committee's review of the eligibility of trust fund expenses.*

Payments were processed on time

21. MINUSTAH contracts for projects funded under the trust fund required payments to be made between 15 and 30 days following satisfactory delivery of goods, performance of services and submission of invoices. MINUSTAH processed payments to vendors in the Sun system from 1 January to 31 October 2013 and in Umoja from 1 November 2013 to 31 December 2014. A comparison of all payment requests made by the SGBV Unit with actual payment dates indicated that MINUSTAH took an average of 11 and 13 days to process payments in the Sun system and Umoja respectively. OIOS concluded that controls were in place to ensure that payments were processed in a timely manner.

Expenses needed to be entered under correct commitment items in Umoja

22. The Field Finance Procedure Guidelines required MINUSTAH to have an effective mechanism to segregate assessed funds and trust funds. The guidelines also required obligations to be accounted properly for the transfer of year-end closing balance.

23. Trust fund expenses in Umoja were entered under wrong commitment items. For example, travel expenses were booked under office supplies, food and accommodation expenses of the trainees were entered under consultancy and in some cases, a single commitment was made in Umoja for various expenses. This occurred because staff were not experienced with the new Umoja system and they focused on the available trust fund balance while booking commitments but did not pay adequate attention to segregating expenses among different commitment items. As a result, various expenditures against planned activities and budgets were not segregated appropriately.

24. OIOS matched the cumulative expenditure relating to trust fund projects for 2013/14 with the transfer of the fund balance from 2013/14 to 2014/15 done in Umoja in July 2014 and noted that the transferred balance was \$79,000 less than the amount which should have been available. The Finance Section did not detect this anomaly initially because there was no mechanism in place to reconcile the trust fund balance before the roll-over was made from one fiscal year to another. However, the SGBV Unit detected this discrepancy during the reconciliation of project expenditure against the available

balance. The Finance Section identified that this resulted due to incorrect booking of obligations against two purchase requisitions which were eventually cancelled, and rectified the error.

**(4) MINUSTAH should train its staff members to record commitments under appropriate line items in Umoja to ensure accurate accounting of actual trust fund expenses against budgeted activities.**

*MINUSTAH accepted recommendation 4 and stated that the relevant staff had been trained on the use of Umoja. As a result, actual expenses were now recorded against budgeted activities based on the appropriate commitment items and remaining fund balances were available at any point in time. Based on action taken by MINUSTAH, recommendation 4 has been closed.*

#### **IV. ACKNOWLEDGEMENT**

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

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

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	MINUSTAH should take steps to: ensure that estimates for future construction projects under the trust fund consider all cost factors, including allowing for contingencies to make sure that estimates are closer to reality; and improve its project work plan by incorporating specific targets and timelines for monitoring timely implementation of projects.	Important	O	Receipt of evidence of improved cost estimates and a copy of the detail assessment report encompassing an improved work plan	31 December 2015
2	MINUSTAH should prepare training proposals that include a detailed breakdown of the budgeted cost of facilities, materials and trainers and ensure that options considered in the implementation of proposals are adequately researched and documented.	Important	O	Receipt of documentation showing detail breakdown of costs and evidence of adequate research and costing of training proposals	31 December 2015
3	MINUSTAH should establish procedures for consistently reviewing the eligibility of trust fund expenses.	Important	O	Receipt of evidence of the Project Review Committee's review of the eligibility of trust fund expenses	31 December 2015
4	MINUSTAH should train its staff members to record commitments under appropriate line items in Umoja to ensure accurate accounting of actual trust fund expenses against budgeted activities.	Important	C	Action taken	Implemented

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by MINUSTAH in response to recommendations.

# **APPENDIX I**

## **Management Response**



TELEFAX TRANSMISSION

Outgoing fax msg no:	Page
To: Ms. Eleanor T. Burns Chief, Peacekeeping Audit Service, IAD, OIOS, UNHQ, NY	From: Sandra Honoré Special Representative of the Secretary-General, MINUSTAH
Fax no: 3-3388 (via email)	Fax no: 7-9080
Info: Ms. Cynthia Avena-Castillo IAD, OIOS, UNHQ, NY Mr. Iswari Bhattarai Chief Resident Auditor, MINUSTAH (bhattarai2@un.org) Mr. Saumendra Nath De Resident Auditor (de@un.org)	Date: 30 July 2015
	Ref: IAD: 14-683/08
Subject:	<b>Assignment No AP2014/683/08 – Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police</b>

1. Reference is made to your memorandum of 6 July 2015 on the above mentioned subject, under cover of which you forwarded the OIOS draft report relating to Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police.

2. Please find attached MINUSTAH's comments on the recommendations as requested. I would like to take this opportunity to thank you for your understanding and flexibility with regards to the original deadline.

Best regards.

## Management Response

**Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should take steps to: ensure that estimates for future construction projects under the trust fund consider all cost factors, including allowing for contingencies to make sure that estimates are closer to reality; and improve its project work plan by incorporating specific targets and timelines for monitoring timely implementation of projects.	Important	Yes	SGBV Team	31/12/2015	The mission accepts the recommendation and wishes to inform that regarding improvements of the project's work plan, a detailed assessment report was prepared within the framework of the SGBV Trust Fund 2 incorporating specific targets, timelines and monitoring.
2	MINUSTAH should prepare training proposals that include a detailed breakdown of the budgeted cost of facilities, materials and trainers, and ensure that options considered in the implementation of proposals are adequately researched and documented.	Important	Yes	SGBV Team	31/12/2015	The mission accepts the recommendation and wishes to inform that detailed breakdown of all costs is now mandatory in all the proposals submitted by the SGBV Unit. The SGBV Unit prepares assessment and final reports for each of the 16 activities foreseen in the SGBV Trust Fund 2.
3	MINUSTAH should establish procedures for consistently reviewing the eligibility of trust fund expenses.	Important	Yes	SGBV Team	31/12/2015	The mission accepts the recommendation and wishes to inform that procedure to review the eligibility of trust fund expenses is being implemented through the Project Review Committee.
4	MINUSTAH should train its staff members to record commitments under appropriate	Important	Yes	Budget Unit	implemented	The Mission concurs with the recommendation. The incorrect

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

**Audit of the United Nations Stabilization Mission in Haiti's trust fund to strengthen specialized sexual and gender-based crimes police cells and units within the Haitian National Police**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	line items in Umoja to ensure accurate accounting of actual trust fund expenses against budgeted activities.					entries in Umoja were due to the lack of experience with the system at the time of the roll-out of Umoja. The relevant staff have since received the required training and as a result, actual expenses are now recorded against budgeted activities based on the appropriate commitment items and remaining fund balances are now reflected at the same date and time in Umoja.