



INTERNAL AUDIT DIVISION

REPORT 2016/146

Audit of facilities management in
Somalia by the United Nations Support
Office in Somalia

Management of facilities was ineffective and
posed increased risk of health hazard

6 December 2016
Assignment No. AP2016/638/07

Audit of facilities management in Somalia by the United Nations Support Office in Somalia

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management, and control processes over the management of facilities in Somalia by the United Nations Support Office in Somalia (UNSOS). The audit covered the period from 1 July 2014 to 29 February 2016 and included review of: (a) the establishment of living accommodations; (b) facility management standards and procedures; and (c) third-party operated accommodations.

Management of facilities was ineffective and posed increased risk of health hazard. There was lack of adequate accommodations for staff, standard operating procedures, adequate testing of water and fumigation of premises.

The Office of Internal Oversight Services made five recommendations. To address issues identified, UNSOS needed to:

- Implement an integrated process to plan requirements for premises and infrastructure;
- Develop workflow processes, job descriptions, procedures, and standards for facility management services and for the furnishing of accommodations;
- Regularly test adequacy water being used, and fumigate its premises;
- Establish contracts with vendors for properties acquired from them before renting these properties to staff; and
- Establish and implement a policy for recovering the value of meals from staff staying in third-party operated accommodations with all-inclusive rates.

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Audit of facilities management in Somalia by the United Nations Support Office in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of facilities management in Somalia by the United Nations Support Office in Somalia (UNSOS).
2. The UNSOS Facilities Management Unit was responsible for the facilities of UNSOS, the African Union Mission in Somalia (AMISOM) and the United Nations Assistance Mission in Somalia (UNSOM). The Unit was headed by the Deputy Chief Engineer at the P-4 level and supported by 10 staff: 9 international and 1 United Nations volunteer.
3. Effective 25 January 2016, UNSOS established the Facilities and Environmental Management Section (FEMS) to include all functions previously performed by the Facilities Management Unit and to centralize the processing of requests for accommodations, camp services, information and communications technology, and catering services for civilian personnel. FEMS is headed by an officer-in-charge at the Field Service-7 level and supported by 21 personnel from service providers, 11 international staff, 3 United Nations volunteers and 1 national staff.
4. As at 31 January 2016, UNSOS had 655 accommodation units with 1,080 tenants including: 748 UNSOM and UNSOS staff, 274 personnel of service providers and 58 individual contractors. The units also accommodated 1,319 personnel who were on official mission, rotation within sections, and temporary assignment. In addition, UNSOS provided accommodation to personnel of AMISOM in sector headquarters and troop locations.
5. The 2013/14, 2014/15, and 2015/16 budgets for facilities and infrastructure were \$76.5 million, \$93.9 million, and \$92.1 million, respectively.
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 governance, risk management, and control processes over the management of facilities in Somalia by UNSOS.
8. This audit was included in the 2016 risk-based work plan of OIOS because of financial, operational, and health and safety risks related to facilities managed by UNSOS in Somalia.
9. OIOS conducted this audit from February to April 2016. The audit covered the period from 1 July 2014 to 29 February 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the management of facilities including: (a) the establishment of living accommodations; (b) facility management standards and procedures; and (c) third-party operated accommodations.
10. The audit methodology included: (a) interview of key staff involved in facilities management and select tenants; (b) review of documentation; (c) analysis of data; and (d) inspection of 10 UNSOS-constructed housing units and 5 UNSOS-rented facilities in Mogadishu.

III. OVERALL CONCLUSION

11. There were a number control weaknesses related to the provision of accommodations and management of facilities. To address such weaknesses, UNSOS needed to: (a) implement an integrated planning process for premises and infrastructure; (b) develop workflow processes, job descriptions, procedures, and standards for facility management services and level of furniture to be issued to accommodations; (c) regularly test water to ensure its adequacy for drinking and for the other purposes it is used for; (d) fumigate the premises it is responsible for managing; (e) establish contracts with vendors for properties acquired before renting these properties to staff; and (f) establish and implement a policy for recovering the value of meals and beverages from staff staying in third-party operated accommodations with all-inclusive rates.

IV. AUDIT RESULTS

A. Establishment of accommodations

Need to provide adequately secured premises and infrastructure

12. The Engineering Support Manual requires UNSOS to provide suitable, safe, and secure living accommodations to its personnel and to AMISOM contingents.

13. OIOS review of the allocation of living and office accommodation, planning documents, analysis of accommodation units and office space provided, inspection of 10 locations in Mogadishu with UNSOS-constructed housing units and 5 UNSOS-rented facilities; and interview of tenants indicated that UNSOS did not always provide suitable, safe and secure living accommodations to its personnel and to those of its clients. For example, 352 of the 655 UNSOS-constructed units were prefabricated structures without any overhead protection as required by the 2014 Minimum Operating Security Standards for Somalia and the 2015 Security Risk Assessment. UNSOS also did not build additional ablution facilities for the recently installed prefabricated offices where the number of users requiring ablution is expected to triple.

14. The above resulted because UNSOS did not implement an integrated planning process involving all relevant units/sections, UNSOM and AMISOM to develop and meet infrastructure requirements. UNSOS recommenced building hard-walled accommodation units in May 2015 as part of a five-year plan to replace prefabricated units by February 2017. However, UNSOS had not formalized the planning for these construction activities and could not provide evidence that the plan was developed in conjunction with other stakeholders. As a result, there was an increased safety and security risk to UNSOS staff and those clients and third parties using United Nations provided accommodation.

(1) UNSOS should establish an integrated planning mechanism to develop and meet suitable and safe infrastructure for its operations and for those of its clients.

UNSOS accepted recommendation 1 and stated that it had established an Infrastructure Design and Implementation Section and a formal methodology for identifying clients' requirements and for preparing and approving a capital master plan. Recommendation 1 remains open pending receipt of a formal methodology for identifying clients' requirements and for preparing and approving the related capital master plan to address the needs of UNSOS, UNSOM and AMISOM.

B. Facility management standards and procedures

Need to delineate roles and responsibilities for facilities management

15. The Engineering Support Manual requires UNSOS to: (a) establish workflow processes and ensure staff roles and responsibilities are clear; (b) establish and implement standards for furniture provided to living accommodations and maintain records of items issued. The contracts with service providers also require UNSOS to establish standard operating procedures to ensure effective performance of the contractor.

16. OIOS review of the facilities management process, available job descriptions and terms of reference of 16 FEMS staff and 21 staff of three service providers, records of furniture issued to 43 out of 468 occupants in 2015/16 and interviews indicated that FEMS and the Facilities Management Unit did not establish:

- Clear workflow processes and assign responsibilities to some staff. For example, there were no job descriptions for 12 staff of FEMS and terms of reference for 21 contractors' personnel assigned to FEMS were not available;
- Standards for facility management services and furnishing of accommodation units, as well as a furniture replacement policy; and
- Standard operating procedures for the activities of service contractors.

17. The above occurred due to inadequate attention by UNSOS management to develop standard operating procedures to guide all aspects of the facilities management function. As a result, there was a risk that UNSOS provided substandard facility management services, did not maintain adequate records, and insufficiently controlled assets provided to tenants. For example, FEMS did not have records of furniture issued to 7 out of the sampled 43 tenants and the records of furniture issued to 7 other tenants were incomplete.

(2) UNSOS should develop: workflow processes and job descriptions for all staff of the Facilities and Environmental Management Section; standard operating procedures to govern the activities of service contractors; and determine standards for services and furnishing of accommodations.

UNSOS accepted recommendation 2 and stated that it had reengineered the facilities management processes and internal organization structures, and that related standard operating procedures would be issued by 1 January 2017. Recommendation 2 remains open pending receipt of: (a) approved standard operating procedures governing the work of FEMS and service contractors; and (b) standards for services and the furnishing of accommodations.

Need to regularly test water supply and fumigate premises

18. The Engineering Support Manual and standards promulgated by the World Health Organization on health and safety require UNSOS to: (a) conduct regular testing of the water supply at production and dispensing points using microbiology testing kits and equipment for identification of microbiological surface and water contamination; and (b) regularly fumigate its premises.

19. OIOS inspections of work and living premises of UNSOM, UNSOS and AMISOM, the main food catering area in the UNSOM/UNSOS compound, and a water purification plant indicated that

UNSOS was not:

- Testing the: quality of bottled drinking water processed in Somalia and being provided by the catering contractor; and suitability of UNSOS processed water for general purpose use at various production and dispensing points; and
- Complying with its fumigation schedule for offices and living accommodations for the period from 1 July 2014 to 29 February 2016, and did not adequately document the actual fumigation activities by the contractor.

20. The above occurred because UNSOS had not implemented effective measures to ensure the regular testing of water to the level required, and the systematic fumigation of the premises it was responsible for managing. As a result, there was an increased health and safety risk to personnel living and working in the various UNSOS managed premises.

(3) UNSOS should implement measures to ensure regular testing of water using microbiology testing kits and fumigation of its premises.

UNSOS accepted recommendation 3 and stated that: (a) it was procuring 35 complete water testing kits with delivery due in January and April 2017, which would be used in all sectors; and (b) its pest vector control procedures were aligned with standards established by the World Health Organization and the schedule and frequency of fumigations were also in line with established United Nations practice. Recommendation 3 remains open pending receipt of evidence that UNSOS is: (a) testing its water; and (b) complying with its fumigation schedule for offices and living accommodations.

C. Third-party operated accommodations

Need to establish contracts or lease agreements for all rented properties

21. The United Nations Procurement Manual requires UNSOS to have contracts or lease agreements for each leased property and the Engineering Support Manual requires UNSOS to use the template provided for lease agreements.

22. UNSOS had rented 194 rooms from seven vendors in Somalia for its staff and those of its clients. A review of the contractual arrangements between UNSOS and the vendors indicated that UNSOS did not complete the relevant procurement process and establish formal contracts with five of these vendors in the format recommended by the Engineering Support Manual before allowing staff to occupy the rooms. Instead, UNSOS routinely issued ex-post facto purchase orders.

23. This was because UNSOS management had not taken action to enforce the requirement to establish contracts with vendors for properties it leased from third parties. As a result, UNSOS lacked a legal basis for resolving performance issues and any disputes that may arise. This posed the risk of financial loss to the Organization.

(4) UNSOS should establish contracts with vendors for properties acquired from them before subleasing.

UNSOS accepted recommendation 4 and stated that it: (a) was establishing lease agreements for accommodations within the Mogadishu International Airport compound, which were expected to be completed by the end of November 2016; and (b) prepared the relevant procurement cases for the

review of the Local Committee on Contracts and the Headquarters Committee on Contracts. Recommendation 4 remains open pending receipt of evidence that appropriate contractual arrangements have been established.

Need to recover from staff the value of meals provided by establishments

24. The arrangements between UNSOS and staff for accommodation require staff to pay a monthly amount for the accommodation excluding drinks and meals.

25. A review of the contractual arrangements between UNSOS and vendors indicated that UNSOS paid vendors' invoices in full, but were not recovering from relevant staff the cost of drinks and meals provided. For example, a hotel used by UNSOS to accommodate 30 UNSOS and UNSOM staff included meals in its room rates, which was invoiced to UNSOS, but UNSOS were not requesting staff members to reimburse the costs of the meals.

26. This occurred partly because UNSOS did not put in place formal contracts with vendors before renting the properties to staff. Such contracts could have required vendors to agree on rates that excluded drinks and meals. UNSOS had also not developed a cost-recovery policy for accommodations rented to staff. As a result, UNSOS incurred unnecessary costs. OIOS estimated that UNSOS paid an additional \$170,400 related to meals, beverages and bottled water on accommodations subleased to these 30 staff alone.

(5) UNSOS should establish and implement a policy for recovering the value of meals and beverages from staff staying in third-party operated accommodations with all-inclusive rates.

UNSOS accepted recommendation 5 and stated that, subsequent to the audit, it has: (a) notified staff about its recovery policy related to staff provided with accommodations in hotels and camps with all-inclusive rates; and (b) initiated the recovery process which was due for completion by the end of November 2016. Recommendation 5 remains open pending receipt of: (a) a copy of UNSOS recovery policy; and (b) evidence that cost of meals and beverages from staff has been recovered.

V. ACKNOWLEDGEMENT

27. 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 facilities management in Somalia by the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNSOS should establish an integrated planning mechanism to develop and meet suitable and safe infrastructure for its operations and for those of its clients.	Important	O	Receipt of methodology for identifying clients' requirements and for preparing and approving the related capital master plan to address the needs of UNSOS, UNSOM and AMISOM.	1 December 2016
2	UNSOS should develop: workflow processes and job descriptions for all staff of the Facilities and Environmental Management Section; standard operating procedures to govern the activities of service contractors; and determine standards for services and furnishing of accommodations.	Important	O	Receipt of: (a) approved standard operating procedures governing the work of FEMS and service contractors; and (b) standards for services and the furnishing of accommodations.	1 January 2017
3	UNSOS should implement measures to ensure regular: testing of water using microbiology testing kits; and fumigation of its premises.	Important	O	Receipt of evidence by OIOS that UNSOS is: (a) testing bottled drinking water provided by the catering contractor and UNSOS-processed water at various processing and dispensing points; (b) complying with its fumigation schedule for offices and living accommodations.	April 2017
4	UNSOS should establish contracts with vendors for properties acquired from them before subleasing.	Important	O	Receipt of evidence that appropriate contractual arrangements have been established.	1 January 2017
5	UNSOS should establish and implement a policy for recovering the value of meals and beverages from staff staying in third-party operated accommodations with all-inclusive rates.	Important	O	Receipt of: (a) a copy of UNSOS recovery policy; and (b) evidence that cost of meals and beverages from staff has been recovered.	1 December 2016

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.

³ C = closed, O = open

⁴ Date provided by UNSOS in response to recommendations.

APPENDIX I

Management Response



Interoffice Memorandum

To: Mr. Bolton Tarleh Nyema, Chief
Peacekeeping Audit Service
Internal Audit Division,
OIOS

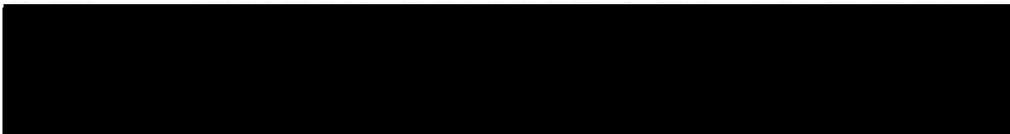
Ref: UNSOS/1116/M.055

From: Hubert Price *ms price*
Head of UNSOS

Date: 7 November 2016

Subject: UNSO – Draft Report on an audit of facilities management in Somalia by the United Nations Support Office in Somalia (Assignment No. AP2016/638/07)

1. Further to your memorandum of 26 October 2016 please find attached the UNSOS response to the subject draft report.



3. We thank you for your continued support to the work of UNSOS.

Best regards.

cc: Mr. Amadu Kamara, Director, UNSOS
Mr. Harjit Dhindsa, Deputy Director
Mr. Clark Toes, Chief Service Delivery
Mr. Dolapo Kuteyi, Senior Administrative Officer
Mr. Herbert Pechek, Officer-in-Charge, Supply Chain Management Service
Mr. Sumathipala Wathugala, O-i-C, Infrastructure Design and Implementation Section
Mr. David Wilkins, O-in-C, Facilities and Environmental Management Section
Mr. James Suglo, Chief Resident Auditor, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Attachment: UNSOS responses to five audit recommendations

A small, handwritten blue mark or signature at the bottom left of the page.

Management Response

Audit of facilities management in Somalia by the United Nations Support Office in Somalia

no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should establish an integrated mechanism to identify, plan and develop the required infrastructure for its operations and for those of its clients.	Important	Yes	Infrastructure Design and Implementation Section (IDIS)	1 st December 2016	UNSOS management notes the recommendation and seeks to inform the Auditors that with the establishment of the Infrastructure Design and Implementation Section (IDIS), a formal methodology has been established whereby client requirements are identified and consulted, following which stakeholders will sign off on the mission capital master plan.
2	UNSOS should develop workflow processes and job descriptions for all staff of the Facilities and Environmental Management Section, standard operating procedures to govern the activities of service contractors, and standards for services and the furnishing of accommodations.	Important	Yes	OIC-FEMS	1 January 2017	Management accepts the recommendation and seeks to inform the auditors that the recently completed comprehensive organizational restructuring of UNSOS included the reengineering of facilities management processes and internal organization structures. The processes within FEMS have been reengineered, and related

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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 facilities management in Somalia by the United Nations Support Office in Somalia

no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Standard Operating Procedures should be finalized and issued by 1 January 2017.
3	UNSOS should implement measures to enforce the requirement for regular test of water using microbiology testing kits the appropriate equipment and fumigation of its premises as well as those of UNSOM and AMISOM.	Important	Yes	OIC-FEMS	Jan-April 2017	<p>Management notes the recommendation and seeks to inform the Auditors that UNSOS is in the process of procuring 35 complete water testing kits with delivery due in January and April 2017. These kits will be distributed to all sectors for regular water testing.</p> <p>Management would like the auditors to note that all current pest vector control materials are to WHO standards. The schedule and frequency are also in line with industry and UN standards. Management therefore requests the auditors to record this portion of the recommendation as implemented.</p>
4	UNSOS should take action to	Important	Yes	Chief	1 January 2017	UNSOS management notes

Management Response

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no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	enforce the requirement to establish contracts with vendors for properties acquired from them before subleasing.			Procurement and OIC FEMS		the recommendation and seeks to inform the Auditors that lease agreements are being established for rented accommodation within the MIA compound. The mission has prepared the cases for LCC/HCC review and lease agreements are expected to be completed by the end of November 2016.
5	UNSOS should establish and implement a policy for recovering the value of meals and beverages from staff staying in third-party operated accommodations with all-inclusive rates.	Important	Yes	OIC/FEMS & Chief Human Resources (CHR)	1 December 2016	Management notes the recommendation and wishes to inform the auditors that concerned staff members have been informed of the mission's policy on recovery of food costs from those staying in accommodation with all-inclusive rates. The recovery process is ongoing and is due for completion by the end of November 2016.