



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2016/175

Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

**There was a need to enhance the
effectiveness of project review committees
to ensure adequate initial technical
assessment and monitoring of projects**

20 December 2016

Assignment No. AP2016/641/06

Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over quick impact projects (QIPs) in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The audit covered the period from 1 July 2013 to 30 June 2016 and included review of governance mechanisms and planning, implementation and evaluation of QIPs.

MINUSMA established an adequate governance structure, developed standard operating procedures, took action to ensure QIPs were in line with the Mission's strategic objectives and implemented adequate controls over QIPs budget limits. However, MINUSMA needed to: enhance the effectiveness of local project review committees, ensure funds were promptly remitted to implementing partners and strengthen monitoring of projects.

OIOS made five recommendations. To address issues identified in the audit, MINUSMA needed to:

- Monitor the attendance of all members of local project review committees and take action to increase attendance and thus effectiveness of the committees;
- Conduct initial technical assessments for all QIPs to ensure they are viable;
- Pay instalments to implementing partners in a timely manner to ensure they start on schedule;
- Ensure implementing partners submit formal progress reports, and QIP focal points prepare monitoring visit reports; and
- For staff involved in QIPs, include QIP-related goals in performance work plans and provide adequate guidance and training to focal points on their monitoring responsibilities.

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

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Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of quick impact projects (QIPs) in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).
2. QIPs were small, rapidly implementable projects meant to build confidence in the Mission and the environment for effective mandate implementation.
3. The MINUSMA QIPs Unit is responsible for coordinating the QIPs programme and facilitating the disbursement of funds to implementing partners. The QIPs Unit is headed by a staff at the P-4 level who reports to the Deputy Special Representative of the Secretary-General (DSRSG/RC/HC) through the Chief Stabilization and Recovery Section. The Unit has five posts including two international and three national.
4. MINUSMA budgets for QIPs for fiscal years 2013/14, 2014/15 and 2015/16 were \$900,000, \$3 million and \$4 million, respectively. As at 30 June 2016, MINUSMA funded 217 projects at a total cost of \$7.9 million.
5. Comments provided by MINUSMA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over QIPs in MINUSMA.
7. This audit was included in the 2016 risk-based work plan because of the reputational risk related to the poor implementation of QIPs.
8. OIOS conducted this audit from September to November 2016. The audit covered the period from 1 July 2013 to 30 June 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the management of QIPs, including review of governance mechanisms and planning, implementation and evaluation of QIPs.
9. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data, (d) sample testing of control effectiveness for 60 of 217 projects valued at \$2.6 million, and (e) physical observation of 22 projects located in Bamako, Gao, Kidal, Mopti and Timbuktu.

III. OVERALL CONCLUSION

10. MINUSMA established an adequate governance structure, developed standard operating procedures, took action to ensure QIPs were in line with the Mission's strategic objectives and implemented adequate controls over QIPs budget limits. However, MINUSMA needed to: (a) enhance the effectiveness of local project review committees; (b) ensure funds were remitted to implementing partners on a timely basis; (c) strengthen the monitoring of projects; and (d) provide training to QIPs focal points on their roles and responsibilities.

IV. AUDIT RESULTS

A. Governance structure

There was an adequate governance structure for management of quick impact projects

11. The Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Policy on QIPs requires MINUSMA to implement its QIPs programme under the overall authority of the Special Representative of the Secretary-General (SRSG) who shall constitute a: (a) Senior Management Team to establish the priorities for QIPs and allocate funds in the Mission's budget, based on needs assessment; and (b) Project Review Committee (PRC) to review and approve projects before they are implemented and review and approve changes to project budgets, outputs or scope during implementation. A small QIPs Management Team (the QIPs Unit) including a dedicated programme manager requires to be constituted to conduct detail reviews of project proposals before they are submitted to PRC, and be responsible for day-to-day management of QIPs.

12. A review of the QIPs programme showed that: (a) the SRSG had constituted a Senior Management Team to establish the priorities for QIPs and allocated funds in the Mission's budget, based on needs assessment; and (b) the Mission developed standard operating procedures to guide staff in implementing the QIPs programme. In accordance with the standard operating procedures, the SRSG delegated authority for overall management of the QIPs programme to the DSRSG/RC/HC.

13. MINUSMA decentralized its QIPs programme to its regional offices and the DSRSG/RC/HC established local project review committees (LPRCs), which were chaired by the respective regional heads of offices with terms of reference in line with the DPKO/DFS QIPs Policy. The membership of the LPRCs included: regional representatives of the Force Commander, Director of Mission Support (DMS), Police Commissioner Chief Civil Affairs and United Nations Office for the Coordination of Humanitarian Affairs. LPRCs were responsible for: selection, review, modification and approval or rejection of project proposals; and ensuring QIPs were within authorized budgets, and full utilization of QIPs funding in accordance with Mission's established priorities and mandate of QIPs.

14. The DSRSG/RC/HC had appointed a dedicated Chief of QIPs Unit within the Stabilization and Recovery Section for the day-to-day coordination of the QIPs programme including review of project proposals, as well as monitoring and evaluation of projects. LPRCs also appointed focal points within the respective Mission components that initiated QIPs, these focal points were responsible for supervising specific projects.

15. OIOS concluded that the Mission had established an adequate governance structure for the selection and management of QIPs.

B. Project planning and implementation

There was a need to enhance the effectiveness of LPRCs

16. The DPKO/DFS Policy on QIPs requires LPRCs to select projects: (a) based on priorities established and approved by the Mission's Senior Management Team for geographic and thematic focus; and (b) in line with the overall Mission plan and broader strategies for community outreach. Due notice should be given to the LPRC so that members have sufficient time to review proposals.

17. A review of the records for 217 QIPs implemented including the minutes of 25 of 60 meetings of LPRCs that took place during the audit period, physical inspection of 22 projects and interview with implementing partners and beneficiaries of projects in Timbuktu, Gao, Kidal, Mopti and Bamako indicated that LPRCs selected projects in line with the: (a) priorities established and approved by the Mission's Senior Management Team; and (b) the Mission's overall plan and broader strategy for community outreach and priorities to improve infrastructure and basic services, and capacity-building and income-generating activities. The Mission had spent \$7.9 million for QIPs during the audit period in all regions: 170 projects related to infrastructure and basic services; 22 income-generating activities; and 25 capacity development and training programmes. The budget for each project was within the established limit of \$50,000. However, OIOS noted the following:

- LPRC meetings were held without the presence of all members required to deliberate on QIPs proposals, impacting the effectiveness of the Committee. For example, the representative of the: DMS did not attend 20 meetings; Force Commander did not attend 8 meetings; Police commissioner did not attend 3 meetings; and Chief, Civil Affairs Section did not attend 2 meetings. In these 25 meetings, LPRCs approved 108 of the 217 QIPs; and
- LPRC members were not given adequate time to review project documents to prepare for the meeting. For example, after the notices were issued scheduling the selected 20 meetings, in 9 cases, the LPRC meeting took place after 1 to 2 days.

18. The above occurred because the respective regional heads of offices did not monitor the attendance of LPRC members and take effective steps such as referring the low rate of attendance to the DSRSG/RC/HC for corrective action. As result, there was an increased risk that LPRCs did not always have the relevant expertise to effectively evaluate project proposals, and propose changes to project budgets, outputs or scope during implementation.

(1) MINUSMA should monitor the attendance of all members of local project review committees and take action to increase attendance, such as referring the low rate of attendance to Mission leadership for corrective action.

MINUSMA accepted recommendation 1 and stated that it had put in place measures to monitor the attendance of LPRC members and LPRCs had begun recording absences in the minutes of the relevant meetings and reporting to the appropriate management and the DSRSG and SRSR for corrective actions. Recommendation 1 remains open pending receipt of evidence that all members were regularly attending meetings of LPRCs.

There was a need for adequate technical assessment of projects

19. The DPKO/DFS Policy on QIPs requires project sponsors to conduct adequate technical assessments to support their proposals for projects.

20. A review of the files of 60 QIPs, physical inspection of 22 projects and interview with implementing partners and beneficiaries in Timbuktu, Gao, Kidal, Mopti and Bamako showed that there was no evidence that an initial technical assessment and site visit was conducted for 8 QIPs. For two other projects in Bamako and Timbuktu, the initial technical assessments were not adequately done. For example, the rehabilitation of police buildings did not include the need to repair the roof and a rehabilitated building did not have electric power installed and therefore not used, impacting on the achievement of QIPs objectives.

21. The above occurred because the respective regional heads of offices did not implement an effective mechanism to ensure that adequate initial technical assessments were conducted for all projects.

(2) MINUSMA should implement an effective mechanism to ensure that adequate initial technical assessments were conducted for all projects.

MINUSMA accepted recommendation 2 and stated that LPRCs and the QIPs Unit would ensure that the requirement for technical assessment was complied with and the Mission Support Division would provide technical support when sponsoring sections do not have the required technical expertise to conduct the technical assessment. Recommendation 2 remains open pending receipt of evidence that adequate initial technical assessments have been conducted for all QIPs.

Funds were not remitted on time to implementing partners

22. The DPKO/DFS Policy on QIPs requires the first installment of the cost of the project to be paid to the implementing partner immediately after signing the memorandum of understanding (MoU). MINUSMA QIPs standard operating procedures also require the Finance Section to pay the implementing partner within two weeks of receiving the signed MoU.

23. A review of 43 projects valued at \$1.7 million indicated that MINUSMA had delayed payment of initial and final instalments to implementing partners. For example, 14 of the projects were delayed, on average, by 113 days. This occurred because some partners did not provide correct bank account information and local banks did not have systems to allow for electronic fund transfers. Further, the Mission did not take effective action to reduce internal processing delays, as: (a) in 21 instances, the DMS took an average of 29 days to approve the request for initial and final payments; (b) after receiving timely approval from DMS in 17 instances, the Finance and Budget Section took an average of 43 days to pay implementing partners; and (c) in 11 instances, after the Finance and Budget Section timely submitted request for payment processing, the United Nations Operations in Cote d'Ivoire took an average of 72 additional days to pay implementing partners.

24. As a result, the start of these projects was delayed, impacting on the Mission achieving its QIPs goals.

(3) MINUSMA should take action to promptly pay implementing partners to ensure timely commencement of quick impact projects.

MINUSMA accepted recommendation 3 and stated that it would review and possibly revise its payment procedures after receiving the new policy and guidelines being prepared by an inter-mission task force established by DPKO/DFS. Recommendation 3 remains open pending receipt of evidence that the Mission has promptly paid implementing partners to ensure timely commencement of projects.

Project monitoring needed to be strengthened

25. The MoU signed with implementing partners requires MINUSMA to: (a) obtain mid-term progress and financial reports from the implementing partner; and (b) conduct a mid-term follow-up visit and prepare the related report for each project.

26. A review of records of 60 projects initiated during the audit period, interview of QIPs focal points, field visits to 22 projects, and telephone interviews with representatives of beneficiaries of 15 projects indicated that:

- In all instances, MINUSMA did not obtain the required mid-term progress reports;
- There were inadequate monitoring visits by focal points and initial monitoring visits were sometimes made during the closure of the projects. For example, for: (a) 5 projects, monitoring visits were conducted after 177 days of their start, even though these projects were to be completed within 180 days; (b) 3 projects, monitoring visits were conducted on average after 169 days of their start, even though these projects were to be completed within 150 days; and (c) 13 projects, monitoring visits were conducted on average after 166 days after their start, even though these projects were to be completed within 90 days; and
- No monitoring visits were conducted for 15 projects valued at \$97,498 in Gao, Mopti and Kidal.

27. The above occurred because: (a) the QIPs Unit had not implemented a mechanism to enforce the requirement for formal progress reporting by implementing partners, and monitoring visits and related reporting by focal points; and (b) project focal points had not been adequately guided and trained to effectively perform their monitoring responsibilities. Mission management had also not included QIPs-related goals in the annual work plans and performance evaluations of focal points. Although the difficult security situation was given as a reason for not visiting these projects, there was no evidence showing that the focal points had requested security clearance to travel to specific locations.

28. As a result, QIPs were delayed as indicated in the examples below, impacting on the Mission achieving its QIPs' goals:

- Twelve of the sampled projects were completed, on average, six months after their planned completion dates; and nine other projects were completed, on average, two months after their planned completion; and
- The implementing partner of one other sampled project for the construction of water tanks, drilling and installation of water pumps valued at \$46,284 had informed the QIPs Team Leader in Mopti that the project had been completed. However, OIOS interview with beneficiaries indicated that the installed water pump was not working. As a result, the project had been temporarily stopped without formal notification to the Mission.

(4) MINUSMA should implement a mechanism to enforce the requirement for formal progress reporting by implementing partners and monitoring visit reporting by the quick-impact projects' focal points.

MINUSMA accepted recommendation 4 and stated that, to enforce the provision of the standard operating procedures and MoUs periodic reporting and monitoring visits, the QIPs Unit and LPRC Secretariats would monitor the progress closely and inform LPRCs and senior management for corrective actions. Recommendation 4 remains open pending receipt of evidence that the Mission has enforced the requirement for progress reporting and monitoring visits.

(5) MINUSMA should: (a) include quick impact projects-related goals in the annual work plans and performance evaluations of concerned staff; and (b) provide adequate guidance and training to focal points on their monitoring responsibilities.

MINUSMA accepted recommendation 5 and stated that it would: (a) immediately issue instructions to heads of sections/components and heads of regional offices to reflect QIPs-related goals in the

work plans and performance evaluations of concerned staff members; (b) continue providing training to project focal points with special emphasis on the identified gaps in project implementation and monitoring. Recommendation 5 remains open pending receipt of evidence that the Mission has included QIPs-related goals in the work plans and performance evaluations of concerned personnel and provided adequate training and guidance to focal points on their monitoring responsibilities.

C. Project evaluation

Annual evaluations of quick impact projects were conducted

29. The DPKO/DFS Policy on QIPs requires MINUSMA to conduct periodic evaluations to assess the impact of QIPs.

30. A review of the 2014/15 QIPs programme evaluation reports indicated that MINUSMA had conducted an annual evaluation of QIPs as required by the DPKO/DFS policy. The evaluation team made three recommendations which are being implemented by MINUSMA. These included: strengthening communication on QIPs; addressing delays in the payment of QIPs implementing partners; and balancing funds allocated to basic infrastructure and services, and capacity-building and income-generating activities. The Mission was preparing to conduct another evaluation for 2015/16, and would engage a consultant to help with the evaluation for 2017/18.

31. OIOS concluded that MINUSMA adequately complied with QIPs annual evaluation requirements.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSMA should monitor the attendance of all members of local project review committees and take action to increase attendance, such as referring the low rate of attendance to Mission leadership for corrective action.	Important	O	Receipt of evidence that all members were regularly attending meetings of the LPRCs.	31 July 2017
2	MINUSMA should implement an effective mechanism to ensure that adequate initial technical assessments are conducted for all projects.	Important	O	Receipt of evidence that adequate initial technical assessments have been conducted for all QIPs.	31 July 2017
3	MINUSMA should take action to promptly pay implementing partners to ensure timely commencement of quick impact projects.	Important	O	Receipt of evidence that the Mission has that the Mission has promptly paid implementing partners to ensure timely commencement of projects.	31 March 2017
4	MINUSMA should implement a mechanism to enforce the requirement for formal progress reporting by the implementing partners and monitoring visit reporting by the quick-impact projects' focal points.	Important	O	Receipt of evidence that the Mission has enforced the requirement for progress reporting and monitoring visits.	31 July 2017
5	MINUSMA should: (a) include quick impact projects-related goals in the annual work plans and performance evaluations of concerned staff; and (b) provide adequate guidance and training to focal points on their monitoring responsibilities.	Important	O	Receipt of evidence that the Mission has included QIPs-related goals in the work plans and performance evaluations of concerned personnel and provided adequate training and guidance to focal points on their monitoring responsibilities	31 March 2017

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 MINUSMA in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should monitor the attendance of all members of local project review committees and take effective steps such as referring the low rate of attendance to Mission leadership for corrective actions.	Important	Yes	QIPs Programme Manager (on behalf of DSRSG/HC/RC)	Implemented	Measures to monitor the effective attendance are already in place (Presence of Project Review Committee Members is recorded in the Minutes). Additionally, since December 2016, DSRSG/HC/RC and SRSG are informed of absences. LPRC Chairperson and Secretariat have been informed on the need to ensure participation and if absences persisting further action will be taken at Senior Level.
2	MINUSMA should implement an effective mechanism to ensure that adequate initial technical assessments were conducted for all projects.	Important	Yes	PRC Chairperson with technical support of DMS (on behalf of SRSG)	Implemented	Mechanism is in place: Mission SOP requires submission of an initial site visit for technical assessment of projects. Technical assessment is required before submission of projects to LPRC for approval and to QIPs Unit for clearance. The Mission has reminded the LPRC Secretariat of the extreme importance of this requirement. QIPs Unit is monitoring its implementation closely. MSD will ensure that technical support is provided as per Par. 12 of the QIPs Policy when Sponsoring Section or S&R Section do not have the required technical expertise (specialized engineering,

⁵ 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.

⁶ 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 quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						CIT, transportation/mechanic, procurement, etc.).
3	MINUSMA should take action to promptly pay implementing partners to ensure timely commencement of quick impact projects.	Important		QIPs Programme Manager (on behalf of DSRSG) and Budget & Finance Section (on behalf of DMS)	March 2017 (final result of Policy & Guidelines Review)	MINUSMA S&R and Finance monitor payment processing periodically. This monitoring revealed that delays were mainly due to the number of steps/documents/offices involved in payment processing under procedures based on rules issued by NYHQ level. Similar monitoring made by other Missions revealed that this is a common problem. In the light of the above UNHQ decided to address it with the appointment of an inter-mission task force mandated to revise the QIPs Policy and Guidelines. MINUSMA S&R and MSD participate in this task force. Once the New Policy and Guidelines are adopted, MINUSMA will review its current mechanisms accordingly (planned for March 2017).
4	MINUSMA should implement a mechanism to enforce the requirement for formal progress reporting by the implementing partners and the monitoring visit reporting by the quick-impact projects' focal points.	Important		QIPs Programme Manager (on behalf of DSRSG/HC/RC)	July 2017 (end of FY)	To enforce the provision of the SOP and MoU for periodical reporting by the implementing partners and monitoring by projects focal points, QIPs Unit and LPRC Secretariat will monitor the progress closely and systematically inform the LPRC of delays in submission of reports and suggest corrective actions. If required LPRC could refer the matter to the focal points'

Management Response

Audit of quick impact projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Supervisor, the Head of the Component/Section or the DSRSGs (Heads of Pillars). (for evidence see minutes of Bamako LPRC – Annex1).
5	MINUSMA should: (i) include quick impact projects-related goals in the annual work plans and performance evaluations of concerned staff; and (ii) provide adequate guidance and training to focal points on their monitoring responsibilities.	Important		CoS on behalf of SRSG for (i) QIPs Programme Manager for (ii)	March 2017 (end of Performance cycle)	<p>MINUSMA will issue instruction to Head of Sections/Components and Heads of Regional Offices recalling the provision of the par. 21 of the QIPs Policy and requesting them to ensure that QIPs are duly reflected and taken into account in the work plans and performance evaluations of Mission personnel with any role in supporting quick-impact projects (starting from midterm review of current performance cycle).</p> <p>(ii)MINUSMA S&R is continuously providing training to projects' focal points at Mission HQ and Regional offices and coaching on a daily basis. This will continue in the next months with a special focus on the identified gaps in project's implementation and monitoring.</p>