



## INTERNAL AUDIT DIVISION

### REPORT 2017/053

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Audit of camp closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire

There was a need to obtain a final and consolidated environmental clearance certificate covering all locations where the Mission has operated since its inception and accurately identify and promptly settle all third-party claims

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# **Audit of camp closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over camps closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire (UNOCI). The audit covered the period from 1 April 2016 to 20 March 2017 and included review of camp closure, environmental clean-up and processing of claims.

UNOCI was taking adequate steps for the closure of camps, settlement of final invoices for services, and proper waste management and disposal. However, the Mission needed to: obtain a final and consolidated environmental clearance certificate covering all locations where the Mission has operated since its inception; and accurately identify and promptly settle all third-party claims.

OIOS made three recommendations. To address issues identified in the audit, UNOCI needed to:

- Provide adequate guidance on the assessment and costing of potential restoration works to ensure the reasonableness of compensations paid to private owners in lieu of restoration works;
- Obtain a final and consolidated environmental clearance certificate from the Ministry of Environment covering all locations where the Mission has operated since its inception; and
- Convene a meeting of the Local Claims Review Board and all sections/units responsible for receiving claims to identify the population of all claims against the Mission and take effective actions to review and settle such claims.

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

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# **Audit of camp closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of camp closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire (UNOCI).
2. The Security Council, by resolution 2284 (2016), authorized complete withdrawal of all uniformed personnel of UNOCI by 30 April 2017 and to complete closure/liquidation of the Mission by 30 June 2017. Camp closure and environmental clean-up includes decommissioning of facilities, disassembling of infrastructure, environmental clean-up, physical closure of team sites and handing over of premises to their owners, termination of leases and other related service contracts, and assessment and settlement of claims.
3. Comments provided by UNOCI are incorporated in italics.

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

4. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over camp closure and environmental clean-up activities in UNOCI.
5. This audit was included in the 2017 risk-based work plan of OIOS due to the operational and reputational risks related to closure of camps and environmental clean-up.
6. OIOS conducted this audit from January to March 2017. The audit covered the period from April 2016 to 20 March 2017. Based on an activity-level risk assessment, the audit covered higher and medium risks in the Mission's liquidation activities including the review of: camp closure and environmental clean-up; and the processing of claims.
7. The audit methodology included: (a) interview with key Mission personnel; (b) review of relevant documentation; (c) random sample testing; and (d) physical inspection of camp closure activities at eight sites located in Abidjan, sectors east and west.

## **III. OVERALL CONCLUSION**

8. UNOCI was taking adequate steps for the closure of sites, settlement of final invoices for services and proper waste management and disposal. However, the Mission needed to: obtain a final and consolidated environmental clearance certificate from the Ministry of Environment covering all locations where the Mission has operated since its inception; and accurately identify and settle all third-party claims.

## IV. AUDIT RESULTS

### A. Camp closure and environmental clean-up

The Mission had adequately planned and was executing its liquidation activities according to plan

9. UNOCI had prepared its liquidation plan using the 'lean six sigma' methodology. The plan contained appropriate mitigating measures to ensure risks were well managed during execution. The Chief of Mission Support appointed a Liquidation Manager and established two working groups, reporting to the Manager, responsible for camp closure and assets disposal. The Camp Closure Working Group comprised 47 staff, representing 15 self-accounting units (SAUs), who met 11 times during the audit period to: (a) identify activities relating to the closure of sites; (b) establish a timetable to hand over all 63 premises to their respective owners; and (c) discuss progress and challenges related to the liquidation activities. Those staff on the Camp Closure Working Group assisted their respective SAUs in preparing their activities in line with the liquidation plan. In addition, the Camp Closure Working Group held eight meetings with the Assets Disposal Working Group to ensure their work was coordinated. The Mission met the schedule and closed 42 premises to be handed back to their respective owners by 28 February 2017.

10. OIOS concluded that UNOCI had effectively developed and implemented a camp closure plan.

There was a need for adequate guidance on the determination of amounts to be paid to landowners in lieu of restoration works

11. The UNOCI leases with private landowners require the Mission to restore the premises to their initial condition.

12. OIOS review of lease termination procedures, including observation of the closure of 17 of the 30 privately owned sites, indicated that instead of restoring premises to their initial condition, the Mission paid \$627,000 in compensation to owners for all five premises that required restoration. At the time of payment, UNOCI obtained a signed agreement from the owner clearing the United Nations from future claims for restoration works. UNOCI took this approach as it had not procured the required restoration services and did not have engineering staff capacity to carry out the necessary works. UNOCI was of the view that this approach was justified due to the limited financial and human resources available during the Mission drawdown to put in place restoration contracts in a timely manner, and difficulties in agreeing with landowners the quality and standard of the restoration works.

13. A review of the scope of restoration works and related compensation amount indicated that its determination was done by junior staff without adequate guidance and supervision. For example, the Mission's senior engineer approved the work of the junior staff without visiting the sites. Also, the Government construction price list being used was dated 2007 with final engineering estimates being significantly higher than the provisions. For instance, while provision for the San Pedro camp was \$73,000; the final estimate was \$147,000. Inadequate guidance and supervision of junior staff work increases the risk of error and irregularities in compensation packages agreed with landowners.

**(1) UNOCI should provide adequate guidance on the assessment and costing of potential restoration works to ensure the reasonableness of compensations paid to private owners in lieu of restoration works.**

*UNOCI accepted recommendation 1 and stated that, subsequent to the audit, it engaged an international architect to oversee the estimation process, which included: the use of budget restoration provisions as reference point for the assessment based on site layouts, initial condition reports, published rates, and prices quoted by contractors on similar works to calculate the amounts of compensations paid to landowners. The Chief Engineer also ensured that actual quantities were properly assessed by staff onsite during pre-inspection and further verified by the international architect. The Chief Engineer was also consulted for final verification and advice before the transmittal of renovation cost estimation to the Procurement Section for processing and payment. Recommendation 1 remains open pending receipt of evidence that the Mission has implemented the additional controls to mitigate the risk of errors and irregularities in the assessment of restoration works and determination of the amount of compensation paid to landlords in lieu of restoration works.*

There was a need for a final and consolidated environmental clearance certificate from the Ministry of Environment

14. The Liquidation Manual requires UNOCI, in coordination with the host Government, to engage an independent surveyor to verify compliance with appropriate environmental standards, obtain a clearance certificate countersigned by a duly authorized representative of the host Government for each vacated site; and to obtain a final environmental clearance certificate from the Ministry of Environment.

15. OIOS review of the environmental clean-up process and related documents indicated that the Mission had carried out joint site visits to all 45 closed sites with representatives from the Ministry of Environment to observe the condition of sites before and after they were vacated and returned to the respective owners. As of 28 February 2017, the Mission had undertaken environmental clean-up and obtained an environment clearance certificate for each of the 45 vacated sites. For privately owned sites, the certificates were signed by the respective owners; and for publicly owned sites, the certificates were signed by individuals duly authorized by the Prime Minister at the respective locations. A duly authorized representative signed all certificates on behalf of the Mission.

16. However, the Mission had not engaged an independent surveyor and/or initiated discussion with the host Government to agree on the modalities for obtaining a final and consolidated environmental clearance certificate from the Ministry of Environment covering all locations where the Mission has operated since its inception. This occurred because the Mission was not aware of this requirement. As a result, there was a risk that appropriate environmental standards were not met at all vacated premises, risk of financial loss and reputational risk to the Organization in the event of dispute.

**(2) UNOCI should take effective steps, in collaboration with the host Government, to obtain a final and consolidated environmental clearance certificate from the Ministry of Environment covering all locations where the Mission has operated since its inception.**

*UNOCI accepted recommendation 2 and stated that it had procured a third party environmental consultant who was inspecting a representative number of UNOCI sites after clean-up. A mission-wide clearance certificate was also being prepared. Recommendation 2 remains open pending receipt of a final and consolidated environmental clearance certificate for the Mission.*

The Mission was taking adequate steps for the closure of sites and settlement of final invoices

17. The Liquidation Manual requires UNOCI sections to arrange for a joint inspection of the sites with the landowners, prior to handing over and agreeing on the repairs and cleaning that may be required. UNOCI is required to remove all Mission identification signs and terminate utility services.

18. OIOS review of joint inspection records for a sample of 14 closed sites and physical observation of the procedures in three sites indicated that UNOCI staff from the Engineering and Procurement Sections and the Joint Logistics Operation Centre attended the inspections; and the landowners were either present or represented in all cases. The inspection of the premises was comprehensive and resulted in agreements on handover timelines and identification and documentation of actions that needed to be done. All Mission identification signs had also been removed. OIOS review of the records of utility and security services for 10 closed sites indicated that the Mission had promptly terminated these services and the Mission was in the process of reconciling and settling all unpaid bills.

19. OIOS concluded that the Mission was taking adequate steps for the closure of sites and settlement of final invoices.

Waste management and disposal procedures were adequate

20. The Liquidation Manual requires UNOCI to properly dispose of all residual waste, create waste collection schedule, collection points for different types of waste and follow up on where the waste is disposed of throughout the Mission deployment area. Waste from explosive ordnance dumps should be disposed of by qualified military explosive ordnance disposal personnel.

21. OIOS review of the Mission's disposal procedures, physical observation of a sample of three closed sites indicated that contingents' waste disposal was carried out through the Property Disposal Unit, which issued disposal vouchers for hazardous and non-hazardous waste for disposal by United Nations-selected contractors. The Environmental Unit had conducted dump site inspections as part of the regular environmental inspections to confirm that contractors were always using the designated Mission dumping locations. OIOS also compared its physical observations for the five sample premises with the environmental assessment reports conducted by environmental officers in the selected sites prior to the clean-up and noted that all the observed sites were properly cleaned with no residual waste. For instance, UNOCI did a soil remediation around areas where old oil was kept; there were no batteries or tyres, all scattered waste and burn pits were removed; oxidation ponds were closed and backfilled; and compost pits were opened to allow stagnant water to flow.

22. OIOS noted that staff of the United Nations Mine Action Services (UNMAS) that were part of the camp closure team had destroyed expired ammunition and provided related certificates as well as camp clearance certificates to departing contingents as evidence that no ammunition or explosives were left at the sites. As of 7 March 2017, UNMAS had cleared and issued the respective clearance certificates for 19 of 39 contingent camps as per schedule.

23. OIOS concluded that UNOCI had implemented adequate waste management and disposal procedures.

## B. Processing of claims

There was a need for review and settlement of third-party claims relating to land occupied by the Mission

24. The Liquidation Manual requires UNOCI to establish a Local Claims Review Board (LCRB) to promptly review and settle all commercial or third-party claims before the Mission is closed. The Mission is required to obtain authority from the Controller to settle any claims exceeding the Mission's delegated authority of \$10,000.

25. UNOCI had established its LCRB to help resolve all claims. However, interview with staff and review of claims pending with the Unit indicated that, as at 28 February 2017, the LCRB had yet to review four claims amounting to \$390,834 for land occupied by the Mission. These claims related to rental of land occupied without contracts with the relevant owners as the Mission assumed that the land belonged to the host Government. Claims were received on various dates starting in 2005. For example, in 2005, the Mission received a claim of \$82,258 but only initiated action to confirm ownership of the land in September 2015 after the owner resubmitted the claim in 2013. In 2006 and 2008, the Mission received two other claims amounting to \$300,000.

26. The above occurred because: the Mission did not take effective action in view of the liquidation to accurately identify the population of claims; and review and resolve claims. Additionally, various units/sections such as the Procurement and Engineering Sections had received claims but failed to promptly initiate their processing. For example, the above-mentioned two claims amounting to \$300,000 were received by the Procurement Section in 2006 and 2008; however, the Section only submitted these claims to the Claims Unit in September 2016. As a result, the Organization was exposed to a reputational risk.

**(3) UNOCI should convene a meeting of the Local Claims Review Board and all sections/units responsible for receiving claims to identify the population of all claims pending with the Mission and take effective actions to review and settle such claims.**

*UNOCI accepted recommendation 3 and stated that, subsequent to the audit, several Local Property Survey Board meetings had been held to review claims submitted to the Claims Unit. The relevant sections including Legal Affairs, Integrated Support Services and Procurement had identified the population of pending claims and forwarded them to the Claims Unit for consolidation and processing. Recommendation 3 remains open pending receipt of evidence that the Mission has identified, reviewed and settled all legitimate claims.*

## V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns  
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## STATUS OF AUDIT RECOMMENDATIONS

## Audit of camp closure and environmental clean-up in the United Nations Operation in Côte d'Ivoire

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation   | Implementation date <sup>4</sup> |
|----------|--|---|----------------------|--|----------------------------------|
| 1        | UNOCI should provide adequate guidance on the assessment and costing of potential restoration works to ensure the reasonableness of compensations paid to private owners in lieu of restoration works.   | Important   | O                    | Receipt of evidence that the Mission has implemented the additional controls to mitigate the risk of errors and irregularities in the assessment of restoration works and determination of the amount of compensation paid to landlords in lieu of the restoration work. | 15 June 2017                     |
| 2        | UNOCI should take effective steps, in collaboration with the host Government, to obtain a final and consolidated environmental clearance certificate from the Ministry of Environment covering all locations where the Mission has operated since its inception. | Important   | O                    | Receipt of a final and consolidated environmental clearance certificate.   | 15 June 2017                     |
| 3        | UNOCI should convene a meeting of the Local Claims Review Board and all sections/units responsible for receiving claims to identify the population of all claims pending with the Mission and take effective actions to review and settle such claims.           | Important   | O                    | Receipt of evidence that the Mission has identified, reviewed and settled all legitimate claims.   | 15 June 2017                     |

<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 UNOCI in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of camp closure and environmental cleanup in the United Nations Operation in Côte d'Ivoire

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments  |
|----------|--|---|-----------------------|---------------------------------------|------------------------|--|
| 1        | UNOCI should provide adequate guidance on the assessment and costing of potential restoration works to ensure the reasonableness of compensations paid to private owners in lieu of restoration works. | Important   | YES                   | Chief Engineer                        | 15 June 2017           | <p>ONUCI engaged an international architect and used the Budget Restoration provisions as our reference point for the assessment and costing of the renovation costs. The Architect calculated the cost of the restoration based on site layouts and initial condition reports of the various sites. ONUCI used prices quoted by contractors on similar works through outsourced renovation projects. (i.e. renovation of Sebroko main building) to ensure that the rates were within acceptable standards in Cote d'Ivoire.</p> <p>Chief Engineer also ensured that actual quantities were properly assessed by the staff on site during the pre-inspection and further verified by the international Architect on the basis of the updated site plans and photos.</p> <p>A template of Scope of Works was also prepared as a reference for the staff undertaking the site inspection. Chief Engineer was also consulted for a final verification and advice before transmittal of renovation cost estimation to Procurement Section for processing and payment.</p> <p>ONUCI considered these actions as</p> |

<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.

| Rec. no. | Recommendation  | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments   |
|----------|---|---|-----------------------|---------------------------------------|------------------------|---|
|          |   |   |                       |                                       |                        | mitigating measures to the risk of fraud, errors and irregularities.  |
| 2        | UNOCI should take effective steps, in collaboration with the host Government, to obtain a final and consolidated environmental clearance certificate from the Ministry of Environment covering all relevant locations where the Mission has operated since its inception. | Important   | YES                   | Environmental Officer                 | 15 June 2017           | ONUCI had engaged a third party environmental consultant who had inspected the sites that were still accessible to ONUCI and is currently working on the last one, which is Sebroko HQ. A Mission-wide clearance is under preparation as planned.   |
| 3        | UNOCI should convene an urgent meeting of the Local Claims Review Board and all sections/units responsible for receiving claims, to identify the population of all claims pending with the Mission and take effective actions to review and settle such claims.           | Important   | YES                   | Chief Claims Unit                     | 15 June 2017           | Several Local Property Survey Board (LPSB) meetings have been held and up to date, all Liability claims brought to Claims unit's attention have been reviewed by the Local Claims Review Board (LCRB) and deliberated on. The large majority of these claims have already been approved for final settlement. Sections/units including Office of Legal Affairs and Integrated Support Services and Procurement Section have identified the population of claims pending with the mission and effective actions have been taken in forwarding such claims to Claims Unit for processing through the LCRB and/or in keeping Claims Unit regularly abreast of any development in their handling for timely action by the LCRB, when necessary. |