



INTERNAL AUDIT DIVISION

REPORT 2017/121

Audit of facilities management in the
United Nations Assistance Mission in
Afghanistan

The Mission needed to improve contractor
performance monitoring, and fully recover
costs of accommodation

17 November 2017

Assignment No. AP2017/630/01

Audit of facilities management in the United Nations Assistance Mission in Afghanistan

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of facilities management in the United Nations Assistance Mission in Afghanistan (UNAMA). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over facilities management. The audit covered the period from 1 January 2015 to 30 June 2017 and included a review of accommodation standards, monitoring of contractors' performance, and cost recoveries from staff and United Nations agencies, funds and programmes.

UNAMA provided secure and hygienic office and accommodation facilities at Kabul and 11 regional offices, installed wastewater treatment plants, tracked maintenance work orders and certified contractors' work. However, other controls over facilities management needed to be improved to be fully effective.

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

- Regularly test water provided to staff at all Mission locations;
- Improve performance monitoring and evaluation of cleaning and fumigation contractors;
- Fully recover accommodation costs from staff; and
- Recover maintenance and operational costs relating to utilization of UNAMA air terminals by a United Nations Agency.

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

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Audit of facilities management in the United Nations Assistance Mission in Afghanistan

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of facilities management in the United Nations Assistance Mission in Afghanistan (UNAMA).
2. UNAMA has 694 offices and 652 residential accommodation units Mission-wide, comprising permanent hard wall and modified sea container structures. The accommodation units cater for residential needs of international staff of UNAMA and official visitors to the Mission. UNAMA also provides accommodation and office space to United Nations agencies, funds and programmes (AFPs) on a cost-sharing basis.
3. The Deputy Chief of Mission Support oversees the management of facilities, supported by the Facilities Management Unit (FMU) in Kabul and Regional Administrative Offices in the field. The administrative instruction on rental subsidies and deductions (ST/AI/2013/2), Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Engineering Support Manual and UNAMA standard operating procedures (SOPs) on residential use of accommodation govern the management of facilities.
4. An officer at Field Support level 6 heads FMU in Kabul. He is supported by four local staff and four United Nations Volunteers. FMU manages the office and residential facilities in Kabul, while the Regional Administration Offices manage the facilities at 11 field locations.
5. The budget for facilities management, comprising staffing and operational costs amounted to \$4.30 million, \$4.71 million and \$3.73 million for 2015, 2016 and 2017, respectively. The operational costs included 14 service contracts valued at \$3.69 million for cleaning, liquid and solid waste disposal, and fumigation of the facilities.
6. Comments provided by UNAMI 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 UNAMA.
8. This audit was included in the 2017 risk-based work plan of OIOS due to the importance of providing office and residential accommodation to ensure safety, security and productivity of staff.
9. OIOS conducted this audit from April to August 2017. The audit covered the period from 1 January 2015 to 30 June 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in facilities management, which included accommodation standards, monitoring of contractors' performance, and cost recoveries from staff and AFPs.
10. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, (c) analytical reviews of data, (d) sample testing of occupancy records and maintenance and contractor performance documents, and (e) physical inspection of facilities and equipment in Kabul, Kandahar, Mazar-e-Sharif and Maimana.

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

III. AUDIT RESULTS

A. Accommodation standards

UNAMA provided adequate office and accommodation facilities to staff

12. The DPKO/DFS Engineering Support Manual requires missions to provide and maintain suitable, safe and secure office and living accommodation, related installations and utilities for mission personnel.

13. UNAMA entered into various memoranda of understanding and rental agreements, mainly with the host Government, for use of premises in the Mission area. The Mission provided furnished and clean offices and accommodation. Accommodation units of different types were allocated to staff and guests on a 'first come first served' basis, except for staff at levels D-1 and above, who were prioritized. UNAMA also provided diesel-generated electricity, as well as water for general purposes such as sanitation, gardening and construction. It was in the process of installing meters Mission-wide to track usage of electricity and water and was providing monthly consumption reports to encourage staff to conserve and preserve the environment. The Mission outsourced maintenance of offices, accommodation and generators, as well as cleaning, waste collection and fumigation services, at a cost of \$3.69 million. The DFS global client survey results for 2015 and 2016 indicated that staff were satisfied with standards of office and living accommodation provided by UNAMA. OIOS concluded that the Mission provided adequate office and accommodation facilities to staff.

UNAMA installed wastewater treatment plants

14. The DPKO/DFS Engineering Support Manual and Environmental Policy require missions in areas without central sewage systems to establish wastewater treatment plants to separate black sewage water from grey water. OIOS audit of environmental protection activities in UNAMA (Report No. 2014/124) recommended implementation of measures to treat wastewater produced at its locations in compliance with its environmental policy.

15. To implement the recommendation, UNAMA procured equipment and began to install wastewater treatment plants in February 2017. The Mission, therefore, still relied on networks of septic tanks and soak pits at all except two compounds. A contractor collected wastewater from septic tanks biweekly for disposal. However, frequent movement of contractor trucks within compounds posed a security threat. The ongoing project would facilitate extraction of sewage water from the compounds' boundaries and preclude entry of trucks to the premises. UNAMA expected to complete the work by March 2018. In light of the action taken, OIOS did not make a recommendation on this issue.

UNAMA needed to test water quality regularly

16. The DPKO/DFS Engineering Support Manual requires missions to conduct regular chemical and bacteriological testing of water at all of its production and dispensing points, in line with standards promulgated by the World Health Organization to promote conservation, as well as staff health and hygiene.

17. The Mission collected well water samples for microbiological testing at external laboratories from wells at 3 out of 15 locations in 2015, 6 in 2016, and 1 in 2017 but did not test the quality of water at 6

locations during the audit period. It also tested a drinking water sample from a dispenser at 1 of the 15 locations in 2016. The test results indicated that the water samples were acceptable for the designated uses.

18. At the six locations that were not tested, staff were exposed to health and hygiene risks as the water was used for washing utensils and sanitation. This occurred because UNAMA did not prepare a Mission-wide schedule for annual testing of water quality. The Engineering Section issued purchase orders in August 2017 for a water quality analyzing kit and consumables for in-house testing, of which the Mission expects delivery by end of November 2017.

(1) UNAMA should implement measures to ensure regular testing of water supplied at all the Mission locations using microbiology testing kits.

UNAMA accepted recommendation 1 and stated that it had procured the field testing laboratory and kit needed to regularly test the Mission's water supply. Recommendation 1 remains open pending receipt of evidence that a programme of regular testing of Mission water has been implemented.

B. Monitoring of contractors' performance

UNAMA tracked maintenance work orders and certified contractors' work

19. The DPKO/DFS Engineering Support Manual requires missions to monitor fulfilment of work orders, confirm receipt of services and completion of projects by contractors; and certify invoices for payment. Contractors are to attend to emergency calls within an hour and other works during regular working hours.

20. The Engineering Section and Regional Administration Officers (RAOs) approved and processed requests for general maintenance works, and monitored work orders from the Mission to ensure timely completion of requested works. Requests relating to leaks, air conditioners and electrical faults were attended to immediately, while less urgent requests were attended to as and when materials and time permitted. Two of the seven locations visited maintained work order tracking spreadsheets, which indicated the dates the work orders were received and fulfilled, while the other five locations monitored work orders without tracking spreadsheets. Contractors completed urgent requests within 24 hours and less urgent jobs, such as renovations, painting and carpentry over periods ranging from 2 to 90 days. Longer timelines were attributed to delayed receipt of spare parts.

21. In addition, contractors maintained records of work done, and UNAMA certified performance of work before settling invoices. OIOS concluded that the Mission had implemented adequate measures to ensure effective and efficient performance of maintenance work.

UNAMA needed to improve monitoring and evaluation of contractors' performance

22. UNAMA contracts and scopes of works require the Mission to monitor and evaluate vendor performance against criteria established in solicitation documents and contracts through start-up meetings in the first months of contracts, quarterly performance evaluation meetings, with documented minutes, and vendor performance reports.

23. FMU provided three performance appraisal reports for the waste disposal contractor for the years 2015 and 2016. However, for the other 13 contractors, both FMU and RAOs conducted evaluations only once when preparing for contract renewals. The Mission advised that it conducted regular operational meetings with contractors, but did not have documented minutes, except for two pre-award meetings, one

kick-off meeting and one progress meeting in 2016 and 2017, respectively. Furthermore, OIOS noted the following vendor performance issues that UNAMA did not document or consider in contractor performance reports:

- Four out of nine RAOs interviewed by OIOS advised that the cleaning and gardening contractor frequently provided poor quality materials and supplies. The Mission resolved such cases by requesting replacements.
- Three out of seven locations visited by OIOS were not using washroom cleaning inspection checklists that the Mission introduced in January 2017, to be completed by contractor staff and endorsed by their supervisors and representatives of FMU. At the United Nations Operations Centre in Afghanistan, checklists were variably used in 5 to 11 out of 46 washrooms between January and April 2017.
- The statement of works for provision of cleaning and gardening services requires cleaners to report any breakdowns, damages and anomalies noted during cleaning to FMU. However, OIOS noted missing hand dryers in 12 washrooms at seven locations visited, as well as damaged doors of washrooms at three locations, and a leak in the washroom at one location, which contractor staff did not report to FMU.
- At four out of seven locations visited, the cleaning and gardening contractor had not trimmed rough grass to maintain specified maximum height of 15 centimeters, or removed weeds in some areas.
- The fumigation contractor at one regional office did not conduct an initial inspection of site conditions, or any of the required quarterly outdoor fumigation exercises in 2015 and 2016, as the RAO was not aware of the existence of the contract. As a result, rats infested the location. The Mission subsequently provided a copy of the contract to the RAO during audit fieldwork in June 2017. At another location, the RAO indicated that the pest control contractor was ineffective, as snake repellent and rat poison applied at the compound did not eliminate pests, leading to their continued exposure to staff.

24. This resulted from inadequate performance monitoring and evaluation of contractors impacting hygiene and safety standards. Furthermore, at the UNAMA Air Terminal, FMU had not inspected the facilities in four months due to oversight. Subsequent to audit, the Mission appointed a Contract Management Officer to improve management of contractors.

(2) UNAMA should implement procedures to regularly monitor, evaluate and document vendors' performance to ensure contractual requirements are adequately fulfilled.

UNAMA accepted recommendation 2 and stated that FMU had developed key performance indicators and acceptable performance levels for all contractors. It had also implemented a system of regular contractor performance meetings. Recommendation 2 remains open pending receipt of documentary evidence of regular performance monitoring and evaluation of contractors.

UNAMA needed to verify use of authorized sites by waste disposal contractor

25. The scope of requirements of the contract for the provision of solid and liquid waste disposal services requires the contractor to use waste disposal sites approved by the host Government and allows UNAMA to verify compliance in this regard. The contractor is to secure all necessary paperwork with

regard to sanitation, hygiene and other Government procedures, including licenses and authority to use disposal sites.

26. Contractors regularly collected solid and liquid waste from UNAMA compounds for recycling and disposal. The contractors advised UNAMA that waste was disposed of at Government-approved sites but could not provide documentary evidence of authority to use such sites at 10 out of 12 locations. This raised the risk that contractors may be disposing of waste at non-approved sites.

27. UNAMA stated that due to deteriorated security situation in Afghanistan, FMU international staff could not physically verify disposal of waste at approved sites located in insecure areas as they were off limits. Notwithstanding, FMU subsequently obtained from contractors, evidence/certificates from municipal authorities permitting actual use of Government-controlled disposal sites for solid and liquid waste at eight more locations. In addition, the Mission agreed to monitor the ongoing validity of the certificates on a yearly basis. In light of the actions taken by UNAMA, OIOS did not make a recommendation on this issue and advised the Mission to keep an audit trail of relevant documents for future reference.

C. Cost recoveries from staff and AFPs

UNAMA needed to ensure complete and timely recovery of accommodation costs

28. The Secretariat's information circular on rental subsidies and deductions (ST/IC/2016/30) requires missions to deduct monthly rentals from salaries of staff permanently residing in mission provided accommodation, in line with United Nations established rental charge formula. UNAMA information circular 23/2013 requires the Mission to recover 50 per cent of daily subsistence allowances in accommodation from United Nations staff in receipt of daily subsistence allowance, or cash at applicable rates from those not in receipt thereof.

29. UNAMA staff were included in master lists submitted to the Human Resources Section at Kuwait Joint Support Office to create monthly payroll rental deductions, and staff of AFPs were invoiced each month to pay rent in cash or by electronic transfer at applicable rates. Guests provided with temporary accommodation paid in cash or were charged 50 per cent of daily subsistence allowance, where applicable. However, OIOS noted the following exceptions:

- Accommodation costs were not deducted for 22 out of 457 staff members for periods ranging from 2 to 19 months, resulting in uncollected amounts of \$72,564 as on 31 May 2017. This occurred because the Human Resources Section did not activate applicable deductions in Umoja on arrival of new staff or renewal of employment contracts, due to an oversight. Subsequent to the audit, the Mission recovered outstanding amounts in June 2017, and set all deductions in Umoja to expire in 2099 to prevent recurrence.
- A staff member from a United Nations agency did not pay \$53,055 for use of Mission accommodation for 31 months from October 2014 to March 2017. However, during the audit, the Mission recovered the full amount from the staff in April 2017.
- Another staff member did not pay \$43,239 for use of Mission accommodation for 48 months from August 2009 to August 2013. The Mission subsequently discovered the omission when checking the staff's accounts during separation procedures, and deducted \$34,979 from the staff's terminal benefits in March 2014. The unrecoverable balance of \$8,260 was written off in December 2016, after three years' efforts to collect the amount.

30. This occurred because the Mission did not implement a procedure to reconcile actual cost recoveries from tenants with issued bills and occupancy records.

(3) UNAMA should implement measures to ensure completeness of accommodation cost recoveries and perform monthly reconciliations with occupancy records.

UNAMA accepted recommendation 3 and stated that it was exploring the feasibility of an online solution to ensure the timely and accurate recovery of accommodation costs. Recommendation 3 remains open pending receipt of evidence of implementation of a mechanism to ensure complete and timely recovery of accommodation costs.

Opportunities existed for UNAMA to increase collocation with AFPs

31. The report of the Secretary-General on a strategic review of UNAMA (A/72/312-S/2017/696) recommended that the Mission explore opportunities to increase synergies, share costs through collocation, utilize joint services such as guard forces, and share resources with United Nations AFPs.

32. In 2016, Mission-wide average annual office accommodation occupancy rate was 62 per cent. Annual operational and security costs for all regional offices amounted to \$10.6 and \$5.4 million, respectively, for 89 resident international staff and 480 national staff. Recoveries from AFPs amounted to \$900,000. The Kunduz regional office, which has 40 offices and 21 accommodation units incurred operational and security costs of \$1.9 million and \$700,000 for 10 resident staff; while the Bamyan regional office, which has 24 offices and 20 accommodation units, had operational and security costs of \$1.3 million and \$500,000 for 4 resident staff. Despite a reduced footprint of UNAMA and AFPs, and availability of space at UNAMA compounds, some organizations still maintained separate premises. For example, AFPs still had four separately located offices in the Kunduz region and eight in the Bamyan region. As a result, available resources were not utilized effectively to achieve efficiency gains. This issue was discussed with UNAMA and efforts were underway to collocate with AFPs and optimize use of facilities and recover a portion of relevant costs.

UNAMA needed to recover maintenance and operational costs at shared UNAMA air terminals

33. The Secretary-General's programme for reform (A/51/950) of 1997 established an initiative of cost sharing of services by organizations within the United Nations system to develop, implement and foster inter-agency operational arrangements within countries to ensure efficiency and effectiveness in implementing United Nations country programmes.

34. The Mission operated 1,462 flights in 2016 and incurred annual maintenance and operational costs of \$62,000 on departure lounges and check-in facilities at UNAMA air terminals. A United Nations Agency used the same facilities and operated 3,174 flights during the same period. UNAMA did not recover the proportionate costs for providing these facilities. As a result, the Mission absorbed the entire operational costs on air terminals. This occurred because a cost sharing arrangement was not established with the United Nations Agency at the outset of the facility sharing.

(4) UNAMA should establish a cost sharing agreement with the relevant United Nations Agency to recover maintenance, administrative and operational costs relating to utilization of UNAMA air terminals.

UNAMA accepted recommendation 4 and stated that it would formalize a cost sharing arrangement with the relevant United Nations Agency shortly. Recommendation 4 remains open pending receipt of evidence of implementation of a cost sharing arrangement.

IV. ACKNOWLEDGEMENT

35. OIOS wishes to express its appreciation to the management and staff of UNAMA 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 facilities management in the United Nations Assistance Mission in Afghanistan

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMA should implement measures to ensure regular testing of water supplied at all the Mission locations using microbiology testing kits.	Important	O	Submission of evidence that a programme of regular testing of the Mission's water supply has been implemented.	31 January 2018
2	UNAMA should implement procedures to regularly monitor, evaluate and document vendors' performance to ensure contractual requirements are adequately fulfilled.	Important	O	Submission of documentary evidence of regular performance monitoring and evaluation of contractors.	30 November 2017
3	UNAMA should implement measures to ensure completeness of accommodation cost recoveries and perform monthly reconciliations with occupancy records.	Important	O	Submission of evidence of implementation of a mechanism to ensure complete and timely recovery of accommodation costs.	28 February 2018
4	UNAMA should establish a cost sharing agreement with the relevant United Nations Agency and recover maintenance, administrative and operational costs relating to utilization of UNAMA air terminals.	Important	O	Provision of evidence of implementation of a fair cost sharing arrangement with the Agency.	28 February 2018

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 UNAMA in response to recommendations.

APPENDIX I

Management Response

Management Response
Audit of facilities management in the United Nations Assistance Mission in Afghanistan

APPENDIX I

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	UNAMA should implement measures to ensure regular testing of water supplied at all the Mission locations using microbiology testing kits.	Important	Yes	Water & Sanitation Officer	January 2018	The mission has procured the field testing laboratory & kit needed for this purpose.
2	UNAMA should implement procedures to regularly monitor, evaluate and document vendors' performance to ensure contractual requirements are adequately fulfilled.	Important	Yes	HOFM/Head of Acquisition Management Unit	Immediate	UNAMA Facilities Management Unit (FMU) has developed Key Performance Indicators (KPIs) and expected Acceptable Performance Levels (APLs) for contractors. Quarterly and periodic contractor performance meetings are being held, where issues relating to non-performance and improvement are brought to the contractor in relation to KPIs and APLs.
3	UNAMA should implement measures to ensure completeness of accommodation cost recoveries and perform monthly reconciliations with occupancy records.	Important	Yes	DCMS	February 2018	UNAMA is exploring the feasibility of devising an online solution to overcome the existing challenges/issues.
4	UNAMA should establish a cost sharing agreement with the relevant United Nations Agency and recover maintenance, administrative and operational costs relating to utilization of UNAMA air terminals.	Important	Yes	Administrative Officer	February 2018	The Mission is intending to formalize the cost sharing agreement with the concerned UN Agency shortly.

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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.