



INTERNAL AUDIT DIVISION

REPORT 2023/034

Audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

There was a need to strengthen construction project management to ensure timely, cost-efficient and high-quality execution

31 August 2023

Assignment No. AP2022-641-06

Audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The objective of the audit was to assess the management of construction projects in MINUSMA with due regard to economy, effectiveness and efficiency. The audit covered the period from 1 July 2020 to 31 December 2022 and included: (a) project initiation and planning; (b) project execution, monitoring and control; and (c) project closure.

MINUSMA established three project review committees to oversee the planning, execution and monitoring of major projects; however, the committees were not functioning effectively. The Mission needed to strengthen construction project governance, planning, documentation and monitoring to effectively implement the projects with proper time, cost and quality.

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

- enhance oversight of the management of construction projects;
- strengthen planning and budgeting of construction projects;
- track and monitor in-house non-capitalized project costs and conduct variance analysis;
- obtain performance security from the winning bidder for construction projects, and clarify contract management roles and responsibilities; and
- maintain complete project files and accurate project status reports.

MINUSMA accepted all recommendations, implemented one recommendation and has initiated action to implement the remaining ones. MINUSMA also stated that the Mission's tasks and responsibilities would be transferred to the United Nations Country Team in Mali owing to Security Council resolution 2690 of 30 June 2023, which required MINUSMA to cease its operations immediately, transfer its tasks and withdraw its personnel by 31 December 2023 and subsequently enter a technical liquidation starting from 1 January 2024. As a result, MINUSMA would implement the recommendations during the drawdown and closure phase until 31 December 2023, and subsequently, the United Nations Country Team will take over and implement the remaining recommendations.

Actions required to close the recommendations are indicated in Annex I.

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Audit of the management of construction 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 the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).

2. In MINUSMA, the Engineering and Facilities Management Section (EFMS) was responsible for planning, designing, constructing, maintaining and refurbishing buildings, camps, roads, airports and utility plants. From 1 July 2020 to 31 December 2022, out of 438 projects planned to be implemented by MINUSMA as shown in table 1, 283 projects were completed, 78 were in progress, 1 was cancelled and 76 had not started.

Table 1- MINUSMA construction projects from 1 July 2020 to 31 December 2022 and their status

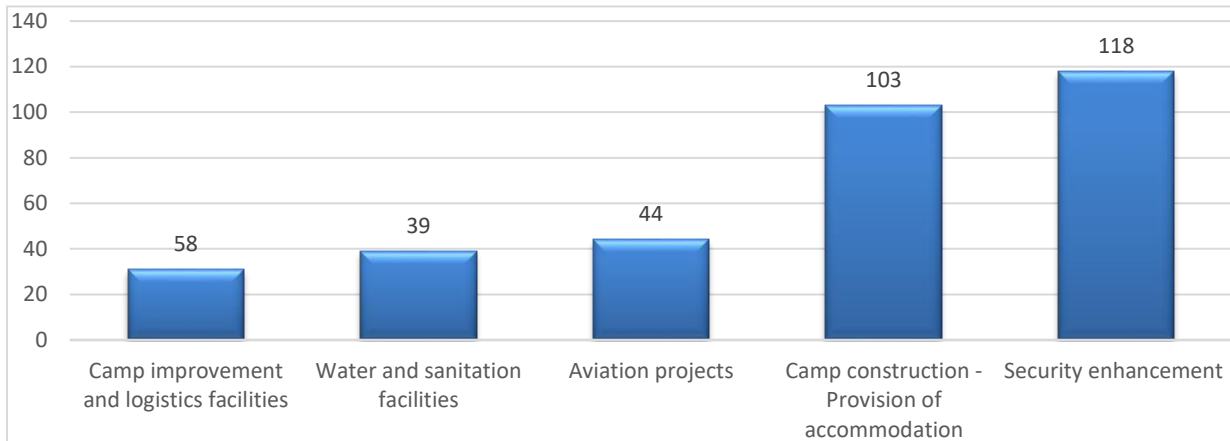
Project Category	Total Estimated Cost	Total Number of Projects	Completed	In Progress	Cancelled	Not Started
-Major construction projects with an estimated value of \$1 million and above	\$44,512,502	15	1	8	1	5
-Minor construction projects with an estimated value of:						
(a) \$500,000 up to \$1 million	\$16,212,246	22	4	9		9
(b) \$100,000 up to \$500,000	\$42,214,242	169	84	39		46
(c) less than \$100,000	\$6,915,714	232	194	22		16
Grand Total	\$109,854,704	438	283	78	1	76

Source: MINUSMA EFMS

3. The 362 projects (283 completed and 78 in progress and 1 cancelled) were executed by different entities: 58 were outsourced to contractors, 253 were executed by in-house capabilities of MINUSMA EFMS, and 51 were executed by military engineering enablers. The projects were composed of five major categories, as shown in figure 1. The management of construction projects was guided by the Department of Peacekeeping Operations (DPKO) and Department of Field Support (DFS) Guidelines on Governance of Major Construction Projects in Field Missions¹, hereinafter referred to as Department of Peace Operations and Department of Operational Support Guidelines on Governance of Major Construction Projects in Field Missions (DPO/DOS guidelines), MINUSMA Senior Management Guidance Notes and United Nations Financial Regulations and Rules.

¹ The Department of Peace Operations (DPO) is responsible for planning, preparation, management and direction of United Nations peacekeeping operations, previously known as the Department for Peacekeeping Operations (DPKO). The Department of Operational Support (DOS) is dedicated to the support of peacekeeping field missions and political field missions, previously known as the Department of Field Support (DFS).

Figure-1 MINUSMA completed and in-progress construction projects by category from 1 July 2020 to 31 December 2022



Source: MINUSMA EFMS

4. The EFMS was headed by a Chief Engineer at the P-5 level who reports to the Chief Service Delivery at the D-1 level. As of 31 May 2023, the Section had 142 authorized posts of 43 international, 87 national staff, 12 national and international United Nations Volunteers, 14 individual international contractors, 1,616 national individual contractors and 39 human resources provided by three service contractors.

5. The budget for construction, alteration, renovation and major maintenance were \$36.1 million, \$20.4 million and \$17.4 million for fiscal years 2020/21, 2021/22 and 2022/23, respectively.

6. The Security Council Resolution S/RES/2690 (2023) adopted on 30 June 2023 required MINUSMA to cease its operations immediately, transfer its tasks and withdraw its personnel by 31 December 2023 and subsequently enter a technical liquidation starting from 1 January 2024.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the management of construction projects in MINUSMA with due regard to economy, effectiveness and efficiency.

8. This audit was included in the 2022 risk-based work plan of OIOS due to operational and financial risks and the criticality of construction projects to support implementing the mandated activities.

9. OIOS conducted this audit from February to June 2023. The audit covered the period from 1 July 2020 to 31 December 2022. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management of construction projects, which included: (a) project initiation and planning; (b) project execution, monitoring and control; and (c) project closure.

10. The audit methodology included: (a) interviews with key personnel, (b) a review of relevant documentation, (c) analytical review of data, (d) sample testing of 74 construction projects consisting of 10 major and 64 minor projects; and (e) field visits to construction sites in Bamako, Gao, Kidal, Mopti, and Timbuktu.

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

III. AUDIT RESULTS

A. Project initiation and planning

Need to strengthen oversight of the management of construction projects

12. DPO/DOS Guidelines on Governance of Major Construction Projects in Field Missions and MINUSMA Guidance Note on the governance of major construction projects require the preparation of a business case which includes an executive summary of the project, operational rationale, alternative solutions, a cost estimate, statement of work, bill of quantities and estimated completion time. The project manager, jointly with the Project Management Team (PMT), will be responsible for the project's accomplishment and hold PMT meetings regularly, at least bi-monthly, to review the progress of all major projects being implemented in each region.

13. MINUSMA had established three project review committees to oversee the planning, execution and monitoring of major projects, namely: the Project Management Group (PMG) reviews and approves projects above \$1 million, PMT reviews and approves projects in the Mission up to \$1 million, and the Regional Project Management Groups (RPMT) approves all projects at the regional level and submit for PMT approval. A review of 74 ongoing and completed construction projects with a total estimated value of \$61.8 million, out of a total of 362 projects with an estimated value of \$82.3 million, indicated that these committees were not effectively operating as explained below:

- The PMG/PMT did not meet bi-monthly to review the progress of all major projects and provide strategic guidance. During the audit period, the PMG met twice, once in 2020/21 and 2021/22; the PMT met three times, once in 2021/22 and two times in 2022/23. In the fiscal year 2020/21, no PMT meeting was held. This was attributed to the COVID-19 pandemic as the Mission's priorities had changed. However, during this period, construction projects were still under implementation. Despite the challenge with COVID-19, in the fiscal year 2021/22, a PMT meeting was held on 29 April 2022, and 257 projects with an estimated value of \$28.6 million and a 62 per cent completion rate were retroactively approved. In the fiscal year 2022/23, PMT met two times and approved 65 projects with an estimated value of \$20.3 million. In all PMT meetings, the presentations included overall mission project progress from the preceding PMT meeting, the status of ongoing projects, the project barometer and a list of projects for approval.
- In 46 of 60 projects approved by the PMG/ PMT/RPMT, the project files did not contain evidence that the component or the primary user, together with the EFMS, developed a business case indicating the operational rationale, alternative solutions, operational advantage or disadvantage, needs assessment or feasibility studies and perceived risks associated with the project. Instead of a business case, the EFMS prepared PowerPoint presentations that did not contain the key information required in a business case. The presentations were not sent out prior to the meeting, which resulted in the PMG/PMT not having sufficient time to review them.
- In 14 of 74 projects with a total estimated value of \$4 million, there were no minutes of PMT meetings indicating that the projects were presented and approved by the Project Management Team.

14. The control weaknesses in project initiation occurred due to the absence of approved mission-specific standard operating procedures (SOPs) that guide the management of construction projects and inadequate oversight by management regarding how projects are initiated, presented and approved by PMG, PMT and RPMT.

15. In the absence of a business case incorporating essential components and approved by appropriate management, there was an unmitigated risk that construction projects would not be appropriately identified, initiated and implemented. For example, MINUSMA started a project to construct a centralized ammunition storage facility based on Force Senior Ammunition Technical Officer (SATO) risk assessment. The construction was outsourced to a contractor at a contract price of \$5.1 million, starting on 6 July 2022. OIOS interview with the Mission SATO indicated that after the project had been launched, he conducted an on-site visit in Gao and found that the Troop Contributing Countries' (TCCs') knowledge about the project was limited. Moreover, there was a concern among the TCCs that much of the ammunition could be destroyed at once in the event of a hit or an accident.

16. During the implementation of the project, the Mission had to terminate the contract on 30 December 2022 due to the departure of two TCCs who were the project's main beneficiaries. The remaining TCCs did not require a centralized ammunition depot as they already had ammunition storage facilities in their respective camps. The contractor submitted an invoice for \$1.7 million representing the cost of completed work and unused materials on-site. A formally prepared business case incorporating the justifications for the project, consultations made with the stakeholders, risk assessment and mitigation measures for unintended consequences were not presented and approved by the PMG/PMT, which may have changed the decision to approve the project. This has resulted in financial loss to the Mission in addition to the time spent by project staff. Nonetheless, the decision to terminate the project prevented additional financial loss to the Organization.

17. In a PMT meeting on 20 October 2022, the Director of Mission Support, the Chairperson of the PMT provided recommendations to improve the PMT/PMG meeting presentations, including: (a) the need to conduct PMT meetings at least once per month, (b) advance submission of business cases for projects to be presented in the PMT meeting; (c) obtaining PMT/PMG approval before starting a project; and (d) developing PMT, PMG and regional PMT standard operating procedures. However, the recommendations were not fully implemented during the audit, and the SOP remained a work-in-progress.

(1) MINUSMA should enhance the oversight of construction projects by ensuring timely and complete submissions of business cases and holding regular project management meetings for project approval and monitoring.

MINUSMA accepted recommendation 1 and stated that MINUSMA Project Management Team would continue providing oversight for any exceptionally ongoing projects or new essential projects by holding project monitoring meetings until the completion of the drawdown of the Mission. In addition, in preparation for the handover of ongoing projects to other United Nations entities, the Engineering and Facilities Management Section would prepare handover notes as needed, containing the elements of a business case.

Need to strengthen planning and budgeting of construction projects

18. The DPO/DOS guidelines require that, to warrant the Head of Mission's approval and subsequent PMG authorization of a major construction project, the project should be included as a major strategic priority in the overall mission budget preparation process. Upon PMG authorization, the Mission may commence detailed planning, design development, and undertake procurement actions pending budget approvals and funds availability.

19. A review of the MINUSMA budget and performance for construction, alteration, renovation and major maintenance projects for fiscal years 2020/21 and 2021/22 indicated that the Mission utilized 49 and 27 per cent of the budget, respectively. This analysis, however, did not take into account in-house projects budgeted for engineering supplies, materials, equipment and labour costs for individual contractors that fall

under other categories. The Mission attributed the underuse of the budget in the past two years to various factors. These include the lower value of construction contracts compared to what was budgeted, delays in project implementation due to security concerns, increasing fuel costs, inadequate road infrastructure, and cross-border restrictions and sanctions caused by the COVID-19 pandemic.

20. The budget utilization was also impacted by changes to the initially approved projects owing to the emerging Mission priorities as explained below:

- During the 2020/21 period, 18 projects were approved, costing \$36.1 million. However, 11 of them were later replaced with new projects that cost \$12 million, which is \$10 million (45%) less than the original cost of the 11 projects.
- During the 2021/22 period, 18 projects were initially approved with a total cost of \$20.4 million. However, 12 of these projects were subsequently replaced with new ones, costing \$5.3 million. This was \$8.3 million (60 per cent) lower than the original cost approved.

21. The misalignment between the planning, approval and execution of projects occurred due to the gap between the budget preparation and approval, project authorization by PMG/PMT and the actual construction time. As a result, by the time the budget was approved, requirements had already shifted, and the prioritization of projects had changed. In addition, after the budget was approved, the detailed design, statement of work, bill of quantities preparation and the entire procurement process went beyond the budget period for which the projects were approved. For example, 14 of 28 outsourced projects took 6 to 13 months from their initiation in Umoja to the awarding of the project contract. This resulted in the budget being used for other emerging requirements. During the audit period, MINUSMA carried out 362 projects, of which 61 were planned and funded, while 301 were unplanned. Therefore, there was an unmitigated risk that the budgeted amount may not be effectively utilized as planned and budgeted.

(2) MINUSMA should strengthen the planning of construction projects by identifying requirements, obtaining approval and developing the design, statement of work and bill of quantities in advance so that the approved budget would be utilized within the budget period.

MINUSMA accepted recommendation 2 and stated that to improve the planning process, the Mission has been augmenting skill sets by including engineers, architects and draftspersons. As a result, the Planning and Design Unit was able to prepare in advance inclusive solicitation packages for project designs, bill of quantities and scope of works for nine outsourced projects to be implemented in 2023/24. Hence, the recommendation was implemented.

B. Project execution, monitoring and cost control system

Need to assess staffing requirements for effective monitoring of construction projects

22. The DPO/DOS guidelines require the EFMS and project managers to develop a project schedule to ensure timely completion of the project and a cost control system that includes day-to-day management of activities, including supervising various work activities, monitoring and reporting of project works, and handling issues that arise.

23. Of the 74 sampled construction projects, 17 were delayed by an average of 209 days, and 4 of these projects had to be terminated because the contractors were unable to complete the project within the required scope, specifications and time. In 41 projects, the actual project execution duration could not be

computed because of the unavailability of documentation such as the task order and project completion report.

24. The delay in project completion was mainly attributed to security concerns in the mission area of operations, specifically on the road and project sites. There was also a delay in the supply of materials as the Mission had logistical challenges due to the lack of limited convoy capability. In addition, the Mission had difficulties finding qualified vendors and workforces in the market. Furthermore, the infrastructure of the operational area was also a challenge to move equipment and materials in addition to movement restrictions and sanctions. The COVID-19 pandemic also contributed to the delay for those projects initiated in 2020/21.

25. In addition, project managers did not standardize and document project monitoring forms to ascertain that quality control inspections were adequately conducted. Project managers in the regional offices managed multiple projects simultaneously. As a result, adequate project monitoring was not always possible due to a shortage of project supervision staff in the Mission, considering staff members' rest and recuperation and leave cycle. For example, the Chief Regional Engineer post in Kidal was vacant for more than three years from June 2019 to March 2023. In addition, the Mission relied on international individual contractors to manage projects whose contracts were limited to nine months, each with a mandatory break period of three months. This has created pressure on existing staff.

26. In light of the above, MINUSMA could assess the staffing requirements of the EFMS in each location and ensure the allocation of adequate resources for effective monitoring of engineering projects.

The Engineering and Facilities Management Section prepared weekly project status reports

27. OIOS noted that the regional EFMS prepared weekly project status reports and submitted to EFMS and Mission Support Centre (MSC) at Mission headquarters in Bamako. MSC compiled the reports from the regional offices and prepared weekly Mission Support Division reports where the status of major engineering projects was presented and discussed.

Need to track and monitor non-capitalized construction costs

28. The DPO/DOS guidelines require the project manager to develop a project cost control system for monitoring and controlling the execution of construction project works by comparing actual performance against the baseline schedule and cost documentation.

29. A review of 74 sampled construction projects (28 outsourced and 46 in-house) indicated that MINUSMA did not systematically record and document the actual cost of non-capitalized expenses for 30 in-house projects, estimated to be \$14 million. This information was not properly recorded in Umoja or in the project files. These projects included: the installation of a rub hall, construction of ammunition storage, repair of stormwater drainage, renovation of bunkers, etc. Without this costing information, the actual project cost was not compared with the baseline cost to identify cost overruns or savings made. In addition, in-house projects did not include labour costs for personnel fully dedicated to construction, such as international individual contractors and local contractors hired for specific projects as resources were tasked to work on multiple projects.

30. The above occurred because the EFMS did not adequately supervise project managers to ensure they tracked in-house non-capitalized project costs and compared actual against the baseline costs to identify overruns or savings.

(3) MINUSMA should track and monitor in-house non-capitalized project costs and conduct a variance analysis by comparing the actual with the baseline cost to identify overruns or savings.

MINUSMA accepted recommendation 3 and stated that in preparation for the disposal of MINUSMA assets during Mission drawdown and closure, the Engineering and Facilities Management Section would establish the cost of completed and active projects as part of project closure documentation. The Engineering and Facilities Management Section would also ensure staffing capacity was retained for maintaining the database for tracking and monitoring in-house non-capitalized project costs to identify overruns or savings before ceasing the projects due to drawdown and closure. In addition, the Property Management Unit would provide oversight on in-house non-capitalized project implementation costs to ensure that any overruns or savings were promptly identified.

Payments to contractors were processed after certification of work done or services rendered

31. The United Nations Financial Regulations and Rules and agreements with contractors required MINUSMA to pay within 30 days of receiving relevant invoices and to retain 10 per cent of the invoice amount as the contractor's guarantee for satisfactory completion of a construction project. Payments to contractors may be made only after certification of work done or services rendered.

32. Of the 93 sampled construction invoices amounting to \$12.6 million, 83 (or 90 per cent) were paid within 30 days from receipt, while the payments for the remaining 10 invoices were delayed by an average of 50 days due to further verification of the invoices by the regional offices.

33. Performance retention of 10 per cent of each invoice value was deducted from each payment, and the total amounts paid to each contractor for construction projects did not exceed the total contract price. In all sampled invoices, cost sheets were prepared by vendors and verified by a representative of EFMS. Based on cost sheets prepared by contractors, the EFMS representative issued a defects and deficiency report certifying that the work was conducted in accordance with the statement of work and that technical performance was satisfactory and indicated the percentage of progress performance. OIOS concluded that payments were processed after certification of work done or services rendered.

Need to strengthen controls over obtaining performance security for construction projects

34. The United Nations Procurement Manual required MINUSMA to request performance security from the winning bidder following an award. The performance security should be in the form of an unconditional and irrevocable on-demand bank guarantee of up to 10 per cent of the contract amount to mitigate the risk of non-performance and breach of contractual obligations.

35. A review of the status of 58 outsourced projects during the audit period indicated that 4 contracts for 5 projects were terminated due to the vendors' inability to complete the project as per the performance specifications and agreed time. The Procurement Section, EFMS and Contract Management Unit sent notice to cure letters to those contractors that did not meet performance expectations emphasizing that MINUSMA would impose all costs associated with the performance failure, including deducting the maximum 10 per cent liquidated damages and the performance security.

36. OIOS reviewed the actions taken for these terminated contracts and noted that 2 out of 4 contracts did not have performance security in the procurement file. The Procurement Section advised that although the contractors were requested to submit the performance security, they did not submit it after the contracts were awarded. According to the Procurement Section, the 10 per cent defects liability payment, which was

retained from every payment made to the contractor or liquidated damages can be considered a compensating control when performance security was not obtained.

37. However, in one of the four terminated contracts, OIOS noted that the project "supply and installation of metal-structured doors for prefabricated sheds in Gao airport", was not found onsite upon inspection by OIOS in March 2023. The EFMS in Gao informed OIOS that the doors supplied and installed by the contractor did not meet the specifications; thus, EFMS Gao instructed the contractor to remove them. The total contract price for the project was \$254,172 and the performance security was supposed to be equivalent to \$25,417. Due to the failure of the contractor to execute the project according to the specifications per contract, MINUSMA had paid the contractor for the work completed amounting \$167,779, equivalent to 66 per cent of the total contract price, and the retention amount was \$18,642. Although the retention was not paid at the time of the audit, it was less than the performance security that must have been maintained. In addition, the responsibilities for identifying the appropriate contract remedy for non-performance of the contract and further follow-up on the matter were not clarified between the Procurement Section and EFMS Contract Management Unit.

38. The above occurred due to inadequate oversight by the Procurement Section and the Contract Management Unit to implement the contract terms and conditions. Moreover, there was a lack of clarity regarding the responsibilities of the two offices, as there were no established SOPs to direct them in the event of contract termination due to incomplete or subpar work. As a result, the Mission could incur financial loss without obtaining the required services from the contractor, and at times of performance failure, the interests of the organization may not be protected.

(4) MINUSMA should: (a) obtain performance security from the winning bidders for construction projects; and (b) clarify roles and responsibilities between the Contract Management Unit and Procurement Section in terminating contracts due to uncompleted or substandard construction works.

MINUSMA accepted recommendation 4 and stated that during the drawdown and closure phase, if any new projects arise, MINUSMA will obtain performance security from the winning bidders as stipulated in the contract. In addition, the Mission would ensure the respective roles and responsibilities related to the contract management function in the Engineering and Facilities Management Section and contract administration function in the Procurement Section in terminating contracts due to uncompleted or substandard construction works were clarified in accordance with the provisions of the Procurement Manual.

Need to strengthen the maintenance of complete project files and accurate project status reporting

39. The DPO/DOS guidelines require project managers to maintain project files for individual projects containing project planning documents, scope of works, bills of quantities, project completion reports, status reports, invoices, performance evaluation reports, environmental impact assessments and relevant correspondences.

40. MINUSMA EFMS had a database manager to maintain its project files. A review of the 438 list of projects and their status provided by the EFMS indicated that project files were not maintained systematically and noted the following control weaknesses:

- i. The Mission did not implement project management tools to manage its engineering projects. Although the Field Technology Services provided 15 Microsoft Project Online professional licenses to project managers and focal points in EFMS in October 2019 and seven staff attended a

training organized by UNGSC and RSCE, the online tool had never been fully implemented and operational to manage engineering projects.

- ii. MINUSMA implemented Unite Workspace (i.e., SharePoint) in 2020, and the EFMS was also provided with the platform's tools on 29 April 2020 to manage its engineering projects systematically. Nonetheless, the system was not fully utilized as a central repository for managing project files. At the start of the audit, regional offices were instructed to upload their available documents in SharePoint. However, not all project files could be uploaded by regional offices since some projects started before July 2020 and the necessary documents were not yet available.
- iii. The project files were stored in the computers of staff members and project managers in regional offices. Although project management required the involvement of various offices and staff members within and outside EFMS, documentation on the initiation, approval, planning, project execution, monitoring and control, and closure documents were not centrally kept by the EFMS.
- iv. OIOS visit to the regional offices indicated that the list of projects and their status provided by the Project and Asset Management Unit in Bamako were not accurate. For example:
 - According to the project status list, the concreting work on the container yard platform in Timbuktu has been completed 100 per cent as of 20 February 2023. During the field visit on 20 March 2023, however, it was observed that the completion was at 22 per cent.
 - Two conventional activated sludge wastewater treatment plants were designed and constructed in Gao and Timbuktu through contracts awarded on 31 May 2021. The status report indicated that the projects were both 100 per cent completed. During the OIOS field visit, it was discovered that the project in Gao had reached 40 per cent completion, and the project in Timbuktu had only reached 20 per cent completion.
 - In Timbuktu, out of the 83 projects listed as complete in the status report, 8 were not even started despite having plans for their construction. These projects included a transit camp, four observation posts, and a double gate system at observation post 31. Twelve of the 83 projects in Timbuktu were minor maintenance works and should not have been on the list.
 - A project to build a metal structure in Kidal Camp was reported as fully completed, but during an OIOS visit on 13 March 2023, it was discovered that no such project existed in the region.
 - Project names and numbers were not correctly registered and controlled.

41. The lack of proper maintenance of project files was mainly due to inadequate management oversight by the EFMS. The Section did not ensure that appropriate project management online tools or other resources were utilized for accurate project documentation and reporting. In addition, there were no SOPs to direct the Engineering staff on project definition, initiation and recording with distinctive names and numbers, as well as regular status reporting mechanisms. As a result, the EFMS management team was not provided with a complete and accurate project status report to make an informed decision.

(5) MINUSMA should maintain complete project files and accurately record project status and information in the project management tool.

MINUSMA accepted recommendation 5 and stated that in the context of the Mission drawdown and closure, the Engineering and Facilities Management Section was taking action to complete project files using the Microsoft Project Online tool and prepare them for the handover and archiving.

C. Project close-out

The project close-out process needed to be improved

42. The DPO/DOS guidelines require project managers to prepare a project completion report showing a summary of project performance, results against initial plans, scope changes with justifications, variances from estimated costs, lessons learned, and best practices identified.

43. A review of project documents of 39 completed projects (11 outsourced and 28 in-house), with a total estimated project cost of \$15.5 million, indicated that the EFMS did not prepare completion reports for 33 projects (10 outsourced and 23 in-house). Consequently, the Section did not include a summary of project performance, an evaluation of the results compared to original plans, and documentation of the lessons learned and best practices identified. For 12 completed projects where the variance between the project estimates versus actual cost exceeded 10 per cent, the EFMS did not prepare variance analysis reports.

44. The project close-out process had some weaknesses due to inadequate supervision by EFMS. This led to incomplete preparation and filing of required documentation, including financial information and related documents. As a result, MINUSMA lacked precise records of the final costs of completed projects, which could have been used as a reference for future project estimates. Additionally, there was a lack of documented lessons learned to improve the execution of future projects. Since OIOS recommended the need to maintain complete project files, no additional recommendation was made.

IV. ACKNOWLEDGEMENT

45. 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.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali
(AP2022-641-06)**

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	MINUSMA should enhance the oversight of construction projects by ensuring timely and complete submissions of business cases and holding regular project management meetings for project approval and monitoring.	Important	O	Handover notes to the United Nations Country Team in Mali containing the elements of a business case and minutes of project monitoring meetings for ongoing or new essential projects.	31 December 2023
2	MINUSMA should strengthen the planning of construction projects by identifying requirements, obtaining approval and developing the design, statement of work and bill of quantities in advance so that the approved budget would be utilized within the budget period.	Important	C	Implemented	31 August 2023
3	MINUSMA should track and monitor in-house non-capitalized project costs and conduct a variance analysis by comparing the actual with the baseline cost to identify overruns or savings.	Important	O	Evidence that in-house non-capitalized project costs are tracked for completed and active projects as part of project closure documentation.	31 December 2023
4	MINUSMA should: (a) obtain performance security from the winning bidders for construction projects; and (b) clarify roles and responsibilities between the Contract Management Unit and Procurement Section in terminating contracts due to uncompleted or substandard construction works.	Important	O	Evidence that performance securities are obtained from winning bidders for any new projects during the drawdown and closure phase and clarifying roles and responsibilities between the contract management function in the Engineering and Facilities Management Section and the contract administration function in the Procurement Section.	31 December 2023
5	MINUSMA should maintain complete project files and accurately record project status and information in the project management tool.	Important	O	Evidence that actions are taken to complete project files using the Microsoft Project Online	31 December 2023

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by MINUSMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali
(AP2022-641-06)

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
				tool and prepare them for archiving or handover to the United Nations Country Team in Mali.	

APPENDIX I


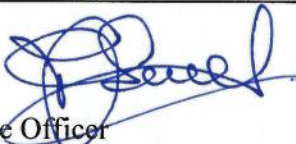
Management Response



FACSIMILE

21 August 2023

Reference: MINUSMA/ODMS/2023/188

TO: Mr. Kemal Karaseki, Acting Chief Peace keeping audit service. Internal Audit Division, OIOS	FROM: Anton Antchev Director of Mission Support
ATTN: Mr. Seydou Sirpe Chief Resident Auditor Bamako	
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SUBJECT: MINUSMA response to draft report on the audit of the management of construction projects in the Nations Multidimensional Integrated Stabilization Mission in Mali (Assignment No. AP2022-641-06)	
Total number of transmitted pages including this page: 4	
<p>Reference Facsimile, IAD-22/641/06, dated 27 July 2023 and, Peacekeeping Audit Service, OIOS, memorandum of 27 July 2023 OIOS-2023-01290</p> <ol style="list-style-type: none">1. In reply to the referenced correspondence, please find attached MINUSMA's Management Response to the OIOS findings and recommendations, as presented in the subject report.2. Note has been taken of the areas warranting the Mission's attention, and an action plan for implementing the recommendations issued is attached. <p>Best regards.</p>	
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Management Response

Audit of the management of construction projects in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should enhance the oversight of construction projects by ensuring timely and complete submissions of business cases and holding regular project management meetings for projects approval and monitoring.	Important	Yes	Chief Engineering and Facilities Management Section	31 December 2023	<p>The need for timely and complete submissions of business cases for project approval was recognized by management and action has been initiated in September 2022, and assigned dedicated staff in February 2023 whose role was to ensure adequate consultation with stakeholders prior to project approval.</p> <p>In preparation for the handover of ongoing projects to other United Nations entities, the Engineering and Facilities Management Section will prepare handover notes as needed, containing the elements of a business case.</p> <p>In addition, MINUSMA Project Management Team will continue providing oversight for any exceptionally ongoing project/new essential projects by holding project monitoring meetings until the completion of drawdown of the Mission.</p>

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

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2	MINUSMA should strengthen the planning of construction projects by identifying requirements, obtaining approval and developing the design, statement of work and bill of quantities in advance so that the approved budget would be utilized within the budget period.	Important	Yes	Chief Engineering and Facilities Management Section	Implemented	To improve and strengthen planning process, Engineering and Facilities Management Section has been augmenting skill sets by including Engineers and draftsmen. As a result, the Planning and Design Unit was able to prepare in advance inclusive solicitation packages for project designs, bill of quantities and scope of works for nine outsourced projects to be implemented in 2023/24. Hence, the recommendation was implemented.
3	MINUSMA should track and monitor in-house non-capitalized project costs and conduct a variance analysis by comparing the actual with the baseline cost to identify overruns or savings.	Important	Yes	Chief Engineering and Facilities Management Section	31 December 2023	Engineering and Facilities Management Section will ensure staffing capacity is retained for maintaining the database for tracking and monitoring in-house non-capitalized project costs, payments made during project implementation and conduct a variance analysis by comparing the actual with the baseline cost to identify overruns or savings, before ceasing the projects due to Drawdown and Closure. In preparation for the disposal of MINUSMA assets during Mission drawdown and closure, Engineering and Facilities Management Section will establish the cost of completed and active projects as part of project closeout documentation. In addition, Property Management Unit will provide oversight on in-house non-capitalized project implementation costs

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						to ensure that any overruns or savings are promptly identified. These measures will continue during the Mission draw-down and liquidation.
4	MINUSMA should: (a) obtain performance security from the winning bidders for construction projects; and (b) clarify roles and responsibilities between the Contract Management Unit and Procurement Section in terminating contracts due to uncompleted or substandard construction works.	Important	Yes	Chief Supply Chain Management Service	31 December 2023	The Procurement Section will ensure performance security is obtained from the awarded Contractor provided it is stipulated in the Contract. The standard timeline for the Contractor to submit the performance security is thirty (30) days after effective date of the Contract, should there be any new projects during the drawdown and closure phase. In addition, the Mission will ensure the respective roles and responsibilities related to Contract Management function (EFMS Resident Contract Manager) and Contract Administration function (Procurement Section) in terminating contracts due to uncompleted or substandard construction works are in accordance with the provisions of the Procurement Manual (Chapter 13).
5	MINUSMA should maintain complete project files and accurately record project status and information in the project management tool.	Important	Yes	Chief Engineering and Facilities Management Section	31 December 2023	The recommendation implementation is ongoing following the launching of the project online tool. In the context of the Mission drawdown and closure, Engineering and Facilities Management Section is taking action to complete project files prepare them for the handover and archiving.