



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Provision of permanent accommodation in UNMIS

**There is a need to improve the accommodation
maintenance programme and to strengthen
internal controls over the collection and
safeguarding of cash received in settlement of
accommodation charges**

16 November 2009

Assignment No. AP2009/632/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Ashraf Jehangir Qazi
A: Special Representative of the Secretary-General,
United Nations Mission in Sudan

DATE: 16 November 2009

REFERENCE: IAD: 09- 03125

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2009/632/01 - Audit of the provision of permanent accommodation in UNMIS**
OBJET: UNMIS

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 4. In OIOS' opinion however, this recommendation seeks to address significant risk areas. We are therefore reiterating it and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendation 4) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Farid Zarif, Chief of Staff, UNMIS
Mr. Nicolas Von Ruben, Acting Director of Mission Support, UNMIS
Ms. Heather Landon, Chief Administrative Services, UNMIS
Mr. James Boynton, Chief Integrated Support Services, UNMIS
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of the provision of permanent accommodation in UNMIS

OIOS conducted an audit of the provision of permanent accommodation in United Nations Mission in Sudan (UNMIS). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over the provision and management of permanent accommodation. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Mission has provided permanent accommodation for contingent personnel and transit camp accommodation for non-contingent personnel. OIOS found that there was a need to improve the accommodation maintenance programme and to strengthen internal controls over the collection and safeguarding of cash received, as follows:

- Essential repair and maintenance work on accommodation units and facilities are not carried out promptly due to the lack of spare parts;
- There is no standard operating procedure to guide the management and operations of transit camps;
- Furnishing in accommodation provided by UNMIS is not standardized; and
- Camp managers were handling significant amounts of cash in settlement of bills. The controls over the receipt and subsequent accounting for the cash were weak. There was thus a risk of the loss of monies going undetected.

OIOS has made five recommendations to address the weaknesses noted in the audit and to further improve internal controls.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the provision of permanent accommodation in the United Nations Mission in Sudan (UNMIS). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNMIS has provided hard walled/semi-rigid accommodation to all 8,450 military troops located in all the six sectors, El Obeid and Khartoum in accordance with the Memorandum of Understanding (MOU) signed with respective troop contributing countries (TCCs).
3. UNMIS requires non-contingent personnel traveling on official business within the Mission area of operations to stay in UNMIS-provided accommodation including guest houses where available. An Administrative Instruction was issued on 13 March 2007 to this effect making it mandatory for all civilian staff, military staff officers, military observers and UN police personnel traveling to sectors on official business to comply with this requirement for security reasons. For this purpose, UNMIS has developed 1,683 accommodation units distributed at various transit camps at sector headquarters, and in Khartoum and El Obeid.
4. The Engineering Section is responsible for the construction and maintenance of accommodations. The Facilities Management Unit of the General Services Section is responsible for the management of transit and permanent accommodation. Military contingents under a wet lease arrangement take care of all minor maintenance work on accommodations while major maintenance is done by the Office of Mission Support.
5. Comments made by UNMIS are shown in *italics*.

II. AUDIT OBJECTIVES

6. The main objectives of the audit were to assess the adequacy and effectiveness of internal controls over the provision of permanent accommodation in UNMIS and determine whether the accommodation units are well managed in compliance with established rules and procedures.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered the fiscal year 2008-2009 and current practices. The audit focused on the provision of permanent accommodation to contingent and non-contingent personnel and their management and maintenance.
 8. The audit methodology included: (a) interviews with key personnel involved in the provision, management and maintenance of permanent accommodation; (b) review of relevant documents; (c) analysis of data; and (d) inspection of accommodation for military contingents and civilians located at
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Sector 1- Juba, Sector 2- Wau, Sector 3- Malakal, Sector 4- Kadugli, El Obeid, and Khartoum.

9. The audit did not cover construction works and material supplies for the development of permanent accommodation units.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Provision of accommodation to contingents

Hard-walled and corimec accommodation provided to contingents

10. UNMIS has provided both hard-walled and prefabricated container (corimec/flat pack) living accommodation to personnel of peacekeeping contingents. The Rwandan contingent based in Khartoum has been provided with hard-walled accommodation and except for the Chinese contingent that came with their own corimec accommodation units, all other contingents have been provided with corimec/flat pack accommodation of different sizes.

11. UNMIS has also constructed a transit hotel at the Mission's Headquarters for the sole use of troops while in transit. The hotel has a normal capacity of 52 beds for males and 10 beds for females. In an emergency, the capacity can be increased to 112 beds for men and 22 beds for females.

Lack of spare parts for minor but essential repairs and maintenance

12. The MOUs with the respective TCCs provide for a wet lease arrangement for all contingents in UNMIS whereby contingents undertake minor maintenance works while the Mission takes care of major works.

13. OIOS inspected living accommodation units in some sectors and noted that there were broken corimec door handles, fused electrical tubes, broken taps, etc. The contingents explained that parts were needed to undertake the repairs and, as the corimecs are unique to the UN, they were not available. The contingents further explained that they had requested the Mission to supply the parts to do the repair works; however, they had not yet been received. The delay in supplying spare parts and the lack of prompt repair works could affect the quality of accommodation units, durability of the corimecs, and eventually the morale of the troops.

14. OIOS also noted the following during its inspection of accommodation and facilities in Malakal - Sector 3: (a) the Indian Battalion with 49 officers and 841 other ranks had only 8 functioning ablution units another six units were non-functional and needed replacement; (b) most of the septic tanks in Malakal and Nassir were leaking; (c) none of the contingents at team sites is provided with a hard-walled kitchen. Consequently, contingents were using modified/self-made kitchens; and (d) road/tracks in some of accommodations were inadequate, hindering access to them.

Recommendation 1

(1) The UNMIS Office of Mission Support should ensure spare parts and supplies are promptly provided to contingents to enable the timely repair and maintenance of accommodation units.

15. *The UNMIS Office of Mission Support accepted recommendation 1 and stated that it considers this aspect crucial in order to sustain field operations. The Engineering Section makes sure that sufficient stock is kept available for various operations and maintenance work in hand. While the Section also ensures that required items are properly planned and budgeted for each fiscal year, there are instances where spare parts and supplies may not be in the stock of the sectors when needed. Recommendation 1 remains open pending confirmation that spare parts and supplies have been provided to contingents to enable them to repair accommodation units.*

B. Provision of accommodation to non-contingent personnel

16. Corimec type accommodation comprising of 1,683 units has been assembled by UNMIS in all sectors for the use of non-contingent personnel. The Mission plans to build permanent hard walled accommodation units for non-contingent personnel during the fiscal year 2009-2010.

17. The present prefabricated accommodation is not adequate for the climate in Sudan. There were instances where accommodation units were destroyed due to exposure to heavy rain and sand storms. OIOS observed that while regular maintenance was carried out, repairs were delayed due to the non-availability of spare parts.

Recommendation 2

(2) The UNMIS Office of Mission Support should ensure the necessary spare parts are in stock to enable repair work to be undertaken expeditiously on non-contingent accommodation units.

18. *The UNMIS Office of Mission Support accepted recommendation 2 and stated that it will look into how best it can adequately and swiftly attend to the necessary repair works including the possibility of making the General Services Section responsible for the supply of spare parts and the maintenance of basic facilities while the Engineering Section focuses on large scale construction and renovation activities. Recommendation 2 remains open pending OIOS' verification that action has been taken to ensure necessary repairs are carried out in a timely manner.*

C. Management of non-contingent personnel accommodation

Lack of standard operating procedures

19. The Facilities Management Unit, responsible for managing accommodation units and facilities, does not have standard operating procedures (SOPs). As a result, the management of accommodation units is left to the discretion of each camp manager resulting in inconsistencies from sector to sector. For example, each living accommodation unit is required at the very minimum to include: bed, beddings, bed-side table and lamp, mosquito net, wardrobe, office desk, chair and small refrigerator (for permanent occupants only). Many living accommodation units lack one or more of these basic items, and this caused discontent among occupants. Consequently, Mission personnel seek alternative accommodation despite the high risk of staying in non-UN accommodations.

Recommendation 3

(3) The UNMIS Office of Mission Support should develop standard operating procedures to guide and direct staff responsible for managing accommodation units in UNMIS camps.

20. *The UNMIS Office of Mission Support accepted recommendation 3 and stated that DPKO/DFS has no clear policy or SOPs relating to the management of accommodation units. In order to develop procedures, the General Services Section is increasing the strength of the Facilities Management Unit by upgrading the position of Chief from P-3 to P-4, and the recruitment process is on going. Recommendation 3 remains open pending receipt of SOPs to guide staff on the management of accommodation units.*

Payment for accommodation charges

21. In the most part, charges for the use of UNMIS-accommodation units are settled through direct deduction from Mission Subsistence Allowance (MSA) or Daily Subsistence Allowance (DSA). However, there are some cases when a bill is settled in cash. For fiscal years 2007/2008 and 2008/2009, the Mission collected between \$646,000 and \$1,163,000 in cash. There were no clear guidelines issued to camp managers to ensure that monies received were accounted for in a correct and systematic manner. As a result, controls over the process of accounting for the receipt of cash were weak.

22. UNMIS camp management generally issued an acknowledgement receipt indicating the amount, payee, check-in and check-out dates, but pre-numbered receipts were not issued. Also, cash was not deposited in an official bank account within two business days of receipt, a requirement of the UN Financial Regulations and Rules. Therefore, no assurance could be obtained that the amounts of cash received and submitted to the Finance Section were complete and accurate. OIOS advised the Mission that for the receipt of cash,

internal controls need to be strengthened and suggested that it is normal for pre-printed receipt books to be used as a mechanism to monitor and control monies received.

Recommendations 4 and 5

The UNMIS Office of Mission support should:

(4) Strengthen controls over the receipt of cash in settlement for the use of UNMIS accommodation units by issuing serially pre-numbered and controlled receipts to camp managers to enable the Finance Section to properly monitor and control cash received; and

(5) Develop guidelines for camp managers to follow to ensure they account for monies received in settlement of accommodation charges in a consistent manner.

21. *The UNMIS Office of Mission Support did not accept recommendation 4 and stated that the UN Finance Regulations and Rules do not allow camp management assistants to receive cash for UNMIS. The best solution is to have Memorandum of Understanding (MoU) on accommodation developed with the UN Country Team (UNCT) to make their payments for the use of UNMIS accommodation to the Finance Section in Khartoum or Juba. OIOS concurs with the Mission's proposed solution for the long term. However, there is the need for a short-term solution which the recommendation seeks to address. OIOS observed that the receipt of cash by camp managers to settle accommodation bills is a current practice even though it is contrary to the UN Financial Regulations and Rules. OIOS reiterates that the present procedures for accounting and safeguarding cash received are weak and therefore action needs to be taken by the Mission to mitigate the risk of loss of funds. In OIOS' opinion, this is not a unique situation, and therefore guidance should be sought from the Controller on how best to handle the cash received. OIOS reiterates recommendation 4 and requests UNMIS to reconsider its response.*

22. *The UNMIS Office of Mission Support accepted recommendation 5 and stated that the General Services Section, in coordination with the Finance Section's Cashiers Office, conducted a two-hour training for 24 camp management assistants in Khartoum on 8 September 2009. OIOS reviewed the training material referred to and noted that it was focused on the transportation and storage of cash. Recommendation 5 remains open pending receipt of written instructions to camp managers on accounting for cash receipts.*

Payment is not reconciled to accommodation reports

23. For all UNMIS-provided accommodation, camp management does not reconcile the MSA/DSA deducted for accommodation with the number of days of accommodation provided and verify if correct rates have been used. All occupants complete an UNMIS accommodation form at check-in and check-out, and this information is consolidated on a monthly basis, to provide a list of

occupants. The occupancy report is sent to the Finance Section to initiate the deduction from MSA/DSA. OIOS suggested to strengthen internal controls by conducting a reconciliation between allowances deducted and the check-in and check-out data to provide assurance that all those who stayed have been correctly billed and payment collected. UNMIS agreed to conduct monthly reconciliations.

Actual occupancy is not checked and reconciled

24. There was no system to verify unauthorized occupancy of accommodation units by an independent unit. Periodic checks conducted by persons independent of camp management and reconciliation with accommodation forms would be a good practice to ensure all accommodation provided is paid for. The absence of periodic physical verification makes it possible for accommodation units to be used by unauthorized occupants. OIOS suggested, and UNMIS agreed, that periodic independent checks are done to ensure only authorized persons are residing in UNMIS accommodation units.

V. ACKNOWLEDGEMENT

25. We wish to express our appreciation to the Management and staff of UNMIS for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

ANNEX 1

Recom. no.	Recommendation	Risk category	Risk rating	C/ O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNMIS Office of Mission Support should ensure spare parts and supplies are promptly provided to contingents to enable the timely repair and maintenance of accommodation units.	Compliance	Medium	C	Confirmation that spare parts and supplies have been provided to contingents to enable them to repair accommodation units	September 2009
2	The UNMIS Office of Mission Support should ensure the necessary spare parts are in stock to enable repair work to be undertaken expeditiously on non-contingent accommodation units.	Operational	Medium	O	Verification that action has been taken to ensure necessary repairs are carried out in a timely manner.	October 2009
3	The UNMIS Office of Mission Support should develop standard operating procedures to guide and direct staff responsible for managing accommodation units in UNMIS camps.	Operational	Medium	O	Pending receipt of SOPs to guide staff on the management of accommodation units.	31 December 2009
4	The UNMIS Office of Mission support should strengthen controls over the receipt of cash in settlement for staying in UNMIS accommodation units by issuing serially pre-numbered and controlled receipts to camp managers to enable the Finance Section to properly monitor and control cash received.	Compliance	High	O	Reconsideration of recommendation. The recommendation will be closed on confirmation that internal controls over the receipt of cash in settlement of UNMIS accommodation units are strengthened.	
5	The UNMIS Office of Mission Support should develop guidelines for camp managers to follow to ensure they account for monies received in settlement of accommodation charges in a consistent manner.	Compliance	Moderate	O	Receipt of instructions to camp managers on accounting for cash receipts.	31 December 2009

1. C = closed, O = open

2. Date provided by UNMIS in response to recommendations.