



Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Quick impact projects in UNMIL**

**Overall results relating to the effective management of UNMIL's quick impact projects programme were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress.**

**FINAL OVERALL RATING: PARTIALLY SATISFACTORY**

**11 June 2012**

**Assignment No. AP2011/626/12**

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# AUDIT REPORT

## Quick Impact Projects in UNMIL

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of Quick Impact Projects (QIPs) in United Nations Mission in Liberia (UNMIL).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. QIPs are defined as small-scale, rapidly implementable projects designed to promote acceptance of mandated tasks, build confidence in the peace process, and generate support for the Mission. In UNMIL, most of the QIPs related to the construction and rehabilitation of buildings, which included police stations, magistrate courts, immigration offices and border posts.
4. The QIPs Unit had three staff and the Head of Unit reported to the Chief of the Civil Affairs Section through the Chief of the Reintegration, Rehabilitation and Recovery Unit. QIPs were implemented throughout Liberia and cut across various thematic areas related to the Mission's mandate including rule of law, health, education and agriculture.
5. For the years 2009/10 and 2010/11, 49 and 42 QIPs were approved respectively with a budget of \$1 million each year. As of 31 March 2012, for 2009/10, 44 QIPs were implemented, one project was terminated, and four projects were ongoing, and for 2010/11, 27 projects were implemented and 15 projects were ongoing.
6. Comments provided by UNMIL are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

7. The audit of QIPs was conducted to assess the adequacy and effectiveness of UNMIL's governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the QIPs programme**.
8. The audit was included in the 2011 OIOS risk-based work plan as the QIPs programme is critical in building the confidence of the local population in support of the Mission's mandate.
9. The key control tested for the audit was project management. For the purpose of this audit, OIOS defined this key control as controls that provide reasonable assurance that UNMIL has sufficient project management capacity to plan, implement and report on QIPs.
10. The key control was assessed for the control objectives shown in Table 1.
11. OIOS conducted this audit from October to January 2012. The audit covered the period from 1 July 2009 to 30 June 2011. OIOS reviewed 25 QIPs valued at \$607,565 and visited six project sites.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

13. UNMIL’s governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of the QIPs programme**. OIOS made six recommendations to address issues identified. UNMIL had established a Project Review Committee (PRC), and revised its terms of reference and communicated priorities in selecting QIPs to the Committee. UNMIL had also introduced tools and procedures to improve the project proposal review process, as well as the project monitoring, reporting and close-out processes.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress.

**Table 1: Assessment of key controls**

	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the QIPs programme	Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

#### A. Project management

Geographic and thematic focus for QIPs priorities were not formally communicated by senior management

15. UNMIL had implemented 41 per cent of QIPs in the South East of the country, with 76 per cent of these projects in the thematic area of rule of law, which was the distribution determined by UNMIL management in 2007. Since then, there had been no formal communication to the PRC from the Senior Management Team (SMT) on any change of priorities. UNMIL advised that the Deputy Special Representative for the Secretary-General (Recovery and Governance) was on the PRC and therefore, members were informed of SMT priorities.

**(1) UNMIL should regularly review its priorities for the implementation of Quick Impact Projects (QIPs), and ensure that priorities are communicated by the Senior Management Team to the QIPs Project Review Committee.**

*UNMIL accepted recommendation 1 and stated that UNMIL had adopted a decision to maintain the focus of QIPs on the rule of law sector, particularly the establishment of institutions in remote but accessible areas. These priorities were formally communicated to the QIPs PRC. Based on the action taken, recommendation 1 has been closed.*

Project identification and review processes needed to be enhanced

16. The QIPs Unit used standard tools for assessing and evaluating the suitability of proposed QIPs before it made a recommendation to the PRC. For 25 QIP proposals reviewed:

- Initial site visits were only conducted for 11 QIPs, and as a result the challenges of implementing these QIPs were not fully known prior to their approval. For example, a project was significantly delayed due to initial inaccessibility to the project site.
- Cost estimates for all QIPs were not subject to review by the Engineering Section to assess the reasonableness of bills of quantities. The minutes of a PRC meeting recorded that for seven projects completed in 2009/10, savings of \$33,967 were realized, as the cost estimates were verified by the Engineering Section and thus reduced.

**(2) UNMIL should ensure that the Quick Impact Project Team improves the project proposal review process to ensure the validity of projects prior to presentation to the Project Review Committee.**

*UNMIL accepted recommendation 2 and stated that as part of its new procedures the QIPs Unit is carefully reviewing proposals. Tools had been introduced for data collection, risk assessment and initial site visit forms, which are mandatory for all projects. Also, there were procedures for detailed review of projects by the QIPs Unit in conjunction with field offices, Government ministries and agencies have been introduced. Based on the action taken, recommendation 2 has been closed.*

Project Review Committee was not functioning effectively

17. The PRC was responsible for the overall management of the QIPs programme including the selection and approval of projects. The PRC was established in 2003, with the present membership reconstituted in January 2011. The Committee convened three meetings in 2009/10 and 2010/11, although some deliberations were also conducted through e-mail. The current PRC did not have terms of reference, although UNMIL informed OIOS that they based their proceedings on the DPKO/DFS QIPs Guidelines. A review of the proceedings of the PRC noted:

- No criteria had been established by the Committee to prioritize the selection and approval of projects.
- Members did not follow-up on the implementation of prior decisions made by the Committee such as: (a) the need for pre-site assessments prior to submission of proposals to the Committee for approval; (b) the development of a list of poor performing implementing partners to ensure they were not re-contracted; and (c) the review of the draft SOPs on QIPs that required further discussion and approval.

**(3) UNMIL should define pre-established criteria for project selection and develop Mission-specific terms of reference for the Project Review Committee to clarify its roles and**

**responsibilities, frequency of meetings and membership.**

*UNMIL accepted recommendation 3 and stated that criteria to review and select projects in line with the Mission's priority had been established. The PRC reviewed the presentation of all QIP projects to ensure that they meet the established criteria. The PRC terms of reference were being developed and would be reviewed by the PRC prior to their adoption by UNMIL. Recommendation 3 remains open pending receipt of a copy of the approved terms of reference of the PRC and the pre-established criteria for project selection.*

The process for monitoring QIPs needed to improve

18. Only two of 25 QIPs reviewed were completed within the three months established timeframe, 13 took between four and 36 months to implement, and 10 had been in-progress for between 10 and 36 months. There were no monitoring and reporting schedules agreed with implementing partners, or other mechanisms to monitor actual project performance against assigned targets. Also, site inspections were not systematically done to monitor implementation, and staff assigned responsibility for monitoring did not always have the required expertise to make an adequate assessment. UNMIL had started to implement improved procedures for monitoring QIPs by developing a database to track project activities.

19. Implementing partners did not submit mandatory reports including: (a) a four-weekly appraisal of the project; (b) a final performance report; and (c) a final financial statement. These reporting requirements were agreed to in the Memorandum of Understanding (MoU) signed between the implementing partners and UNMIL. UNMIL did not enforce this requirement, and continued to pay additional installments without the required reports.

20. Account receivables balance for QIPs was \$379,014 as of 31 December 2011, relating to advances paid to 40 implementing partners, for which the associated QIPs were at various stages of implementation. Almost \$300,000 was outstanding for more than six months and could not be cleared in the absence of reports from implementing partners. Of this balance, \$136,627 related to 13 projects that had already been classified as abandoned and for which write-offs needed to be considered.

**(4) UNMIL should ensure that Quick Impact Projects are monitored regularly. A monitoring and reporting schedule should be agreed upon with the implementing partner prior to the disbursement of the first payment. Also, site visits should be conducted, at least once, to ensure that problems encountered are quickly identified and remedial action is taken.**

*UNMIL accepted recommendation 4 and stated that it initiated steps to improve monitoring mechanisms, including agreeing monitoring schedules with implementing partners and had developed and disseminated monitoring reporting templates for QIPs to reflect progress and delays in each project. Recommendation 4 remains open pending receipt of copies of the monitoring schedules agreed with implementing partners and templates for monitoring QIPs.*

**(5) UNMIL should ensure that implementing partners comply with the terms of the Memorandum of Understanding relating to progress reporting.**

*UNMIL accepted recommendation 5 and stated that it was installing a project database to facilitate easy monitoring. UNMIL would continue to reiterate the need for implementing partners to comply with the terms of the MoUs or other similar agreements signed. Recommendation 5 remains open pending OIOS' verification of the effectiveness of the QIPs database for reporting the implementation status of projects.*

Project close-out and evaluation procedures were not in place

21. The close-out phase of a QIP requires a Project Closure and Evaluation Form to be completed. This process required a site visit to assess the project, a final signed list of expenditures and receipts from the implementing partners for further validation, and an overall assessment as to whether the project was satisfactorily completed. Close-outs and evaluations of QIPs were not done.

**(6) UNMIL should ensure that Project Closure and Evaluation Forms are completed, and the required procedures including conducting a site visit, providing an overall assessment of work completed and validating the expenditures incurred, complied with.**

*UNMIL accepted recommendation 6, and stated that Project Completion and Evaluation forms were circularized on 30 March 2012 to all relevant sections and field offices where site visits were considered mandatory to assess status of work. Completion of this procedure would ensure that implementing partners submit evidence of expenditures to final processing by the Finance Section. Recommendation 6 remains open pending the receipt of a copy of the revised procedures that have been implemented and evidence that projects are properly closed-out and evaluated.*

#### **IV. ACKNOWLEDGEMENT**

22. OIOS wishes to express its appreciation to the Management and staff of [insert audited entity] for the assistance and cooperation extended to the auditors during this assignment.

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Internal Audit Division, OIOS

**STATUS OF AUDIT RECOMMENDATIONS**  
**Audit of Quick Impact Projects in UNMIL**

Recom. no.	Recommendation	Critical <sup>1</sup> / important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1.	UNMIL should regularly review its priorities for the implementation of Quick Impact Projects (QIPs), and ensure that priorities are communicated by the Senior Management Team to the QIPs Project Review Committee.	Important	C	Action taken	Implemented
2.	UNMIL should ensure that the Quick Impact Project Team improves the project proposal review process to ensure the validity of projects prior to presentation to the Project Review Committee.	Important	C	Action taken	Implemented
3.	UNMIL should define pre-established criteria for project selection and develop Mission-specific terms of reference for the Project Review Committee to clarify its roles and responsibilities, frequency of meetings and membership.	Important	O	Receipt of a copy of the approved terms of reference of the PRC and the documentation of the pre-established criteria for project selection	30 June 2012
4.	UNMIL should ensure that Quick Impact Projects are monitored regularly. A monitoring and reporting schedule should be agreed upon with the implementing partner prior to the disbursement of the first payment. Also, site visits should be conducted, at least once, to ensure that	Important	O	Receipt of copies of the monitoring schedules agreed with implementing partners and templates for monitoring QIPs.	30 June 2012

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 UNMIL in response to recommendations.

Recom. no.	Recommendation	Critical/ important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
5.	<p>problems encountered are quickly identified and remedial action is taken.</p> <p>UNMIL should ensure that implementing partners comply with the terms of the Memorandum of Understanding relating to progress reporting.</p>	Important	O	OIOS verification of the QIPs database for reporting the implementation status of projects..	30 June 2012
6.	UNMIL should ensure that Project Closure and Evaluation Forms are completed, and the required procedures including conducting a site visit, providing an overall assessment of work completed and validating the expenditures incurred, complied with.	Important	O	Receipt of a copy of the revised procedures that have been implemented and evidence that projects are properly closed-out and evaluated.	30 June 2012