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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Taye-Brook Zerihoun
A: Deputy Special Representative of the Secretary-General
United Nations Mission in the Sudan (UNMIS)

DATE: 15 February 2007

REFERENCE: AUD-7-5:26 (07- 0067)

FROM:  Dagfinn Knutsen, Acting Director
DE: Internal Audit Division, OIOS 

SUBJECT: **OIOS Audit No. AP2006/632/02: Renovation of airfields in UNMIS**

OBJET:

1. I am pleased to present herewith our final report on the audit of the above subject, which was conducted in August 2006.
2. We note from your response to the draft report that UNMIS has accepted the majority of the recommendations. Based on your response, we are pleased to inform you that we have closed recommendations 5 and 8. In order for us to close out the remaining recommendations (i.e., 4, 6 and 9), we request that you provide us with the additional information as discussed in the text of the report. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. OIOS is reiterating recommendations 1, 2, 3 and 7, and requests that you reconsider your initial response concerning these recommendations. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly and semi-annual report to the Secretary-General.
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
4. I take this opportunity to thank the management and staff of UNMIS for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations
Mr. Philip Cooper, Director, ASD/DPKO
Mr. Kiplin Perkins, Director of Administration, UNMIS
Mr. M. Akram Khan, Chief Resident Auditor, UNMIS
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Office of Internal Oversight Services

Internal Audit Division



Renovation of airfields in UNMIS

Audit no: AP2006/632/02
Report date: 15 February 2007
Audit team: Roland Bill, Auditor-in-Charge
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EXECUTIVE SUMMARY
Renovation of airfields in UNMIS (Assignment No. AP2006/632/02)

OIOS conducted an audit of the renovation of airfields in UNMIS in August 2006. The objective of the audit was to assess whether UNMIS managed the renovation of airfields efficiently and effectively, in compliance with pertinent UN rules and established procedures.

OIOS found that the renovation of airfields being used by UNMIS was inadequately managed. Little progress was made in terms of actual renovation. Planning and monitoring of airfields renovation was weak, which resulted in the wasteful use of the UNMIS budget. Budgetary and procurement practices were questionable. Overall, there is a need to strengthen management control over the renovation of airfields. OIOS noted the following major findings:

Planning and monitoring

- The results of surveys undertaken or commissioned by DPKO to assess the condition of airfields being used by UNMIS were not acted upon in a timely manner and translated into a holistic plan for the renovation of airfields.
- The delay in the renovation of the Kadugli airfield resulted in the use of another airfield, which cost the Mission an additional, but avoidable, \$20 million in aviation and fuel expenses per year.
- Modalities for cooperation between the Mission and the Sudan Civil Aviation Authority have not been formalized. This situation contributed to the delays in the renovation of airfields.
- The mechanism established to monitor the safety condition of airfields needs to be strengthened.

Implementation activities

- Irregular budgetary practices were used in connection with airfields renovation. Funds totaling \$19.2 million for the renovation of airfields that were planned to be carried out in the fiscal year 2006-07 were obligated in the fiscal year 2005-06.
- The acquisition plan did not include the requirements for the renovation of airfields, which resulted in the cancellation of all requisitions relating to the subject raised in 2005-06 totaling \$24 million. Procurement activities which had started for some of these requisitions before their cancellation presented irregularities. For example, several similar requirements issued on the same day were not consolidated into a single requisition.

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I. INTRODUCTION

1. OIOS conducted an audit of the renovation of airfields at United Nations Mission in Sudan (UNMIS) in August 2006. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNMIS was established by Security Council Resolution No. 1590 of 24 March 2005. The Mission personnel consists of 750 military observers, 9,250 military contingent personnel, 715 UN police, 1,132 international staff, 3,342 national staff, 231 UN volunteers, 10 conduct officers and 133 communications and IT contract personnel. The Mission has 45 aircraft and uses 11 main airfields. On average, approximately 1,800 passengers pass through these airfields every week.
3. The comments made by the Management of UNMIS on the draft audit report have been included in this report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES

4. The objective of the audit was to assess whether UNMIS managed the renovation of airfields efficiently and effectively, in compliance with pertinent UN rules and established procedures.

III. AUDIT SCOPE AND METHODOLOGY

5. The audit covered activities related to the renovation of airfields, including planning, budgeting, execution and monitoring. The audit focus was determined based on a preliminary risk assessment. Interviews were conducted with the officials of DPKO Air Transport Section, DM Procurement Service and UNMIS responsible for activities related to airfields renovation. Two of the main airfields used by UNMIS were visited to observe the renovation efforts. Relevant documentation collected at Headquarters and in the field was tested to ascertain the validity of transactions and accuracy of records.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Planning and monitoring of airfields renovation

6. At the time of the audit, little progress had been achieved in terms of actual renovation of airfields in the Mission area. Planning and monitoring of airfields' renovation was weak and budgetary and procurement practices were questionable. Details of OIOS' findings are summarized in the following paragraphs.

1. Needs assessment

7. OIOS noted several attempts by DPKO and UNMIS to ascertain the condition of airfields in Sudan being used by UNMIS in order to plan renovation activities. These attempts, which spanned from December 2003 to April 2006, are discussed below. Overall, OIOS found that the results of the surveys undertaken were not acted upon in a timely fashion and translated into a holistic airfields renovation plan.

(a) Sudan Air Operations Survey (23 December 2003)

8. The Sudan Air Operations Survey, prepared by a DPKO Aviation Officer in December 2003 as part of the planning for the then upcoming UN Mission in Sudan, identified six main airfields for renovation. The survey suggested improvements such as clearing of runways, provision of cargo handling and passenger services, and restrictions of air operations to smaller types of aircraft in order to address safety concerns.

(b) DPKO Sudan Planning Group (May 2004)

9. The Sudan Planning Group, appointed by DPKO, visited Sudan in May 2004 and established the framework for cooperation with the Sudan Civil Aviation Authority (SCAA). However, OIOS did not find any documentation indicating that the Group had discussed matters related to airfields renovation during its contacts with the SCAA, nor had it produced any specific documentation or recommendations addressing this issue.

(c) Limited assessment of Sudan airfields by the United Kingdom (UK) (March 2005)

10. DPKO requested the assistance of the UK Government for reconnaissance tasks, including the assessment of airfields, helipads, bridges and river ports in Southern Sudan, to support the expected deployment of UNMIS forces to the regions. With the support of the Government of Sudan, the UK expert team was able to provide reports on seven airfields, commenting on their suitability to support the Mission and recommending improvements to bring them up to the minimum International Civil Aviation Organization (ICAO) standards, for an aggregated estimated cost of \$12 million.

11. The assessment included five of the six airfields covered by the aforementioned Sudan Air Operations Survey. In general, the assessment identified the requirements for upgrading the airfields to allow for operation of small aircraft, confirming the restrictions in the use of airfields mentioned in the Sudan Air Operations Survey.

(d) UNMIS inspection of airfields (April 2006)

12. In April 2006, the UNMIS Aviation Safety Unit (ASU) undertook a physical inspection and verification of aircraft landing sites of major runways used by the Mission. In total, 10 airfields were inspected, which included all of the airfields covered by the Sudan Air Operations Survey and the UK limited assessment. The results of the ASU's inspection, presented to the UNMIS Director of Administration (DOA) on 20 April 2006, showed that the safety risk levels as of April 2006 for the 10 airfields inspected ranged from medium to low, with ratings varying from 28 (lowest) to 44 (highest). A rating of less than 30 is considered low risk, a 30 to 60 rating medium risk, and a rating greater than 60 high risk. The ratings given to the main airfields were not consistent with the UK's limited assessment. For example, while the UNMIS ASU's inspection concluded that the Juba airfield has one of the lowest safety risk ratings (30), the UK limited assessment's estimate to improve the same airfield was the highest (\$2.9 million), which suggests that, with the high estimate of the cost of renovation, there must be a lot of repair works needed to bring the airfield to the minimum acceptable level of safety in air operations.

Recommendation 1

The UNMIS Management should identify all inconsistencies between the airfield renovation surveys conducted by the UK Government and the Mission's Aviation Safety Unit, analyze the cause of the differences between the two survey results, and recommend to the Department of Peacekeeping Operations at Headquarters a holistic plan or course of action the Organization should take as regards the renovation of airfields. As part of this exercise, the Mission should obtain from the Department of Peacekeeping Operations at Headquarters all documentation pertaining to the planning of the Mission conducted in May 2004 by the DPKO Sudan Planning Group. In the future, results of a needs assessment activity should be acted upon immediately, particularly when safety issues that need urgent action are raised (AP2006/632/02/01).

13. *The UNMIS Management did not accept recommendation 1 and commented that it analyzed the various reports and found that there are three major reasons why the results of the two reports were very different: (1) the different focus of the studies and the expertise of the teams involved, (2) the different assumptions on the Mission's operational requirements utilized as the basis of the study, and (3) the changing Mission operational requirements during the 11 months that lapsed between the two studies. Also, the Mission has developed a holistic plan for the renovation of airfields. However, the Mission cannot initiate any renovation activities without the approval of the SCAA. The Mission added that the SCAA priorities on the renovation of various airfields do not necessarily resemble UNMIS' priorities. Moreover, the renovation plan agreed with Khartoum SCAA might not be necessarily agreed to by the SCAA in South Sudan. The portions of the plan for the current fiscal year have been approved by the SCAA only at the end of January 2007. Once the new comprehensive MOU is finalized and approved, the Mission can then start implementing the renovation plan. OIOS wishes to note that the Mission indicated that it had analyzed the British study and the Mission's Aviation Safety Unit's study, but omitted any reference to the other two previously conducted surveys, i.e., the Sudan Air Operations Survey dated 23 December 2003 and DPKO Sudan Planning Group study dated May 2004. The Mission also stated that it had developed a holistic plan for the renovation of airfields; however, it failed to provide supporting documentation. Therefore, OIOS is reiterating this recommendation and keeping it open pending further consideration by the Mission of the two other surveys and pending receipt of a copy of the holistic plan for the renovation of airfields.*

2. Kadugli airfield renovation

14. The UNMIS Chief of Air Operations' Aviation Section Concept of Operations report dated 4 May 2006 indicates that the Kadugli airfield, located in the middle of Sudan, should have been used as a passenger hub. However, since this airfield's runway was of insufficient strength to accommodate large aircraft, an airfield further north was used as the passenger hub. The use of the more northern hub added excessive travel time, including time on the ground. Additional aircraft to transport passengers also became necessary, adding some \$20 million to the aviation and fuel

budget per year, compared with the \$4 million cost of runway repair estimated for the Kadugli airfield. OIOS noted that the UK limited assessment estimated the cost of bringing the Kadugli airfield to ICAO standards at \$1.8 million. In OIOS' view, the lack of adequate planning and timely action following the assessments made in 2003 and 2005 has led to the wasteful use of resources.

Recommendations 2 and 3

The UNMIS Management should:

- (i) Take appropriate action to renovate the Kadugli airfield in order to avoid further financial losses (AP2006/632/02/02); and
- (ii) Inquire into the circumstances surrounding the delay of the renovation of the Kadugli airfield, which led to the wasteful use of UNMIS budget, and address accountability for the additional expenditure (AP2006/632/02/03).

15. *The UNMIS Management did not accept recommendation 2 but stated that the Mission is taking actions to renovate the Kadugli airfield; although it disagreed that financial losses have been incurred due to the use of another airfield. The decision to choose a location for the main passenger hub is affected by many reasons, which are not solely financial. The decision to maintain Khartoum as the hub instead of Kadugli was based on political, practical mission requirements, number of passengers traveling through Khartoum, infrastructure, financial cost and benefits, etc. Currently, the largest portion of travelers is passing through Khartoum. Renovation of Kadugli will not change this Mission's current concept of operations. The airport will continue to be serviced by the same aircraft, with no change in personnel movement anticipated. OIOS notes UNMIS' comment that the decision to maintain Khartoum as the hub instead of Kadugli was based on political, practical and mission requirements. The Mission, however, failed to provide OIOS with any documentation with regard to such political, practical and mission requirements for maintaining the hub in Khartoum instead of Kadugli. Also, the Mission stated that renovating Kadugli will not change this Mission's current concept of operations. However, as indicated in the UNMIS Chief of Air Operations' Aviation Section Concept of Operations report dated 4 May 2006, the investment of \$4 million in the Kadugli airfield renovation would have prevented some \$20 million expenditures annually for aviation and fuel. Therefore, OIOS is reiterating recommendation 2 and requests that UNMIS reconsider this recommendation.*

16. *The UNMIS Management did not accept recommendation 3 and commented that local procurement authority delegated by UNHQ was not forthcoming for the renovation of Kadugli and other airfields until mid-May 2006, at which point, it was impossible to obligate the funds. OIOS noted, however, that the Mission only started a physical inspection and verification of airfields in April 2006, one year after inception, ignoring the results of the three previously conducted surveys that started as early as 23 December 2003. Therefore, OIOS is reiterating recommendation 3 and requests that UNMIS reconsider this recommendation.*

3. Cooperation with the host country

17. A Joint Working Group (JWG) comprising the SCAA and UNMIS senior management had been established in 2004, and the JWG held several meetings between 2004 and 2006. In OIOS' opinion, the following issues need to be addressed to improve the cooperation between UNMIS and the Host Country as regards the renovation of airfields:

- While the JWG meeting participants consisted usually of staff members at the section chief level, UNMIS had established a bi-weekly meeting between the UNMIS Chief of Staff and senior officials of the Host Country Ministry of Foreign Affairs. However, these high level meetings did not discuss matters related to the renovation of airfields;
- Any refurbishment of, upgrade to, or construction work at the UNMIS airfields requires the approval of the SCAA. However, there were no written approvals by the SCAA for construction projects at the airfields. This caused problems and delays in the implementation and completion of renovation projects. For example, in Kadugli, the SCAA changed the location of hangars during the tender process and again after construction work had started, delaying the airfield renovation.

18. In OIOS' view, it is crucial that the modality of cooperation with the Host Country for airfields renovation be clarified and formalized in a Memorandum of Understanding.

Recommendation 4

The UNMIS Management should formalize in a Memorandum of Understanding the cooperation and working arrangements between the Mission and the Sudan Civil Aviation Authority as regards air operations, particularly the renovation of airfields, to ensure that critical provisions such as the location of hangars or terms of use of an airfield, etc., are clarified (AP2006/632/02/04).

19. *The UNMIS Management accepted recommendation 4 and set the implementation date as 31 March 2007.* OIOS will keep this recommendation open in its database pending receipt of documentation from UNMIS showing that the MOU has been signed.

4. Monitoring of the safety condition of airfields

20. During the period from May 2005 to August 2006, the ASU raised a total of 47 Preliminary Aviation Occurrence Reports (PAORs) and Hazard Reports (HRs) relating to airfield runways. In general, hazards to aircraft were caused by the poor condition of runways and lack of fences.

21. The UNMIS Aviation Safety Council's inaugural meeting was held on 11 July 2005. Chaired by the Chief of Administration or his designee. The Council's main purpose is to identify

safety related issues and recommend and/or direct actions to mitigate or eliminate associated risks. The Council reviews accident/incident/hazard reports to ascertain adequacy of the recommended corrective actions. Due to the large number of safety occurrences reported, after the first five meetings, the Council decided to establish a sub-committee to review and manage HRs and PAORs. OIOS did not find any minutes of meetings held by the sub-committee. Also, there was no mechanism to ensure that the work of the sub-committee is reported to the Mission senior management for action, and that issues identified and reported for correction are resolved and monitored.

Recommendation 5

The UNMIS Management should ensure that: (i) minutes of meetings of the Aviation Safety Council sub-committee are prepared; and (ii) a mechanism is established to raise issues identified by the sub-committee to the Mission's senior management and monitor the resolution of such issues (AP2006/632/02/05).

22. *The UNMIS Management accepted and implemented recommendation 5.* Based on the Mission's response and the documentation provided, OIOS has closed recommendation 5 in its database.

5. Executive direction over airfields renovation

23. OIOS reviewed the minutes of UNMIS Office of the Special Representative of the Secretary-General (SRSG) - Heads of Unit meetings chaired by the SRSG for the period 10 August 2005 to 25 July 2006, and found that airfields renovation was never listed as an agenda item. Considering the issues reported above, OIOS is concerned that UNMIS senior management is not informed of and, hence, not able to give appropriate attention to airfields renovation.

Recommendation 6

The UNMIS Management should ensure that the agenda of senior management meetings includes the renovation of airfields, until such time when major airfield renovation projects and issues are satisfactorily completed or addressed (AP2006/632/02/06).

24. *The UNMIS Management accepted recommendation 6 and set the implementation date as 1 March 2007.* OIOS will keep this recommendation open in its database pending receipt of documentation from UNMIS showing that it has been implemented.

B. Implementation of airfield activities

Budget execution

25. As of August 2006, budget and expenditures for the renovation of airfields were as follows:

Table 1: Budget and expenditures for airfields renovation

	2004-5 Budgeted	2004-5 Actual	2005-6 Budgeted	2005-6 Actual	2006-7 Budgeted
Construction	0	\$78,471	\$7,732,000	\$1,731,751	0
Equipment and supplies	2,295,400	2,684,803	893,550	1,508,170	4,360,900
Total	\$2,295,400	\$2,763,274	\$9,625,550	\$3,239,921	\$4,360,000
Under/(Over)-budget		(\$467,874)		\$6,385,631	

26. Only 22 per cent of the budget was spent in the fiscal year 2005-06, leaving approximately \$6.4 million unutilized at the end of the period. There was no allotment for 'construction works' in the 2006-07 budget, but only for equipment and materials. OIOS found that UNMIS had planned to redeploy about \$19.2 million of 2005-06 funds to airfields renovation projects that are expected to be implemented in 2006-07. In order to effect the redeployment, one week before the closure of 2005-06 financial period, UNMIS raised 10 requisitions totaling \$19.2 million for various items needed in 2006-07, which were unrelated to airfields renovation projects. These items were to be procured through systems contracts, which allowed funds to be obligated immediately. In OIOS' view, this procurement action violates Financial Regulation 5.2 which stipulates that "Appropriations shall be available for obligation during the financial period to which they relate."

27. Furthermore, 20 requisitions amounting to \$24 million for airfields renovation projects, which were raised in the 2005-06 financial period, were subsequently cancelled for various reasons as summarized in Table 2.

Table 2: Cancelled 2005-06 requisitions raised by the Engineering Section for renovation of airfields

Requisition Number	Amount	Creation/ Approval date	Cancellation Date	Description/Reason for cancellation
ENG6-123	\$630,000	26/09/05- 29/09/05	25/05/06	Kadugli airport fencing- SCAA approved the renovation; however fences were not ICAO compliant.
ENG6-147	150,000	05/10/05- 20/10/05	25/05/06	Construction of access road to Khartoum airport.
ENG6-190	3,900,000	15/11/05- 19/11/05	24/05/06	Apron/taxiway construction at Khartoum airport-Delay in LPA and/or lack of expertise in UNMIS to prepare SOW.
ENG6-191	4,100,000	15/11/05- 19/11/05	24/05/06	Apron/taxiway/runway construction at Kadugli airport-Delay in LPA and/or lack of expertise in UNMIS to prepare SOW.

ENG6-192	3,850,000	15/11/05- 19/11/05	24/05/06	Apron/taxiway/drainage construction at El-Obeid airport-Delay in LPA and/or lack of expertise in UNMIS to prepare SOW.
ENG6-222	3,000,000	06/12/05	05/04/06	Apron/taxiway/runway construction at Ed Damazin airport-Rejected by the Chief Budget Officer as per the request of CAO.
ENG6-226	500,000	07/12/05- 11/12/05	25/05/06	Construction of Type B hangars at Juba. The Procurement Service at Headquarters (PSHQ) recommended the use of RFP instead of ITB. The tender was cancelled leaving no time for re-tender in the 2005-06 budget period.
ENG6-229	250,000	07/12/05- 11/12/05	25/05/06	Construction of Type B hangars at Ed Damazin. PSHQ recommended that RFP be used instead of ITB. The tender was cancelled leaving no time for re-tender in the 2005-06 budget period.
ENG6-232	250,000	07/12/05- 11/12/05	18/05/06	Construction of Type B hangars at Khartoum airport- The location of hangars were not approved by the SCAA, therefore the tender was cancelled.
ENG6-233	250,000	07/12/05- 11/12/05	05/04/06	Construction of Type B hangars at Nyala airport.
ENG6-235	900,000	10/12/05- 11/12/05	01/05/06	Perimeter Fencing at Juba airport- No action was taken because approval of SCAA was pending.
ENG6-236	50,000	10/12/05- 11/12/05	01/05/06	Refurbishment of fire and rescue equipment at Kadugli airport- No action was taken awaiting finalization of MOU between UNMIS and SCAA.
ENG6-237	120,000	10/12/05- 11/12/05	01/05/06	Refurbishment of fire and rescue equipment at Malakal airport- No action was taken awaiting finalization of MOU between UNMIS and SCAA.
ENG6-238	300,000	10/12/05- 11/12/05	04/05/06	Construction of Type B hangars at El-Fasher airport.
ENG6-239	386,000	10/12/05- 11/12/05	02/07/06	Construction of Type C hangars at Malakal airport. PSHQ recommended the use of RFP instead of ITB. The tender was cancelled leaving no time for re-tender in the 2005-06 budget period.
ENG6-289	\$2,050,000	16/01/06- 23/01/06	04/05/06	Apron/taxiway construction at Juba airport-Delay in LPA and/or lack of expertise in UNMIS to prepare SOW.
ENG6-324	2,100,000	22/02/06- 26/02/06	04/05/06	Airside pavement repairs at Juba airport: runway/apron and taxiway -Delay in LPA and/or lack of expertise in UNMIS to prepare SOW.
AIR6-13	750,000	16/08/05- 23/08/05	28/05/06	Airfield lighting Juba - case went to UNPS/ATS, no response from them. Bid validity expired on 30 May 2006.
AIR6-15	400,000	23/08/05- 11/09/05	28/05/06	Airfield lighting in Wau: The case went to UNPS/ATS, no response received and the bid validity expired.

AIR6-36	150,000	17/01/06-07/02/06	10/06/06	Aircraft handling, out of Sudan, Kenya, Uganda - the technical evaluation was not done in accordance with rules.
Total	\$24,086,000			

28. The cancellation of the above requisitions is a manifestation of the lack of holistic planning for the renovation of airfields, discussed in Section IV, A, 1 of this report.

Recommendation 7

The UNMIS Management should inquire into the inappropriate and ineffective practices in the management of the budget allocated/redeployed for the renovation of airfields and take appropriate action to avoid the recurrence of such practices, including addressing accountability for the lapses (AP2006/632/02/07).

29. *The UNMIS Management did not accept recommendation 7, commenting that the Director of Administration has the delegated authority from the Controller to prioritize resources according to efficiencies in the delivery of outputs and effectiveness in the accomplishment of their mandates. The CAO (DOA) is expected to articulate these managerial decisions in his/her budget performance submissions, as part of the results based approach to budget formulation and performance reporting. In line with the above, the Mission prioritized its activities in order to meet the changing operational realities on the ground. The Mission further explained that the dynamic and rapidly changing environment in the Mission, problems in terms of weak supply chain and lack of qualified contractors, late receipt of full budget allotment in November 2005 and delays in obtaining approvals from SCAA caused the delay in the renovation of airfields. The Mission was, therefore, faced with the choice of either giving up the funding for airfields renovation or using the available funds to advance the purchase of assets approved in the 2006/07 budget period. As the renovations of airfields were delayed largely as a result of factors beyond its control, the first option would have had the knock on effect of setting the process back further in the 2006/07 period as funds would have to be redeployed from other approved projects. On the other hand, the second option would have allowed the Mission to adapt to the changing realities on the ground and ensure that the entire program of renovation and asset purchase was implemented as approved by the General Assembly. Moreover, the 2006-07 budget had already been approved by the General Assembly when the mentioned 10 requisitions were raised. OIOS acknowledges the Mission's comments but reiterates this recommendation in that the Mission's budget allocation/redeployment practice as described in paragraph 26 does not comply with Financial Regulation 5.2. OIOS is of the view that the Mission should have sought Headquarters exceptional approval for deviating from the regulation, explaining the circumstances. The Mission's reference to the Controller's memo is not relevant, since this memo delegates authority only for the re-deployment of funds within cost groups in the same financial year, not between two financial years. Furthermore, the advance use of funds was not mentioned in the draft 2005-06 performance report. Therefore, OIOS requests that UNMIS Management reconsider its response.*

Acquisition planning

30. Section 8.1.1 of the Procurement Manual stipulates that requisitioning offices are responsible for the development of procurement plans, and for cooperation with the procurement section in making these plans available in a timely manner. Accordingly, requisitioners and procurement officers must begin to communicate with each other early in the procurement process, while maintaining their separate roles. However, OIOS did not find any planning document justifying the commitment of \$24 million for airfields renovation. The lack of formalization of the planning efforts indicated inadequate management of airfields renovation by the Mission's senior officials, which resulted in the poor administration of the UNMIS budget discussed above.

31. As discussed in Section IV, A, 1 of this report, the several needs assessment surveys conducted as regards the renovation of airfields did not translate into a holistic plan. In OIOS' opinion, an acquisition plan should also be prepared based on a holistic airfields renovation plan.

Recommendation 8

The UNMIS Management should prepare an acquisition plan for the renovation of airfields, to optimize the use of resources and minimize inefficiencies in the procurement of equipment and services (AP2006/632/02/08).

32. *The UNMIS Management accepted recommendation 8 and stated that it has a procurement plan, which includes the renovation of airfields.* Based on the Mission's response and the documentation provided, OIOS has closed recommendation 8 in its database.

Splitting of requisitions for the construction of hardstands for type B hangars

33. The Mission plans to construct type B hangars at nine airfields to be used for the maintenance of aircraft. To erect these hangars, the Mission raised separate requisitions, one for each airfield, as shown in Table 3 below.

Table 3: Construction of type B hangars in UNMIS

Requisition Number	Amount	Creation/ Approval date	Airfield	Status
ENG6-226	\$500,000	7/12/05-11/12/05	Juba	Cancelled on 25/5/06
ENG6-229	250,000	7/12/05-11/12/05	Ed Damazin	Cancelled on 25/5/06
ENG6-232	250,000	7/12/05-11/12/05	Khartoum	Cancelled on 18/5/06
ENG6-238	300,000	10/12/05-11/12/05	El Fasher	Cancelled on 04/05/06
ENG6-233	250,000	7/12/05-11/12/05	Nyala	Cancelled on 05/04/06
ENG6-228	320,000	7/12/05-11/12/05	Malakal	PO was issued on 30/06/06 for \$207,168
ENG6-230	320,000	7/12/05-11/12/05	Kadugli	PO was issued on 30/06/06 for \$393,224
ENG6-231	320,000	7/12/05-11/12/05	Wau	PO was issued on 30/05/06 for \$409,400
Total	\$2,510,000			

34. As of August 2006, only three (Malakal, Kadugli and Wau) out of the nine hangars planned were under construction. In OIOS' opinion, had the Mission consolidated the requisitions for the above hangars into one, the procurement action for the requirement would have been handled more economically and efficiently, and in a more controlled manner.

35. There were indications that the raising of individual requisition for each of the hangars, instead of a consolidated one, was done to limit the review of the procurement action locally:

- On 15 May 2006, the Mission informed the Procurement Service (PS) in New York of its plan to bid out in one solicitation the requirement for the hangars in Juba, Ed Damazin and Khartoum. The estimated cost of these requirements fell exactly within the DOA's financial delegation of authority for the procurement of core requirements not exceeding \$1 million. In response to UNMIS' request to handle the procurement action locally, PS recommended that should the total accumulated response exceed \$1 million, the Mission should establish the validity of the bid requirement in anticipation of an eventual HCC review. In addition, PS recommended that a Request for Proposal (RFP) be used to solicit offers instead of an Invitation to Bid (ITB). However, since the Juba and Ed Damazin ITBs were already issued before 15 May 2006 and there was not enough lead time to re-bid the requirement in the 2005-06 financial period, the ITBs were cancelled on 25 May 2006. The requisition for the Khartoum airfield was cancelled for other reasons as indicated in Table 2 above. As of August 2006, no RFP has been raised for these hangars.

- Also, in the same 15 May 2006 communication to PS, the Mission did not mention the requisitions for Malakal, Kadugli and Wau, although the related requirements were similar to those for Juba, Ed Damazin and Khartoum, and the requisitions were raised on the same day (requisitions for Nyala and El Fasher had been cancelled before this communication with PS).

36. The Mission's explanations and actions justifying the separate procurement actions were contradictory. They stated that since the airfields were far apart, the requirements had to be bid separately. However, the records show that the Mission attempted to bid together the requirements for Juba and Ed Damazin airfields, which are far apart. Moreover, the separate bids for the Wau and Malakal hangars resulted in an award to one contractor, the African Logistics Company.

Recommendation 9


The UNMIS Management should ensure that requirements for hangars at the remaining six airfields are consolidated and bid out in one single solicitation document to allow for an efficient, economical and adequately controlled procurement (AP2006/632/02/09).

37. *The UNMIS Management accepted recommendation 9 and indicated that requirements for hangars at the remaining airfields will be consolidated and bid out in one single solicitation*

document. Recommendation 9 remains open pending receipt of documentation from UNMIS showing that it has been implemented.

V. ACKNOWLEDGEMENT

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

for 
Dagfinn Knutsen, Acting Director
Internal Audit Division, OIOS

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Renovation of airfields in UNMIS

(AP2006/632/02)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your overall satisfaction with the conduct of the audit and its results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: _____ Title: _____ Date: _____

Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:

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