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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION I  
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. William Swing, SRSG  
A: MONUC  
FROM: *for* Ms. Patricia Azarias, Director  
DE: Internal Audit Division I, OIOS *D. Knutsen*

DATE: 9 August 2005  
REFERENCE: AUD-7-5:7 ( <sup>00050</sup> /05)

SUBJECT: **OIOS Audit No. AP2005/620/06: Airfields Renovation Project in MONUC**  
OBJET:

1. I am pleased to present herewith our final report on the audit of the above subject, which was conducted during January to March 2005.

2. Based on your response, we have closed recommendations 7 and 13 in the OIOS recommendations database. In order for us to close the rest of the recommendations, we request that you provide us with additional information as indicated Annex I of the report and a time schedule for their implementation. OIOS is reiterating recommendation 3, and requests that you reconsider your initial response concerning the recommendation. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical, i.e., recommendations 1, 3, 4 and 6, 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 MONUC 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  
Ms. Hazel Scott, Director, ASD/DPKO  
Mr. Craig Boyd, Officer-in-Charge, Director of Administration, MONUC  
UN Board of Auditors  
Programme Officer, OIOS  
Mr. Dagfinn Knutsen, Chief, Peacekeeping Audit Service, IAD-I/OIOS  
Mr. Babajide Yoloye, Officer-in-Charge, Chief Resident Auditor, MONUC

# Office of Internal Oversight Services

## Internal Audit Division I



### Airfields Renovation Project in MONUC

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**Audit no:** AP2005/620/06  
**Report date:** 9 August 2005  
**Audit team:** Jennifer Pereira, Auditor-in-Charge  
Ahmed Shalaby, Auditor

**EXECUTIVE SUMMARY**  
**Airfields Renovation Project in MONUC (AP2005/620/06)**

OIOS conducted an audit of the airfields renovation project in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) during January to March 2005. The main objective of the audit was to assess the adequacy and effectiveness of internal controls in the planning and implementation of the project. The audit also reviewed MONUC's compliance with UN regulations, rules and administrative instructions.

The Department of Peacekeeping Operations (DPKO) entered into an Inter Agency Agreement (IAA) with the International Civil Aviation Organization (ICAO) in January 2003 to implement the project within 18 months starting in March 2003.

OIOS found that as of September 2004, project implementation has been slow, primarily due to delays in awarding contracts for major engineering works. Of the four project components, only the Project Management Office and a limited portion of the in-house engineering works had been undertaken. The Mission extended the project for one year till September 2005. However, it had not yet devised an implementation strategy to ensure the project's completion by the revised target date of September 2005.

Other findings included the following:

- The project was being implemented based on ICAO's proposal of September 2001. However, the Mission's requirements had changed considerably since then, but the project design had not been updated to reflect these changes.
- Project monitoring was not effective. The Mission was not able to determine the cost incurred and the actual progress achieved at any given point in time. It was also unable to determine the segments of work for which ICAO had been paid so far.
- There were irregularities in the award of the contract for renovation of the Kalemie airport. The bidding and award process did not comply with the provisions of the United Nations Procurement Manual.

OIOS makes a number of recommendations to strengthen internal controls in the areas of project management, implementation and monitoring.

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## I. INTRODUCTION

1. OIOS conducted an audit of the airfields renovation project in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) during January to March 2005. The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations organizations.

2. In March 2000, the Department of Peacekeeping Operations (DPKO) requested the International Civil Aviation Organization (ICAO) to conduct a survey of selected airfields in the Democratic Republic of Congo (DRC) to determine the state of aerodrome integrity and identify appropriate solutions for all airfields used by MONUC. In January 2003, DPKO entered into an Inter-Agency Agreement (IAA) with ICAO for implementing the airfields renovation project. The Mission started the project in March 2003, with the expectation that it would be completed in 18 months at an estimated cost of \$18,729,200 including \$3,656,500 towards ICAO fees. MONUC identified twelve airports/airfields for urgent engineering and Communication, Navigation and Surveillance (CNS) rehabilitation works. The primary objective of the project was to ensure the safety of MONUC air operations.

3. The role of ICAO was to provide project management, training of Air Traffic Controllers, development of technical specifications and scope of work for the engineering and CNS components. The Mission appointed an Airports Rehabilitation Project Coordinator (ARPC) to manage the project.

4. Comments made by MONUC Management on the draft audit report have been included in the report as appropriate and are shown in italics. Additional information OIOS need to close the recommendations in its database are shown in Annex I.

## II. AUDIT OBJECTIVES

5. The main objective of the audit was to assess the adequacy and effectiveness of internal controls in the planning and implementation of the project. The audit also reviewed the Mission's compliance with UN regulations, rules and administrative instructions.

## III. AUDIT SCOPE AND METHODOLOGY

6. The audit scope included a review of project management in all its phases. The audit methodology included review of documents, analysis of data, interviews with key personnel and physical inspection of works implemented or under implementation at Kalemie, Kisangani, Bukavu and Bunia airfields.

## IV. OVERALL ASSESSMENT

7. During the two years since commencement, project implementation has been slow, primarily due to delays in awarding of contracts for major engineering works. The project budget increased from \$18.7 million to \$32.2 million due to an increase in the cost of major

engineering works from \$8.8 million to \$22.2 million. The project manager did not have the necessary tools for monitoring and control. MONUC needs to take steps for strengthening project management.

## V. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Project Management

#### The project proposal/plan is not relevant to current requirement

8. The Inter-Agency Agreement (IAA) with ICAO to implement the airfields renovation project was signed on 27 January 2003. The project proposal submitted by ICAO provided an implementation strategy, cost estimates and delineation of responsibilities. It was approved for a total of \$18,729,200 and was to be implemented in 18 months starting March 2003. The original project proposal of ICAO dated September 2001 listed 12 airfields for renovation and repair work under the Major Engineering Works component at a cost of \$8,790,000. These 12 airfields were consistent with the operational needs of the Mission at that time. The project also included an estimated \$7,485,200 for Communications, Navigation and Surveillance (CNS) systems for urgent rehabilitation.

9. The first Task Order issued on 10 June 2003 differed considerably from the original proposal of September 2001. While the original proposal planned for one major engineering job in Kalemie, the Task Order included six major construction works at Kalemie, Goma, Bukavu, Bunia, Kinshasa and Kindu airports. The rest of the works in this Task Order were to be undertaken with the Mobile Equipment Units (MEU) planned for purchase for use in engineering works and undertaken with resources from the Mission's Engineering Section or with help from Military Engineers. By November 2004, out of 31 tasks, six were complete, nine were in progress, five were at various stages of the procurement process and 11 had not yet started.

10. OIOS observed that the original proposal of September 2001 had become redundant, as major changes had been introduced into the project design, affecting 87% of the total project. Consequently, the Mission needs to review the original project design and effect necessary changes to reflect its current requirements. Given the fact that the IAA with ICAO is due to expire in September 2005, OIOS is of the opinion that the revised project design needs to be finalized before alternative arrangements are made by the Mission upon expiration of the current IAA.

#### **Recommendation 1**

The MONUC Administration should review and update the original design of the airfields renovation project in light of the Mission's current and future needs, and develop an appropriate strategy to implement the project without unacceptable delays (AP2005/620/06/001).

11. *MONUC accepted recommendation 1 and explained that implementation was ongoing. MONUC further stated that the airfield renovation projects are under continuous review as evidenced by the changes to the task orders for ICAO, and due to changes in Mission operational requirement and that continuous incremental review is the only way MONUC can ensure effective use of the funds. OIOS will close the recommendation after reviewing an updated project design as well as a current strategy for implementation of the project.*

Need for an effective monitoring system

12. Although the project was scheduled to be implemented over a period of 18 months starting March 2003, this target was not achieved. As of March 2005, six major sub-projects awarded to contractors were yet to start. The audit showed that the system for monitoring the project was ineffective and did not help management to identify, analyze, and overcome the causes for delay on a timely basis.

13. ICAO issued "Project Status Reports" and "Monthly Reports" on project implementation. The former were issued at irregular intervals during 2003, 2004 and 2005 and the latter were issued from August to December 2004 at the end of every month, but did not include some parts of the project like Air Traffic Controllers' Training and Mobile Engineering Units (MEU). The ICAO reports covered only works performed since the previous reports, i.e., not on a cumulative basis, and were limited to tasks included in Tasks Orders issued to them by MONUC. Also, a project "Gantt-chart" was intermittently issued by ICAO but with no grouping and classification of tasks into components and linking them to planned implementation schedule. The ICAO's "Project Status Reports" included only estimated costs of works to be performed. There was no comparison with the original estimated amounts or the budgeted amounts and analysis of variances for each individual component or the project as a whole in order to determine reasons for cost and time overruns. The original estimated cost was \$18.7 million whereas in January 2005 it was estimated to be \$23.6 million for civil engineering works alone. No estimate was available of the revised total project cost.

14. The Project Coordinator (ARPC) issued "Point-Brief Reports" at irregular intervals during 2003 and 2004 but did not report on the progress of implementation on all items with reference to the schedule set out in the IAA.

15. As of 31 March 2005, the changes that had been made to the original scope of the project's civil engineering works subsequent to its commencement were not traceable and identifiable through any of the implementation reports issued by the ARPC or ICAO. Cumulative expenditures on any project component since the commencement of the project were not available. The Mission's Engineering Section treated all the works (including those performed as initially planned per the IAA and the ones which were subsequently modified) as part of its routine operations and expenditures incurred thereon were charged to the two general object codes 4103 (maintenance supplies) and 4114 (alteration, renovation and construction service). There was no systematic reporting mechanism, independent of the Engineering Section's reporting on its day-to-day activities, for monitoring project implementation with a view to linking it, operationally and financially, to the IAA.

16. Consequently, the extent of achievement of project objectives, the segmental/collective progress in implementation, and the economical and effective utilization of MONUC funds were not assured by the current reporting system.

### **Recommendation 2**

The MONUC Administration should establish a monitoring system that entails periodic reporting on the physical and financial progress in implementing the airfield renovation project. The report should include information on progressive expenditure for each component to identify and analyze any cost and time overruns/savings. This system should also allow extraction of information for each airport/airfield for better monitoring (AP2005/620/06/002).

17. *MONUC accepted recommendation 2 and explained that monitoring was an ongoing process through meetings between Engineering, Aviation, ICAO and Contracts Management.* OIOS will keep this recommendation open in its database until it can be confirmed that the recommendation has been implemented.

## **B. Project Implementation**

### Non-compliance with the Procurement Manual

18. OIOS found some cases of non-compliance with the UN Procurement Manual relating to bidding and selection of contractors for renovating the Kalemie airport, as explained below:

(i) While the bidding for "Up-grading of Runway at Kalemie Airport" (Ref. Requisition # KBS3-1000143, Purchase Order # 3KIN-200786) was in progress in December 2002, the Engineering Section undertook certain repairs at Kalemie airport. This necessitated a revision in the Scope of Works (SOW). Engineering sent out requests for revision of the SOW through a new Request for Proposals (RFP) in December 2002. However, it requested the new RFP only from the five contractors who had responded to the initial bidding. OIOS considers that this was not in conformity with the principle of providing all prospective vendors with equal opportunity and was also a breach of the spirit of paragraph 9.6 (1) of the UN Procurement Manual, which stipulates:

"If it becomes necessary to modify the Solicitation Documents in any way after they have been submitted to prospective vendors, a written amendment shall be issued to all parties who received the original Solicitation Documents".

(ii) On 16 December 2002, Engineering Section sought authorization from the Procurement Service (PS) in New York to undertake local procurement while the RFP had already been sent out in November 2002. Furthermore, the Engineering Section did not follow PS's advice, as explained below:



- On 17 December 2002, PD recommended that the bids be conducted internationally from Headquarters, New York and requested the Engineering Section to forward the SOW, proposed evaluation criteria, and details of potential local invitees.
- In response, on 20 December 2002, Engineering Section requested PS to reconsider its advice, citing possible delays in involving international vendors. PS did not respond to this request. The Mission continued with the processing of revised proposals locally and concluded it by 30 January 2003.
- On 21 February 2003, PS again requested Engineering Section to provide the SOW to examine the latter's request for local procurement. Instead of sending the SOW, the Mission requested PS's approval of the procurement process that had already been completed locally.

(iii) The contractor selected through the local procurement action appeared to have received preferential treatment from MONUC. On 5 May 2003, ICAO submitted to MONUC its evaluation of bids in accordance with "Guidelines for Overall Airport Rehab" that were prepared and submitted by ICAO to MONUC in September 2001. Although the SOW originally used by MONUC in the RFP was not compliant with these Guidelines, in relation to the details of works to be performed at Kalemie airport, ICAO nevertheless, performed the evaluation and recommended award of the contract to SAFRICAS on the basis that their SOW and price were close to ICAO's 2001 recommended Guidelines. OIOS found that this was not true. SAFRICAS had revised the SOW in response to the Engineering Section's request of December 2002. The original SOW required the work to be completed in four months while the proposal recommended by ICAO provided for the work to be completed in seven months. Furthermore, SAFRICAS asked for an additional \$20,000 per month for the seven months of work over and above its bid price to compensate for climatic conditions at Kalemie. This increase was negotiated down to \$40,000. Thus the bid price rose from \$2,205,124 to \$2,245,124. The contract was then signed with SAFRICAS for \$2,245,124 on 10 April 2004. In OIOS' opinion, the price increase of \$40,000 and the revision of completion date from four to seven months compared to the original SOW was an undue favour to the contractor. The circumstances under which these actions were taken need to be investigated and responsibility assigned.

### **Recommendation 3**

The MONUC Administration should investigate the process leading to the award of the contract for rehabilitation of Kalemie airport and assign responsibility for any deviation from established procurement procedures (AP2005/620/06/003).

19. *MONUC did not accept this recommendation stating that most of the activity requiring review took place 2-3 years ago and most of the staff involved have moved on. The CPO also informed that SAFRICAS, the contractor to whom the contract was awarded had failed and the*

*contract has since been cancelled.* OIOS reiterates this recommendation. It is important for MONUC to investigate the matter to (i) completely rule out the possibility of favoritism leading to the award of the contract, and (ii) use the case as a lessons-learnt exercise to strengthen internal control.

#### Air-Traffic Control (ATC) Training

20. According to the IAA of January 2003, the ATC Training was envisaged to provide the air-traffic controllers at the airports used by MONUC with a refresher and language training and to enhance their operational proficiency with a certification programme.

21. There was a delay in the inauguration of the ATC Training programme. Whilst MONUC signed the IAA in January 2003, the process for recruitment of ATC Training Specialists and organization of training facilities started in May 2003. Furthermore, actual implementation of the training started in May 2004 by amending the ingredients of the programme in the original ICAO proposal to adapt to the shift by MONUC from the conventional Air-Traffic System (ATS) to a Global Navigation Satellite System (GNSS). In this regard, a Work Order Deviation Notice (WODN) was issued in July 2004, which entailed providing the ATC controllers with on-the-job training on the GNSS equipment to be acquired by MONUC.

22. By end of February 2005, an ICAO instructor had conducted a series of three-week refresher training sessions in Kinshasa for 50 ATC controllers from various airports of the western region of the DRC. Another ICAO instructor had conducted similar three-week sessions at Kisangani, Goma, Kindu, and Bukavu airports in the eastern region of the DRC for a number of participants varying from seven to 12 at each airport. A session was to be conducted shortly at Kalemie airport. These training sessions included the basic principles for using the GNSS equipment, as well as elementary air-traffic English language phraseology and management of air-traffic.

23. Apart from a site survey of the eastern region carried out by ICAO's Acting Project Manager in September 2004, during which he interviewed and assessed the operational capacity levels of some of the ATC controllers at Kindu, Kisangani, Kalemie, and Bukavu airports, the ATC controllers have not been tested and evaluated in terms of operational and language capacity before the commencement of the ATC Training programme as required in the ICAO proposal.

24. OIOS' interviews with some ATC controllers who have taken the training sessions provided by ICAO indicated that none of them was a certified controller, either locally or internationally, and that they needed more training on the CNS equipment to be able to operate it efficiently and effectively. None of them spoke English fluently, which was a hindrance to operate in a control tower environment. They all expressed interest in acquiring internationally recognized certification or at least to be introduced to a training that would help them proceed towards certification. Some other MONUC staff members in Air Operations and Aviation Safety sections expressed concerns about the outdated knowledge and professional capabilities of the majority of the ATC controllers at the airports used by MONUC and the negative impact that this might have on the safety of air-traffic operations.

25. The overall project schedule did not indicate detailed tasks under the "ATC Training" item. Neither does it include a proper implementation time-table for this item. Also, the expenditure incurred under the ATC Training e.g. instructors' salaries and allowances, trainees' allowances, and training facilities, etc., were not tracked in a periodic management report (independent of the reports

prepared by the Finance Section on budget utilization) to monitor implementation. In light of the above, OIOS is concerned that there is a strong likelihood that the ATC Training component might not achieve its intended objectives.

#### **Recommendation 4**

The MONUC Administration, in collaboration with ICAO, should conduct a systematic training needs assessment of air traffic controllers, organize the training in light of that assessment and put in place a monitoring and evaluation system for overseeing the quality of training as visualized in the original project proposal (AP2005/620/06/004).

26. *MONUC accepted recommendation 4 and commented that, based on the ATC Training assessment done in September 2004, the training was completed successfully. OIOS will close this recommendation upon receipt of evidence of training carried out.*

#### **Delays in activation of Mobile Equipment Units**

27. The ICAO project proposal of September 2001 planned to execute the engineering works either by using Mobile Equipment Units (MEUs) or through outside contractors. The MEUs were estimated to cost \$1,390,000 and the engineering works planned to be performed with the MEU were estimated at \$5,000,000.

28. Task Order # 3 dated 10 June 2003 indicated that minor works as stipulated in the SOW will be carried out by Engineering Section with MEUs. This document listed seven projects to be outsourced to contractors and six projects to be completed by Engineering Section through MEUs.

29. OIOS noted that no purchases had been made against this element of the project. Site visits to sectors and discussions with the Airfield Engineer and Chief Engineer confirmed that the purchase of these MEUs during the early stages of the Mission would have allowed for more speedy progression of the project and may have avoided temporary closing of runways for urgent repairs. By not purchasing this equipment on time the Mission was forced to resort to inefficient methods for repairing the runways – e.g. using charcoal and firewood for heating bitumen because of the absence of a proper bitumen boiler.

30. At a Performance Review Meeting on 24 November 2004, the decision to purchase MEUs was made. However, as of 22 March 2005, no further action had been taken.

#### **Recommendation 5**

The MONUC Administration should re-assess the need for using Mobile Equipment Units and expedite procurement action if justified (AP2005/620/06/005).

31. *MONUC accepted recommendation 5 and commented that MONUC would undertake a cost benefit analysis of the MEU concept with reasonable variations to properly define the way ahead. The Mission also indicated that the recommendation would be implemented by 31 January 2006.*

OIOS will keep this recommendation open in its database until it can be confirmed that the recommendation has been implemented.

#### Selection of appropriate CNS system for the Mission

32. The original ICAO proposal of September 2001 estimated a total of \$7,330,100 for Communication, Navigation and Surveillance/Non Directional Beacons (CNS/NDB), for urgent rehabilitation and was based on acquisition and installation of, *inter alia*, terrestrial navigation aids and mobile air traffic control towers. The project was approved for implementation on the basis of this proposal and ICAO fees for technical assistance for CNS procurement were set at \$507,700.

33. By January 2003 (date of signing of the IAA with ICAO), DPKO became aware of an alternate technology for CNS known as Global Navigation Satellite System (GNSS). The GNSS system offered distinct operational and cost saving advantages over the conventional CNS/NDB system. This technology was adopted and the estimated cost decreased to \$3.5 million or 53% of the original cost.

34. The first Task Order for GNSS was issued on 26 February 2003. The contract for GNSS implementation was finally signed in New York in March 2005, (two years after issuance of the Task Order) and the full implementation of the project is expected to complete by mid-November 2005.

35. In this connection, OIOS observed that:

(i) Despite the fact that GNSS is a preferred system in all developed countries and had also been introduced in some countries in Africa, the project proposal recommended CNS/NDBs – a system which is gradually being phased out. The ICAO assessment of airports/airfields should have taken this into consideration, as well as the unsatisfactory condition of airports in the DRC, with erratic power supply and unreliable security.

(ii) Once it was decided to go ahead with the CNS/GNSS system, the Mission took too long (2 years) to award the contract for its implementation. This undue delay resulted in the Mission operating its air services under highly risky conditions, in some cases at airports that are either uncontrolled, e.g. Kalemie, or fitted with obsolete equipment that are well below the acceptable standards.

(iii) ICAO's schedule of cost for contract line item (CLIN) 2A – Technical Assistance for CNS Procurement – totaling \$507,700 was based on procurement of CNS/NDB equipment, estimated to cost \$7.3 million. As this requirement has changed, and the total cost of this equipment is now \$3.5 million, the Mission needs to review CLIN 2A and make adjustments to the ICAO fees.

(iv) The success of the CNS/GNSS system relies on the aircraft being equipped with GPS/GNSS receivers. OIOS was informed that approximately 60% of the MONUC's fleet already had these receivers.

## Recommendations 6 and 7

The MONUC Administration should:

- (i) Request the Procurement Service in New York to issue an amendment to the air charter contracts to ensure that all aircraft operating for MONUC are equipped with GPS/GNSS receivers as soon as practicable (AP2005/620/06/006); and
- (ii) Draw up an implementation plan with timelines and delineation of responsibilities to ensure that the CNS/GNSS system is fully implemented in the Mission according to this plan (AP2005/620/06/007).

36. *MONUC accepted recommendation 6 and stated that implementation would be complete by 31 July 2005. OIOS will close the recommendation after ensuring implementation during a forthcoming audit of air operations planned for later this year.*

37. *MONUC accepted recommendation 7 and confirmed that an implementation plan has been developed, updated regularly and distributed to concerned parties. OIOS has closed the recommendation in its database.*

### C. Project Monitoring

#### Lack of effective monitoring and control

38. The IAA with ICAO of January 2003 included engineering works at twelve airports/airfields (details are given in Annex III) to be executed by the Engineering Section in 18 months starting from March 2003.

39. OIOS could not determine which of these works had been completed by end of March 2005. From the launch of the project in March 2003 to the end of March 2005, the ARPC, in consultation with the Chief of Engineering Section, made a series of changes to the scope of the project. According to ARPC, these changes were necessary to go along with changes in MONUC's air operations priorities from time to time. As of the end of February 2005, the tasks set out in Annex III were the responsibility of the Engineering Section. As the scope of work changed, decisions were made to outsource some of the works previously planned to be done by the Engineering Section. However, from the information available with ARPC and Engineering Section, it was not possible to ascertain the basis on which such decisions were made.

40. OIOS observed the following weaknesses in project monitoring and control:

- (i) None of the Engineering sub-projects had a pre-study to determine its objectives, scope, cost estimate, and time implementation schedule.
- (ii) Apart from the Task Orders, there was no paper trail to track the changes made to the Engineering Section works; neither were supporting documents available for major changes in the division of work between external contractors and Engineering Section

(e.g. contracting bulk of the repairs to the Kinshasa runway that was initially assigned to Engineering Section per the ICAO proposal and was allocated of funds amounting to \$2 million).

(iii) From discussions with Air Operations and Engineering staff in Kisangani, Kalemie, Bukavu and Bunia airports during February 2005, they had no specific information on the Engineering works to be executed at their sites.

(iv) The weekly and monthly project status reports on civil engineering works prepared by the Acting ICAO Project Manager were the only monitoring tool for project implementation. However, the report did not include specific information on the Engineering Section's works. Also, changes in the scope of engineering works were not always communicated to ICAO on a timely basis.

(v) Neither ARPC nor the Engineering Section kept track of expenditure to monitor the project. Expenditures were classified as "civil works" and charged either to the project or to routine air operations under object codes 4103 (maintenance supplies) and 4114 (alteration, renovation and construction service), whether it was incurred by Engineering Section or a contractor.

41. Consequently, there was no mechanism whereby MONUC could ensure achievement of the project's objectives, and the implementation of the Engineering works was collectively behind schedule by six months.

#### **Recommendations 8 and 9**

The MONUC Administration should:

(i) Prepare a comprehensive itemized plan for the remaining part of the Engineering Section's works, including scope of work, timetable and cost estimate. ICAO should be requested to report on the progress as a separate item in the weekly/monthly project status report (AP2005/620/06/008); and

(ii) Identify the project-related works performed so far by the Engineering Section and obtain ICAO's certification on them, as required in the project document (AP2005/620/06/009).

42. *MONUC accepted recommendation 8 and explained that the requirement is already in place.* OIOS will close the recommendation upon receipt and review of a copy of a comprehensive itemized plan for the remaining part of the Engineering Section's work.

43. *MONUC accepted recommendation 9 and commented that Aviation Section would ensure that all completed in-house projects will be certified by ICAO by 12 September 2005.* OIOS will close this recommendation once proof of certification has been received.

### Absence of adequate inventory control

44. In the absence of an efficient monitoring system, it was not possible to determine the expenditures on the CNS/GNSS component of the Project. Communication radios provided to some air traffic control towers around the country were taken from Mission stock and were not charged to the project. Mobile traffic towers were received outside the project budget and not charged to the project. In the absence of an updated project proposal with cost breakdowns and estimates of total cost, it was not possible to ascertain how much remained to be achieved.

45. The ARPC did not have an up-to-date list of all the equipment provided by the Mission to different airports so far. Although the items were received under Mission Receiving and Inspection (R & I) and recorded in the Field Assets Control System (FACS), the equipment was split between Communications Section and Aviation Section. In OIOS' opinion, the Mission needs to keep track of all equipment provided by it to various airfields/airports in the DRC and periodically verify their existence.

### **Recommendation 10**

The MONUC Airports Rehabilitation Project Coordinator should design a report in the Field Asset Control System using a unique reference for the project, listing all the equipment acquired and distributed by MONUC to the various airports/airfields in the mission area (AP2005/620/06/010).

46. *MONUC accepted recommendation 10 and stated that implementation of the recommendation is in progress.* OIOS will keep this recommendation open in its database until it can be confirmed that the recommendation has been implemented.

### **D. Contract Management**

#### Payments to ICAO

47. MONUC made three pre-payments to ICAO in March 2003, July 2003 and August 2004 for a total of \$2,430,500 which was 66% of the Not to Exceed (NTE) amount of \$3,656,500 to be paid to ICAO under the IAA.

48. ICAO submitted Statements of Expenditure (SOE) on a cumulative basis every three months. Annex III of the last statement (September 2004) showed a cumulative total of \$96,874 for ICAO administrative costs and \$263,328 for CLIN 2 – CNS/GNSS systems.

49. The payments were made to ICAO in the form of advances that are to be adjusted after expenditures are incurred. Since the launch of the project, the Mission has received six SOEs from ICAO. Supporting documents showing details of line items were not submitted by ICAO with the SOEs despite requests from the Mission.

50. However, OIOS noticed that the explanation for charges provided in Annex III to the SOE i.e., "Cumulative Fixed Charges" for substantive work done under CLIN 2 were not certified by the

ARPC or by the Aviation Section. In OIOS' opinion, such certification is a control mechanism that needs to be put in place.

### **Recommendation 11**

The MONUC Administration should ensure that Statements of Expenditure submitted by ICAO are certified by the Airports Rehabilitation Project Coordinator confirming that the tasks listed therein were actually completed in accordance with the related task orders (AP2005/620/06/011).

51. *MONUC accepted recommendation 11 but explained that, in their view, CMS supporting documentation should be provided by ICAO along with the Statement of Expenditure (SOE) to ensure transparency, prior to transmission of the SOE to the ARPC for certification of services rendered.* OIOS concurs with CMS to continue to persuade ICAO to provide the supporting documentation. However, OIOS is of the opinion that in the absence of supporting documentation, it becomes all the more necessary for the ARPC, with his knowledge of actual project implementation, to certify the SOEs prior to the payment of subsequent installments to confirm that the statements are accurate. OIOS will close the recommendation once assured that the process of certifying the SOEs has commenced.

#### Authorization to utilize unspent project funds

52. The total payment made to ICAO by August 2004 was \$2,430,500 out of which \$507,800 was towards direct costs. The latest SOE of September 2004 showed an expenditure of \$263,328 towards this item. OIOS was informed that the project extension of one year was approved without an increase in the Not to Exceed (NTE) amount of \$3,656,500 towards ICAO fees. Therefore the additional expenses required for the Project Management Office etc. were being drawn from under-spending in substantive areas like CLIN 2B – Technical Assistance for MEU Procurement and CLIN 3 – Technical Assistance for Engineering Works. According to the Mission, this was a transitory measure while the project total cost was being revised and ICAO's total fees were also under review.

53. OIOS considers that it improper to divert funds from substantive items such as Engineering Works and CNS/GNSS systems to support the Project Office of ICAO. Furthermore, this might become complicated if the proposed increase in NTE amount is ultimately not approved and adjustments cannot be made to replenish the shortfalls.

54. The Schedule of Costs submitted by ICAO includes \$339,500 for assistance with contract preparation and award. ICAO will not be called upon to provide this service, as it is the sole responsibility of PD. Furthermore, the Direct Cost towards Technical Assistance for CNS procurement – CLIN 2A needs to be adjusted to reflect the current procurement requirements which follows the change from CNS/NDB to CNS/GNSS.



## Recommendation 12

The MONUC Administration should request ICAO to submit a revised schedule of costs in line with the current status/requirements of the project and issue appropriate amendments to the Inter Agency Agreement accordingly (AP2005/620/06/012).

55. *MONUC accepted recommendation 12 and stated that the Mission is currently awaiting the final submission from ICAO, which, after validation and review would be transmitted to NY for amendment to the IAA. OIOS will close this recommendation once the amendment to the IAA has been signed.*

### “Notice to Proceed” to follow Task Orders

56. In accordance with the IAA, the process to activate individual tasks will be initiated through the issuance of a Task Order which ICAO is expected to cost in accordance with paragraph 4.6.c (i) and (ii) of the IAA. Thereafter, the Mission will review the proposed pricing and issue a “Notice to Proceed” to authorize ICAO to commence work.

57. Task Order #3 was issued on 10 June 2003 listing 12 airfields with 7 jobs to be awarded to contractors and 6 jobs to be done with the MEUs. ICAO submitted their cost estimate on 3 September 2003.

58. Three Work Order Deviation Notices (WODN) were subsequently issued against this Task Order. The first, dated 18 September 2003 was estimated at \$ 10,005,000; the second WODN dated 1 October 2003 had no breakdown of work to be undertaken but tasked ICAO to (i) Develop Technical Design and Specifications; (ii) Assist/Evaluation Bidding Proposals, Contract Preparation and Award; (iii) Project Management, Commissioning and Certification. On this basis, a “Notice to Proceed” was issued on 10 September 2004. However, by that time the Engineering works had increased beyond the scope of the original estimate and ICAO was cautioned not to incur costs beyond the approved cost for their services i.e. \$440,200. On 29 November 2004, the third WODN was issued with a total list of projects costing \$22,272,244. Contracts Management Section confirmed that no “Notice to Proceed” had been issued against the third WODN, as the Headquarters Committee on Contracts (HCC) had not approved the increase in the project budget for Engineering works. However, even though the work seemed to be technically stalled due to absence of “Notice to Proceed”, ICAO had been providing technical specifications, evaluation etc. under Task Order #1 and 2.

59. OIOS is concerned that non-issuance of “Notice to Proceed” increases the risk of making redundant the technical specifications already provided by ICAO. Furthermore, as of 22 March 2005, two projects had been awarded to contractors in Kalemie and Bukavu, worth about \$7 million. It is ICAO’s responsibility to supervise the contractor’s work and provide regular quality control. However, in the absence of a “Notice to Proceed”, ICAO has no legal responsibility to do so.


### **Recommendation 13**

The MONUC Administration should ensure that all task orders and work order deviation notices relating to the project are followed by a "Notice to Proceed", to be issued to ICAO after ensuring the availability of funds (AP2005/620/06/013).

60. *MONUC accepted recommendation 13 and stated that the recommendation is already in place.* OIOS has closed the recommendation in its database.

### **VII. ACKNOWLEDGEMENT**

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

  
Patricia Azarias, Director  
Internal Audit Division - I, OIOS

### Summary of Further Actions Required on Audit Recommendations

MONUC's responses to the audit recommendations contained in this report have been recorded in the OIOS recommendations database for monitoring and reporting purposes. Please note that the following recommendations remain open pending the provision by MONUC of evidence that they have been implemented as described:

<b>Recommendation No.</b>	<b>Required evidence of implementation</b>
AP2005/620/06/001	An updated project design and strategy for implementation of project
AP2005/620/06/002	Confirmation that monitoring system is being used
AP2005/620/06/003	Decision of Administration to investigate the matter
AP2005/620/06/004	Evidence of training carried out
AP2005/620/06/005	Receipt of cost benefit analysis and Administration's decision
AP2005/620/06/006	Pending assurance of implementation
AP2005/620/06/008	Receipt of a comprehensive itemized plan for the remaining part of Engineering works
AP2005/620/06/009	Proof of certification of some of the projects
AP2005/620/06/010	Copy of report extracted from FACS/GALILEO
AP2005/620/06/011	Confirmation that the process of certifying SOEs by ARPC has commenced
AP2005/620/06/012	Receipt of the amendment to the IAA

**Project Works to be executed by Engineering Section as per the ICAO Proposal**

<b>Airports /Airfields</b>	<b>Type of Work</b>	<b>Cost US\$</b>
Kinshasa	Cracks & joints repairs and marking paint	2,000,000
Goma	Essential repairs and marking paint	120,000
Bangoka	Runway strips – joints on apron, marking paint	130,000
Kananga	Runway strips, draining system, marking paint, repairs on apron	320,000
M'Bandaka	Runway strips, draining system, bomb holes repairs, marking paint	390,000
Kalemie	Runway strips, draining system, runway repairs, marking paint, etc	290,000
Simi-Simi	Runway strips, draining system, runway repairs, marking paint	310,000
Kindu	Runway strips, draining system, marking paint	200,000
Boende	Runway strips, draining system, new 10 cm laterite layer, new concrete angles and paint	390,000
Manono	Runway strips, draining system, new concrete angles and paint	350,000
Basankusu	Runway strips, draining system, new 10 cm laterite layer, new concrete angles and paint	350,000
Ilebo	Runway strips, draining system, new concrete angles and paint	150,000
	<b>Total</b>	<b>5,000,000</b>

**Project Works Executed/to be executed by Engineering Section**  
**As of the end-February 2005**

<b>Airports /Airfields</b>	<b>Type of Work</b>	<b>Cost US\$</b>
Kinshasa	Temporary repair on MONUC Apron and Soil-cement stabilization works	258,000
Goma	Construction of helicopter apron for Indian Contingent and unsurfaced temporary apron	248,000
Kisangani	Runway repairs	260,000
Bunia	Temporary apron extension and temporary helipad area as airfield	Not yet estimated
Bukavu	Bukavu town helipad	85,000
Arua	Runway upgrading for C-130	250,000
Kindu	Rotary wing apron	40,000
Kasese	Construction of Temporary Rotary wing stands	49,700
	<b>Total</b>	<b>1,190,700</b>



OIOS/IAD-1 Client Satisfaction Survey

The Internal Audit Division-1 is assessing the overall quality of its audit process. A key element of this assessment involves determining how our clients rate the quality and value added by the audits. As such, I am requesting that you consult with your managers who dealt directly with the auditors, and complete the survey below. I assure you that the information you provide will remain strictly confidential.

Audit Title & Assignment No.: Airfield Renovation Project in MONUC (AP2005/620/06)

**By checking the appropriate circle please rate:**

1. The extent to which the audit addressed your concerns as a programme manager.
2. The audit staff's understanding of your operations and objectives.
3. The professionalism of the audit staff (communications, integrity, professional knowledge and responsiveness)
4. The quality of the audit report in terms of:
  - accuracy and validity of findings and conclusions
  - clarity and conciseness
  - balance and objectivity
  - timeliness
5. The extent to which the audit recommendations were appropriate and helpful.
6. The extent to which your comments were considered by the auditors
7. Your overall satisfaction with the conduct of the audit and its results.

	1 (poor)	2	3	4(excellent)
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.				
-- accuracy and validity of findings and conclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- clarity and conciseness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- balance and objectivity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- timeliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please comment on any areas in which you have rated the audit team's performance as below your expectations. Also, please feel free to provide any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

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Name: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

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

- by mail: Ms. Patricia Azarias, Director, Internal Audit Division-1, OIOS  
Room DC2-518, 2 UN Plaza, New York, NY 10017 U.S.A.*
- by fax: 212-963-3388*
- by email: [iad1support@un.org](mailto:iad1support@un.org).*