

INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of sewage collection and disposal services contracts in UNIFIL

15 April 2008

Assignment No. AP2007/672/03

United Nations  Nations Unies

INTEROFFICE MEMORANDUM


MEMORANDUM INTERIEUR

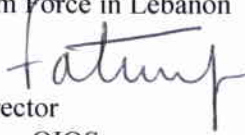
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Major-General Claudio Graziano
A: Force Commander
United Nations Interim Force in Lebanon

DATE: 15 April 2008


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



REFERENCE: IAD: 08- 01220

SUBJECT: **Assignment No. AP2007/672/03 – Audit of sewage collection and disposal services contracts in UNIFIL**
OBJET: **UNIFIL**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 1, 6, 7, 8, 12 and 13 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 2, 5, 9 and 15), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Marcel Savard, Director of Mission Support, UNIFIL
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, JIU Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Tilchand Acharya, Chief Resident Auditor, UNIFIL

INTERNAL AUDIT DIVISION

FUNCTION

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EXECUTIVE SUMMARY

Audit of sewage collection and disposal services contracts in UNIFIL

The Office of Internal Oversight Services (OIOS) conducted an audit of sewage collection and disposal services contracts in the United Nations Interim Force in Lebanon (UNIFIL) in September and October 2007. The audit was requested by UNIFIL management. The overall objective of the audit was to assess the adequacy and effectiveness of procedures in the preparation, awarding and administration of service contracts for sewage collection and disposal services. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS found that the procurement process relating to the service contracts for sewage collection and disposal services was in accordance with established procurement procedures. However, OIOS noted the following weaknesses:

- The Engineering Support Section (ESS) was overly optimistic with regard to completing the construction of proper septic systems in a relatively short period of time and, therefore, awarded short-duration contracts. This optimism was unrealistic given the sharp surge in troop deployments from 2,000 to 13,000 troops within a six-month period, resulting in: (a) amending the contracts three times; (b) extending its duration by 10 months; and (c) increasing the Not to Exceed (NTE) amount to over \$2 million from the initial \$450,882.
- The Mission did not appoint a contract administration focal point and the roles and responsibilities of the Procurement Section (PS), the Joint Logistics Operations Centre (JLOC) and ESS were not defined with regard to the administration of sewage removal and disposal services. The contractors interacted with contingents, JLOC, PS and ESS, and accepted work orders in excess of the established schedule and in locations not specified in the contract schedule.
- Controls over the recording of the contractor's activities and the certification and payment of invoices were not established. ESS certified invoices for sewage removal services solely on the basis of the contract schedule and the information from the contractor, without verifying the information from contingents. Consequently, there was no assurance that the services invoiced were actually delivered.

OIOS made a number of recommendations to address the internal control weaknesses noted in the report.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of sewage collection and disposal services contracts in the United Nations Interim Force in Lebanon (UNIFIL) in September and October 2007. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. In a 14 August 2007 memorandum, UNIFIL requested OIOS to conduct a review of sewage collection and disposal services contracts awarded to TOIFOR Hungary Ltd. and to a contractor, Mr. Chaaban. The Not to Exceed (NTE) contract amount had an initial limit of \$450,882, which was increased to \$2,084,965 due to a number of contract extensions.

3. In accordance with Security Council resolution 1701, UNIFIL's military strength increased from 2,000 to 13,000 during October 2006 to March 2007. The new contingents have established about 30 new camps, military posts and living quarters throughout UNIFIL's area of operations, which entailed additional logistical requirements, including sewage removal and disposal services. Prior to UNIFIL's expanded mandate, UNIFIL sewage trucks were used to remove and dispose of sewage.

4. In order to keep up with the rapid deployment of troops and as a stop-gap measure, UNIFIL used the existing local garbage removal contractors Karim Husein and Chaaban, who also had sewage removal capabilities. This was intended as an interim arrangement from October to December 2006 to provide sewage services at newly established and existing sites that had experienced a surge in troop deployments. UNIFIL sewage trucks continued to serve the other existing locations, which had established septic facilities and where there was no increase in troop deployments.

5. Comments made by UNIFIL are shown in *italics*.

II. AUDIT OBJECTIVES

6. The main objective of the audit was to assess the adequacy and effectiveness of procedures in the preparation, awarding and administration of service contracts for sewage collection and disposal services.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit focused on UNIFIL's contractual arrangements for sewage collection and disposal services during 2006 and 2007, and sought to determine: (i) the reasons for the initial exclusion of certain vendors in the acquisition process; (ii) the basis for awarding short duration contracts in lieu of a re-bidding exercise considering the increase in services required; and (iii) the adequacy and effectiveness of internal controls in certifying vendor invoices in the Engineering Support Section (ESS). The audit included a review of the relevant documentation, interviews with staff in the Joint Logistics Operations Centre

(JLOC), Procurement Section (PS) and ESS, and field visits to five military contingents.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Procurement process

Initial exclusion of certain vendors

8. The competitive bidding process to contract sewage collection and disposal services was launched in October 2006. An Invitation to Bid (ITB) was sent to 14 vendors, which elicited responses from seven local and international vendors. ESS' technical evaluation of bids revealed that five of these vendors did not provide adequate and complete documentation, as required in the ITB, including (a) written approval/permit or disposal certificate from the appropriate and recognized local authorities and (b) certificate of ownership of vehicles or a copy of the lease agreement contract.

9. As a result, there were only two valid offers received. In January 2007 the contract for sewage removal and disposal was awarded to the remaining two vendors that adhered to the requirements of the ITB. These were TOIFOR Hungary Ltd. (TOIFOR) and a contractor Mr. Chaaban. They were awarded contracts for three months, with a total NTE amount of \$450,882, split as follows: (a) contract CON/FIL/U1/06/80/EE - TOIFOR for \$353,682; and (b) contract CON/FIL/U1/06/82/EE - Chaaban for \$97,200.

10. While OIOS acknowledges efforts made by PS and ESS to exercise due diligence during the technical evaluation of the bids received, the files in PS did not contain the original documentation relating to the TOIFOR bid. While these documents were later found in ESS files, it is important that PS obtain and file all original documents related to the selection process to ensure transparency in the vendor selection process and to justify the exclusion of unqualified vendors from competition.

Recommendation 1

(1) The UNIFIL Mission Support should ensure that proper supporting documentation is obtained and appropriately filed to ensure transparency in the vendor selection process and to justify the exclusion of unqualified vendors.

11. *The UNIFIL Mission Support accepted recommendation 1 and stated that technical evaluations are reviewed and placed on file, and copies are being included in presentations to the Local Committee on Contracts (LCC). Based on the action taken by UNIFIL, recommendation 1 has been closed.*

Award of short term contracts

12. Until the expansion of its mandate in 2006, UNIFIL was providing sewage removal and disposal service in-house, which was limited to supporting 2,000 troops. During the troop deployment surge, the short term contracts as mentioned above were awarded, as a temporary measure to provide direct removal of sewage from septic tanks at specified UNIFIL contingent locations. It was envisaged that this temporary contractual arrangement would be phased out once UNIFIL constructed proper septic systems as required by the draft Engineering Support Manual.

13. However, from the initiation of the contract in January they were extended twice in April and July 2007 to 4 October 2007, with an increased NTE amount of \$2,009,631:

- TOIFOR - \$1,843,311 (with a *post facto* element)
- Chaaban - \$166,320.

14. During the presentation to the LCC for the second extension, ESS presented projections for estimated NTE amounts, which were calculated based on the current and anticipated future troop strength. In this presentation, ESS anticipated that UNIFIL's 18 sewage treatment plants would soon be operational, meaning that the bulk of the services would be handled in-house. It was stated that the two contracts would be maintained simply as a backup to the in-house service. This was accepted by the LCC, and based on an overly optimistic expectation that proper septic systems could be constructed, the UNIFIL Mission Support approved the contract extensions. ESS' projections were found to be unrealistic given the sharp increase in troop deployments (from 2,000 to 13,000 within a six-month period), and UNIFIL's limited capacity to undertake sewage removal and disposal services. In OIOS' opinion, the significant increase in the need for services should have given the Mission clear indications that the Mission required a longer-period contractual arrangement. Taking this into consideration, a re-bidding exercise for the services would have been the preferred course of action.

15. On OIOS' review of ESS' time estimates for having operational sewage and water treatment plants, it was clear that they had not properly taken into account and/or systematically considered the time necessary to plan for, procure and install the sewage and water treatment plants. Additionally, the Chief of Mission Integrated Support (CMIS) stated that the scope of work for services should have been more flexible to accommodate the increase in requirements for the incoming troops.

16. The temporary arrangements were further extended to 4 November 2007 with the NTE amount increased to \$2,084,965. In summary therefore, the lack of proper planning resulted in: (a) amending the contract three times; (b) extending its duration by 10 months; and (c) increasing the NTE amount to over \$2 million from \$450,882. On the recommendation of the LCC, at the time of the audit, PS was conducting a new bidding exercise in order to enter into a new contract covering the period 10 November 2007 through 30 December 2008.

Recommendation 2

(2) The UNIFIL Mission Support, when determining the duration of temporary service contracts, should include *inter alia* time for the: (i) preparation of service requirements; (ii) completion of required procurement process; and (iii) stop-gap period.

17. *The UNIFIL Mission Support accepted recommendation 2 and stated that following the period of rapid deployment and expansion, the Self Accounting Units (SAUs) and the Mission as a whole are now in a position to better plan requirements based on existing and anticipated scope of activities. The formulation of an acquisition plan represents the joint responsibility of PS and the individual SAUs. The plan is reviewed on a quarterly basis to adjust to changing circumstances and minimize ad hoc interventions. Every stakeholder participates in the appropriate aspect of the acquisition process, to include the definition of timelines. OIOS acknowledges the Mission's response but keeps recommendation 2 open pending verification of the timelines/duration of temporary service contracts.*

B. Septic systems and facilities

Establishment of septic facilities and pre-fabricated septic systems

18. UNIFIL has 61 sites where military contingents are situated. Sewage treatment in these sites consists of a combination of the following:

- Septic tanks that need to be sucked out regularly;
- Filter systems that need to be cleaned regularly; and
- Filter systems that need to be cleaned once every 3-6 months.

19. As of 1 October 2007, UNIFIL contractors had been removing sewage and waste water in 29 locations at an average cost of \$232,000 per month. UNIFIL trucks occasionally collect and dispose of sewage in the remaining already established 32 locations.

20. UNIFIL is establishing septic facilities and prefabricated septic systems in 61 locations. It plans to install 18 sewage and waste water treatment plants by March 2008. After which, the requirement for sewage dumping by contractors is anticipated to decrease considerably. When all sites are fitted with proper septic systems, the requirement for sewage collection and disposal services would only be occasional, and the cleaning service would also be periodic (3-6 months). At that point, the need for outside contractors will be eliminated.

21. Annex A of the draft Engineering Support Manual states that as far as possible and practical and where such a system exists, UN office buildings, living quarters and camps shall be connected to an existing sewer system. Where central sewer systems are not available or are non-existent, a septic tank and a soakage trench system specifically designed for the building, camp or post shall

be installed. As a last resort solution, the draft Manual specifies the installation of pre-packaged, prefabricated sewage treatment plants. The draft Manual does not provide for the direct emptying of septic tanks as a viable solution for sewage and waste water removal.

22. ESS decided to outsource the sewage removal services at a cost of \$2,085,000 for the period January to November 2007 because the local sewage systems were either non-existent or did not provide for any treatment of refuse, which would have environmental consequences. However, there was no evidence that this decision was based on a documented analysis, and, moreover, the selected contractor would ensure sewage was properly treated prior to disposal. In OIOS' opinion, UNIFIL should have evaluated the options as required by the draft Engineering Support Manual.

Recommendation 3

(3) The UNIFIL Mission Support should fully assess the possibility of connecting, wherever feasible, the living quarters and camps to the existing sewage system of the host country in order to justify the need for and the costs of constructing sewage and water treatment plants.

23. *The UNIFIL Mission Support accepted recommendation 3 and stated that the Mission has considered and assessed all the available options as recommended in the draft Engineering Manual immediately after the initial phase of rapid deployment. With the exception of one sewage transportation line in Tibnin (close to location 6-5), which was not connected to an acceptable treatment system, there were no public sewage disposal systems within the area of operations. UNIFIL was determined not to make use of such a system for environmental reasons. Recommendation 3 remains open pending receipt of documentation showing the feasibility assessment including the conclusions on the environmental safety issues.*

Completion status of septic facilities and pre-fabricated septic systems

24. ESS plans to install 18 pre-fabricated waste water treatment plants at 12 locations and 24 pre-fabricated septic systems at 19 other new and existing positions, and rehabilitate the septic facilities at existing locations. According to the Chief of ESS, the work will be completed in the first quarter of 2008. As of 1 October 2007, 12 months after the start of troop deployment, UNIFIL has operational sewage treatment facilities in only 15 locations. Table 1 shows the completion status as of 1 October 2007.

Table 1: Completion status of septic facilities and pre-fabricated septic systems

Construction /Installation of	Completion status (No. of locations)			
	Completed	In-progress	Not started	Total
Pre-fabricated waste water treatment plants ("Aquarius")	-	5	4	9

Pre-fabricated septic systems (NTG)	13	10	9	32
Refurbishment of pre-existing septic facilities of Indian Battalion and Ghanaian Battalion	2	7	-	9
Sub-total	15	22	13	50
Sewage tanks serviced by UNIFIL trucks, no refurbishment planned				11
Total				61

25. ESS informed OIOS that as of 22 October 2007, 15 new and pre-existing positions were fitted with the sewage treatment systems, and the requirement for sewage removal was reduced to only periodic cleaning of residual waste. As a result, the monthly cost reduction, according to ESS, amounted to \$38,000 from July through October 2007. ESS further advised that the remaining facilities will be operational by March 2008.

26. In the LCC deliberations of 9 October 2007 regarding a further extension of the sewage removal contract until 4 November 2007, the estimated timeframe for commissioning the waste water treatment plants was June 2008. The completion dates of waste and water treatment plants have been frequently extended from December 2007 (LCC presentation dated 27 July 2007) to March 2008 to June 2008 (LCC minutes dated 9 October 2007).

27. ESS has repeatedly informed the LCC that once the facilities are completed, the contract would be phased out and would be used only occasionally for the periodic cleaning of residual waste and as a backup. However, the new contract that is being finalized is for the period ending 30 December 2008. In OIOS' opinion, there is no valid justification for extending the contract beyond June 2008, the expected timeline for the completion of the waste water treatment plants and septic facilities.

Recommendations 4 and 5

(4) The UNIFIL Mission Support should expedite the completion of septic and wastewater treatment facilities without further delay.

(5) The UNIFIL Mission Support should review the continuing need for contractual septic and wastewater services beyond June 2008 and closely monitor the utilization of such services beyond June 2008.

28. *The UNIFIL Mission Support accepted recommendations 4 and 5, and stated that the previous implementation date of 31 March 2008 will not be reached due to various reasons such as the complexity of the camps, additional work required and other logistical problems. However, the number of locations outsourced for sewage disposal has been reduced from 30 to 11. It is expected that the construction of septic and wastewater treatment systems in all locations will be completed by June 2008. This will eliminate the necessity for outsourcing such services. Slight delays in completion time may occur due to deteriorating security situation in the country. Recommendations 4 and 5 remain open pending*

receipt of confirmation that the construction of septic and wastewater treatment systems in all locations is completed.

C. Contract administration

Control weaknesses in assigning and monitoring contractors' work

29. ESS is the focal point for sanitation services to UNIFIL contingents. For the TOIFOR and Chaaban contracts, ESS was responsible for: (i) identifying sewage collection and disposal service requirements; (ii) raising requisitions; (iii) determining the scope of work; and (iv) conducting technical evaluation of bids.

30. No focal points were assigned to interface with TOIFOR and Chaaban on a day-to-day basis on technical matters. In accordance with Article 3.1 of the contract, the contractor was required to contact the Chief Engineer, UNIFIL to establish procedures and reporting channels for the commencement of services. Articles 5.1 and 8.2 of the contracts stated that all communications were to be in writing and made solely through the Chief Procurement Officer (CPO).

31. When the contracts were drafted, it was envisioned that the contractors would be performing the work in accordance with UNIFIL's schedule of requirements, unless otherwise advised in writing by the CPO. However, in practice, this provision was not adhered to by the contractors and not enforced by UNIFIL. In fact, the contractor, in contravention of Article 3.1, interacted with several entities at UNIFIL including contingents, JLOC, the PS and, on a limited scale, ESS.

32. In effect, there was no person assigned to administer the contract in PS or in ESS, and at times, JLOC made decisions beyond its role as a coordinating mechanism. Although JLOC's principal role was to interface between the contingents and the SAUs, its role was not clearly defined. Furthermore, instructions to monitor the contractors' compliance with the schedule requirements to the contingents were not adequately followed up with periodic meetings to clarify their responsibilities regarding the contractors' services. In OIOS' view, contractors were not properly monitored by ESS, JLOC or the contingents and as a result started to accept work orders in excess of the established schedule and in locations not specified in the contract. Additionally, as no controls were established to record the contractors' activities, they submitted invoices in excess of the NTE amount, as referred to below.

33. UNIFIL has now established the Contract Management Section under the direct supervision of the CMIS, and recruitment of staff for this Section is currently underway. In OIOS' opinion, an interim contract manager responsible for overseeing the existing service contracts would have provided better coordination of all parties involved and prevented unauthorized and unscheduled services.

34. The lack of properly stated and enforceable lines of authority had contributed to the overall lack of control and meaningful contract administration.

Recommendations 6 to 11

(6) The UNIFIL Mission Support should designate the Engineering Support Section as the focal point for the day-to-day administration of sewage removal and disposal contracts, and for monitoring and assigning tasks to the contractors.

(7) The UNIFIL Mission Support should: (i) develop detailed procedures to ensure that the sewage removal and disposal contractors carry out tasks assigned to them against authorized work orders; and (ii) coordinate with the Procurement Section to include these procedures as an integral part of the contract.

(8) The UNIFIL Mission Support should ensure that sewage removal and disposal contractors receive instructions from only the Engineering Support Section, as required by Article 3.1 of the contract.

(9) The UNIFIL Mission Support should clearly define the roles and responsibilities of the Procurement Section, the Engineering Support Section and the Joint Logistics Operations Centre in the administration of sewage removal and disposal services.

(10) The UNIFIL Mission Support should ensure that future service contracts include the clause on the appointment of appropriate focal points for contract administration and for interaction with contractors.

(11) The UNIFIL Mission Support should ensure that the existing and future service contracts include: (i) controls to monitor services against the contract schedule; and (ii) appropriate procedures for obtaining services beyond the contract schedule.

35. *The UNIFIL Mission Support accepted recommendations 6, 7 and 8, and stated that ESS has been assigned the responsibility of the day-to-day management of the sewage disposal contract. Procedures have been developed, which are an integral part of the new contract as stipulated in Annex B, which includes the quantities and frequency of disposal per location. At the time the new contract was awarded in December 2007, there was a joint meeting with the contractor and it was explained that the assignment of tasks will be done by ESS within the framework of the contract. A written confirmation has also been issued in this regard. Based on the action taken by the Mission recommendations 6, 7 and 8 have been closed.*

36. *The UNIFIL Mission Support accepted recommendation 9 and stated that with the establishment of the Contracts Management Unit (CMU), CMU will*

liaise with PS, ESS and JLOC to define the roles of each section and to jointly develop an SOP. OIOS will close recommendation 9 upon receipt of a copy of the SOP.

37. *The UNIFIL Mission Support accepted recommendations 10 and 11, and stated that appropriate focal points for contract administration and interaction with contractors will be included in all future contracts. Controls to monitor services against contract schedules will be included in future service contracts. The procedures for obtaining services beyond the contract schedule have been included in paragraph 6.2 of the existing contract sewage removal and disposal services. Recommendations 10 and 11 remain open pending OIOS' review of 2008 service contracts in regard to the appointment of appropriate focal points for contract administration and the establishment of controls to monitor services against the contract schedule, as well as the procedures for obtaining services beyond the contract schedule.*

D. Invoice certification

Control weaknesses in invoice certification

38. ESS certified invoices for sewage removal services solely on the basis of the contract schedule and the information from the contractor, without independent verification by contingents. From January to June 2007, TOIFOR billed UNIFIL \$374,000 for work beyond the contract schedule for locations not specified in the contract. Although the invoices were not certified, they were included as expenditures beyond the approved NTE amount as *post facto* costs in the request for contract extension.

39. According to ESS, factors leading to the submission of invoices in excess of the NTE amount were: (a) instead of excavated pits, contingents used waste water holding tanks that require continuous emptying; and (b) contingents requested waste removal services without advising UNIFIL.

40. Furthermore, during the contingent site visits to TOIFOR serviced locations, OIOS found that the contingents did not: (a) exercise control over the services provided by the contractor; and (b) keep records of the services provided.

41. The only available documents concerning the provision of the sewage removal were the entry and exit of sewage trucks at the security gate. Contingent officials informed OIOS that they were not provided with established procedures to control and monitor the services provided by the contractor. However, ESS and JLOC informed OIOS that the contingents had been provided the required procedures but they had not been properly disseminated to troops rotating into the Mission.

42. Consequently, there is no assurance that the services were actually delivered in the volume claimed and presented in the invoices. The lack of adequate control resulted in NTE amount of \$606,389 established for TOIFOR in the first extension being exceeded which subsequently required *ex-post facto*

approval. Also, still at the time of the audit, even though the total NTE amount was \$2,084,965, adequate controls had not been implemented.

Recommendations 12 and 13

(12) The UNIFIL Mission Support, due to rotation of contingents, should regularly advise contingents of the requirements to exercise proper internal control over sewage removal and disposal services.

(13) The UNIFIL Mission Support should obtain adequate evidence that sewage removal and disposal services have been received through independent confirmation by the contingents as the basis for certifying contractor invoices.

43. *The UNIFIL Mission Support accepted recommendations 12 and 13, and stated that JLOC has issued an SOP detailing contingent requirements for verifying and reporting contracted sewage disposal services, and reminding contingents of their responsibilities to brief incoming rotations. JLOC will visit an incoming unit at the earliest opportunity to discuss all logistics related issues and will send out periodic reminders. ESS will ensure that sewage removal reports are properly completed and submitted on time for payment purposes, after the information is verified by the contingents. Based on the action taken by the Mission, recommendations 12 and 13 have been closed.*

Lack of controls to measure services received

44. The sewage collection and disposal services contracts include that the contractors will provide services in cubic meters, and this metric was used in raising invoices. However, ESS was not verifying the volume of septic tanks, therefore, it was impossible to estimate and monitor the volume of sewage removed. Furthermore, ESS did not verify the capacity of the sewage trucks provided by the contractor therefore there is no assurance that the contractor is paid against the actual volume of services delivered.

45. In July 2007, ESS' Water and Sanitation Unit conducted spot checks of TOIFOR's sewage trucks and identified discrepancies where the declared volume exceeded the actual volume. Table 2 provides the details of these discrepancies.

Table 2: Discrepancies in sewage trucks carrying capacity

Plate number and contingent position	Declared volume (cubic meters)	Volume per ESS measurements (cubic meters)	Discrepancy (cubic meters)
Without plate, position 8-30	14	9	5
346273; position 2-3	12	10	2
325017; position 6-5	20	15	5
357715; position 2-45	7	6.5	0.5

46. As of 31 May 2007, the contractor raised invoices totaling \$760,914 of which only \$470,953 had been certified for payment. UNIFIL applied payment rates of \$6.50 per cubic meter and \$7.90 per cubic meter depending on the contingent location.

Recommendations 14 and 15

(15) The UNIFIL Mission Support should require the contractor TOIFOR to re-measure and declare the actual volume of the sewage trucks used for the services, and UNIFIL should verify the measurements for accuracy.

(16) The UNIFIL Mission Support should review all payments made to the contractor against the verified measurements for actual sewage truck capacity, and recover any overcharges due to inflated volumes claimed in paid invoices.

47. *The UNIFIL Mission Support accepted recommendations 14 and 15, and stated that all trucks deployed by contractors are jointly measured and verified in terms of volume by both the section and designated contractor representatives, this being the basis for invoice certification and payment. In October 2007, ESS measured all the trucks used for sewage suction by contractors and reviewed all payments for the period January through June 2007 and established that they were effected against the verified measurements for truck capacity. The inconsistencies related to truck volumes did not result in overcharges as the disputed vehicles were not utilized during the referred period. As for the period July 2007 onwards, all invoices were verified and processed against the established truck volumes and actual quantities of sewage removed. Recommendations 14 and 15 remain open pending receipt of documentation on the verification exercise and the discrepancies found.*

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	C		Implemented
2	O	OIOS' verification of the timelines/duration of temporary service contracts	Immediate
3	O	Submission to OIOS of documentation showing the feasibility analysis, including conclusions on the environmental safety issues	Implemented
4	O	Submission to OIOS of documentation showing that the construction of septic and wastewater treatment systems in all locations is completed	30 June 2008
5	O	Submission to OIOS of documentation showing that the construction of septic and wastewater treatment systems in all locations is completed	30 June 2008
6	C		Implemented
7	C		Implemented
8	C		Implemented
9	O	Submission to OIOS a copy of the standard operating procedures, defining the roles and responsibilities of UNIFIL sections in the administration of service contracts	30 June 2008
10	O	Submission to OIOS of documentation showing the appointment of appropriate focal points for contract administration in 2008 service contracts	Immediate
11	O	Submission to OIOS of documentation showing the establishment of controls to monitor services against the contract schedule and appropriate procedures for obtaining services beyond the contract schedule in 2008 service contracts	Immediate
12	C		Implemented
13	C		Implemented
14	O	Submission to OIOS of documentation showing the details of verification exercise and discrepancies found	October 2007
15	O	Submission to OIOS of documentation showing the details of verification exercise and discrepancies found	October – December 2007

¹ C = closed, O = open

² Date provided by UNIFIL in response to recommendations