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Highlights

Highlights of [GAO-10-168](#), a report to the Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The United Nations (UN) Office for Project Services (UNOPS) provides numerous services for its clients, including procurement and project management. Recent audits and investigations of UNOPS have revealed alleged violations of law, weak internal controls, and financial mismanagement. UNOPS officials misused some of the more than \$400 million awarded to UNOPS by the U.S. Agency for International Development (USAID) from 2004 through 2008. GAO was asked to (1) assess the extent to which UNOPS has addressed key concerns about its internal controls, and (2) evaluate USAID’s oversight of UNOPS-implemented projects. To address these objectives, GAO reviewed UNOPS and USAID policies and grant documentation.

What GAO Recommends

GAO recommends that the Secretary of State work with other member states to encourage UNOPS’s continued reform in areas of vulnerability identified by UN auditors and assessment of the effectiveness of the reform effort. We also recommend that the USAID Administrator ensure that USAID document its approach for assessing PIOs’ eligibility for USAID funding and improve its guidance, training, and monitoring relating to the use of PIO audit provisions. State and USAID agreed with our recommendations. UNOPS acknowledged the need for an assessment of reforms, but stated that improvements have already been demonstrated.

View [GAO-10-168](#) or [key components](#). For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

UN OFFICE FOR PROJECT SERVICES

Management Reforms Proceeding, but Effectiveness Not Assessed, and USAID’s Oversight of Grants Has Weaknesses

What GAO Found

While UNOPS management continues to implement reforms that address key concerns raised by audits and investigations, the effectiveness of some implemented reforms has not been assessed. Management efforts to improve UNOPS include (1) development of UNOPS’s project tracking system, Atlas; (2) establishment of an internal oversight office; and (3) establishment of an ethics office. While changes to Atlas have improved UNOPS’s financial documentation, UNOPS does not systematically assess data reliability in Atlas. Although UNOPS’s internal oversight has been strengthened by the creation of an oversight office, two phases of an investigation of activities in Afghanistan have not begun. UNOPS had no investigative capacity of its own and had to seek out external investigators for which it is still negotiating the scope and cost. In addition, while UNOPS’s ethics office complies with most UN requirements, no one has assessed the effectiveness of the office’s activities. Finally, UNOPS’s Executive Board lacks full access to internal audit reports that could provide greater insights into UNOPS’s operations.

USAID has not consistently implemented its oversight policies when making grant awards with UNOPS and has been vulnerable to program fraud and abuse. While USAID has policies that require it to perform pre-award assessments of Public International Organizations (PIO), such as UNOPS, USAID could not provide official documentation of these assessments for 7 of its 11 awards made to UNOPS from 2004 through 2008. In the 4 assessments USAID provided, there were no statements acknowledging findings of weak internal controls from UN audits and investigations. In addition, USAID did not negotiate to include audit authority for 9 of these awards that would have allowed USAID access to UNOPS project financial records. We found that an absence of clear guidance, training, and monitoring contributed to these failures. USAID’s noncompliance with its policies resulted in limited access to data on UNOPS grants that were associated with findings of possible criminal actions.

