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INTEROFFICE MEMORANDUM   MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION I
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Jan Pronk,
A: Special Representative of the Secretary-General
United Nations Mission in the Sudan (UNMIS)

DATE: 4 October 2005

REFERENCE: AUD-7-5:26
05-00141

FROM: Patricia Azarias, Director,
DE: Internal Audit Division I
Office of Internal Oversight Services

P. Azarias

SUBJECT:
OBJET: **OIOS Audit No. AP2005/632/01: UNAMIS transition to UNMIS**

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

2.   We note from your response to the draft report that UNMIS has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 14 and 36 in the OIOS recommendations database and revised recommendation 7. In order for us to close out the remaining recommendations - recommendations 1-13 and 15-40 we request that you provide us with additional information as indicated in the text of the report and a time schedule for implementing each of the recommendations. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status.

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.

cc.   Mr. Jean-Marie Guéhenno, Under-Secretary-General for DPKO
Ms. Donna Marie Maxfield, OIC, ASD/DPKO
Mr. Paul Johnson, Chief Administrative Officer, UNMIS
UN Board of Auditors
Program Officer, OIOS
Mr. M. Akram Khan, Chief Resident Auditor, UNMIS

Office of Internal Oversight Services

Internal Audit Division I

AUDIT OF UNAMIS TRANSITION TO UNMIS

Audit no:	AP2005/632/01
Report date:	4 October 2005
Audit team:	Andrea Charles-Browne, Auditor-in-Charge
	Kemal Karaseki, Auditor

EXECUTIVE SUMMARY
OIOS Audit of UNAMIS transition to UNMIS

In March 2005, OIOS conducted, for the first time, an audit of United Nations Advance Mission in Sudan (UNAMIS). The objectives of the audit were to: (i) determine the high risk areas in the overall management of the Mission; (ii) evaluate the financial, procurement and property management controls; and (iii) determine whether there is a mechanism for smooth transition from the political to the peacekeeping mission.

Overall Assessment

The Mission was established as an advance Mission in June 2004 and became a Peacekeeping Mission in March 2005 when UNMIS was established. Considering the anticipated large size of the mission with a budget amounting approximately $1 billion and 10,000 troops, immediate action needs to be taken in regard to developing effective internal control mechanisms together with clear procedures and guidelines in all key areas.

OIOS recognized that the Mission had made considerable effort to meet the pre-requisites of Paragraph 4 of the Security Council Resolution 1547 to facilitate rapid deployment, but noted that the absence of and delay in having a mandate have had negative implications on both substantive and administrative activities.

Property management in the Mission was poor creating a high risk of misappropriation. Property management, including expendable and non-expendable items, had serious deficiencies and constitutes a high risk area, particularly relating to accountability and integrity of data and safeguarding. Inventory reports generated from the system Galileo were inaccurate and receipt and inspection procedures were inadequate, especially at El-Obeid, the logistics base. Prompt action needs to be taken by the Mission Management regarding physical verification of all mission assets.

Procurement requires management attention, in regard to interpretation of rules and regulations and systems contract administration. The contract for tented camps aiming to meet the accommodation needs of troops appears to be a critical one. A contract valued at $76.3 million was awarded to a local contractor, and the project was behind schedule. The Mission Management, in coordination with DPKO and Procurement Service should assess the need for a contingency plan in case of failure by the existing contractor.

In light of the depletion of funds in the Commitment Authority, there was an urgent need to reprioritize the Mission's activities to ensure that the critical areas were being addressed to achieve a smooth transition to the new Mission. In this regard, a review of the overall organizational structure and critical staffing needs is vital, especially in the context of the unified approach, and to achieve the level of transparency and accountability. The work plan should also be enhanced to include, inter alia, details on milestones and measurable key performance indicators. Administratively, the requirements of the field administration and delegation of authority are generally complied with. However, improvements are needed in several key areas such as organizational structure, planning and controls, particularly in critical areas such as personnel, asset and financial management and procurement, which if not improved, can impact adversely on the new Mission and its ability to fulfill its mandate.

Operationally, there are also financial risks to the Organization associated with commitments of significant resources in order to achieve a state of readiness for the transition to UNMIS.

Major Findings

The detailed findings which were brought to the attention of the Management are:

- The organizational structure is not detailed enough to clearly show functional and reporting lines throughout the Mission; both at the Headquarters in Khartoum and the regional offices. Additionally, the terms of reference and/or specific job descriptions have not been completed and approved for all critical posts to determine that adequate segregation of duties exists and that the chain of command is clear.

- A review of the organizational structure of the administrative function identified a number of structural weaknesses. For example, the Chief of Integrated Support Services has responsibility for many areas like Joint Logistics Operation Center, Supply, Engineering, Aviation etc. The Deputy Chief of the Integrated Support Services is from the military, and therefore clarity is needed regarding his reporting and accountability to civilian management and Force Commander. The structure for the regional offices, medical and training should also be reviewed in this context.

- There are no established milestone dates and key performance indicators to effectively monitor and evaluate the objectives stated in the draft work plan. Also, not all sections and units have completed work plans specific to their respective areas of focus.

- Public Information was singled out in Security Council Resolution 1547 as a critical focus area for achieving the mandate. To date, the draft overall strategic plan does not clearly define the objectives, benchmarks and methods for achieving its objectives.

- There are Mission specific requirements for the recruitment of local staff in a manner to achieve gender balance, targeted at 50 to 50. A ratio of 67 to 33 is also being considered for international versus national staff. The policy is still in draft and should be finalized as quickly as possible and a strategy be established for achieving this ambitious goal.

- Security arrangements need improvements: (i) the security plan (evacuation and medical evacuation) is still in draft and therefore not yet tested; (ii) staffing within the Security Section is inadequate for proper discharge of security functions; (iii) the warden system is yet to be fully introduced and tested; (iv) the staff list did not reflect the current deployment at the mission; and (v) the Mission is not fully Minimum Operating Security Standards compliant.

- Due to the high value of the contracts which the Mission has to administer during the mandate period, effective controls and monitoring mechanisms need to be developed in this area. For example, Eurest Support Services International was awarded $202 million for the rations contract and Skylink was awarded a contract of $85.9 million for fuel support contract.

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Glossary of Terms

ACL	Access Control Log
AI	Administrative Instruction
ASG	Assistant Secretary-General
AU	African Union
BMS	Building Management System
BOI	Board of Inquiry
CAO	Chief Administrative Officer
CCPO	Chief Civilian Personnel Officer
CFO	Chief Finance Officer
CITS	Communications and Information Technology Section
CLA	Chief Legal Adviser
DDR	Disarmament, Demobilization and Reintegration Resource Centre
DPA	Department of Political Affairs
DPKO	Department of Peacekeeping Operations
DSRSG	Deputy Special Representative of the Secretary-General
DSRSG/HC/RC	Deputy Special Representative of the Secretary-General, Humanitarian Coordinator/Resident Coordinator
DSS	Department of Safety and Security
EDP	Electronic Data Processing
EOI	Expression of Interest
EOL	Exchange of Letter
ESS	Eurest Support Services International
FACS	Fixed Asset Control System
FPMS	Field Personnel Management System
FRR	Financial Rules and Regulations
FSO	Field Security Office
HCC	Headquarters Committee on Contracts
HC	Humanitarian Coordinator
HQ	Headquarters
IC	Information Circular
ICSC	International Civil Service Commission
IDP	Internally Displaced Person
IMTC	Integrated Mission Training Cell
IOR	Immediate Operational Requirement
ISS	Integrated Support Services
IT	Information Technology
ITSD	Information Technology Services Division
JLOC	Joint Logistics Operation Center
JMC	Joint Monitoring Commission
KPI	Key Performance Indicator
LCC	Local Committee on Contracts
LSD	Logistics Support Division
LTS	Logistics and Transportation Section

NPO	National Professional Officer
MIP	Medical Insurance Plan
MOSS	Minimum Operating Security Standards
MOU	Memorandum Of Agreement
MOVCON	Movement Control Unit
NTE	Not to Exceed
OCSS	Office of Central Support Services
OHRM	Office of Human Resources Management
OIOS	Office of Internal Oversight Services
OIC	Officer in Charge
OLA	Office of Legal Affairs
ORB	Occasional Recuperation Break
PI	Public Information
PM	Procurement Manual
PMSS	Personnel Management and Support Service
PO	Purchase Order
PS	Procurement Service
RBB	Results Based Budgeting
RC	Resident Coordinator/Regional Coordinator
RFP	Request for Proposal
R&I	Receipt and Inspection
SAU	Self Accounting Unit
SC	Security Council
SDS	Strategic Deployment Stocks
SOP	Standard Operating Procedures
SRSG	Special Representative of the Secretary General
SSS	Support Services Section
TDY	Temporary Duty
UNDP	United Nations Development Programme
UNMISUD	The United Nations Mission in Sudan
UNAMIS	United Nations Advance Mission in the Sudan
UNMIS	United Nations Mission in the Sudan
UNLB	United Nations Logistics Base
UNFSCO	United Nations Field Security Coordination Office
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNSECORD	Office of the United Nations Security Coordinator
UNVs	United Nations Volunteers
VA	Vacancy Announcement
VAT	Value Added Tax
VDO	Vendor Database Officer
WFP	World Food Programme

I. INTRODUCTION

1.   OIOS conducted an audit of UNAMIS in March 2005. The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations organizations.

2.   The Security Council adopted Resolution 1547 on 11 June 2004 for the establishment of a special political mission in Sudan, named United Nations Advance Mission in Sudan (UNAMIS). Although a political mission, it is directed and supported by DPKO, as other peacekeeping missions. Pursuant to the Comprehensive Peace Agreement signed by two parties in Sudan on 9 January 2005, Security Council hailed a statement regarding UN support for implementation of the peace agreement, including deployment of a peace support operation. The duration of its mandate was expected to cover the interim period of six and a half years as outlined in the peace agreement.

3.   UNMIS will deploy its military component to support the verification and monitoring requirements, as outlined in the peace agreement. It will monitor the cessation of hostilities, disengagement, numbers of combatants, and redeployment. A deployment of 10,000 troops in six sectors in South and East Sudan, of which 750 will be military observers, has already been offered for the authorization by the Security Council. The Mission will assume, from the start of its mandate, operational control of the Joint Monitoring Mission/Joint Monitoring Committee in the Nuba Mountains, and the Verification and Monitoring Team and the Civil Protection Monitoring Team in Equatoria and Bahr el Ghazal areas. A proposal for 755 civilian police be deployed across the six sectors, and at Headquarters, has been submitted.

4.   UNAMIS was funded by 2 separate budgets: the regular budget with an allocation of $37.6 million and the Peacekeeping Budget with $49.9 million (Pre-commitment Authority).

II.   AUDIT OBJECTIVES

5.   The major objectives of the audit were to:

    i.   Determine the high risk areas in the overall management of the Mission and the internal control mechanisms;

    ii. Evaluate the Mission's financial, procurement and property management controls; and

    iii. Assess the mechanism for a smooth transition from a political to a peacekeeping mission.

III. AUDIT SCOPE AND METHODOLOGY

6.   At the time of the audit, the Mission was in the initial set-up process as a political mission in transition to a peacekeeping mission. Therefore, the audit focused mainly on system

development and control procedures for the specific areas of organizational structure, planning, finance, procurement and asset management, in addition to the mechanisms in place for transition to full peacekeeping operation.

7.   The audit was conducted using interviews of official staff at the Headquarters and at the Mission and reviews of policies and procedures documentation in the context of applicable rules and regulations.

8.   All audit findings and recommendations were discussed with Management at an exit conference and in detail with the respective functional areas.

IV.   OVERALL ASSESSMENT

9.   Based on the audit review, the audit determined that the following areas are high risks and could impact on the ability of the Mission to achieve its mandate.

   i.   Property Management: insufficient control and monitoring mechanisms;

   ii.   Procurement: inadequate planning, requisitioning and compliance with Procurement Manual and systems contract administration;

   iii. Security: MOSS requirements not fully met and information sharing or risk assessments need improvement;

   iv.   Financial Management : lack of adequate segregation of duties; and

   v.   Organizational Structure: understaffing, controls, reporting and accountability need to be clearly defined.

10.   OIOS observed that property management was poor, creating a high risk of misappropriation. Reconciliation for all expendable and non-expendable items needs to be made.

11.   The tented camps project that is required for the accommodation of troops and staff appears to be a critical contract. This contract had been awarded to a local contractor, Amzar, with a value of $76.3 million. The project was behind schedule and the capacity of the contractor was questionable. The Mission Management, in coordination with DPKO and Procurement Service should assess the need for a contingency plan in case of failure by the existing contractor.

V. AUDIT FINDINGS AND RECOMMENDATIONS

A. SUBSTANTIVE AREAS

Organizational Structure

12.   The organizational structure is aimed at achieving the unified approach envisioned by the Management for UNAMIS (Annex I). The unified approach is the concept of a multidimensional peace support operation with a unified charter and coherent approach of the entire UN system in Sudan. This approach also links both civilians and uniformed personnel under the formal management structure. However, a review of the organizational chart shows that the structure is not detailed enough to clearly show functional and reporting lines throughout the Mission; both at the Headquarters in Khartoum and the regional offices. Additionally, the terms of reference and/or specific job descriptions have not been completed and approved for all critical posts to determine that adequate segregation of duties exists and that the chain of command is clear. Also needed are the rules and procedures for interaction with other UN agencies and the African Union (AU) participating in this unified approach.

13.   In general, the current structure needs to be reviewed and revised to ensure proper division of labour and accountability, addressing any potential conflicts in tasks that could arise in areas such as Disarmament, Demobilization and Reintegration (DDR), Force Commander, Protection and Rule of Law, DSRSG/HC/RC, and Chief of Staff etc. The organizational structure is critical to the overall success of the Unified Approach if the Mission is to achieve its mandate.

14.   OIOS reviewed the organizational structure dated 6 March 2005 and identified the following areas for improvement:

      i.   Deputy SRSG/HC/RC - the Deputy SRSG, in addition to his management role in UNAMIS is the Humanitarian Coordinator (HC) and Resident Coordinator (RC) and has the roles as Administrator and Emergency Relief Co-coordinator in UNDP, which could be conflicting and should be carefully managed. Management agreed that there were potential conflicts but cited that it was beneficial in terms of the coordination required for the Unified approach.

      ii.   The Liaison Office in Nairobi - its functions subsequent to the Peace Agreement need to be redefined and a determination made regarding continuity. No provision is made for this office in the 2005/06 budget.

      iii.   The United Nations Field Security Coordination Office (UNFSCO) which is accountable to the SRSG and the Office of UN Designated Official for Security for Sudan (DSS) on security matters had no clear link with the Security Section.

      iv.   The Chief of Staff charged with liaising between the administration and substantive offices reports directly to the SRSG and also the agencies.

However, there is no clear link to the administrative functions within the SRSG's office and also to Integrated Support Services (ISS) and Administrative services through the CAO's office, necessary for effective managerial function and information flow in terms of accountability and reporting. There is also no reporting requirement for the administrative staff in the SRSG's office.

v.   The role and responsibility of the Chief Legal Advisor (CLA) on all legal matters, including contract management issues and systems contract administration was not clear; to date, the CLA did not advise on such matters. Management indicated that legal advice was provided by a legal officer who was placed directly within the administrative service, and who did not report to the CLA.

Planning and Monitoring

15.   The draft work plan, called "The Sudan Unified Mission Plan", dated 19 January 2005, is quite comprehensive and outlines the Vision and Mission, assumptions, conditions, objectives and approach for the Mission in Sudan. The Draft Plan also outlines the proposed mission structure and programmes. Our review of the draft work plan showed that there were no established milestone dates and key performance indicators to effectively monitor and evaluate the objectives stated therein. Also, not all sections and units have completed work plans specific to their respective areas of focus.

16.   The adaptation of the experiences of different mission start-ups is haphazard and is generally limited to the individual experiences of staff. There is no evidence of a systematic approach for incorporating lessons learned from previous political and/or peacekeeping missions in the initial set-up phase of the peacekeeping mission. Also, the Mission has not developed an archiving policy to ensure institutional memory and transfer of knowledge.

17.   The role and responsibility of DPA and DPKO in providing the relevant guidance and logistic support were not clearly redefined in the context of the Mission's status as a special political mission charged with preparing for a peace-support mission. There was no strategic approach engaged for implementing lessons learned.

Recommendations 1 to 3

UNMIS Management should:

(i)   In collaboration with DPKO, review the organizational structure and outline clear roles, responsibilities and reporting lines for Deputy SRSG/HC/RC, the liaison office in Nairobi, Security Section, Chief of Staff and Chief Legal Adviser to ensure proper accountability and reporting (AP2005/632/01/01);

(ii)   Review the draft work plan and establish a clear strategy to achieve the UNMIS' mandate, including establishing milestones,

dates and key performance indicators for measuring the achievements (AP2005/632/01/02); and

(iii)   Establish an archiving policy and procedures regarding the types of documents and information to be maintained in order to preserve institutional memory to be used in the lessons learned process (AP2005/632/01/03).

18.   UNMIS Management accepted recommendations 1 to 3 and *indicated the implementation dates as September and October 2005*. OIOS will hold these recommendations open in its database until receipt and review of a copy of the revised organization structure, terms of reference, approved mission plan, 2005-2006 budget, SOPs for Records Management Unit and sampled output of EASY computerized system.

Public Information

19.   Public Information (PI) was singled out in Security Council Resolution 1547 as a critical focus area for achieving the mandate and a budget of about $7 million is anticipated up to 2006. A review of the draft overall strategic plan showed that it does not clearly define the objectives, benchmarks and methods for dissemination of information. There was neither a timetable for the conduct of its own survey, nor the necessary analysis to determine the needs of the constituents.

20.   The budget for Public Information is spread among different line items including Communication, Information Technology, General Services and Procurement. As such, specific procedures need to be developed for effective administration and accountability and administrative support is needed.

21.   The Memorandum of Understanding (MOU) to establish formal relation with the partner identified for the Radio project had not been formalized, resulting in delay in the progress of the radio project, the single biggest area in PI.

22.   Staffing was inadequate to effectively carry out the critical functions of PI, and there is a lack of adequate administrative support to effectively carry out procurement functions. There was also a need to establish formal rules of engagement with participants of the Joint Information Group, which includes other UN agencies.

Recommendation 4

UNMIS Management should review and revise the draft strategic plan to include key performance indicators and conduct a comprehensive survey to determine required public information activities and projects and finalize MOU arrangement regarding the radio project (AP2005/632/01/04).

23.   UNMIS Management accepted Recommendation 4 and *stated that it had already been implemented*. OIOS will close the recommendation in its database upon receipt and review of a

copy of the finalized Public Information Office strategic plan and the MOU with Partner Foundation Hirondelle (FH).

Security

24.   Security Policies and Procedures and the appropriate SOP for security are in place and are being implemented. However, a number of weaknesses were identified as follows:

i.   Noting the proactive approach taken by the Mission to require staff to pass the Department of Safety and Security (DSS) training, and inclusion of a briefing on security as part of Induction Training, no drills have been conducted to keep staff abreast of security requirements.

ii.   The Security Plan (evacuation and medical evacuation) is still in draft and therefore not yet tested. Also, the Warden System is yet to be fully introduced and tested.

iii.   Staffing within the Security Section is inadequate for proper discharge of security functions. For example, the radio room is primarily manned by national staff and at certain hours of the night the HQ is manned only by national staff. Also, the Investigations Unit is not fully staffed.

iv.   Security is part of the substantive area, reporting to SRSG. The present authorized level for equipment authorization appears adequate; however, it is not always readily available due to the slow procurement process. This could jeopardize the proper discharge of security functions at the Mission. It was indicated that simple items such as torch lights and uniforms have not yet been procured as requested. Also, the Unit has been assigned a rented, instead of UN vehicle, which, in the case of an emergency at a time when the driver is not physically close to the UN, could cause delay in response.

v.   Security risk assessments done by should be shared with the Security Section in a timelier manner. This necessitates a review of the rules of engagement and structure to ensure accountability, especially in the context of the integrated approach to security with emphasis on the gathering, analysis and dissemination of information, security planning and contingency for emergences. This is currently critical in the field, in relation to areas frequently coded as "No-go zones" to ensure that the activities can be efficiently carried out.

vi.   An excel spreadsheet is used to track staff locations. However, the version presented to OIOS was incomplete and did not reflect the current deployment at the mission. Also, there is no systematic means of obtaining information on new staff from Personnel Section. Furthermore, this could be automated to minimize errors and increase the integrity of data.

vii.   The occupied HQ building and compound is still being made Minimum Operating Security Standards (MOSS) compliant. A number of areas that were identified in a follow-up security assessment need to be addressed.

viii.   Mission assets were moved to the recently acquired warehouse during the course of the audit. However, all security recommendations for MOSS compliance for the new warehouse building have not yet been addressed.

25.   Additionally, two security assessments were conducted for the warehouse; the first was done by OIC- Security Section but was not accepted by the CAO, and the second assessment was conducted by two senior United Nations Field Security Coordination (UNFSCO) officers. This action raises the issue of (i) non-reliance on the work of Security Section; (ii) lack of clear procedure for conducting, presenting and approving such activities of Security Section; and (iii) role and responsibility of the UNFSCO in regard to the Security Section, in terms of review and approval of security assessments.

Recommendations 5 to 7

UNMIS Management should:

(i)   Take appropriate action to ensure that all premises are fully MOSS compliant in accordance with the security assessments (AP2005/632/01/05);

(ii)   Finalize and test all security policies and procedures (AP2005/632/01/06); and

(iii)   Develop and implement a system with appropriate controls to ensure data integrity for tracking staff locations throughout the mission (AP2005/632/01/07).

26.   UNMIS Management fully agreed with recommendations 5 and 6 and *advised OIOS that the implementation was ongoing.* The Mission is requested to provide OIOS a copy of the security risk assessment (SRA) which was conducted by UN Headquarters. OIOS will hold these recommendations open in its database until the receipt and review of the documentation evidencing that all premises are fully MOSS compliant in accordance with the security risk assessments and all security policies and procedures are finalized and tested.

27.   UNMIS Management disagreed with Recommendation 7 *stating that UNMIS in this stage of its existence does not have the capacity to develop applications of such capacity.* OIOS is of the view that this exercise would be better carried out in conjunction with the joint efforts of the Warden System, Personnel and Security Sections. The guidance of DPKO could be sought for establishing an automated system. Consequently, OIOS revised the recommendation to clarify the need for a system for tracking staff movements and locations throughout the Mission, regardless of being manual or electronically. Eventually, the tracking system should be supported electronically.

B. ADMINISTRATIVE AREAS

28.   Administratively, the requirements of the Field Administration Manual and Delegation of Authority are generally complied with. However, improvements are needed in several key

areas such as organizational structure, planning and controls, particularly in critical areas such as personnel, asset and financial management and procurement, all of which could impact adversely on the overall management of the Mission if not effectively managed. Management indicated that the shortcomings were generally due to limited resources at the start of the special Mission which was expected to perform as a full peace operation.

Organizational Structure and Reporting

a.   Organizational structure needs improvement

29.   A review of the structure of the Mission's administrative function identified a number of structural weaknesses. For example, the Chief of Integrated Support Services has responsibility for many areas like JLOC, Supply, Engineering, Aviation etc. The Deputy Chief of the Integrated Support Services is military personnel, and therefore needs clarity regarding reporting and accountability to civilian management and Force Commander. The structure for the regional offices should also be reviewed in this context.

30.   The Claims and Contract Management Units have not yet been established and the terms of reference and procedures were not documented.

Recommendation 8

> UNMIS Management should review the organizational structure and establish clear roles, responsibilities and accountability for the Integrative Support Services' subsections, and establish Claims and Contract Management Units (AP2005/632/01/08).

31.   UNMIS Management accepted Recommendation 8 and set *an implementation date of October 2005. Management also indicated that the Claims Unit and the Contract Management Unit had already been established in the Mission in April 2005.* OIOS will hold this recommendation open in its database until receipt and review of a copy of the revised organizational structure and documents defining roles and responsibilities of Integrated Support Services' subsections and the recently established Contract Management and Claims units.

b.   Improvement required in reporting within and by the mission

32.   The Mission is required to submit a CAO report, inventory and financial reports to Headquarters (HQ) on a monthly basis. No CAO reports have been submitted since November 2004. Also, given the less than satisfactory management of assets, the integrity of the data in the inventory reports submitted to Headquarters is questionable.

33.   Management meetings are held at different level of the Mission. However, minutes of the deliberations and decisions are not always taken and disseminated to keep both management and staff properly informed and enable adequate follow-up actions. In OIOS' opinion, there is a need to establish a mechanism that will require minutes of all formal management meetings to be documented and circulated as deemed relevant to ensure adequate information flow throughout the Mission.

Recommendation 9

> UNMIS Management should ensure that all required reports (CAO, inventory and financial reports) are submitted to HQ in a timely manner and all outstanding reports should be immediately submitted to HQ (AP2005/632/01/09).

34. UNMIS Management accepted Recommendation 9 and *stating that it had been already implemented.* OIOS will close the recommendation from its database upon receipt and review of documentation evidencing that all required reports are submitted to Headquarters since October 2004.

Budget

a. The format of the budget was not fully RBB compliant

35. Based on the SG's report which was endorsed by Security Council Resolution 1547, the Mission is funded by a regular budget and supplemented by a peacekeeping budget. OIOS noted that changes were still being made to the budget as a result of delay in approving the mandate. Notwithstanding the revisions, OIOS' review of the proposed 2004/05 and 2005/06 revealed the following:

 i. The budget format does not fully comply with Results Based Budgeting (RBB) requirements. Justifications were included for 2005/06 budget, however, the milestones, key performance indicator and results were not formally presented.

 ii. The budget did not include a provision for logistical support to African Union (AU) in Darfur for which funds had to be redeployed.

 iii. There were no clear outlines or written guidelines explaining how each asset and/or expense would be charged to either the regular budget or the peace-keeping budget; and this would have implications for the reconciliation process and transparency.

 iv. Delay in the mandate had resulted in near depletion in budgeted funds. However, the Mission had not done a comprehensive assessment of the impact on its activities, which should have been done as a matter of priority.

Recommendation 10

> UNMIS Management should provide the necessary training in Result Based Budgeting to the relevant staff to ensure that the next budget in prepared in the proper format (AP2005/632/01/10).

36. UNMIS Management accepted Recommendation 10 and *advised OIOS that the implementation was ongoing.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that training sessions in Results Based Budgeting are arranged for relevant staff.

<u>Personnel</u>

a. Staff recruitment practices and policies need improvements

37.   There are Mission specific requirements for the recruitment of local staff in a manner to achieve gender balance, targeted at 50 to 50. A ratio of 67 to 33 is also being considered for international versus national staff. The policy is still in draft form and should be finalized as quickly as possible and a strategy established for achieving this ambitious goal. The Mission should also evaluate the implications for the overall deployment of staff, the vacancy rate, and the resulting impact on the activities of the Mission.

38.   Recruitment of the required expertise was not always done in timely manner. For example, failure to recruit engineers in sufficient numbers has had a negative impact on the planning and implementation of significant projects; such as the technical assessment of the new buildings that were required because of space problems at the Mission Headquarters, Khartoum. The impact of the absence of an adequate number of engineers on the Mission's operations should be assessed and immediate action needs to be taken to remedy the situation. Other areas impacted are asset management and security, where there were insufficient international staff to carry out the functions as asset managers and supervision of security officers. Regarding security, management explained that this was primarily due to the early departure of the Chief of Security from the Mission and the subsequent delegation of the selection task to DSS which resulted in some delays. In Finance Section, internal controls were compromised because of a lack of adequate segregation of duties. Management associated this to insufficient posts and restriction to the recruitment of available posts.

39.   DPKO Human Resources handbook stipulates that, to ensure transparency and objectivity, interviews should be conducted by an interview panel. In most cases, interviews for local staff were primarily carried out by the programme managers with personnel as ex-officio, suggesting the need for formal interview panels to be formed.

40.   The first batch of UNVs (11 staff) were recruited before the Exchange of Letters (EOLs) were signed by DPKO, as required by the 18 November 2003 MOU between the UN, acting through DPKO, and UNV Bonn. The decision to do so was taken by the CAO because of a delay in signing by DPKO.

41.   The criteria and vacancy announcements (VA) for National Professional Officers (NPOs) do not always comply with the requirements as stated in the International Civil Service Commission (ICSC) and the Human Resource Handbook, Para 1-11 and ISC A/49/30. Prior approval from PMSS/DPKO is required for such posts; however, in practice, this approval is sought at the end of the process. In the case of the National Training Officer, for example, there was no indication in the VA (requirements for education and experience) which would ensure that this was achieved.

Recommendations 11 to 13

UNMIS Management should:

(i)   Establish a clear strategy for the implementation of the UN gender balance policy (AP2005/632/01/11);

(ii)   Establish the required Interview Panel for recruitment of local staff (AP2005/632/01/12); and

(iii)   Comply with the requirements of the International Civil Service Commission regarding the recruitment of National Professional Officers, ensuring that local experience is a requirement for employment (AP2005/632/01/13).

42.   UNMIS Management accepted *Recommendation 11 stating an implementation date of December 2005. It also stated that the initial target of 30 to 70 ratio had already been achieved.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that a clear strategy for the UN gender balance policy is established.

43.   UNMIS Management accepted Recommendation 12 partially *commenting that its implementation was ongoing. It further stated that adhoc panels provided the necessary flexibility during the start-up phase and they expected to continue with this arrangement in view of the dynamics of mission operations which involve constant turnover of staff on ORB. The extent and widespread nature of the mission area where recruitment has to be carried out in the sectors also dictated this arrangement.* In OIOS' view, having a panel for recruitments is sufficient, regardless of being formal or adhoc. OIOS will close this recommendation in its database upon receipt and review of documentation evidencing the formation of adhoc panels during recruitment of local staff.

44.   UNMIS Management accepted Recommendation 13 partially, *indicating however that it had already been implemented. It also agreed with the need to comply with ICSC guidelines, but also believed that the Mission had complied. Even though VA for the national training officer might not have made specific indication of the requirement for local experience, that factor had been considered during the selection and screening process. It further stated that recruitment of national officers had been carried out with respect to authorized national officers posts, so the need for prior permission did not seem necessary or efficient.* Although OIOS accepts the explanation given by the Mission regarding seeking prior permission, it reiterates its position to include the requirements for local experience in the vacancy announcement.   OIOS will therefore close this recommendation in its data base upon receipt and review of documentary evidence of implementation.

b.   Short-term Staffing Arrangements

45.   A number of stop-gap measures were being adopted to temporarily fill critical vacant positions, including the recruitment of staff members on Temporary Duty (TDY) appointments, as consultants, individual contractors (ICs) and as United Nations Volunteers (UNVs).

46. The following anomalies were noted:

    i. There was no clear guideline on the repatriation of staff who are awarded contract appointments while on TDYs. There were varying interpretations regarding this issue in the specific case reviewed, the final decision for which was taken by the CCPO.

    ii. There was no documented evidence that the TDY posts were advertised and subjected to competition when converted to contract appointments. Additionally, there was no evidence of a requirement for a formal Performance Report at the time of conversion, as was required for the conversion of Individual Consultants.

Recommendation 14

    UNMIS Management should request DPKO/OHRM to provide guidelines on repatriation of staff members on TDY who have been offered contract employment, and also on the conversion of staff members on TDY to contract employment (AP2005/632/01/14).

47. Management accepted Recommendation 14 partially, *indicating, however, an implementation date of August 2005. It did not believe that it acted irregularly with regard to repatriation of staff members on TDY that they had been offered contracts but will inform DPKO of its interpretation of existing guidelines. The Mission had since received guidelines from PMSS on 'GA Resolution 59/296: Impact of TDY and assignment of locally recruited staff members'.* Based on the action taken, OIOS closed this recommendation in its database.

c. There is a need for a system to track and enforce ORB

48. Occasional Recuperation Break (ORB) is a five day special leave with full pay and allowances that is granted to internationally recruited civilian staff members due to the stressful and difficult working conditions within the Mission area. Several Information Circulars (ORB IC 28 July 2004 No: 02/2004 and IC 7 September 2004 No: 10/2004) were issued regarding ORB. However, ORB is not tracked or monitored in an organized manner. In several cases, particularly at management level, ORB was not taken or was postponed. The recent change in policy (from 2 months to 3 months) was not implemented in a timely manner.

49. The notification from Headquarters regarding the change in the qualifying period was communicated to the Mission on 3 March 2005 (received from OHRM on 8 February 2005), after the deadline of December 2004. In the absence of a new directive after 31 December 2004, the Mission had continued to use the 2-month qualifying period (and found it difficult to apply retroactively). OHRM subsequently issued a directive reverting to the 2 month requirement, establishing a new deadline of June 2005 for review. However, OIOS maintains that although ST/AI/2000/21 does not classify it mandatory leave, the intent is such that leave should be taken to provide temporary relief from hardship areas. Therefore, as a management tool, the Mission should establish a mechanism to track and report on exceptions regarding ORB.

Recommendation 15

> UNMIS Management should ensure that work schedules are planned effectively to enable all staff to take ORB when due or as soon as possible thereafter, without much disruption of the functioning of their respective sections, and establish a system for tracking ORB (AP2005/632/1/15).

50. UNMIS Management accepted Recommendation 15 *setting an implementation date of October 2005*. OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that a system for tracking ORB is established.

d. The Field Personnel Management System (FPMS) is not used optimally

51. The FPMS is the electronic system used by Personnel Section to record confidential staff data. The following weaknesses of the system were noted:

    i. Not all modules of FPMS are used, which may be due to systems flaws. For example, the staff members indicated that data from this module is sometimes inaccurate and inconsistent. Moreover, the Medical Insurance Plan (MIP) claims cannot be printed from the system. Therefore attendance is recorded manually, subjecting the process to human errors and is time consuming. A fully dedicated staff has been assigned this specific task.

    ii. In Communications and Information Technology Section (CITS), there were two database administrators instead of one.

Recommendation 16

> UNMIS Management should seek the advice of DPKO's IT section regarding the FMPS system in order to immediately address its weaknesses (AP2005/632/01/16).

52. UNMIS Management accepted Recommendation 16 *commenting that the implementation was ongoing*. OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that the weaknesses of the system are being addressed and improvements made.

e. Improvement needed in filing system and archiving policy

53. Personnel files are not maintained in secured places and access to the files should be limited. Also, some files are incomplete; information on academic records, birth certificates, job descriptions and other data relevant to the recruitment process were missing. Management indicated that this is partly due to space limitation.

<u>Procurement</u>

a. Functions of each section should be clearly defined

54.   Financial Rules and Regulations set out the requirements and exceptions for bids and proposals. As per its delegation of authority, the Mission should obtain quotations for amounts from $20,000 to $50,000. The Procurement Section was in the process of being established. There was no clear distinction of duties and purchase orders were processed by each buyer, without assignment of certain group of vendors or required goods and services. There was no responsible person for maintaining the vendor roster until recently, which management explained was mainly due to lack of human resources. One of the recent decisions regarding restructuring was a new unit responsible for administering the major systems contracts. Among these a contract has already been signed for tented camps and rations and fuel contracts were expected to be signed in the near future pending the approval of mandate. The roles and responsibilities and the detailed work plan for this unit have not yet been established.

55.   At the early stages of the mission, due to insufficiency of resources, the procurement of goods and services were outsourced to UNDP in Khartoum. However, there was no evidence or supporting documents as to how the procurement through UNDP had been done and whether there was adherence to procurement rules and regulations.

Recommendation 17

UNMIS Management should expedite the recruitment of staff for critical procurement positions and clearly define the roles and responsibilities of staff and functions of each unit within the Procurement Section (AP2005/632/01/17).

56.   UNMIS Management accepted Recommendation 17 and *indicated an implementation date of December 2005. In the meanwhile, three additional posts had been filled since completion of audit.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that roles and responsibilities of staff and functions in each unit are clearly defined.

b. Misinterpretation of some Procurement Manual (PM) and Financial Rules and Regulations (FRR) provisions

57.   The adherence to PM and FRR improved in general as the Mission was in the process of its development, however, there is still a need for clarification and further improvement in some procurement practices.

58.   As per Procurement Manual Sections 7.1, 7.10 and 7.11, the Mission should maintain a database of prospective companies for the supply of UN requests for goods and services; keep files of applicants; update the profile of the vendor at certain intervals and require performance rating forms about the vendors from requisitioners. The vendor roster in UNAMIS needs more attention in relation to two aspects: increasing the variety of vendors and keeping a filing system

for each. Additionally, for the rendered services, the responsible units should start issuing vendor performance reports.

59.   Procurement Manual Section 12.1.1 stipulates that all purchases over $200,000 must be submitted to the Headquarters Committee on Contracts (HCC). In some cases, this was not complied with:

     i.   The lease agreement for the premises in Garden City Plot No. 81 is for (1) year with an option to extend for another (4) years. Although the annual lease cost is $72,000; total cost for (5) years if the option to extend is exercised would be $360,000. The amount passes beyond the Local Committee on Contracts (LCC) authority of $200,000. (UNAMIS/CON/04/004).

     ii.   The lease agreement for the Warehouse in Khartoum is for (1) year with an option to extend for another (4) years. Although the annual cost is $120,000, total cost for (5) years if the option to extend is exercised will be $600,000. This passes beyond the LCC authority. (UNAMIS/CON/05/51)

     iii.   In the bidding action for the "supply and installation of electrical material" to the UNAMIS Headquarter Building, electrical trunk and accessories were removed from the requirements list after the bidding had been awarded to HB Company in September 2004. The original offer of HB was $230,966; however after the removal of the above-mentioned items from the offer (they were decided to be purchased through another bidding exercise in the LCC Meeting No: MIS/04/03/02 on 21 September 2004), HB was awarded a contract of totaling $173,589.

     iv.   The new bidding for the same materials mentioned above was done in November 2004 and all three bidders were awarded in the same bidding process. Separate PO's were issued to these vendors for the same material: HB Engineering Group, Conquers Computers and Engineers and Intouch with the values respectively $43,708, $13,367 and $30,930, aggregating to a total of $88,005.

60.   Although the invited vendors were the same in both cases, for "the civil works" and "steel works" for the UNAMIS Headquarters Building in Ramsis, two separate procurement exercises were followed. The same company, Tomak-Target JV was awarded both bids after the LCC recommendations with values of $142,700 and $111,100, respectively. The total value of the two purchase of services was $253,800 (LCC No: MIS/04/04-04 and MIS/04/04-02 on 28 September 2004). Furthermore, the two contracts were amended as $199,652 and $202,725 respectively, when there was a need for additional work and the total value of the services reached $402,377 (LCC on 10 March 2005).

61.   As per Procurement Manual Section 12.1.2, all contracts to be entered into with a single contractor in respect of a single requisition or a series of related requisitions in a calendar year exceeding $50,000 but less than $200,000 must be reviewed by the Local Committee of Contracts. The following cases were in breach of this rule:

Figure1: Series of related requisitions

PO number- date /change order date		Value		Service/item Procured		Contractor
5MIS-78 3/2/05		$37,074		Furniture		ABU Al Fadil
5MIS-290 3/2/05		$31,731		Furniture		ABU Al Fadil
Total		**$68,805**				
5MIS-173 21/12/04		$25,000		Airport services		Ahba Air Handling
5MIS-95 31/10/04		$25,000		Airport services		Ahba Air Handling
5MIS-16 10/9/04		$14,800		Airport services		Ahba Air Handling
Total		**$64,800**				
5MIS-47 2/12/04		$48,430		Planter Boxes		Katyo Construction
5MIS-46 23/11/04		$48,430		Planter Boxes		Katyo Construction
Total		**$96,860**				
5MIS-196 15/12/04		$15,000		Architectural service		Hayder Ali Arch.
5MIS-195 15/12/04		$15,000		Architectural service		Newtech
5MIS-233 11/1/05		$15,000		Architectural service		Newtech
5MIS-198 16/12/04		$15,000		Architectural service		Techno Group
5MIS-207 16/12/04		$15,000		Architectural service		The Sudanese House
Total		**$75,000**				

62.   It was observed that the Procurement Officer in the Mission was referring to an internal memo from Procurement Division/HQ dated 10 November 1992 as the basis for defining "series of related transactions", which was used while calculating the annual threshold for LCC/HCC review. This memo is outdated and can not be considered as a basis for referral. However, PM Sections 12.1.1 and 12.1.2 do not clearly define the "related" and "unrelated" purchases in terms of similarity of the goods/services. Moreover, the last sentences in PM Sections 12.1.1/1.a and 12.1.2/1.a that define the calculation of the threshold are confusing. The first paragraph of the PM Section 12.1.2, which explains the 'Cases to be reviewed by LCC' caused confusion and interpreted differently by OIOS and the Mission staff. OIOS' further inquiries with Procurement Service/HQ clarified that some wording in the paragraph was missing, therefore causing ambiguity. Procurement Service/HQ should review and revise the last sentences in PM Sections 12.1.1/1.a and 12.1.2/1.a that define the calculation of the threshold in order to avoid different interpretations.

Recommendations 18 and 19

UNMIS Management should:

(i)   Comply with the requirements of the Procurement Manual and ensure that proposed award to a single contractor in respect of a single or a series of related requisitions exceeding $200,000 in a calendar year are submitted to HCC for review and likewise, procurement for goods or services of series or related item groups through single vendor which in total exceeds the annual threshold ($50,000) are submitted to the LCC. Moreover, management should ensure that procurement exercises that exceed $50,000 are not split to more than one vendor and/or procured by repeated biddings (AP2005/632/01/18); and

(ii)   Seek clarification from Procurement Service through DPKO on the interpretation of Sections 12.1.1 and 12.1.2 of the Procurement Manual regarding series related transactions and immediately comply with the requirement of submission to HCC and LCC based on the established thresholds (AP2005/632/01/19).

63.   UNMIS Management accepted recommendations 18 and 19 *setting implementation dates as August and October 2005 respectively.* However, *the Mission was satisfied that it adhered to the rules and that all relevant contracts were presented to HCC/LCC.* It further commented *that there had been no splitting of contracts to avoid presentation to HCC/LCC.* In OIOS' view, misinterpretations are likely to occur in the future unless definition of 'series of related transactions' in Procurement Manual, Sections 12.1.1 and 12.1.2 is clarified. The Mission also *mentioned that it had been following the definition of 'related requisitions' (cumulative awards) as approved by Director FALD/DPKO, Chairman HCC and OIOS on 27 March 2001, nevertheless, it would seek clarification from Headquarters whether this definition stands.* As noted in paragraph 62, the Mission referred to a source document dated 10 November 1992 and made no reference to the stated document dated 27 March 2001. OIOS is of the view that further clarification on this issue should be sought from Procurement Service/Department of Management. OIOS also requests Mission Management to provide a copy of the document dated 27 March 2001 for review. UNMIS Management further *advised OIOS that it was not inadequate planning, but the lack of adequate staff and high workload that caused ex-post facto cases.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that the definition of 'series related transactions' is clarified.

c.   The lease of vehicles for transportation was costly

64.   The Mission leased vehicles from two different companies for transportation of staff since April 2004: (i) from Africar with a contract of $196,811; and (ii) from Green Village Limousine with an NTE of $1,041,840 (HCC/04/75 November 2004). The latter contract covers the period from November 2004 to April 2005. As of the audit date, the total expenditures for vehicles was $943,421. The lease of a vehicle is $50 per day (excluding fuel and driver cost) and the total cost of a vehicle for only six months is $9,000. Some of those cars were leased for more than six months. Thus, the lease cost of a vehicle was almost equal to the purchase cost of a new vehicle. Mission management indicated that this decision was taken by Headquarters, NY and that the existing lease arrangement includes drivers. However, drivers could still have been recruited separately and the cost of drivers was not included in OIOS' calculation methodology.

65.   Furthermore, the total cost for the lease of vehicles will increase, since the Mission is planning to continue leasing the vehicles. OIOS believes that a purchase or option to buy rather than leasing the vehicles for UNAMIS could have been a more cost effective decision. In OIOS' opinion, DPKO should plan in advance the logistical arrangements like transportation needs at the set-up stage of the mission in order to avoid additional costs and conduct a comprehensive cost-benefit analysis for getting optimum cost effective results. The recommendation will be addressed to DPKO through a separate audit communication.

66.   There were seven ex-post facto cases totaling $1,888,774 out of 32 HCC/LCC cases reviewed. Main reason for most of these cases becoming ex-post facto was inadequate planning

by the Mission. Furthermore, competitive bidding was not carried out for these cases. The requisitioners should submit their purchase requests for goods and services at an early date before the expiry date of the existing contracts in order to avoid ex-post facto cases.

Figure 2: Ex-post facto cases

LCC date		Value		Service/item Procured		Contractor
6 Sep. 04 (*)		$945,573		Office&Residential Accommodation for UNAMIS		Grand Holiday Villa
21 Sep 04		$196,811		Lease of Vehicles		Africar
25 Aug.04		$70,000		Telephone and Cabling		Intouch
27 Dec.04		$197,000		Custom Clearing and Freight Service		Cannata Com. Ltd.
10 Mar.05		$199,652		Steel works		Tomak-Target JV
10 Mar.05		$202,725		Civil Works		Tomak-Target JV
24 Feb.05		$77,013		Security Guard Services		Awab Security
Total		**$1,888,774**				

(*) presented to HCC

Recommendation 20

UNMIS Management should ensure that an effective planning process for procurement of goods and services is in place and that requisitioners submit purchase requisitions before the expiration date of an existing contract to minimize ex-post facto cases (AP2005/632/01/ 20).

67.   UNMIS Management accepted Recommendation 20 and *advised OIOS that it had already implemented. It also advised OIOS that a procurement plan had been submitted to DPKO and self-accounting section chiefs had been cautioned to place requisitions before the expiration dates of existing contracts.* OIOS will close this recommendation in its database upon receipt and review of a copy of the Mission's procurement plan that was submitted to DPKO.

d.   Improvement required in the soliciting and signatory of contracts

68.   There was no documentation in the contract files indicating the authorized signatories for contracts entered into with the Mission.

69.   Procurement Manual Section 9.11.1 indicates that the procurement officer will be the sole point of contact for the issued solicitation documents; whereas in some of the Invitation to Bids sent to vendors, the contact information of a requisitioner and the procurement officers are both disclosed. This enables direct communications between the requisitioning office and vendors during the bidding process.

70.   In one procurement case, the specific brand name of the required item was mentioned in the requisition (LCC: 17 Feb. 2005, MIS/05/02-2 $150,000). There was a need for mobile telephones for mission staff, but the request was made only for Nokia 6220 and 6230 models. This definition could have narrowed the potential number of mobile telephone vendors.

71.   Although the basis of awards for the bids for the following cases were stated as being Financial Rule 105.16 (a) (iii) cooperation with other organizations of UN system pursuant to Rule 105.17 - common procurement action, there was no common procurement exercise between the parties and the vendors used by the agencies were awarded directly without any competitive bidding exercise.   This may have been a case of misinterpretation of the Financial Rule 105.16 (a) (iii).

Figure 3: Contractors advised by UN agencies

LCC date		Value	Service/item procured		Contractor	Advised by
25 Aug.04		$70,000	Telephone and Cabling		Intouch	UNDP
27 Dec.04		$150,000	Custom clearing and forwarding services		Cannata Com.Ltd	WFP

72.   The evaluation process was also misinterpreted by some requisitioning units for the cases mentioned below. Normally, the bids must be sent to requisitioners for technical evaluation, and afterwards the lowest bid among the technically compliant bids should be awarded. However, the requisitioning offices exceeded the role of technical evaluation and the vendors were either "recommended" or "selected as the best offer" by the requisitioning offices. Management indicated that this may have been a language issue as opposed to an intentional action aimed at influencing the bidding process. The cases are:

Figure 4: Cases in which requisitioners' comments were beyond technical eligibility

LCC date		Value	Service/item Procured		Contractor
24 Feb.05		$53,908	Computer equip.		Truebell Marketing and Trading
17 Feb.05		$67,282	Portable GPS		Ebasco trading Co.
6 March 05		$190,742	Renovation of Plot no. 78		Al Wateen Invest.

Recommendations 21 and 22

UNMIS Management should:

(i)   Ensure that the authorized signatures representing the company awarded the contract are documented during the vendor registration process in order to avoid potential legal problems (AP2005/632/1/21); and

(ii)   Follow the requirements of the Procurement Manual including: (a) refraining from disclosing the contact information of any UN Officer other than the responsible Procurement Officer during the bidding process; (b) refraining from defining a specific brand name in a bidding process that would limit the potential number of vendors; and (c) ensuring that requisitioners do not act beyond their responsibility to assess technical aspects of the offers (AP2005/632/1/22).

73.   UNMIS Management accepted recommendations 21 and 22 *advising OIOS that Recommendation 22 had already been completed and Recommendation 21 was planned to be completed in October 2005.* Regarding Recommendation 22, *the Mission stated that*

requisitioners had been cautioned to refrain from defining a specific brand name in the bidding process although Management felt that it was permissible to use a specific make and mode. In OIOS' opinion, however, there should be a clear directive from management to refrain from defining specific brands in the bids, rather than "cautioning" the requisitioners. OIOS will close these recommendations in its database upon receipt and review of a copy of instructions that were issued and a sample of signature specimens of vendors.

e. Need for a systematic approach to establishing vendor roster

74.   According to Procurement Manual Section 9.3.4-1(b), acquisitions between $30,000 and $200,000 require invitation of a minimum of 10 prospective vendors; however, among 32 LCC cases reviewed, only five complied with this requirement, and the case files did not contain any explanation why this number had not been achieved.

75.   As of audit date, the total number of active vendors in the roster was 206. A systematic approach, like conducting a market survey, for the purpose of increasing the number of vendors had not been initiated yet. The practice of adding vendors only after they have been initially awarded a contract is inadequate. Furthermore, the registering of new vendors is completed only after the award is made and not of all the vendors who have responded to the bids. The financial viability and capacity of the vendors should have been assessed earlier.

76.   There is no filing mechanism in place for the vendor roster. All the documents received from vendors are accumulated in one folder, without any separation by vendors. This approach causes difficulty in finding the needed documents for a vendor and for establishing a mechanism for follow-up of the required/pending documents from vendors.

Recommendation 23

> The UNMIS Management should initiate a systematic approach so as to increase the number of vendors in the roster and assign a responsible person to perform the vendor roster functions (AP2005/632/01/23).

77.   UNMIS Management accepted Recommendation 23 and *advised OIOS that it had already been implemented and a Vendor Roster Unit had been established in the Procurement Section.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing the actual implementation.

Other Procurement Issues

78.   An ad-hoc committee was formed to review an issue relating to the spoilage of composite rations valued $83,000 which were shipped on 19 August 2004 from UNMEE and received by the Mission on 29 August.   The inspection which was done by the Medical Officer on 22 November 2004, declared them unfit due to lack of proper storage. An additional quantity of compo rations has already been ordered and Management should assure that systems are in place for proper R & I and storage and upon receipt of the report from the Board of Inquiry, should review the circumstances of this case and establish a system to prevent recurrence.

f. Control mechanisms need to be established for system contract administration

79.   Several large contracts for UNAMIS have been processed which poses a problem to administer in the context of the delayed mandate and potential exposure of the UN to financial risks. Given the high risks in these areas, there is a need by the Mission to immediately develop effective controls and monitoring mechanisms. For example, the roles of the Regional Food Officers, Chief of Rations Unit and Contract Management Unit should be clearly defined, vis-à-vis that of HQ (development of performance criteria, receipt and inspection and MOVCON for custom clearance). An inspection visit to Juba was made to check the status of systems contracts at the site including ESS warehouse for food rations, tented camps and fuel. The following observations:

a. Tented Camps

80.   A contract valued at $76.3 million was entered into for tented camps project with Amzar, which is a local company. Based on the progress reports, minutes of meetings between the Contractor and the Mission representatives and observations of the Regional Co-ordinator in Juba (including OIOS' observation in Juba), there is the risk that the Contractor may not be able to deliver in a timely manner, to meet mandate + 45 days timeline. The contractor was significantly behind schedule and its experience and resources were questionable. In OIOS' opinion, a prompt review of the tented camps project needs to be made and a determination made whether the contingency action is required at this time. In this particular case, from a contractual point of view, the Mission needs to assess its level of involvement and make a clear distinction between its administrative role and the contractor's obligated project management role.

b. Food Rations

81.   A food rations contract valued at $202 million was entered into; however, the contract was not yet signed as of audit date. However, in keeping with current practice, ESS begun mobilization based on the Letter of Award, which was near completion. Notwithstanding that this mobilization was being done at the risk of the contractor, there was the possibility that the vendor could submit a claim if the mandate was delayed.

82.   OIOS visited the warehouse and observed that supplies were already stored in the warehouse and in reefer containers in Juba. The Project Manager of the Contractor company indicated that the supplies were sufficient for 400 troops and that more rations were readily available at Port Sudan for timely delivery. According to the Supply Officer at Khartoum, supplies have been made available for the first 1,000 troops; however, no requisitions for rations have been made yet.

Figure 5: ESS Warehouse in Juba

Recommendations 24 and 25

UNMIS Management should:

(i)   In coordination with DPKO and Procurement Service, consider the high risks associated with the timely delivery of tented camps and review the performance of the contractor and determine if a contingency plan should be developed (AP2005/632/ 01/24); and

(ii)   Develop an effective control and monitoring mechanism for proper administration of systems contracts, including the immediate establishment of the Contract Management Unit, responsible for carrying out monitoring, authorization of tasks and assessing contractor's performance (AP2005 /632/01/25).

83.   UNMIS Management accepted Recommendation 24 partially and *advised OIOS that the Mission had been developing contingency plans since the Mission noted that the original contractor did not appear to be capable of delivering full-service camps on time. Furthermore, over the past six months, the Mission had informed Headquarters that it did not think the contractor was competent and had recommended steps that would have reduced the risk to the organization.* OIOS requests the Mission Management to provide copies of communication letters to Headquarters over the six months referred to and copies of the performance reports. OIOS took note of the steps taken by the Mission to *improve its oversight of the contractor, such as: 1) Appointment of a full-time Project Engineer within the Engineer Section at Mission Headquarters, in addition to the existing Contract Manager assigned to the Procurement Section; 2) Deployment of a full-time Site Engineer to each of the Contractor's work sites to supervise the Contractor's Site Manager, and provide advice about how to solve practical problems; and 3) Direct logistical assistance to the Contractor on a reimbursable basis, if such assistance is deemed necessary to help the Contractor achieve the required delivery schedule.* In OIOS' opinion, a cost/benefit analysis of this exercise should be conducted to determine

appropriateness of this course of action, considering the terms of the contract, to ensure that the required distinction between contract management and project management is clearly made.

84.   UNMIS Management accepted Recommendation 25 partially, although *it advised OIOS that it had already been completed.* OIOS will close this recommendation in its database upon receipt and review of documentation evidencing that Contract Management Unit is established and effective control and monitoring mechanisms are developed for proper administration of systems contracts.

g.   Procurement files, containing original signed contracts are not adequately secured

85.   File cabinets in which the case files containing all procurement related documents and contracts are stored, are not locked at the end of the day and accessible by anybody. The Mission management should ensure that files that contain original documents such as contracts are not accessible except to responsible staff and are stored in a safe place.

Property Management

86.   As per the draft Property Management in UN Peacekeeping Operations Manual, an appropriate system should be in place to ensure that inventory balances are readily available and that there is adequate segregation of duties among the receiving, recording and issuing functions, and that regular physical inventory counts are conducted and verified.

87.   As of audit date, the mission had 5,626 non-expendable properties and attractive/special items with a value of $29,730,758. OIOS' findings and observations led us to the conclusion that "non-expendable properties and attractive/special items management" had serious deficiencies and constitutes a high risk area, particularly relating to accountability and integrity of data and safeguarding.

a.   Serious deficiencies in storage of assets

88.   Inadequate warehousing had been one of the substantial problems since the establishment of the Mission. The Mission first settled in a hotel in Khartoum in April 2004 and started receiving assets at that time without adequate warehouse facilities. The insufficiency of resources at that time and coordination and communication problems resulted in improper receipt and inspection and record-keeping of assets. The Mission agreed that the problem exists and inventory records are inaccurate.

89.   Warehousing continued to be an ongoing problem even after the Mission management had moved from the hotel to Ramsis Building in December 2004. As a result of poor safeguarding conditions (a Rub Hall with two sides open was used as a warehouse), Self Accounting Units (SAUs) were therefore reluctant to accept the responsibility of the assets belonging to their respective units.
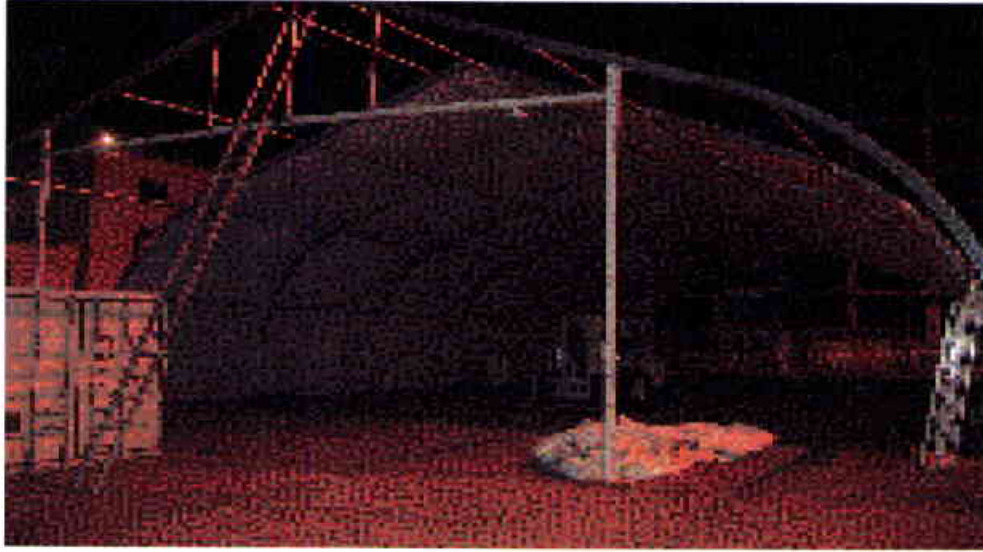
Figure 6: Rub Hall at Khartoum, HQ

90.   The major risk related to this warehouse was that some valuable and sensitive equipment such as generators, computer servers, power suppliers etc. were exposed to harsh environmental conditions, among which sand storm was a major threat. Secondly, there was no onsite manager in the warehouse in charge of oversight of the assets transferred in and out of the warehouse, or any control over the entrance/exit. In order to test the safeguarding of assets, a member of the audit team, in the presence of a property control unit officer, walked into the Rub Hall Warehouse and was able to take and return a big package of supplies from the Rub Hall with no interference from the Mission's staff on the site.

91.   During the course of the audit, the Mission moved its entire inventory to the newly acquired warehouse building in Khartoum. There were neither guidelines developed for transfer and safekeeping of assets at that time nor a designated staff for the management of the warehouse. Safeguarding of assets stored in the warehouse was provided by local security staff.

92.   Moreover, there is serious lack of training for the asset managers in Self Accounting Units (SAUs). For example, Engineering and Transportation Sections had no asset managers and there was a lack of training on property management and use of Galileo. At the exit conference, Management indicated that a training plan for asset managers had been developed.

Recommendations 26 and 27

UNMIS Management should:

(i)   Assign Asset Managers for those sections which do not have one (such as Transportation and Engineering Sections) and organize necessary training for them (AP2005/632/01/26); and

(ii)   Establish proper controls over the assets stored at all warehouses (Khartoum and El-Obeid primarily), develop written procedures for the transfer of goods and ensure that warehouse

managers provide adequate physical security for assets (AP2005/ 632/01/27).

93.   UNMIS Management accepted recommendations 26 and 27 and *advised OIOS that Recommendation 26 had already been implemented and Recommendation 27 was planned to be implemented in December 2005.* OIOS will hold these recommendations open in its database until receipt and review of documentation evidencing that asset managers were assigned and trained; proper controls over the assets stored in warehouses are established, written procedures for movement of assets are developed, and physical security over assets is ensured.

b. Inaccurate property records

94.   Inventory reports are sent to Headquarters on a monthly basis, however, based on the above mentioned observations, OIOS questions the accuracy of the data and the property reports generated from Galileo. A prompt action needs to be taken by management regarding physical verification of all assets. Delays in the verification of the assets will create further problems, once the Mission starts sending equipment to offices and sectors all over the country. This issue requires attention and active participation from all levels of management. Some examples of inaccurate records are:

- The status of items issued to users by the Supply Unit is not updated in Galileo (e.g. Refrigerators and projectors).
- The location of generators in the Engineering Unit's stock list was recorded as Grand Holiday Villa Courtyard, although the Mission moved from this hotel in December 2004.
- The location of some items in Supply stock list like binoculars, oven-microwaves, projectors were shown as "Yellow Containers"; although these containers were not in use for a long time, since departure from Grand Holiday Villa.
- Issuance of equipment by the Supply Unit were recorded manually, no updating was done in the system.

95.   The total value of the CITS equipment (5077 items) at the Mission was $14,870,375. Inventory records show no location for 1544 (30% of the total number) CITS items with a total value $5,934,344, which are marked as "awaiting verification". There is a serious risk that some of these assets are missing, the situation requires for an immediate inquiry.

96.   It was observed that 23 CITS equipment items with a value of $24,270 (reconnaissance kit which included attractive items such as laptops, satellite phones, digital cameras etc.) were not listed in the Mission property records. After some queries, it was learnt that these items were Strategic Deployment Stocks (SDS) items sent on a loan basis from UNLB, Brindisi in November 2003 to UNDP survey team in Khartoum. However, they were not sent back to the UNLB, although the Survey Team completed their tasks by the end of 2003; instead the equipment was kept by UNAMIS. There were no procedures regarding to use and transfer of these equipment, and, as of audit date, no responsibility was assigned to any unit or staff even though these items were physically used all over the Mission.

97.   Only in September 2004, did Mission Management request Headquarters, New York for a formal issue of the equipment to the Mission. As of audit date, March 2005, the recording of these items into Galileo was still incomplete, pending the issuance of Material Release Order by LSD/DPKO. Appropriate actions need to be taken so that these items can be recorded in Galileo and formalities regarding issuance to users can be done. In OIOS' opinion, UNLB/DPKO should coordinate with the Mission and HQ, NY for transfer of these CITS equipment which were sent to UNDP on a loan basis. This issue will be addressed to UNLB/DPKO through a separate audit communication.

98.   Records and controls were also not maintained for expendable properties in Self Accounting Units. There were no clear outlines for the usage of expendable properties and the stock quantities/values at any time cannot be identified because the Galileo module was not used.

c.   Other Property Management Issues

99.   The Mission requested the establishment of a 24-hour Help Desk in Brindisi Logistics Base. The mission's week-ends are Friday and Saturday and UNLB's weekends are Saturday and Sunday, so, communication is not possible for three days from Friday to Sunday. Because of the two hours time difference, a query from the Mission can be responded to only late in the afternoon. However, it was indicated by the Mission staff that there were cases when it took many days to get a response from UNLB. In one case it was 20 days. In OIOS' opinion, UNLB/DPKO should consider developing a 24-hour working Help Desk to better serve to missions. This issue will be addressed to UNLB/DPKO in a separate audit communication.

100.   The disposal module of the old Fixed Asset Control System (FACS) was used for managing property disposal. It was indicated that "Disposal Module" of Galileo was still under construction. In OIOS' opinion, DPKO should expedite the construction of the "Disposal Module" of Galileo for use by the missions and the issue will be addressed to DPKO in a separate audit communication.

101.   There was no barcode reading equipment in the Mission. For accurate reading and time-saving purposes, the Mission should acquire this soon.

102.   In accordance with Financial Rule 105.21, a Local Property Survey Board should be established at every mission to determine: (i) the causes of property loss, damage or discrepancy; (ii) required disposal actions; and (iii) the degree of responsibility. As of audit date, the board was not yet established by the Mission.

Recommendations 28 to 30

UNMIS Management should:

(i)   Equip all the asset managers with barcode machines and immediately take a comprehensive physical count of all assets, reconcile the data with the records in Galileo and original purchase orders and receipt records; provide OIOS with the results thereof;

and also establish a system with the appropriate checks and balances to ensure that all asset transfers are properly authorized and all future acquisitions are recorded in Galileo as they are received and inspected (AP2005/632/01/28);

(ii)   Issue Standard Operating Procedures (SOPs) as to usage of expendable items and start using the module in Galileo for expendable items (AP2005/632/01/29); and

(iii)   Establish a Local Property Survey Board (AP2005/632/01/ 30).

103.   UNMIS Management accepted recommendations 28 to 30 *advising OIOS that Recommendations 28 and 29 had already been implemented and indicating an implementation date of October 2005 for Recommendation 30. It also commented that a 100% inventory was carried on at Khartoum and El-Obeid in May 2005 and no significant discrepancies were noted.* OIOS requests a copy of this inventory report and will hold these recommendations open in its database until receipt and review of documentation evidencing that a comprehensive physical count of all assets are taken, reconciled with records in Galileo system and original purchase orders and receipts, the expendable items Module is used in Galileo, and the Local Property Survey Board is established.

d.   Receipt and Inspection is not done in a timely manner

104.   The Receipt and Inspection Unit is part of the General Services Section, responsible for the receipt and inspection of the procured/shipped items in coordination with the Asset Managers of the requisitioning SAUs. If the items are delivered in compliance with the purchase orders and specifications, they are recorded to the locations of the respective SAUs in the Galileo System by the asset managers.

105.   The city of El-Obeid will be a logistical base for the Mission in Sudan and the Mission properties are shipped to and safeguarded there. As of the audit date, even though the following shipments had arrived at El Obeid as per the shipment documents received by Movement and Control Unit, receipt and inspection was not yet done:

-   (164) ISO Containers
-   (12) Reefer Containers
-   (456) Vehicles
-   (44) flat racks
-   (27) bulk cargo

An R&I officer explained that attendance of respective Asset Managers were required for performing R&I functions and they were reluctant to go to El-Obeid together with the R&I staff for the above-mentioned properties.

106.   According to General Services staff, the safeguarding of the above mentioned items in El Obeid was insufficient. The containers and equipment were partially surrounded by fences in

an open area and only local security staffs were in charge of safeguarding. Although the shipments were mostly directed to El Obeid, the deployed resources (sufficient and competent staff, tools and equipment for unloading of assets etc.) did not meet the requirements. For example, to perform R&I functions, staff were sent from Khartoum to El Obeid on a temporary basis. However, there were no staff members to use forklifts, and representatives of SAUs were reluctant to accompany the R&I staff. Moreover, SAUs were reluctant to accept those assets in El Obeid into their property locations in Galileo.

107.   There was also a communication problem between MOVCON and R&I units due to insufficient human resources. Normally, R&I should be informed of the expected delivery of the goods by MOVCON through Galileo. Otherwise they are not prepared to receive the goods. The representatives of SAUs should be informed to enable them to participate in inspecting the goods. For example, video conference and satellite phone equipments were sent from UNMEE to UNAMIS in May 2004; however, the movement of these items was recorded in Galileo only in March 2005, ten months later. The reason for the miscommunication was the use of FACS system in UNMEE and Galileo in UNAMIS, as the two software do not interface. Had the transfer from FACS system to Galileo been made in the UN Logistical Base in Brindisi, the Mission staff in UNAMIS would have been aware of the shipment. The issue was clarified only when UNMEE made inquiry about the items with UNAMIS, as they could not close the transfer in their FACS system.

108.   The module in Mercury for purchase orders has two options: goods or services. When the PO is issued under goods, it is R&I's function to certify the receipts of goods. It is the SAUs who approve full delivery of services. There should be clear communication between SAUs and R&I officers in cases where a service contract includes installation of non-expendable properties, otherwise bar-coding assets and recording them in Galileo with a value become more difficult. This problem was faced when installing air conditioners which was part of a service contract. The air conditioners were bar-coded 3 months after the installation and recorded in the property system. Besides, the initial invoice was for the total services, without mentioning the price of the air conditioners separately; thus additional effort was needed to obtain the prices of air conditioners from the contractor.

Recommendations 31 and 32

UNMIS Management should;

(i)   Ensure that receipt and inspection of shipments are done timely in coordination with Movement Control Unit and the asset managers; and provide logistical support to El Obeid base to ensure that receipt and inspection activities are done effectively (AP2005/632/1/31); and

(iii)   Ensure that an SAU requisitioner inform the R&I Unit when a service order which includes non-expendable assets is received in and for the R&I Unit to record the item in the asset database (AP/2005/632/1/32).

109.   UNMIS Management accepted recommendations 31 and 32 and *advised OIOS that they had already implemented. It further indicated that communication between Movement Control Unit, Receipt and Inspection, SAUs and UNLB had been streamlined wherein R&I and SAUs were getting timely information of all assets deployment to the Mission area. In this regard, all units were informed of all Material Release Orders (MROs) through IMAL (initiated by UNLB every week).* OIOS will hold these recommendations open in its database until receipt and review of documentation evidencing that the use of IMAL system ensures coordination between Movement and Control Unit, Receipt and Inspection Unit, SAUs and UNLB.

Financial Management

a.   There was no clear distinction of functions and responsibilities in a financial area

110.   Financial Rule 105.6 stipulates that approving officers are to approve the entry into the accounts of obligations and expenditures after they have been certified by a duly designated certifying officer. In Finance Section, as per the organizational structure, there should be two approving officers: the Chief of Finance and Deputy Chief of Finance. As of the audit date, a Finance Officer was assuming the responsibility of an approving officer as an Acting Deputy Chief of Finance. The System Administration Unit was not yet established and the Sunssytem responsibility was assigned to another Finance officer in the Accounts Unit.

111.   During the audit, it was observed that there was no clear distinction of functions, duties and responsibilities of staff. Basic functions like accounting, payments, payroll were done by at least two or three staff. Although certain responsibilities were assigned to each staff, they were also performing other functions depending on the workload and priorities of the Section. For example, most of the staff was simultaneously doing payroll work at the end of the month. Accountability and responsibility could not be clearly identified in such a working environment.

Recommendation 33

UNMIS Management should develop an SOP and follow the Field Finance Manual instructions to ensure that the roles and responsibilities of each staff in the Finance Section are segregated and clearly and precisely defined (AP2005/632/01/33).

112.   UNMIS Management accepted Recommendation 33 and *advised OIOS that it had already been implemented.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that roles and responsibilities are segregated in Finance Section.

b.   There were no control mechanisms for SunSystem access

113.   The system access levels are determined and authorized by a Finance officer in the Accounts Unit, with another reserve staff in the same unit. Transactions created by Finance staff are posted to financial statements only after the approval of either of the approving officers, Acting Deputy Chief of Finance officer and the CFO. However, both of the system administrators in the Accounts Unit can approve any transaction created in the system by all

staff or define any staff in the Finance Section as system administrator. This poses the risk of having a transaction processed and finalized without the approval of the approving officers. There was no evidence of compensating controls to mitigate this risk.

114.   The above mentioned problem was evident in the distribution of authorization levels for the Sunsystem. There are three staff that were defined assigned "payroll" operator functions in Sunbusiness.

115.   Progen is the payroll software used in Finance. The problem related to access controls was observed here with three staff or more having access to data in Progen as the systems are not interfaced. The raw data, as generated by the Field Personnel Management System (FPMS) comes from Personnel and is recorded in Progen. When all the entries are done, the report is uploaded from Progen to Sunsystem.

Recommendation 34

> UNMIS Management should ensure that one staff member is given the responsibility for the Sunbusiness system until a System Administration Unit is established in Finance (AP2005/632/01/34).

116.   UNMIS Management accepted Recommendation 34 and *advised OIOS that it had already been implemented.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that only one staff is assigned administrator responsibility for the Sunsystem.

c.   Other finance and accounting issues

117.   Reviews of petty cash management, direct purchases and reimbursements indicated that the rules and regulations were complied with. However, improvement is required for the checkbook registration and issuance procedures. Checkbooks were collected from the bank by the cashier, who was also responsible for storing, writing, distribution of checks after signature resulting in a general lack of segregation of duties. Additionally, documents or vouchers certifying the receipt of checkbooks were not collected from the bank. Checks were recorded into an excel file by the cashier in the common drive and subject to access by all Finance staff.

118.   In most of the system contracts, 10% of the total cost is to be retained by the Mission for a period of 6 Months until the service is fully accomplished and signed off by the Mission. Finance Section makes the payment of these retained amounts upon request of the Procurement Section, without controlling the due dates.

119.   As of the audit date, the trial balance was a debit balance of $17,820 for Value Added Tax as a receivable. Although the MOU stipulates that UNAMIS is tax exempt, the Mission was unable to receive a certificate from government. The concerned Ministry officials refused to give a certificate and informed the Mission that VAT must be paid first and submitted later for reimbursement. Payment of VAT first and then claiming for reimbursement is a wrong interpretation of the tax exemption status of the UN, as expressed in the MOU with the local

authorities. In OIOS' opinion, the Mission Management should persist in getting a tax exemption paper from the concerned Government Officials.

Recommendations 35 and 36

UNMIS Management should;

(i)   Develop a procedure for the safeguarding of the checkbooks, record the serial numbers of checks into a logbook and warrant verification by an approving officer at the time of receipt (AP2005/632/01/35); and

(ii)   Develop a mechanism for ensuring that the requirement for retention of 10% of the contractual services is complied with (AP2005/632/01/36).

120.   UNMIS Management accepted the recommendations 35 and 36 and *advised OIOS that they had already been implemented.* Based on the action taken, OIOS closed Recommendation 36 in its database and will close Recommendation 35 upon receipt and review of documentation evidencing that a written procedure for safeguarding of the checkbooks (including blank checks) is developed.

<u>Communication & Information Technology Systems</u>

a.   Information technology (IT) guidelines need to be strengthened and finalized

121.   A number of weaknesses were identified in the area of IT, as outlined below:

i.   There is no system in place to monitor the UN Policy on "Use of IT Equipment" as outlined in ST/SGB/04 and related IC 39/05.

ii.   There is insufficient awareness of the UN Disaster Recovery Plan. Also, Mission specific SOPs clearly outlining the Mission role in the UN overall Disaster Recovery Plan should be developed and tested.

iii.   The Mission has inadequate resources in terms of equipment and space for IT operations. For example, personal laptops are used by some staff, without agreed upon rules for the protection of confidential information and exposure of the IT system to external threats. Although OIOS notes the present space constraints, the office presently occupied by the Administrator and IT Designer, which also houses the server and backup tapes, needs to be better secured and organized.

iv.   Several IT systems are used by the Mission but they are not interfaced, resulting in the duplication of tasks. For example, Sunsystem with either PROGEN or FPMS, and with IMIS at HQ.

v.   Backup is done on a daily basis and sent to HQ on a monthly basis. However, tapes are not kept offsite.

122.   A review of the Access Control Logs (ACLs), security access logs and reports of Database Administrators revealed inadequate segregation of duties and accountability.   For example, more than one Data Administrators are assigned access to the same system. In fact both the IT assistant and Systems Designer have "managerial" access to Galileo and FPMS. Furthermore, the Database Administrators for Mercury and SUN systems are inappropriately placed within the Procurement and Finance Sections respectively with no clear segregation of duties.

Recommendations 37 and 38

UNMIS Management should:

(i)   Immediately finalize and implement the draft IT policy, including acquiring the software for monitoring the use of internet/web access and development of mission specific SOPs on disaster recovery and   identify an offsite location for storing backup tapes (AP2005/632/01/37); and

(ii)   Ensure that Database Administrators are assigned properly to maintain the desired level of security and control (AP2005/632/01/ 38).

123.   UNMIS Management accepted recommendations 37 and 38 and *advised OIOS that Recommendation 37 was implemented partially while Recommendation 38 had been implemented.* OIOS will hold these recommendations open in its database until receipt and review of documentation evidencing that draft IT policy is finalized, a disaster recovery plan is developed, an offsite location for storing back-up tapes is identified and database administrators are assigned properly to maintain the desired level of security and control.

b.   Continuous monitoring of telephone billing is required

124.   Several administrative instructions have been issued regarding telephone billing and the increased cost of cellular phone, and another was being drafted during the audit. Although management has been tracking and monitoring the use of the phone by staff, there is no documented policy which clearly establishes the criteria for distribution of cellular phones based on functional needs.

125.   Over the period August 2004 to February 2005, total cost for cellular telephone calls was $113,848 of which $25,423 (25%) was collected from staff for personal call. The audit noted that the charges associated with each call are not recovered; the total of unrecoverable cost could be very high as the number of staff increases. Also, since the invoices from MOBITEL cannot be accessed electronically, processing of these bills is very time consuming and costly requiring full time staff members be assigned this task. In the context of the anticipated rapid growth and large number of staff to be deployed at the Mission, the cost could escalate significantly.

Recommendation 39

> UNMIS Management should establish clear criteria for assigning telephones to staff and finalize the draft policy regarding telephone use to ensure full recovery of cost for personal telephone calls (AP2005/632/01/39).

126.   UNMIS Management accepted Recommendation 39 and *advised OIOS that the implementation was ongoing.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that clear criteria for assigning telephones to staff is established and draft policy regarding the telephone use is finalized.

Regional Office Management

127.   Administrative and logistical plans need to be finalized to ensure effective management of the regional offices. Particular attention should be placed on the following:

    a. A more detailed organizational structure, and clearly defined roles, responsibilities and reporting lines need to be developed, particularly in the context of the unified approach and the implications for the chain of command necessary for the proper accountability and reporting by civilian and non-civilian staff in both substantive and administrative roles

    b. Operational guidelines need to be established for the regions: Security Policies, Cash Management, and Administrative Support to ensure efficiency in the region.

    c. As part of the audit, an observation visit was made to Juba, and included interviews with the Regional Coordinator (RC), and site visits to the warehouse for rations, the locations for the tented camps and the fuel. The issues raised during the interviews and site visits related primarily to cash and contract management.
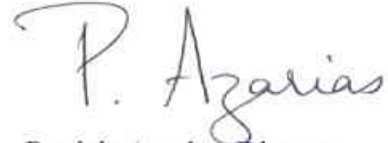
Recommendation 40

> UNMIS Management should review its draft organizational chart and roles and ensure that the responsibilities and accountability requirements for the regions are clearly defined, the operational guidelines for financial and property management are established, and a structure for providing adequate administrative support is in place (AP2005/632/1/40).

128.   UNMIS Management accepted Recommendation 40 and *indicated an implementation date of October 2005.* OIOS will hold this recommendation open in its database until receipt and review of documentation evidencing that responsibilities and accountability requirements of regional offices are clearly defined and operational guidelines for financial and property management are established.
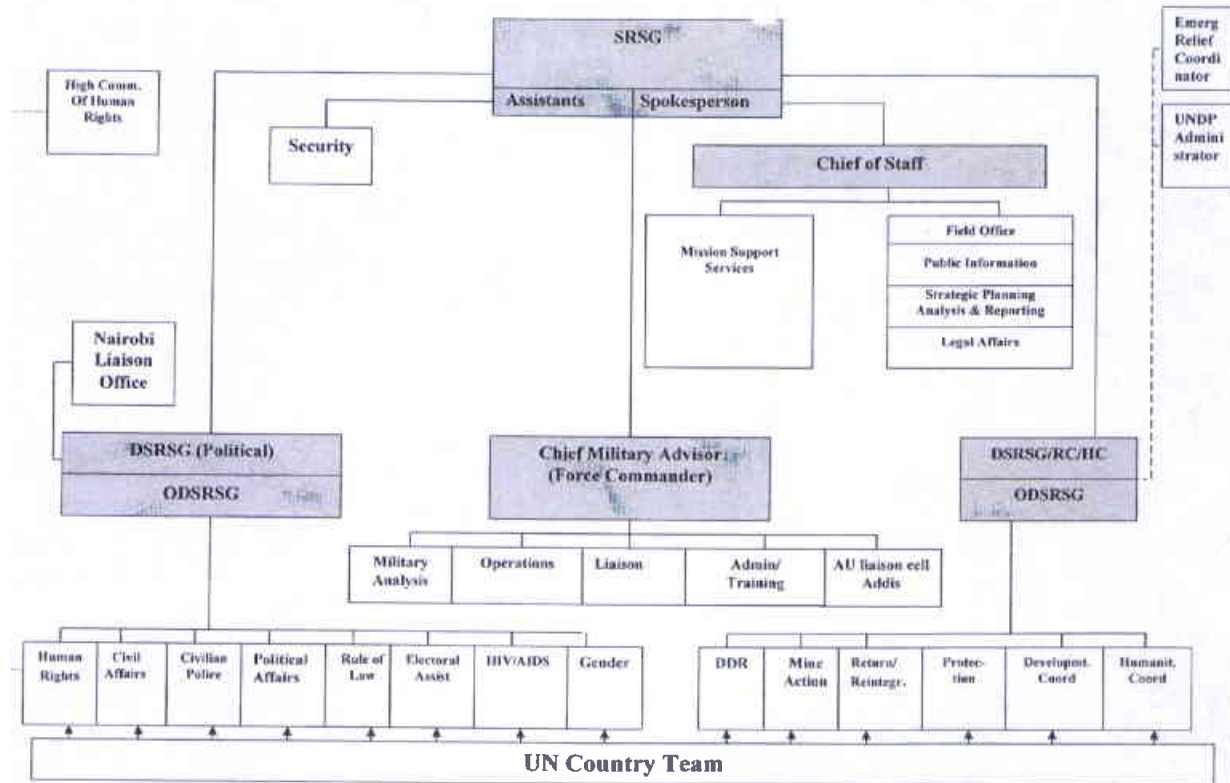
VI.   ACKNOWLEDGEMENT

129.   The audit team would like to thank management and staff of UNMIS for the high level of cooperation throughout the audit.
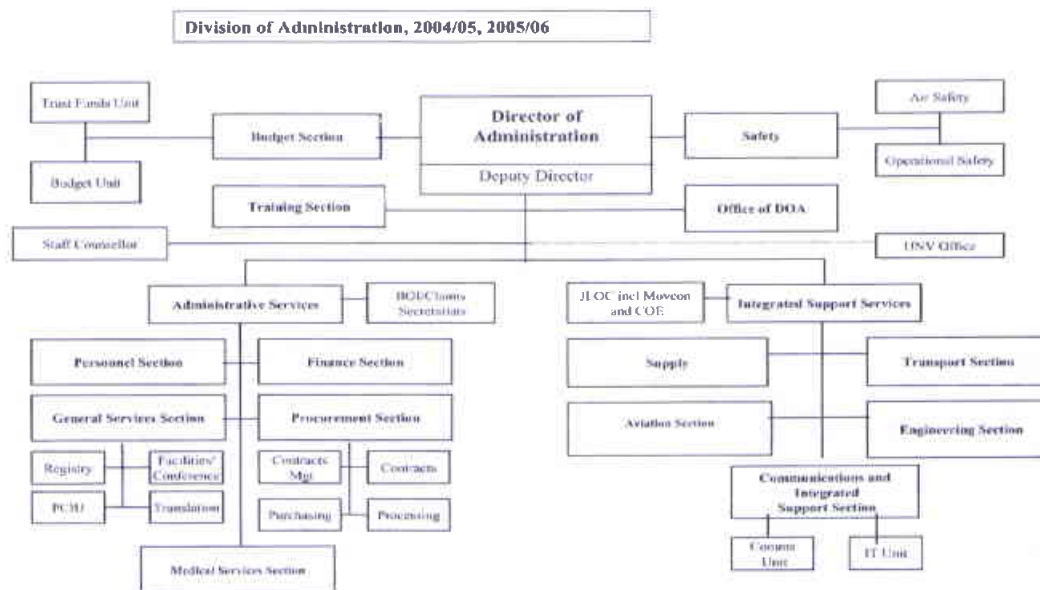
Patricia Azarias, Director
Internal Audit Division I, OIOS

Organizational Chart

DRAFT UNAMIS Mission Structure (Khartoum Level)

- High Comm. Of Human Rights
- SRSG
  - Assistants
  - Spokesperson
- Emerg Relief Coordinator
- UNDP Administrator
- Security
- Chief of Staff
  - Mission Support Services
  - Field Office
  - Public Information
  - Strategic Planning Analysis & Reporting
  - Legal Affairs
- Nairobi Liaison Office
- DSRSG (Political) / ODSRSG
- Chief Military Advisor (Force Commander)
  - Military Analysis
  - Operations
  - Liaison
  - Admin/ Training
  - AU liaison cell Addis
- DSRSG/RC/HC / ODSRSG

Under DSRSG (Political): Human Rights, Civil Affairs, Civilian Police, Political Affairs, Rule of Law, Electoral Assist, HIV/AIDS, Gender

Under DSRSG/RC/HC: DDR, Mine Action, Return/ Reintegr., Protection, Developmt. Coord, Humanit. Coord

UN Country Team

DRAFT UNAMIS Mission Structure (Khartoum Level), Version 8, 09/12/2004

Division of Administration, 2004/05, 2005/06

- Trust Funds Unit
- Budget Section
  - Budget Unit
- Director of Administration
  - Deputy Director
- Safety
  - Air Safety
  - Operational Safety
- Training Section
- Office of DOA
- Staff Counsellor
- UNV Office
- Administrative Services
  - BOI/Claims Secretariats
  - Personnel Section
  - Finance Section
  - General Services Section
    - Registry
    - Facilities/ Conference
    - PCIU
    - Translation
  - Procurement Section
    - Contracts Mgt
    - Contracts
    - Purchasing
    - Processing
  - Medical Services Section
- JLOC incl Movcon and COE
- Integrated Support Services
  - Supply
  - Transport Section
  - Aviation Section
  - Engineering Section
  - Communications and Integrated Support Section
    - Comms Unit
    - IT Unit

UNITED NATIONS

OIOS Client Satisfaction Survey

Audit of: <u>UNAMIS transition to UNMIS</u>   <u>(AP2005/632/01)</u>

	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.	☐	☐	☐	☐	☐
2. The audit staff's understanding of your operations and objectives.	☐	☐	☐	☐	☐
3. Professionalism of the audit staff (demeanour, communication 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 the auditors considered your comments.	☐	☐	☐	☐	☐
Your overall satisfaction with the conduct of the audit and its results.	☐	☐	☐	☐	☐

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:_____