



Reference: AUD-7-1:24 (00004/06)

Date: 30 December 2005

To: Mr. Jan Egeland, Under-Secretary-General
for Humanitarian Affairs and Emergency Relief Coordinator
Office for the Coordination of Humanitarian Affairs

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

Subject: **OIOS Audit No. AN2005/590/01: Final Report on the Audit of OCHA Field Office in the Democratic Republic of the Congo (DRC)**

1. I am pleased to present our final report on the subject audit, which was conducted from 4 to 22 April 2005. The report has incorporated the comments received from OCHA on 28 August 2005.

2. Based on our review of the comments, we have closed our recommendations AN/2005/590/01/02, 07, 11, 12 and 15 as implemented. We provided in the table below a list of the recommendations that remain open in OIOS's database and the actions that should be taken in order for us to close them. We request that you confirm by 15 January 2006 the implementation dates for the outstanding recommendations contained in the Annex to the present report.

| Recommendation Numbers | Action Required by OCHA-DRC |
|--|---|
| AN/2005/590/01/01, 03 to 05, 08 to 10, 13 to 14 and 16 to 20 | Provide documentation specified in the relevant paragraphs of the report. |

| Recommendation Number | Action Required by OCHA Headquarters |
|-----------------------|--|
| AN/2005/590/01/06 | Provide comments on the recommendation and a timetable for its implementation if accepted. |

3. Please note that OIOS will report on the progress made in implementing its recommendations in its annual report to the General Assembly and semi-annual report to the Secretary-General.

4. The Internal Audit Division 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.

5. I would like to take this opportunity to thank you and your staff for the assistance and cooperation extended to the audit team on this assignment

Copy to: Mr. Christopher Burnham, USG for DM
Mr. Jahal de Meritens, OCHA-DRC
Board of Auditors
OIOS Programme Officer



United Nations
OFFICE OF INTERNAL OVERSIGHT SERVICES
Internal Audit Division I

Final Audit Report

Audit subject: Audit of UNOCHA DRC Field Office
Audit No.: AN2005/590/01
Report date: 29 December 2005
Audit team: B. Tarleh Nyema, Auditor-in-Charge
Julie Geringer, Associate Auditor

AUDIT OF OCHA-DRC
AN2005/590/01
Executive Summary

In April 2005, the Internal Audit Division I of OIOS conducted an audit of OCHA's Field Office in the Democratic Republic of the Congo (the Office or OCHA-DRC). The audit covered the planning and implementation of the program of work, substantive reporting by the Office, finance and administration, and security and safety.

The auditors found that the Office plays a meaningful role in facilitating the effective delivery of humanitarian assistance in the DRC. Approximately 90 per cent of the 30 respondents to the auditors' survey of the humanitarian actors agreed that OCHA-DRC effectively addressed the problems common to them and facilitated the response to humanitarian needs. This was achieved through the interagency humanitarian needs assessment missions led by the Office and the meetings with the belligerent warring parties, officials of provincial and national governments and humanitarian actors operating in the DRC.

However, the work of the Office could benefit from a more formalized structure. There was also a need for the Office to ensure the timely monitoring of the delivery of humanitarian assistance by United Nations' agencies operating in the DRC. The Office should collect baseline data that could be used to quantify the progress against indicators specified in its work plans. The Office needs to streamline its reporting requirements in consultation with OCHA Headquarters in order to enhance the efficiency and effectiveness of reporting.

OCHA should strengthen the administrative controls of the Office. The number of local posts in the Office exceeded the number authorized in its cost plan by six posts. The Office should obtain the policies and procedures applicable to the administrative functions that it is responsible for. It should reconcile IOV reports to its requests for payments, follow up on travel claims and implement proper inventory procedures.

Due to the absence of a specific service-level agreement, it was not clear what UNDP-DRC and OCHA-DRC were accountable for in the area of procurement and the classification of local posts. OCHA-DRC was issuing purchase orders without delegated procurement authority.

There was a need to improve compliance with the Minimum Operating Security Standards.

Table of Contents

| <u>CHAPTER</u> | <u>PARAGRAPH</u> |
|--|------------------|
| I. INTRODUCTION..... | 1-2 |
| II. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY..... | 3-5 |
| III. AUDIT FINDINGS AND RECOMMENDATIONS | |
| A. Organizational structure..... | 6-8 |
| B. Implementation of the program of work | 9-15 |
| C. Substantive reporting..... | 16-20 |
| D. Administrative matters..... | 21-50 |
| E. Safety and security..... | 51-54 |
| IV. ACKNOWLEDGEMENT..... | 55 |

I. INTRODUCTION

1. In April 2005, the Internal Audit Division I of OIOS conducted an audit of OCHA's Office in the Democratic Republic of the Congo (the Office or OCHA-DRC). The audit was conducted in accordance with the general and specific standards for the professional practice of internal auditing in United Nations' Organizations.

2. Based on its mandate, OCHA-DRC performed its coordination role in the following six areas: (i) developing common strategies, (ii) assessing situations and needs, (iii) convening coordination forums, (iv) mobilizing resources, (v) addressing common problems, and (vi) administering coordination mechanisms and tools. The Office was comprised of the headquarters located in Kinshasa and eleven sub-offices located in Uvira, Lubero, Lubumbashi, Bukavu, Goma, Kindu, Bunia, Kisangani, Kalemie, Mahagi, and Beni. The 2004 Cost Plan for the Office totalled \$6.6 million. The authorized staffing levels included 19 posts at the professional level, 16 posts at the national level, and 32 posts at the local general service level. A number of administrative functions were performed by UNDP Country Office in DRC (UNDP-DRC).

II. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

3. The objectives of the audit were to ascertain: (a) the implementation of the 2004 Program of Work; (b) the adequacy and effectiveness of internal controls in the administrative areas; and (c) the adequacy of safety and security arrangements.

4. The scope of the audit included the following areas:

- Organizational arrangements;
- Implementation of the program of work;
- Substantive reporting;
- Human resources management;
- Financial management;
- Procurement; and
- Security and safety.

5. In the selected areas, the auditors reviewed the existing internal controls and tested their effectiveness, on a sample basis, with respect to 2004. The auditors reviewed pertinent documentation and interviewed the personnel concerned in Kinshasa and the sub-office in Goma. The audit findings were discussed with management during the course of the audit and at the exit conference. They were also communicated in the draft audit report released to OCHA on 2 August 2005. The essence of the responses is provided in this report in *italics*.

III. AUDIT FINDINGS AND RECOMMENDATIONS

A. Organizational structure

6. The current consolidated humanitarian coordination mechanisms in the DRC resulted from a restructuring in 2002 that took place at the behest of donors. During the previous four years, OCHA had maintained two independent field offices in the DRC. As of the time of the audit, in April 2005, the Office was still formalizing its structure. The size and polarization of the DRC and the fluidity of the humanitarian situation coupled with poor infrastructure of the country made the creation of a workable formal structure difficult. The upgrading of a Senior Field Coordinator's post from an L-4 to an L-5 level further complicated the creation of a formal structure since the Head of Office is also at an L-5 level. As a result, the formalization of the structure had been delayed.

7. The auditors were provided with a draft Memorandum of Understanding (MoU) dated 2002 between MONUC and OCHA-DRC, which, according to the Office, governed the relationship between the two entities. Additionally, draft terms of reference delineated the roles and responsibilities of the Resident Coordinator/Humanitarian Coordinator (RC/HC) and of the Head of Office. It was noted that, despite the basic documents being in draft form, such arrangements helped ensure a cordial and productive working relationship between the Humanitarian Section of MONUC and OCHA-DRC. In order to ensure consistency in managing field operations, it might be helpful if these documents would be formally promulgated.

Recommendation 1

OIOS recommended that the Office, in consultation with senior OCHA management, formalize its structure and basic agreements with MONUC (AN2005/590/01/01).

8. The Office agreed with this recommendation. It also clarified that *in their daily activities, MONUC and OCHA-DRC did not refer to the draft MoU since there is a very good working relationship between the staff of the Humanitarian Section in MONUC and OCHA-DRC. However, an MoU would be necessary in the future to clarify the responsibilities and mandate of the mission and the humanitarian agencies.* IAD I will close this recommendation as implemented after receiving an approved structure describing the functions of each unit of the Office.

B. Implementation of the program of work

9. The auditors noted the effective performance by OCHA-DRC of the tasks required by its mandate. During 2004, the Office led approximately 370 interagency humanitarian needs assessment missions. It held about 130 meetings with belligerent warring parties and provincial and national government officials in order to improve access to the vulnerable population. It also held about 450 interagency meetings to allocate responsibilities for newly identified

humanitarian needs. A brief survey of agencies and NGOs conducted by the auditors indicated the relevance and effectiveness of OCHA-DRC in the delivery of humanitarian assistance in the DRC (see the table below).

| Survey Statement | Number of Respondents | | | | |
|---|-----------------------|----------------|-------|----------|-------------------|
| | Total | Strongly Agree | Agree | Disagree | Strongly Disagree |
| A. OCHA ensures accurate, timely identification of the humanitarian needs for the DRC. | 30 | 8 | 19 | 3 | 0 |
| B. OCHA facilitates the preparation and monitoring of a realistic plan of action, which avoids duplication, for meeting identified humanitarian needs. | 30 | 5 | 21 | 4 | 0 |
| C. Coordination meetings convened by OCHA are useful in discussing, mapping out and making decisions on response activities and addressing common concerns. | 30 | 16 | 12 | 2 | 0 |
| D. OCHA effectively addresses problems common to humanitarian actors, such as lack of access to civilians in need. | 30 | 12 | 16 | 1 | 1 |
| E. OCHA disseminates relevant and accurate information about humanitarian needs during its information meetings held with the humanitarian community. | 30 | 14 | 16 | 0 | 0 |

However, the Office needed to improve its monitoring of the delivery of humanitarian assistance as described below.

Humanitarian needs assessment missions

10. The results of assessment missions had been presented in weekly interagency information meetings convened by the Office. Responsibilities for addressing the newly identified needs were allocated at interagency coordination meetings also convened by the Office. The review of the agendas and accompanying minutes of 16 meetings convened by the Goma sub-office showed that the coverage of the issues and attendance of concerned humanitarian actors were adequate. However, there were no approved terms of reference for the humanitarian needs assessment missions reviewed by the auditors. In our opinion, specific terms of reference would help enhance the effectiveness of the missions.

Recommendation 2

OIOS recommended that the Office prepare specific terms of reference for all interagency needs assessment missions (AN2005/590/01/02).

11. The Office agreed with this recommendation indicating that it will *be implemented by 15 September 2005*. IAD I considers this recommendation as implemented and has closed it in OIOS' recommendation database.

Preparing and monitoring the common humanitarian action plan

12. OCHA-DRC, in coordination with United Nations agencies and NGOs operating in the DRC, develop common humanitarian action plans. The plan for 2004 was included in the DRC 2004 Consolidated Appeal Process (CAP), which incorporated contributions of the relevant United Nations' agencies and NGOs. The Office was also responsible for monitoring the implementation of the common humanitarian action plan and analyzing the impact of delivered humanitarian assistance in the DRC. There were the mid-year and annual reviews of the CAP with respect to 2003. However, as of April 2005, the review of the 2004 CAP had not been completed due to the failure of some agencies to provide their input. The final review in respect of 2004 had also been delayed for the same reason. As a result, some donors expressed their concern and uncertainty about further funding. There was a need for OCHA-DRC to determine the reasons for the agencies' non-compliance and take appropriate measures to avoid future delays of the required reviews.

Recommendation 3

OIOS recommended that the Office determine the causes of the agencies' failure to provide the required contribution to the mid-year and final 2004 reviews of the CAP and ensure timely completion of the 2005 reviews (AN2005/590/01/03).

13. The Office agreed with this recommendation and indicated that *the 2005 CAP Mid-Year review has been prepared and published in July 2005*. The Office also explained that *the 2005 mid-year review will be an interactive process, starting with an interagency workshop to stress the importance of the exercise and to identify tasks, responsibilities and deadlines*. Based on this explanation, this recommendation will be closed as implemented in OIOS' database after receiving a copy of the review report for 2005.

Meeting documentation

14. One of the critical functions of the Office was to address the limited access to vulnerable people caused by damaged transportation infrastructure and military activities in the affected areas. This problem was addressed in meetings convened by the Office with belligerent warring parties and officials of national and provincial governments. During 2004, the Office convened about 130 such meetings. Some of these meetings resulted in the warring parties signing formal agreements to allow for the safe passage of humanitarian assistance. However, no formal records of seven selected meetings convened by the Goma sub-office in 2004 were available. The Office explained that due to fears of upsetting concerned participants, formal records of the majority of the meetings were not maintained. In the auditors' opinion, to document access-related meetings, particularly when formal commitments were not signed by the participants, was essential. Such records will not necessarily require the signatures of the warring parties but would help the Office in following-up on actions agreed by the participants. Formal records of

these meetings would also help the Office to assess its impact on the expansion of humanitarian space.

Recommendation 4

OIOS recommended that the Office ensure proper documentation of the meetings and any informal agreements reached with warring parties (AN2005/590/01/04).

15. The Office accepted this recommendation explaining that, *following the audit, the Office was designing a new intranet filing system with different access levels to keep records of these meetings/encounters whilst preserving confidentiality*. IAD I will close this recommendation in the OIOS' database after receiving a copy of the procedures for documenting and securing records of meetings.

C. Substantive reporting

16. Officers in charge of programme implementation should report on their activities, in accordance with requirements established by management. OCHA-DRC stated that OCHA management did not provide it with reporting requirements. As a result, the Office established its own reporting requirements (i.e. types, contents, frequency and users of its reports). There was no feedback from OCHA management indicating its reaction to the Office's reporting. Therefore, the reporting by the Office seemed to satisfy management's needs.

17. Each of the eleven sub-offices submitted their reports to the Office in accordance with the requirements. Based on these reports, the Office prepared the summary and consolidated reports, which were distributed in a timely manner. These consolidated reports included a Weekly Note to Management for four recipients in OCHA-Geneva, a Weekly Situation Report (for quasi-internal distribution within OCHA), and a Monthly Progress Report previously referred to as OCHA-DRC Monthly Situation Report (for internal distribution within OCHA). The Office also held weekly teleconferences with New York and Geneva and provided confidential reports and notes to the RC/HC when necessary.

18. The usefulness of reports might be enhanced if the Office quantified its achievements vis-à-vis the indicators contained in its Work Plan. For example, the performance of the Office relating to the following indicators of achievement specified in the 2004 Work Plan could be in the Monthly Progress Reports:

- At least 50 percent of internally displaced persons are assisted and benefit from protection activities;
- At least one interagency assessment mission is conducted in every accessible crisis area;

- National coverage improved by 30 per cent; and
- Areas accessible to humanitarian actors increased by 30 per cent.

19. Although the quantification of achievements appeared to be difficult due to the absence of appropriate data, it is still necessary in order to gauge the progress in the implementation of the programme of work.

Recommendation 5

OIOS recommended that the Office, in consultation with headquarters, rationalize the current reporting requirements and make reporting more indicative of the achievement of its goals (AN2005/590/01/05).

20. The Office accepted this recommendation. IAD I will close this recommendation as implemented in the OIOS' database after receiving a copy of modified reporting requirements for the Office.

D. Administrative matters

Administrative policies and procedures

21. In order for administrative tasks to be carried out efficiently and effectively, it is critical that the responsible individuals are provided with the appropriate guidelines, policies and procedures. The auditors reviewed the Administrative Manual for OCHA Field Offices ("the Manual"), noting that it contains detailed guidelines necessary to carry out the Office's mandate efficiently and effectively. However, the Manual was in draft form and was not yet available to all responsible individuals.

Recommendation 6

OIOS recommended that OCHA finalize and distribute the Administrative Manual for Field Offices (AN2005/590/01/06).

22. The Office indicated that *OCHA-Geneva is to issue the relevant manual*. IAD I will close this recommendation in its database after ascertaining that the finalized manual has been distributed to all field offices and sub-offices.

Authorization of posts

23. Some of the local staff posts in the staffing table as of 31 December 2004 were not explicitly approved in the 2004 Cost Plan. The following table indicates six additional posts that were filled compared to the actual number of posts specified in the approved 2004 Cost Plan.

Circumventing required authorizations for hiring staff represents a certain breach of internal controls.

| Post grade | # Per Cost Plan | # of posts encumbered 31/12/04 | Difference | # of staff/months per approved Cost Plan | Actual months encumbered |
|--------------|-----------------|--------------------------------|------------|--|--------------------------|
| NOA | 14 | 17 | (3) | 168 | 185 |
| NOB | 2 | 1 | 1 | 24 | 14 |
| GSL (6) | 6 | 7 | (1) | 72 | 73 |
| GSL (5) | 3 | 4 | (1) | 36 | 44 |
| GSL (4) | 3 | 1 | 2 | 36 | 12 |
| GSL (3) | 4 | 4 | 0 | 48 | 48 |
| GSL (2) | 13 | 15 | (2) | 156 | 154 |
| GSL (1) | 1 | 3 | (2) | 12 | 36 |
| Total | 46 | 52 | (6) | 552 | 566 |

Recommendation 7

OIOS recommended that the Office ensure that only approved posts are filled (AN2005/590/01/07).

24. The Office accepted this recommendation and indicated that *this [finding] was a surprise as the Office cannot, in principle, create a post if it did not exist in the Cost Plan. Mechanisms have now been created to avoid the reoccurrence of this situation.* Based on this information, IAD I closed this recommendation in the OIOS' database as implemented.

Classification of posts and recruitment of local staff

25. In accordance with OCHA-DRC's procedures, vacancy announcements should be approved by UNDP-DRC. OCHA-DRC should then publish the vacancy announcement, prepare a shortlist of pre-qualified candidates, interview candidates, and submit recommendations to UNDP-DRC's Selection Committee. UNDP-DRC should prepare the employment contracts. These procedures should have ensured that the most qualified individuals were recruited.

26. The auditors reviewed recruitment files for 14 of the 52 local and national staff posts that were encumbered as of 31 December 2004. The review showed that:

- There were no approved vacancy announcements or evidence of post classification for all 14 posts;

- There were no approved shortlists for all 14 posts;
- Vacancy announcements for 13 of the 14 posts were published internally only, although the recruitment files did not contain any explanation regarding the urgency for filling the posts;
- Reports of the Office's interview panels were available for only 3 of the 14 posts; and
- Reports of the UNDP Selection Committee were available for only 2 of the 14 posts.

27. The recruitment files maintained by the Office were disorganized and incomplete, making it difficult to find the required information. The Office did not have copies of relevant procedures and guidelines applicable to the recruitment tasks that it was responsible for.

Recommendations 8 and 9

OIOS recommended that the Office:

- (i) Obtain and ensure the proper application of the policies and procedures for the recruitment of local staff (AN2005/590/01/08); and
- (ii) Ensure that all recruitment actions are properly documented (AN2005/590/01/09).

28. The Office accepted these recommendations indicating that Recommendation 8 *will be implemented by 31 August 2005* and Recommendation 9 *will be implemented by 30 September 2005*. In addition, the Office explained that *several posts had been announced internally in order to adjust the grade levels of many Liaison Officers*. The Office also assured that *most posts would be advertised externally in the future. The guidelines will be produced on the basis of the OCHA administrative guidelines and the recruitment files would be rationalized*. IAD I will close these recommendations in the OIOS' database after the receipt of the guidelines.

Payment of salaries and other entitlements to local staff

29. Salaries and other entitlements should be paid in the proper amounts to bona fide staff. The auditors checked the UNDP-implemented payroll extracts for February 2005 for a sample of 14 local staff on fixed term contracts. The test revealed that entitlements were not always paid in the accurate amounts and there were unexplained differences in spousal allowances.

Recommendation 10

OIOS recommended that the Office ascertain the accuracy of the payroll of its local staff and initiate the correction of the wrong payments (AN2005/590/01/10).

30. The Office accepted this recommendation indicating that it *will be implemented beginning 31 October 2005*. The Office also stated that it *would increase its control of national staff management, including payments*. IAD I will close this recommendation in the OIOS' database after receiving evidence of the increased controls with respect to payments to national staff and of the correction of the wrong payments.

Payments to contract staff on Special Service Agreements (SSA)

31. It was difficult to determine whether fees under SSA contracts had been justified since the contracts did not explicitly indicate the nature of the services (i.e. temporary support or consultancy). A distinction between temporary support personnel and consultants is necessary for the proper determination of payments to contract holders due to the differences in complexity of tasks and qualifications of individuals recruited.

Recommendation 11

OIOS recommended that the Office ensure a clear indication of the nature of services in its SSA contracts (AN2005/590/01/11).

32. The Office accepted this recommendation stating that *it was discussing specific contract wording with UNDP*. Based on the response, IAD I closed this recommendation in OIOS' database.

Payment of overtime

33. Overtime payments were supported with approved Requests for Overtime Duty. However, it was difficult to determine if overtime had been approved in advance because individuals who approved the requests did not indicate the approval dates. The absence of the date represented a weakened control over the authorization of overtime.

Recommendation 12

OIOS recommended that the Office ensure that the date on which overtime is approved is always specified in the Request for Overtime Duty (AN2005/590/01/12).

34. The Office accepted this recommendation indicating that *it would be implemented beginning 30 June 2005*. IAD I was satisfied with Office's response and closed this recommendation in OIOS' database.

Service agreement between UNDP-DRC and OCHA-DRC

35. A global cost-recovery agreement between UNDP and the United Nations authorized the reimbursement for services provided by UNDP country offices to the United Nations. The agreement covers a number of functions to be performed by UNDP in procurement, human resources management, disbursement of funds and financial reporting.

36. Although UNDP was responsible for disbursements and was compensated in accordance with the cost recovery agreement, OCHA-DRC performed certain payment processing tasks including data entry in UNDP's ATLAS system and preparation of checks for the signature of UNDP-DRC officials. UNDP-DRC agreed to reimburse OCHA-DRC for the salaries of its staff that was assigned to payment processing. However, this agreement was not documented. The internal arrangements between UNDP-DRC and OCHA-DRC also needed to be spelled out with regard to each entity's obligations, especially in the context of changes within UNDP as a result of the introduction of its new accounting software. Since there was no formal service agreement, it was not always clear what UNDP-DRC, OCHA-Geneva, and OCHA-DRC were accountable for, particularly in the procurement of goods and the classification of local posts.

Recommendation 13

In order to ensure proper accountability, OIOS recommends that OCHA review the arrangements between UNDP-DRC and the Office with a view to clarify the provisions of the service agreement (AN2005/590/01/13).

37. The Office agreed with this recommendation indicating that it would be *implemented by 31 October 2005*. The Office further indicated that they *have received a draft MOU regarding PSC charged by UNDP per transaction. The draft is being reviewed for further negotiation and approval by OCHA-Geneva*. IAD I will close this recommendation after receiving a finalized MOU between OCHA-DRC and UNDP-DRC.

Reconciliation of IOV reports

38. IOV reports reflected disbursements made by UNDP-DRC on behalf of the Office. The Office did not reconcile these reports with requests for payment because there was no requirement to do so. UNDP-DRC submitted the IOV reports directly to OCHA-Geneva who had no involvement in requesting payments and did not maintain any records of such requests. Therefore, there was a possibility of erroneous payments, which should be mitigated by a reconciliation process.

Recommendation 14

OIOS recommended that, in order to mitigate the risk of erroneous payments, OCHA-DRC obtain copies of monthly IOV reports and reconcile them with the relevant payment requests issued to UNDP (AN2005/590/01/14).

39. The Office agreed to implement this recommendation *beginning 30 September 2005*. IAD I will close this recommendation in its database after receiving a copy of a reconciliation statement prepared by the Office with respect to its requests for payments.

Travel claims

40. There were adequate procedures for approving travel requests. UNDP-DRC used the approved requests to disburse travel advances directly to travellers. Travel claims were settled by UNDP-DRC on the basis of payment requests issued by the Office. However, the Office relied on the goodwill of travellers to submit their F10 forms after the travel. When a traveller failed to submit his/her F10, appropriate recovery action was not initiated. The Office did not have records of travel advances paid by UNDP-DRC directly to travellers. There was a need for the Office to periodically obtain a report of travel advances from UNDP and follow-up with travellers who fail to submit travel claims in a timely manner.

Recommendation 15

OIOS recommended that the Office perform follow-up procedures on travel claims and initiate timely recovery actions (AN2005/590/01/15).

41. The Office accepted this recommendation and indicated that it *will be implemented beginning 30 September 2005*. The Office stated that it had *subsequently established internal procedures to improve follow-up*. This recommendation has been closed in OIOS' database as implemented.

Fuel coupons

42. In Kinshasa, the Office used coupons to obtain fuel from designated petrol stations. UNDP issued the coupons to the Office's Head Driver based on formal requests signed by the Head of Office. The Head Driver in turn issued coupons to the drivers as-needed. The petrol stations retained a copy of the coupon after dispensing the quantity specified on the coupons and billed the Office through UNDP.

43. Since January 2005, the Office has improved controls over fuel. Fuel consumption of each vehicle was formally analyzed and monitored. However, there was a need to improve controls over the replenishment of coupons and their issuance to drivers. The Head Driver

should verify the accuracy of the odometer reading at the time he issued coupons to the drivers. In the Goma sub-office, there were no procedures to monitor the consumption of fuel. Fuel coupons were not used in the sub-offices. Instead, fuel request forms, which were not pre-numbered, were utilized.

Recommendation 16

OIOS recommended that the Office improve its controls over the use of fuel coupons and strengthen the controls in the sub-offices (AN2005/590/01/16).

44. The Office accepted this recommendation stating that it *will be implemented beginning 31 October 2005*. We are concerned over the delayed remedial action. This recommendation will be closed after IAD I is advised of its implementation.

Procurement of goods and services

45. The auditors' examination of a sample of ten procurement actions indicated that each purchase order (PO) was supported by a purchase request and the number of quotes required by UNDP procedures. Under the Standing Basic Agreement with the United Nations, UNDP approved all service contracts and POs greater than or equal to \$30,000. However, individuals of OCHA-DRC who did not appear to have the proper delegated authority signed POs for purchases less than \$30,000. In 2004, 167 of the 170 purchases orders totalling \$640,000 were for purchases less than \$30,000. These purchases represented more than 65 per cent of the value of all procurement. It appeared that the Office did not have procurement authority required by Financial Rule 105.13.

Recommendation 17

OIOS recommends that the Office be instructed not to carry out procurement without a formal procurement authority (AN2005/590/01/17).

46. The Office indicated that they *would make a proposal for OCHA-Geneva and OCHA-New York to approve an increase in the delegation of authority for procurement within OCHA-DRC*. IAD I will close this recommendation as implemented after receiving the new delegation of authority.

Inventory controls

47. Non-expendable items should be managed in accordance with procedures set out in the United Nations Property Manual. The Office prepared a list of its assets in February 2005. Previously, the Office did not have a comprehensive list of the assets. The description of assets

in the list was not always accurate, and the value of some items was not recorded. Another control weakness was the lack of periodic physical inventory checks.

48. The auditors tested a sample of assets allocated to Kinshasa and the Goma sub-office as per the latest list of assets. A number of exceptions were noted with respect to the assets located in Goma. Two recorded items were no longer in Goma but had been moved to another sub-office. Several of the reference numbers used to identify the sample items were different from the actual reference numbers verified by the auditors.

49. Packing lists for all goods received in Kinshasa for the sub-offices were signed as received and inspected by the Office. Although goods intended for the sub-offices were forwarded to them, the Office was not notified of the receipt of the goods at the final destination.

Recommendations 18-19

OIOS recommends that the Office:

- (i) Always obtain copies of receiving and inspection reports from the sub-offices with respect to goods forwarded to those sub-offices (AN2005/590/01/18); and
- (ii) Perform periodic inventory counts of non-expendable items so that all items are identified and checked at least once a year (AN2005/590/01/19).

50. The Office agreed with these recommendations, indicating that they *will be implemented beginning 31 October 2005*. IAD I will close these recommendations in OIOS' database after a notification that the relevant procedures have been implemented.

E. Safety and security

51. In Kinshasa, OCHA-DRC was located in a compound with several other United Nations' agencies. The agencies formed a Security Management Team (SMT), which was responsible for the security policy of the compound. The SMT comprised heads of all agencies, including the Head of OCHA-DRC. The Office was also responsible for security arrangements for its 11 sub-offices.

52. There had been no fire and evacuation drills for the staff working in the compound. Also, on the basis of its self-assessment, the Office determined that some sub-offices were not fully equipped, in accordance with the United Nations Minimum Operating Security Standards (MOSS). The blast resistant films, trauma and first-aid kits were not available.

53. It was noted that the individual responsible for security of the Office was not comfortable with the assessments and arrangements in place. He indicated that he was not a security expert

who could make a complete assessment of the Office's compliance with MOSS. He had been recruited in August 2004 as a Logistics Officer but had been assigned the additional task of safety and security by the Head of Office.

Recommendation 20

OIOS recommended that the Office initiate a comprehensive security assessment which would include all sub-offices to ensure the fullest compliance with MOSS and other security requirements (AN2005/590/01/20).

54. The Office accepted this recommendations stating that the *Kinshasa office was now MOSS compliant, with exception of the new building, which will not be used until the necessary improvements are made. The financial authorization was provided in April 2005 to make the new sub-offices MOSS compliant. This will be implemented by 30 November 2005.* IAD I will close this recommendation in its database after receiving documentation showing its implementation.

IV. ACKNOWLEDGEMENT

55. We wish to express our appreciation for the assistance and cooperation extended to the auditors by the management and staff of OCHA and the Office.

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

Annex

Recommendation Status Sheet

| Recommendation Number | Recommendation | Planned Implementation Dates |
|------------------------------|---|-------------------------------------|
| AN2005/590/01/01 | OIOS recommended that the Office, in consultation with senior OCHA management, formalize its structure and basic agreements with MONUC. | June 2005 |
| AN2005/590/01/02 | OIOS recommended that the Office prepare tailored terms of reference for all interagency needs assessment missions. | Closed |
| AN2005/590/01/03 | OIOS recommended that the Office determine the causes of the agencies' failure to provide the required contribution to the mid-year and final 2004 reviews of the CAP and ensure timely completion of the 2005 reviews. | July 2005 |
| AN2005/590/01/04 | OIOS recommended that the Office ensure proper documentation of the meetings and any informal agreements reached with warring parties. | September 2005 |
| AN2005/590/01/05 | OIOS recommended that the Office, in consultation with headquarters, rationalize the current reporting requirements and make them more indicative of the achievement of its goals. | November 2005 |
| AN2005/590/01/06 | OIOS recommended that OCHA finalize and distribute the Administrative Manual for Field Offices. | Not indicated |
| AN2005/590/01/07 | OIOS recommended that the Office ensure that only | Closed |

| | | |
|------------------|---|----------------|
| | approved posts are filled. | |
| AN2005/590/01/08 | Obtain and ensure the proper application of the policies and procedures for the recruitment of local staff. | August 2005 |
| AN2005/590/01/09 | Ensure that all recruitment actions are properly documented. | September 2005 |
| AN2005/590/01/10 | OIOS recommended that the Office ascertain the accuracy of the payroll of its local staff and initiate the correction of the wrong payments. | October 2005 |
| AN2005/590/01/11 | OIOS recommended that the Office ensure a clear indication of the nature of services in its SSA contracts. | Closed |
| AN2005/590/01/12 | OIOS recommended that the Office ensure that the date on which overtime is approved is always specified in the Request for Overtime Duty. | Closed |
| AN2005/590/01/13 | In order to ensure proper accountability, OIOS recommends that OCHA review the arrangements between UNDP-DRC and the Office with a view to clarify the provisions of the service agreement. | October 2005 |
| AN2005/590/01/14 | OIOS recommended that, in order to mitigate the risk of erroneous payments, OCHA-DRC obtain copies of monthly IOV reports and reconcile them with the relevant payment requests issued to UNDP. | September 2005 |
| AN2005/590/01/15 | OIOS recommended that the Office perform follow-up procedures on travel claims and initiate timely | Closed |

| | | |
|------------------|---|---------------|
| | recovery actions. | |
| AN2005/590/01/16 | OIOS recommended that the Office improve its controls over the use of fuel coupons and strengthen the controls in the sub-offices. | October 2005 |
| AN2005/590/01/17 | OIOS recommends that the Office be instructed not to carry out procurement without a formal procurement authority. | Not indicated |
| AN2005/590/01/18 | Always obtain copies of receiving and inspection reports from the sub-offices with respect to goods forwarded to those sub-offices. | October 2005 |
| AN2005/590/01/19 | Perform periodic inventory counts of non-expendable items so that all items are identified and checked at least once a year. | October 2005 |
| AN2005/590/01/20 | OIOS recommended that the Office initiate a comprehensive security assessment which would include all sub-offices to ensure the fullest compliance with MOSS and other security requirements. | November 2005 |

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: OCHA Field Office in the Democratic Republic of the Congo (AP2005/590/01)

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

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

Name: _____ Title: _____ Date: _____

*Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:
 Ms. Patricia Azarias, Director, Internal Audit Division-1, OIOS
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA
 By fax: (212) 963-3388
 By E-mail: iad1support@un.org*