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**OFFICE OF INTERNAL OVERSIGHT SERVICES
INVESTIGATIONS DIVISION**

**REDACTED
REPORT OF INVESTIGATION**

ID CASE NO. 0188/06

4 August 2006

This Investigation Report of the Investigations Division of the United Nations Office of Internal Oversight Services is provided upon your request pursuant to paragraph 1(c) of General Assembly resolution A/RES/59/272. The Report has been redacted in part pursuant to paragraph 2 of this resolution to protect confidential and sensitive information. OIOS' transmission of this Report does not constitute its publication. OIOS does not bear any responsibility for any further dissemination of the Report.

**Investigation into Allegations of Mismanagement at the United Nations Office on
Drugs and Crime office in Member State 1 and Misconduct on the part of
UNODC Senior Official 1**

I. INTRODUCTION

1. On 20 February 2006, ID/OIOS received a complaint involving Senior Official 1 of the United Nations Office on Drugs and Crime (UNODC) at a Country Office. In particular, the complaint referred to the alleged mismanagement and waste of resources at the County Office attributable to UNODC Senior Official 1. Further allegations concerned UNODC Senior Official 1's external political activities and the alleged misrepresentation of his entitlements with respect to the United Nations.

II. BACKGROUND INFORMATION

2. UNODC has approximately 500 staff members worldwide, with headquarters in Vienna, a liaison office in New York and 21 field offices around the world. About 90 per cent of the UNODC budget consists of voluntary contributions from Member States.

3. UNODC Senior Official 1 was appointed to his position at the County Office in March 2001. There are presently a total of 23 staff members at the County Office, comprised of eighteen locally recruited staff and five international staff members, including UNODC Senior Official 1.

III. APPLICABLE LAW

4. Due to the significant applicable law provisions which relate to the alleged conduct of UNODC Senior Official 1 and which are considered throughout this report, the full extract of the provisions are attached as *Annex 1* and briefly noted below.

General Applicable law:
Misconduct Staff Rule 110.1
Staff Regulation 1.2(b)

Allegation 1: Political activities
Staff Regulation 1.2 (f)
Staff Regulation 1.2 (h)

Allegation 2: Government housing
ST/AI/2000/16 Sections 7.1 and 7.4
Staff Rule 104.4(b)

Allegation 3: Project Funds and Imprest Funds
Financial Regulation 5.12

Financial Rules 105.13(a) and 105.20(a)
ST/AI/1999/7 - Use of consultants
Financial Rules 104.8 and 104.9

Allegation 4: Use of official vehicles and telephones
Staff Regulation 1.2 (q)

Allegation 5: Personal vehicle shipment
Staff Rule 107.27(d) (iv)

Allegation 6: Purchase of official vehicle
Financial Rules 110.18 and 110.21 (as of 2002)
UNDP Financial Rules 121.03 (as of 2002)

IV. METHODOLOGY

5. ID/OIOS conducted the initial phase of this investigation in Vienna; further information was obtained during the fieldwork phase in Member State 1. ID/OIOS conducted extensive interviews with the relevant staff from UNODC, the United Nations Development Programme (UNDP), the World Health Organization (WHO) and the Member State 1 Drug and Law Enforcement Agency (MS1DLEA). ID/OIOS examined pertinent records, email communications and other correspondence which were held at UNODC Headquarters, the County Office and the MS1DLEA Academy training facility.

V. INVESTIGATIVE DETAILS

6. ID/OIOS identified six different allegations. They are addressed separately in the report:

Allegation 1:

It was alleged that UNODC Senior Official 1 is actively involved in the political activities in Member State 2, evidenced by the submission of his application for the presidential elections to be held in July 2006.

7. ID/OIOS established from UNODC Senior Official 1 and his personnel file that UNODC Senior Official 1 is a national of Member State 2 by birth and Member State 3 is the country of his permanent residence. Numerous articles were published in the local Member State 2 City print media during late February and March 2006 stating that UNODC Senior Official 1, the "Officer of UNDCCP", was a candidate for the Local Political Party in the 2006 presidential elections in Member State 2. Additional media reports published in Member State 2 City claimed that UNODC Senior Official 1 had subsequently been disqualified as a candidate. It was added that UNODC Senior Official 1 had instituted proceedings in the Supreme Court of Justice to appeal his disqualification.

8. ID/OIOS examined the official registration documents for the presidential election and found that the Local Political Party was registered on 17 February 2006 with the Party Member as the head of the Party. An article in the Newspaper, dated 3 March 2006, indicated that UNODC Senior Official 1's selection as presidential candidate had been announced at a press conference by the Local Political Party on 28 February 2006. On 5 April 2006, the Commission published its decision that UNODC Senior Official 1 was not admitted as a candidate for presidential elections as he had failed to pay the requisite registration fee of US\$50,000.

9. On 8 March 2006 an article in the Newspaper alleged that UNODC Senior Official 1 had attributed the delayed registration of the Local Political Party to the need for him to inform UNODC Senior Official 2. The English translation of the interview with UNODC Senior Official 1, published on the internet site of the Newspaper, reads: "For thirty-two years, I have been a civil servant of the United Nations, and for five years I have been the Senior Official of the office of the United Nations against drug and crime in Member State 1. I could not leave such a situation where UNODC Senior Official 2 would read in the newspapers or would see either on the Internet or on the screens which its Senior Official in such country is launching out in the race to presidential in his country of origin without it not returning the courtesy to him to discuss it as a preliminary with him. It is not in conformity with diplomatic uses. I first of all took care to be able to inform it. For reason of too charged calendar, I only could do it about in the middle of February. It is only as from this moment that I felt completely free to launch me in this company. It is what justifies the delay of the Local Political Party." He was quoted as saying that despite the delayed registration, the idea for the party was not new, as it had been under discussion for a long time.

10. The Human Resource Management Service (HRMS) Officer told ID/OIOS that some time in February 2006 he received a telephone call from UNODC Senior Official 2, requesting advice on the rules applicable for staff members seeking Special Leave Without Pay to run for political office. The HRMS Officer told ID/OIOS that he advised UNODC Senior Official 2 that the United Nations Staff Rules do not allow staff members to engage in such outside activities. On 9 March 2006, by email to the Overseas Offices Section Officer, Office of Human Resource Management (OHRM), UN Headquarters, the HRMS Officer sought further clarification on the rules applicable to the request.

11. On 17 March 2006, Overseas Offices Section Officer confirmed by email to the HRMS Officer that "running for an office while a UN staff member seems to constitute a conflict with the interest of the organization (outside activities). Any candidate for a political office will have to make statements, which could have a negative effect on the organization ...". This information was provided to the UNODC Liaison Officer in Vienna, by The HRMS Officer's personal assistant via email on 3 April 2006. The information was then passed to UNODC Senior Official 2 by the UNODC Liaison Officer during a meeting he had with UNODC Senior Official 2 soon after the receipt of that information from the HRMS Officer.

12. ID/OIOS established from both UNODC Senior Official 2 and UNODC Senior Official 1 that UNODC Senior Official 2 supported and encouraged UNODC Senior Official 1 to pursue his political ambitions after a meeting held between the two men on 7 February 2006 in Vienna. In an email from UNODC Senior Official 2 to UNODC Senior Official 1, dated 9 April 2006, UNODC Senior Official 2 stated: *“Take it easy. You know that we care for you, have set in motion process that will recognize your good work, & have given you time to decide about (and pursue early steps towards) participating in Member State 2’s election...”* Both UNODC Senior Official 2 and UNODC Senior Official 1 confirmed this email exchange to ID/OIOS. UNODC Senior Official 2 explained that at the time he was unfamiliar with the relevant United Nations Regulations and Rules regarding staff members participating in political elections. UNODC Senior Official 2 told ID/OIOS that he relied upon his previous experience with the European Union and the European Bank for Reconstruction and Development, institutions that encourage the political aspirations of staff.

13. ID/OIOS established from email correspondence between UNODC Senior Official 3 and UNODC Senior Official 1 that UNODC Senior Official 1 informed UNODC Senior Official 3 on 9 April 2006 that “my candidacy has so far been rejected”. On 10 April 2006 UNODC Senior Official 3 replied that “your nomination as presidential candidate for the Local Political Party, regardless of whether or not your candidacy has been accepted by the Member State 2 Independent Electoral Commission, seems prima facie evidence of a serious violation of the Staff Rules.”

14. The UNODC Liaison Officer told ID/OIOS that he met with UNODC Senior Official 1 in February 2006 to discuss the general topic of UNODC Senior Official 1’s interest in standing for political office. According to the UNODC Liaison Officer, the discussion focused on how UNODC Senior Official 1’s dual citizenship status would affect his plans to participate in the elections. The UNODC Liaison Officer told ID/OIOS that he had not discussed the relevant United Nations Rules regarding a staff member participating in a political election, instead, he advised UNODC Senior Official 1 to lodge an application for a temporary suspension of his Member State 3 citizenship, as allowed by Member State 3’s immigration laws, to accommodate his political intentions. The UNODC Liaison Officer also advised UNODC Senior Official 1 to inform UNODC Senior Official 2 and the UNODC administration once he had made his decision to run for office.

15. The UNODC Liaison Officer told ID/OIOS, that in his view, there is no conflict of interest in a staff member being actively involved in a political party and that it would only become an issue if UNODC Senior Official 1 became a candidate.

16. UNODC Senior Official 1 told ID/OIOS that he was a founding member of the Local Political Party. He admitted providing substantial financial contributions to the party, and his intention to compete in the presidential election in Member State 2 in July 2006. UNODC Senior Official 1 confirmed that he met with UNODC Senior Official 2 some time in February 2006 to advise him of his political intentions in the 2006 Member State 2 elections and to ensure UNODC Senior Official 2 would not be “caught by

surprise” regarding his anticipated presidential candidacy as expressed in his interview with the Newspaper, quoted above. UNODC Senior Official 1 stated that UNODC Senior Official 2 did not object to his political intentions and supported the idea.

17. UNODC Senior Official 1 admitted that he had not sought or received verbal or written authorization or clarification from UNOV/UNODC administration personnel prior to engaging in outside political activities. The response provided in the interview with the Newspaper, dated 8 March 2006, however, indicates that after informing UNODC Senior Official 2, UNODC Senior Official 1 felt free to launch his electoral campaign.

18. UNODC Senior Official 1 stated to ID/OIOS that on 23 March 2006, an unidentified friend at UNHQ told him that pursuing his political ambitions was inconsistent with his status as a UN staff member. UNODC Senior Official 1 conceded that in retrospect, he should have sought proper advice before engaging in any political activities, but claimed that his actions did not compromise his independence and impartiality as the most senior UNODC staff member in Member State 1. UNODC Senior Official 1 asserted that he maintained a low profile during the election campaign and that the media reports regarding his candidacy were unintentional. However, UNODC Senior Official 1 did admit to ID/OIOS that he gave an interview to journalists based in Member State 2 in early 2006, but claimed he was misquoted.

19. As demonstrated by his public announcements published in the Newspaper, UNODC Senior Official 1’s application as a candidate for the Member State 2 election placed him in a position where he was unable to fulfil his role as an international civil servant discharging his duties in a truly independent and impartial manner as required by UN Staff Regulations 1.2 (f) and 1.2 (h). UNODC Senior Official 1 failed to preserve his impartiality as he was invoking his longstanding experience with the United Nations and his standing as an international civil servant, in order to further his political career, thus placing responsibility for his personal political actions on the United Nations. Paragraph 44 of the ‘Standards of Conduct for the International Civil Service’, approved by the UN General Assembly, precludes a staff member’s participation in political activities, such as standing for or holding local or national political office. Both UNODC Senior Official 2’s endorsement of UNODC Senior Official 1’s political aspirations and the UNODC Liaison Officer’s failure to appropriately advise of the potential issues arising from these aspirations reflects poorly on their judgment in the circumstances.

Allegation 2:

While at his post between 2001 and 2004, UNODC Senior Official 1 allegedly lived at a government residence rent-free. UNODC Senior Official 1 did not disclose his accommodation arrangements to the Organization and the rental deduction, applicable in such cases, was not applied.

20. ID/OIOS examined relevant records and found that in March 2001 UNODC Senior Official 1 was posted to Member State 1 City. He transferred there in April 2004.

His family, however, remained in Member State 1 City until January 2005. ID/OIOS established from UNODC Senior Official 1, and from his predecessor, that UNODC Senior Official 1's predecessor's house, until that point allocated to UNODC, had been reallocated to the United Nations Industrial Development Organization (UNIDO) Representative at the same time that UNODC Senior Official 1 arrived in Member State 1 City. UNODC Senior Official 1 told ID/OIOS that he then sought alternative accommodation and found a World Health Organization (WHO) government-allocated, but dilapidated, house. The WHO Senior Official, Member State 1, confirmed to ID/OIOS that on 28 January 2003, upon UNODC Senior Official 1's request, WHO allowed him the temporary use of a house. ID/OIOS established from the WHO Senior Official that the WHO house was allocated to UNODC Senior Official 1 on 28 March 2003

21. The WHO Senior Official confirmed that several houses provided to WHO by the Member State 1 government were free of charge and that no costs were passed on to staff. ID/OIOS established that on 1 September 2004, after UNODC Senior Official 1 had transferred, UNODC Senior Official 1 informed WHO that he wished to retain the WHO house for both private use and officially as a project office. WHO agreed to the request and allowed UNODC Senior Official 1 to continue using the house until the Member State 1 government requested the return of their property on 20 December 2004. WHO, however, deflected the question of any conversion of the house to a project office to the Member State 1 government.

22. UNODC Senior Official 1 countered the argument that he should have advised UNODC of the fact that he was staying in a government/WHO house, free of rental charges, by stating that he was unaware of the pertinent rules and, in addition, had renovated the house with his own funds. UNODC Senior Official 1 promised to provide ID/OIOS with proof of such renovation work, but in spite of numerous queries by ID/OIOS he has so far failed to do so.

23. UNODC Senior Official 1's predecessor told ID/OIOS that UNDP provided him with a government house whilst he was based in Member State 1 City, which was subsequently allocated to UNIDO in February 2001. UNODC Senior Official 1's predecessor stated that UNDP had applied a rental deduction from his salary whilst he resided in the property.

24. The free use of the WHO house by UNODC Senior Official 1 should have resulted in payroll deductions from his salary pursuant to section 7.1 of UN Administrative Instruction ST/AI/2000/16. As a result of the benefits derived, UNODC Senior Official 1 was obliged pursuant to UN Staff Rule 104.4(b) to inform the Organization of any change in his situation, including the use of rent-free accommodation, as it had an effect on his entitlements. Section 7.4 of ST/AI/2000/16 states that a failure by a staff member to notify of a change in circumstances in a timely manner will result in recovery of overpaid amounts and any other appropriate action. Such a failure questions the integrity of UNODC Senior Official 1 as outlined in the core values expected of staff members in Staff Regulation 1.2(b). Further, for a substantial

period of time, UNODC Senior Official 1 obtained a private financial gain by virtue of his office, which afforded him the privilege of the rent-free house, which is prohibited in accordance with Staff Regulation 1.2 (g).

Allegation 3:

UNODC Senior Official 1 was allegedly involved in mismanagement and waste of resources in the handling of the Imprest account and other project accounts of the County Office.

25. This allegation has two parts: the first one addresses the G73 project, which covers “Phase One of the Upgrading of the Academy” and the second section addresses the operation of the Imprest Account and project funds of UNODC.

a) Project G73:

i) Mismanagement and waste of resources by failing to properly monitor the procurement of goods by MS1DLEA in the project and protect the project funds:

26. The original complaint alleged that UNODC Senior Official 1 had certified a bulk payment of over US\$300,000 to the MS1DLEA for procurement activities without properly monitoring the procurement activities, ultimately leading to a substantial loss to the Organization as a substantial number of items had been procured but were not delivered.

27. The project document was signed on 15 August 2003 by the then MS1DLEA Senior Official 1, on behalf of the Federal Government of Member State 1, and by UNODC Senior Official 1 on behalf of the County Office/UNODC. It identified a budget of US\$1,559,400 to cover Phase One activities, which included various procurement activities for vehicles, furniture and construction work for the upgrading of the MS1DLEA Academy-Regional Law Enforcement Agency training facility.

28. ID/OIOS established that on 17 October 2003, UNODC Senior Official 1 instructed UNDP, which handles payments on behalf of UNODC projects, to release US\$349,000 to MS1DLEA to procure equipment for the kitchen and office of the training facility and to obtain services for security, water and power supplies. UNODC Senior Official 1 on behalf of UNODC assured UNDP in writing that a statement of expenditure for the items purchased would be obtained from MS1DLEA for verification purposes and that UNDP assistance would be sought for an inspection by a quantity surveyor.

29. As requested by UNODC Senior Official 1, UNDP disbursed the payments via two disbursement vouchers, both dated 24 October 2003, with one totaling US\$80,000 and the second US\$269,000. In a letter dated 15 October 2003, the then MS1DLEA Senior Official 2, assured UNODC Senior Official 1 that they would follow the government procurement process and would provide a report to UNODC on the

procurement actions as set out in the project document, with clear separation of the County Office and MS1DLEA responsibilities. On 16 December 2003, MS1DLEA provided UNODC with the list of the vendors selected to provide the equipment and services and the respective receipts were submitted in February 2004 to UNODC.

30. ID/OIOS cross checked the inventory list of the Academy with the invoices supplied by the vendors and established that some items recorded on the vendor invoice as delivered, were either missing from the delivery list or were in fewer numbers than as charged in the invoices. The overall shortfall was approximately US\$14,215 and with the additional charges for the Value Added Tax, the total loss sustained by UNODC was US\$24,803. ID/OIOS established from the Academy Officer and the storekeeper that items were delivered for Phase 1 of the project without delivery receipts.

31. ID/OIOS established from the National Project Coordinator of the County Office that he was neither present when the delivery was made nor did he personally inspect the items delivered. The Country Office National Project Coordinator stated that he participated in a guided tour given by Academy Officer at the Academy on 7 January 2004 for the Project Management Board where he pointed out the delivered items and provided a list of the deliveries. The Country Office National Project Coordinator admitted that he did not verify the list but merely accepted the Academy Officer's information.

32. UNODC Senior Official 1 admitted to ID/OIOS investigators that the procurement responsibilities for the G73 project remained with the County Office. He referred to the Country Office National Project Coordinator as the responsible person within the County Office but admitted that he had authorised MS1DLEA to carry out the exercise in 2003 due to time constraints and UNODC office relocation pressures. UNODC Senior Official 1 conceded that there was no documentation to substantiate the discussions and agreements among UNODC, UNDP and MS1DLEA.

33. As the Senior Official of UNODC in Member State 1, UNODC Senior Official 1 was the designated official responsible for the procurement functions of the Office pursuant to UN Financial Regulation 5.12 and UN Financial Rule 105.13(a). As such UNODC Senior Official 1 was to ensure that systems were in place for the receipt and recording of goods that had been procured in accordance with UN Financial Rule 105.20(a). Although UNODC Senior Official 1 had the authority to designate the National Project Coordinator to undertake the property management functions of the Country Office, that did not absolve him from the ultimate responsibility of ensuring adherence to the UN procurement rules.

ii) Use of consultants:

It was alleged that UNODC Senior Official 1 had mismanaged the disbursements for two consultants, Consultant 1 and Consultant 2, who had presented a Drug Enforcement Course at the Academy from 14 to 25 June 2004.

34. ID/OIOS established that US\$11,000 was paid in consultancy fees to both consultants, but that the invoices for this project demonstrated that the total amount paid was US\$29,906 inclusive of DSA and airline tickets for both presenters. UNODC Senior Official 1 was not able to provide ID/OIOS with the relevant consultancy agreements for the presenters, or any other supporting documentation for that matter. The County Office Finance Assistant was also unable to provide any supporting documentation.

35. The Country Office National Project Coordinator could not recall if any Special Service Agreements or consultant contracts were issued to the two consultants, and he attempted to place this responsibility with the Staff Member of the UNODC Regional office in Member State 4. However, the UNODC Staff Member told ID/OIOS that it was only his responsibility to identify the consultants, whilst the administration of the consultancy was the responsibility of the County Office, i.e. UNODC Senior Official 1 and the Country Office National Project Coordinator.

36. ID/OIOS established that UNODC Senior Official 1 and the Country Office National Project Coordinator, as the responsible County Office officers, failed to document the engagement of the two consultants pursuant to Administrative instruction ST/AI/1999/7. The consultant contracts were to be entered into directly with the consultants and incorporate the terms and conditions, including the duration, legal status, remuneration, performance evaluation, travel costs and appropriate terms of reference as outlined in ST/AI/1999/7. However, UNODC Senior Official 1 and the Country Office National Project Coordinator failed to comply with the requirements of the administrative instruction in its entirety.

b) Imprest Account:

It was alleged that UNODC Senior Official 1 bore the responsibility for a mismanaged and overdrawn “Imprest” account at the County Office. Disbursements were allegedly undertaken without proper checks and control mechanisms in place.

37. ID/OIOS established from UNODC Senior Official 4 that in April 2004, UNODC Headquarters had authorised the County Office to operate an Imprest account of US\$5,000 to cater for general office expenses. UNODC Senior Official 1, in his capacity as the County Office Senior Official, entrusted the funds and instructions on how to manage the account to his designated custodian, the Country Office Finance Assistant. These instructions included ensuring that all payments were supported by duly signed vouchers and supporting documentation that UNODC Senior Official 1 was required to randomly check for accuracy.

38. ID/OIOS established from UNODC files that the Imprest records for 2005 and 2006 contained various irregularities: ID/OIOS identified 8 payments for a total of USD \$3,263. These payments lacked substantial supporting information, such as the relevant travel authorizations for local travel in first class for an NGO training course participant or a list of participants regarding payment for refreshments for participants of a training

course. In addition, ID/OIOS found inconsistencies regarding a payment request made by the County Office through UNDP: ID/OIOS established that entries on the accompanying fuel receipts regarding the reimbursement to a driver for local travel totaling US\$615 had been altered. UNODC Senior Official 1, the certifying officer in this instance, admitted not having noticed the alterations on the receipts. The Country Office International Project Coordinator corroborated that he, as the only alternative certifying officer to UNODC Senior Official 1, did not check expenditures prior to certifying the expenditure.

39. The Country Office Finance Assistant was unable to explain to ID/OIOS either the abovementioned discrepancies or the lack of supporting documentation, stating that he saw his responsibility as limited to checking the figures and ascertaining that sufficient funds were available to cover the expenditures. Both the Country Office Finance Assistant and the County Office Senior Official told ID/OIOS that other than routine monthly checks, spot checks were not carried out and the log for the routine checks had not been maintained. UNODC Senior Official 1 told ID/OIOS that he had not established a logbook for the spot checks of the “Imprest” account, as he was “not a bureaucrat”.

40. UNODC Senior Official 1, as the UNODC Senior Official in Member State 1, was the designated official for the purposes of issuing cash advances pursuant to UN Financial Rule 104.8. As part of his duties, UNODC Senior Official 1 is responsible for ensuring the proper management and safekeeping of those cash advances and he is held accountable and financially liable for those advances in accordance with UN Financial Rule 104.9. Although he may delegate officers to manage the daily accounting of the cash advances through the Imprest system, UNODC Senior Official 1 must be in a position to account for these advances at all times. His failure to ensure adequate control mechanisms, such as conducting impromptu checks on “Imprest” supporting documentation, was in contravention of his obligations under UN Financial Rule 104.9.

Allegation 4:

It was alleged that UNODC Senior Official 1 failed to ensure that official vehicles and telephones are used for official purposes only and that any related costs for private use are recovered from staff members.

a) Private use of official vehicles:

41. The complaint alleged that County Office vehicles under the overall authority of UNODC Senior Official 1, in particular motor vehicle 1, had been used for unofficial trips to Member State 5. County Office Drivers 1, 2 and 3, when interviewed by ID/OIOS, identified that the County Office had a project in Member State 5 and the trips made to that country could therefore be officially sanctioned.

42. ID/OIOS reviewed the registration document for motor vehicle 1 and established that it was stamped at the Member State 1/Member State 5 border several times in 2004. ID/OIOS found that in most cases, the relevant trip tickets and travel authorisation for the drivers were missing. Neither the three drivers mentioned above, the Country Office

Finance Assistant nor UNODC Senior Official 1 could provide an explanation for the missing tickets.

43. UNODC Senior Official 1 admitted to ID/OIOS investigators that he had used official vehicles a number of times when he was on mission in the vicinity of Member State 1 City to drive to Member State 5 City, to purchase medication for his hypertension. UNODC Senior Official 1 pointed out that Member State 5 City was a little over 100 kilometres from Member State 1 City. He confessed that he did not pay liberty mileage for these trips, but he claimed to have paid for the fuel. UNODC Senior Official 1 admitted that the trips had not been recorded as private.

b) Trip tickets:

It was also alleged that UNODC Senior Official 1 had failed to properly monitor the use of official vehicles by staff at the County Office.

44. ID/OIOS inspected the vehicle log sheets for the period 2004 to April 2006 for the five County Office vehicles and found various irregularities – namely missing trip tickets and incorrect entries leading to unaccounted for mileage. The analysis showed that a total of 62,141 kilometres were unaccounted for vehicle 2; 36,451 kilometres for vehicle 1; 19,006 kilometres for vehicle 3; 8,703 kilometres for vehicle 4; and 3,609 kilometres for vehicle 5. The entries in the trip tickets were often incomplete, there was little or no recording of fuel purchases, which made it difficult to ascertain the extent of the private use and total fuel consumption of the vehicles.

45. ID/OIOS established that the County Office does not keep the original fuel receipts for fuel drawn from the UN fuel contractor. Drivers 1, 2 and 3 stated that they are not required to surrender the receipts to the office, and only Driver 1 made any attempt to file some of the receipts, but the office never actually requested the file. The Country Office Finance Assistant admitted to ID/OIOS that he could not account for the irregularities in maintaining the records.

46. ID/OIOS established from the Country Office Finance Assistant and a County Office Staff Member that the County Office paid the fuel vendor based on duplicate receipts and a summary submitted by the vendor. The County Office conducted no independent cross-checking of those claims submitted by the vendor. UNODC Senior Official 1 did not offer any explanation for the failure to account for fuel consumption or mileage recording of County Office vehicles. He admitted that he was fully responsible for this failure to account for these matters and therefore relying entirely on the self-submitted records of the fuel vendor.

47. ID/OIOS identified – in his job description – that UNODC Senior Official 1 is responsible for control of office and other accommodation, vehicles and equipment funded by UNODC and supervises all County Office staff. Therefore, he is ultimately responsible for the efficient use of official vehicles. ID/OIOS established from Drivers 1, 2 and 3 that the Country Office Finance Assistant supervises all General Service staff and

allocates day-to-day assignments to the drivers and signs vehicle trip tickets at the end of each month.

48. UNODC Senior Official 1's failure to effectively administer the use of UN vehicles in the County Office for official purposes and to accurately account for the fuel consumption of those vehicles is in contravention of UN Staff Regulation 1.2 (q) which requires a staff member to exercise reasonable care when utilizing the Organization's property and assets and his core obligation to uphold the highest standards of efficiency, competence and integrity as outlined in UN Staff Regulation 1.2 (b).

Allegation 5:

It was alleged that UNODC Senior Official 1 failed to follow the proper procedures in the importation of a personal vehicle in 2003. Allegedly, without informing the Organization, he had his private vehicle shipped in the same container as an official vehicle. By misrepresenting the private vehicle as an official one, UNODC Senior Official 1 allegedly defrauded the Organization of the costs of shipment and clearance of the private vehicle.

49. UNODC Senior Official 1 admitted to ID/OIOS that he had his private vehicle shipped in the same container used for the shipment of the official County Office vehicle and that he had not sought prior authorization for his action. He defended his actions by saying it saved the Organization money as the official vehicle supplier, Member State 3 Car Company, informed him that the charges for a 20-foot container accommodating one vehicle would cost €1,950, while a 40-foot container large enough to accommodate both vehicles would cost €3,100.

50. In addition, UNODC Senior Official 1 admitted having used project funds to clear the freight and insurance charges on the said container. When apprised of these unauthorized actions, UNODC withheld UNODC Senior Official 1's within-grade salary increment. ID/OIOS has been advised by UNODC that UNODC Senior Official 1 has reimbursed the full amount to UNODC.

51. Notwithstanding UNODC Senior Official 1's admissions regarding the importation of his private vehicle in contravention of the relevant procedures, his failure to obtain the requisite authorization prior to the shipment of the vehicle evidences poor judgement on his behalf. His actions, however, do not constitute misconduct for the purposes of UN Staff Rule 110.1 as UNODC Senior Official 1 would have been entitled to partial reimbursement of removal expenses as outlined in UN Staff Rule 107.27(d)(iv).

Allegation 6:

It was alleged that in 2002, UNODC Senior Official 1 purchased an official vehicle without following procurement procedures and in the process he incurred a loss of €4,805.65 to the Organization.

52. ID/OIOS established that UNODC Senior Official 1 and the County Office Finance Assistant engaged in a procurement process in 2002 for the acquisition of a Mercedes Benz E200 vehicle for the County Office utilizing F22 project funds. UNODC Senior Official 1 had sought an offer from the UNDP Inter-Agency Procurement Services Office (UNDP/IAPSO) for the purchase of the Mercedes Benz E200. An email from UNDP/IAPSO Customer Service Coordinator, dated 25 July 2002, stated that the requested E200 Mercedes Benz was temporarily out of production. In its place, IAPSO offered a 220 CDI diesel version at a quoted price of €29,950.27 including freight and insurance charges and other extras, but excluding clearance fees. On 16 August 2002, Member State 3 company, made an offer to UNODC Senior Official 1 to supply a Mercedes Benz E200 ML Limousine at a cost of €25,414.98, after the application of a 15% discount. However, there was no mention of freight or insurance charges.

53. Following receipt and review of the above two quotations, on 21 August 2002, UNODC Senior Official 1 instructed UNDP Member State 1 to place an order for the E200 at a cost of €25,804.00 from The Member State 3 Car Company, excluding freight and insurance charges. ID/OIOS learned from a memorandum dated 5 January 2004 from UNODC Senior Official 4 to UNODC Senior Official 3, that UNODC paid a total of €30,440.97 for the vehicle, thus exceeding the IAPSO offer for the 220 CDI diesel model.

54. ID/OIOS interviewed UNODC Senior Official 1 regarding the purchase of the Mercedes Benz E200 and the ensuing procurement process. UNODC Senior Official 1 stated that as Senior Official 1 of the County Office he has the delegated authority to engage in the procurement of motor vehicles on behalf of the County Office and he accepts accountability for the use of this authority. He stated he engaged in discussions with, and sought the advice of the UNDP Resident Official throughout the procurement process. He admitted that he did not accept the IAPSO quote for the E220 model because it was a diesel vehicle and that it was not an appropriate choice for the environment. He added that all of the other County Office vehicles were petrol fuelled and it was his understanding this was the primary choice of other UN entities throughout Member State 1. UNODC Senior Official 1 stated that the County Office sought further price checks for the E200 series; however, ID/OIOS were only provided with the single written quote from the Member State 3 Car Company, dated 16 August 2002. UNODC Senior Official 1 stated that when he discussed the Member State 3 Car Company quote with the UNDP Resident Official, the latter encouraged him to purchase the vehicle. UNODC Senior Official 1 was of the opinion that he had satisfied the procurement rules when he sought the quote from IAPSO, notwithstanding his subsequent decision to opt out of UNDP/IAPSO procurement mechanism and independently obtain prices for the E200 Mercedes Benz.

55. The UN no longer employs the UNDP Resident Official and ID/OIOS has been unable to contact him in order to provide information pertaining to this matter. The County Office Finance Assistant was interviewed by ID/OIOS and he stated that the UNDP procurement office in Member State 1, in particular, the UNDP Resident Official and the UNDP Procurement Officer, were consulted throughout the procurement process

for the Country Office vehicle in 2002. The Country Office Finance Assistant confirmed that UNODC Senior Official 1, after consultation with the UNDP Resident Official, instructed that the office car should be a petrol-fuelled Mercedes Benz. He confirmed that he submitted a request to IAPSO for a quote for the Mercedes E200 petrol model and that IAPSO advised that there were none available and the alternative diesel E220 model was proposed. As such he conducted further internet searches for the specific E200 model but was unable to locate a supplier; however, UNODC Senior Official 1 was able to establish contact with the Member State 3 Car Company, and obtained a written quote for the model which was claimed to be at a lower price than the IAPSO vehicle. After discussions with UNDP, it was agreed that a purchase order should be raised to effect the transaction with the Member State 3 Car Company. The Country Office Finance Assistant admitted that, apart from the IAPSO quote and the Member State 3 quote, no further written quotes were obtained. He claimed that when UNODC Senior Official 1 submitted the request for the purchase order to UNDP, the request was not queried and therefore he assumed that the process was undertaken in accordance with the relevant financial and procurement rules.

56. The purchase of the Mercedes Benz E200 vehicle by UNODC Senior Official 1 was not conducted in accordance with the procurement provisions of the UN Financial Rules or the UNDP Financial Rules. UNODC Senior Official 1 failed to engage in a competitive bidding process when he did not use the UNDP/IAPSO procurement mechanism to complete the purchase of a vehicle and then only obtained a single written quote prior to authorizing the purchase of the Mercedes Benz E200 limousine.

VI. FINDINGS

Allegation 1:

57. ID/OIOS found that UNODC Senior Official 1 was a nominated candidate for the presidential elections in Member State 2 in July 2006 by the Local Political Party, a political party in Member State 2 to which UNODC Senior Official 1 had transferred substantial financial contributions. ID/OIOS found that UNODC Senior Official 1 did not seek prior clearance for his candidacy from UNODC and used his long-standing career with the United Nations as a vehicle to support his election campaign.

58. ID/OIOS found that UNODC Senior Official 1 publicly stated in a newspaper interview that he did not seek prior clarification or clearance from UNOV administration before choosing to participate in the Member State 2 presidential race, but rather chose to inform UNODC Senior Official 2 so as to reduce any “surprise” that may eventuate from his actions.

59. ID/OIOS found that UNODC Senior Official 2’s guidance – actually active encouragement – to UNODC Senior Official 1 as to pursuing his political aspirations, was not in conformity with the relevant UN Regulations and Rules, and was provided after UNODC Senior Official 2 had learned that such activity was not sanctioned in the United Nations. UNODC Senior Official 2’s advice to UNODC Senior Official 1 was

contrary to the review by HRMS Officer and OHRM/UNHQ of the applicable Regulations. Such a discrepancy should have alerted UNODC Senior Official 2 to reconsider his already-provided advice to UNODC Senior Official 1. In addition, UNODC Senior Official 3's email correspondence with UNODC Senior Official 1 on 9 April and 10 April 2006 demonstrates the evident violation of United Nations Rules and Regulations by UNODC Senior Official 1, which should also have served as a warning to UNODC Senior Official 2 on the issues at hand.

60. The UNODC Liaison Officer's role includes "advising the UNODC Senior Official 2 and other officials on legal aspects of administration and personnel matters and on staff relations." The UNODC Liaison Officer failed to satisfy these expectations of his role as he did not provide UNODC Senior Official 2 with the correct advice early in 2006 when he received information from UNODC Senior Official 1 as to his presidential aspirations. The UNODC Liaison Officer also failed to provide sound legal advice to UNODC Senior Official 1 on the fact that his candidacy for the presidential elections in Member State 2 was not permitted under United Nations Regulations and Rules. Rather, he limited his deliberations to the aspect of dual citizenship, failing to grasp the key issue – applicability of United Nations Staff Regulations and Rules as opposed to Member State 3 citizenship matters. Notwithstanding his failure to provide this full and considered legal advice, it does not substantiate a lack of probity or integrity on his behalf in contravention of Staff Regulation 1.2 (b), rather a lack of professional judgment as to what constitutes his role as Liaison Officer.

Allegation 2:

61. ID/OIOS found that UNODC Senior Official 1 occupied a government provided house from March 2003 to January 2005 for which he did not pay rent, nor did he inform UNODC that he lived in a free government-provided house. Therefore, UNODC Senior Official 1 was not subjected to a pay-roll deduction as required by Section 7.1 of Administrative instruction ST/AI/2000/16 and received a private financial benefit.

Allegation 3:

a) G73 Project:

62. ID/OIOS found that UNODC Senior Official 1 – contrary to UN Financial Rule 105.20(a) – did not monitor the Country Office expenditures diligently as he handed over the responsibility for the procurement of equipment, worth USD\$1.5million, to the MS1DLEA.

63. ID/OIOS found that goods worth USD\$24,000 (VAT included) had never been delivered to the Academy, even though the goods were identified on the delivery note, indicating both the Country Office National Project Coordinator's and UNODC Senior Official 1's negligence in ensuring strict compliance with UN Financial Regulation 5.12 and UN Financial Rules 105.13 and 105.20.

64. ID/OIOS found that UNODC Senior Official 1 failed to provide guidance and oversight on the proper administration of consultants as required by the applicable law and expressed in his job description. UNODC Senior Official 1 and the Country Office National Project Coordinator as the responsible Country Office officers, did not document the engagement of the consultants in contravention of Administrative instruction ST/AI/1999/7. This improper recruitment of consultants left UNODC open to the risk of possible legal liability. Furthermore, additional costs were incurred and the Country Office Finance Assistant as the responsible officer was unable to account for them.

b) Imprest Account:

65. ID/OIOS found that UNODC Senior Official 1 failed to carry out the required spot checks of the Imprest account and a log for the same was not maintained. As a result, UNODC Senior Official 1 failed to adequately control equipment and expenditures as required by his designation as the relevant official for the issuing of cash advances on the Imprest account pursuant to UN Financial Rule 104.8.

66. ID/OIOS found that eight payments from the Imprest account for a total of USD \$3,263 lacked substantial supporting information. Neither UNODC Senior Official 1 nor the Country Office Finance Assistant was able to provide the supporting documentation required to justify these expenditures. The failure to ensure proper management practices, such as the retention of appropriate supporting documentation for Imprest payments, is in contravention of UN Financial Rules 104.8 and 104.9 respectively.

Allegation 4:

67. ID/OIOS found that UNODC Senior Official 1 and the Country Office Finance Assistant, the responsible officers at the Country Office, were unable to account for 129,910 kilometres in unaccounted mileage of Country Office official vehicles, as trip tickets were generally not filled in or missing, with no other records maintained.

68. ID/OIOS found that due to an absence of original fuel expenditure documentation retained by the Country Office, information provided by the fuel vendor is the sole record of fuel expenditure in the Country Office and is the only documentation relied upon in order to pay monthly the Country Office fuel bills. ID/OIOS found that UNODC Senior Official 1 did not provide the necessary guidance and oversight to his staff in this matter, which has exposed UNODC to possible over-billing for fuel.

69. ID/OIOS found that UNODC Senior Official 1 used official vehicles to travel to Member State 5 and failed to record that as private travel and therefore pay liberty mileage.

70. Both UNODC Senior Official 1 and the Country Office Finance Assistant have failed to exercise reasonable care in the administration of the use of the UN vehicles in ensuring the accuracy of trip tickets and the accountability of the fuel consumption in

contravention of Staff Regulation 1.2 (q). Further, UNODC Senior Official 1's failure to provide adequate supervision regarding the implementation of effective practices to monitor vehicle usage reflects poorly on his managerial competence as defined in UN Staff Regulation 1.2 (b).

Allegation 5:

71. ID/OIOS found that UNODC Senior Official 1's failure to obtain the requisite authorization prior to the shipment of his private vehicle evidences poor judgement on his behalf, however, his actions do not constitute misconduct for the purposes of UN Staff Rule 110.1 as UNODC Senior Official 1 would have been entitled to partial reimbursement of removal expenses as outlined in UN Staff Rule 107.27(d)(iv).

Allegation 6:

72. ID/OIOS found that UNODC Senior Official 1 failed to adequately tender for the official Country Office vehicle. He did not utilise the UNDP/IAPSO procurement mechanism to find a suitable office car on a generic basis, instead he specifically sought the Mercedes Benz E200 petrol model and when IAPSO advised that the model was unavailable he was not prepared to accept a similar Mercedes in the diesel version. UNODC Senior Official 1 provided justification for his decision based on environmental and vehicle performance factors, however, he did not re-engage in the UNDP/IAPSO process for an alternative vehicle, rather he sought a single written quote from the Member State 3 Car Company for the E200 series. In doing so ID/OIOS finds that UNODC Senior Official 1 failed to engage in a procurement process that incorporated competitive bidding and therefore, his actions were not in the best interest of the United Nations.

VII. CONCLUSIONS

Allegation 1:

73. ID/OIOS concludes that by registering as a candidate in the presidential elections in Member State 2 scheduled for July 2006, UNODC Senior Official 1 violated Staff Regulations 1.2 (f) and 1.2(h).

74. ID/OIOS concludes that the UNODC Liaison Officer exercised poor judgment as he failed to provide adequate advice to UNODC Senior Official 1 regarding the conflict between his intended outside political activities and the applicable UN Regulations and Rules.

75. Furthermore, ID/OIOS concludes that UNODC Senior Official 2 exercised poor judgment as he erred in endorsing UNODC Senior Official 1's ambitions to engage in outside political activities verbally on 7 February 2006, and in writing, on 9 April 2006. This support was inconsistent with Staff Regulations 1.2 (f) and 1.2(h) and was contrary to advice received by UNOV from OHRM/NYHQ in March 2006.

Allegation 2:

76. ID/OIOS concludes that by living in a government provided house without notifying UNODC of the applicable rental deduction required as per Section 7.1 of ST/AI/2000/16, UNODC Senior Official 1 contravened Staff Regulation 1.2 (b) requiring the highest standards of integrity from staff members, and Staff Regulation 1.2 (g), as he generated an illicit financial benefit for himself by not ensuring the rental deduction was applied.

Allegation 3:

77. UNODC Senior Official 1's failure to properly supervise the procurement activities of the delivery of goods for the Academy and the Country Office National Project Coordinator's failure to properly co-ordinate the procurement exercise, resulted in a loss of US\$24,000 for items not delivered to the Academy, as such their failure constitutes a violation of UN Financial Regulation 5.12 and UN Financial Rules 105.13(a) and 105.20(a); further, UNODC Senior Official 1 did not exercise due care of the assets of the United Nations and in doing so did not live up to the highest standards of competence in contravention to UN Staff regulation 1.2(b).

78. ID/OIOS concludes that UNODC Senior Official 1 and the Country Office Finance Assistant violated UN Financial Rules 104.8 and 104.9, by failing to establish proper accountability of the Country Office Imprest account.

79. ID/OIOS concludes that UNODC Senior Official 1 and the Country Office National Project Coordinator failed to apply the provisions of Administrative Instruction ST/AI/1999/7, which requires proper documentation such as consultant contracts with the requisite terms and conditions to Consultant 1 and Consultant 2.

Allegation 4:

80. ID/OIOS concludes that UNODC Senior Official 1 and the Country Office Finance Assistant violated UN Staff Regulation 1.2(q) by failing to establish and maintain a proper accounting system for vehicle use, liberty mileage and fuel consumption of UNODC vehicles as well as by using vehicle 1 to go to Member State 5 on private business. In addition, UNODC Senior Official 1 contravened Staff Regulation 1.2 (q) by failing to establish full accountability for the Country Office Imprest account.

Allegation 5:

81. ID/OIOS concludes that UNODC Senior Official 1 did not violate United Nations Staff Rules or Regulations when shipping his private vehicle in an official container, but finds poor judgement in the mixing of private and official business without seeking prior approvals.

Allegation 6:

82. ID/OIOS concludes that UNODC Senior Official 1 violated United Nations Financial Rules 110.18 and 110.21 and UNDP Financial Rule 121.03 by failing to engage in a competitive bidding process for the procurement of the Country Office vehicle in 2002.

VIII. RECOMMENDATIONS

83. In view of the above findings, ID/OIOS makes the following recommendations:

Recommendation 1: It is recommended that UNODC take appropriate action against UNODC Senior Official 1 in light of the above findings and conclusions (ID Rec. No. IV06/188/01).

Recommendation 2: It is recommended that UNOV management advise UNODC Senior Official 2 of findings related to Allegation 1 in this report in light of the informal and incorrect advice given to UNODC Senior Official 1 (ID Rec. No. IV06/188/02).

Recommendation 3: It is recommended that UNODC apprise the UNODC Liaison Officer of the findings related to Allegation 1 of this report in light of his actions with respect to a failure to provide adequate legal guidance (ID Rec. No. IV06/188/03).

Recommendation 4: It is recommended that UNODC calculate and recover the amount due from UNODC Senior Official 1 as rental deduction for the period between March 2003 and January 2005 when he occupied a rent-free government provided house in Member State 1 (ID Rec. No. IV06/188/04).

Recommendation 5: It is recommended that appropriate action be taken against Country Office Finance Assistant for failing to carry out his approving functions as Country Office Finance Assistant (ID Rec. No. IV06/188/05).

Recommendation 6: It is recommended that UNODC should review the qualifications required for the post of Finance Assistant in a Field Office to ensure conformity with applicable United Nations Financial Rules (ID Rec. No. IV06/188/06).

Recommendation 7: It is recommended that appropriate action be taken against the Country Office National Project Coordinator for his failure to properly monitoring the G73 project, which had led to the loss of over USD\$24,000 (ID Rec. No. IV06/188/07).

Recommendation 8: It is recommended that UNODC arrange for the conduct of a full audit of the Country Office in the very near future in view of the findings highlighted in the report (ID Rec. No. IV06/188/08).