



INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

To: Ms. Margareta Wahlstrom, Office-in-charge and
A: Acting Emergency Relief Coordinator, Office of the
Coordinator of Humanitarian Affairs

Date: 9 February 2007

Reference: AUD-7-5:75 (00059/07)

From: *for* Dagfinn Knutsen, Acting Director
De: Internal Audit Division, OIOS

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Subject: **OIOS Audit No. AN2006/590/03: OCHA-DRC Field Office**
Objet:

1. I am pleased to present herewith the final report on the subject audit which was conducted from 7 to 18 August 2006.

2. IAD is pleased to note from the response of 2 February 2007 that OCHA has accepted all the OIOS recommendations. Based on the response, we have closed Recommendations 1-2, 6-10, 13, 15-29 in the OIOS recommendations database. In order for us to close the remaining recommendations (i.e. 3-5, 11-12, 14), we request that you provide us with the additional information as discussed in the text of the report and a time schedule for implementation. Please note that OIOS will report on the progress made in implementing its recommendations, particularly those designated as critical (i.e. 3-5, 14) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.

4. I take this opportunity to thank the management and staff of OCHA-DRC for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. S. Goolsarran, Board of Auditors
Mr. Jonathan Childerly, Oversight Support Unit, DM
Mr. M. Tapio, OIOS

Office of Internal Oversight Services
Internal Audit Division



Audit of OCHA's Field Office in the Democratic Republic of Congo (DRC)

Audit no: AN2006/590/03
Report date: 9 February 2007
Audit team: Malick M. Diop, Auditor-in-Charge

Executive Summary

At the request of Office of the Coordination of Humanitarian Affairs (OCHA) OIOS conducted an audit of the OCHA Field Office in the Democratic Republic of Congo (OCHA-DRC) in August 2006. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The audit examined the Office's overall management, including its organizational structure and staffing, human resources management, finance and administration, and followed up on the implementation status of OIOS' recommendations issued as a result of an April 2005 audit.

OIOS is of the opinion that internal controls in the OCHA-DRC were generally weak. The implementation of the previous audit recommendations was also not satisfactory. Internal controls need to be improved in the light of the findings in this report. There was no assurance that goals were being met efficiently in areas such as the management of the office, human resources and procurement.

OIOS identified the following areas which required improvement:

- An OCHA-DRC organizational chart as well as unit and individual work plans need to be established to clarify staff roles and responsibilities;
- Logistics unit functions need to be combined with those of the Administration and Finance unit under the supervision of a single head of administration and finance at the professional level to ensure adequate internal controls over these functions;
- An effective system for evaluating staff performance should be instituted to monitor staff;
- OIOS' 2005 audit recommendations concerning procurement need to be implemented immediately. Furthermore, OCHA-DRC's procurement procedures need to conform with those of other OCHA field offices and implemented in accordance with the authority delegated to UNDP. The requests for procurement in OCHA-DRC should rest with the head of finance and administration rather than being dispersed among various units;
- A system to recover the costs of personal calls on telephone bills needs to be instituted;
- A comprehensive physical inventory in Kinshasa and the sub-offices needs to be completed;
- OCHA-DRC's vehicles should conform to the minimum operating security standards (MOSS);
- The reliability of OCHA-DRC's management information system needed to be improved.

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I. INTRODUCTION

1. The Internal Audit Division (IAD), OIOS conducted an audit of the Office of Coordination of Humanitarian Affairs (OCHA) Field Office in the Democratic Republic of Congo or OCHA-DRC from 7 to 18 August 2006. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. OCHA's activities in the DRC are conducted at its headquarters and in 18 provincial and/or district level offices. OCHA-DRC's key priorities are as follows:

- a. Ensure that decisions are taken in the best interests of the vulnerable populations;
- b. Strengthen planning, preparedness and resource mobilization to meet humanitarian needs in the DRC;
- c. Ensure the effectiveness of the humanitarian response in DRC through improved coordination of the humanitarian community;
- d. Optimize future actions through the evaluation of the humanitarian response; and
- e. Strengthen the management and back-up support of OCHA's operations.

3. OCHA-DRC's 2006 cost plan totalling \$11,280,406 reflected an increase of about 5 per cent over 2005. The approved staffing table included 24 international staff, 141 national staff and 8 United Nations Volunteers. The Office was managed by an Officer-in-Charge from 10 December 2005 until 8 August 2006. A new Head of Office replaced the Officer-in-Charge and assumed responsibility for the Office on 8 August 2006.

II. AUDIT OBJECTIVES

4. The audit was conducted at the request of OCHA, which highlighted problems relating to the management of general administration and human resources. The major objectives of the audit were to determine if OCHA-DRC had established adequate internal controls to minimize the occurrence of problems relating to the management of its programme, finance, procurement and general administration. OIOS also reviewed whether OCHA had adequately implemented the audit recommendations issued as a result of an April 2005 audit.

III. AUDIT SCOPE AND METHODOLOGY

5. The audit included a review of OCHA-DRC's organizational structure and the effectiveness of its internal controls in the management of programme, finance, procurement and general administration for the period 2005-2006. OIOS also: reviewed the status of OCHA-DRC's implementation of previous audit recommendations; interviewed OCHA-DRC staff and management as well as UNDP officials; and reviewed available documentation. The Auditor-in-charge discussed the general situation of the office including the findings resulting from his audit in the exit conference with the Officer-in-charge. He did not discuss the specific allegations of a complaint forwarded to

OIOS by OCHA as it had been decided by OIOS, NY in consultation with OCHA, NY that the audit would cover general management issues only. OIOS had already advised OCHA that the complaint should be referred to the Office of Human Resource Management for their action.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Management Team

Senior management

6. Until the departure of the Officer-in-charge (OIC), on 8 August 2006, there was no coherent, functioning senior management team. The Officer-in-charge had “sidelined” the Deputy, and relieved him of many of the responsibilities contained in his terms of reference including oversight of the Inter-Cluster Support Section (IDP/Protection, Planning and Pooled Fund Management Units). These responsibilities were assigned to unit chiefs of lower grade who reported directly to the Officer-in-charge. Currently, the Administration and Finance, Logistics units clearly report to the Deputy. In his absence, the Officer-in-charge had delegated the ad interim functions to another section chief based in a sub-office and not the Deputy. This conflict among senior managers had a negative impact on the cohesion of OCHA-DRC as it caused instability in the management of the office and amongst the staff. The lack of a positive environment conducive to productive teamwork was raised in an OCHA senior management mission report which also called for the urgent recruitment of a new Head of Office. The new Head of Office, who assumed her duties in August 2006 during the audit fieldwork, was aware of the situation discussed above.

Recommendation 1

OIOS recommends that the Head of Office for OCHA-DRC ensure that the functions of the Deputy Head of Office are effectively instituted so that the distribution of responsibilities provides stability to the office (AN2006/590/03/01).

7. *OCHA has accepted and implemented Recommendation 1.* OIOS has closed this recommendation in its database.

Internal communication

8. The staff at all levels expressed numerous complaints and concerns to the auditors about the poor quality of internal communications in the Office among service units (Administration and Finance, and Logistics), substantive units, and/or management. Lack of information about and/or a lack of knowledge about OCHA’s administrative procedures, affected the professional relationships, organizational environment and performance (both individual and Office-wide). For example the staff was not aware of the status of recruitments or up gradation of posts which in turn affected their morale. Also, the Logistics unit was not aware of all the procedures to be deployed for procurement.

Recommendation 2

OIOS recommends that OCHA-DRC's head of office ensures that information sharing activities in OCHA-DRC are initiated through open sessions or periodic electronic communications on policies and procedures regarding areas of staff concern such as human resources, procurement, general administration, management policies and procedures (AN2006/590/03/02).

9. *OCHA has accepted and implemented Recommendation 2.* OIOS has closed this recommendation in its database.

B. Organizational Structure and Staffing

Organization chart and work plans

10. At the time of the audit there was no organization chart showing reporting lines within or between units. Reporting relations were generally not documented and often changed by the Officer-in-Charge without taking into account the staff's current functional responsibilities. For example, the Officer-in-charge had taken away some of the functions of the Deputy head of office and given it to the Section Chief who was junior to the Deputy Head of office and not even located in Kinshasa.

11. In accordance with Section 5 of ST/AI/2002/3, heads of departments and offices should develop a departmental or office work plan as the foundation for unit work plans. These office plans also form the basis for drawing up individual work plans. OIOS noted that five of the nine units did not have annual work plans. While acknowledging the nature of OCHA's emergency activities, OIOS believes that unit work plans should have been prepared based on the key priorities established by OCHA-DRC in its "Humanitarian Annual Action Plan" and in "OCHA 2006 for DRC".

12. Also, due to the frequent changes in assignments, a number of staff members' approved terms of reference or job descriptions were not always available or up-to-date and did not reflect their current functions. For example, staff in the field coordination unit still had terms of reference relating to their previous functions or posts in other units. As a result, OIOS could not ascertain what functions the staff were expected to perform and how their work was related to the key objectives of OCHA-DRC, including their relationship with other OCHA-DRC's units.

Recommendations 3-5

OIOS recommends that OCHA-DRC should:

- (i) Prepare an organization chart which is approved by OCHA-DRC's Head of Office (AN2006/590/03/03);

(ii) Establish Unit and individual work plans which are in line with the key priorities in the “Humanitarian Annual Action Plan” and in “OCHA 2006 for DRC” and reflect inter-unit relationships (AN2006/590/03/04);

(iii) Ensure that staff members’ approved terms of reference or job descriptions are kept up-to-date and accurately reflect their current functions (AN2006/590/03/05).

13. OCHA has accepted and is implementing Recommendation 3, 4 and 5. OIOS is keeping these recommendations open pending verification of their implementation upon receipt of the approved organization chart, completion of work plans and terms of reference and job descriptions respectively.

Structure of the support functions

14. Under the current organizational arrangement, the staffing table of the two main support units (Administration and Finance and Logistics) in Kinshasa consisted of 31 staff including 15 in the Administration and Finance unit and 16 in the Logistics unit (Figure 2) below:

Deployment of staff in Administration and Finance and Logistics

Figure 2

Staff Grade	Administration and Finance	Logistics
L-3	1	1
L-2	1	-
NOA	4	-
G-7	-	2
G-6	-	-
G-5	2	3
G-4	-	1
G-3	4	5
G-2	1	4
G-1	2	-
Total	15	16

15. The Administrative and Finance unit is responsible for several key functions such as managing procurement, inventory, vehicles, security and other general administration activities. However, in OCHA-DRC these tasks were being performed by the Logistics unit and the Rapid Response Mechanism (RRM) which were also involved in procurement and other administrative activities such as travel. This organizational structure diluted accountability for the functions and created inefficiencies. Staff members performing these functions in Logistics or the RRM units were not fully conversant with the relevant policies and procedures in procurement and therefore could

not properly discharge their functions. For example, the head of the Logistics unit had no background in general administration, particularly in procurement. He was formerly the DRC security focal point. In order to ensure coherence and adequate oversight of procurement, inventory, vehicles, security and other general administration activities it is essential to consider combining these key functions under the head of the Administration and Finance unit. Also, because some of these functions should have been performed by UNDP, a single supervisory OCHA staff could exercise better control over OCHA's interface with UNDP. UNDP-DRC shares the certifying functions with OCHA-Geneva in accordance with its arrangements with UNDP. UNDP is the local service provider for activities related to OCHA's administration and finance in DRC. In OIOS' opinion, an experienced professional with adequate knowledge of OCHA and UNDP administrative policies and procedures would ensure better accountability for all of these functions.

16. OIOS also found that there was a large number of staff in the Administration and Finance unit which would benefit from supervision under one head of finance and administration. There was also confusion about who the supervisors were. For example, the GS staff in the Finance unit had not been clearly informed of who their supervisors were. Also, the Finance Clerk in charge of processing telephone bills and recovering costs could not identify her immediate supervisor. Similarly, the NPOs were also unable to clarify whether they were supervising the Finance clerk.

Recommendations 6-7

OIOS recommends that OCHA-DRC should:

- (i) Combine the functions of managing procurement, inventory, vehicles, security and other general administration activities under the head of the Administration and Finance unit so that a single supervisory OCHA staff could exercise better control over OCHA's interface with UNDP (AN2006/590/03/06);
- (ii) Clarify the responsibilities of the National Professional Officers and the General Services staff in the Administration and Finance unit (AN2006/590/03/07).

17. *OCHA has accepted and implemented Recommendations 6 and 7.* OIOS has closed these recommendations in its database.

Post upgrades

18. The approved 2006 Cost Plan identified 4 international and 8 national posts to be "upgraded". Although some staff promotions might be expected in normal circumstances and effected in accordance with UN policies and procedures, some of these posts were upgraded by more than two levels without adequate justification. For example, one post was to be upgraded from GS-5 to GS-7 while another from GS-6 to NO-A or P-1. A review of five cases of the 12 showed that the incumbents of the original posts were

generally performing the same duties as those required by the upgraded posts. In OIOS' opinion, since the duties had not changed the upgrades of the posts was not justified.

19. Moreover, OCHA-DRC had initiated the upgrades by regularizing the currently deployed staff through an advertisement of the upgraded posts. Advertisements of the upgraded posts actually preceded the reclassification of the posts by UNDP/OCHA-DRC in at least six cases. UNDP rules and regulations, which govern OCHA-DRC national staff, require that all new posts and/or upgrades of posts to grade level NO-A or GS-7 should be reclassified and approved by UNDP Headquarters prior to recruiting for the post. OIOS noted that in three cases, the UNDP had processed the recruitment without obtaining a reclassification by Headquarters. Two remaining cases were yet to be processed. Regarding the ICT Assistant post, the internal candidate was selected although the UNDP Appointment and Promotion Panel (APP) found that the external candidate was more qualified. OCHA-DRC selected the internal candidate noting that the staff member had more knowledge of OCHA-DRC's activities. UNDP indicated in the APP minutes that the external candidate withdrew his candidacy because the salary was not satisfactory. However, UNDP could not provide documentation which showed the date of the external candidate's withdrawal. OIOS could therefore not determine whether the external candidates had withdrawn prior to or after the actual selection. Regarding the four international posts, OCHA's Geneva office informed auditors that no promotion actions were being processed.

Recommendation 8-10

OIOS recommends that OCHA-DRC should:

- (i) Ensure that the rationale for upgrading posts is properly explained and justified (AN2006/590/03/08);
- (ii) Start recruitment after reclassification of the post has been approved by the appropriate authority (AN2006/590/03/09);
- (ii) Document the selection process (AN2006/590/03/10).

20. *OCHA has accepted and implemented Recommendations 8, 9 and 10.* OIOS has closed these recommendations in its database.

Staff performance appraisal system, training and development

21. OCHA-DRC had not instituted an effective system for evaluating the staff performance in accordance with the requirements of ST/AI/2002/3. Although the head of office stated that he had adopted the United Nations Performance Appraisal System (PAS), it had not been fully implemented. Also, as mentioned, OCHA-DRC's unit and individual work plans, which constitute prerequisites for an effective PAS system, were not coherently or universally established. The electronic version of PAS (e-PAS) had not been made available to the staff. OCHA, Geneva was also not monitoring the completion

of this activity and as a result, evaluation of staff performance was ad hoc and perceived by staff as ineffective.

22. Additionally, although training budgets of \$50,000 and \$80,000 were approved in the OCHA-DRC 2005 and 2006 cost plans, OCHA-DRC had not prepared a training programme. There was no training plan for 2006 and actual training expenditures were only \$6,841 as of 31 July 2006. OIOS noted that there was no focal point for training in the office. There were changes in the head of office and therefore nobody followed through with a training plan.

Recommendation 11-13

OIOS recommends that OCHA-DRC:

- (i) Implement the Performance Appraisal System (AN2006/590/03/11);
- (ii) Request OCHA-New York/Geneva to implement the electronic Performance Appraisal System (AN2006/590/03/12);
- (iii) Establish an annual training plan for its staff in line with the approved budget allocation (AN2006/590/03/13).

23. *OCHA has accepted and is implementing Recommendations 11 and 12.* OIOS is keeping these recommendations open pending verification of their implementation upon receipt of the notification that the Performance Appraisal System are completed by April 2007 and that the electronic version is implemented.

24. *OCHA has accepted and is implementing Recommendation 13.* OIOS has closed this recommendation in its database, in view of the action initiated by OCHA-DRC.

C. Administration and Finance

UNDP services

25. In accordance with OCHA's administrative manual, its operations in the field generally rely on UNDP as a local service provider for activities related to administration and finance. According to OCHA policy, the certifying functions remain with the OCHA-Geneva Administrative Officer and approving functions are delegated by means of faxed financial authorizations to the UNDP Resident Representative or Deputy Resident Representative (Operations) while OCHA-DRC's Head of Office serves as a Requesting Officer. The relevant administrative authorization is given to UNDP to perform administrative services such as payments, procurement, travel, recruitment or extension of local staff.

26. OIOS noted that these distinct responsibilities were not fully respected by either OCHA-DRC or UNDP. OCHA-DRC carried out key processes such as procurement and travel, that went beyond its requesting functions, and which should have been performed

by UNDP. In fact the entire procurement process was being handled by OCHA, although it does not have any delegation of authority for procurement. UNDP was processing the payments for the procurements. Also, OCHA staff had been given direct access to UNDP's ATLAS system for inputting its data on requests for payments. UNDP was approving the payments. However, according to the UNDP agreement with OCHA, UNDP was supposed to be doing the procurement applying its own rules and regulations to the processes. Further, UNDP did not question the request for payments of procurement transactions, which should have been processed by UNDP but, instead were processed by OCHA-DRC outside of the UNDP system.

27. Although OCHA-DRC and UNDP agreed to issue a local memorandum of understanding (MOU) dated 27 April 2006 (effective 1 January 2006) to clarify the responsibilities of each party, instead the MOU focused on remuneration of services rendered by UNDP but not on the distribution of financial and operational responsibilities and accountability of OCHA-DRC and UNDP.

Recommendation 14

OIOS recommends that OCHA-DRC in conjunction with UNDP's DRC office clarify the responsibilities of the two agencies to ensure that accountability lines are clearly defined regarding the finance and administrative functions including procurement and travel (AN2006/590/03/14).

28. *OCHA has accepted and is implementing Recommendation 14.* OIOS is keeping this recommendation open in its database pending receipt of notification that the revision to the MOU is completed.

Procurement

29. According to the procurement database as of August 2006, procurement expenditures at OCHA-DRC totalled about \$907,000. OCHA-DRC issued at least eight purchase orders since February 2006 amounting to about \$87,000 to one supplier without going through the LCC. In its April 2005 audit of OCHA-DRC, OIOS recommended that "OCHA-DRC be instructed not to carry out procurement without formal procurement authority". OIOS noted that during 2006, OCHA-DRC continued to sign all purchase orders and other contractual commitments such as the office leases in the field without having a delegation of authority for this function. OCHA-DRC advised that the UNDP processes are too slow to accommodate its emergency needs. However, OIOS found that the procurement systems implemented by OCHA-DRC did not contain adequate internal controls and had several weaknesses as discussed below.

Recommendation 15

OIOS recommends that OCHA-Headquarters ensure that OCHA-DRC's procurement procedures conform with those used in other OCHA field

offices and comply with the authority delegated to UNDP (AN2006/590/03/15).

30. OCHA has accepted and implemented Recommendation 15. OIOS has closed this recommendation in its database.

31. As noted earlier, the procurement function was dispersed between two units in Kinshasa – the Logistics unit and the Rapid Response Mechanism (RRM). Procurement invoices were passed for payment by UNDP without being reviewed by a single OCHA staff member. The head of the OCHA-DRC Administration and Finance unit would be suited for providing a single point of control for procurement requests/invoices being sent to UNDP.

32. The procurement database for recording purchase orders, developed by a staff member, was independent of the UNDP financial and human resources management Information Technology (IT) system (ATLAS), and OCHA-DRC’s budget control IT system (FLASH) developed locally. The FLASH database was not adequately designed to be an effective and reliable system. For example, OCHA-DRC was not able to provide a report with a list of purchase orders issued in 2006. Further, OCHA-DRC’s purchase orders in FLASH could not be tracked on ATLAS because both the IT systems were following different numbering codes. Because OCHA-DRC submitted requests for payments with its own numbering system (in FLASH) which were different from those in ATLAS, they were not being reported as purchases and it was difficult to segregate the procurement transactions from other line expenditures.

33. OCHA-DRC did not have any procurement Long Term Agreements (LTA), nor did it use the 13 UNDP-approved LTAs. OCHA-DRC made purchases from a number of suppliers through purchase orders or petty cash-financed transactions for as low as \$2. The use of petty cash funds was high (see Figure 3 below). This increased the risk of OCHA-DRC not receiving more reasonably negotiated prices that might have been available had they used the UNDP’s LTAs.

Procurement Database transactions (January – August 2006)
Figure 3

Dollar Range	Number of Transactions
0.34 - 50	350
51 -100	139
101 - 500	381
501 - 1,000	147
1,001 - 53,486	199
Total	1,216

Recommendation 16

OIOS recommends that the requests for procurement be made by the OCHA-DRC Head of Finance and Administration rather than being

dispersed between the Logistics and the Rapid Response Mechanism units so that there is a single point of interface of OCHA with the UNDP country office (AN2006/590/03/16).

34. *OCHA has accepted and implemented Recommendation 16.* OIOS has closed this recommendation in its database.

35. OCHA-DRC did not have a procurement plan although its Cost Plan included clear budget lines. Timely procurement plans would enable OCHA-DRC to meet its needs, particularly those in its sub-offices. As a result, the procurement activities had not been efficient and the recipients of these procurement services often faced chronic problems. For example, a vehicle in one OCHA-DRC sub office had been idle for over two weeks due to the lack of a battery, according to a sub-office staff member.

Recommendation 17

OIOS recommends that OCHA-DRC's procurement plan is realistic and based on the annual Cost Plan (AN2006/590/03/17).

36. *OCHA has accepted and is implementing Recommendation 17.* OIOS has closed this recommendation in its database in view of the action initiated by OCHA-DRC.

D. Telephone Bills

37. Since telephone land lines were not functional in the country, OCHA-DRC had issued cellular phones to all staff as was the practice in UN agencies. However, OCHA-DRC did not have an adequate system to follow up and recover the cost of personal calls, although the telephone numbers of all calls were listed in the individual telephone bills. The spreadsheet kept by OCHA-DRC had only 8 staff listed out of a total of 165 staff. According to the list one staff had more than \$3,000 in unpaid personal calls while another had not reimbursed his personal calls for more than a year. Some staff members may have reimbursed their personal phone calls but the Administration and Finance unit was unable to indicate which staff member's had paid. As a result, OCHA-DRC was paying for the personal telephone calls of staff without being able to systematically being able to recover the costs.

Recommendation 18

OIOS recommends that OCHA-DRC immediately establish an adequate system to identify and recover the costs of staff personal telephone calls on a regular basis (AN2006/590/03/18).

38. *OCHA has accepted and is implementing Recommendation 18.* OIOS is closing this recommendation in its database in view of the action initiated by OCHA-DRC.

E. Inventory

39. OCHA-DRC did not have a comprehensive inventory report, although efforts had been made to identify and label items in Kinshasa. This had not yet been done in the sub-offices. The ICT inventory was prepared during OIOS' audit but the purchases dates were generally not available because of the unorganized and dispersed nature of procurement system. OCHA-DRC did not have a list of the items to be disposed of although there were many such items, particularly ICT equipment which included at least 10 computers, 22 printers and 32 power stabilizers.

Recommendation 19

OIOS recommends that OCHA-DRC immediately conduct a comprehensive physical inventory in Kinshasa and in the sub-offices and dispose of obsolete and/or unused items (AN2006/590/03/19).

40. *OCHA has accepted and is implementing Recommendation 19.* OIOS has closed this recommendation in its database in view of the action initiated by OCHA-DRC.

F. Vehicle Administration

41. OCHA-DRC had a fleet of 40 vehicles of which 27 were assigned to the sub-offices. However, only 10 of the 27 in Kinshasa complied with the Minimum Operating Security Standards (MOSS) according to OCHA-DRC records and three were six or more years old. OCHA-DRC had a total of 13 vehicles in Kinshasa of which only two were MOSS compliant and six were older than six years requiring costly maintenance with the risk of frequent breakdowns. Furthermore, the vehicles were not adequately maintained and there were no vehicle maintenance history records. Although a database was developed, the information was not up to date and thus not useful. Furthermore, OCHA-DRC had instituted a system of pick-up in the morning and drop-off in the evening from their residences without establishing a system for recovering the costs for their use of official transportation. This practice increased vehicle mileage and the costs of fuel and overtime for the drivers.

Recommendations 20-21

OIOS recommends that:

- (i) OCHA-DRC should ensure that its fleet of vehicles is compliant with the Minimum Operating Security standards (MOSS) (AN2006/590/03/20);
- (ii) OCHA-DRC should ensure that the personal use of OCHA's vehicles is subject to a systematic recovery of cost from the staff (AN2006/590/03/21).

42. *OCHA has accepted and implemented Recommendations 20 and 21.* OIOS has closed these recommendations in its database in view of the action initiated by OCHA-DRC.

G. Office Premises

43. OCHA-DRC's units were located in three different premises in conditions which were not adequate. The conference room was not readily accessible as it was about 300 meters across a main road which was difficult to cross. The Logistics, Administration and Finance and ICT units were housed in containers. Additional containers were being built to provide more space for staff members. Further, OCHA-DRC received regular visits from staff members from the sub-offices for whom adequate space was also not available.

Recommendation 22

OIOS recommends that OCHA-DRC should find adequate space for its staff (AN2006/590/03/22).

44. *OCHA has accepted and is implementing Recommendation 22.* OIOS is closing this recommendation in its database in view of the action initiated by OCHA-DRC.

H. Information Management

45. OCHA-DRC had at least eight main databases including three OCHA standard databases (Who, Where, What – online, FiDMS and Contact Directory) and five others that were developed in-house (FLASH, Pooled Fund Financial Tracking System, Inventory Management, Procurement, and Fuel Tracking). OIOS noted three critical issues relating to these databases:

- a) The required information was not up to date. For example, although staff members were trained, the available data in FiDMS was basically produced by the public information unit while it should have been a repository of OCHA-DRC's key documents. The fuel tracking database was incomplete and some its functions, such as vehicle maintenance history, were not utilized. A parallel Excel spreadsheet was used and later the same data was entered into the database. The information in the procurement database was a mix of purchase orders and petty cash transactions. OIOS could not easily determine which transactions were actually related to formally approved purchase orders.
- b) The locally developed databases were initiated in an ad hoc manner. They were incomplete and duplicative with parallel Excel spreadsheets being preferred by users. Further, systems such as UNDP's ATLAS system were not being used by OCHA-DRC to process procurement transactions.
- c) There was no systematic backup/maintenance support of the locally developed databases. Their codes and terms of reference were neither documented nor approved. The integrity of the data was not guaranteed. The systems crashed on

a regular basis. For example, at the time of the audit, the staff member who designed the database was on leave, and no one was able to fix the FLASH – the budget control system – when it crashed. The staff members using the procurement database were not able to sort out and print, for example, a report listing purchase orders over \$5,000.

46. As a result, OCHA-DRC's management information systems were unreliable, time consuming, duplicative and presenting significant risks to the users of the information regarding its accuracy and reliability.

Recommendation 23-25

OIOS recommends that OCHA-DRC should ensure that:

- (i) Its official database systems are certified, approved, formally documented and technically supported (AN2006/590/03/23);
- (ii) The data in the systems is up-to-date so as to provide critical information to their users on a timely basis (AN2006/590/03/24);
- (iii) It trains back-up staff concerning the functions of the different databases in use (AN2006/590/03/25).

47. *OCHA has accepted and is implementing Recommendations 23, 24 and 25.* OIOS has closed these recommendations in its database in view of the action initiated by OCHA-DRC.

I. Security

48. At the time of the audit, about 70 per cent of OCHA-DRC's (including all its sub-offices) vehicles were not MOSS compliant. OCHA-DRC had not installed communications equipment in these vehicles which had been purchased for its vehicles since 2004 at a cost of \$81,000. The initial reason for not installing the equipment was that some essential parts had not been part of the order. When OCHA-DRC subsequently purchased the required supplies in August 2006, most of the vehicles were sedans and could not accept the installation of the equipment. As a result of the poor planning, the vehicles could not be fitted with the equipment and posed a security risk to the office.

49. OCHA-DRC was considering providing its national staff with Minimum Operating Residential Security Standards (MORSS) allowances which includes the provision of items such as security guards, alarm systems, door and window bars, locks, safe haven, or other protective devices. According to the Department of Safety and Security (DSS), these allowances are only applicable to international staff members. The cost was estimated at about \$84,000 annually for the national staff in the form of advanced cash subsidies based on OCHA-New York verbal approval. It was not clear

whether any special authorization had been received from DSS because the provision was limited to international staff.

Recommendations 26-27

OIOS recommends that OCHA-DRC should:

(i) Ensure that communication equipment is installed on OCHA-DRC vehicles in accordance with minimum operating security standards (MOSS) requirements (AN2006/590/03/26);

(ii) Obtain DSS approval before they consider financing its national staff for the Minimum Operating Residential Security Standards MORSS (AN2006/590/03/27).

50. *OCHA has accepted and is implementing Recommendations 26 and 27.* OIOS has closed these recommendations in its database in view of the action initiated by OCHA-DRC.

J. Implementation of OIOS 2005 audit recommendations

51. OIOS conducted an audit of OCHA-DRC in 2005 and issued its final report in December 2005. A follow-up review was performed during the current audit to determine the level of implementation of the 2005 recommendations. The status of implementation is detailed in Annex I. Out of the 20 recommendations in its draft report; OIOS had closed 5 based on OCHA's response. Of the 15 remaining recommendations, only 5 had been implemented. Some critical recommendations pertaining to procurement had not been implemented. In particular OIOS would like to draw attention to Recommendation 17 of its 2005 report which recommended that "the Office be instructed not to carry out procurement without a formal procurement authority."

Recommendation 28

OIOS recommends that OCHA-DRC should implement OIOS' previous audit recommendations made in 2005 and ensure that these efforts are documented. OCHA headquarters should monitor the implementation of these recommendations (AN2006/590/03/28).

52. *OCHA has accepted and is implementing Recommendation 28.* OIOS has closed this recommendation in its database in view of the action initiated by OCHA-DRC.

K. Mission Reports

53. OIOS reviewed four mission reports based on visits by OCHA-New York, Geneva and Nairobi officials. The reports included some critical recommendations regarding OCHA-DRC's operations such as expediting the posting of a head of office. However, a number of these recommendations were not implemented. OCHA-DRC did not have a system in place to follow-up with OCHA-NY and OCHA-Geneva to implement recommendations resulting from audits or headquarters missions. For example, one mission, conducted between 30 November and 4 December 2005 specifically alluded to the low morale of the staff and difficult work environment. It specifically recommended that a new Head of OCHA-DRC be urgently recruited to address these issues. However, the post was occupied by an Officer-in-Charge until August 2006 when the new head of office reported.

Recommendation 29

OIOS recommends that OCHA-DRC establish a system for tracking recommendations resulting from OCHA headquarters missions in order to ensure that they are followed up and implemented on a timely basis (AN2006/590/03/29).

54. *OCHA has accepted and is implementing Recommendation.29.* OIOS has closed this recommendation in its database in view of the action initiated by OCHA-DRC.

V. ACKNOWLEDGEMENT

55. We wish to express our appreciation to the Management and staff of OCHA-DRC for the assistance and cooperation extended to the auditors during this assignment.

Dagfinn Knutsen,
Acting Director
Internal Audit Division,
OIOS

7. Your overall satisfaction with the conduct of the audit and its results.

Please comment on any areas in which you have rated the audit team's performance as below your expectations. Also, please feel free to provide 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: _____ Date: _____

Title: _____

Organization: _____

Thank you for taking the time to fill out this survey. Please send the completed survey form as soon as possible in the enclosed envelope addressed to: Mr. Dagfinn Knutsen, Acting Director, Internal Audit Division-1, OIOS, Room DC2-518 United Nations Headquarters New York, NY 10017 U.S.A. or by fax to: 212-963-3388.