



INTERNAL AUDIT DIVISION

OFFICE OF INTERNAL OVERSIGHT SERVICES

AUDIT REPORT

Preliminary audit of restructuring of UNIFIL

19 July 2007

Assignment No. AP2007/672/1

United Nations  Nations Unies

INTEROFFICE MEMORANDUM


MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE
OIOS · BSCI

TO: Major General Claudio Graziano
A: Force Commander
United Nations Interim Force in Lebanon

DATE: 19 July 2007

REFERENCE: AUD-7-5:3 (07-00348)

FROM:  Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2007/672/01: Preliminary audit of restructuring of**
OBJET: **UNIFIL**

1. I am pleased to present the report on the above-mentioned audit, which was conducted in February and March 2007.

2. Based on your comments, we are pleased to inform you that we will close recommendations 5, 9, 11, 13, 16, 18, 19 and 23 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.

3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 2, 5, 8, 9, 10, 14, 15, 18, 21 and 22) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

4. 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.

cc: Ms. Alicia Barcena, USG/DM
Ms. Jane H. Lute, ASG/DPKO
Mr. Philip Cooper, Director, ASD/DPKO
Mr. Marcel Savard, Director of Administration, UNIFIL
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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Mr. Tilchand Acharya, Chief Resident Auditor, OIOS Middle East Region Audit Office, UNIFIL

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Preliminary audit of restructuring of UNIFIL

OIOS conducted a preliminary audit of the restructuring of the United Nations Interim Force in Lebanon (UNIFIL) in February and March 2007 following the Mission's expanded mandate under Security Council resolution 1701. During the audit OIOS assessed UNIFIL's risks associated with the expanded mandate, and identified the following as high risk areas:

- UNIFIL's restructuring following its expanded mandate
- Recruitment and staffing
- Safety and security
- Procurement
- Facilities and infrastructure

OIOS recognizes that the start-up or expansion phase of a Mission is a highly demanding and stressful period particularly for officials carrying out significant functions in support of the Mission requiring the exercise of flexibility and due diligence. This is also a period when the Mission activities could be exposed to risks of weak management controls resulting in possible waste or mismanagement of resources. Therefore, the main objectives of the audit were to determine whether UNIFIL is: (i) restructured to carry out its expanded mandate; (ii) filling posts in a timely manner, and has developed a safety and security plan and implementation mechanisms for the staff; (iii) in compliance with UN Regulations, Rules, and administrative instructions and applying administrative processes within its delegated authority; and (iv) implementing adequate procurement controls and facilities and infrastructure management practices. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS made 26 recommendations, which were all accepted by the UNIFIL Management, the Department of Peacekeeping Operations and the Department of Management.

OIOS identified control deficiencies in the following areas, which will be further reviewed at a later date once the OIOS resident audit team becomes operational in July 2007.

UNIFIL's restructuring subsequent to its expanded mandate

UNIFIL has accepted OIOS' recommendation to formulate indicators of achievement in its 2007-2008 fiscal year budget in connection with restructuring the political and civilian affairs element of its operations component. There is a need to describe in an information circular the roles and responsibilities of UNIFIL's organizational units including those of the Contracts Management Section in managing technical projects.

Recruitment and staffing

Despite being an established Mission, UNIFIL has not prepared a Human Resources Action Plan, which is particularly relevant in light of increased recruitment and staffing to fill the Mission's new posts. Therefore, the Department of Peacekeeping Operations and the Department of Management have agreed to include UNIFIL in the pilot for the preparation of the Mission's Human Resources Action Plan by September 2007. At the time of the audit, UNIFIL's vacancy rate was about 80 per cent, which, according to the Mission, has been reduced to 38 per cent as at 31 May 2007. A DPKO-deployed "Tiger Team" completed 100 recruitment and staffing cases. The Team needs to continue its efforts until the Mission's vacancy rate is reduced to 20 per cent. The Mission's staffing table generated in the Field Personnel Management System is not accurate as it shows 309 posts less than the authorized number of posts.

UNIFIL's Security Plan and implementation mechanisms to inform staff during an emergency need to include nationally-recruited UNIFIL staff.

Procurement activities

Due to exigency of service, established procurement procedures were not complied with in the case of the container transportation contract. Responding to OIOS' recommendation to inquire about this case in order to establish accountability for the actions taken, the Department of Peacekeeping Operations advised that it conducted the inquiry which concluded that the procurement action was reflective of the operational requirements during the rapid expansion of the Mission. The performance of garbage collection contractors was poor, and they were unable to cope with the increased volume resulting from the larger number of contingent troops. As a result, the Mission had to enter into a new contract with a new contractor. The Mission commented that it now calculates its requirements taking into consideration the authorized troop strength in order to avoid such occurrences in the future.

UNIFIL has agreed to explore the option of entering into a comprehensive travel agreement through competitive bidding which could result in savings. The Mission expended \$244,015 on travel during the period from 1 July 2006 to February 2007.

Facilities and infrastructure

There were delays in providing accommodations for the incoming contingent troops. The Mission accepted OIOS' recommendation to review control mechanisms regarding the inter-mission transfer of assets as most of the 94 prefabricated buildings received from the United Nations Mission in Burundi (ONUB) were not useable. To meet the contingents' water requirements, a cost benefit analysis and a feasibility study are required to categorize contingents into those needing their own water resources and those whose needs could be met by contractors. The Mission needs to provide water storage facilities for those military contingents with insufficient water tank capacity to address the expanded

troop strength. The existing sewage disposal system in the military locations within UNIFIL's area of operations is inadequate and a threat to the environment.

A thorough study of rental premises is needed to ensure that all suitable options are considered and to comply with the field security guidelines in choosing locations to be used by the Mission. The Mission acknowledges that such studies are required on a continuing basis in view of the security and the significant lease expenditures of the Mission. Currently, the Mission has eight lease agreements with an estimated annual cost of \$799,950, of which leases amounting to \$33,300 is covered by the UNIFIL budget, \$370,650 is reimbursable by the Government of Lebanon, and \$414,000 is leased for the office of the United Nations Special Coordinator for Lebanon. Furthermore, UNIFIL is negotiating for the lease of 470,000 square meters of additional space at an estimated annual cost of \$400,000 and a one-time payment of \$1.5 million to compensate for the loss of 15,000 citrus and banana trees for the relocation of the Mission Headquarters and Logistics Base from Naqoura to Tyre. The UNIFIL Management expressed concern that the land owners are increasingly demanding direct payments from the Mission instead of being paid by the Government of Lebanon as, according to the land owners, no payments were made to them by the Government.

Other administrative processes

At the time of the audit, UNIFIL had signed Memorandums of Understanding with only six of the 44 troop contributing countries. Furthermore, the Mission needs to complete the installation of the CarLog system in its vehicle fleet and implement the Mission Electronic Fuel Accounting System (MEFAS) to strengthen fleet management and fuel consumption controls.

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I. INTRODUCTION

1. OIOS conducted a preliminary audit of the restructuring of the United Nations Interim Force in Lebanon (UNIFIL) during February and March 2007. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing standards.
2. By its resolutions 425 and 426 (1978) the Security Council established the mandate of the United Nations Interim Force in Lebanon (UNIFIL). The most recent extension of the mandate was authorized by the Council in its resolution 1614 (2005). However, the hostilities between Hezbollah and Israel that started on 12 July 2006 and lasted for more than 30 days had radically changed UNIFIL's operations. These hostilities caused hundreds of casualties, damaged civilian infrastructure, and displaced people on all sides. Consequently, the Security Council significantly expanded UNIFIL's mandate under its resolution 1701 (2006) of 11 August 2006.
3. Before the expanded mandate, UNIFIL's 2006-2007 budget totaled \$94.1 million (A/60/642), which was proposed to be increased to \$263.4 million for the period from 1 July 2006 to 31 March 2007 (A/61/588). The Secretary-General has indicated his intention to prepare UNIFIL's proposed budget in the results-based budgeting framework for the period from 1 July 2006 to 30 June 2007 in the resumed session of the 61st General Assembly.
4. This audit report covers areas which were identified in OIOS' preliminary risk assessment of the Mission carried out after its mandate was expanded under Security Council resolution 1701. These audit areas warrant separate reviews on a continuing basis once the OIOS resident audit team becomes operational in UNIFIL in July 2007.
5. OIOS has incorporated comments from UNIFIL, the Department of Peacekeeping Operations and the Department of Management in this report in *italics*.

II. AUDIT OBJECTIVES

6. The major objectives of the audit were to:
 - (a) Determine whether UNIFIL is restructured to carry out its expanded mandate under Security Council resolution 1701;
 - (b) Evaluate whether UNIFIL is filling posts in a timely manner, and whether it has developed a safety and security plan and implementation mechanisms to protect Mission staff;
 - (c) Assess whether the Mission, within its delegated authority, applied administrative processes which comply with UN Regulations, Rules, and administrative instructions; and
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- (d) Assess overall controls regarding procurement, and facilities and infrastructure management.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit focused on UNIFIL's operations for the period 1 July 2006 to 31 January 2007 including the following areas:

- Organizational structure
- Recruitment and staffing
- Procurement controls
- Facilities and infrastructure management

8. OIOS reviewed a representative sample of recruitment and staffing actions and selected acquisitions and construction projects to assess the validity and effectiveness of controls in these areas. Systems, processes and procedures used to record, track, and manage personnel information, procurement and engineering projects were examined. OIOS interviewed UNIFIL staff responsible for supervising and managing these activities to gain an understanding of the related risk areas and potential control weaknesses.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Restructuring

Translation of mandate into programme

9. The Security Council in its resolutions 425 and 426 (1978) established UNIFIL's mandate. In the aftermath of the July-August 2006 hostilities in Lebanon, the Security Council significantly expanded UNIFIL's mandate under resolution 1701 (2006) of 11 August 2006. The mandate authorizes:

- An increase in the force strength of UNIFIL to a maximum of 15,000 troops;
- UNIFIL, in addition to carrying out its mandate under resolutions 425 and 426 (1978), to:
 - Monitor the cessation of hostilities;
 - Accompany and support the Lebanese armed forces as they deploy throughout the South, including along the Blue Line, as Israel withdraws its armed forces from Lebanon;
 - Coordinate its activities related to the withdrawal of Israeli armed forces from Lebanon with the Government of Lebanon and the Government of Israel;

- Extend its assistance to help ensure humanitarian access to civilian populations and the voluntary and safe return of displaced persons;
- Assist the Lebanese armed forces in taking steps towards the establishment of the ceasefire area;
- Assist the Government of Lebanon, at its request, to secure its border and other entry points to prevent the entry of arms or related materiel into Lebanon without its consent.

10. In its report A/61/616 on UNIFIL's financial commitment authority for the period from 1 July 2006 to 31 March 2007, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) noted the Secretary-General's intention to submit a new UNIFIL budget for the period from 1 July 2006 to 30 June 2007 in the results-based framework with a view to implementing Security Council resolution 1701. OIOS reviewed UNIFIL's draft budget proposal presented in the results-based framework for the period from 1 July 2006 to 30 June 2007, amounting to \$525,147,500. The proposal comprised Executive Direction and Management and two components: (a) Operations; and (b) Administrative Support. Under the operations component, as shown in Table 1, the proposal identified two expected accomplishments and six indicators of achievement:

Table 1: Operations component

Expected accomplishments	Indicators of achievement
Stable and secure environment in southern Lebanon	<p>1.1.1 Absence of air, sea, or ground incursions or firing incidents across the Blue Line</p> <p>1.1.2 15,000 Lebanese Armed Forces deployed throughout the entire area south of the Litani River</p> <p>1.1.3 Area between the Litani River and the Blue Line is free of armed personnel, weapons and related materiel, except for those of the Lebanese Armed Forces and of UNIFIL</p> <p>1.1.4 Both parties participate in meetings of the Tripartite Co-ordination Group to promote confidence-building</p>
Normalization of the authority of the Government of Lebanon in southern	1.2.1 Local government officials perform their duties in

Lebanon	line with the official policy of the Lebanese government 1.2.2 Majority of public facilities, including health facilities and schools) reopen in southern Lebanon
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11. The operations component was structured to include four major organizational units, including the Office of Political and Civil Affairs. It was not apparent from the indicators of achievement that the expected contributions of the Office of Political and Civil Affairs are included as identifiable performance measures. It is important that the key elements in Security Council resolution 1701 are translated into UNIFIL's programme in the results-based framework.

Recommendation 1

(1) UNIFIL Management should ensure that its results-based budget specifies measurable indicators of achievement for the political and civil affairs activities covered under Security Council resolution 1701.

12. *UNIFIL Management accepted recommendation 1, stating that the recommendation will be implemented in the results-based budgeting frameworks for 2006-2007 and 2007-2008 budget cycles. OIOS will close this recommendation in its database upon verification of related indicators in UNIFIL's 2007-2008 fiscal year budget.*

Roles and responsibilities of UNIFIL's organizational units

13. Under the expanded mandate, UNIFIL proposed a \$263.4 million (A/61/588) financial commitment covering the period from 1 July 2006 to 31 March 2007. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) recommended \$260.9 million (A/61/616) against this proposal. Before the expanded mandate, UNIFIL's 2006-2007 budget totaled \$94.1 million. Table 2 shows the details of the resource increase as a result of UNIFIL's expanded mandate.

Table 2: Increased level of resources for UNIFIL's expanded mandate

Items	Old Mandate 1/7/06 to 30/6/07	Expanded Mandate 1/7/06 to 31/3/07	Increase 2006-2007
I. Total proposal (000 of \$)	94,112.4	263,364.2	169,251.8
II. Military	2,000	15,000	13,000
III. Established posts			
International	119	390	271
National	339	688	349
Sub-Total	458	1,078	620
IV Temporary posts			
International	0	18	18
National	0	4	4
Sub-Total	0	22	22
Total:	458	1,100	642

14. UNIFIL's military strength has been increased to 15,000 troops to carry out the Mission's expanded mandate and to liaise with the Israeli Defence Force and the Lebanese Armed Forces.. Consequently, UNIFIL's administrative services also need to be expanded, and the Mission is being restructured to strengthen the existing structure and to establish:

- A Beirut Office
- A Liaison Office in Tel Aviv
- Conduct and Discipline Teams
- Civil Affairs function
- Tripartite Coordination function
- Administrative Services
- A Contracts Management Section
- Sector Administrative Offices

15. UNIFIL's 2006-2007 proposed budget identified two programme components: (a) Operations; and (b) Administrative Support. Charts 1 and 2 in Annex II reflect the proposed new structure for these components. Coordination of the activities of these two components and the integration of military and civilian personnel for logistical support is crucial to achieving the Mission's mandate. However, the roles and responsibilities of the expanded UNIFIL organizational units were not formally described in an information circular which would specifically define their reporting lines and accountability. More importantly, a description of executive direction and management functions is critical in establishing accountability and monitoring mechanisms for the policy direction, coordination, public information and reporting functions.

Recommendation 2

(2) UNIFIL Management should issue an information circular formally describing the roles and responsibilities of executive direction and management and those of all UNIFIL organizational units defining their reporting lines, oversight and monitoring mechanisms, and accountability.

16. *UNIFIL Management accepted recommendation 2, stating that the recommendation is fully endorsed and will be implemented at the latest by 30 July 2007 by promulgating the roles and responsibilities of UNIFIL's organizational units in an information circular. OIOS will close recommendation 2 in its database upon receipt of a copy of the information circular promulgating the roles and responsibilities of executive direction and management and those of all UNIFIL organizational units and defining their reporting lines, oversight and monitoring mechanisms, and accountability.*

Contracts Management Section

17. Due to the technical nature of engineering and transport projects there is a tendency to concentrate the entire project management process in the requisitioning office which includes raising requisitions, developing project specifications, issuing work orders, receiving and inspecting goods and

evaluating contractor performance. During the Mission's initial expansion phase contract management functions are critical to ensuring proper oversight and control of high value engineering and transport projects undertaken in the Movement Control and Engineering Sections.

18. UNIFIL's new structure includes a Contracts Management Section under Administrative Services. OIOS supports this structure and the contract management function. However, there is no explanation of the Section's responsibilities in managing technical contracts.

Recommendation 3

(3) UNIFIL Management should establish an appropriate role for the Contract Management Section in the management of all projects relating to technical contracts supervised by the Integrated Support Services to ensure necessary checks and balances.

19. *UNIFIL Management accepted recommendation 3, stating that the recommendation will be implemented by 31 December 2007 as the post of the Contracts Management Chief is being filled.* OIOS will close recommendation 3 in its database upon receipt of documentation showing that the roles and responsibilities of the Contracts Management Section are formally established.

B. Recruitment and staffing

Human Resources Action Plan

20. Under the delegated authority from the Office of Human Resources Management (OHRM), the Department of Peacekeeping Operations is responsible for recruitment and staffing in field missions. However, in its resolution 56/241, the General Assembly reaffirmed OHRM's role as the central authority in articulating overall human resources policy orientation and monitoring how departments and offices exercise the authority delegated to them in order to ensure that the highest standards of efficiency, competence and integrity serve as the paramount consideration in the employment of staff.

21. By its resolution 61/244, the General Assembly considered the Secretary-General's reports including those concerning human resources management (A/61/228 and Corr.1), investing in people (A/61/255), and reforming the Field Service Category: investing in meeting the human resources requirements of United Nations peace operations in the twenty-first century (A/61/255/Add.1). The resolution set out decisions on 17 human resources management issues, including:

- Recruitment and staffing
- Mobility
- Contractual arrangements
- Reform of the field service
- Measures to improve equitable geographical distribution

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- Gender representation
 - Accountability
 - Employment of retired former staff

22. OHRM uses the Human Resources Action Plan as a standard tool to monitor compliance by major organizational units with the above-mentioned human resources management issues. Towards that end, OHRM had agreed to implement OIOS' recommendation, in the context of the DPKO management audit issued in document A/60/717 to establish a DPKO-OHRM Human Resources Action Plan for each peacekeeping mission. However, although UNIFIL is an established mission operating since 1978 under prior Security Council mandates, DPKO and OHRM have not developed a Human Resources Action Plan for UNIFIL.

Recommendation 4

(4) DPKO and OHRM should establish a Human Resources Action Plan for UNIFIL in order to monitor compliance with the Organization's human resources management principles.

23. *UNIFIL Management, the Department of Peacekeeping Operations and the Department of Management accepted recommendation 4, stating that UNIFIL has been selected as a pilot mission for establishing Human Resources Action Plan and that the recommendation will be implemented in August-September 2007. The Mission further explained that the Human Resources Action Plan was discussed during the Chief Civilian Personnel Officers' conference and that standard operating procedures regarding the Action Plan are currently under draft with the Personnel Management Support Service in DPKO. OIOS will close recommendation 4 in its database upon receipt of a copy of the UNIFIL's Human Resources Action Plan.*

Status of recruitment and vacancy rates

24. In a 17 January 2007 memorandum, the Assistant Secretary-General, Office of Mission Support, DPKO advised the UNIFIL Force Commander of the deployment of a Recruitment Tiger Team to the Mission under the delegation of recruitment authority. This deployment was intended to expedite the recruitment process and reduce the international staff vacancy rate of 80 per cent. The Tiger Team had the authority to recruit for all positions up to and including the D-1 level, and the team would be in the Mission "until such time as your mission and Headquarters determine that a dedicated Tiger Team and special recruitment measures are no longer required". "One criterion to be measured is the degree to which the mission has reached the 20 per cent vacancy rate set under the results-based budgeting indicators of achievement for missions in a start-up or expansion phase".

25. The Tiger Team visited the Mission from 9 October through the end December 2006 and processed 122 recruitment and appointment cases.

However, as shown in Table 3, UNIFIL has an overall vacancy rate of 80 per cent as of 19 February 2007 for established posts.

Table 3: Status of recruitment and vacancy rates at UNIFIL

Established new posts			Recruitment and appointment status			
International	National	Total	Case status	International	National	Total
271	349	620	Candidates arrived	71	4	75
			Under recruitment	21		21
			ETA* to be announced	8		8
			Fax sent for release	7		7
			Other	11		11
Total:	271	349		118	4	122
	Recruitment progress percentage			33.8	0.6	19.7
	Vacancy rate			66.2	99.4	80.3

ETA= Estimated arrival time

26. The Tiger Team returned to Headquarters but the Mission's vacancy rate increased markedly following the issuance of a staffing table authorization on 4 January 2007 with 620 additional established posts. Timely recruitment of staff to fill the UNIFIL posts, who possess adequate qualifications and experience, in accordance with the Organization's human resources management principles in articles 100 and 101 of the UN Charter is crucial for the Mission's success in delivering its mandate.

Recommendation 5

(5) DPKO should expedite the recruitment and staffing in UNIFIL by retaining the Tiger Team until the Mission lowers its vacancy rate to 20 per cent.

27. *UNIFIL Management accepted recommendation 5, stating that the recommendation has already been implemented. The Mission further explained that as at 31 May 2007, UNIFIL had a vacancy rate of 38 per cent against the total international staffing table and that a large number of posts were expected to be filled in the months of June, July and August 2007. This will reduce the vacancy rate to less than 15 per cent. The Management further elaborated that at the request of the Advisory Committee on Administrative and Budgetary Questions the Mission has undertaken a review of the international staffing table and the review has identified a number of posts which are currently anticipated to be blocked. Based on the action taken by UNIFIL, recommendation 5 has been closed.*

Reliability of the staffing table

28. In a 4 January 2007 memorandum, the Office of Programme Planning, Budget and Accounts (OPPBA) issued a revised staffing table authorization for UNIFIL, which authorized a total of 1,078 posts for the period from 1 July 2006 to 31 March 2007. As shown in Table 4, UNIFIL's staffing table maintained in the Field Personnel Management System (FPMS) as at 22 February 2007, showed a total of only 769 posts, reflecting a discrepancy of 309 posts.

Table 4: Discrepancy in the level of posts between the OPPBA Allotment Advice & FPMS

Post Category	No. of post authorized as per the		
	Allotment Advice	FPMS	Difference
Professional and above	120	121	-1
Field Service	247	260	-13
General Service	23	14	9
National Staff:			0
Prof. Officer (NPO)	18	1	17
Local (GL)	670	373	297
Total:	1,078	769	309

29. The UNIFIL Administration was aware of the discrepancy and explained that because of the Civilian Personnel Section's heavy workload, the staffing table could not be updated on time, hence the discrepancy could not be readily investigated. The Section was being strengthened with additional posts and was also waiting for the arrival of its new Chief. OIOS believes that maintaining the staffing table up to date is crucial in vacancy management and timely recruitment and staffing.

Recommendation 6

(6) UNIFIL Management should keep the information in the Field Personnel Management System up to date and regularly reconcile the information with the authorized staffing table.

30. *UNIFIL Management accepted recommendation 6, stating that the Mission is in the process to reconcile the Field Personnel Management System's records with UNIFIL's 2006-2007 authorized 2006-2007 staffing table.* OIOS will close recommendation 6 in its database upon receipt of a copy of the reconciliation report.

Classification of National Officer posts

31. In its 2006-2007 authorized staffing tables, UNIFIL shows 18 National Officer posts, 16 of which are new posts. Filling these posts has been delayed as the posts needed to be classified before their vacancies could be advertised in Galaxy. As shown in Table 5, these posts are allotted to eight different functions in UNIFIL, and the bulk of these posts are allotted to the Office of Political and Civil Affairs.

Table 5: Distribution of UNIFIL National Officer posts

	Functions	No. of posts
1	Legal Affairs	1
2	Political and Civil Affairs	8
3	Security	1
4	Administrative services	1
5	Procurement	1
6	Sector Administration	1
7	Medical	1
8	Engineering	4
	Total:	18

32. The UNIFIL Administration explained that with the exception of two posts, the remaining 16 posts have no classified or generic job descriptions. Only OHRM has the authority to classify posts. OIOS is concerned that operations of the above functional areas might be negatively affected, and advised the Mission that UNDP and UN Information Centres use national officer posts regularly. These entities could be asked for help in developing job descriptions.

Recommendation 7

(7) UNIFIL Management should request the DPKO Personnel Management Support Services to assign an OHRM official to the UNIFIL Tiger Team to assist in urgently classifying national officer posts.

33. *UNIFIL Management accepted recommendation 7 and explained that an official communication has been sent to the Personnel Management Support Service in DPKO in order to identify a consultant to assist in the overall classification exercise of all of the Mission's posts.* OIOS will close recommendation 7 in its database upon receipt of a copy of UNIFIL's communication written to DPKO to identify a consultant for the classification exercise.

C. Safety and security

Safety and security of nationally-recruited UNIFIL staff and their eligible dependents

34. OIOS' review of provisions for the safety and security in UNIFIL disclosed the following:

- During the security crisis in Lebanon, DPKO had issued a policy clarification in code cable 2010 of 21 July 2006 concerning the relocation within/evacuation from Lebanon of eligible dependents of internationally-recruited staff and locally-recruited UNIFIL staff. For locally-recruited UNIFIL staff members and their eligible dependents who held Lebanese passports and were located in Lebanon, the code cable specifies that: "We have received communications from UNIFIL

local staff located in Southern Lebanon seeking assistance in relocating their family members within Lebanon. UNIFIL is reviewing the possibility of relocation”. “...relocation can only be pursued as and when circumstances on the ground would permit”.

- Until 2004 UNIFIL’s security plan was classified as confidential, and supervised by the Senior Administrative Officer. There was no security coordination among UN agencies in Lebanon and each agency developed its own plan. Furthermore, the roles and responsibilities of the Security Management Team were not clarified and emergency preparations were conducted only on an *ad hoc* basis. The Zone Warden system was inefficient due to delineation of larger zones, and Zone Wardens were untrained. The system also did not cover national staff. There was no periodic review of the database on staff and their dependents.

35. The above-mentioned shortcomings directly impacted the security and safety of UNIFIL staff, particularly the national staff, during the security crisis in July-August 2006. In his 4 October 2006 memorandum to DPKO, the UNIFIL Local Staff Union Committee Chairman stated that the “way that the UNIFIL Administration had handled our (national staff members’) security during the most recent war in Lebanon was...improper”. He further stated that the local staff members were not aware of any efforts that UNIFIL made to contact them or their families during the war. He referred to the United Nations Field Security Handbook, which outlines the following measures:

- All nationally-recruited staff members must be made aware of the assistance the United Nations system will provide to them in time of crisis;
- Nationally-recruited staff members must be fully integrated into the security management system and must play an important role in the preparation of the portion Security Plan which affects them directly;
- Representatives of nationally-recruited staff members are required from time to time to participate in meetings of the Security Management Team; and
- Security awareness training must be provided to all nationally-recruited staff.

36. OIOS’ review of the Mission’s compliance with the above measures showed that no national staff representative participates in Security Management Team meetings and UNIFIL’s Security Plan and implementation mechanisms to inform staff during an emergency needs to include nationally-recruited UNIFIL staff. There was also no evidence that the nationally-recruited staff members take the mandatory on-line security awareness training.

37. In its 19 December 2006 memorandum to the UNIFIL Local Staff Union Committee Chairman, DPKO emphasized that “staff and administration work together to improve the security evacuation plan for local staff”.

Recommendations 8 and 9

UNIFIL Management should:

(8) Reinforce the existing security advisory mechanisms and require the Chief Security Officer to periodically consult with the national staff on security issues that directly affect them; and

(9) Ensure that all nationally-recruited staff members take the mandatory on-line security awareness training.

38. *UNIFIL Management accepted recommendation 8 and explained that an SMS/text advisory system is in the process of being procured which will enable UNIFIL Security Section to send mass SMS/text messages to the mobile phones of all UNIFIL staff. Furthermore, standard operating procedures for the Security Operations Centre are being further refined to optimize information distribution via wardens and telephone. OIOS will close recommendation 8 in its database upon receipt of documentation showing the implementation of the proposed plan to reinforce the existing security advisory mechanism.*

39. *UNIFIL Management also accepted recommendation 9, stating that on 4 April 2007 all staff were reminded to complete the mandatory security awareness training. The Mission was in the process of identifying individual nationally-recruited staff members who failed to take the mandatory training in order to remind them again. Based on the action taken by UNIFIL, recommendation 9 has been closed.*

Staff information and contact database

40. The UNIFIL Security Section is maintaining a staff information and contact database for both international and national staff. The database is comprehensive in that it contains general information about the staff, their dependents and their location map. The Zone Warden system further complements this database and strengthens UNIFIL’s ability to locate its staff and eligible dependents in security emergency.

41. The integrity and reliability of the database are critical to ensuring that information is kept up to date. This requires interfaces with the check-in and check-out process, the Field Personnel Management System and Movement Order of Personnel. Furthermore, this integrated database should be supplemented by information on staff members’ eligible dependents. Periodic verification of the database with the staff, the UNIFIL Civilian Personnel Section, Security Zone Wardens and staff union representatives in UNIFIL is necessary to keep the information current. While OIOS appreciates UNIFIL

Security Section's efforts in developing this database, there are no procedures in place to periodically validate the information.

Recommendations 10 and 11

The UNIFIL Security Section should:

(10) Establish mechanisms to integrate its staff information and contact database with the check-in and check-out process, the Field Personnel Management System and Movement Order of Personnel; and

(11) Periodically validate the database with staff, the UNIFIL Civilian Personnel Section, Security Zone Wardens and staff union representatives in UNIFIL.

42. *UNIFIL Management accepted recommendation 10, stating that the implementation of this recommendation was expected to be completed by June 2007. The Mission explained that the Civilian Personnel Section is in the process to hand over the Pass and ID function to the Security Section. When the handover is completed, all staff arriving and obtaining an UNIFIL ID will be entered into the Security Staff database. OIOS will close recommendation 10 in its database upon receipt of documentation showing that a mechanism has been instituted that integrates staff information and contact database with the check-in and check-out process, the Field Personnel Management System, and Movement Order of Personnel.*

43. *UNIFIL Management accepted recommendation 11, stating that the staff data is constantly updated by Regional Security Officers. Staff are reminded weekly via the Security Section and the Zone Wardens to update staff information, and the Civilian Personnel Section staff numbers every Friday. Based on the action taken by UNIFIL, recommendation 11 has been closed.*

D. Procurement activities

Contract for transportation of containers

44. Based on the e-mail request from the Chief of MOVCON for the movement of incoming contingents' containers to the Mission, the procurement process was initiated on 12 September 2006 to establish a contract for inland transportation of heavy trucks and containers. The procurement authority for "Core Requirements" is delegated to peacekeeping missions to procure goods and services up to \$1 million. In view of the urgency of this requirement, the Mission apparently deviated from the Procurement Manual provisions and concluded contracts with two separate vendors with a total not-to-exceed (NTE) value of \$1 million. Instead of placing a single contract with the lowest vendor, UNIFIL decided to award split contracts between the first and second lowest bidders. While OIOS acknowledges that in some locations the rates of the second lowest bidder may have been more competitive, the reasons for splitting the contract to two vendors were not documented. Of the NTE value of \$1

million, the lowest bidder was awarded a contract for an NTE amount of \$700,000 whereas the second lowest bidder received a contract in the NTE amount of \$300,000 although the overall prices of the lowest bidder were significantly lower than those of the second lowest bidder.

45. Although the total value was within the delegated procurement authority under “Core Requirements”, the UNIFIL CAO requested the ASG, DPKO in a fax dated 24 November 2006 to present this case to the Headquarters Committee on Contracts (HCC) on a partial *ex-post facto* basis. The United Nations Procurement Service and the HCC questioned UNIFIL about its non-adherence to the Procurement Manual provisions in finalizing these contracts. In addition to its critical remarks on the process, HCC recommended that:

- UNIFIL clearly set forth in its RFPs what the criteria of technical evaluation are in order to be transparent to all vendors;
- UNIFIL continue to work on its vendor registry;
- The lowest technically acceptable vendor be requested to confirm in writing that it will perform in accordance with the work order or explains why it cannot perform in accordance with the work order;
- If MOVCON does not have such a monitoring mechanism/ methodology in place to monitor the split award, the committee recommended that MOVCON establish such a mechanism or methodology;
- UNIFIL explore with the All Transportation Agency (ATA) whether it can increase its capacity to meet UNIFIL’s requirements;
- UNIFIL calculate the cost of splitting this award for monitoring purpose.

46. The Controller, while approving the HCC meeting minutes, commented that “I am further requesting that the UNIFIL resident auditor formally review the operation to ascertain that appropriate controls and mechanisms (are) in place and work orders are being assigned to the lowest- priced available company at all times”. A separate audit is warranted to assess the adequacy and effectiveness of controls in this contract as the scope of this audit is limited to highlighting only key risk areas in preparation for a detailed review at a later date.

47. However, OIOS’ preliminary review of this procurement case identified many deviations from the established procurement procedures and a lack of control mechanisms to ensure that work orders were assigned to the lowest-priced available company at all times. It is pertinent to note that the Secretary General’s approval of flexibility in the application of administrative processes in support of the implementation of Security Council Resolution 1701 (2006) did not allow any deviations in the application of procurement rules except to increase the Not to Exceed (NTE) level of existing main commodities’ contracts.

Some of the deviations from the existing rules identified in this contract are as follows:

- Scope of work did not include complete evaluation criteria;
- The RFP was issued to only eight vendors although the recommended number for high value contracts is about 20;
- The RFP did not include separate technical and financial bids;
- Only two days response time was given to prospective vendors;
- The responses to the RFP with technical and financial information was not routed through the Tender Opening Committee (TOC), and but instead received directly by the Procurement Section via fax;
- The responses to the RFP including financial information were sent to MOVCON for technical evaluation;
- Reasons for rejecting the proposal of the second lowest bidder were not recorded on file;
- In spite of a considerable price difference between the lowest and the second lowest vendors, the reasons for issuing split contracts were not recorded;
- There were no mechanisms in place to ensure that work orders are assigned to the lowest-priced available company at all times.

48. Furthermore, as shown in Table 6, UNIFIL issued work orders totaling \$477,087 to ATA and Beirut Crage Centre (BCC). However, work orders amounting to \$284,632 were issued to the second lowest bidder which represented 94 per cent of its contract NTE amount whereas only \$192,455 of work orders were issued to the lowest bidder. Therefore, it is apparent that the work orders were not assigned to the lowest-priced available company at all times.

Table 6: Work orders assigned to the vendors

Name of company	Lowest	Total NTE value	Total value of work orders	Percentage of NTE
All Transport Agency (ATA)	First	\$700,000	\$192,455	27
Beirut Cargo Centre (BCC)	Second	\$300,000	\$284,632	94

49. Although the ATA was the lowest-priced company, the total value of work orders placed with it was less than the value placed with BCC even though ATA's rate was substantially lower. OIOS' discussions with MOVCON officials confirmed that there is no mechanism in place to ensure that work orders are placed on the lowest-priced available company. Placing more work orders with ATA would have been significantly less costly to the Organization.

Recommendations 12 to 14

UNIFIL Management should:

(12) Implement the Headquarters Committee on Contracts' recommendations concerning the procurement for the inland transportation of heavy trucks and containers as a priority and report to the Controller on the actions taken;

(13) Require MOVCON to immediately institute a mechanism to ensure that work orders are assigned to the lowest-priced available company at all times; and

(14) DPKO should inquire into the circumstances in which UNIFIL deviated from established procurement policies and practices with regard to the procurement of containers and address accountability or any irregularities.

50. *UNIFIL Management accepted recommendation 12, stating that it has already advertised the requirement and will release the solicitation document for inland transportation by 30 June 2007. OIOS will close recommendation 12 upon receipt of contract copies regarding the procurement of inland transportation of heavy trucks and containers.*

51. *UNIFIL Management accepted recommendation 13, stating that the Mission has a mechanism in place to ensure that work orders are assigned to the lowest-priced available company at all times. Based on UNIFIL's explanation, OIOS has closed recommendation 13 in its database.*

52. *UNIFIL Management did not accept recommendation 14, providing extensive explanation on the operational requirements during the rapid expansion of the Mission. DPKO, on the other hand, accepted the recommendation stating that it conducted an inquiry at the Mission, and concluded that the procurement action was reflective of the operational requirements during the rapid expansion of UNIFIL. OIOS will close this recommendation upon receipt of documentation showing the basis for DPKO's conclusion that the procurement action reflected operational requirements.*

Garbage collection

53. The garbage collection and disposal services for pre-war UNIFIL troops in the Mission were provided by two contractors, whose contracts were valid to 30 June 2007. However, due to the substantial expansion of the Mission and corresponding increase in the number of troops, UNIFIL's General Services Section identified new requirements for garbage collection services to cover existing and newly opened military positions as the present contractors were not capable of providing services for the higher number of troops. Following the deployment of additional troops from September through December 2006, the contingents complained about the contractors' poor garbage collection services.

54. By giving 30-day written notice to the contractors, UNIFIL's Procurement Section decided to terminate the current contracts as the costs provided in these contracts were no longer valid due to the significant increase in the number of troops. Accordingly, invitations to bid were sent to 19 vendors of which eight provided offers. The procurement process resulted in awarding a contract for the provision of garbage collection and disposal services to New Trading and Contracting Company (NTCC) in the amount of \$48,468 for the initial three-month period with the possibility of extending it for three more months.

55. Meanwhile, the previous contractor submitted invoices for services rendered until February 2007. OIOS was informed that the invoiced rates charged for a military contingent location were more than the rates agreed to in the contract for that location. The contractor argued that the previous rates were based on the strength of only 2,000 troops which had been increased many times, and therefore, the per person per day rate quoted earlier was no longer relevant. As a result, UNIFIL had to negotiate with the contractor for a mutually agreeable price. OIOS is of the view that the legal opinion of the Mission's Legal Advisor is necessary before formally implementing the mutually agreed rate. Accordingly, the Mission should assess the financial implications of the outcome of the price negotiation with the contractor.

Recommendations 15 and 16

UNIFIL Management should:

(15) Seek a legal opinion from UNIFIL's Legal Advisor before implementing the mutually agreed revision of the garbage collection rate with the previous contractor in order to prevent possible future legal complications; and

(16) Ensure that the new garbage collection contract is executed in accordance with the new requirements identified by the General Services Section, including the monitoring of the contract's technical aspects.

56. *UNIFIL Management accepted recommendation 15 and explained that the case was presented to the Local Committee on Contracts which includes the Legal Advisor and that the UNIFIL Director of Administration approved the case ex-post facto. The Procurement Section issued the appropriate obligating document and the contractor was paid the mutually-agreed revised price. OIOS would like to point out that requesting a legal opinion is different from having the Legal Advisor sitting as a member of the Local Committee on Contracts. Hence, OIOS will keep recommendation 15 open, pending receipt of the Legal Advisor's opinion on the matter and information on the financial impact of the negotiations with the contractor.*

57. *UNIFIL Management accepted recommendation 16, stating that UNIFIL calculates its requirements taking into consideration the authorized strength of*

the Mission in all its new contracts to avoid a recurrence in case of troop increase. Furthermore, the Mission has introduced an improved mechanism for service monitoring and payment. Based on the action taken by UNIFIL, recommendation 16 has been closed.

Comprehensive travel arrangements

58. Within the General Services Section, the Travel Unit is responsible for making official travel arrangements for Military and Civilian personnel in the Mission. As shown in Table 7, a total of \$244,015 was expended for official travel during the period from July 2006 to February 2007. As more staff members are expected to arrive at the Mission in the next six months, travel activities will increase.

Table 7: Travel expenditures

Nature of travel	Amount
Military	\$72,891
Travel on Separation	51,538
Travel on training	31,203
Official Travel	88,382
TOTAL	\$244,015

59. Travel by air is the most common mode of transport. Based on the receipt of approved travel requests, the Travel Unit obtains three quotations from local travel agents. UNIFIL then purchases the tickets from the vendor offering the lowest fare. However, OIOS' review of a sample of quotations disclosed that the Travel Unit generally received only one or two quotations from travel agents. Officials in the Travel Unit explained that responses from travel agents were not always prompt, and that the Unit often received requests with urgent travel itineraries.

60. UNIFIL is an established mission. Although affected by hostilities from time to time, there is no shortage of travel agents in Lebanon. As UNIFIL's total travel expenditure is significant, it is viable to enter into a comprehensive travel contract to achieve best value for money through a competitive process. Established UN Offices in Geneva and New York have entered into contractual agreement with one travel agency. Given the volume of UNIFIL's travel business, even a small percentage reduction in airfare costs could result in potential savings.

Recommendation 17

(17) UNIFIL Management should explore the option of entering into a comprehensive travel agreement through a competitive bidding exercise.

61. *UNIFIL Management accepted recommendation 17 stating that the recommendation will be implemented in December 2007. The Mission explained that a scope of work has been prepared as the basis of a competitive bidding exercise which will be completed in the third quarter of 2007. OIOS will close*

recommendation 17 upon receipt of a copy of the scope of work and the result of the competitive bidding exercise for a comprehensive travel arrangement.

E. Facilities and infrastructure

Provision of suitable accommodation to the troops

62. Providing suitable accommodations to incoming troops is a prerequisite for the operational readiness of the Mission. Responsibility for planning the operational requirements and making the necessary accommodations available on time rests with DPKO and the Mission. Delays in providing accommodations for the troops could expose the Mission to the risk of limiting its ability to implement the mandate effectively.

63. Security Council Resolution (1701) expanded UNIFIL's mandate, which, *inter alia*, increased the military strength to 15,000 troops. As a result, the Mission submitted to DPKO an estimated requirement of 699 prefabricated buildings to accommodate the initial 5,000 troops. In order to partially meet the estimated requirement, UNIFIL proposed in its 29 September 2006 fax to DPKO the issuance of some 204 units from the strategic deployment stock (SDS) and 251 units from surplus assets in the United Nations Mission in Burundi (ONUB). However, as shown in Table 8, requirements for prefabricated buildings were not fully met in a timely manner.

Table 8: Status report on UNIFIL's requirement for prefabricated buildings 2006-2007 as at Feb 2007

Description	(a) Require- ment	(b) Avail. from ONUB	(c) Expected from SDS	(d) Actual receipt from SDS	(e) Actual receipt from ONUB	(f)=d+e Total avail.	(g)=a-f Balance require- ment
6-Module, Corimec	150	33	22	4	24	28	122
3-Module, Corimec	260	124	25	63	70	133	127
Single Module, 21 m2, Corimec	120	27	93	96	0	96	24
Ablution units, 30- Man, 20'	150	67	64	30	0	30	120
Ablution units, 10- Man, 8'	15	0	0	0	0	0	15
Kitchen / dining, 200 man unit	4	0	0	0	0	0	4
Total	699	251	204	193	94	287	412

64. OIOS believes that DPKO HQ should have been more responsive to the accommodation needs of UNIFIL and should have made the prefabricated buildings available to the Mission on time. At the same time, OIOS was informed that not all requirements for prefabricated units were actually necessary because contingents from troop contributing countries in Europe came to the Mission equipped with self-sustainment accommodations. There was, however, no evidence that the requirements were periodically reviewed and adjusted for any changes.

Recommendation 18

(18) UNIFIL Management should periodically review the requirements for prefabricated accommodation units, adjust them for any changes and ensure that they are provided in a timely manner.

65. *UNIFIL Management accepted recommendation 18, stating that the recommendation has already been implemented. The Mission explained that its requirement for prefabricated buildings has been reviewed and adjusted to compensate the damaged units received from the United Nations Mission in Burundi. The Management further elaborated that the main Mission requirement for prefabricated buildings was to cover the requirement of 5,000 troops, which is less than 50 per cent of the Mission troop strength. Based on the action taken by UNIFIL, recommendation 18 has been closed.*

Inter-mission transfer of assets

66. It is a normal practice in DPKO to transfer surplus assets from one peacekeeping mission to another. DPKO's Draft Administration Handbook stipulates that Class One UN-owned equipment (UNOE) identified for transfer to other missions shall normally have a depreciated value of at least 50 per cent of its purchase value, have a life span of not less than two years, and be in useable condition. However, OIOS noted that the Handbook does not specify control mechanisms to ensure that the quality of assets transferred from one mission to another conforms to the Handbook's requirements.

67. Responding to UNIFIL's requirement for prefabricated buildings, UNHQ approved, in a fax dated 20 October 2006, the transfer of surplus prefabricated accommodation units from ONUB to UNIFIL with a condition that the cost of shipment should be borne by the receiving mission. In February 2007, the Mission received only 94 prefabricated units from ONUB against 251 units that UNHQ approved.

68. OIOS is concerned that the UNOE prefabricated units were not useable as they arrived at the Mission in a damaged condition. Furthermore, the packing lists did not sufficiently describe the items and were incomplete, which made it difficult to identify the items in the shipping containers. This indicated that ONUB did not ensure proper handling/packing of the units before shipment. In its 14 February 2007 fax, UNIFIL notified UNHQ about the poor condition of the prefabricated containers when the Mission received them.

69. Providing a suitable accommodation in a timely manner is key to ensuring troops' operational readiness. In this case, the Mission had to wait for more than four months to receive prefabricated containers of unacceptable quality.

Recommendation 19

(19) DPKO should institute adequate internal control mechanisms for inter-mission transfer of assets, such as making the shipping mission accountable for proper packaging and certification of the quality of assets being transferred.

70. *DPKO accepted recommendation 19 and stated that asset categorization is governed by the provisions of the Liquidation Manual dated June 2003. DPKO further explained that the roles and responsibilities of UN entities and officials regarding their involvement in inter-mission transfer of assets are detailed in the DPKO Property Management Manual issued on November 2006. Under clause 5.37, the CAO/DOA shall be accountable for property transferred until the recipient mission confirms receipt of the cargo. Although some containers were damaged during the shipment, UNIFIL did not reject these units and had subsequently reported that these units had been utilized in UNIFIL's operations. To prevent the inappropriate packaging or mishandling of cargo in the future, DPKO indicated that it had carried out a pilot training programme in UNMIK and had prepared appropriate training materials entitled Cargo Care and Container Loading Guide, which was formally presented at the annual Movement Control conference in New York on 11-14 June 2007. Based on the action taken by DPKO and since all the prefabricated containers shipped were properly accounted for and subsequently used, recommendation 19 has been closed.*

Water supply to UNIFIL troops

71. The reliable and continuous supply of water is essential for the troops deployed in the operational areas. UNIFIL has its own bore-well water sources in three camp sites at UNIFIL HQ, China Battalion and Ghana Battalion. Requirements for water in the other military locations are met through outsourcing the water supply to private contractors. As shown in Table 9, eight purchase orders totaling \$139,542 were placed with different suppliers to supply water to the contingent camp sites and observation posts through tankers.

Table 9: Purchase orders for water supply from 1 July 2006 to 30 June 2007

#	Purchase Order	Supplier	Location	Amount
1	7FIL-200045	Zohra Yazbek	Naqoura	\$17,642
2	7FIL-200058	Ahmed meki	Jouwayya	31,800
3	7FIL-200064	Sami Sulieman	Jinnata	9,100
4	7FIL-200192	Sami Sulieman	Jinnata	19,500
5	7FIL-200216	Salah Jafaar	Dayr Qanoun	5,100
6	7FIL-200217	Younis Alayan	Bayada	13,200
7	7FIL-200218	Radwan Ramadan	Blat	30,000
8	7FIL-200219	Mohammed Azzam	Kafra, Siddiqeen	13,200
TOTAL				\$139,542

72. While the supply of water to the military locations in the area of operations through private tankers has been the usual arrangement for many years, the impact of a disruption in water supply on the Mission's operations is high. In OIOS' opinion, the present unstable security and political situation, and the increase in troop strength necessitate the installation of water wells in major camp sites. OIOS discussed this matter with the newly recruited water specialist to the Mission. He indicated that the need for having its own water sources in major camp sites has been recognized in the Mission and the scope of work detailing water well requirements in field locations have been developed. He added that nine locations in the area of operations are identified for water well development. While OIOS appreciates the Mission's efforts, the selection of field locations should be supported by a cost benefit analysis and feasibility study in order to fully justify the proposal to have its own water resources in major camp sites.

Recommendation 20

(20) UNIFIL Management should conduct a cost-benefit analysis and feasibility study for developing its own water supply in major military locations considering, among other things, the operational requirements, troop size and field location.

73. *UNIFIL Management accepted recommendation 20 and stated that the recommendation has already been implemented. The Mission explained that the cost benefit analysis and feasibility study were conducted in conjunction with the security aspect, which is a critical concern. The analysis concluded that the development of own water supply sources is limited to the battalion Headquarters and major company site positions. OIOS will close recommendation 20 in its database upon receipt of a copy of the cost-benefit analysis.*

Provision of water tanks for storage in military locations

74. In addition to having their own water sources, adequate provision to store water in major military locations in case of an emergency is essential. OIOS was informed that the storage capacity of the existing water tanks in the military locations is not sufficient to cater to the expanded troop strength. The Chief Engineer informed OIOS that a study was carried out to identify the location, quantity and capacity of water tanks required at various military locations. Table 10 shows the water storage tank details, including the capacity and quantity required. However, OIOS was informed that the construction of water tanks in the identified locations is yet to begin.

Table 10: Water storage tanks

#	Location	Capacity (cu.m.)	Number Required
1	Ghanbatt 5-66 New HQ	100	1
2	Italbatt 6-43 (Sector West HQ)	100	1
3	Belubat 6-5	150	1

4	Italbatt in Shamma	150	1
5	French Batt in At – Tiri	100	1
6	French HQ Coy 9-10 or 9-1	150	1
7	Italbatt Marakeh	150	2
8	Indonesian Sector East	100	2
9	Meiss EL Jabel-Blida (Napalese)	100	1
10	TurkBatt- Dayr Qanun	100	1
11	Spanishbatt 7-2	150	2
12	Inbatt HQ 4-2	150	1
13	Fin-Irish 7-3	150	1
14	Malaysian in Kaukaba	100	1

Recommendation 21

(21) UNIFIL Management should provide adequate water storage facilities in the identified military locations.

75. *UNIFIL Management accepted recommendation 21 and stated that the recommendation will be implemented in March 2008. OIOS will close recommendation 21 in its database upon receipt of documentation showing that UNIFIL has identified water storage facilities in major military locations.*

Sewage disposal with septic and soakage system

76. The existing sewage disposal system in the military locations in UNIFIL's area of operations is archaic and not environmentally sound. A contract was concluded to collect daily the human waste discharged from field ablution units. OIOS learned that sewage collected is thrown into the sea thereby polluting the water. This practice is not in compliance with international and local environmental protection and wastewater discharge guidelines.

77. OIOS was also informed that due to the influx of a large number of troops in a short period of time, the current contractor was not able to collect the sewage on time from the military locations, thereby exposing the troops to unhygienic conditions. As a result, UNIFIL had to make temporary arrangements to address the problem. The Chief Engineer explained that developing a septic and soakage system is the ideal solution to address this problem.

78. A septic and soakage system is capable of treating domestic human waste produced in the field facilities, in compliance with international and local Environmental Protection and Wastewater discharge guidelines. The features of a septic and soakage system include:

- (a) Reliable and robust human waste treatment process;
- (b) Standard unit human waste treatment capacity;
- (c) Rapidly deployable to field facilities: packaged, pre-assembled, compact, lightweight for ease of assembling and transportation;
- (d) Easy operation and minimum maintenance requirements;

(e) Operational in a wide range of adverse weather conditions, minimum odor nuisance.

79. An approximate cost estimate for the system, according to the Chief Engineer, is shown in Table 11.

Table 11: Engineers' cost estimate – sewage and soakage system

#	Description	Quantity	Unit Price	Total
1	Septic system including all items described in the product specification	20	\$6,000	\$120,000
2	Soakage system including all items described in the product specification	50	\$1,500	75,000
TOTAL				\$195,000

Recommendation 22

(22) UNIFIL Management should provide the troops with sewage disposal systems that comply with international and local environmental protection and wastewater discharge guidelines.

80. *UNIFIL Management accepted recommendation 22, stating that the recommendation will be implemented by March 2008. The Mission further explained that the bids for the acquisition of sewage treatment plants and septic tanks have already been evaluated. OIOS will close recommendation 22 upon receipt of documentation showing that the sewage treatment plants and septic tanks have been acquired and installed in the Mission.*

Rental of premises

81. Due to the substantial expansion of the Mission, UNIFIL's space requirements also increased significantly. Part of the requirement is met by renting premises from private agencies/individuals. As shown in Table 12, UNIFIL has established lease agreements with eight parties for rental of premises at an annual cost of \$817,950. The first three agreements totaling \$370,650 are reimbursable by the Government of Lebanon. The next four leases amounting to \$33,300 are covered under the UNIFIL budget and the last lease of \$414,000 is administered by UNIFIL for the office of the United Nations Special Coordinator for Lebanon.

Table 12: List of rented premises

Rented premises/use	Lease period	Reference	Annual Lease
UNIFIL House, Lebanon; used as UNIFIL & UNTSO Liaison Offices	01/07/06-30/06/09	Lease Agreement (Amend. 1-12) with IMAD ALI AHMAD	\$333,450
Rest House – Tyre, Lebanon;	01/07/06-	Lease Agreement	28,800

used as evacuation center	31/12/06	(Amend. 1-6) with REST HOUSE-TYRE	
Lease of premises at Nahariya, Israel; used as housing for communication equipment.	01/07/06-30/06/07	Lease Agreement (Amend. 1-7) with YITZAK COHEN	8,400
Lease of premises at Beit Mary, Lebanon; used as a repeater Site	01/07/06-30/06/07	Lease Agreement (Amend.1) with ASTRA	1,500
Lease of premises at Jabal Safi, Lebanon; used as a repeater site	01/03/06-28/02/07	Lease Agreement (Amend.1) with ASTRA	1,800
Lease of premises at Al-Basariya, Lebanon; used as a repeater site	01/07/06-30/06/07	Lease Agreement (Amend. 1) with FUTURE TV	18,000
Lease of premises at Zefat, Israel; used by UNIFIL Military Liaison Duty Officer	27/11/06-26/11/07	Lease Agreement with TZIPI ATAR	12,000
Lease of premises at Lazariéh Tower, Lebanon; used by OPRSG	01/02/07-31/03/10	Lease agreement with GOLDEN Rock	414,000
TOTAL			\$817,950

82. Furthermore, UNIFIL is negotiating for the rental of 470,000 square meters of premises at two locations in Tyre for the relocation of UNIFIL Headquarters and Logistics Base from Naqoura. The terms outlined by the land owner are: \$400,000 annual rent for the land, and a one-time \$1.5 million payment to compensate for the loss of 15,000 citrus and banana trees that will have to be destroyed to build the Mission Headquarters and the Logistics Base. The land owner is also insisting on direct payment from the Mission and not through the host government.

83. Given Lebanon's present political situation, the Mission should be extremely careful in the selection of premises to lease. Also, as the Mission spends a significant amount in rental expenses annually, it is important that a thorough study of the premises is conducted, in accordance with field security directives. In its report A/61/616, the Advisory Committee cautioned "against extensive and long-term construction projects in the area of operation of the Force, as well as against entering into commitment to rent office space that may not be required in future in the scale currently foreseen. The Committee recommends, in this connection, that all suitable options be studied in cooperation with the Lebanese authorities".

Recommendation 23

(23) UNIFIL Management should conduct a thorough study of available premises before renting them from private parties, to ensure that all suitable options are considered and to comply with the field security guidelines in choosing locations to be used by the Mission.

84. *UNIFIL Management accepted recommendation 23, stating that the recommendation is being implemented on an ongoing basis. The Mission further elaborated that based on the SOFA, UNIFIL obtained all land free of charge*

from the Government of Lebanon, except for the UNIFIL House in Beirut, in which case UNIFIL is reimbursed the entire rental cost through the Ministry of Finance. Because of the Government's failure to fulfill its obligations, UNIFIL is faced with payment demands by land owners in cases of new requirements for land. UNIFIL Management is reminding the Lebanese Government on a regular basis to honor its obligations and pay all outstanding charges to the land owners in South Lebanon. Based on the action taken by UNIFIL, recommendation 23 has been closed.

F. Other administrative processes

Status of Memorandum of Understanding (MOU) with troop contributing countries (TCC)

85. Troop contributing countries provide UNIFIL with troops and contingent owned equipment and self-sustainment of their troops in accordance with the terms and conditions of their respective MOUs. As of 20 February 2007, 12,000 troops contributed by 12 TCCs were on the ground. As shown in Table 13, OIOS found that of the 44 MOUs established with TCCs only six were signed as of the end of February 2007. All current contingents were deployed before signing the respective MOUs. Although the expanded UNIFIL has been operational since September 2006 and many contingents were deployed by the end of December 2006, MOUs are still not signed to date.

Table 13: Status of Memorandum of Understanding

Total number of MOUs	Number of MOUs signed	MOUs yet to be signed
44	6	38

86. OIOS was informed that the delays were caused by extended negotiations between DPKO and the permanent missions of the TCCs in New York. Since the permanent missions had to wait for instructions from their respective governments, MOU signing took a long time. A signed agreement is necessary to ensure that both parties discharge their responsibilities as outlined in the MOU. A signed MOU also forms as the basis for the Organization to reimburse a TCC for services rendered and COE brought to the Mission. While OIOS recognizes the Mission's and DPKO's limitation on signing the MOUs on time, it is important to expedite the signing of the MOUs and bring to the attention of Member States the effects of deploying contingents and COE without signed MOUs.

Recommendation 24

(24) UNIFIL Management should request DPKO to expedite the signing of the memorandums of understanding (MOUs) with the concerned troop-contributing countries.

87. *UNIFIL Management accepted recommendation 24, stating that the recommendation has already been implemented as it advised DPKO in this*

regard. OIOS will close recommendation 24 upon receipt of a copy of memorandum sent to DPKO regarding the signing of the memorandums of understanding with the troop contributing countries.

Mission Electronic Fuel Accounting System (MEFAS)

88. As per a DPKO policy decision, all field missions should use MEFAS. The main purpose of MEFAS is to generate data on fuel issued to vehicles, contingents, and other users enabling the Mission to monitor, analyze and investigate any deviations from normal consumption patterns in a timely manner. OIOS believes that MEFAS can address the risks in the receipt, distribution and consumption of fuel in UNIFIL.

89. However, OIOS found that UNIFIL has not yet implemented MEFAS. With the rapid expansion of the Mission and increased fuel requirements, it is important to implement MEFAS because it would greatly mitigate the risks associated with fuel operations.

Recommendation 25

(25) UNIFIL Management should implement the Mission Electronic Fuel Accounting System (MEFAS) immediately in order to monitor, analyze and investigate any deviations from normal fuel consumption pattern.

90. *UNIFIL Management accepted recommendation 25, stating that the recommendation will be implemented, phase I, in December 2007. The Mission explained that the Mission Electronic Fuel Accounting System implementation team from New York will visit UNIFIL during 5-18 June 2007 to brief the Fuel Unit on MEFAS and assist in the commencement of its implementation. Phase I of MEFAS Implementation (Naqoura) is expected to be completed by December 2007 and wider implementation (Contingent Headquarters and Contractor-managed Fuel Points) once new contracts are in place by July 2008. OIOS will keep recommendation 25 open in its database until UNIFIL advises OIOS that MEFAS has been fully implemented and operational in the Mission.*

Status of CarLog installation

91. UNIFIL's expansion also substantially increased the requirement for vehicles. As shown in Table 14, UNIFIL has a fleet of 609 vehicles. In its previous audit of procurement activities, OIOS suggested that the Mission should develop a timeframe for the CarLog installation, and the Mission had accepted this recommendation. However, only 524 vehicles in the fleet are installed with the CarLog system. While OIOS recognizes the difficulties associated with the sudden expansion of the Mission, it is necessary to have CarLog installed in UNIFIL vehicles in order to have a better control over the vehicle fleet.

Table 14: Status of CarLog installation

Vehicle type	Total vehicles	Installed	Un-Installed
Light Vehicles	449	421	28
Medium vehicles	95	84	11
Heavy vehicles	65	19	46
TOTAL	609	524	85

92. The Chief of Transport explained that the installation of CarLog is ongoing and the installation is expected to be completed in the next six months.

Recommendation 26

(26) UNIFIL Management should ensure that the CarLog system is installed in all UNIFIL vehicles as soon as possible to provide UNIFIL Management with a tool to better manage its vehicle fleet.

93. *UNIFIL Management accepted recommendation 26, stating that it will be implemented by August 2007.* OIOS will close this recommendation in its database upon receipt of documentation showing that the CarLog system has been installed in all light vehicles, ambulances, trucks and buses.

V. ACKNOWLEDGEMENT

94. We wish to express our appreciation to the Management and staff of UNIFIL for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Rec. No.	C/O ¹	Actions needed to close recommendations	Implementation date ²
1	O	OIOS' verification of indicators of achievement for the political and civil affairs activities in UNIFIL's 2007-2008 fiscal year budget	2007-2008 budget fascicle
2	O	Submission to OIOS of documentation showing the promulgation of the roles and responsibilities of UNIFIL's executive direction and management and those of all UNIFIL organizational units defining their reporting lines, oversight and monitoring mechanisms, and accountability in an information circular	30 July 2007
3	O	Submission to OIOS of documentation showing the establishment of the Contracts Management Section's roles and responsibilities in the management of all projects relating to technical contracts to ensure necessary checks and balances	31 December 2007
4	O	Submission to OIOS of a copy of the Human Resources Management Action Plan for UNIFIL	August 2007
5	C	Action completed	Implemented
6	O	Submission to OIOS of a copy of the reconciliation of the Field Personnel Management System with UNIFIL's authorized 2006-2007 staffing table	1 July 2007
7	O	Submission to OIOS of a copy of official communication to the Personnel Management and Support Service/DPKO in order to identify a consultant to assist in the overall classification exercise of all mission posts	1 July 2007
8	O	Submission to OIOS of documentation showing the implementation of the proposed plan to reinforce the existing security advisory mechanism	Implemented
9	C	Action completed	Implemented
10	O	Submission to OIOS of a copy of UNIFIL's established mechanism that integrates staff information and contact database with the check-in and check-out process, the Field Personnel Management System, and Movement Order of Personnel	June 2007
11	C	Action completed	Implemented
12	O	Submission to OIOS of a copy of the new contract for inland transportation of heavy trucks and containers	August 2007
13	C	Action completed	Implemented
14	O	Submission to OIOS of documentation showing the basis for DPKO's conclusion that the procurement action reflected operational requirements	Implemented
15	O	Submission to OIOS of the Legal Advisor's opinion on the revision of the garbage collection prices and information on the financial impact of the negotiations with the contractor	Implemented
16	C	Action completed	Implemented
17	O	Submission to OIOS of a copy of the scope of work and the result of the competitive bidding towards a comprehensive travel arrangement	December 2007
18	C	Action completed	Implemented
19	C	Action completed	Implemented
20	O	Submission to OIOS of a copy of the cost-benefit analysis	Implemented
21	O	Submission to OIOS of copies of concluded contracts on water storage facilities, and their completion and operational details	March 2008
22	O	Submission to OIOS of copies of sewage treatment and septic tank contracts, and their completion and operational details	March 2008
23	C	Action completed	Ongoing
24	O	Submission to OIOS of a copy of memorandum sent to DPKO regarding the signing of memorandums of understanding with the troop contributing countries	Implemented

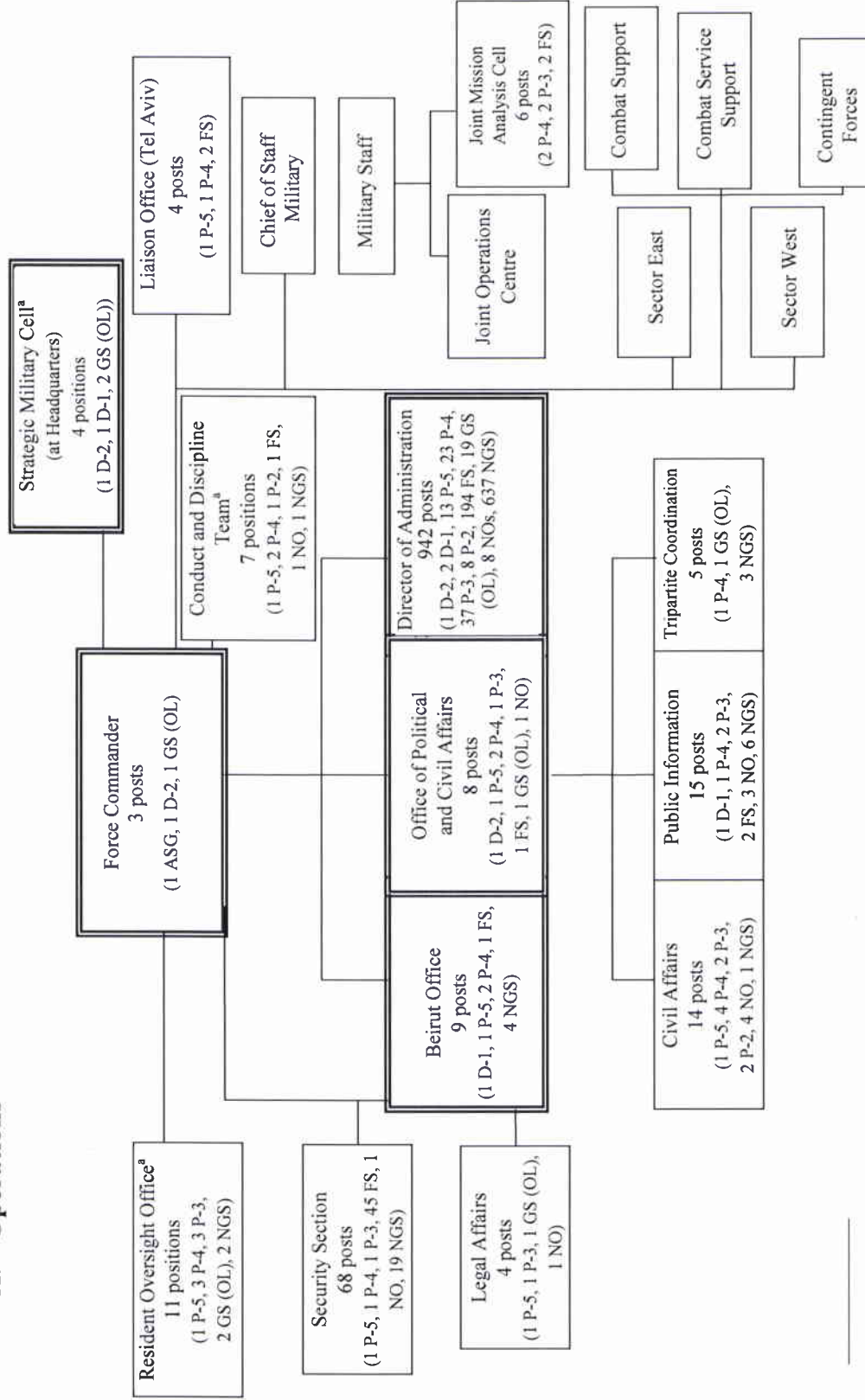
Rec. No.	C/O¹	Actions needed to close recommendations	Implementation date²
25	O	Submission to OIOS of documentation showing that MEFAS has been fully implemented and operational in the Mission	Phase I-Dec. 2007
26	O	Submission to OIOS of documentation showing that the CarLog System has been installed in all light vehicles, ambulances, trucks and buses	August 2007

¹ C = closed, O = open

² Date provided by UNIFIL in response to recommendations

Chart 1: UNIFIL's provisional organizational chart

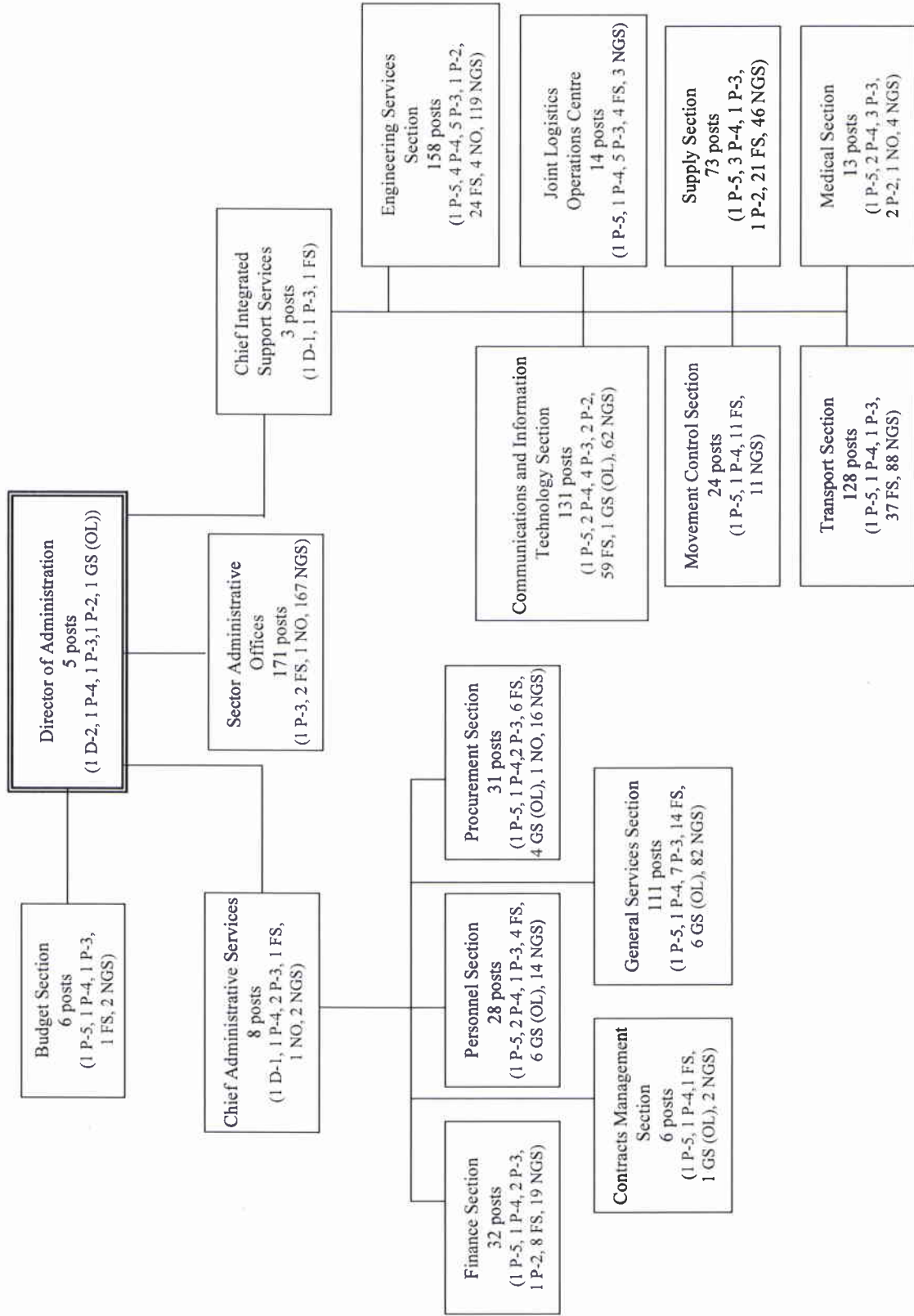
A. Operations



^a Funded under general temporary assistance.

Chart 2: UNIFIL's provisional organizational chart for support services

B. Administrative offices



UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Preliminary audit of restructuring of UNIFIL

(AP2007/672/01)

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

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

Name: _____ Title: _____ Date: _____

Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:
 Director, Internal Audit Division, OIOS
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA
 By fax: (212) 963-3388
 By E-mail: knutsen2@un.org