



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

OCHA-Sudan country office

31 July 2008

Assignment No. AN2007/590/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. John Holmes, Under-Secretary-General and
A: Emergency Relief Coordinator
Office for the Coordination of Humanitarian Affairs

DATE: 31 July 2008

REFERENCE: IAD: 08- 01608

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



SUBJECT: **Assignment No. AN2007/590/01 - Audit of the OCHA-Sudan country office**

OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close 7, 11, 21-25, 28, 32-33, 38 and 40 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 1-4, 6 and 12-19) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. William Petersen, Chief, New York Audit Service, OIOS

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

Audit of the OCHA-Sudan country office

OIOS conducted an audit of the administrative management of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Sudan country office. The overall objective of the audit was to assess the effectiveness and adequacy of internal controls over the use of resources and safeguarding the assets of the organization; and follow up on the implementation of previous audit recommendations. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS observed that there was inadequate compliance with the OCHA Field Administrative Manual and the UNDP rules and regulations in the areas of financial management, procurement, contract administration, human resources management, travel and use of official vehicles, resulting in inefficiencies in the utilization of organizational resources. Therefore, there is a high risk that financial irregularities may have occurred. Issues of significant concern are as follows:

- (a) No risk assessments and /or audits of the two funding mechanisms; the Common Humanitarian Fund (CHF) and the Juba Initiative Project Fund, had been conducted to identify and mitigate the risks and to ensure that the funds were managed properly;
- (b) OCHA Juba's Head of Office had signed all ten sampled contracts totaling approximately \$253,926, which was contrary to the procurement delegation for OCHA Juba. No proper solicitation had been conducted for nine of these contracts resulting in sole source awards;
- (c) Approximately \$294,424 was owed to OCHA Juba for camp management services by 10 UN Agencies. This was not reflected as a receivable in the OCHA Juba final accounts sent to OCHA Geneva. Further, a contractor, AFEX Ltd did not remit to OCHA Juba, the camp management fees received from the residents from January 2006 to August 2007 amounting to \$151,826 in compliance with the agreement;
- (d) The staffing structure approved in the Cost Plan for 2007 differed from the actual staffing in OCHA Khartoum and OCHA Juba. OCHA Khartoum and OCHA Juba had 23 international posts in excess of the approved number of posts in the Cost Plan; and
- (e) The reporting arrangements of OCHA Juba office to OCHA Khartoum and OCHA Geneva were not clear resulting in inadequate oversight over OCHA Juba operations.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the administrative management of the Office of the Coordination of Humanitarian Affairs (OCHA) Sudan country office. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The oversight responsibility for the work of OCHA rests with the office of the Under-Secretary General. In Sudan, the overall responsibility for the work of the UN rests with the Special Representative of the Secretary General (SRSG), United Nations Mission in Sudan (UNMIS). A Deputy Special Representative of the Secretary General (DSRSG) also serves as the UN's Resident Humanitarian Coordinator/Humanitarian Coordinator (RC/HC) and has direct responsibility for the development and implementation of the Sudan Work Plan.

3. The Sudan Work Plan integrates the work programme and funding requirements for all UN Agencies and Non Governmental Organizations (NGOs) involved in emergency, recovery and development activities in Sudan. Table 1 and 2 show the funding status of this work plan for 2006-2007.

Table 1: Funding status for Sudan Work Plan (Jan-Dec 2006)

Category	Funding Required (\$m)	Amount Received (\$m)	Shortfall (\$m)	Coverage (%)
Humanitarian Action	1,605	1,116	489	70%
Recovery & Development	222	125	97	56%
Total	1,827	1,241	586	68%

Table 2: Funding status for OCHA Sudan Work Plan (Jan-Aug 2007)

Category	Funding Required (\$m)	Amount Received (\$m)	Shortfall (\$m)	Coverage (%)
Humanitarian Action	1,264	840	414	67%
Recovery & Development	563	263	300	47%
Total	1,826	1,113	714	61%

4. The OCHA Consolidated Appeals Process, which combines the funding requests of the UN agencies and the NGOs, generated 70 per cent of the humanitarian funding requirements in Sudan. The Sudan Work Plan received \$1.24 billion (68 per cent of its total request), while NGOs received \$98 million (42 per cent of their total request). Of the \$840 million received in 2007, \$484 million representing 57 per cent was allocated to the three Darfur regions.

5. OCHA has two offices in Sudan: the Khartoum office responsible for OCHA's activities in North Sudan, and the Juba Office responsible for OCHA's humanitarian and coordination activities in South Sudan. These offices provide support to the Humanitarian Coordinator to coordinate the agencies involved

in the emergency activities and humanitarian programmes of the United Nations, bilateral donors, NGOs and governments.

6. OCHA's coordination role covers the emergency phase and ends when the humanitarian situation shifts from emergency to rehabilitation, recovery and development phases. OCHA Juba and OCHA Khartoum phased out all 11 field offices in South Sudan and 3 of 10 in North Sudan, respectively from 1 January 2006 to 30 June 2007, as a result of the end of the emergency phase. The OCHA Sudan country office in Khartoum is currently staffed with 43 international staff and 267 national staff. The approved staff cost and administrative expenses for the OCHA Khartoum office for the year 2006 and 2007 are shown in Tables 3 and 4.

Table 3: Staff and Non-staff costs (2006) of OCHA Khartoum

Object Group	Details	Budget 2006(\$)	Actual 2006(\$)
301-308	Staff cost	10,653,056	10,338,186
309-322	Non-Staff cost	5,766,917	5,703,873
	13% Programme support costs	2,134,596	2,086,938
Total		18,554,569	18,128,996

Table 4: Staff and Non-staff cost (2007)

Object Group	Details	Budget 2007(\$)	Actual (Jan-June) (\$)
301-308	Staff cost	8,909,942	6,400,366
309-322	Non-Staff cost	5,802,158	3,486,493
	13% Programme support costs	1,912,573	966,395
Total		16,624,673	10,853,254

The decrease in staff and non-staff cost in 2007 was due to the closure of 11 field offices in 2006- 2007.

7. Comments made by OCHA are shown in *italics*.

II. AUDIT OBJECTIVES

8. The main objectives of the audit were to:

- (a) Assess the adequacy and effectiveness of internal controls over the use of resources and safeguarding the assets of the organization; and
- (b) Follow up on the implementation of previous audit recommendations.

III. AUDIT SCOPE AND METHODOLOGY

9. The audit covered the the period January 2006 to October 2007, with a focus on:

- (a) Human Resources Management;
- (b) Financial Management;
- (c) Procurement & Contract Management;
- (d) Inventory control and Assets management;
- (e) Security and Safety; and
- (f) General administration.

10. The audit process involved a review of records, status of the previous audit recommendations and interviews with key OCHA Khartoum personnel. OCHA Geneva was also contacted for information relating to the Juba Initiatives Project. OIOS visited the OCHA Juba (South Sudan) office and El Fasher North Darfur sub-office including a visit to “Abu Shouk,” an Internally Displaced Person’s (IDP’s) Camp in North Darfur, to verify OCHA’s coordination and humanitarian emergency activities.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Financial management

Common Humanitarian Fund (Sudan)

11. The Common Humanitarian Fund (CHF) also called the “Pooled Fund” was established in 2005 as a pilot project to seek funding to meet the shortfall in humanitarian activities in the Sudan Work Plan. OCHA Khartoum serves as the technical unit for the CHF and is responsible for managing the allocation process, whereas UNDP Sudan is the administering agent and disburses the funds to recipient organizations. The Inter-Agency Standing Committee (IASC)/UN Country Team, comprising the heads of UN Agencies and two NGO representatives on a rotating basis, and the CHF Advisory Group, comprising the key donors, support and advise the Humanitarian Coordinator in the CHF allocation process.

12. The fund became operational in 2006 with donor contributions of \$171 million in 2006 and \$137 million in 2007. Of the total of \$308 million, \$165.8 million and \$142 million were disbursed to UN Agencies, NGOs and other development partners based on the Sudan Work Plan in 2006, and January to October 2007, respectively. The Administrative Agent is required to submit the following financial reports and statement to the Humanitarian Coordinator, the Advisory Group and donors: (a) monthly unofficial statement of contributions, commitments and disbursement related to the CHF Accounts; and (b) a final

certified statement on its activities as administrative agent, to be provided no later than 30 July of the year following the closing of the CHF. At the time of the audit in December 2007, the Administrative Agent had filed the certified statement of accounts through December 2006.

13. The CHF was a pilot project being financed by the pooled funding mechanism. The Humanitarian Coordinator had not conducted any risk assessment on the CHF to identify the risks to the management of the fund. There were also no audits of the programme activities of the agencies available to the Humanitarian Coordinator and the CHF's Advisory Group.

Recommendations 1 and 2

The Emergency Response Coordinator should direct the Humanitarian Coordinator for Sudan to ensure, in consultation with the participating agencies, that:

(1) A coordinated risk assessment on the Common Humanitarian Fund (CHF) is conducted to ensure that identified risks are managed and mitigated; and

(2) Audits of the programme financed by the CHF are conducted by the participating agencies and the resulting audit reports are presented to the Humanitarian Coordinator and the CHF's Advisory Group.

14. *OCHA accepted recommendation 1 and stated that the OCHA executive management will request the Humanitarian Coordinator to conduct a risk assessment on the CHF on a regular basis in order to identify and mitigate risks by 30 June 2008. Recommendation 1 remains open pending receipt of the risk assessment.*

15. *OCHA accepted recommendation 2 and stated that the OCHA executive management will request the Humanitarian Coordinator to have the programme financed by the CHF audited by the participating agencies periodically with effect from 30 June 2008. Recommendation 2 remains open pending receipt of documentation on the audit of the CHF.*

Juba Initiative Project Fund

16. The Juba Initiative Project (JIP) Fund was an initiative of OCHA Juba in October 2006 to seek funds from international communities for the support of the Juba Peace Process between the Government of Uganda (GoU) and the Lord Resistance Army/Movement (LRA/M), mediated by the Government of South Sudan (GoSS). On 19 December 2006, OCHA Juba entered into an agreement with GoSS-Peace Secretariat (an Agency of GoSS) to implement the JIP for the period 1 October to 31 December 2006. This was further extended to 31 March 2007. However, at the time of the audit, the agreement had not been renewed to cover the ongoing JIP activities from 1 April 2007. The Fund was to be used to

cover, inter alia, costs related to lodging for the delegations, maintenance of the secretariat, transportation and consultancies to support the peace process.

17. The agreement further provided that the GoSS-Peace Secretariat shall maintain separate accounts recording all receipts and expenditures relating to the Fund, and ensure that any obligation entered into and all disbursements made are satisfactorily documented. OIOS found that:

(a) While the GoSS-Peace Secretariat had appointed KPMG (an accounting firm) in August 2007 to manage the accounts of the JIP Fund at a monthly fee of \$56,000, the new JIP implementation guidelines issued by OCHA Juba and GoSS on 3 October 2007 had not detailed KPMG's responsibilities with regard to the management of the accounts.

(b) OCHA Juba was unable to provide a copy of the statement of accounts for the period 1 October 2006 to 31 December 2007 which should have been presented by the GoSS-Peace Secretariat to OCHA Juba not later than 31 January 2007.

(c) The agreement did not state or provide any rules or directives for oversight responsibility to ensure that the Fund is audited, especially when the oversight responsibility for reporting and maintenance of records had been vested in the GoSS-Peace Secretariat.

(d) Some of the bills provided by the hotels, such as Oasis Camp Limited and Deluxe Hotel & Restaurant in Juba did not provide the signatures of the guests of the JIP. Further, DSA for 6 members of the Cessation of Hostilities Monitoring Team (CHMT) for the month of January 2007 (\$13,470) was paid in the name of one of the members instead of making the payment separately to the individuals. In addition, bills for the supply of airtime cards for making telephone calls on 12 December 2006 for \$8,200 for the Secretariat of Uganda/LRA Peace Talk-Juba did not provide details of the officials who benefited from the service. The bills did not bear the official business name of the vendor.

Recommendations 3 - 5

The OCHA Geneva Administration should:

(3) Review the JIP Fund agreement and transfer the oversight responsibilities of OCHA Juba to the Resident Coordinator/Humanitarian Coordinator in Juba. This should include the responsibility for managing the services of KPMG which are independent of the Government of South Sudan-Peace Secretariat;

(4) Exercise its right under the agreement to ensure that the Government of South Sudan-Peace Secretariat keeps proper books of accounts and presents financial statements supported by substantiating documentation to OCHA Juba

and donors to strengthen accountability and integrity in the management of the JIP Fund before its hand over to the Humanitarian Coordinator Juba; and

(5) Ensure that the financial statements of the JIP Fund from October 2006 to present are audited and the report is shared with the Resident Coordinator/Humanitarian Coordinator and the donors.

18. *OCHA accepted recommendation 3 and stated that presently, there are plans to close the JIP project by 31 May 2008. There are discussions with United Nations Office for Project Services to take over the project in the event that the LRA/Uganda Government negotiations continue in Juba. KPMG is contracted by the GoSS-Peace Secretariat and not OCHA. OCHA is therefore not in a position to transfer the responsibility for the management of its services by 30 June 2008. Recommendation 3 remains open pending receipt of the plans for closure of the project.*

19. *OCHA accepted recommendation 4 stating that its Administrative Office, Geneva will write to OCHA Sudan to insist that it ensures that the GoSS-Peace Secretariat provides the required financial report by 30 June 2008. Recommendation 4 open remains pending receipt of financial reports submitted by the GoSS-Peace Secretariat.*

20. *OCHA while agreeing with recommendation 5 stated there was no provision for the submission of audited statements from GoSS-Peace Secretariat in the agreement. However, OCHA will pursue the engagement of independent auditors for auditing of the financial statements by 31 December 2008. Recommendation 5 remains open pending receipt of documentation on the engagement of independent auditors.*

Donor Contributions and Statement of Accounts of JIP Fund

21. All donor contributions are received by OCHA Geneva and managed by UNDP-Geneva. Requests for payment from the Government of South Sudan (GoSS) Peace Secretariat are approved by OCHA Juba and forwarded to UNDP Sudan to make the payment. UNDP Sudan issues inter office vouchers to OCHA Geneva who then uses the information to prepare the statement of accounts for the JIP Fund. According to OCHA Geneva, the total amount pledged by donor countries so far was \$10,346,568 of which \$6,428,561 had been received and disbursed. At the time of the audit, OCHA Sudan had not conducted a risk assessment of the project and its funding mechanism to identify and mitigate the risks to the management of the fund.

Recommendation 6

(6) The Emergency Relief Coordinator should request the Humanitarian Coordinator in Khartoum to ensure that adequate internal controls are in place to ensure the accountability for the management of the Fund.

22. *OCHA accepted recommendation 6 and stated that the OCHA executive management will request the Humanitarian Coordinator to conduct a risk assessment of the CHF on a regular basis in order to identify and mitigate risks. The effective date for the implementation of the recommendation is 30 June 2008. Recommendation 6 remains open pending receipt of documentation showing the conduct a risk assessment of the CHF by the Humanitarian Coordinator to identify and mitigate risks.*

Petty Cash (Emergency Advance Expenditure) in Juba and El Fasher

23. Petty cash is intended to cover office expenditures up to the equivalent expenditures of \$50 per item. OIOS tested 36 petty cash vouchers and noted that 67 per cent of the vouchers in Juba (2-26 October 2007) and 28 per cent in El Fasher (27-30 October 2007) respectively were financed out of petty cash and were above the \$50 threshold prescribed in the OCHA Administrative Manual. Further, UNDP Sudan operating instructions had a threshold of \$100 per item rather than the OCHA threshold of \$50. Seven out of ten transactions stated in OCHA El Fasher were also above the \$100 threshold as authorized by OCHA Khartoum. From January to October 2007 there was no evidence to show that a petty cash count was conducted by any senior official.

Recommendations 7 - 8

(7) OCHA Khartoum and OCHA Juba should ensure that their offices in Sudan comply with the petty cash limits per item set out in the OCHA Field Administrative Manual.

(8) The OCHA Geneva Administration should rationalize the petty cash limit per item so that the OCHA's limit is also \$100 per item in line with UNDP rules.

24. *OCHA accepted recommendation 7 and stated that OCHA Geneva will write to OCHA Sudan to insist that they follow the OCHA guidelines for petty cash. Based on the response, recommendation 7 has been closed.*

25. *OCHA accepted recommendation 8 and stated that they agree that the petty cash limit for OCHA remains at \$50 per transaction in accordance with the Field Administrative Manual, and accordingly, OCHA Geneva will write to OCHA Sudan and instruct that they respect the current limit of \$50 for petty cash. In the meantime, OCHA will initiate reviewing the limit to determine whether an increase to \$100 could be justified. Recommendation 8 remains open pending the completion of OCHA's review of the petty cash limit.*

Income from Guest House (El Fasher) used as petty cash

26. According to the OCHA Khartoum guidelines on guest houses, "all monies received must be fully accounted for and reported to the OCHA Khartoum Head Office and remitted to the UNDP Bank Account in Khartoum for further deposit to OCHA Khartoum's account. OIOS found that, the

Administrative/Finance Assistant used proceeds amounting to \$4,245 (SDG 849,113) from the OCHA El Fasher guest house on 25 March 2007 as imprest funds. Some expenses for the guest house such as supply of water, general repairs and maintenance were paid out of the imprest. At the time of audit there was no evidence that this amount had been paid into the UNDP Khartoum account.

Recommendation 9

(9) The OCHA Geneva Administration should ensure that OCHA Khartoum remits all revenues from its guest houses to the UNDP Sudan bank account for crediting to the OCHA Khartoum office account.

27. *OCHA accepted recommendation 9 and stated that OCHA Geneva will write to OCHA Sudan and stress the need to deposit all cash revenues from the guest houses to UNDP. Recommendation 9 remains open pending receipt of documentation showing OCHA Sudan's action to remit all revenues from its guesthouses to its bank account.*

Hospitality

28. OCHA's field administrative manual provides that official hospitality funds are not intended to cover costs of coffees, tea, biscuits, etc, for working meetings with colleagues from other organizations, nor for regular supply of coffee during working hours. OIOS observed that from January to September 2007, OCHA North Darfur spent over \$370 on tea, coffee, biscuits, and tea cups.

Recommendation 10

(10) The OCHA Khartoum Administration should ensure that OCHA North Darfur complies with instructions of the OCHA's Field Administrative Manual with regard to hospitality expenditures.

29. *OCHA accepted recommendation 10 and stated that OCHA Geneva will write to OCHA Sudan to remind them that it should comply with the rules on hospitality. Recommendation remains open pending receipt of documentation showing OCHA Geneva's action to remind OCHA Sudan country office to comply with the instructions in the OCHA Field Administrative Manual by 30 June 2008.*

Management of Juba camp

30. OCHA secured a plot of land from the Government of South Sudan in September 2005 on behalf of a number of organizations and NGO's¹ for setting

¹ Return, Reintegration and Recovery/United Nations Mission in Sudan (RRR/UNMIS), the Resident Coordinator/United Nations Development Programme (RC/UNDP), World Bank, United Nations Population Fund (UNFPA), World Health Organization (WHO), United Nations Office for Project Services (UNOPS), United Nations Joint Logistic Centre (UNJLC), United Nations Development Fund for Women (UNFEM),

up an office accommodation to serve the common interest of the organizations. The draft MoU submitted to OCHA Geneva by OCHA Juba on 13 June 2006 for screening and approval was cleared for local signature by e-mail from OCHA Geneva, after 5 months on 30 November 2006. As a result of the delay, OCHA Juba was unable to collect payment from the agencies from June to December 2006.

Recommendation 11

(11) The OCHA Geneva Administration should ensure that documents referred to them from sub offices are promptly reviewed and decisions taken are communicated to the country offices in a timely manner.

31. *OCHA accepted recommendation 11 and stated that OCHA Geneva will implement the recommendation immediately. The situation will, however, improve once the vacant Chief of the Administrative Office OCHA Geneva is filled.* Based on the action taken by OCHA Geneva, recommendation 11 has been closed.

32. According to the MoU between the agencies, for sharing the common premises, they agreed to share the cost of the development of the compound, compliance with Minimum Operating Security Standards (MOSS), procurement/depreciation costs of non-expendable assets and essential maintenance costs in an agreed proportion in order to ensure that the Common Premises were functional and operational. The agencies anticipated yearly running costs of \$300,600. OCHA Juba employed a national camp manager and 12 supporting staff at an annual budget of \$121,152 to maintain the facilities in the camp. Upon execution of the MoU, all parties were required to pay OCHA Juba costs obligated for the camp in agreed proportion by either a cheque or a wire transfer payable to OCHA in Geneva. In addition, on the 15th day following the end of each quarter, OCHA Juba was required to provide a statement showing the actual amount paid against obligated costs, anticipated costs and monthly operating costs for funds received.

33. Out of 18 parties to the MoU, 10 have reneged on their commitments. The amounts owed to OCHA Juba by the 10 defaulting parties for the period 1 September 2005 to 31 October 2007 totalled \$294,424. The receivables were not reflected in the 2006 final accounts, as OCHA Sudan accounts are prepared by OCHA Geneva on a cash basis and not on an accrual basis. Additionally, as at 31 October 2007, OCHA Juba had spent about \$1,044,857 in maintaining the camp but had not submitted the demand notices to the agencies in a timely manner to enforce the provisions of the MoU.

Recommendation 12

(12) The OCHA Geneva Administration should ensure that all outstanding amounts due under the MoU for sharing of common premises are recovered from the defaulting organizations as soon as possible.

34. OCHA accepted recommendation 12 and stated that from the 1 September 2005 through 31 December 2007 OCHA Juba recovered a total of \$873,123 from the various agencies using the UN Compound. For the period January – May 2008 the amount recovered was \$275,236. There is however a balance of \$112,122 outstanding. The recovery efforts continue. OCHA Geneva will write to OCHA Sudan to ensure that all due recoveries are done, with minimum delay. Recommendation 12 remains open pending receipt of documentation showing full recovery of all receivables from the agencies.

B. Procurement

Delegation of Authority to sign contracts

35. According to the OCHA Field Administrative Manual on “Contractual arrangement for rental of premises and procurement of goods and services”, field offices have no delegation of authority to sign contracts and must rely on the local service provider to sign all lease agreements and contracts for the procurement of goods and services. However, OIOS observed from a sample of 10 contracts in OCHA Juba that all of the contracts were signed by the OCHA Head of Office instead of the UNDP Resident Representative or Deputy Resident Representative (Operations). Refer to table 5 below.

Table 5: Procurements actions in Juba and El Fasher

	Vendor name	Location	Item/service procured	Amount (\$)	Nature of Violation	Audit Remarks
1	Victor Boulus	Juba	Building materials	15,655	Sole source without justification. Signed on behalf of UNDP	Contract was awarded to vendor before the evaluation. The amount involved was paid in the name of Victor Boulus instead of Victor General Stores mentioned in the invoices attached to the evaluation.
2	Victor Stores	Juba	Electrical materials, car batteries, standing/wall fans, engine oil and plumbing items.	14,731	Sole source without justification. Signed on behalf of UNDP	OCHA Juba issued 13 local purchase orders (PO) from 4 to 29 June 2007 to the vendor contrary to the provisions in the OCHA Field Administrative Manual on local procurement which states that the purchase requisitions should have been submitted to UNDP who is solely responsible

						for procurement of items valued at \$2500 or more for OCHA.
3	Victor Stores	Juba	Construction materials and petroleum products such as engine oil, filters and car batteries	10,604	Sole source without justification. Signed on behalf of UNDP	13 Purchase Orders were approved for the vendor without going through the competitive tendering process or observing the delegation of authorities
4	Abdallah Abubakar Omer	Juba	Spare parts and Generator servicing	3.835	Sole source without justification. Signed on behalf of UNDP.	Contract was awarded without observing the delegation of authority rules. The purchase requisition was not submitted to UNDP, who is solely responsible for procurement of items valued at \$2500 or more for OCHA.
5	Aliyaba Company Limited	Juba	Construction of generator house and slab in Yei	\$13,239	Sole source without justification. Signed on behalf of UNDP	There was no evaluation report to ascertain whether the due process was followed in awarding the contract as per OCHA policies and procedures. There was no Statement of Works (SoW) on file to ascertain the details of work and the basis for the value of the contract.
6	Prism Trading & Construction Co. Ltd	Juba	Construction of waste water disposal system in Juba	\$10,000	Sole source without justification and signed on behalf of UNDP.	The contract sum was paid to an officer of the company rather than the company itself contrary to the price and payment condition in the agreement.
7	GS Services-KK Group of Companies	Juba	Security services	\$ 11,600	Sole sourced without justification. Signed on behalf of UNDP.	The company started working from June 2006 while the contract was signed in September 2006. Delegation of authority was not observed. The requisition was not submitted to UNDP to raise a PO based on three quotations. UNDP made the payment without verifying the contract.
8	Nimule Alexandria for Trading & Investment-Juba	Juba	Construction of generator house	\$ 11,501	Non observance of delegation of authority and the lack of authenticity	Documents presented to support Nimule Alexandria for Trading & Investment bids were not on the official letter head of the companies, but were hand written on ordinary paper which

					of the bid.	appeared to have been written by the same author.
9	John Zakaria	Juba	Supply Toyota vehicle spare parts	\$15,462	Sole sourced without justification and signed on behalf of UNDP.	The Toyota parts could have been purchased from the authorized dealer in Khartoum to take advantage of genuineness and quality of the parts as well as the promotion of transparency in the transaction
10	Petrocity Enterprise (N.S) Ltd	Juba	Supply of fuel (diesel) to Juba camp and Yei field office.	\$126,087	Contract signed on behalf of UNDP	Contract was awarded without observing due process of soliciting competitive offers before selecting the vendor and without observing the delegation of authority rules
11	Haroun Ahmed Adam Saleh	El Fasher	Lease agreement and refurbishment of Guest House	\$25,043	Sole sourced without justification and signed on behalf of UNDP	Lease agreement was not referred to UNDP Sudan for approval. The amount paid was also above the authorized OCHA transacting limit of \$2500.
	Total			\$253,926		

36. OIOS further found that for the 11 cases reviewed, 9 of them, notably procurement of building materials, construction and security services, were based on a single quotation from the vendors without documented justification to buy from a sole vendor.

Recommendation 13

(13) The OCHA Geneva Administration should determine the accountability of the OCHA Head of Office and other staff members responsible for all the cases where they have exceeded the delegation of procurement authority and awarded contracts to sole source non-competitive vendors without proper justification.

37. *OCHA accepted recommendation 13 and stated that OCHA-Sudan (Juba and South Sudan) initially experienced difficulties in complying with procurement rules and regulations because: there was no UNDP presence in Juba when the OCHA office moved from Rumbek to Juba to set up an office; the markets in Juba and South Sudan did not provide proper competition, and few suppliers in the region would have responded to requests for quotations (RFQs) and accepted provision of goods and services on credit. It concluded that with the set up of the operational capacity in UNDP Juba, OCHA is now processing all its procurement requests for action through UNDP Juba. Since OCHA Juba was able to make payments due to the vendors through UNDP Sudan, OCHA Juba could also have channelled its procurement requests through the same*

source. Recommendation 13 remains open pending receipt of documentation showing sufficient investigation into the irregularities in the procurement process in the OCHA Juba by OCHA Geneva Administration.

C. Contract administration

Poor management of fuel contract with Petrocity Enterprise (N.S) Ltd

38. OCHA Juba entered into a contract on 3 May 2006 with Petrocity Enterprise (NS) Ltd for the supply of fuel and fuel products for ten weeks commencing 15 May 2006 and ending 31 July 2006 for OCHA Juba operations and other UN Agencies residing in Juba camp. The contract with Petrocity Ltd expired on 31 July 2006. However, OCHA Juba continued to do business with the contractor from August 2006 through October 2007 without a valid contract.

39. Petrocity provided a 10,000 litres above ground tank (surface tank) instead of the 20,000 litres capacity stated in their proposal. The tank was also not calibrated. Subsequently, when OCHA Juba received 12,000 litres on order, the remaining 2,000 litres were discharged into plastic containers. The vendor also did not provide the single product electric fuel dispensing unit as agreed. The fuel attendant uses jerry cans to deliver diesel into vehicles. The physical inspection of the fuel facilities in the camp showed a lot of spillage on site. There was no evidence to show that periodic stock taken was conducted and discrepancies resolved in accordance with the normal stock control procedures. Further, the location of the fuel unit is within the camp close to the Generator sets (250KVA) exposing the camp to the risk of fire and health hazards. OCHA Juba stated that it will take reasonable steps to end the contract with the vendor and transfer operations to UNDP.

Non-compliance with MoU with UNMIS for the supply of fuel

40. OCHA Juba signed a MoU with the United Nations Mission in Sudan (UNMIS) for the provision of fuel; lubricants and oils for the OCHA field operations in the South Sudan (Abyei, Wau, Aweil, Bentiu, Torit, Bor and Juba) from 25 Jan 2006 which was further extended to 24 April 2007. The price per litre for each location as at 25 January 2006 ranged from \$1.40 to \$1.60. The Operation/Maintenance (O&M) fee constituted a fixed charge of 12 per cent per litre by UNMIS paid to the Fuel Contractor for providing the services in the North and South Sudan.

41. While this contract was ongoing, OCHA Juba entered into another agreement in May 2006 with Petrocity Enterprise (N.S) Ltd to supply 20,000 litres and 1,000 liters of diesel per month to Juba compound and Yie respectively at \$1.2 per litre, against \$1.52 by UNMIS. OCHA Juba has a fleet of 7 operational vehicles (Toyota land cruisers), 3 motorcycles, 1 boat, and 1 generator set (250KVA) to serve the Camp.

42. This contract did not include indirect costs incurred in respect of salary for fuel attendants, electricity charges, and operational losses such as leakages,

pilferage, and spillages, under delivery by vendor and pump maintenance expenses which are required for operating a fuel dump as a direct consumer. OCHA Juba also failed to recognize fuel deliveries by UNMIS to other remote locations for OCHA, such as Abyei, Wau, Aweil, Bentiu, Torit, and Bor under the same MoU. OCHA Juba should have conducted a cost/benefit analysis and reverted back to UNMIS to negotiate a better price when the price sought from a vendor for Juba and Yei diesel deliveries was lower than the UNMIS quotation. Secondly, the MoU with UNMIS protected the interest of OCHA Juba with regard to the diesel dyeing arrangement in order to deter pilferage or diversion of diesel by staff or the contractor. OCHA Juba had also not installed the electronic identification rings in their vehicles as provided in the contract to facilitate the electronic capture of data related to fuel consumption to improve the efficiency of operations. These devices were provided by UNMIS at a cost of \$20.00 per vehicle. In OIOS' opinion, OCHA Juba was conducting activities which should have normally been conducted by UNDP Sudan.

Recommendations 14 - 16

The OCHA Geneva Administration should:

(14) Investigate the circumstances whereby OCHA Juba entered into a separate contract for the supply of diesel to Juba without renegotiating the ongoing contract with UNMIS;

(15) Ensure that adequate stock control mechanisms are instituted by OCHA Juba, requiring the fuel vendor to calibrate the tank and supply an electronic dispensing unit to facilitate the operation of the fuel dump; and

(16) Ensure that the operation of the fuel dump is transferred from OCHA Juba to the office of the UNDP/Resident Humanitarian Coordinator for South Sudan.

43. *OCHA accepted recommendation 14 and stated that OCHA South Sudan did not have any MOU with UNMIS at the time the commercial entity was contracted. There was an arrangement with WFP Sudan for provision of fuel in all the OCHA field offices which worked quite well. OCHA Juba relied on fuel supplies from the OCHA Khartoum office which was ferried by barges in drums and taking 3-4 weeks before delivery in Juba. With the increase in the number of agencies in the compound in early 2006, the fuel quantity and delivery schedules could not match the requirements and there was a serious power problem in the camp which was compromising security in the compound. At this stage the Deputy Resident and Humanitarian Coordinator and OCHA management authorised a bidding process for supply of fuel to Juba office. Petrolcity was the lowest bidder in the bidding process. After evaluation it was also noted that the commercial contractor, Petrolcity, was already supplying fuel to Humanitarian Coordinator and UNICEF at the rates they had quoted. As of January 2008, an amendment to the UNMIS contract with OCHA Khartoum was executed to*

include the requirements of Juba office and fuel is now drawn from UNMIS, although the cost from UNMIS exceeds the market rate. Recommendation 14 remains open pending receipt of documentation showing the results of the investigations.

44. OCHA accepted recommendation 15 and stated that discussions are on-going with UNMIS to provide a tank to be based at OCHA for generators and also to fuel OCHA vehicles directly from their pump station. Recommendation 15 remains open pending confirmation of the calibration of the fuel tank and OCHA Juba obtaining an electronic dispensing unit.

45. OCHA accepted recommendation 16 and stated that the hand-over of this operation to UNDP will be undertaken once discussions are finalised. Recommendation 16 remains open pending confirmation of the hand-over of the fuel operation in the OCHA Juba compound to UNDP.

Weak financial administration of camp management contract: African Expeditions (AFEX)

46. OCHA Juba signed a contract with AFEX Sudan Limited on 26 October 2005 to provide twenty standard hard camp tent accommodations, catering services and office cleaning services among others. The fees agreed were as follows:

Table 7: Fees charged by AFEX

Details	Amount (\$)	Remarks
Camp Tent Accommodation	17	Per day inclusive of \$5 camp maintenance fee
Meals	12	Per day inclusive of \$1 as camp management fee
Cleaning	1,500	Per month for 18 offices

47. The contractor (AFEX) was responsible for collection of the camp management fee of \$5 per resident's overnight stay or reserved tent and \$1 per meal on behalf of OCHA Juba to maintain the hard camp facilities (toilet/bath), cleaning, weeding, security and other utilities. The contractor was required to remit all camp management fees collected including a statement of account to OCHA Juba on a monthly basis but not later than the 15th of the following month. However, AFEX Ltd did not remit to OCHA Juba, the camp management fees received from the residents from January 2006 to August 2007 amounting to \$151,826 in compliance with the agreement. No action was taken by OCHA to recover the fees from AFEX.

48. Furthermore, OCHA Juba paid for its staff camp management fees totaling \$8,629 between January to April 2007 for camp accommodation and meals in OCHA Juba compound. The camp management fees were added by AFEX to its invoices and paid by OCHA Juba although they were payable by other residents.

49. AFEX erroneously billed OCHA Juba \$24 per hard tent camp accommodation instead of \$12 on the invoice number 19161 dated 31 Jan 2007. The error on the invoice was corrected in the amount column but the tax element totaling \$1,921.30 on the invoice was not corrected to read \$1,326. OCHA Juba therefore paid an excess tax of \$595 based on erroneous totaling and also paid taxes amounting to \$4,922 for which it should not have been billed at all.

50. AFEX had presented a bill to OCHA Juba for \$19,875 for camp management improvements in the year 2006 which is yet to be paid by OCHA Juba. OCHA Juba could not provide documents for OIOS to assess whether the works done by AFEX were authorized and supervised by OCHA/UNDP Sudan. As at August 2007, AFEX indebtedness to OCHA Juba is detailed in table 8 below.

Table 8: Indebtedness of AFEX to OCHA Juba

Details	Period	Debit (\$)
Camp Management Fees (Tent Accommodation) from residents	Jan 06 – Aug 07	127,585
Camp Management Fees (Meals) from residents	Jan 06 – Aug 07	24,241
Camp Management Fees (Tent Accommodation) paid by OCHA Juba for its staff	Jan - Mar 07	8,375
Camp Management Fees (Meals) paid by OCHA Juba for its staff	Jan - Mar 07	254
10% Withholding Taxes including excess tax on invoice no. 19161 (dated 31/01/2007)	Jan – Apr 07	5,517
Total Amount		165,972

51. OCHA Geneva did not report the revenue due to OCHA Juba from AFEX in the accounts of OCHA Sudan, since OCHA Juba did not disclose the indebtedness of AFEX to OCHA Geneva. OCHA Juba set the date of 16 November 2007 to review the contract with AFEX and clear accounts for settlement of all outstanding bills. OCHA Juba intended to turn over the guest house to UNDP Sudan to manage it and will demand full payment of all outstanding claims from the vendor before doing this.

Recommendations 17 - 19

The OCHA Geneva Administration should ensure that OCHA Juba:

(17) Recovers from AFEX the amount of \$151,826 which was payable to OCHA Juba as at August 2007;

(18) Reconciles its accounts with AFEX for full settlement and requests UNDP Juba to take over the camp

management since this is not the core business of OCHA;
and

(19) Verifies the supporting documents prior to payment of the outstanding expenses of \$19,875 to AFEX for camp management improvements in the year 2006.

52. OCHA accepted recommendation 17 and stated that a mini-audit of AFEX dues to OCHA has been conducted by the OCHA Sudan Administrative officers and the amounts determined. The reconciliation is now completed up to 31 December 2007. OCHA Geneva will write to OCHA Sudan to insist that OCHA Sudan (Juba) ensures that due amounts are collected. Recommendation 17 remains open pending receipt of documentation showing full recovery of dues from AFEX.

53. OCHA accepted recommendation 18 and stated that discussions are ongoing on the option of hand-over of the Juba camp management to UNDP-Juba or another entity. Recommendation 18 remains open pending confirmation of handover of the camp management to another entity.

54. OCHA accepted recommendation 19 and stated that OCHA Geneva will write to OCHA Sudan to instruct the Administrative Officer in Juba to proceed with these verifications. Recommendation 19 remains open pending receipt of documentation showing full recovery of dues from AFEX.

D. Inventory Management

55. The OCHA field administrative guidelines recommend that OCHA conducts a half yearly (June and Dec) inventory verification exercise to determine the condition of their assets and ensure accuracy of entries on a spreadsheet. The audit conducted inventory verification on a sample basis as detailed below.

Table 9: Inventory count

Location	No. of line items verified	No. of line items		
		In Agreement	With shortages	With surplus
Khartoum	58	51	7	0
Juba	172	106	51	15
El Fasher	30	18	12	0
Total	260	175	70	15

OCHA Juba recorded a high degree of discrepancies as the database for inventory records were not updated regularly.

56. In OCHA Khartoum, OIOS observed that there were inadequate controls over the assets. OIOS observed that 27 laptop computers had been written off but kept over 3 years, without an application to the UNDP (LSP) to auction them. According to the Administrative Officer, they used the parts to service other computers. There was also 1 missing laptop noted in the Khartoum office. In El

Fasher, furniture issued to the previous head of office and was never handed back when the staff member left the duty station. OIOS also found that staff was taking official laptops out of the mission area when on vacation.

Recommendations 20 - 22

The OCHA Geneva Administration should:

(20) Ensure that OCHA's offices in Sudan keep reliable inventory control registers for all expendable stores as required under the OCHA Field Administrative Manual;

(21) Ensure that OCHA's assets are not removed from OCHA's premises without a Transfer Voucher Authorization (TVA) and that staff surrender official property when proceeding on vacation; and

(22) Require OCHA offices in Sudan to notify it and the UNDP (Local Service Provider) about all unserviceable assets to enable the local property survey board to auction them in line with the UNDP policies and procedures.

57. *OCHA accepted recommendation 20 and stated that OCHA Geneva will write to OCHA Sudan to ask that it institutes measures for better inventory control and that the updated inventory table for expendables for OCHA Sudan offices is presented to OCHA Geneva bi-annually.* Recommendation 20 remains open pending receipt of the updated inventory tables from OCHA Sudan.

58. *OCHA accepted recommendation 21 and stated that OCHA Geneva will write to OCHA Sudan to comply with this recommendation.* Based on the response, recommendation 21 has been closed.

59. *OCHA accepted recommendation 22 and stated that OCHA Geneva will write to OCHA Sudan to comply with this recommendation.* Based on the response, recommendation 22 has been closed.

E. Irregularities in diesel consumption by OCHA in Juba compound

60. OIOS conducted a test check of diesel consumption by the 250 KVA generator set in Juba Camp from 11 October to 30 October 2007 and found that consumption ranged from 140 litres to 200 litres per day. The total diesel consumed within the 20 days was 3,980 litres. Further, the diesel attendant's fuel stock register showed that the attendant was not guided by any standards and issued 240 litres for 15 hours work, 340 litres for 14 hours and 400 litres for 16 hours from 28 to 30 October 2007. The average consumption was 23 litres (5gal) of diesel costing \$27.60 (23litres @ \$1.2per litre) per hour. There was no regular stock taking or checks on records of the fuel attendant to ascertain the accuracy of records kept and to ensure that the right quantities were delivered into the

generator. Requisitions for issue of fuel by the attendant into the generator set were not required to be signed by a senior staff member.

Recommendations 23 - 24

The OCHA Geneva Administration should ensure that OCHA Juba:

(23) Institutes adequate internal controls to ensure that fuel consumption is being properly recorded by the fuel attendant; and

(24) Reviews the records of the fuel attendant to ensure there are no irregularities before handing over the task of camp management to UNDP Sudan.

61. *OCHA accepted recommendation 23 and stated that OCHA Juba will enhance its fuel consumption tracking system with the installation of fuel meters. Action is already being taken.* Based on the response, recommendation 23 has been closed.

62. *OCHA accepted recommendation 24 and stated that OCHA Geneva will write to OCHA Sudan to comply with this recommendation.* Based on the response, recommendation 24 has been closed.

F. Human resources management

Functional relationship between OCHA Khartoum and OCHA Juba

63. The organigram of OCHA Khartoum and OCHA Juba for the years 2006 and 2007 indicated that OCHA Khartoum was responsible for OCHA's activities in North Sudan while OCHA Juba was responsible for OCHA's activities in South Sudan. OCHA Juba was responsible for its own budget preparation, monitoring and reporting but only interfaced with OCHA Khartoum for consolidating their budgets, programmes and work plans. Therefore, OCHA Khartoum stated that they did not have oversight responsibility over OCHA Juba to enable it to institute adequate and reasonable controls over OCHA Juba operations. Meanwhile, OCHA Juba had three heads of office between 2005 and 2007 and the administrative functions were discharged by the Administrative/Finance Officer without adequate supervision by a Head of Office. OCHA Geneva stated that it had appointed the Head of the Khartoum Office at the D1 Level beginning in November 2007 in order to exercise oversight responsibility for the OCHA Juba office. The contrary statements of OCHA Khartoum and OCHA Geneva indicated that oversight responsibility for OCHA Juba needs to be clarified.

Recommendation 25

(25) The OCHA Geneva Administration should clarify the oversight responsibilities of OCHA Khartoum to ensure that it is fully responsible and accountable for the activities of the OCHA Juba office.

64. OCHA accepted recommendation 25 and stated that OCHA Geneva will immediately clarify the status of authorities and responsibilities of OCHA-Khartoum over OCHA-Juba. Based on the response, recommendation 25 has been closed.

Staffing structure and post incumbency

65. OIOS found that the staffing structure approved in the cost plan for 2007 differed from the actual staffing position in OCHA Khartoum and OCHA Juba. While the cost plan showed 37 available international posts (51 approved posts, of which 14 had expired by 30 September 2007), the organizational structure consolidated by OCHA Khartoum showed 60 available posts as at 3 October 2007 (including 10 seconded posts). The organization chart does not distinctly separate OCHA Khartoum from its other offices in North Sudan (Nyala, El Fasher etc), and is not inclusive of all sections/units such as the Monitoring and Evaluation Unit. The lack of a comprehensive structure with clear linkages could result in a duplication of staff incumbency. Further, since the staffing tables for International and national staff are separate and are maintained in different formats, it was difficult to obtain a clear picture of the complete staffing for each section.

66. OIOS further noted that critical posts such as: (a) the Head of Office in OCHA Khartoum; (b) the Head of Information and Communication Technology (ICT) in OCHA Khartoum; and (c) the Administration and Finance Officer for OCHA Khartoum Darfur Cell (North) were vacant. OCHA Khartoum's Head of Office position had been vacant for almost one year until it was filled in November 2007. OCHA Juba's Head of Office position had been occupied by three successive officers between 2005 and 2007. The rapid turnover of the Head of Office positions, and the long delay in filling vacancies showed a lack of succession planning, in turn, affecting the delivery of OCHA's humanitarian coordination activities in Sudan.

67. OCHA Juba's support to professional staff ratio (1.5:1) was higher than the ratio for OCHA Khartoum (1:1.8) indicating that the standard for deploying support staff was unclear. In addition, some of OCHA's support functions have been outsourced to UNDP Sudan (i.e. procurement, recruitment and staff management and finance) and to UNMIS (i.e. communications), which should have reduced the requirement for support staff. OIOS noted, however, that a prior OIOS recommendation (No. AN2005/590/06/13), requesting for OCHA to enter into a formal agreement with UNDP Sudan on delineation of responsibilities for its activities in Sudan, had not been implemented, thus impacting on OCHA's support and programme capabilities.

Recommendations 26 - 30

The OCHA Geneva Administration should:

- (26) Ensure that actual posts and staffing data for OCHA Sudan operations are in accordance with the approved cost plan;**
- (27) Require OCHA Khartoum and OCHA Juba to consolidate the international and national staffing tables to reflect the full staffing level of each section/unit;**
- (28) Ensure that vacant positions for OCHA Sudan operations are filled within a reasonable time to ensure the success of the programme;**
- (29) Streamline the staffing structure of OCHA offices in Sudan taking into account the support arrangements agreed with UNDP Sudan, and ensure a balanced ratio between the programme and support staff; and**
- (30) Finalize the MoU with UNDP Sudan for administrative support of OCHA Sudan offices while also exploring areas for integration with other UN organizations such as UNMIS.**

68. *OCHA accepted recommendation 26 and stated that OCHA Geneva is ensuring this on a regular basis. Staff members in both OCHA Field Support Service and Administrative Office (Finance) regularly check international posts against the cost plan and an appropriate action is taken if the number of posts exceeds the amounts in the approved cost plan. OCHA Geneva believes however, that there may be discrepancies in the classification of posts by the field office and is currently following up with the field in an effort to explain the difference reported. Recommendation 26 remains open pending receipt of documentation showing OCHA Geneva's reconciliation of approved posts with OCHA Sudan.*

69. *OCHA accepted recommendation 27 and stated that the staffing table for international staff is kept and updated by OCHA Geneva. Instructions will be sent to OCHA Sudan to share with Geneva updated and complete staffing tables for local staff. Recommendation 27 remains open pending receipt of documentation showing OCHA Geneva's reconciliation of the staffing tables of OCHA Sudan and OCHA Juba.*

70. *OCHA accepted recommendation 28 and stated that it will continue its efforts toward timely recruitment and retention of staff to keep the vacancy level to a minimum. Based on the assurance given by OCHA, recommendation 28 has been closed.*

71. *OCHA accepted recommendation 29 and stated that it is anticipated that with the finalization of the global MOU between OCHA and UNDP, which is due in August 2008, the balance between the programme and the support staff will be clarified and improve.* Recommendation 29 remains open pending OCHA's finalization of the global MOU with UNDP which should reflect the balance between programme and support staff.

72. *OCHA accepted recommendation 30 and stated that a global MOU between UNDP and UN Secretariat is presently negotiated, with the estimated completion date by 30 August 2008.* OIOS reiterates that since OCHA Sudan is a large office, OCHA should also explore the option of obtaining support from UNMIS. Recommendation 30 remains open pending OCHA's finalization of the global MOU with UNDP and after it has reviewed the status with UNMIS.

Recruitment of national staff

73. OCHA's contracts for its national staff in Sudan are prepared by UNDP Sudan upon approval of their recruitment. OIOS found that the contract terms with regard to entitlements for national staff are not uniform. For example, some contracts indicated that staff are not entitled to overtime, while others provided for compensation at 1.5 times the normal rate of pay. Also, some staff are entitled to 45 calendar days of annual leave a year while others are entitled to 20 calendar days per year. In the case of sick leave entitlement, a maximum of 24 days was allowed for some, while for others 30 calendar days was permitted. OIOS found two cases in OCHA El Fasher where the contract copies maintained in the files were not signed by the staff members, and one case where the initial contract document with the terms and conditions is not on file.

Recommendations 31 - 32

The OCHA Geneva Administration should:

(31) Develop a policy document outlining the standard entitlements for the various categories of national staff in Sudan and incorporate these into revised contracts; and

(32) Require OCHA Khartoum and OCHA Juba to ensure that signed copies of all staff contracts are maintained in the individual personnel files.

74. *OCHA accepted recommendation 31 and stated that OCHA Geneva will review the policy on staff entitlements for national staff for standardization, in conjunction with the proposed global MOU.* Recommendation 31 remains open pending OCHA's finalization of the policy on standard entitlement of its national staff.

75. *OCHA accepted recommendation 32 and stated that OCHA Geneva will write to OCHA Sudan and instruct it to obtain and file on all local staff contracts.* Based on the assurance provided by OCHA Geneva Administration, recommendation 32 has been closed.

Performance evaluation

76. While the OCHA Field Administrative Manual strongly recommends the use of Performance Appraisal System (PAS) for uniformity in all field offices, OIOS noted that two different types of forms other than the PAS were used for National fixed-term staff, i.e. "Service Evaluation Form for Individuals Hired Under Service Contract", and "UNDP Results and Competency Assessment for Staff". While International staff were using the PAS, there was no uniformity in the practice. Many staff were still using the manual PAS forms.

Recommendation 33

(33) The OCHA Geneva Administration should review the performance evaluation used in OCHA country offices and ensure that OCHA national staff use a single format for their evaluations; and the OCHA Geneva Administration should ensure OCHA Khartoum and Juba professional staff complete the ePAS.

77. *OCHA accepted recommendation 33 and stated that National Staff of OCHA Sudan are contracted by UNDP and are therefore subject to UNDP's Results Competency Assessment (RCA) evaluation. However, it is anticipated that the policy and procedures on performance evaluation will be reviewed in view of standardization in all OCHA field offices. OCHA will also ensure that all professional staff complete PAS for performance evaluations, either ePAS where available, or the paper PAS form. Based on the response, recommendation 33 has been closed.*

Administration of leave entitlements and compensatory time off

78. A review of the attendance and leave record keeping in OCHA offices in Khartoum, Juba and El Fasher found that: (a) there is no harmonized system for record keeping; and (b) any absence from the duty station, either on leave or official business is not supported by travel authorizations, medical certificates, return reports or other relevant documentation. The filing in OCHA Juba and OCHA El Fasher was unsystematic and did not support adequate leave monitoring. There was no standard leave request template, and no mechanism was in place to ensure accurate and timely submission of attendance sheets. OIOS noted 11 cases where attendance sheets had not been submitted since June 2007 and the names and signatures of leave monitors and supervisors were not always recorded.

79. OIOS identified six instances in OCHA Juba and one in OCHA El Fasher where approved leave was not indicated on the attendance sheet. In addition, there were no authorizations on file to support 35 cases of leave identified by the audit. Further, the approval of leave was not always cross-checked with the Human Resources Section to verify eligibility.

80. Further, while prior authorization for overtime was obtained in OCHA El Fasher, there was no harmonization in the administration of overtime entitlements. Some staff were paid up to 40 hours while some were paid up to 20 hours, whereas the instruction by the United Nations Resident Coordinator (UNRC) indicated that "special time off (STO) regulates that overtime will be compensated up to a maximum of 20 hours". This instruction needs to be communicated to the administration personnel to ensure compliance with the rules.

Recommendations 34 - 35

The OCHA Geneva Administration should:

(34) Instruct OCHA Khartoum and OCHA Juba to request assistance from UNMIS on implementing a replica of its Lotus Notes based electronic attendance system; and

(35) Ensure that the electronic attendance system has the ability to reconcile attendance and approved leave, and calculate payable overtime days and compensatory time off.

81. *OCHA accepted recommendation 34 and stated that OCHA Sudan uses manual staff attendance recording system where international staff's monthly leave records are shared with OCHA Geneva on a monthly basis and national staff records are shared with the UNDP finance and HR section. However, OCHA Geneva will consider the possibility of the Lotus Notes-based attendance system. Recommendation 34 remains open pending OCHA Geneva's decision on the adoption of the Lotus Notes-based system.*

82. *OCHA accepted recommendation 35 and stated that attendance records determine very important entitlements such as hazard payment, Special Time-offs, occasional recuperation breaks (ORB). OCHA Sudan takes them seriously and believes that electronic attendance system will further improve the attendance monitoring system. Recommendation 35 remains open pending receipt of documentation showing the enhancement of the electronic attendance system.*

Training

83. The OCHA Field Administrative Manual provides that "Each OCHA field office shall determine its training needs and set priorities for achieving its strategic goal and developing its human resources. Although training in administrative operations for staff in OCHA Juba and OCHA El Fasher was urgently required, OIOS was not provided with a list of training requirements by the OCHA Khartoum and the OCHA Juba offices.

Recommendation 36

(36) The OCHA Geneva Administration should ensure that OCHA Khartoum and OCHA Juba annually prepare a staff training budget based on identified requirements.

84. *OCHA accepted recommendation 36 and stated that OCHA-Sudan has increased the cost plan for training to \$108,696 for 2008 from approximately \$10,000 of the revised 2007 cost plan in recognition of the importance of upgrading staff members' substantive skills. The training needs of the field, including offices in Sudan, will be explored in the near future when OCHA conducts a needs assessments exercise, with a view to formulate annual training plans to meet individual needs. Relevant staff members of Sudan offices, as well as those in other field offices, will participate in training for administration as well as other mandatory learning programmes in latter part of 2008. Recommendation 36 remains open pending receipt of the staff training budget for the offices.*

G. Use of official vehicles

85. The OCHA Field Administrative Manual provides guidance on the use and management of official vehicles, including their use for unofficial business, verification of daily logs by the administrative assistant, and parking of vehicles in OCHA premises after working hours. OIOS found that in OCHA Khartoum, the drivers were allowed to take the vehicles home after office hours. According to the trip tickets, a driver would normally leave the office at about 4:00 p.m. and cover approximately 50 kilometers per day to and from home. OIOS also found a total of approximately 1,388 kilometers unaccounted for from the selected sample in the three locations (Khartoum, Juba and El Fasher) visited.

86. OIOS also observed that none of the trip tickets reviewed had been verified by the administrative assistants in all three locations. In OCHA El Fasher, the log book in the vehicle was continuing since June 2005. In both OCHA Juba and OCHA El Fasher, the forms used were different from OCHA Khartoum's and the name and signature of the passengers were not recorded. In some cases, the driver's name was not always indicated. In addition, the vehicles' servicing details and re-fueling were not indicated. OIOS also observed that the log book was incomplete and inaccurate. For example, there was unrealistic mileage in comparison to the indicated destinations for the three locations visited, and inaccurate recording of approximately 7,220 kilometers, which included some negative mileage recordings. There was no monitoring of these records by OCHA Khartoum and OCHA Juba administrative staff.

Recommendations 37 - 39

The OCHA Geneva Administration should require OCHA Khartoum and OCHA Juba to:

(37) Ensure that all vehicles are parked in OCHA premises after working hours and custody of all keys is assigned to a designated staff member;

(38) Establish a mechanism for ensuring that daily vehicle logs are checked by the administrative assistants and any anomalies or questionable recordings are investigated; and

(39) Implement article 3.1 of the Fuel MoU with UNMIS to introduce an Electronic Fleet Management System (CARLOG), and fit 'electronic identification rings' provided by UNMIS to facilitate the electronic capture of data related to fuel consumption and mileage for OCHA's 36 functional vehicles in Sudan.

87. *OCHA accepted recommendation 37 and stated that most of the vehicles are properly parked in OCHA premises but some, mostly duty drivers will still take vehicles to attend to common late night and early morning arrival/departures of staff in Khartoum, where there is no adequate transport system and in phase II security situation with more often serious security breakdowns, i.e. possibility of fighting and targeted terrorism against UN and rest of the international community. OCHA Geneva will instruct OCHA Sudan to ensure that all places where OCHA vehicles might be parked overnight are MOSS compliant. Recommendation 37 remains open pending receipt of OCHA Geneva's instructions to OCHA Sudan.*

88. *OCHA accepted recommendation 38 and stated that the maintenance of the daily vehicle log is already in place. Based on the response of OCHA Geneva, recommendation 38 has been closed.*

89. *OCHA accepted recommendation 39 and stated that consultation with UNMIS has started with regard to introducing CARLOG fleet management system. Recommendation 39 remains open pending the receipt of documentation indicating the introduction of the Electronic Fleet Management System.*

H. Travel administration

90. It was common for staff in OCHA Juba to undertake travel without proper authorization. Among the 16 cases noted in a sample of 31 payments made in OCHA Juba, one particular staff member had undertaken 9 trips between June 2005 and January 2006 for which he raised the travel requests/authorizations in July and August 2006, after having undertaken the travel. Four other cases were noted where payments were made to staff members without complete supporting documentation.

91. Furthermore, there was no standard form for local travel was used across OCHA's offices in Sudan. In some cases, the administrative/finance assistant preparing the travel authorization signed as the certifying officer, and in other cases no certification was obtained. OIOS noted that the administrative/finance officer in OCHA Juba, who should have been the person certifying the funding,

was instead signing as the authorizing officer, even for cases not related to Administration or Finance. In OIOS' opinion, there is no mechanism in place to enforce the travel policies and procedures.

Recommendations 40 - 41

The OCHA Geneva Administration should require OCHA Khartoum and OCHA Juba to:

(40) Develop a policy on the reimbursement of costs associated with authorized travel; and

(41) Institute a mechanism for ensuring timely submission of travel claims and include timely processing of F.10 claims in the performance benchmarks for their travel and finance sections.

92. *OCHA accepted recommendation 40 and stated that action is already being taken. OCHA Sudan is logging all travel claims with the travel unit before submitting for certification. All travel claims should have pre-authorized TA, security clearance and detailed trip report. OCHA Sudan can at any given time provide detailed information on all travel claims. Based on the response, recommendation 40 has been closed.*

93. *OCHA accepted recommendation 41 and stated that some staff delay submitting their claims after the end of travel because of various reasons. OCHA Sudan will clear all outstanding travel claims. In addition, OCHA Geneva will instruct OCHA Sudan to minimize the delay in the presentation of travel claims and impose penalties for delayed presentation of travel claims. Recommendation 41 remains open pending receipt of OCHA Geneva's instructions to OCHA Sudan.*

I. Security issues

94. OCHA has designed an international zone warden system with other UN agencies for international staff, but does not have a warden system for the national staff. The UN Field Security Handbook provides that all nationally recruited staff members must be fully aware of the assistance the UN System will provide to them in times of crisis. Of the 10 staff members interviewed in OCHA Khartoum by OIOS, 3 confirmed that they had undergone training in security conducted by UNMIS but they were unaware of the warden system of OCHA. The remaining 7 staff had not had any training in safety and security. Moreover, observed that OCHA Khartoum does not have a Security Coordinator to coordinate and oversee staff security, safety of properties, and MOSS compliance issues in Khartoum and the field offices.

Recommendation 42

(42) The OCHA Geneva Administration should designate a focal point for security coordination in Sudan to ensure

that: security issues are properly addressed; a warden system is established for all OCHA offices in Sudan; and security awareness training is provided for nationally-recruited staff to enable them to understand OCHA Khartoum's Security Plan.

95. *OCHA accepted recommendation 42 and stated that it acknowledges that the security and safety system in OCHA-Sudan is not quite adequate and is presently revising its budget to create the post of a full fledged Security Officer. This will ensure the safety and MoSS compliance of its more than 300 staff and office and accommodation facilities in Darfur field locations, Juba in South Sudan and Khartoum Headquarters. Recommendation 42 remains open pending revision of OCHA Sudan's budget to create the post of Security Officer to facilitate and ensure the safety and MoSS compliance of its facilities and staff.*

V. ACKNOWLEDGEMENT

96. We wish to express our appreciation to the Management and staff of OCHA Geneva, and OCHA Sudan/Juba for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	O	Receipt of the risk assessment.	30 June 2008
2	O	Receipt of the document on the audit of the CHF.	30 June 2008
3	O	Receipt of the plans for closure of the project.	Not provided
4	O	Receipt of financial reports submitted by the GoSS-Peace Secretariat.	30 June 2008
5	O	Receipt of documentation on engagement of independent auditors.	Not provided
6	O	Receipt of documentation showing the conduct a risk assessment of the CHF by the Humanitarian Coordinator to identify and mitigate risks.	30 June 2008
7	C		
8	O	Completion of OCHA's review of the petty cash limit.	Not provided
9	O	Receipt of documentation showing OCHA Sudan's action to remit all revenues from its guesthouses to its bank account.	Not provided
10	O	Receipt of documentation showing OCHA Geneva's action to remind OCHA Sudan country office to comply with the instructions in the OCHA Field Administrative Manual by 30 June 2008.	Not provided
11	C		
12	O	Receipt of documentation showing full recovery of all receivables from the agencies.	Not provided
13	O	Receipt of documentation showing sufficient investigation into the irregularities in the procurement process in the OCHA Juba by OCHA Geneva Administration.	Not provided
14	O	Receipt of documentation showing the results of the investigations.	Not provided
15	O	Confirmation of the calibration of the fuel tank and OCHA Juba obtaining an electronic dispensing unit.	Not provided
16	O	Confirmation of the hand-over of the fuel operation in the OCHA Juba compound to UNDP.	Not provided
17	O	Receipt of documentation showing full recovery of dues from AFEX.	Not provided
18	O	Confirmation of handover of the camp management to another entity.	Not provided
19	O	Receipt of documentation showing full recovery of dues from AFEX.	
20	O	Receipt of the updated inventory tables from OCHA Sudan.	
21	C		
22	C		
23	C		
24	C		
25	C		
26		Receipt of documentation showing OCHA Geneva's reconciliation of approved posts with OCHA Sudan.	Not provided
27	O	Receipt of documentation showing OCHA Geneva's reconciliation of the staffing tables of OCHA Sudan and OCHA Juba.	Not provided
28	C		

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
29	O	OCHA's finalization of the global MOU with UNDP which should reflect the balance between programme and support staff.	Not provided
30	O	OCHA's finalization of the global MOU with UNDP and after it has reviewed the status with UNMIS.	30 August 2008
31	O	OCHA's finalization of the policy on standard entitlement of its national staff.	Not provided
32	C		
33	C		
34	O	OCHA Geneva's decision on the adoption of the Lotus Notes-based system.	Not provided
35	O	Receipt of documentation showing the enhancement of the electronic attendance system.	Not provided
36	O	Receipt of the staff training budget for the offices.	Not provided
37	O	Receipt of OCHA Geneva's instructions to OCHA Sudan.	Not provided
38	C		
39	O	Receipt of documentation indicating the introduction of the Electronic Fleet Management System.	Not provided
40	C		
41	C	Receipt of OCHA Geneva's instructions to OCHA Sudan.	Not provided
42	O	Revision of OCHA Sudan's budget to create the post of full fledged Security Officer to facilitate and ensure the safety and MoSS compliance of its facilities and staff.	Not provided

1. C = closed, O = open

2. Date provided by [client] in response to recommendations. [Insert "Not provided" where date is not provided; "Implemented" where recommendation is closed; (date) given by the client.]

ANNEX 2

*Use this page if the orientation of Annex 2 is landscape. If the orientation is portrait, insert a section break at the end of Annex 1 and continue on the new page. (On the **Insert** menu, point to **Break**, select **Next page** under **Section break types**.) Leave the page blank if not required; do not delete it.*