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Report on the activities of the Office of Internal Oversight Services

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Peacekeeping operations*

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in conformity with General Assembly resolutions 48/218 B (para. 5 (e)), 54/244 (paras. 4 and 5), 59/272 (paras. 1-3) and 64/263 (para. 1). It covers oversight activities of the Office of Internal Oversight Services related to peace operations during the 12-month period from 1 January to 31 December 2010.

The Office of Internal Oversight Services issued 195 oversight reports related to peace operations. The recommendations issued represent 46 per cent of all recommendations put forward during the period.

* For the report on the activities of the Office of Internal Oversight Services other than peacekeeping oversight activities, see A/65/271 (Part I) and Add.1 and Add.1/Corr.1.



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Preface

I am pleased to submit my first report to the General Assembly on the activities of the Office of Internal Oversight Services (OIOS) in peacekeeping operations during the 12-month period ending 31 December 2010.

I have taken the opportunity in this first report to you to alter the format, with the intention of giving the General Assembly a more comprehensive picture, including graphical presentations, of the volume and type of work carried out by OIOS overall in peacekeeping operations, as well as within each Mission. I look forward to your feedback on whether such an amended presentation is helpful.

Although my tenure as Under-Secretary-General spanned just over a quarter of the reporting period, the work reported confirms the need for a strong internal oversight function. In this regard, I am appreciative of the strong foundation provided by the various resolutions that encourage the independence needed to ensure objectivity in the work we perform. In addition, I acknowledge the contributions of my three predecessors — Mr. Karl Th. Paschke, Mr. Dileep Nair and Mrs. Inga-Britt Ahlenius — who have each reinforced and strengthened OIOS operating processes so as to enhance and protect the integrity and effectiveness of the services we provide. I am also appreciative of the professionalism of the staff of OIOS, and the openness of my management colleagues across the Organization when assisting me in my orientation and transition into this important role.

I look forward to serving the United Nations and assure you of my full commitment to working together with Member States and internal stakeholders across the Secretariat towards assisting the Secretary-General in fulfilling his oversight responsibilities in respect of the resources and staff of the Organization.

(Signed) Carman L. Lapointe
Under-Secretary-General for Internal Oversight Services

I. Introduction

1. During the reporting period, from 1 January to 31 December 2010, the Office of Internal Oversight Services (OIOS) issued 195 oversight reports related to peace operations. The recommendations issued in those reports represent 46 per cent of all OIOS recommendations issued during the reporting period.

2. The present part II of the report of OIOS pertains exclusively to oversight of United Nations peace operations, which includes the Department of Peacekeeping Operations, the Department of Field Support, the peacekeeping missions that fall under the authority of those Departments and the special political and peacebuilding missions led by the Department of Political Affairs and the Department of Peacekeeping Operations, supported by the Department of Field Support.

II. Overview

A. Internal Audit Division

3. The Peacekeeping Audit Service of the Internal Audit Division operates out of New York and via resident audit offices based in 12 missions and 1 office (see figure I), including the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), the United Nations Mission in Liberia (UNMIL), the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Mission in the Sudan (UNMIS), the United Nations Assistance Mission for Iraq (UNAMI), the United Nations Assistance Mission in Afghanistan (UNAMA), the African Union-United Nations Hybrid Operation in Darfur (UNAMID), the United Nations Integrated Mission in Timor-Leste (UNMIT), the United Nations Mission in the Central African Republic and Chad (MINURCAT), the Middle East Office, which consists of the United Nations Interim Force in Lebanon (UNIFIL), the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Disengagement Observer Force (UNDOF) and the United Nations Truce Supervision Organization (UNTSO), and the United Nations Support Office for the African Union Mission in Somalia (UNSOA).

Figure I
OIOS Resident Audit Offices



4. In New York, the Peacekeeping Audit Service covers audits of the Department of Peacekeeping Operations, the Department of Field Support, the Department of Political Affairs and smaller peacekeeping and special political missions where there are no resident auditors. The Peacekeeping Audit Service is assisted by specialists from the Special Assignments Section¹ and the Information and Communication Technology Audit Section.² The specific expertise of these staff members complements the work of the resident auditors and ensures consistency and depth in auditing cross-cutting areas in information and communications technology.

Aligning work priorities with organizational risks

5. The Internal Audit Division uses a comprehensive risk-assessment framework to identify risk areas so as to prioritize its audits. For assessing peacekeeping, the methodology is tailored to ensure that the multidimensional nature of work is adequately captured. For example, the current stage in its life cycle of each

¹ The Special Assignments Section was created in 2009 to strengthen the Division's capacity to identify risks of fraud and to conduct audits of a sensitive and complex nature, especially those posing a high reputational risk to the Organization.

² The Information and Communication Technology Audit Section was created in 2007 to develop the Division's information and communications technology audit strategy, to enhance the quality and productivity of information and communications technology audits, and to assist resident auditors in identifying information and communications technology risks faced by peacekeeping missions.

peacekeeping mission is considered (in other words, whether the mission has been established or downsized and reconfigured or is in liquidation) and the key controls in traditional and emerging strategic areas, such as military affairs, integrated operational teams, Security Council affairs and the Counter-Terrorism Committee Executive Directorate, is reviewed. Extensive discussions with management and close collaboration with the Board of Auditors and the Joint Inspection Unit are an important part of this process. Overall, the results of the risk assessment, as reflected in the 2010 audit workplan, include a focus on assignments in administrative and logistic support, both in the field and in the Department of Peacekeeping Operations and the Department of Field Support. Highlights of the work carried out by OIOS may be found in section III of the present report.

Cultivating a professional workforce

6. The Division continues to strive to ensure that internal auditors are adequately trained and prepared to meet the challenges that they face in their work. In 2010, the Internal Audit Division conducted an assessment of staff skills and training needs by comparing the United Nations core competencies with the competencies of internal auditors prescribed by the Institute of Internal Auditors Research Foundation.³ Specific training programmes have been identified to address any gaps. Some of the 2010 initiatives targeted to resident auditors included a training programme for performance auditing and a distance-learning programme for audit report writing.

7. The Division also continued to acquire and provide specialized expertise in the field of information and communications technology (ICT) in accordance with the strategic goals, priorities of the Organization and professional standards. To supplement the Division's technical knowledge in ICT governance and security management, ICT audit staff attended training courses on the enterprise-wide resource applications and standard project methodology used by the Organization for managing ICT initiatives.

Providing advisory services

8. The Internal Audit Division partners with its audit clients to achieve better results and enhance the value of its contribution to the goals of the United Nations. In 2010, the Division provided advisory services to UNSOA to help build the necessary controls for the remote management of various activities being conducted in Mogadishu in support of the African Union Mission in Somalia. In addition, in collaboration with the Department of Field Support, OIOS also initiated a control self-assessment of the Department's Global Support Strategy with a view to identifying its key success factors, risks and opportunities, and necessary controls.

B. Investigations Division

9. The Investigations Division, with its headquarters in New York, also operates through two regional centres (Nairobi and Vienna) and resident investigation offices in six peacekeeping missions: MONUSCO, UNMIL, MINUSTAH, UNAMID, UNOCI and UNMIS (see figure II). The establishment of a new resident

³ *Core Competencies for Today's Internal Auditor*, report II, in *The IIA's Global Internal Audit Survey: A Component of the CBOK Study, 2010*.

investigation office at UNIFIL is in progress. Investigations at other missions are conducted by investigators based in existing regional centres or “hubs”.

Figure II
OIOS Investigations Division offices



Investigations process

10. The establishment of the Investigation Intake Committee (IIC) in 2009 has resulted in an auditable analytical approach to determining the appropriate action for matters received. The Committee’s review of source information includes assessing the initial scope of the investigation, applicable legal norms, receivability, jurisdiction, requirements for specialized investigative skills, and the need for further clarification. The Committee may designate a reported matter for: (a) investigation by OIOS; (b) registration for information purposes; (c) referral to another, more appropriate entity for response; (d) suspension pending further clarification; or (e) assessment.

11. Although intake data provide useful information about reported possible misconduct designated for investigation, its impact is better assessed through output statistics, that is, the number of issued reports resulting from investigations. Such an analysis assists in reviewing and identifying new benchmarks for increased productivity.

12. On completion of work on any matter designated for investigation, the Division issues one of three types of report: an “investigation” report, which is issued when reported matters are substantiated through OIOS investigations; a

“contingent” report, which is used to present, through the Department of Field Support to the government of a troop-contributing country, evidence obtained implicating its peacekeepers; or a “closure” report, which is issued when OIOS investigations do not substantiate reported matters.

13. In 2010, the Division issued 101 investigation reports concerning peacekeeping operations. The number of intake matters designated for investigation during the reporting period was 87.

Cooperation and coordination

14. The Investigations Division cooperates extensively with various functions and counterparts. The new administration of internal justice system requires ongoing consideration in respect of its impact on investigations. Accordingly, the Division meets regularly with the Department of Management and the Office of Administration of Justice to ensure sharing of information in support of the development of proper standards for the system. In addition, the Division provides evidence and testimony to the United Nations Dispute Tribunal during disciplinary hearings.

15. The Division also organizes various conferences from time to time. Following the 2010 earthquake in Haiti, the Investigations Division organized an inter-agency conference in order to prepare for the risks of fraud and corruption in the post-disaster humanitarian and development response. Participants included representatives from investigation offices of United Nations funds and programmes and multilateral development banks.

16. The Division’s cooperation also extends to peacekeeping operations and building relations with troop-contributing countries. In this regard, to ensure effective investigations of matters involving military contingent members, the Division worked closely with the Department of Field Support in its development of the revised draft model memorandum of understanding between troop-contributing countries and the United Nations (A/61/19 (Part III), annex), hereinafter referred to as the MoU. The Division also actively participated in a four-day induction workshop focusing on the enforcement of the MoU, hosted by the Conduct and Discipline Unit of the Department of Field Support.

C. Inspection and Evaluation Division

17. In conducting the thematic evaluation on cooperation and coordination between the Department of Peacekeeping Operations/Department of Field Support and regional organizations, the Inspection and Evaluation Division strengthened its methodology by using a multiple case study approach. While resources did not allow all instances to be examined closely, OIOS did identify four examples for close study. The cases were chosen to permit observation on related activities at different stages of deployment. This approach may be applied to future thematic evaluations.

D. Staffing

18. Efforts continue to address vacancy rates across the Office. Vacancy rates for the Internal Audit Division were relatively stable at the end of 2010, compared with the previous period, at 20 per cent (18 per cent at the end of 2009). In the Investigations Division, vacancy rates decreased to 33 per cent at the end of 2010 (from 46 per cent at the end of 2009). In 2011, the Office will implement other strategies to address persistent vacancy rates more substantially.

E. Impediments to the work of the Office of Internal Oversight Services

19. During 2010, there was no inappropriate scope limitation that impeded our work or independence.

III. Oversight results

20. The present section presents, for each Department/Mission, selected oversight results from the period under review. Audit results are classified within seven risk categories: strategy, governance, compliance, finance, operations, human resources and information; investigations results are classified within six investigation categories: procurement, management, inventory/assets, personnel, financial, and sexual exploitation and abuse.

A. Classification of oversight results

21. **Audit risk categories** encompass adverse impacts on the mandate, operations or reputation of the Organization arising from the presence of:

(a) **Strategy** risk, including inadequate strategic planning; adverse or improperly implemented decisions; lack of responsiveness to changes in the external environment; and exposure to economic or other considerations;

(b) **Governance** risk, including failure to establish appropriate processes and structures for informing, directing, managing and monitoring the activities of the Organization; insufficiencies in senior management leadership; and the absence of an ethical culture;

(c) **Compliance** risk, arising from violations of or the failure or inability to comply with laws, rules, regulations, prescribed practices, policies, procedures or ethical standards;

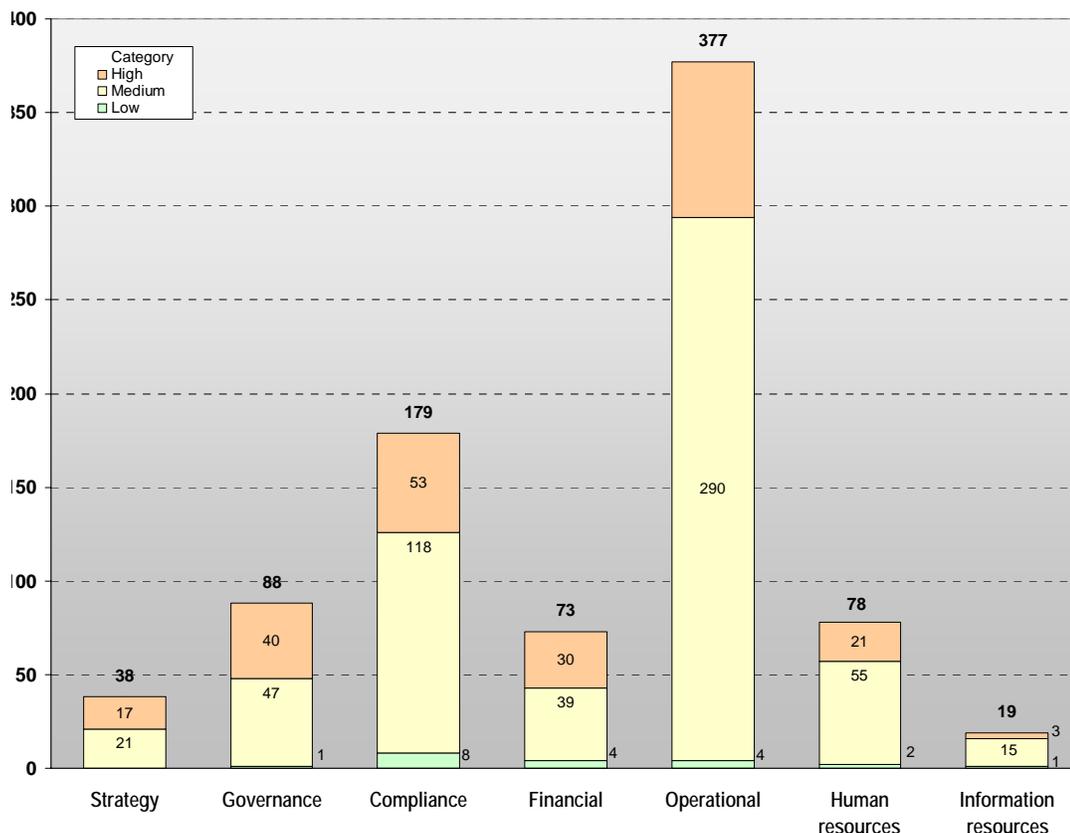
(d) **Financial** risk, arising from insufficient funding; inappropriate use of funds; inadequate management of financial performance; or unreliable financial reporting or disclosure;

(e) **Operational** risk, arising from inadequate, inefficient or failed internal processes or failure to conduct operations economically, efficiently or effectively;

(f) **Human resources** risk, arising from the failure to develop and implement appropriate human resources policies, procedures and practices;

(g) **Information** risk, arising from the failure to establish and maintain appropriate ICT systems and infrastructure.

Figure III
Peacekeeping-related audit recommendations issued in the period from January to December 2010, by risk category

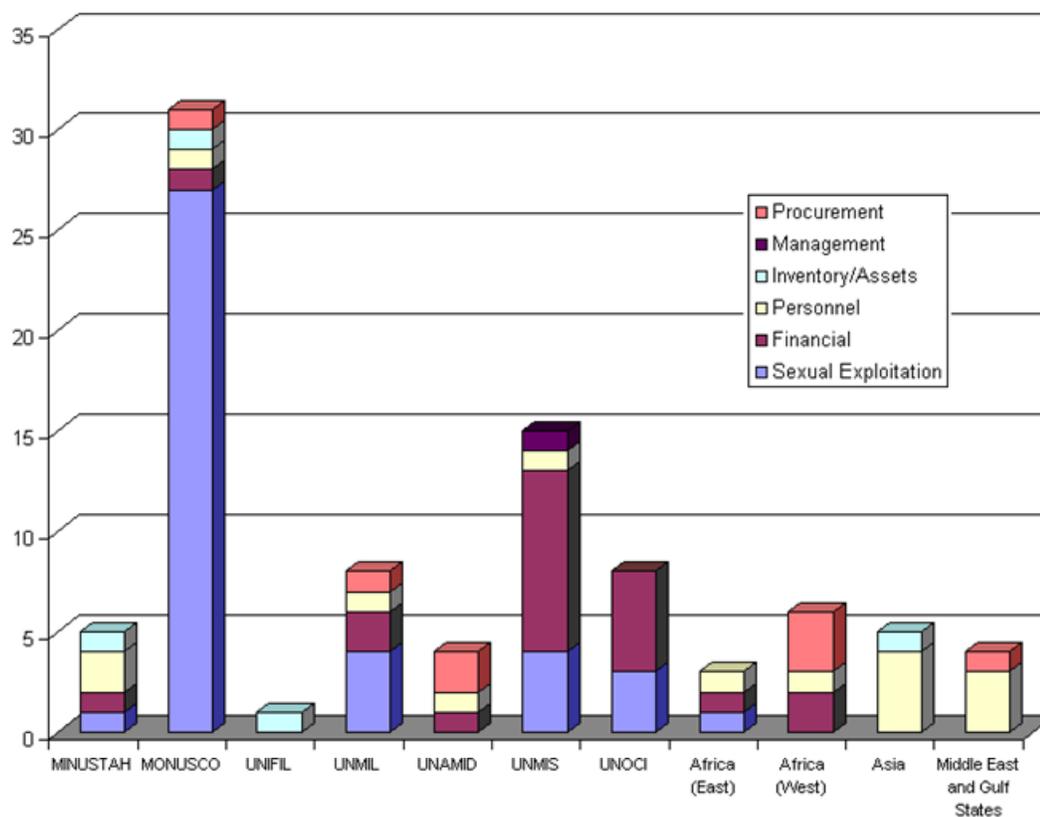


Note: Number of recommendations totalled 852.

22. **Investigation** matters are **categorized** at intake under procurement, management, inventory/assets, personnel, financial or sexual exploitation and abuse (SEA).

23. While instances of misconduct in missions may arise in all categories, matters for direct investigation by OIOS most commonly belong to the procurement, financial and sexual exploitation and abuse categories. Minor management, assets/inventory and personnel matters are referred to a more appropriate office for action unless serious financial or operational impacts are indicated. Matters involving procurement irregularities continue to be a priority, given potential financial risks and impact on the integrity of organizational systems. OIOS treats cases of sexual exploitation and abuse involving rape or minors on a priority basis.

Figure IV
**Investigation intake for peacekeeping missions by category,
 January-December 2010**



B. Oversight results by Department/Mission

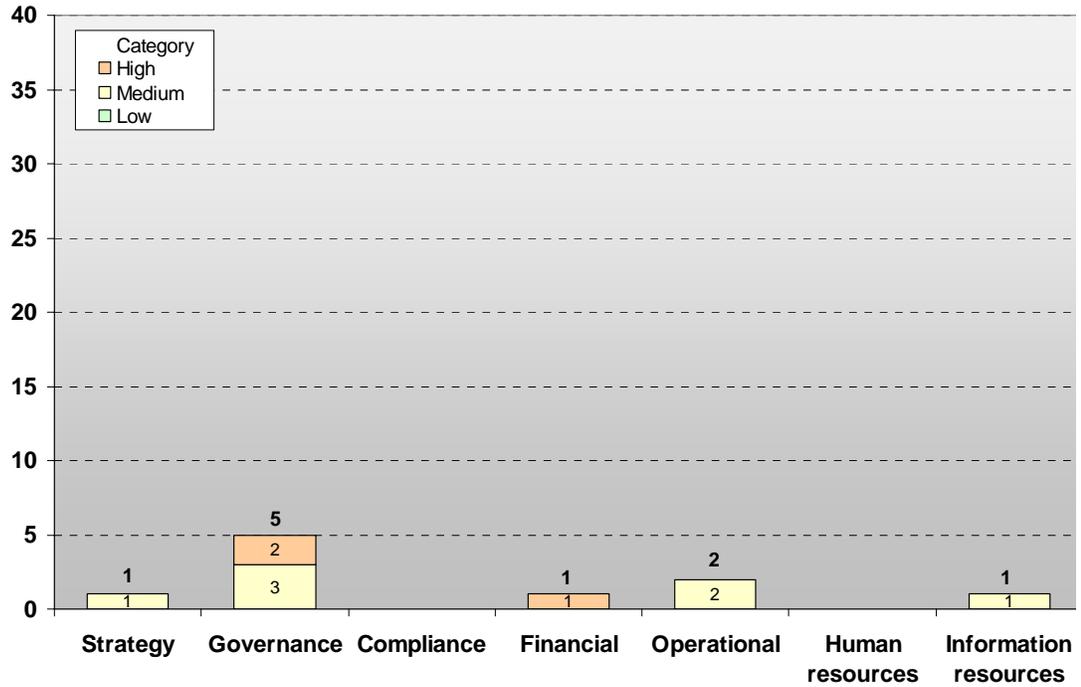
Cross-cutting issues: safety and security

24. OIOS conducted audits of safety and security in MINURCAT (AP2010/636/01 and AP2010/636/03), MINUSTAH (AP2010/683/01), UNAMA (AP2009/630/06), UNIFIL (AP2009/672/03) and UNOCI (AP2010/640/04). Operations were not in compliance with basic and essential security standards established to facilitate efficient evacuation during emergencies. In particular, staff lists were not up to date; the warden system was not operational; and missions were not performing complete radio checks. The weaknesses are being addressed by the Missions.

Counter-Terrorism Committee Executive Directorate: internal audit activities

Figure V

Audit recommendations issued in the period from January to December 2010, to the Counter-Terrorism Committee Executive Directorate, by risk category

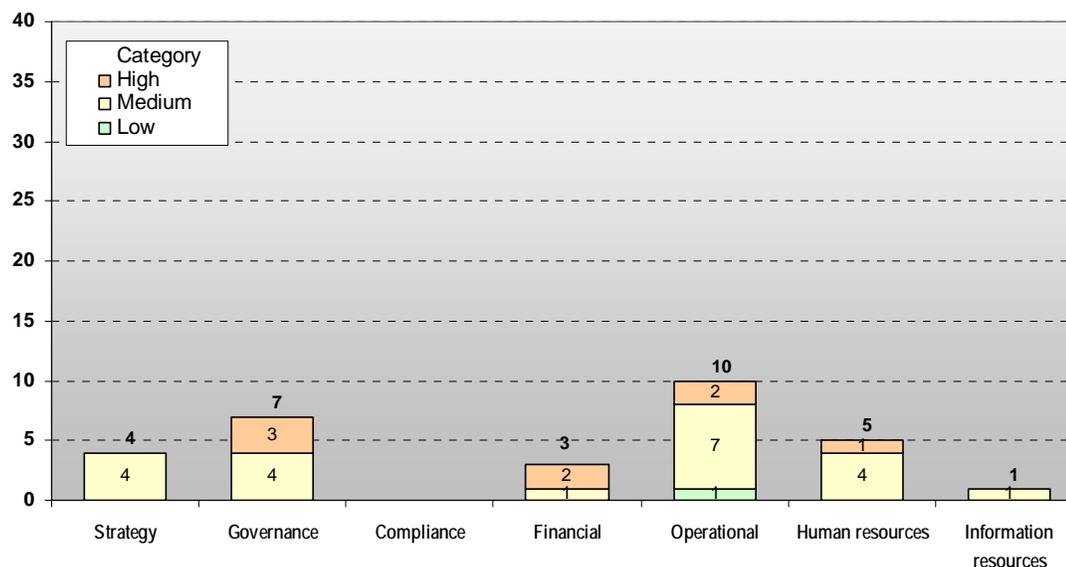


25. In 2010, OIOS issued one audit report to the Counter-Terrorism Committee Executive Directorate containing 10 recommendations:

- *The Counter-Terrorism Committee Executive Directorate (AP2010/570/01)*

Department of Field Support: internal audit activities

Figure VI
**Audit recommendations issued in the period from January to December 2010,
 to the Department of Field Support, by risk category**



26. In 2010, OIOS issued three audit reports to the Department of Field Support containing 30 recommendations:

- *Special measures authorized for the crisis response in Haiti (AP2010/510/01)*
- *Services provided by the United Nations International Computing Centre to the United Nations Secretariat — DFS (AT2009/800/03)*
- *Engineering Section in the Department of Field Support (AP2009/615/04)*

Key results included:

Operational risks

27. *Special measures authorized for the crisis response in Haiti (AP2010/510/01)*. Special measures were generally authorized and implemented in a timely manner with adequate and effective controls to mitigate the risks associated with their application. However, the Organization had paid for services related to staff accommodation in a passenger ship, including \$600,000 for fuel charges, which were not fully rendered or were discontinued during the contractual period. Owing to the nature of the contract, which had been based on an all-inclusive rate, there was unfortunately no legal basis for recovery of the amount by the United Nations. The Department of Field Support explained that the hiring of the passenger ship had been an exceptional action for which there was a limited precedent within the Department and stated that it had made a record of the issues encountered, which would serve as lessons learned, to be applied to any future cases involving similar requirements.

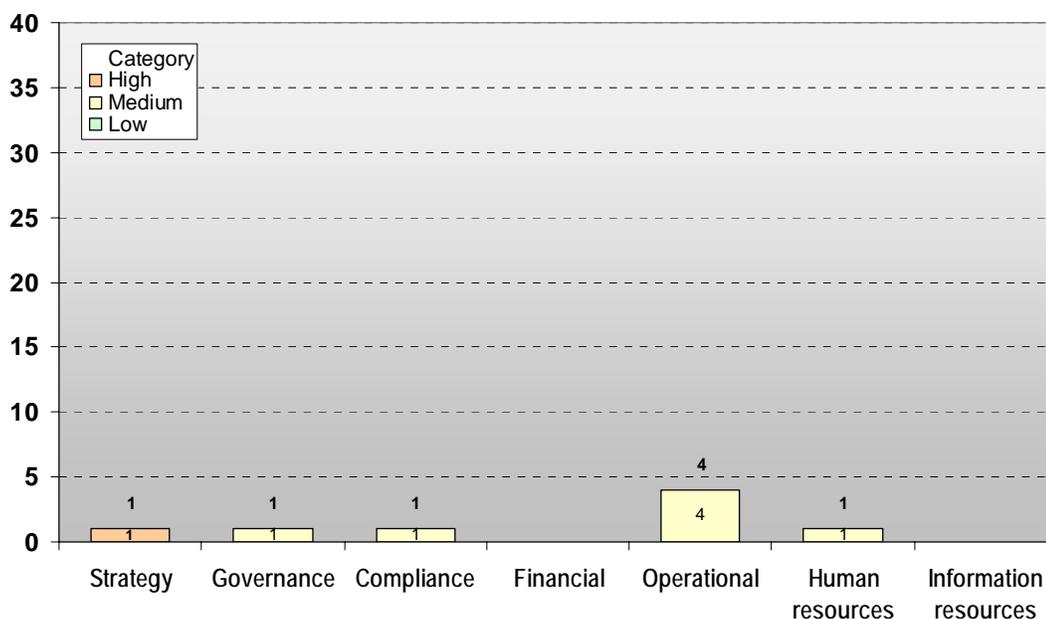
Information resources risks

28. *Services provided by the United Nations International Computing Centre to the United Nations Secretariat — DFS (AT2009/800/03)*. The service delivery agreement between the United Nations International Computing Centre (UNICC) and the Department of Field Support did not define the necessary indicators for measuring and monitoring the performance of the Centre effectively. Moreover, there were inconsistencies in Centre reports documenting the level of services provided to the Department at Headquarters and the United Nations Logistics Base at Brindisi, Italy: services were charged based on a combination of rates, thereby limiting the ability of the Department to reconcile charges with services received. The Department accepted the recommendation of OIOS on this matter and stated that it would be discussed at the Centre's Management Advisory Group meeting for inclusion in the Management Committee agenda for its autumn 2010 meeting.

Department of Political Affairs: internal audit activities

Figure VII

Audit recommendations issued in the period from January to December 2010 to the Department of Political Affairs, by risk category



29. In 2010, OIOS issued one audit report to the Department of Political Affairs on peacekeeping-related matters containing 8 recommendations:

- *The Security Council Affairs Division in the Department of Political Affairs (AP2010/560/01)*

Key results included:

Operational risks

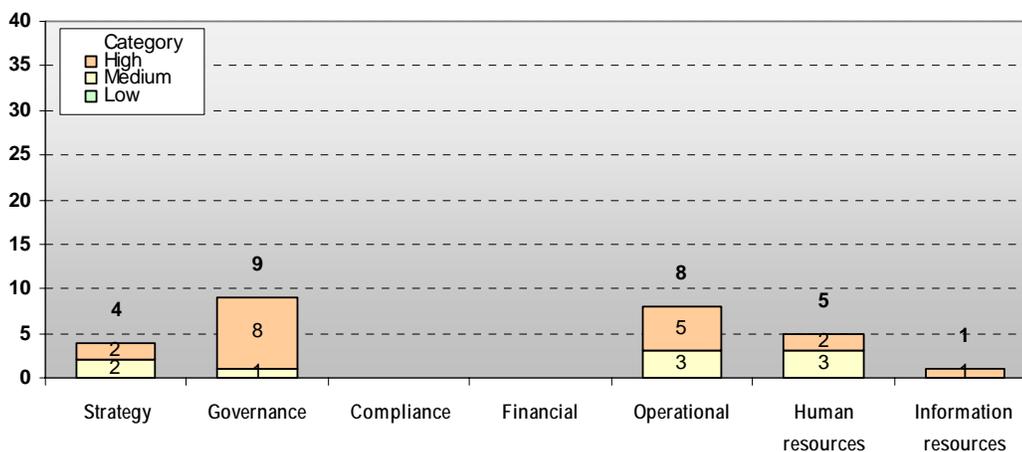
30. *The Security Council Affairs Division in the Department of Political Affairs (AP2010/560/01)*. Internal controls were generally in place and operating

effectively. Also, representatives of the Security Council were satisfied with the level of support provided to the Council. However, documentation of Council practices were not always available in a comprehensive and organized manner; guidelines had not been developed for recruitment and administration of the Panels of Experts, increasing the risk that waivers and exceptions granted might create expectations of employment benefits; and records were not maintained for comparative evaluations of shortlisted candidates for the Panels of Experts, thereby affecting transparency in the selection process. The Department initiated actions to remedy these issues.

Department of Peacekeeping Operations: internal audit activities

Figure VIII

Audit recommendations issued in the period from January to December 2010 to the Department of Peacekeeping Operations, by risk category



31. In 2010, OIOS issued two audit reports to the Department of Peacekeeping Operations containing 27 recommendations:

- *Integrated Operational Teams (AP2009/600/03)*
- *The Office of Military Affairs (AP2010/600/02)*

Key results included:

Governance risks

32. *Integrated Operational Teams (AP2009/600/03)*. Integrated Operational Teams played a positive role in supporting UNAMID and MINUSTAH through integrated guidance and assistance with respect to implementing their mandates. However, there was inadequate communication and information-sharing between Integrated Operational Teams and their respective specialist units. The effectiveness of these teams could be improved if the Department of Peacekeeping Operations and the Department of Field Support exercised flexibility in deploying staff during periods of lower activity in missions, and strengthened the links between the Integrated Operational Teams and their respective specialist units so as to ensure maintenance of the required level of expertise. The Department of Field Support acknowledged the need to ensure more efficient deployment of resources based on needs.

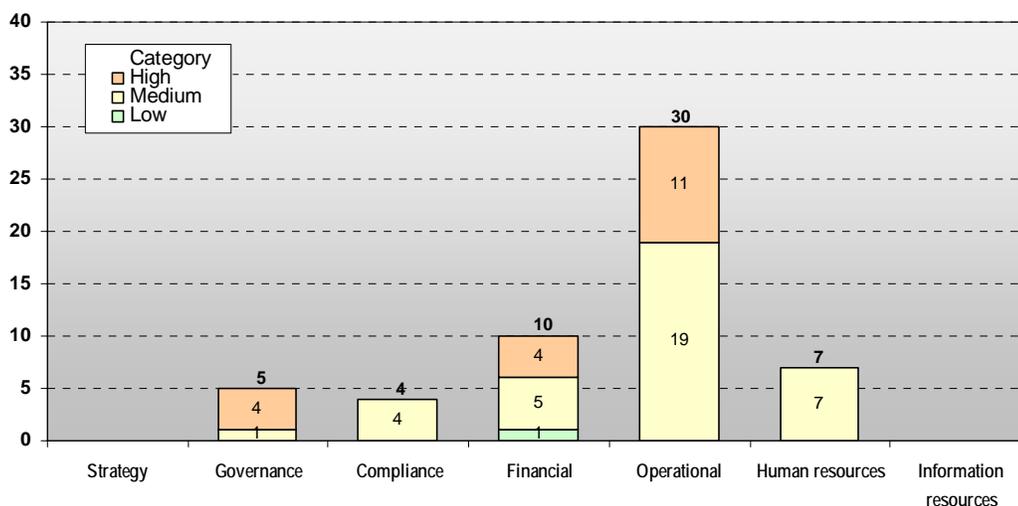
33. *The Office of Military Affairs (AP2010/600/02)*. Internal controls were generally in place and field missions were generally satisfied with the support from and the working relationship with the Office of Military Affairs. However, owing to frequent rotation of military staff, there was a lack of institutional knowledge and continuity in the management of the Office which impacted the effectiveness of its operations. While it was too early to assess the benefits of strengthening the Office as part of the restructuring of the Department of Peacekeeping Operations, there was a need for more of a focus on maintaining institutional knowledge and establishing management continuity. In response to the observations of OIOS, the Office has appointed a Knowledge Management Officer tasked with the sole responsibility of collating the key Department of Peacekeeping Operations/Department of Field Support/Department of Safety and Security documents related to military components that were issued over the past years so as to validate their relevance. Furthermore, the end-of-assignment reports of Senior Military Officers are carefully reviewed and the implementation of recommendations approved by the Under-Secretary-General for Peacekeeping Operations is monitored. Generic recommendations made by the Senior Military Officers are shared with all peacekeeping missions.

MINURCAT

(a) Internal audit activities

Figure IX

Audit recommendations issued in the period from January to December 2010 to MINURCAT, by risk category



34. In 2010, OIOS issued seven audit reports to MINURCAT containing 56 recommendations:

- *Fuel management (AP2009/636/02)*
- *Management of the multifunction logistics contract (AP2009/636/05)*
- *Safety and security (AP2010/636/01)*
- *Air operations and operational safety (AP2010/636/03)*

- *Contingent-owned equipment (AP2010/636/06)*
- *Outstanding purchase orders (AP2010/636/07)*
- *Liquidation planning (AP2010/636/08)*

Key results included:

Governance risks

35. *Contingent-owned equipment (AP2010/636/06)*. MINURCAT had not implemented adequate oversight of contingent-owned equipment. In particular, the Contingent-Owned Equipment/Memoranda of Understanding Management Review Board responsible for overseeing contingent-owned equipment operations was established late — 15 months after the start of the Mission. Moreover, at the time of the audit in November 2010, the Mission explained that the Board had not yet been convened owing to the uncertainty of the mandate of MINURCAT and the difficulty in identifying critical issues for the Board's attention. The lack of management oversight by the Board resulted in issues such as shortfalls, surpluses and unserviceability of which equipment were not addressed in a timely manner. The Mission's management recognized the need to convene the Board, but stated that owing to the imminent liquidation of the Mission, all contingent-owned equipment issues would be handled instead by the Director of Mission Support.

Financial risks

36. *Air operations and operational safety (AP2010/636/03)*. The Mission had operated an average of 100 special flights per month to destinations for which regular flights were available, thereby increasing costs that could have been avoided with better planning. The special flights were arranged mainly for senior management. MINURCAT acknowledged that while some special flights had been avoidable, such special flights would be limited to operational requirements not met by regular flights.

Operational risks

37. *Management of the multifunction logistics contract (AP2009/636/05)*. MINURCAT and the contractor had not complied with key contract provisions. In particular, procedures for the review and approval of task orders were inadequate owing to lack of capacity, of technical expertise and of contract management. This resulted in significant delays in completing 20 task orders, totalling \$62 million, for the construction of camps, field offices and police stations, and delayed the mobilization of equipment and the implementation of the Mission's mandate.

38. *Liquidation planning (AP2010/636/08)*. Arrangements to properly safeguard installations and other assets had been inadequate, particularly at locations to be vacated by the military. MINURCAT had expected the Department of Safety and Security to assume responsibility for the security of contingent-owned equipment, despite the fact that this was not within the Department's mandate. MINURCAT acknowledged the need for improved arrangements and took immediate action to address the security concerns.

(b) Investigation activities

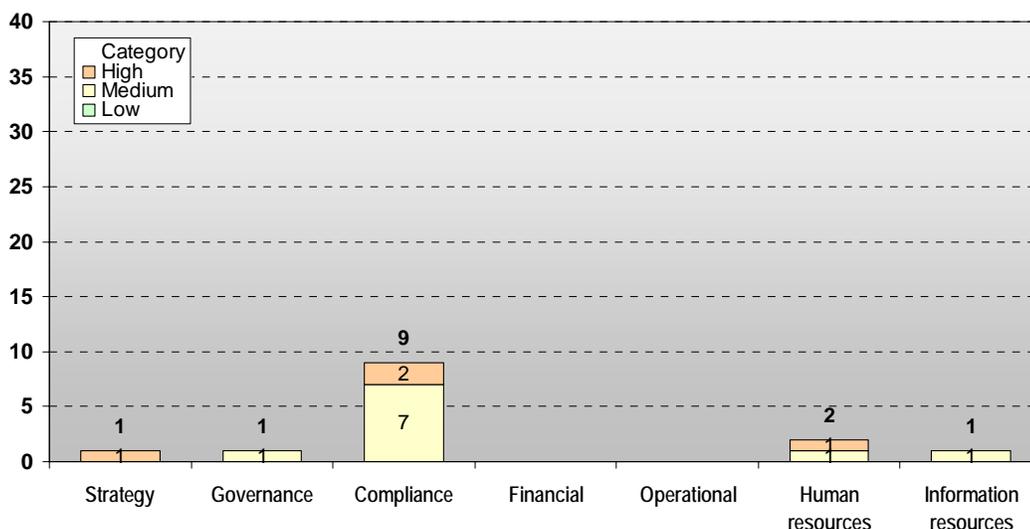
39. During 2010, OIOS had two pending cases related to MINURCAT and predicated one new case for investigation.

United Nations Mission for the Referendum in Western Sahara (MINURSO)

(a) Internal audit activities

Figure X

Audit recommendations issued in the period from January to December 2010 to MINURSO, by risk category



40. In 2010, OIOS issued one audit report to MINURSO containing 14 recommendations:

- *The United Nations Mission for the Referendum in Western Sahara (AP2010/600/01)*

(b) Investigation activities

41. In 2010, OIOS issued three investigation reports related to MINURSO:

- *Procurement fraud by a staff member (0173/10 and 0210/09)*
- *Inappropriate conduct by a staff member (0174/10)*

OIOS also issued one closure report (0311/10) and predicated three new cases for investigation. Investigation results included the following:

Procurement

42. (ID Case 0210/09). OIOS investigated a report of procurement fraud and corruption implicating a staff member of the Engineering Section. Unauthorized purchases of goods had resulted in payments facilitated through false invoices. Despite no evidence of financial loss, there were irregularities in the execution of service contracts. OIOS recommended that the Department of Field Support take

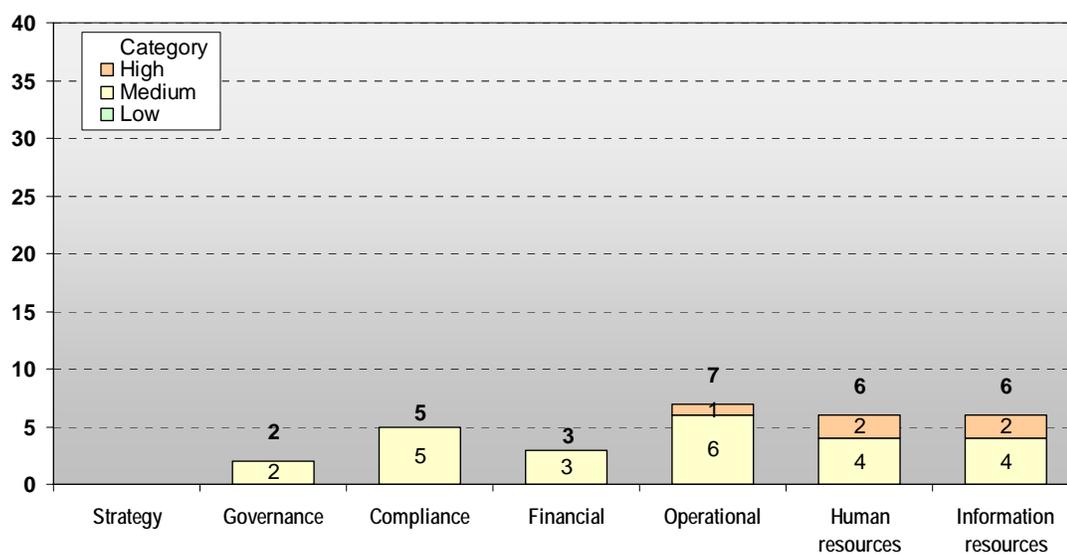
appropriate action against three staff members, and identified system deficiencies requiring remedial action. The matter is still to be resolved, pending the outcome of the internal disciplinary process.

MINUSTAH

(a) Internal audit activities

Figure XI

Audit recommendations issued in the period from January to December 2010 to MINUSTAH, by risk category



43. In 2010, OIOS issued five audit reports to MINUSTAH containing 29 recommendations:

- *Requisitioning process (AP2009/683/07)*
- *Engineering projects for border management (AP2009/683/04)*
- *Staff safety and security (AP2010/683/01)*
- *Implementation of the special measures authorized for crisis response in Haiti (AP2010/683/06)*
- *Information and communications technology governance and security management (AT2009/683/01)*

44. Audit reports completed prior to 12 January 2010 were issued with recommendations on internal control weaknesses that were still relevant post-earthquake. Given the new priorities, OIOS updated its risk assessment to refocus audit activities on emerging high-risk areas, including ensuring compliance with key provisions of the United Nations regulations and rules and exceptional measures authorized during the height of the emergency.

(b) Investigation activities

45. During 2010, OIOS issued seven investigation reports related to MINUSTAH:

- *Sexual exploitation and abuse by a United Nations Police Officer (0177/10)*
- *Homicide allegedly committed by a staff member (0255/10)*
- *Irregular recruitment by a staff member (0361/08)*
- *Failure to report misconduct by a staff member (0457/09)*
- *Misuse of information and communication technology resources by a staff member (0460/09, 0464/09 and 0465/09)*

OIOS also issued 14 closure reports (0074/09, 0154/06, 0185/09, 0448/05, 0453/05, 0454/05, 0462/09, 0463/06, 0463/09, 0513/09, 0537/09, 0602/09, and 0675/07 Part A and Part B), had six pending cases and predicated five new cases for investigation. Investigation results, which mostly concerned sexual exploitation and abuse cases, as well as the misuse of United Nations information and communications technology, included:

Personnel

46. (*ID Case 0460/09*). OIOS substantiated reports that a staff member had misused United Nations information and communications technology resources and data of the United Nations by receiving and distributing child pornography. The matter is still to be resolved, pending the outcome of an internal disciplinary process.

Sexual exploitation and abuse

47. (*ID Case 352/09*).⁴ OIOS, pursuant to the revised draft model memorandum of understanding (A/61/19 (Part III), annex), participated in a troop-contributing country investigation into reported sexual exploitation and abuse of local women by contingent military personnel. The troop-contributing country had designated one of the MINUSTAH-deployed contingent military officers to lead the investigation; but as the investigative methodology did not meet OIOS standards (for example, witnesses were expected to sign blank interview records prior to their interviews), the OIOS investigators withdrew from the investigation. Nevertheless, OIOS concluded that a senior contingent officer had facilitated the casual employment of a local woman, and arranged for the illegal supply of electricity to another's residence, in exchange for sexual rewards; and that three contingent peacekeepers had engaged in sexual activity with local women which resulted in the birth of children. On 23 February 2010, the Department of Field Support reported OIOS results to the concerned troop-contributing country for appropriate action. A response has yet to be received.

(b) Evaluation activities

48. In 2010, OIOS issued one evaluation report on MINUSTAH:

- *Programme evaluation of the performance and the achievement of results by MINUSTAH (IED-10-005)*

⁴ Discussion of this report, issued on 28 December 2009, was omitted from A/64/326 (Part II).

Key results included:

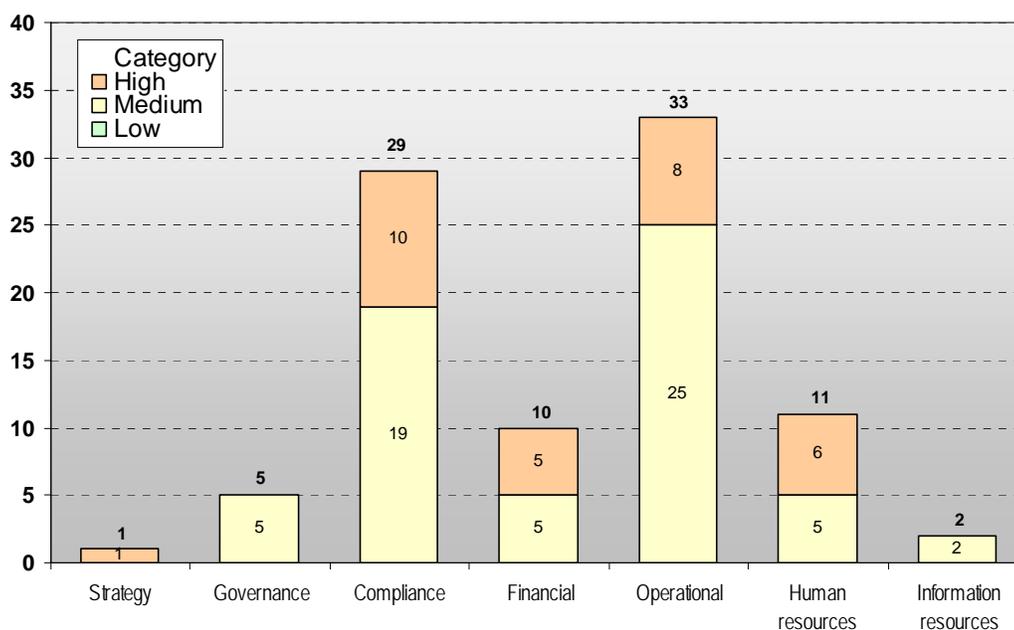
49. (IED-10-005). Given the change in circumstances due to the January 2010 earthquake, the programme evaluation report on the performance and the achievement of results of MINUSTAH was submitted to the Department of Peacekeeping Operations for reflection thereon. There were indications that the lack of an overall sector-wide strategy for reforming and strengthening the rule-of-law institutions had contributed to different paces of reform in police, justice and corrections. A lack of substantive discussions, common agenda-setting and programmatic coordination hampered interactions and work with the Government of Haiti and international donors, despite the Security Council's repeated emphasis on the need for harmonized efforts in these areas. OIOS recommended that the Department of Peacekeeping Operations strengthen its capacity to provide guidance to the field missions, including on development of an overall strategy for such reforms.

MONUSCO

(a) Internal audit activities

Figure XII

Audit recommendations issued in the period from January to December 2010 to MONUSCO, by risk category



50. In 2010, OIOS issued eight audit reports to MONUSCO containing 91 recommendations:

- *Fuel management (AP2009/620/03)*
- *Recruitment of national staff (AP2009/620/04)*
- *Vacancy management (AP2009/620/06)*

- *Casual daily workers (AP2009/620/08)*
- *Procurement management (AP2009/620/13)*
- *Movement control operations (AP2010/620/01)*
- *Contract management (AP2010/620/03)*
- *Aviation safety (AP2010/620/04)*

Key results included:

Compliance risks

51. *Aviation safety (AP2010/620/04)*. The Aviation Safety Council had not convened for two years, thereby exposing MONUSCO to increased aviation security risks. Consequently, several critical safety issues were not addressed in a timely manner, including the low proficiency of air traffic controllers, the lack of equipment at air traffic control towers, inadequate maintenance of airfields, and the lack of calibration of navigation aids. This Council has now commenced meeting regularly and the Mission was seeking a suitable vendor for calibration of navigation aids. The Department of Field Support clarified the fact that MONUSCO does not have the capability to enhance proficiency of air traffic controllers owing to mandate limitations and budgetary constraints and that it is the host Government's responsibility to maintain the equipment at air traffic control towers. Nevertheless, the Mission has liaised with the host Government on these issues, and has provided basic training to some controllers, supported local air traffic control towers, where possible, with requisite equipment, like radio sets and metrology apparatus, and maintained airfields where MONUSCO aircraft operate.

Financial risks

52. *Movement control operations (AP2010/620/01)*. Owing to the lack of proper financial controls, MONUSCO had incurred expenses in the amount of approximately \$160,000 per week during eight months (or \$5.12 million), to operate an aircraft between Kinshasa and Entebbe four times a week at less than 8 per cent capacity. In addition, the Mission relied mainly on aircraft to move cargo from Entebbe to locations in the eastern Democratic Republic of the Congo, when road transport could have been utilized at considerably lower costs. MONUSCO acknowledged the need for improved efficiency and discontinued the four weekly flights effective 18 September 2010. The Mission also agreed to increasingly use ground transportation to move cargo, where road conditions and security permitted.

Operational risks

53. *Procurement management (AP2009/620/13)*. In two cases, the MONUSCO Local Committee on Contracts had advised the Procurement Section and requisitioners to split procurement actions, effectively bypassing the Headquarters Committee on Contracts (HCC). MONUSCO stated that it had not intentionally bypassed the Headquarters Committee and that the minutes of the Local Committee did not accurately reflect the circumstances associated with its advice.

Human resources risks

54. *Vacancy management in MONUSCO (AP2009/620/06)*. Over 190 posts (or 15 per cent of authorized posts) for international staff had remained vacant for over two years, including 105 (or 8 per cent) considered “critical posts”. Vacancies resulted from the lack of effective and timely coordination between programme managers and the Human Resources Section, and from difficulty in attracting qualified candidates. Delays in filling vacancies negatively affected implementation of MONUSCO programmes. MONUSCO stated that action had been taken to reduce the number of posts vacant over two years to 34 posts as of 31 January 2011. Of the 34 posts, 29 are under recruitment.

55. *Casual daily workers (AP2009/620/08)*. MONUSCO had employed about 3,000 casual daily workers without formal employment contracts for continuous periods ranging from 2 to 10 years, contrary to the local labour laws. Those workers were mainly plumbers, carpenters, electricians, mechanics and cleaners. Failure to observe local labour laws increases the risk of claims and disputes between the United Nations and the host Government. The Mission stated that it had requested the advice of its Senior Legal Adviser and been informed that neither the Office of Human Resources Management nor the Department of Field Support had developed suitable contract arrangements for casual daily workers. Therefore, the Mission had been of the opinion that formal contracts were not necessary for such workers. MONUSCO advised that it was discontinuing the services of the casual daily workers and that the procurement process was under way for outsourcing their services. Some 2,941 casual daily workers have been converted to individual contractors with contracts of three to four months, after which they will be separated from the Organization. The contracts will expire beginning February 2011, with the remaining contracts ending by 31 May 2011.

(b) Investigation activities

56. During 2010, OIOS issued seven investigation reports and seven contingent reports related to MONUSCO/United Nations Organization Mission in the Democratic Republic of the Congo (MONUC):

- *Fuel fraud (0149/10)*
- *Sexual exploitation and abuse by a United Nations Police Officer (0219/10)*
- *Corruption and fraud by a staff member (0331/08)*
- *Abuse of authority and improper influence by a staff member (0347/09)*
- *Sexual exploitation and abuse by a United Nations Police Officer (0468/09, Part A)*
- *Sexual exploitation and abuse by a staff member of UNOPS (0468/09, Part B)*
- *Sexual abuse implicating a United Nations Volunteer (0497/09)*
- *(Seven) contingent reports on sexual exploitation and abuse by peacekeepers (0028/09, 0371/09, 0410/07, 0410/09, 0471/09, 0533/08, 0623/09)*

OIOS also issued five closure reports (0226/07, 0405/07, 0427/08, 0511/08, 0586/07), had 65 pending cases and predicated 31 new cases for investigation. Investigation results included the following:

Inventory/assets

57. (ID Case 0149/10). OIOS investigated a report of fuel fraud, indicating collusion between employees of a United Nations fuel vendor and a MONUSCO staff member, which had resulted in 20,000 litres of fuel being fraudulently recorded as delivered. Owing to timely detection, no payment was made for the fraudulent invoices, amounting to \$86,621. The staff member is awaiting the outcome of an internal disciplinary process; the Department of Field Support has strengthened fuel delivery processes; and the vendor has taken disciplinary measures against its employees.

Sexual exploitation and abuse

58. (ID Case 0471/09). OIOS investigated reports of sexual abuse of minors, substantiating that at least five peacekeepers had sexually abused young girls and, in at least three cases, had taken photographs of themselves posing with the victims, which included one set of photographs that were sexually explicit. The Department of Field Support provided the investigation results to the concerned troop-contributing country on 2 June 2010. Three of the subject peacekeepers were reported to have been jailed (for two months and seven days), incurred demotions in rank and were prohibited from future deployment to peacekeeping missions; and one was cleared. The relevant troop-contributing country's response in respect of the fifth peacekeeper is still pending.

59. (ID Case 0468/09). OIOS investigated the reported sexual exploitation of a local woman by a United Nations Police Officer and a United Nations Security Officer, concluding that the officers had engaged in sexual acts with the woman while driving a United Nations vehicle, thereby drawing the attention of local persons and national judicial authorities. The Department of Field Support provided the investigation report concerning the Police Officer to the concerned police-contributing country on 27 April 2010, while the investigation report concerning the Security Officer was referred to the United Nations Office for Project Services for its consideration and appropriate action.

Management

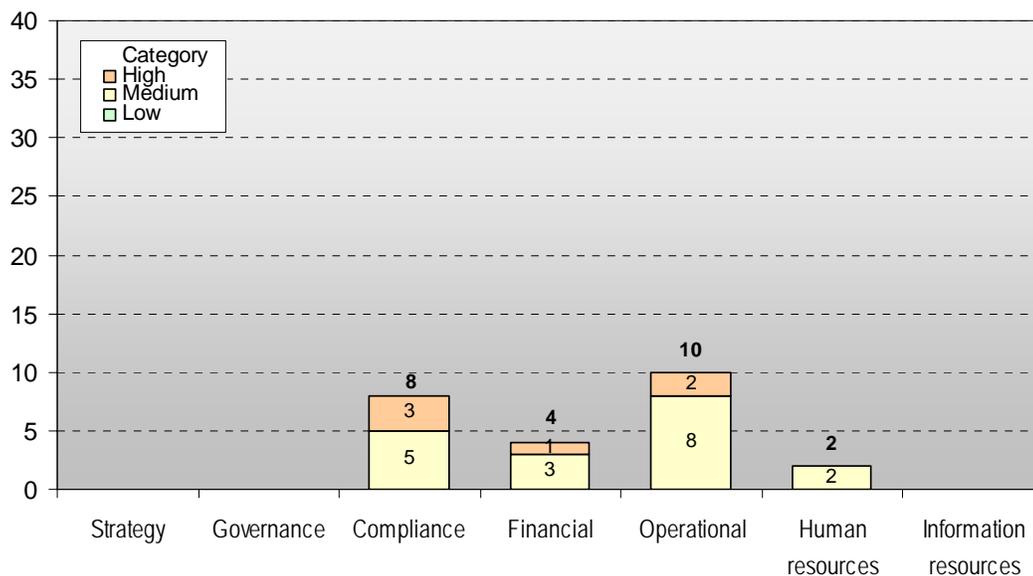
60. (ID Case 0347/09). OIOS investigated reported misconduct by a mission staff member on loan to the United Nations Secretariat. The staff member had improperly influenced senior officials so as to facilitate a dependant's recruitment. Although OIOS reported the results to the Department of Field Support, the staff member retired without consequences.

UNAMA

(a) Internal audit activities

Figure XIII

Audit recommendations issued in the period from January to December 2010 to UNAMA, by risk category



61. In 2010, OIOS issued four audit reports to UNAMA containing 24 recommendations:

- *Recruitment of national staff (AP2009/630/04)*
- *Compliance with Minimum Operating Security Standards (AP2009/630/06)*
- *Financial management (AP2010/630/05)*
- *Disposal of assets (AP2010/630/06)*

Key results included:

Financial risks

62. *Disposal of non-expendable assets (AP2009/630/06)*. UNAMA encountered problems in disposing of surplus vehicles worth \$237,000 through commercial sale owing to the absence of entry permits and customs clearance documents proving import for the sole use of UNAMA. The Mission has been working with the Ministry of Foreign Affairs to resolve the issue. The Department of Field Support stated that 48 of the 54 vehicles had been released to the buyers and that the Galileo Inventory Management System had been updated. The remaining six will be released once the buyers produce the relevant customs tax receipts.

63. *Financial management (AP2010/630/05)*. The certifying authority, as requested by UNAMA and approved by the Controller, had granted all certifying officers the ability to certify receipt of any good or service, irrespective of the officer's technical competence to do so. For example, the Chief of Air Operations

could certify the receipt of information and communications technology equipment and consultancy services. Limiting certifying authority to specific sections or subsections of the budget provides more reasonable assurance of due diligence in managing resources in compliance with Financial Rule 105.5. UNAMA stated that owing to the rest and recuperation cycle for Afghanistan, and since most human resources are stationed in Kuwait, certifying officers were not available for each account and object class/code; however, only one of the certifying officers covered by the audit was thus affected. OIOS recommended that the Mission request the Controller to grant certifying authority based on the officers' competencies. UNAMA also stated that it was in the process of requesting the Controller's approval for inclusion of additional staff members on its panel of certifying officers and that approval of the request would facilitate the inclusion of alternate certifying officers from each of the main self-accounting units, thereby ensuring that there would be certifying controls within the area of expertise of the certifying officer.

(b) Investigation activities

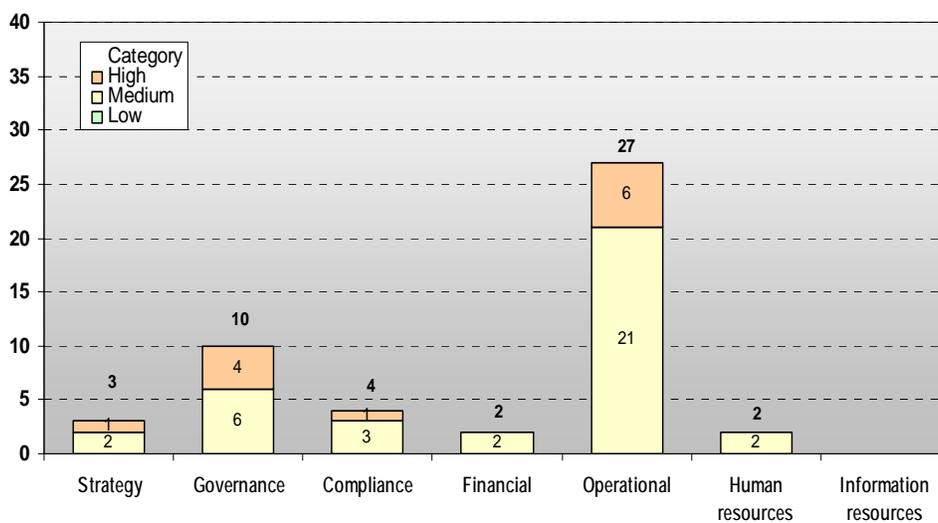
64. During 2010, OIOS issued one closure report (0434/09), had three pending cases and predicated two new cases for investigation related to UNAMA.

UNAMI

(a) Internal audit activities

Figure XIV

Audit recommendations issued in the period from January to December 2010 to UNAMI, by risk category



65. In 2010, OIOS issued five audit reports to UNAMI containing 48 recommendations:

- *Electoral support programme (AP2009/812/01)*
- *Management of travel services (AP2009/812/06)*
- *Management of information and communications technology operations (AP2009/812/07)*

- *Air operations (AP2010/812/01)*
- *Conduct and Discipline Unit (AP2010/812/02)*

Key results included:

Strategy risks

66. *Electoral support programme (AP2009/812/01)*. UNAMI did not have complete and up-to-date workplans to ensure that the electoral support programme was carried out effectively and efficiently. The Mission explained that it could not plan its activities with certainty owing to the unpredictability of political events in Iraq. In the view of OIOS, such an environment requires a robust planning process, one that provides the opportunity for reassessing resource requirements, evaluating the performance of the Electoral Assistance Office and articulating alternative actions. UNAMI has prepared a new workplan for 2011, which will be finalized based on the decisions to be taken by the Secretary-General during an upcoming meeting of the Policy Committee.

Governance risks

67. *Information and communications technology operations in UNAMI (AP2009/812/07)*. UNAMI had not established the necessary ICT governance structures including, for example, an ICT committee, in compliance with Secretary-General's bulletin ST/SGB/2003/17. Such a committee would ensure proper planning and monitoring of UNAMI activities in this area. Also, there was a 20 per cent vacancy rate (16 of the 80 authorized posts) for the ICT Section as of 31 December 2010 which affected the quality of services provided, and could impact on ICT security and its availability for support of the Mission's operations. Although UNAMI indicated that there had been difficulties in attracting staff, it did not initiate recruitment processes in a timely manner so that key positions could be filled. The Mission stated that it would establish a committee to provide strategic oversight of ICT activities.

Human resources risks

68. *Electoral support programme (AP2009/812/01)*. Three of the seven staff members within the Mission's Electoral Assistance Office had not possessed the qualifications and experience specified in their respective vacancy announcements, this being in contravention of the Staff Rules and thereby posing a risk to the effectiveness of UNAMI support to the electoral process. The Mission explained that staff had been technically cleared by the Electoral Assistance Division of the Department of Political Affairs with the assistance of the Department of Field Support. The Mission also commented that it did not have the technical ability to assess the performance of the Electoral Assistance Office staff. OIOS reiterated that the Mission was accountable for managing its staff, including recruitment and assessment of performance.

(b) Investigation activities

69. In 2010, OIOS issued one investigation report related to UNAMI:

- *Misuse of information and communications technology resources by a staff member (0564/09)*

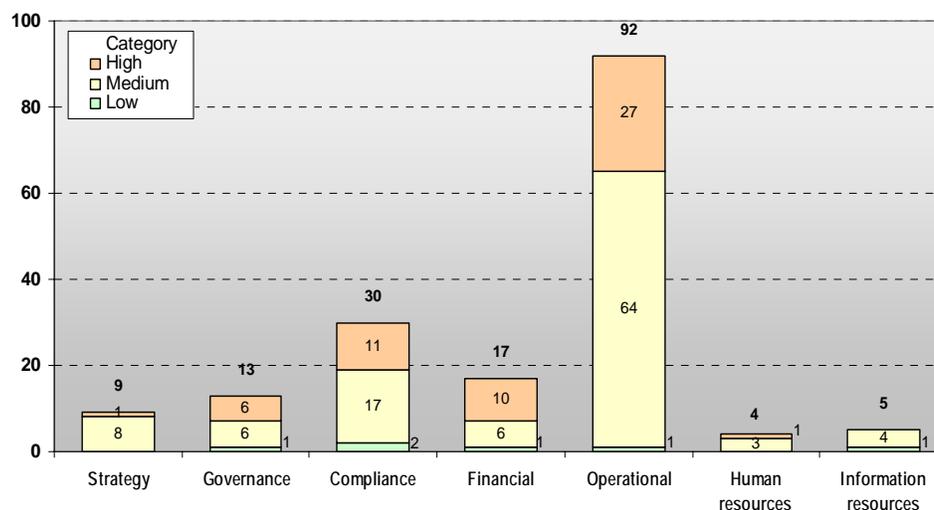
OIOS also issued three closure reports (0011/08, 0416/08, 0563/09) and predicated one new case for investigation.

UNAMID

(a) Internal audit activities

Figure XV

Audit recommendations issued in the period from January to December 2010 to UNAMID, by risk category



70. In 2010, OIOS issued 14 audit reports to UNAMID containing 170 recommendations:

- *Financial management (AP2009/634/06)*
- *Fuel management (AP2009/634/07)*
- *Logistics operations (AP2009/634/08)*
- *Contingent-owned equipment (AP2009/634/09)*
- *Receiving and inspection function (AP2009/634/12)*
- *Rations management (AP2009/634/14)*
- *Medical evacuation (AP2009/634/16)*
- *Local Committee on Contracts (AP2009/634/17)*
- *Invoice processing (AP2009/634/18)*
- *Within mission travel (AP2010/634/01)*
- *Air safety operations (AP2010/634/02)*
- *Air operations (AP2010/634/03)*
- *Freight forwarding (AP2010/634/06)*
- *Fleet management (AP2010/634/08)*

Key results included:

Governance risks

71. *Logistics operations (AP2009/634/08)*. Management and coordination of logistics activities had been inadequate owing to limited capacity in UNAMID, poor planning and organizational structure of logistics operations, and host Government restrictions. This affected supply chain management and resulted in \$1.5 million in additional costs for demurrage and storage. Measures have since been taken by the Mission to strengthen internal controls in logistics management.

72. *Freight forwarding (AP2010/634/06)*. Delays in transferring ICT equipment valued at \$13 million from Entebbe to end-users in Darfur had resulted in the ineffectiveness in use of the equipment and possible damage due to inadequate storage facilities at both locations. The delays were due to the lack of a clear definition of responsibilities within the Communications and Information Technology Section and the Customs Clearance and Shipping Unit. Moreover, a lack of adequate recordkeeping had limited the ability of UNAMID to effectively follow up on applications for customs clearance. The Mission has improved coordination and has clearly defined responsibilities, resulting in a more timely customs clearance process.

Compliance risks

73. *Air safety operations (AP2010/634/02)*. The Aviation Safety Council in UNAMID was ineffective. Permanent members had not always attended meetings and occasional members were absent when items pertaining to their areas of responsibility were discussed. This affected aviation safety in the Mission. In particular, a backlog of aviation hazards needed to be addressed, and there was no assurance that aviation safety risks were systematically identified and acted upon in a timely manner. UNAMID stated that some risks could be mitigated only with the assistance of the host Government, including risks resulting from inadequate airfield maintenance, congestion on the apron at El Fasher, and lack of communication equipment. UNAMID advised that attendance at the meeting of the Aviation Safety Council had improved, as confirmed by the attendance at the Council's meeting held in January 2011. Furthermore, the Council has revised its procedures and now imposes a deadline for implementation of all its approved actions. As a result, all aviation risk factors are now effectively addressed and there was no backlog as of 31 January 2011. UNAMID is, inter alia, improving runway illumination and ramp areas in El Fasher and Nyala; helicopter landing sites contracts have been awarded; and UNAMID representatives hold monthly meetings with the Sudan's Civil Aviation Authorities, during which most of these issues and concerns are raised with the host Government.

Financial risks

74. *Invoice processing (AP2009/634/18), Fuel management (AP2009/634/07) and Rations management (AP2009/634/14)*. UNAMID had not implemented appropriate and effective invoice processing procedures; as a result, it was not able to promptly recover \$1.22 million provided to a contractor for aviation fuel. In addition, approving officers did not exercise due diligence in reviewing invoices, resulting in: erroneous and duplicate payments of \$266,000 to two vendors; a \$2.3 million payment for aviation fuel consumed by another contractor; and failure to obtain

discounts, estimated at \$3 million. UNAMID attributed these deficiencies to high vacancy rates in key positions and non-compliance of inexperienced staff with procedures and guidelines. The Mission stated that it was taking appropriate actions to address these issues. The Department of Field Support noted that OIOS audits had been conducted at the start-up phase of the Mission when there was an insufficient number of staff in key positions in the Procurement, Finance and Supply Sections. These key positions have now been filled and the new Chief Procurement and Contract Management Section has prioritized the implementation of the appropriate measures to ensure that the procurement guidelines are followed. An amount of \$266,000 relating to duplicate payments has been recovered.

Operational risks

75. *Audit of contingent-owned equipment (AP2009/634/09)*. Contingents from two troop-contributing countries had arrived at the Mission with less than 25 per cent of the equipment specified in the relevant memoranda of understanding. In addition, the required equipment for contingents from three other troop-contributing countries arrived at the Mission several months after the contingents. This resulted in ineffective operations for a protracted period of time, as the contingents were not adequately equipped. The concerned countries were reimbursed more than \$10.2 million as regards troops that were not operationally equipped upon arrival at the Mission. The Department of Field Support reclarified the fact that reimbursement of troop costs is based on troop strength and not on troops' operational capability. Also, troop-contributing countries referred to in the report had been inherited from the African Union Mission in the Sudan, and under the previous mandate troop-contributing countries had not been required to equip their units. Since the transfer of authority to UNAMID, troop-contributing countries were mandated to provide equipment in order to bring their units up to the United Nations standard. Moreover, the time taken to transport equipment to Darfur from Port Sudan had been impacted by the adverse security situation prevailing at the beginning of the Mission. Most troop-contributing countries act in compliance with the requirements of the relevant memoranda of understanding.

(b) Investigation activities

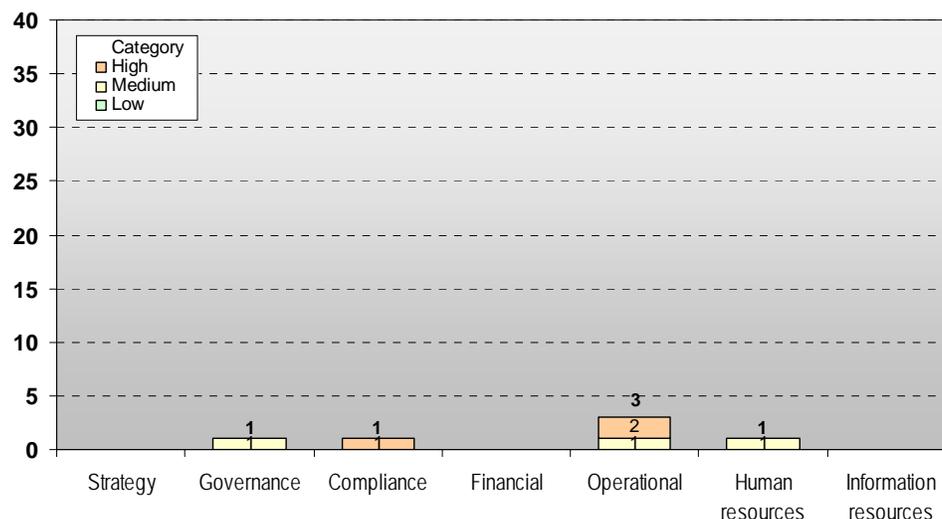
76. In 2010, OIOS had eight pending cases and predicated three new cases for investigation related to UNAMID.

UNDOF

(a) Internal audit activities

Figure XVI

Audit recommendations issued in the period from January to December 2010 to UNDOF, by risk category



77. In 2010, OIOS issued one audit report to UNDOF containing six recommendations:

- *Internal governance (AP2010/670/01)*

Key results included:

Compliance risks

78. *Internal governance (AP2010/670/01)*. UNDOF had not fully complied with the policies of the Departments of Peacekeeping Operations and Field Support on Integrated Support Services, Authority, and Command and Control. The logistics battalion reported directly to the Force Commander and not to the Chief, Integrated Support Services. Moreover, the Force Commander had not established an Integrated Mission Leadership Team to serve as the Mission's primary executive advisory forum for support of integrated decision-making and for overseeing integrated strategic development and planning. Finally, the Mission-level standard operating procedures had sometimes conflicted with policies and guidelines issued by Department of Peacekeeping Operations/Department of Field Support; and the role of the Force Commander and the extent to which the Chief of Mission Support was accountable to him on administrative matters had not been clearly defined. A Department of Peacekeeping Operations/Department of Field Support team travelled to UNDOF to review the status of OIOS recommendations and to support the Observer Force's implementation of them. The Departments provided clarification on the extent to which the Chief of Mission Support was accountable to the Head of Mission, and took the view paragraphs 36 and 37 of the Department of Peacekeeping Operations/Department of Field Support Policy on Authority, Command and Control in United Nations Peacekeeping Operations clearly indicated

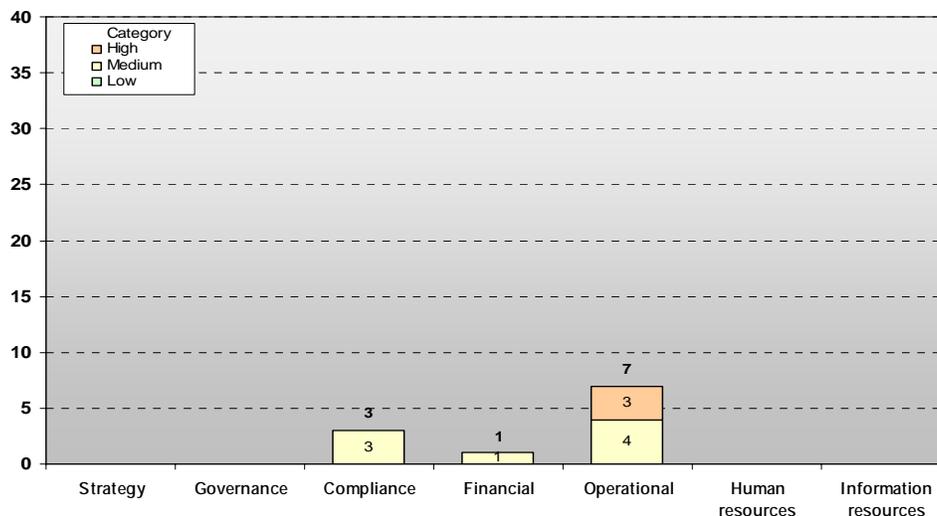
that consultations between the Head of Mission and the Chief of Mission Support should cover the whole range of operational and administrative matters.

UNFICYP

(a) Internal audit activities

Figure XVII

Audit recommendations issued in the period from January to December 2010 to UNFICYP, by risk category



79. In 2010, OIOS issued one audit report to UNFICYP containing 11 recommendations:

- *Catering services (AP2010/654/01)*

Key results included:

Operational risks

80. *Catering services (AP2010/654/01)*. UNFICYP had awarded a catering contract for the not-to-exceed amount of \$144,000 without competitive bidding and subsequently amended the contract on four occasions, between 1 October 2008 and 30 June 2010, to increase its amount to \$789,000. The Mission attributed this to the lack of trained procurement officials and stated that it would request the Procurement Division at Headquarters to provide necessary training. The Mission also stated that the ex post facto case presentation had been made and that a replacement contract would be finalized by 28 February 2011.

(b) Investigation activities

81. In 2010, OIOS issued one contingent report related to UNFICYP:

- *Procurement irregularities by a peacekeeper (0033/10)*

OIOS also issued one closure report (0120/10), had one pending case and predicated two new cases for investigation. Investigation results included the following:

Procurement

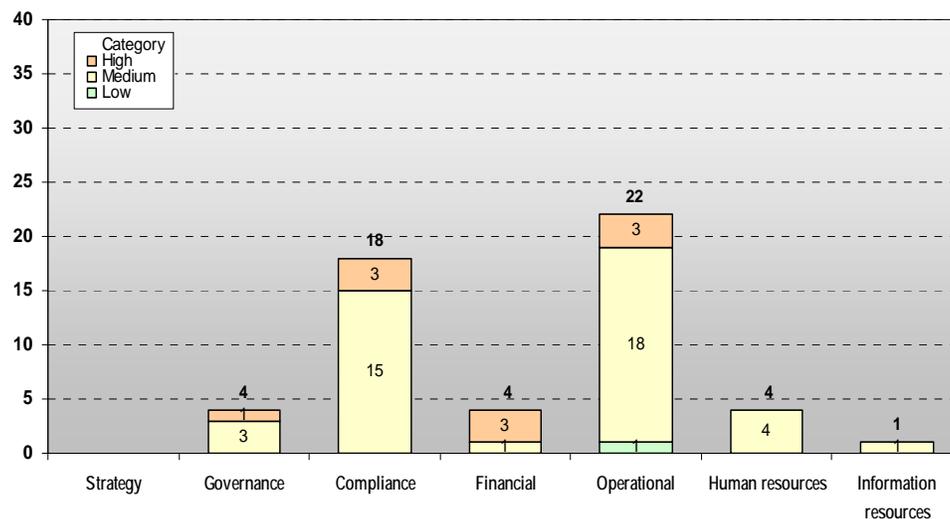
82. (ID Case 0033/10). Claims that a United Nations Force Supply officer had unduly influenced the procurement process for camp services in such a way as to favour or prejudice specific vendors were unsubstantiated. On 21 January 2011, the Department of Field Support advised the police-contributing country accordingly.

UNIFIL

(a) Internal audit activities

Figure XVIII

Audit recommendations issued in the period from January to December 2010 to UNIFIL, by risk category



83. In 2010, OIOS issued six audit reports to UNIFIL containing 53 recommendations:

- *Safety and security operations (AP2009/672/03)*
- *Management of engineering projects (AP2009/672/05)*
- *Management of non-expendable property (AP2009/672/06)*
- *Travel operations (AP2010/672/01)*
- *Movement control operations (AP2010/672/02)*
- *Medical services (AP2010/672/03)*

Key results included:

Operational risks

84. *Management of engineering projects (AP2009/672/05)*. UNIFIL had not adhered consistently to procedures for implementing engineering projects so as to ensure that priorities were met and that resources were used effectively and efficiently. There was insufficient justification to continue to maintain the presence of seven military engineering units in the Mission after July 2010, as many of the

major engineering projects had been completed. After reviewing the use of military engineering units, the Mission planned to repatriate only one unit. The need for additional units will be covered by the UNIFIL Force Structure Review mandated by the Secretary-General. UNIFIL confirmed that the troop-contributing engineering company had been repatriated and subsequently replaced by another troop-contributing engineering company to complement the existing military engineering capacity. This action is directed at the undertaking and speeding up of demining, Blue Line road construction and Force Protection Works.

(b) Investigation activities

85. In 2010, OIOS issued three closure reports (0077/09, 0138/09, 0429/07), had two pending cases and predicated one new case for investigation related to UNIFIL. Investigation results included:

Procurement

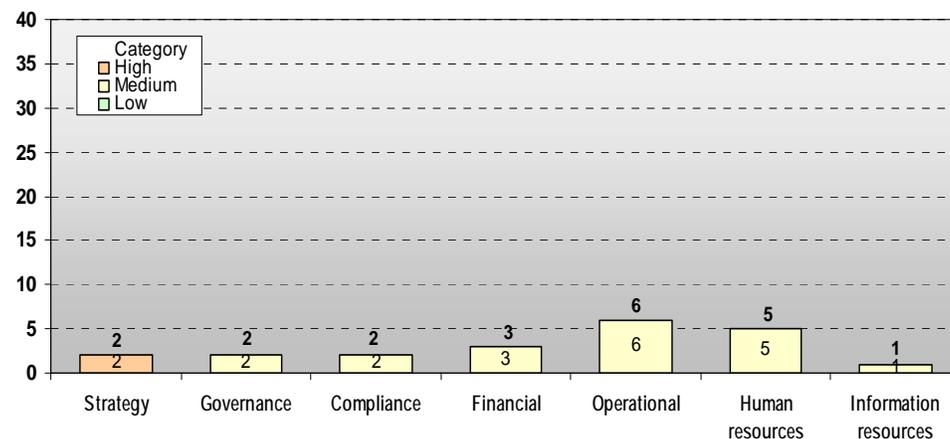
86. (ID Case 0077/09). OIOS investigated reports of procurement irregularities for cleaning services and the shipment of goods. While no staff misconduct was indicated, OIOS advised on measures to mitigate potential fraud risks, including appropriate segregation of duties between the requisitioning and procurement offices.

87. (ID Case 0138/09). OIOS investigated reports that bid openings for procurement exercises had not been handled correctly. While no staff misconduct was indicated, OIOS suggested improvements in the Interim Force's bid opening procedures which have since been implemented.

UNMIK

(a) Internal audit activities

Figure XIX
Audit recommendations issued in the period from January to December 2010 to UNMIK, by risk category



88. In 2010, OIOS issued four audit reports to UNMIK containing 21 recommendations:

- *Retrenchment of staff (AP2009/650/04)*

- *Procurement management (AP2009/650/05)*
- *Staff recreation committee funds (AP2009/650/07)*
- *Claims relating to UNMIK premises (AP2010/650/01)*

Key results included:

Strategy risks

89. *Claims relating to UNMIK premises (AP2010/650/01)*. The Mission had started processing claims relating to UNMIK premises in July 2009 when a task force was established to streamline the process and assign responsibility to the Claims Unit. However, the process was hindered by the lack of a policy directive for addressing the complexities in respect of identifying and verifying ownership of socially owned enterprises, parties to signed lease agreements, and payment modalities. UNMIK obtained a memorandum dated 16 September 2010 from the Controller providing the necessary policy guidelines. The Department of Field Support clarified the fact that the memorandum dated 16 September 2010 from the Controller related to a specific claim case. It annexed a legal opinion, also relating to that case. Although this communication deals with one specific case, the approach of the Controller and Office of Legal Affairs could be applied to other cases based on similar facts and could be considered a general “policy guidance”.

(b) **Investigation activities**

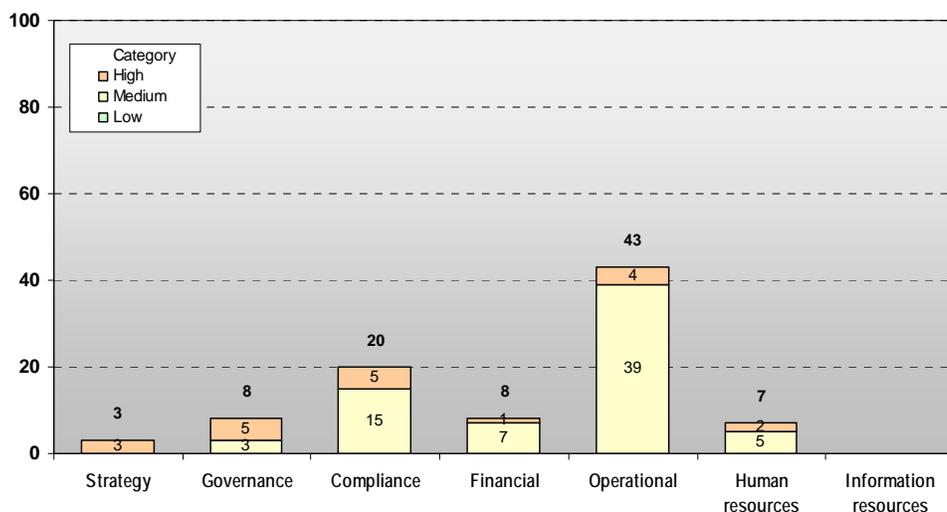
90. In 2010, OIOS had one pending case related to UNMIK.

UNMIL

(a) **Internal audit activities**

Figure XX

Audit recommendations issued in the period from January to December 2010 to UNMIL, by risk category



91. In 2010, OIOS issued seven audit reports to UNMIL containing 89 recommendations:

- *Supply chain management (AP2009/626/03)*
- *Occupational safety and health (AP2009/626/09)*
- *Local Property Survey Board (AP2009/626/12)*
- *Management of engineering assets (AP2009/626/14)*
- *Procurement of local contracts (AP2010/626/01)*
- *Public information services (AP2010/626/03)*
- *Information and communications technology governance and security management (AT2009/626/01)*

Key results included:

Strategy risks

92. *Public information services (AP2010/626/03)*. Contrary to the Policy and Guidance for Public Information in United Nations Peacekeeping Operations, the Mission did not have a public information strategy. This had resulted in a lack of clear-cut direction and the risk of devising inadequate and ineffective public information programmes. Additionally, there was no formal coordination, particularly during annual work planning and budgeting, between the Public Information Office and the substantive components so as to ensure that public information activities were directed towards their objectives. The Mission's management accepted the OIOS recommendation to establish an UNMIL-specific public information strategy, formalize existing structures and advise substantive sections to discuss their public information needs with the Public Information Office which would then adjust its workplan accordingly. The Mission also stated that the Public Information Office would prepare a communications strategy for the period from February 2011 to February 2012, during which the United Nations is to provide support for the elections process. This strategy will also cover the transition as UNMIL draws down militarily.

Compliance risks

93. *Management of engineering assets (AP2009/626/14)*. Generator stock levels in UNMIL had exceeded the established standards by 89 per cent owing to a lack of a monitoring procedure to ensure compliance. Additionally, seven mobile generator workshops and three prefabricated soft wall hangars valued at \$1.3 million were not used for extended periods. This was attributed to the lack of technical expertise and shortage of heavy-duty forklifts to transport the hangars and missing parts. The Mission accepted the OIOS recommendations to review its generator requirement, inspect the hangars and take appropriate action, including their transfer to other missions. The Department of Field Support has assisted UNMIL in reviewing its generator holdings by deploying two assistance teams to the Mission. Furthermore, the Mission is taking action to address the recommendations of OIOS.

94. *Procurement of local contracts (AP2010/626/01)*. UNMIL had not established adequate criteria for evaluating bids and there were instances where technical evaluation teams recommended specific vendors, contrary to the guidance provided

in the United Nations Procurement Manual. In addition, UNMIL did not establish evaluation committees for solicitations exceeding \$200,000, thereby compromising the integrity and transparency of the evaluation process. These weaknesses were attributed to the lack of training of requisitioners and the absence of proper management oversight by the Procurement Section. UNMIL stated that the Chief Procurement Officer would henceforth sign off on all evaluation criteria and that requisitioners would be appropriately trained.

Information resources risks

95. *Information and communications technology governance and security management (AT2009/626/01)*. Physical and environmental controls at some locations housing critical ICT equipment and information were inadequate. Moreover, the Mission's code cables had been duplicated and stored in the code cable room, creating the risk of unauthorized access to sensitive information. The shredder was ineffective in preventing reassembly and use by unauthorized individuals. UNMIL had identified several actions in the area of information security for addressing risks related to inadequate access controls and unprotected mobile computing devices, to be completed during 2009-2010. Since none of the actions had been implemented at the time of the audit in November 2009, the Mission's data and operations were still exposed to unmitigated security risks. UNMIL accepted the recommendations of OIOS that it implement physical and environmental controls in line with industry best practice and amend its internal procedures for handling code cables.

(b) Investigation activities

96. In 2010, OIOS issued 11 investigation reports and four contingent reports related to UNMIL:

- *Sexual exploitation and misuse of office by a staff member (0126/10)*
- *Sexual exploitation by Formed Police Unit personnel (0166/09 Part A)*
- *Failure of a staff member to report sexual exploitation (0166/09 Part B)*
- *Sexual exploitation and abuse of local women, including a minor, by UNPOL officers (0255/07 Part A, Part B and Part C)*
- *Possible sexual exploitation and abuse by a corrections officer (0324/09 Part B)*
- *Forgery and abuse of office by a staff member (0332/07)*
- *Fraud and blackmail by a staff member (0519/07)*
- *Reported assault and verbal threats by Formed Police Unit personnel (0554/08)*
- *Misuse of information and communications technology resources by a staff member (0613/08)*
- *(Four) contingent reports on sexual exploitation and abuse by peacekeepers (0016/10 (corrigendum issued on 27 August 2010), 0320/09, 0324/09, Part A and 0354/09)*

OIOS also issued 12 closure reports (0048/05, 0207/10, 0208/10, 0330/05, 0350/09, 0448/06, 0485/08 Part A and Part B, 0503/06, 0530/08, 0606/09, 0735/05), had 14 pending cases and predicated 8 new cases for investigation. Investigation results included:

Sexual exploitation and abuse

97. (ID Case 0166/09). OIOS investigated reported sexual exploitation and assault of a local woman by four members of a Formed Police Unit. The commotion had attracted the attention of an UNMIL Security Officer who failed to report the incident to the Head of Mission as required. The case against the Security Officer awaits the outcome of the internal disciplinary process. The Department of Field Support provided the investigation results with regard to the four police officers to the police-contributing country on 30 April 2010. A response has yet to be received.

98. (ID Case 0255/07). OIOS investigated the sexual abuse of a minor by a United Nations Police Officer, who had subsequently assisted the victim in undergoing an abortion. Two other United Nations Police Officers from the same police-contributing country may have engaged in the sexual exploitation of local women, and some officers sought to obstruct the OIOS investigation. The Department of Field Support referred OIOS results to the police-contributing country on 30 April 2010 for appropriate action. A response is still outstanding.

(c) Evaluation activities

99. In 2010, OIOS issued one evaluation report on UNMIL:

- *Programme evaluation of the performance and the achievement of results by UNMIL (A/64/712)*

Key results included:

100. (A/64/712). The lack of a clear definition by UNMIL of the concept of security sector reform, especially at the sector-wide level, as well as a limited integrated strategy for strengthening the justice and security sectors, contributed to slowed and uneven improvements in the rule-of-law and security sectors. While reform of the country's security institutions has made visible progress, results are uneven; and while approximately 4,000 police personnel have been deployed since the conflict ended, issues of operational preparedness remain. Reform of the sector-wide framework of the security system will require more attention. For example, the police in Liberia captured suspected criminals at a rate faster than that at which the judicial and corrections institutions could manage to process the suspects. The lack of capacity in the judiciary thus contributed to prison overcrowding and a failure to meet human rights requirements, including the right to a timely trial. Moreover, capacity-building in the security sector system, particularly outside Monrovia, should be addressed. Further, it is of critical importance that the relationship among the executive and the legislature, the police, the prosecutor and the courts, and civil society and security institutions be enhanced. Accountability measures should receive more attention, particularly with regard to parliamentary oversight, and the role of the media and civil society, if the current lack of public confidence in justice and security institutions is to be overcome. An overarching strategy provides focus and helps coordinate donor support for all relevant areas of such reform. OIOS recommended that UNMIL, in close consultation with the United Nations country

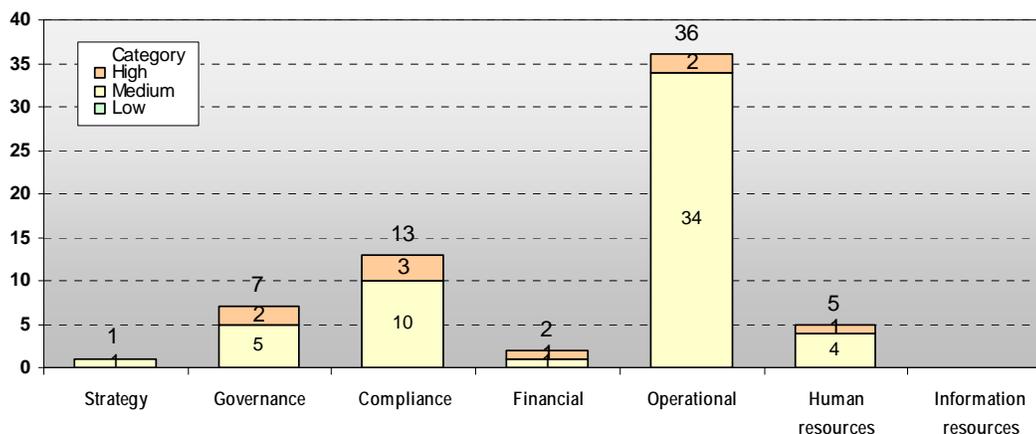
team, Member States and the Government of Liberia, develop an overarching strategy for security sector reform that links the reform of the defence sector, the national police, and the judicial and corrections systems. OIOS recommended that such a strategy take into account the Mission's drawdown phase, addressing reform components that will be managed both before and after the Mission withdraws.

UNMIS

(a) Internal audit activities

Figure XXI

Audit recommendations issued in the period from January to December 2010 to UNMIS, by risk category



101. In 2010, OIOS issued 10 audit reports to UNMIS containing 64 recommendations:

- *Recruitment of national staff (AP2009/632/05)*
- *Integrated Mission Training Centre (AP2009/632/07)*
- *Contingent-owned equipment verification process (AP2009/632/09)*
- *Technical and commercial evaluation of bids (AP2009/632/10)*
- *Medical stores and equipment (AP2010/632/01)*
- *Quick-impact projects (AP2010/632/03)*
- *Facilities management (AP2010/632/08)*
- *Disarmament, Demobilization and Reintegration programme (AP2010/632/09)*
- *Aviation safety (AP2010/632/10)*
- *Within-mission travel (AP2010/632/13)*

Key results included:

Governance risks

102. *Quick-impact projects (AP2010/632/03)*. While UNMIS had improved the implementation rate of quick-impact projects, the process for the prioritization of selected projects was unclear. Failure to prioritize these projects could reduce the

Mission's ability to establish and build confidence of the local population in the Mission and the peace process. The Mission stated that formal review and prioritization were conducted at the Mission's sector and headquarters levels through review committees, and endorsed by the Chief of Staff. However, there was no assurance that the Head of Mission regularly reviewed these priorities in line with the mandate of UNMIS. The Mission accepted the OIOS recommendation that the review, prioritization and approval of quick-impact projects be formalized.

103. *Disarmament, Demobilization and Reintegration programme (AP2010/632/09)*. The Steering Committee responsible for providing strategic direction and guidance on the Disarmament, Demobilization and Reintegration programme had not always clarified responsibilities and timelines for implementing decisions, which resulted in different interpretations of the agreement between the United Nations Development Programme (UNDP) and UNMIS for a unified administrative structure and affected the coordination of the Programme. UNMIS stated that the main source of the problem was not the effectiveness of the Steering Committee but the differences in business models and organizational mandates, corporate cultures and financial and administrative approaches between UNMIS and UNDP, which created significant challenges to structural integration. UNMIS stated that a new draft memorandum of understanding between UNMIS and UNDP has been produced to clarify responsibilities.

Operational risks

104. *Disarmament, Demobilization and Reintegration programme (AP2010/632/09)*. The Disarmament, Demobilization and Reintegration programme in UNMIS had not achieved its demobilization goals. For example, against targets of 50,000 and 55,000 for 2008-2009 and 2009-2010, 6,556 and 17,036 ex-combatants were demobilized, respectively. The Mission stated that targets could not be met owing to delays in obtaining a list of ex-combatants from the National Commission and to the late deployment of UNMIS staff. Moreover, the process of demobilization had been suspended for seven months owing to the need for revised standard operating procedures on candidate eligibility verification. UNMIS acknowledged the issue and stated that the standard operating procedures on candidates' eligibility verification had been finalized and approved in March 2010. Furthermore, the Mission noted that implementation of the programme, which had been launched in February 2009, was delayed owing to factors associated with the overall political process and the long-awaited agreement between the northern and southern Disarmament, Demobilization and Reintegration Commissions on the national Disarmament, Demobilization and Reintegration Strategic Plan prepared in December 2008.

(b) Investigation activities

105. In 2010, OIOS issued two investigation reports and one contingent report related to UNMIS:

- *Fraud by a staff member (0300/10)*
- *Sexual exploitation of a minor by a United Nations Volunteer (0395/09)*
- *Contingent report of investigation into the killing of a non-government organization worker by a peacekeeper (0391/09)*

OIOS also had 24 pending cases and predicated 15 new cases for investigation. Investigation results included:

Financial

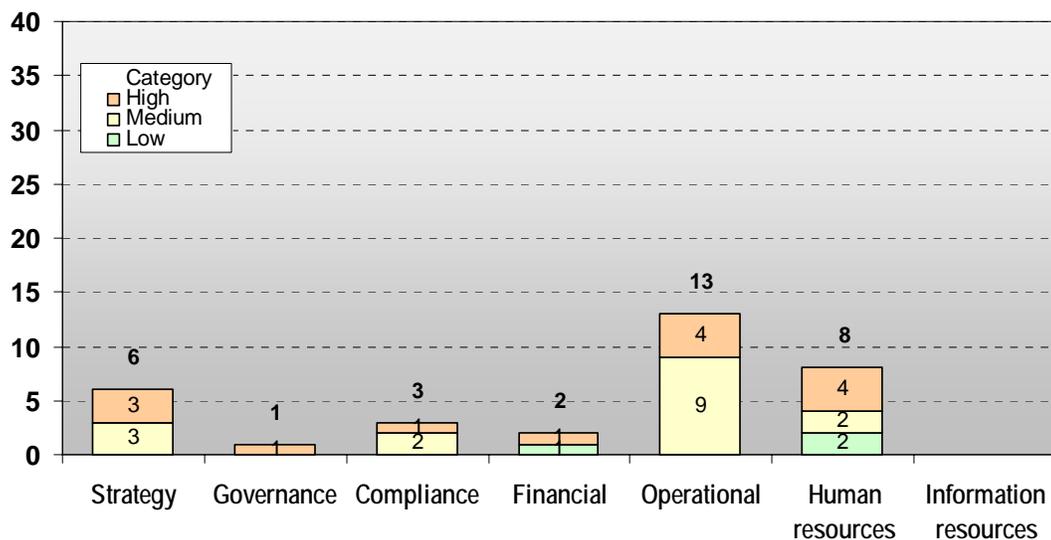
106. (*ID Case 0300/10*). OIOS substantiated a report that a staff member in the Payroll Unit had fraudulently altered electronic records to obtain excess salary payments, since partially recovered. Subsequently, UNMIS has implemented preventative measures including regular system checks, data change activity reports, and limited staff access rights. Further action is pending, to be determined by the outcome of the internal disciplinary process.

UNMIT

(a) Internal audit activities

Figure XXII

Audit recommendations issued in the period from January to December 2010 to UNMIT, by risk category



107. In 2010, OIOS issued four audit reports to UNMIT containing 33 recommendations:

- *Support to the development of the administration of justice (AP2009/682/03)*
- *Public information services (AP2009/682/04)*
- *Medical services (AP2010/682/01)*
- *Administrative management of public information services (AP2010/682/02)*

Key results included:

Strategy risks

108. *Public information services (AP2009/682/04)*. UNMIT did not have a coherent public information strategy, which was attributed to frequent changes in the leadership of the Public Information Office. This had resulted in a lack of clear

direction and the inefficient and ineffective use of resources. UNMIT stated that this issue has since been resolved, with the arrival of the Public Information Chief in 2009. A communication strategy was developed in the first half of 2010 and is currently being adjusted to better address challenges facing the mission in the remaining two years of its mandate.

Operational risks

109. *Support to the development of the administration of justice (AP2009/682/03)*. While UNMIT had contributed to the strengthening of the justice sector in Timor-Leste, its support was impeded by the Mission's low level of engagement with national counterparts. This was due partly to the small size of the UNMIT Administration of Justice Support Unit and vacancies in key positions (for national professional officers), which are critical to building bridges with national authorities. Moreover, the respective roles and responsibilities of UNMIT and UNDP regarding United Nations support were not clearly defined, which could diminish the effectiveness of United Nations support. The Mission filled vacant positions shortly after the audit, and stated that it would review its mechanisms and improve working relations.

Human resources risks

110. *Public information services (AP2009/682/04)*. Critical posts in the Public Information Office, such as those of Radio Producer, Head of the Radio Unit and Head of the Administrative Offices, had been vacant for about two years. Despite continuing staffing shortages, UNMIT staff was sent on temporary assignment to other Missions. The Mission stated that the human resources reform had caused prolonged delays in the recruitment process, but that efforts were being made to fill vacancies. Furthermore, the Mission reconfirmed that there had been two cases of temporary assignments of staff members from the Public Information Section to two missions for durations of two months and one month, respectively, pursuant to urgent requests by those missions. The posts in the Radio Unit had not been filled immediately despite extensive recruitment efforts, owing to a combination of factors, including a declining of the offers by selected candidates. The post of Administrative Officer had not been filled after the reassignment of the incumbent, as it was expected to be abolished under the 2010/11 budget, as a result of a reduction in activities in the Public Information Section.

(b) Investigation activities

111. In 2010, OIOS issued five investigation reports related to UNMIT:

- *Misuse of information and communications technology resources by a staff member (0170/10, 0171/10 and 0172/10)*
- *Fraudulent wire transfer by a staff member (0290/09)*
- *Preliminary investigation report on misuse of communication and information technology resources by a United Nations Police Officer (0222/09)*

OIOS also issued one closure report (0438/09) and predicated three new cases for investigation. Investigation results included:

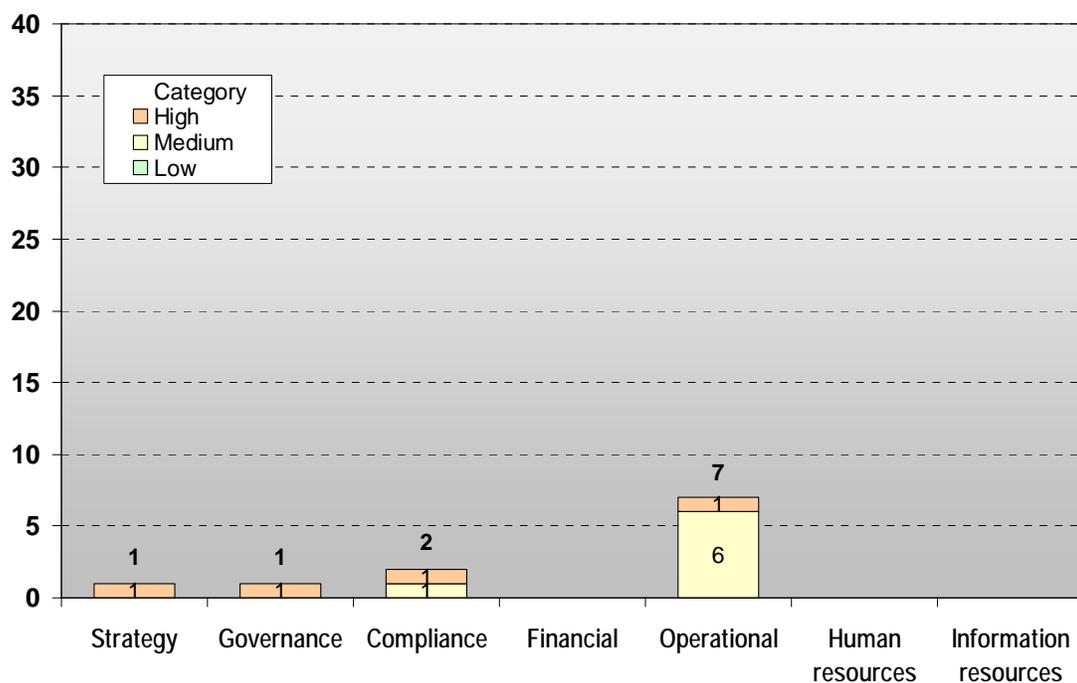
Financial

112. (ID Case 0290/09). OIOS substantiated the report of a fraudulent transaction on a staff account at the United Nations Federal Credit Union. A staff member had accessed his colleague's bank account and initiated a wire transfer, resulting in a financial loss to the victim. The matter remains open, pending the outcome of the internal disciplinary process; moreover, the Office of Legal Affairs is considering referring the matter to national authorities for appropriate action.

United Nations Military Observer Group in India and Pakistan (UNMOGIP): Internal audit activities

Figure XXIII

Audit recommendations issued in the period from January to December 2010 to UNMOGIP, by risk category



113. In 2010, OIOS issued one audit report to UNMOGIP containing 11 recommendations:

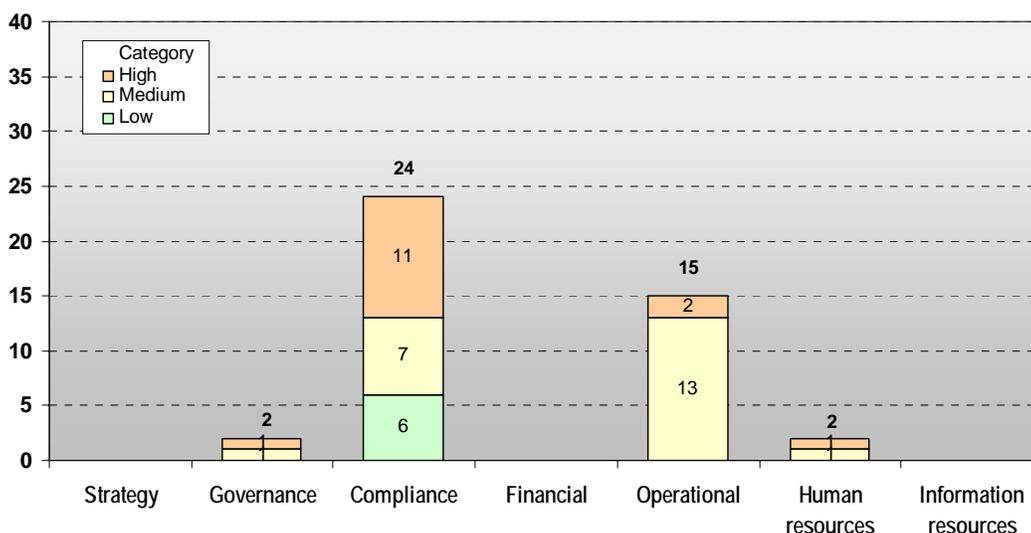
- *The United Nations Military Observer Group in India and Pakistan (AP2010/600/02)*

UNOCI

(a) Internal audit activities

Figure XXIV

Audit recommendations issued in the period from January to December 2010 to UNOCI, by risk category



114. In 2010, OIOS issued five audit reports to UNOCI containing 43 recommendations:

- *Requisitioning process (AP2009/640/03)*
- *Contract management (AP2009/640/06)*
- *Hiring and payment procedures for consultants (AP2009/640/07)*
- *Conduct and Discipline Team (AP2010/640/01)*
- *Emergency preparedness leading up to and during the presidential election (AP2010/640/04)*

Key results included:

Compliance risks

115. *Contract management (AP2009/640/06)*. Monitoring of the contract management process in UNOCI had been inadequate. As a result, the Organization's interests were not properly safeguarded, as the required performance bonds and insurance coverage were not obtained for most of the contracts covered by the audit. UNOCI has followed up with the contractors and requested the necessary documents. In addition, training on contract management has been provided to Mission staff.

Operational risks

116. *Requisitioning process (AP2009/640/03)*. Requisitioners in UNOCI had not had a good understanding of their roles and responsibilities in the procurement

process and therefore did not always perform their functions effectively. For example, requisitioners did not specify realistic dates for delivery of goods, did not conduct adequate research when developing specifications, and did not always review inventory levels prior to requesting goods. This approach did not ensure cost-effective purchasing. The Mission has developed guidance for staff and is providing training to requisitioners designed to improve the process. The Department of Field Support concurred that requisitioners need to have a good understanding of their roles and responsibilities in the procurement process. The Procurement Division has now established basic online procurement training for requisitioners and the Department is planning to establish a training regime for requisitioners on all aspects of establishing technical criteria for bidding and proper technical evaluations of bids.

Human resources risks

117. *Conduct and Discipline Team (AP2010/640/01)*. Four of the six professional posts of the Conduct and Discipline Team in UNOCI, including Chief of Section, had been vacant for about one year. UNOCI attributed this to delays in the recruitment process. The lack of capacity affected the work of the Team and limited the time allocated to reviewing investigation reports, one of its main functions. The Department of Field Support clarified the fact that the post of Chief Conduct and Discipline Officer had been encumbered by the Conduct and Discipline staff member (P-4) whose special post allowance from 11 May 2009 through 11 May 2011 had led to this post being frozen. Also, one other Professional post was on loan to the Office of the Special Representative of the Secretary-General. The other posts are now encumbered.

(b) Investigation activities

118. In 2010, OIOS issued two investigation reports and two contingent reports related to UNOCI:

- *Sexual exploitation and abuse by a military observer (0553/08)*
- *Fraud by a staff member (0572/09)*
- *Contingent report on assault by peacekeepers (0155/08)*
- *Contingent report on sexual exploitation and abuse of a minor by a peacekeeper (0182/10)*

OIOS also issued 4 closure reports (0057/09, 0258/07, 0437/08, 0488/08), had 12 pending cases and predicated 8 new cases for investigation. Investigation results included:

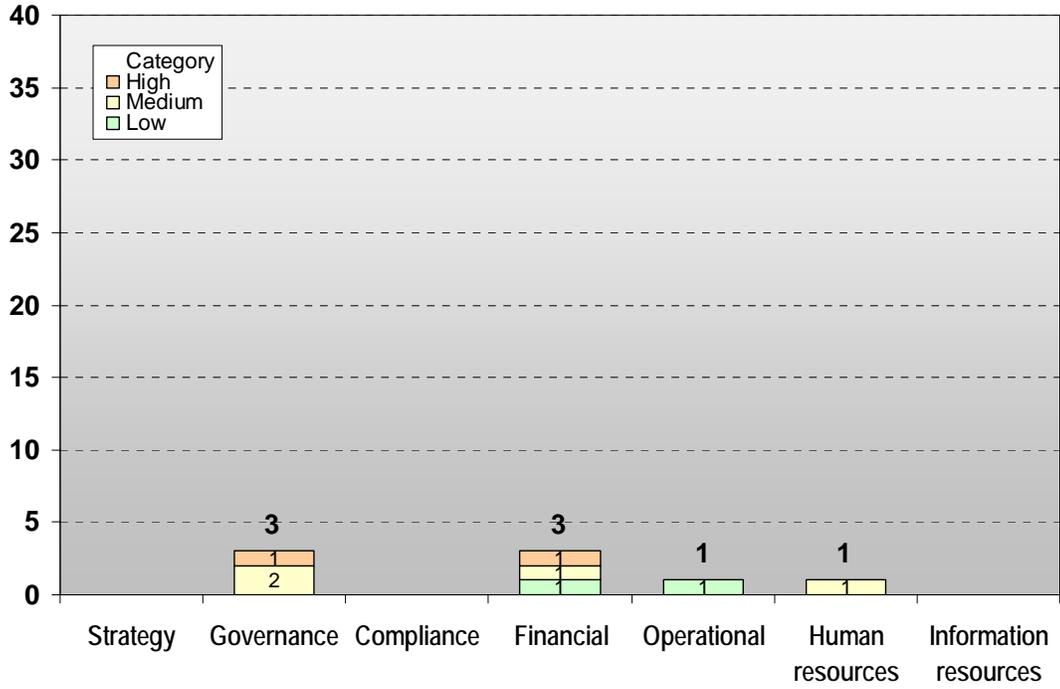
Sexual exploitation and abuse

119. (*ID Case 0553/08*). OIOS found, on a preliminary basis, that a Military Observer had had a sexual relationship with a 16-year-old girl employed as his domestic worker, which resulted in the birth of a child. The Department of Field Support and the Permanent Mission of the police-contributing country are reviewing the matter for appropriate action.

United Nations Political Office for Somalia (UNPOS): Internal audit activities

Figure XXV

Audit recommendations issued in the period from January to December 2010 to UNPOS, by risk category



120. In 2010, OIOS issued one audit report to UNPOS containing eight recommendations:

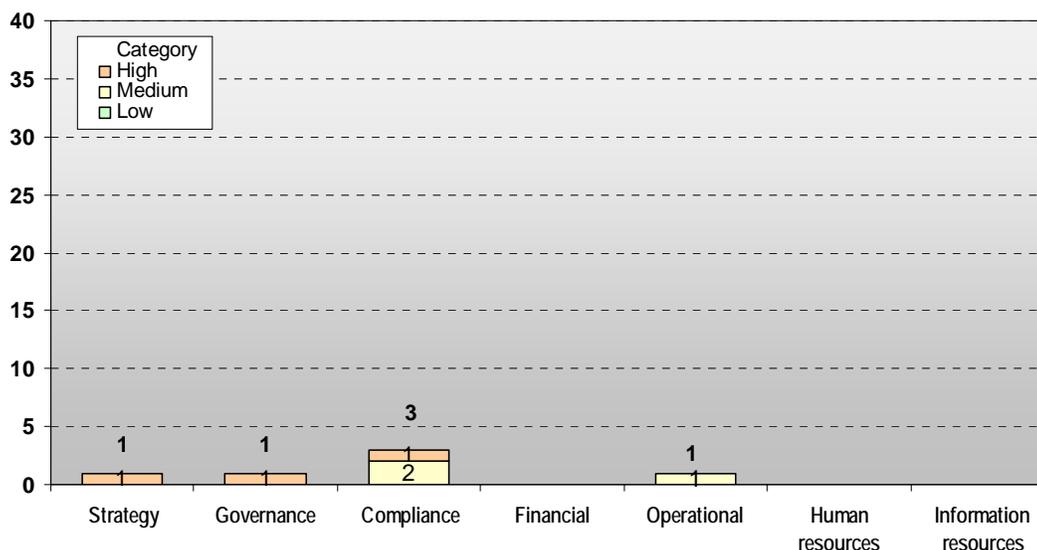
- *UNPOS administrative functions (AP2010/638/01)*

UNSOA

(a) Internal audit activities

Figure XXVI

Audit recommendations issued in the period from January to December 2010 to UNSOA, by risk category



121. In 2010, OIOS issued one audit report to UNSOA containing six recommendations:

- *Remote management of activities in Mogadishu (AP2010/638/07)*

Key results included:

Strategy risks

122. *Remote management of activities in Mogadishu (AP2010/638/07)*. UNSOA had lacked a clear strategy on how to deliver, manage and account for the logistic support that it provides remotely to the African Union Mission in Somalia (AMISOM). The related policy guidance and tools for an efficient coordination of UNSOA activities had not yet been promulgated by the Department of Field Support. In the interim, UNSOA had distributed a concept paper for the establishment of an AMISOM joint support operations centre for the purpose of developing more effective reporting mechanisms and controls of all assets in Mogadishu, both United Nations- and contingent-owned. UNSOA clarified the fact that, as part of a Remote Management Strategy, UNSOA and AMISOM had established the Joint Support Operations Centre which has been operational since November 2010. As part of their responsibility, staff of the Operations Centre provide mentoring and technical advice to the AMISOM Force Logistics Team to ensure that it manages and accounts for all materials issued by UNSOA to AMISOM. The Operations Centre also carries out random reviews of the accounting process, whose findings are reported back to UNSOA. With the establishment of the Joint Support Operations Centre, UNSOA is able to further strengthen the reporting and control mechanisms in Mogadishu.

Compliance risks

123. *Remote management of activities in Mogadishu (AP2010/638/07)*. Between 1 August 2009 and 31 July 2010, UNSOA had provided United Nations-owned equipment costing \$20 million to AMISOM. However, as at July 2010, AMISOM had not acknowledged receipt of the equipment, despite the requirement to return signed receipts. Moreover, although control structures for monitoring the various construction projects in Mogadishu were in place and were operating as intended, no inventory records had been maintained by UNSOA. Hence, UNSOA faced the risk of being unable to hold AMISOM accountable for any missing items. UNSOA accepted the OIOS recommendation to ensure that AMISOM complies with the established arrangements, which require acknowledging receipt of equipment. Furthermore, the Department of Field Support stated that the Mission had revised its procedures to ensure improved accountability for all assets issued by UNSOA to AMISOM. Also, as of 13 September 2010, UNSOA had implemented a verification and inspection mechanism through a third-party contractor. The result of the joint verification by the UNSOA contractor and AMISOM personnel is the implementation of acknowledgement and confirmation of receipt of equipment by the AMISOM designated officer and establishment of accountability. The movement of non-expendables is now being recorded by UNSOA and AMISOM.

(b) Investigation activities

124. In 2010, OIOS had predicated two new cases for investigation related to UNSOA, both of which were pending.

Other missions

125. In 2010, OIOS issued one investigation report related to the United Nations Integrated Office in Burundi (BINUB):

- *Misconduct by a staff member on temporary duty assignment (0255/09)*

OIOS also conducted investigation activities in the following missions:

Investigation activities related to other missions

	<i>2010 closure report</i>	<i>Pending cases as at 31 December 2010</i>	<i>Cases predicated for investigation in 2010</i>
BINUB	<i>(0373/09)</i>	1	1
BONUCA	—	3	2
UNOMIG	—	1	—
UNOTIL	<i>(0135/09)</i>	—	—
UNTSO	—	1	1

Abbreviations: BONUCA, United Nations Peacebuilding Support Office in the Central African Republic; UNOMIG, United Nations Observer Mission in Georgia; UNOTIL, United Nations Office in Timor-Leste.