



## INTERNAL AUDIT DIVISION

# REPORT 2015/155

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### Audit of the United Nations Military Observer Group in India and Pakistan

Overall results relating to the effective management of military observation operations and the support activities of the United Nations Military Observer Group in India and Pakistan were initially assessed as partially satisfactory. Implementation of five important recommendations remains in progress

**FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY**

2 December 2015  
Assignment No. AP2015/680/01

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# AUDIT REPORT

## Audit of the United Nations Military Observer Group in India and Pakistan

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of United Nations Military Observer Group in India and Pakistan (UNMOGIP).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. Following the signing of the Karachi Agreement in July 1949, UNMOGIP was established to supervise the ceasefire between India and Pakistan in the State of Jammu and Kashmir. After renewed hostilities in 1971, the United Nations Security Council adopted resolution 307 on 21 December 1971, calling for a durable ceasefire in all areas; to remain in effect until all armed forces had withdrawn to their respective territories and to positions that fully respected the ceasefire line in Kashmir, and to be supervised by UNMOGIP. In July 1972, India and Pakistan signed an agreement defining a Line of Control in Kashmir. India took the position that the mandate of UNMOGIP had lapsed since it related specifically to the ceasefire line under the Karachi Agreement. Pakistan, however, did not accept this position. Given the disagreement between the two parties over the UNMOGIP mandate and functions, the Secretary-General's position has been that UNMOGIP could be terminated only by a decision of the Security Council. In the absence of such a decision, UNMOGIP has maintained the same arrangements as established following the December 1971 ceasefire.
4. UNMOGIP current tasks are to observe developments pertaining to the strict observance of the December 1971 ceasefire and to report thereon to the Secretary-General. UNMOGIP has a main Headquarters in Islamabad and a rear Headquarters in Srinagar. The Mission is headed by a Chief Military Observer at the D-2 level and has seven field stations located on the Pakistani-administered side of the Line of Control, four field stations on the Indian-administered side of the Line of Control and a liaison office in New Delhi.
5. The 2014-2015 budget for UNMOGIP was \$19 million. The budget covers 25 international civilian personnel, 49 local staff and non-post resources. The Mission also has 44 military observers. Military personnel from the Indian and Pakistan Army provide driving, security and field station domestic services.
6. Comments provided by UNMOGIP are incorporated in italics.

### II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNMOGIP governance, risk management and control processes in providing reasonable assurance regarding the **effective management of military observation operations and the support activities of UNMOGIP**.
8. The audit was included in the 2015 risk-based work plan of OIOS due to the operational risks relating to the military observer operations in India and Pakistan. UNMOGIP also requested OIOS to audit its Post Exchange (PX) operations due to concerns over its management.

9. The key controls tested for the audit were: (a) risk assessment and strategic planning; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Risk assessment and strategic planning** - controls that provide reasonable assurance that risks and opportunities related to the UNMOGIP military observer operations and related support activities are identified and assessed and strategic plans are developed to guide operations.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of UNMOGIP; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

10. The key controls were assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit in July and August 2015. The audit covered the period from 1 July 2013 to 30 June 2015.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

13. The UNMOGIP governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of military observation operations and the support activities of UNMOGIP**. OIOS made six recommendations to address the issues identified. A broad concept of operations was in place; and adequate security measures were implemented related to minimum operating residential security standards, security training and radio checks. To improve operations, UNMOGIP needed to: (a) develop a mission concept to strengthen its strategic direction; (b) address the lack of key human resource capacities required by the Mission; (c) seek legal advice concerning the status of host country drivers assigned to the Mission; (d) exercise the warden system; (e) implement controls over PX operations to ensure its viability and accountability; and (f) seek legal advice on the status of PX employees.

14. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **partially satisfactory** as implementation of five important recommendations remains in progress.

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<sup>1</sup> A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

**Table 1: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
<b>Effective management of military observation operations and support activities of UNMOGIP</b>	(a) Risk assessment and strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### **A. Risk assessment and strategic planning**

The lack of formal agreements with the host governments resulted in operational constraints

15. Article 105 of the United Nations Charter confers privileges and immunities on the United Nations and Representatives of Members and Officials of the Organization, as are necessary to fulfil their purpose. The host country and the United Nations normally formalize these privileges and immunities in a status of mission agreement (SOMA). In line with its mandate, UNMOGIP operational tasks include investigations into alleged ceasefire violations, field trips and observation post activities to monitor the general situation in the Line of Control, road reconnaissance to observe military movements, and visits to field stations for information sharing, with regular reports to the Secretary-General.

16. The United Nations and the host governments had not signed a SOMA or other agreement formalizing their relationship. This has been the situation since the establishment of the Mission in 1949. More recently, on 16 September 2008, DPKO sent a draft SOMA to the Pakistani authorities for consultation and signature. In 2015, the issue was again raised with the Pakistani authorities and reminders issued. Nonetheless, although efforts are continuing, no progress has been made. Also, since the July 1972 agreement between India and Pakistan, India maintained that the mandate of UNMOGIP had lapsed and adopted a *de facto* position of minimal cooperation resulting in operational constraints on the Indian-administered side of the Line of Control.

17. The lack of formal agreements with the two host governments and other restrictions imposed impacted the Mission's ability to fully implement its mandated tasks. For example UNMOGIP: (a) was paying for the cost of some of its facilities which were previously provided free of charge; (b) staff were not receiving visas in a timely manner resulting in outstations sometimes being left unmanned and delays in rotation of staff; (c) civilian staff traveling to certain UNMOGIP areas of operation had to obtain clearance, which had to be done 15 days in advance; and (d) had restrictions imposed on its military movements and had limited access to the information needed to conduct investigations of incidents.

18. As UNMOGIP and DPKO were taking steps to obtain formal agreements with the host governments, OIOS did not make a recommendation.

### Mission concept was needed to strengthen strategic direction

19. On 1 January 2014, DPKO, DFS and the Department of Political Affairs (DPA) developed and issued revised mission concept guidelines, which recommended that UNMOGIP develop a mission-specific concept. The concept is expected to include: a statement of intent and strategy on how the mission planned to implement the Security Council mandate, taking into account the UNMOGIP role in the broader United Nations system and international context; guiding principles for mandate implementation; mission objectives; priorities; key assumptions; and risks. The mission concept is a management tool for strategic planning, communication and resource allocation.

20. A review of documents and interviews with the Chief Military Observer and Deputy indicated that a mission concept was not prepared. UNMOGIP instead developed a broad concept of operations, setting out its mandate, mission, intent, scheme of manoeuvre and main efforts. The Chief Military Observer, in July 2015, also developed standard operating procedures to provide operational guidance for mandate implementation.

21. Interviews with the Chief Military Observer and his Deputy noted that the mission concept had not been prepared because they were not aware of the requirement to implement it. The lack of a comprehensive mission concept increased the risk that key strategic inputs, priorities and constraints may not be clearly defined and implemented. For example, although the Mission was undergoing a civilian staffing review, key strategic and resource inputs from the Chief Military Observer had not been documented and therefore were not fully addressed as part of the review.

**(1) UNMOGIP, in consultation with DPKO, should develop a mission concept that incorporates key components such as guiding principles for mandate implementation, mission objectives, priorities, key assumptions and risks to strengthen strategic direction for the Mission.**

*UNMOGIP accepted recommendation 1 and stated that the Mission started to develop a mission concept in coordination with DPKO. Recommendation 1 remains open pending receipt of a copy of the mission concept with the required detailed components.*

### Human resource capacities needed to be addressed

22. United Nations regulations and rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluation (ST/SGB/2000/8) require all programmes to be reviewed periodically and thoroughly. The UNMOGIP organizational structure, roles and responsibilities require approval as part of the budgetary process. The DPKO/DFS Mission Start-up Field Guide requires missions to have capacities in Political and Legal Affairs as well as safety and security management. DFS also required missions to have capacities in environmental management, field occupational safety risk management and enterprise risk management.

23. A review of the UNMOGIP organizational chart noted that the General Assembly approved the structure as part of 2014-2015 budget. Terms of reference and job descriptions were in place. Also, led by the UNMOGIP Chief of Mission Support and a multi-disciplinary civilian staffing review team from United Nations Headquarters, a review of the staffing and reporting structures of the mission was underway to realign them with new guidance on mission structures issued by DFS and as part of the periodic review of programmes.

24. A review of documents relating to the civilian staffing review noted that, due to inadequate planning and budgetary constraints, there was an absence of political, legal and security investigative

capacity in the current and proposed structures. As a result, the Mission did not address in a timely manner some of the legal and political challenges it faced. The Mission also needed to develop capacities in the areas of environmental/waste management, field occupational safety risk management and enterprise risk management.

**(2) UNMOGIP should, through the civilian staffing review process and engagement with DPKO, plan and address the lack of key political, legal and investigative capacities in the Mission and further develop capacities in the areas of environmental/waste management, field occupational safety risk management and enterprise risk management.**

*UNMOGIP accepted recommendation 2 and stated that matters related to political and investigative capacities had been reviewed through the civilian staffing review and action would be taken in this regard. For the remaining capacities, UNMOGIP would consult with DPKO separately to include them in the 2018/19 budget. In the meantime, the mission was addressing the capacities within existing resources. Recommendation 2 remains open pending receipt of evidence that key capacities have been developed and included in the mission structure.*

Legal advice was needed regarding the status of Pakistani Army drivers

25. The DPKO/DFS Property Management Manual requires accidents to be investigated prior to the write-off of assets to determine a United Nations staff member's liability, if any. The Manual also requires disposal of assets after review by the Local Property Survey Board and/or the Headquarters Property Survey Board.

26. UNMOGIP did not conduct any investigation following two vehicle accidents involving Pakistani military drivers attached to UNMOGIP. This was because the UNMOGIP Security Section was unable to carry out investigations due to the absence of an agreement, such as a Memorandum of Understanding or SOMA, allowing UNMOGIP investigators access to personnel for interviews and to relevant information.

27. A review of the minutes of the Local Property Survey Board and the Headquarters Property Survey Board for the audit period indicated that vehicle accident cases were presented and reviewed by the Boards. However, the review also indicated that the Headquarters Property Survey Board at its 8 January 2015 meeting reiterated its recommendation of 9 April 2013 that UNMOGIP and DFS seek advice from the Office of Legal Affairs (OLA) on the use of United Nations vehicles by Pakistani officials in the absence of a SOMA or a Memorandum of Understanding. UNMOGIP wrote to OLA on 13 September 2013 to seek advice on the relationship with the Pakistani Military, but did not follow up. As of August 2015, it had not received any advice from OLA. UNMOGIP asked for DFS advice on 16 April 2015, and the issue was still pending with them. As a result, UNMOGIP was writing off vehicles driven by the Pakistani Army drivers who were involved in accidents, without any liability or accountability being determined.

**(3) UNMOGIP should follow up with DFS and OLA for advice on action to take in respect of the status of the Pakistani Army drivers and accidents involving mission vehicles driven by them.**

*UNMOGIP accepted recommendation 3 and stated that a draft Memorandum of Understanding had been shared with DFS and OLA for final review and approval before presenting it to the Pakistani Army. Recommendation 3 remains open pending receipt of a copy of the Memorandum of Understanding with the Pakistani Authorities.*

### Minimum operating security standards were not always met

28. The minimum operating residential security standards (MORSS) for Pakistan require that staff premises be inspected, any recommended changes be approved by the Security Section and implemented prior to habitation. Also, the minimum operating security standards for Pakistan require: (a) staff to complete mandatory security training; (b) the radio room to conduct weekly radio checks; (c) a warden system to be implemented for both international and national staff in certain locations depending on the security situation; (d) warden briefings and exercises to be conducted regularly; and (e) wardens and their deputies to be issued with radios.

29. A review of relevant documentation indicated that the Security Section inspected staff residences and monitored the implementation of security enhancements. OIOS concluded that controls over MORSS compliance were effective.

30. A review of monitoring documentation from the Security Section noted that all staff had completed the basic and advanced security in the field modules. Also, radio checks were held weekly by the Department of Safety and Security radio room and when staff did not respond or did not have radio coverage, DSS followed up through mobile phone calls. OIOS concluded that controls over security training and radio checks were in place and were adequately monitored.

31. A review of documentation relating to the warden system indicated that UNMOGIP appointed and equipped wardens for all zones for international and national staff. The warden list was up-to-date with information on current staff accommodation. The UNMOGIP Security Section held a briefing/training for wardens on 22 September 2014. However, the warden system was not being regularly tested. This resulted because management had not prioritized and scheduled the required exercises. The lack of regular warden system exercises increased the risk that staff could not be contacted and were not adequately prepared to respond in an emergency.

**(4) UNMOGIP should schedule and conduct warden exercises to ensure staff are adequately prepared to respond to an emergency.**

*UNMOGIP accepted recommendation 4 and stated that UNMOGIP Security Section conducted a fire drill on 9 June 2015 and a warden exercise on 15 October 2015. Future exercises had been planned and the schedule endorsed by the Head of Mission. Based on the action taken by UNMOGIP, recommendation 4 has been closed.*

## **B. Regulatory framework**

### Recruitment timelines and status of job openings were not always monitored

32. The Inspira Manual established the expected recruitment timelines for processing recruitment from roster job openings as 28 days. According to the UNMOGIP recruitment guidelines, the recruitment and selection of national staff was expected not to exceed 50 days.

33. A review of all seven international staff recruitment cases conducted in the audit period (all recruited from roster) indicated: (a) two cases were completed within the expected 28 days; (b) three cases took an average of 61 days; and (c) two cases were in progress and had been pending for 13 and 588 days as of 30 June 2015. The latter case remained pending in the system for a long time although it had been filled in 2014 because of an oversight in closing the job opening. A review of all 17 national staff



recruitment cases indicated that it took an average of 83 days from the closing of job posting to the selection of the candidate, with four cases exceeding 100 days.

34. This resulted because UNMOGIP had not prioritized the monitoring of recruitment timelines and job openings. As a result, certain positions remained vacant for a prolonged period. During the audit, UNMOGIP developed a monitoring tool to track recruitment progress and timelines to ensure that future recruitment is completed in a timely manner. Due to the action taken, OIOS did not make a recommendation.

#### Steps were taken to strengthen the role of the gender focal point

35. The Secretary-General's bulletin on departmental focal points for women requires UNMOGIP to appoint focal points to: (a) provide advice in the staff selection process with a view to ensuring that gender balance is taken into account; (b) review all applications from women candidates to ensure all eligible women candidates are given due consideration; and (c) review the list of recommended candidates prior to submission to the respective central review bodies to ensure women candidates have been duly considered. Additionally, the Standard Operating Procedures on the Staff Selection System for Peacekeeping Operations and Special Political Missions require interview panels to include at least one female member.

36. UNMOGIP appointed a gender focal point who was involved: in providing advocacy and counsel to female staff; promoting gender awareness; and in some cases, advising in the staff selection process. The gender focal point was involved in advising hiring managers on gender considerations in only one of the five international recruitments that resulted in selection decisions during the audit period.

37. A review of 17 national staff recruitment cases that resulted in the selection of a candidate noted three cases where there was no woman in the interview panel. This resulted because UNMOGIP had not issued instructions and implemented procedures to include the gender focal point's review of all recruitment cases and had not consistently implemented the requirement for at least one female panel member in all recruitment cases. As a result, there was an increased risk that selection decisions made would not take full account of the gender perspective required by the Organization. During the audit, the UNMOGIP Human Resources Section developed a checklist to ensure that: all hiring managers liaise and coordinate with the gender focal point in finalizing shortlisted candidates; and the participation of at least one female on panels where female candidates are to be interviewed. Due to the action taken, OIOS did not make a recommendation.

#### There was a need for adequate internal controls over Post Exchange operations

38. The Universal Guidelines for PX operations (PX Guidelines) require UNMOGIP to: (a) establish a PX Committee, with appropriate terms of reference, to serve as the sole PX advisory body, reporting directly to the Chief of Mission Support; (b) appoint a PX Coordinator to be the Mission's Contract Manager and the sole point of contact between the PX contractor/manager and the Mission regarding day-to-day PX operations and contract issues; (c) operate the PX as a business, supported by a business plan, marketing plan, retail strategy and cash flow budget; (d) prepare financial accounts, including monthly profit and loss statements, and quarterly and annual balance sheets for examination by the PX Coordinator and the PX Committee. PX operations are to be cost-neutral to the United Nations. It is also a best practice for PX operations to regularly reconcile goods imported with authorized sales, inventory and note verbales to ensure that all goods imported on behalf of the United Nations are accounted for.

39. A review of documentation relating to the PX operations and interviews with relevant staff indicated that although UNMOGIP established a PX Committee and appointed a PX Coordinator, no

terms of reference had been promulgated for the PX Committee because the Chief of Mission Support was of the view that the terms of reference of the Staff Welfare and Recreation Committee could be applied to the PX Committee, which was a sub-committee of the Staff Welfare and Recreation Committee. However, those terms of reference proved inadequate and resulted in a lack of clarity of the PX Committee's functions and responsibilities. For example, appointment letters for PX staff were signed by the Chairperson of the PX Committee, although he had no recruitment authority on behalf of the Mission.

40. The PX Manager had not prepared a business plan, marketing plan, retail strategy and cash flow budgets, and the Committee had not required him to do so. The PX Manager was only preparing accounts on an annual basis, instead of quarterly. Although the PX Manager was keeping records of note verbales, goods cleared, goods sold and inventory, the Manager was not reconciling goods imported with authorized sales and inventory to obtain assurance that all goods imported were accounted for.

41. The above problems resulted, as the PX Committee and Manager did not know the requirements of the PX guidelines and therefore had not implemented procedures to ensure the PX was operated as required. Also, the absence of the plans resulted in the PX operating without sound business principles and strategic direction. This exposed the Mission to financial risk in case the PX failed or made significant losses. For instance, PX operations made losses of \$16,690 and \$18,376 in 2013 and 2014 and another loss was expected for 2015. The lack of regular reporting of the financial status of PX operations led to an inability of the PX Committee to review and take appropriate actions regarding problems identified in its operations. For example: (a) the Committee approved salary increases and improved conditions of service for PX staff although operations were making a loss; and (b) paid dividends of \$26,435 and \$33,276 for 2013 and 2014 respectively to the Staff Welfare and Recreation Committee because the PX Manager and PX Committee incorrectly assumed, without any basis, that PX operations had excess cash holdings.

42. Additionally, there was an increased financial and reputational risk to the Organization because UNMOGIP and the PX Committee were unable to show that all goods imported on behalf of the United Nations had been accounted for, in the absence of reconciliations.

**(5) UNMOGIP should implement adequate internal controls over the operations of the Post Exchange (PX) including: (a) providing training to relevant personnel; (b) promulgating terms of reference for the PX Committee to ensure responsibilities are clear; (c) implementing a PX business plan, retail strategy, marketing plan and cash flow budgets and presenting these documents to the PX Committee for approval; (d) presenting to the PX Committee quarterly accounts for review; and (e) conducting regular reconciliations of PX-related note verbales, host government approvals, goods imported, sales, overages and inventory to provide assurance that all goods imported are accounted for.**

*UNMOGIP accepted recommendation 5 and stated that the training of the PX Committee and the Manager would be held. The terms of reference of the PX Committee would be finalized and forwarded to the Chief of Mission Support for approval and implementation. The PX Manager had submitted a business plan, retail strategy, marketing plan and cash flow budgets for discussion by the PX Committee and approval by the Chief of Mission Support. The review of the quarterly accounts for July-September 2015 had been implemented and a new system, which would allow reconciliations to be prepared, was being sourced. Recommendation 5 remains open pending receipt of copies of the PX Committee's approved terms of reference, the approved business plan, retail strategy, marketing plan and cash flow budgets and the consolidated report for controlled items..*

Legal advice was needed on issues relating to staff contracted for the Post Exchange

43. The PX Guidelines discourage the use of UNMOGIP staff to manage and operate PX operations. In cases where a United Nations staff is managing PX operations, they should not be paid any gratuities, funds, goods or services.

44. At the time of the audit, the UNMOGIP PX was operated by five individual contractors. Over time, the PX Committee made various decisions including setting the terms of employment of the PX contracted staff to be the same as those for UNMOGIP staff; and the Chairperson of the Committee signed the appointment letters of PX staff. The Committee also decided to make the PX staff employment conditions similar to those of the United Nations', including pension and other entitlements. For the financial year ended September 2014, the PX had a deferred liability for staff retirement benefits of \$164,806. This liability was unfunded and was not based on competent actuarial calculations.

45. The Mission implemented a model of PX operations, which was not recommended by the Guidelines. Aside from the lack of approved terms of reference, the PX Committee also lacked the legal expertise to deal with complex matters relating to employment of staff and entitlements of such staff leading to an unfunded pension liability which was growing at a time when the PX was making losses. The legal status of the contracted staff with regard to their entitlements in case the PX ceases to operate was also not clearly understood and defined.

**(6) UNMOGIP should seek OLA advice regarding the employment of Post Exchange staff and their related entitlements, including the unfunded pension liability.**

*UNMOGIP accepted recommendation 6 and stated that UNMOGIP has sent a fax on 27 November 2015 to OLA seeking legal advice on the employment of the PX staff. Recommendation 6 remains open pending receipt of evidence that UNMOGIP has received and implemented legal advice regarding the employment of PX staff and their entitlements.*

#### **IV. ACKNOWLEDGEMENT**

46. OIOS wishes to express its appreciation to the management and staff of UNMOGIP for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations Military Observer Group in India and Pakistan

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNMOGIP, in consultation with DPKO, should develop a mission concept that incorporates key components such as guiding principles for mandate implementation, mission objectives, priorities, key assumptions and risks to strengthen strategic direction for the Mission.	Important	O	Receipt of a copy of the mission concept with the required detailed components.	31 March 2016
2	UNMOGIP should, through the civilian staffing review process and engagement with DPKO, plan and address the lack of key political, legal and investigative capacities in the Mission and further develop capacities in the areas of environmental/waste management, field occupational safety risk management and enterprise risk management.	Important	O	Receipt of evidence that key capacities have been developed and included in the mission structure.	31 December 2016
3	UNMOGIP should follow up with DFS and OLA for advice on action to take in respect of the status of the Pakistani Army drivers and accidents involving mission vehicles driven by them.	Important	O	Receipt of a copy of the Memorandum of Understanding with the Pakistani Authorities.	31 December 2015
4	UNMOGIP should schedule and conduct warden exercises to ensure staff are adequately prepared to respond to an emergency.	Important	C	Action taken.	Implemented
5	UNMOGIP should implement adequate internal controls over the operations of the Post Exchange (PX) including: (a) providing training to relevant personnel; (b) promulgating terms of reference for the PX Committee to ensure responsibilities are clear; (c) implementing a PX business plan, retail	Important	O	Receipt of copies of the PX Committee's approved terms of reference, the approved business plan, retail strategy, marketing plan and cash flow budgets and the consolidated report for controlled items.	31 December 2015

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNMOGIP in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations Military Observer Group in India and Pakistan

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	strategy, marketing plan and cash flow budgets and presenting these documents to the PX Committee for approval; (d) presenting to the PX Committee quarterly accounts for review; and (e) conducting regular reconciliations of PX-related note verbales, host government approvals, goods imported, sales, overages and inventory to provide assurance that all goods imported are accounted for.				
6	UNMOGIP should seek OLA advice regarding the employment of Post Exchange staff and their related entitlements, including the unfunded pension liability.	Important	O	Receipt of evidence that UNMOGIP has received and implemented legal advice regarding the employment of PX staff and their entitlements	31 December 2015

# **APPENDIX I**

## **Management Response**



**UNITED NATIONS MILITARY OBSERVER GROUP  
IN INDIA AND PAKISTAN**

P.O.BOX 1350, ISLAMABAD, PAKISTAN TEL:(92-51) 9091-7000, 9091-7299 FAX:(92-51) 9091-7327  
UNMOGIP HQ, P.O.BOX 5853, NEW YORK NY 10163-5853 TEL: 963-3019

Date: 01 December 2015  
Reference: CMS/18/15

To: Ms. Eleanor T. Burns  
Director, Internal Audit Division  
OIOS, UNHQ

From: Nester Odaga-Jalomayo   
Chief of Mission Support  
UNMOGIP

Subject: **Draft report of an audit of the United Nations Military Observer Group in India and Pakistan (Assignment No. AP 2015/680/01)**

1. Reference is made to your memo ref: IAD 15-00722 dated 13 November 2015 through which you forwarded the above draft audit report for our review and comments.
2. We have reviewed the draft audit report and we are pleased to submit herewith for your kind attention our comments to the report stating our action plan with target dates and the titles of the individuals responsible for implementing the recommendations.
3. We wish to assure you of our commitment to work together with our interlocutors in UNHQ to ensure full implementation of the accepted recommendations.

cc: Mr. Herve Ladsous, Under-Secretary-General, Department of Peacekeeping Operations  
Mr. Atul Khare, Under-Secretary-General, Department of Field Support  
Mr. Seth Adza, Chief, Audit Response and Boards of Inquiry Section, DFS  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS  
Mr. Laud Botchwey, Chief, Peacekeeping Headquarters Audit Section, Internal Audit Division, OIOS  
Major General Delali Johnson Sakyi, Chief Military Observer/Head of Mission, UNMOGIP

## MANAGEMENT RESPONSE

## Audit of the United Nations Military Observer Group in India and Pakistan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMOGIP, in consultation with DPKO, should develop a mission concept that incorporates key components such as guiding principles for mandate implementation, mission objectives, priorities, key assumptions and risks to strengthen strategic direction for the mission.	Important	Yes	Chief Military Observer/Head of Mission	31 March 2016	The Mission has commenced steps to develop a Mission Concept in coordination with, and with the support of Asia, Middle East, Europe and Latin America Division of DPKO at United Nations Headquarters.
2	UNMOGIP should, through the civilian staffing review process and engagement with DPKO, plan and address the lack of key political, legal and investigative capacities in the Mission and further develop capacities in the areas of environmental/waste management, field occupational safety risk management and enterprise risk management.	Important	Yes	Chief Human Resources Officer	31 December 2016	UNMOGIP accepts the recommendation and confirms that the matters related to political and investigative desktop capacities were discussed. The Civilian Staffing Review unfortunately did not recommend any additional posts for UNMOGIP in the areas mentioned in the Audit. UNMOGIP will work with United Nations Headquarters to include the recommended capacities in the 2018/19 budget as the budget for 2016/17 has already been finalized. Meanwhile, the Mission has within available resources established a very strong and active Committee for Environment/ Waste Management and appointed a Field Occupational Safety Risk Management and Enterprise Risk

<sup>1</sup>Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup>Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.



## MANAGEMENT RESPONSE

## Audit of the United Nations Military Observer Group in India and Pakistan

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Management Officers to address these areas where lack of capacities exist.
3	UNMOGIP should follow up with DFS and OLA for advice on action to take in respect of the status of the Pakistani Army drivers and accidents involving mission vehicles driven by them.	Important	Yes	Chief Transport Officer	31 March 2016	A draft Memorandum of Understanding has been shared with DFS and OLA for their final review and approval before presenting it to the Pakistan Army.
4	UNMOGIP should schedule and conduct warden exercises to ensure staff are adequately prepared to respond to an emergency.	Important	Yes	Chief Security Officer	Head of Mission has endorsed the Schedule on Nov 25, 2015.	UNMOGIP has already conducted a Fire Drill on June 09, 2015 and a Warden Exercise on October 15, 2015. Future exercises have been planned as well. The schedule of the exercises has been provided to the Auditors.
5	UNMOGIP should implement adequate internal controls over the operations of the Post Exchange (PX) including: (a) providing training to the PX Committee and Manager on the PX guidelines; (b) promulgating terms of reference for the PX Committee to ensure its functions and responsibilities are clear; (c) developing and implementing a PX business plan, retail strategy, marketing plan and cash flow budgets and presenting these documents to the PX Committee for approval; (d) preparing and presenting to the PX Committee quarterly accounts for review; and (e) conducting regular reconciliations of PX-related note	Important	Yes	Post Exchange Committee	31-Dec-2015	(a) The training of the PX committee and the Manager on the PX guidelines will be held before end of January 2016. (b) Initial draft of Terms of Reference was discussed in meeting of the PX committee on 10-11-2015. The committee made a few changes to the Terms of Reference and will finalize and forward the Terms of Reference to the Chief of Mission Support for approval and implementation by December 2015. (c) The PX Manager has submitted a business plan, retail strategy, marketing plan and cash flow

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	verbales, host government approvals, goods imported, sales, overages and inventory to provide assurance that all goods imported are accounted for.					budgets to the PX Committee for review and discussion, which once finalized will be forwarded to the Chief of Mission Support for approval before end of December 2015. (d) Review of Quarterly Accounts for July-September 2015 has been implemented and is herewith attached. (e) New software, which could produce such reports, is being sourced. All requirements will be finalized by 31 December 2015.
6	UNMOGIP should seek the Office of Legal Affairs' (OLA) advice regarding the employment of Post Exchange staff and their related entitlements, including the unfunded pension liability.	Important	Yes	Chairperson Post Exchange Committee/Chief of Mission Support	31-Dec-2015	A fax to DFS seeking OLA's legal advice on the matter has been sent on 27 November 2015 as per attached.