



## INTERNAL AUDIT DIVISION

### REPORT 2017/020

#### Audit of administrative support to the United Nations Support Mission in Libya

While the Mission implemented an adequate framework to administer its support activities, it needed to develop a mission concept and ensure that the mission support plan is aligned to it

11 April 2017  
Assignment No. AP2015/684/01

## **Audit of administrative support to the United Nations Support Mission in Libya**

### **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the provision of administrative support to the United Nations Support Mission in Libya (UNSMIL). The audit covered the period from 1 January 2015 to 31 August 2016 and included a review of work planning, human resources management, acquisition planning and procurement, financial management, and asset and property management.

UNSMIL implemented an adequate framework to administer the Mission's support activities. Although UNSMIL developed a mission support plan, it was not guided by a full mission concept that provided strategic direction and input to the plan.

OIOS made one recommendation. To address the issue identified in the audit, UNSMIL needed to, in consultation with the Department of Political Affairs, develop a mission concept to serve as a basis for revising the mission support plan, as appropriate.

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# **Audit of administrative support to the United Nations Support Mission in Libya**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of administrative support to the United Nations Support Mission in Libya (UNSMIL).
2. UNSMIL was established in 2011 by the United Nations Security Council in its resolution 2009 (September 2011) at the request of Libyan authorities to support the government's efforts to ensure transition to democracy, promote the rule of law, control unsecured arms and build governance capacity.
3. Mandated for an initial period of three months, subsequent resolutions have progressively extended the mandate of UNSMIL, most recently until 15 September 2017 (Security Council resolution 2323 of 13 December 2016).
4. The Mission is overseen by the Department of Political Affairs (DPA), which provides guidance and operational assistance. After temporarily withdrawing from Libya in July 2014 due to security concerns, the United Nations is working to establish a limited but continuous presence in the country, with a flexible level of staffing according to mission needs and strategic and operational priorities.
5. UNSMIL is led by a Special Representative of the Secretary-General (SRSG) who is supported by a Deputy SRSG. As at 31 December 2016, UNSMIL had 175 staff members of whom 148 were based in Tunisia, 23 in Libya, 3 at the United Nations Global Service Centre (UNGSC), Brindisi, Italy and 1 in New York.
6. Total expenditure for 2016 was \$36.2 million, covering staff and operational costs of \$21.0 million and \$15.0 million, respectively.
7. Comments provided by UNSMIL are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the provision of administrative support to UNSMIL.
9. This audit was included in the 2016 risk-based work plan of OIOS due to risks associated with providing administrative support to a high security risk mission.
10. OIOS conducted this audit in November and December 2016. The audit covered the period from 1 January 2015 to 31 August 2016. Based on an activity level risk assessment, the audit covered higher and medium risks in work planning, human resources management, acquisition planning and procurement, financial management, and asset management.
11. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of data; and (d) detailed testing of high risk transactions.
12. Audit coverage did not include the substantive aspects of the Mission, which would be subject to a separate audit at a later date.

### **III. OVERALL CONCLUSION**

13. UNSMIL implemented an adequate framework to administer the Mission's support activities. However, although UNSMIL developed a mission support plan, it was not guided by a mission concept that provided strategic direction and input to the plan.

### **IV. AUDIT RESULTS**

#### **A. Work planning**

The mission support plan was not guided by a mission concept providing strategic direction and input

14. The Department of Peacekeeping Operations (DPKO)/Department of Field Support (DFS) Mission Start-up Field Guide requires field missions to develop mission support plans based on the mission concept. According to DPKO, DFS and DPA mission concept guidelines, the mission concept includes: a statement of intent and strategy on how the mission plans to implement its mandate; guiding principles for mandate implementation; mission objectives; priorities; key assumptions; and risks. The mission concept is therefore a management tool for strategic planning, communication and resource allocation.

15. OIOS review noted that the Mission had developed mission support plans and sectional work plans covering the period under review based on short-term concept notes, with the latest covering the period from January to March 2016. However, the Mission had not developed a full mission concept to provide strategic direction and serve as the basis for its support plans and work plans and taking account of strategic mission priorities.

16. Though the plans were adequately aligned to the short-term concept notes, there was a risk that the Mission's support plans and work plans may not fully align with its long-term strategic priorities in the absence of the mission concept. In addition, the absence of a mission concept made it difficult to determine whether key mission support priorities and constraints had been adequately identified and that these priorities were being consistently implemented. For example, UNSMIL was working towards re-establishing a permanent presence in Libya through a phased return as security conditions allow. Although a separate plan for the move had been established, further steps upon completion of the move were not incorporated in the mission support plan due to the absence of the mission concept.

**(1) UNSMIL should, in consultation with DPA, develop a mission concept to articulate the Mission's objectives, guiding principles, priorities, key assumptions and risks to strengthen strategic direction and serve as a basis for the revision of the mission support plan as appropriate.**

*DFS accepted recommendation 1 and stated that while UNSMIL does not presently have a mission concept, after its evacuation from Libya in 2014, an integrated strategic assessment of the United Nations system in Libya was undertaken together with partners from Headquarters, with DPA as the lead agency. The findings of this assessment had been serving as the key guiding strategic document for the Mission and comprise essential elements of a mission concept. Also, the United Nations family for Libya would be undergoing a strategic assessment review (SAR), which would lead to the development of a document that sets out a vision based upon strategic and operating assumptions, alongside risks and mitigating measures outlining a new strategic direction for the Mission and the United Nations system at large. The results of the SAR, as relates to the Mission's substantive*

*priorities, would enable development of the mission support plan.* Recommendation 1 remains open pending receipt of an updated mission concept outlining the new strategic direction of the Mission and a support plan that is aligned with the mission concept.

## B. Financial management

### UNSMIL was reviewing the process of granting user access in Umoja

17. Best practice requires staff members to be mapped to roles in Umoja according to their responsibility and delegated authority for transaction processing and approval.

18. One staff member who did not have the required authority to act as an UNSMIL petty cash imprest holder and two staff members in Tunis who did not have certifying authority for procurement had been designated such roles in Umoja. However, the staff members did not perform related functions on the system. UNSMIL stated that it was reviewing the mapping of user roles to ensure alignment with delegated authority and the exercise would be completed by April 2017. UNSMIL also needed to ensure that the Security Liaison Officer introduces procedures to limit access to Umoja to staff with proper authorization. Based on the action being taken, no recommendation was made.

### Other financial management procedures were adequate

19. The Field Finance Procedure Guidelines (FFPG) articulates controls over financial transactions, bank reconciliations and petty cash management.

20. UNSMIL had 10 accounts receivable balances totaling \$15,917 and 8 accounts payable balances totaling \$18,742 as at 31 August 2016. A review of balances outstanding for more than 90 days indicated that there was adequate documentation and follow-up.

21. A review of the bank reconciliations for the two UNSMIL bank accounts denominated in United States dollars and Libyan dinar for January, July and August 2016 noted that the reconciliations were prepared timely, within 30 days of the end of the reporting month, and were duly approved. No long outstanding reconciling items were noted.

22. OIOS reviewed physical cash counts and reconciliations with Umoja balances performed as at 31 December 2015 and 30 August 2016 and noted that reconciliations were performed timely and duly signed off. The review also noted that the safe containing United States dollar and Tunisian dinar cash balances was physically safeguarded. However, the safe was directly accessible by one person (the custodian), and not by two individuals as required by the FFPG. The Finance Section stated that they were not aware of the requirement that two individuals were required to open the safe. However, as the balances maintained were not significant and as the matter had been brought to the attention of the Chief of Mission Support, OIOS did not make a recommendation.

23. OIOS concluded that controls over accounts receivables and payables, bank reconciliation and physical cash balances were adequate.

## **C. Asset management**

### UNSMIL was strengthening controls over management of fuel transactions

24. The Financial Regulations and Rules of the United Nations require the Organization to maintain a system of internal controls to provide reasonable assurance that the Organization's resources and assets are safeguarded.

25. Due to the size of its fuel operations, UNSMIL did not implement the electronic fuel management system that was being rolled out in peacekeeping missions to monitor the use of fuel. Instead, UNSMIL recorded fuel transactions in Tunis and Zarzis in an Excel spreadsheet, which included the coupon number (on the basis of which the fuel station supplies fuel), date, fuel quantity, vehicle number, odometer reading and driver's name. However, invoices were not reconciled to the coupons and fuel consumption rates were not analysed and reviewed for reasonableness. Furthermore, while Carlog had been implemented to monitor vehicle usage, the system had not been operational for the past two years.

26. During the audit in November 2016, UNSMIL issued standard operating procedures titled "Fuel Operations and Management in UNSMIL" to guide staff involved in the provision, storage, transport, and dispensing or usage of petroleum, oil and lubricants. However, the procedures did not provide adequate guidance on reconciliation and monitoring controls over the payment of fuel invoices and use of fuel, which increased the risk of exposure to fraud. UNSMIL stated that to further strengthen management of fuel, it had recruited a fuel specialist and it was coordinating with the Transport Section in DFS and its Communications and Information Technology Section to resolve the Carlog technical issues. OIOS concluded that UNSMIL was taking action to strengthen controls over management of fuel transactions.

### Controls over asset verification and disposals were adequate

27. DPKO/DFS directives and the Property Management Manual set out the procedures for physical verification and disposal of assets.

28. A review of the 2015 and 2016 asset verification exercises noted that assets were verified at all field locations in accordance with the directives. OIOS also physically verified a sample of 20 expendable and non-expendable items, and found them to be in order.

29. OIOS review of 5 out of 123 assets written off in 2015, and 5 out of 163 during 2016 indicated that the assets were appropriately authorized for disposal/write-off by the Chief of Mission Support, the Local Property Survey Board (LPSB) and/or the Headquarters Property Survey Board (HPSB) according to established thresholds. The write-offs were appropriately supported by documentation and were duly approved.

30. OIOS concluded that periodic physical inventory checks and asset disposals were conducted in accordance with the procedures set out in the Property Management Manual and DPKO/DFS directives.

## **D. Human resources management**

### Recruitment was in accordance with relevant administrative instructions and guidelines

31. United Nations Secretariat policies and procedures require adequate controls over staff recruitment including gender representation, staff performance appraisal, and recruitment and administration of individual contractors and consultants.

- a. Staff recruitment was in accordance with relevant administrative instructions and guidelines on staff selection

32. A review of five vacancies filled from rosters noted that three candidates were selected within the stipulated timeline of 28 days of the closing of the vacancy announcement. However, one selection, that of a principal public information officer, was made in 47 days. UNSMIL stated that the SRSG was the hiring manager for this position, and had made the selection as expeditiously as possible within the time limitations imposed by his schedule and continuous travel out of the duty station. The last vacancy for a principal electoral affairs officer position took 283 days to select. UNSMIL stated that the recruitment was not prioritized due to possible delays in the electoral process in the country. OIOS review of four out of eight general services recruitments and the one national professional officer recruitment conducted indicated that they were done timely. The vacancies were advertised for the required period, applications were appropriately screened, and shortlisted applicants were invited for interviews and evaluated by assessment panels. OIOS concluded that staff recruitments were done within the constraints of the Mission and that the requirements relating to advertisement periods and assessment of candidates were complied with.

- b. Efforts were made to strengthen the role of the gender focal point in recruitment

33. Interviews with the UNSMIL Chief Human Resources Officer and a review of relevant documentation indicated that out of 50 staff selections made in the audit period, 43 (86 per cent) were male candidates, whereas 7 (14 per cent) were female. As at 31 December 2016, 77 per cent of UNSMIL staff were male and 23 per cent female. UNSMIL stated that given the hardship environment in which the Mission operates, females did not apply for vacancies in the same numbers as male applicants. UNSMIL had also not set targets and established action plans in support of such targets to improve the representation of women. However, subsequent to the completion of the audit fieldwork, UNSMIL finalized seven regular recruitment actions, six of which were filled by female candidates, including at the levels of D-1, P-5 and P-4. The Mission also established a gender taskforce reporting directly to the SRSG. The taskforce designated gender focal points to ensure that recruitment within the Mission integrated a gender perspective. Noting the recent efforts made by UNSMIL to strengthen female representation in the Mission, OIOS did not make a recommendation regarding gender representation in UNSMIL.

- c. Staff performance appraisals were completed

34. A review of 10 staff performance appraisals during the audit period noted that in all instances individual work plans were developed. Additionally, performance appraisals were completed in a timely manner. OIOS concluded that UNSMIL had complied with the requirements relating to performance management.

- d. Individual contractors and consultants were recruited and administered in accordance with relevant administrative instructions and guidelines

35. A review of 10 out of 25 recruitments of individual contractors and all 10 consultants recruited from 1 January 2015 to 31 August 2016 indicated that the relevant administrative instruction was complied with. However, in one instance each, the evaluation of the work done by the contractor and the consultant was not on file. The absence of a documented evaluation may result in an individual contractor or consultant with poor performance being rehired on an assignment or recruited by the Organization. However, since the absence of the two performance evaluations appeared to be isolated, OIOS did not make a recommendation on this issue.

## **E. Procurement and travel activities**

### Controls over general administrative processes were adequate

36. United Nations Secretariat policies and procedures require adequate controls over administrative processes concerning acquisition planning and procurement and travel management.

37. A review of documentation and interviews with the Chief Procurement Officer noted that UNSMIL acquisition plans for 2015 and 2016 were completed and duly submitted to UNGSC, which was responsible for compiling the acquisition plans for all missions.

38. Until 30 June 2016, UNGSC under a service level agreement delivered procurement services to UNSMIL. Effective 1 July 2016, UNSMIL became self-sufficient with regards to its procurement activities. OIOS reviewed case files for 5 out of 12 mission-specific contracts valued at \$16.8 million and \$21.3 million respectively, and 18 out of 156 purchase orders issued valued at \$2.1 million and \$8.13 million respectively between 1 January 2015 and 30 June 2016. The contract established for office/residential space in Tripoli, Libya in December 2016 by UNSMIL with assistance from the Procurement Division at United Nations Headquarters was also reviewed. OIOS review indicated that UNGSC and UNSMIL conducted procurement activities in compliance with the Procurement Manual, and that the files were well organized and contained all the required documents were adhered to including those relating to the solicitation process, technical and commercial evaluation of bids and awarding of contracts to qualifying vendors. Additionally, vendor performance appraisals were completed timely.

39. A review of 25 out of 725 official travel submissions indicated that 11 travel requests were appropriately documented and authorized and finalized within 21 days of travel. In the other 14 instances, adequate documentation was approved and maintained detailing exceptions to the 16-day rule.

40. OIOS concluded that UNSMIL had complied with the requirements relating to the submission of acquisition plans, implemented effective controls over the management of its procurement activities, and adequately approved and documented travel transactions.

## **V. ACKNOWLEDGEMENT**

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

*(Signed)* Eleanor T. Burns  
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Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

### Audit of the administrative support to the United Nations Support Mission in Libya

Rec. 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	UNSMIL should, in consultation with DPA, develop a mission concept to articulate the Mission's objectives, guiding principles, priorities, key assumptions and risks to strengthen strategic direction and serve as a basis for the revision of the mission support plan as appropriate.	Important	O	Receipt of a copy of the mission concept and a support plan that is aligned with the mission concept.	31 May 2018

<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 UNSMIL in response to recommendations.

## **APPENDIX I**

### **Management Response**

## Management Response

### Audit of the administrative support to the United Nations Support Mission in Libya

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments <sup>3</sup>
1	UNSMIL should, in consultation with DPA, develop a mission concept to articulate the Mission's objectives, guiding principles, priorities, key assumptions and risks to strengthen strategic direction and serve as a basis for the revision of the mission support plan as appropriate.	Important	Yes	Chief of Staff	As soon as possible	<p>While UNSMIL does not presently have a "Mission Concept," after its evacuation from Libya in July 2014, an integrated strategic assessment of the UN system in Libya was undertaken. The assessment was done with partners from UNHQ, with DPA as the lead agency. The findings of this assessment are detailed in a report, which not only has been serving as the key guiding strategic document for the Mission, but also comprises essential elements of a "Mission Concept." To this end, the report outlines principles for engagement in Libya, key priorities for the UN, including as relates to UNSMIL, as well as risks. It should be noted that these principles and priorities have also been elaborated as planning assumptions through multiples RBB processes.</p> <p>With the arrival of a new SG and his anticipated personal involvement in the Libya context—kick starting a new phase of UN engagement—the UN family for Libya will soon undergo a Strategic Assessment Review (SAR). This process will lead to the development of a document that sets out a vision based upon strategic and operating</p>

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<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.

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<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments<sup>3</sup></b>
						assumptions, alongside risks and mitigating measures, outlining a new strategic direction for the Mission and the UN system at large. It should be underscored that the SAR, as relates to the Mission's substantive priorities, will enable development of a requisite mission support plan.