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### Report on the activities of the Office of Internal Oversight Services

## Activities of the Office of Internal Oversight Services for the period from 1 July 2012 to 30 June 2013\*\*

### 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 does not cover oversight results pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, as they will be submitted to the Assembly in part II of the report during the resumed sixty-eighth session.

During the reporting period, from 1 July 2012 to 30 June 2013, the Office of Internal Oversight Services issued 350 oversight reports, including 11 reports to the General Assembly and 100 closure reports. The reports included 917 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness. Of those recommendations, 81 were classified as critical to the Organization.

The financial implications of the recommendations issued by the Office during the period amount to approximately \$7.9 million. The recommendations were aimed at cost savings, recovery of overpayments, efficiency gains and other improvements. The financial implications of recommendations issued in prior periods that were satisfactorily implemented during the period totalled approximately \$900,000. The addendum to the present report provides a detailed analysis of the status of implementation of the recommendations and a breakdown of recommendations with financial implications.

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\* [A/68/150](#).

\*\* Excluding oversight of peacekeeping activities, which will be reported on in document [A/68/337](#) (Part II).



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## Preface

I am pleased to present the annual report on the non-peacekeeping activities of the Office of Internal Oversight Services (OIOS) for the period from 1 July 2012 to 30 June 2013.

Following the General Assembly's approval, in its resolution [67/258](#), of the publishing of internal audit reports on the OIOS website on an experimental basis until 31 December 2014, OIOS began implementation in June. The Office has also developed and published its standard operating procedures outlining safeguards and processes to guide the publishing of internal audit reports. It also plans to improve the site from which the reports are accessible. This initiative, expected to improve the transparency of internal audit results and actions taken by management to correct reported weaknesses, is welcomed by OIOS and the Secretary-General.

To further improve effectiveness in communicating results, OIOS has completed and published on its website a list of key oversight terms used, along with their definitions, in consultation with management and other oversight bodies. This work advances efforts to ensure a common understanding of terms used in internal oversight communications.

Vacancy rates in OIOS remained relatively stable during the period, with the overall rate standing at 14 per cent at the end of the period. The rate is expected to improve once the transition period for implementing the reorganization of the peacekeeping investigations function has been completed.

I am particularly grateful for the continuing support of the Secretary-General and management in the conduct of OIOS work, and for the dedication, contributions and, often, sacrifices of OIOS staff members in delivering professional results in which we justifiably take pride.

**Carman L. Lapointe**  
Under-Secretary-General for Internal Oversight Services

## **I. Introduction**

1. The Office of Internal Oversight Services (OIOS) was established by the General Assembly pursuant to its resolution 48/218 B to enhance oversight in the Organization. It is operationally independent, as stipulated by the Assembly, and assists the Secretary-General in fulfilling his internal oversight responsibilities in respect of resources and staff of the Organization through investigations, internal audit and inspection and evaluation activities.

2. The present report provides an overview of OIOS activities during the period from 1 July 2012 to 30 June 2013, but does not include oversight results pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, which will be presented to the General Assembly in part II of the report during the resumed part of the sixty-eighth session. An addendum to the present report provides a complete list of all reports issued and statistics for all areas of OIOS work, including those relating to peacekeeping activities.

## **II. Professional initiatives**

### **A. Efforts to strengthen the functioning of the Office of Internal Oversight Services**

3. OIOS aims to carry out its work with the highest standards of professionalism and efficiency. The present section highlights some initiatives undertaken during the reporting period to achieve this goal.

4. OIOS divisions are subject to periodic external quality reviews to independently validate the Office's work and, in the case of internal audit, to ensure that the Office complies with the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.

5. An external quality review of the Inspection and Evaluation Division was completed in September 2012. It led to four strategic initiatives to improve the effectiveness of the Division's work as the Secretariat's independent evaluation function. The initiatives were intended to improve the strategic relevance and utility of results by revising the Division's risk assessment and workplanning methodology; to improve the quality of work processes by reviewing and updating the Division's quality assurance system; to strengthen existing and develop new communication vehicles for the Division's work; and to develop evaluation capacity and provide support for other embedded Secretariat evaluation functions. Good progress is being achieved in carrying forward all four initiatives.

6. The Internal Audit Division has taken action on all recommendations received during its external review in 2011, with a follow-up review planned in 2014 to verify compliance with professional standards.

7. The Investigations Division also continues to make progress in implementing recommendations emanating from its external review, which was completed in November 2012. OIOS regularly reports to the Independent Audit Advisory Committee on progress in implementing external review recommendations.

## **B. Cooperation and coordination**

8. OIOS coordinates regularly with other United Nations oversight entities, including the Board of Auditors and the Joint Inspection Unit, to ensure that gaps, duplication and overlap in oversight work are minimized. Aside from sharing workplans, the Office holds bimonthly meetings with the Board and ad hoc meetings with the Unit to discuss progress and issues of mutual interest. A tripartite meeting is held annually to discuss oversight issues and coordination.

9. The Office recognizes the value and importance of fostering relationships with its functional peers. During the reporting period, OIOS professionals actively participated in their respective professional networks, as described below:

(a) In April 2013, the Inspection and Evaluation Division co-hosted the annual general meeting of the United Nations Evaluation Group in New York. The meeting included a high-level panel entitled “UN results — Are we achieving them? How do we know?”. Addressing a full auditorium, the Secretary-General opened the event by recognizing evaluation as an essential tool in strengthening the effectiveness of the United Nations and called upon all managers to increase their efforts in both the conduct and use of evaluation results;

(b) The Internal Audit Division contributes actively to the work and meetings of the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions. In September 2012, OIOS hosted the forty-third such meeting, in Vienna;

(c) Following up on a recommendation first put forward by the Joint Inspection Unit in its report on the investigations function in the United Nations system (JIU/REP/2011/7), OIOS formally proposed the establishment of a United Nations system investigations group during the thirteenth Conference of International Investigators, held in 2012. A United Nations heads of investigations group has since been established, holding its first meeting in March 2013. Its overall mandate is to provide a forum for sharing training initiatives and investigative practices, policies and procedures, the value of which has already been acknowledged.

## **C. Key oversight terms**

10. In conformity with General Assembly resolutions [64/263](#) and [66/236](#), OIOS has finalized its work to compile and define key oversight terms. The list is the result of a comprehensive consultation within OIOS and with other stakeholders. OIOS is particularly grateful for the insightful input from the Office of Legal Affairs and the Department of Management, as well as from the Board of Auditors, the Joint Inspection Unit and the Independent Audit Advisory Committee. The process has afforded an opportunity for reflection on and refinement of key oversight terms to ensure consistency and clarity in communications among all stakeholders. The list of key oversight terms, which will be updated as necessary, is available on the OIOS website.

### III. Impediments to the work of the Office of Internal Oversight Services

11. There was no inappropriate limitation of scope that impeded the work or independence of OIOS during the reporting period.

### IV. Internal audit risk trend analysis

12. Figures I and II provide trend analyses of all recommendations issued for the past three fiscal years, including the current fiscal year, where each line represents a risk category. The graphs show percentages of the recommendations for each risk category against the total number of recommendations issued during each fiscal year. In both graphs, the operational risk category has the highest share of recommendations against the total.

Figure I  
Three-year comparison of critical recommendations issued by risk category

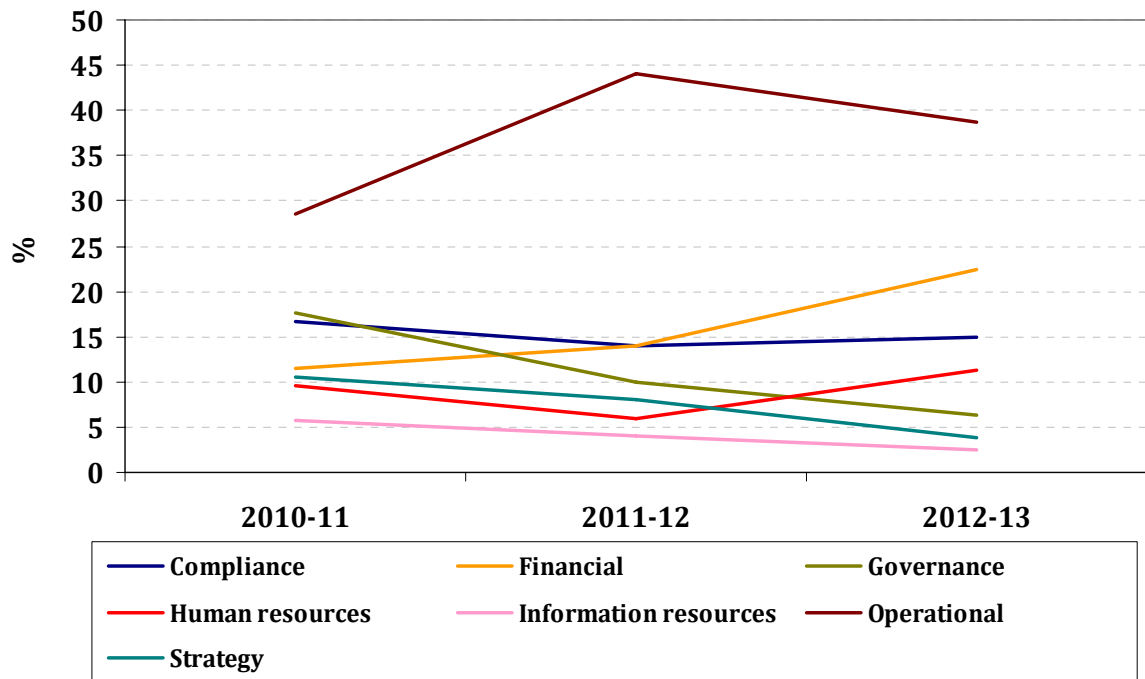
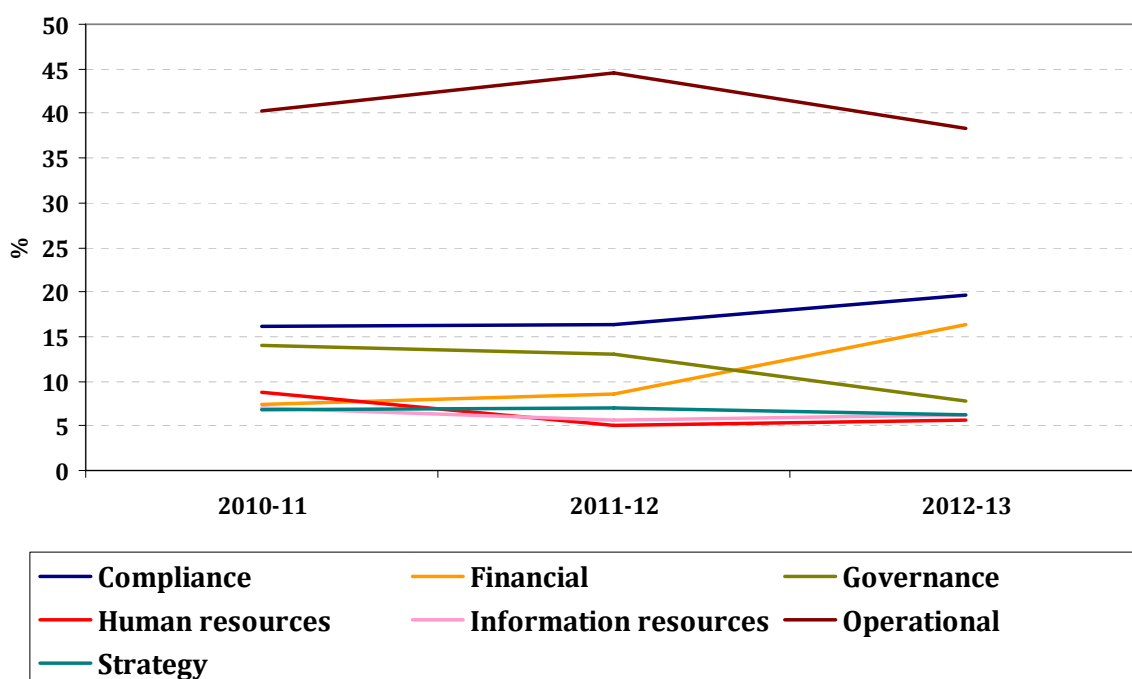


Figure II  
 Three-year comparison of important recommendations issued by risk category



## V. Oversight results

13. The present section provides selected oversight results for the period under review.

### A. Internal Audit Division

14. Audit results are classified within seven risk categories: strategy, governance, compliance, finance, operations, human resources and information. Figure III shows the distribution of ratings for 90 internal audit reports issued during the reporting period (excluding peacekeeping-related reports). Figure IV shows that most audit recommendations issued during the reporting period were classified as relating to operations risk. Specific information on all reports issued during the reporting period, including overall opinion ratings and the number of critical and important recommendations issued, can be found in the addendum to the present report.

Figure III  
**Distribution of audit ratings, 1 July 2012-30 June 2013**

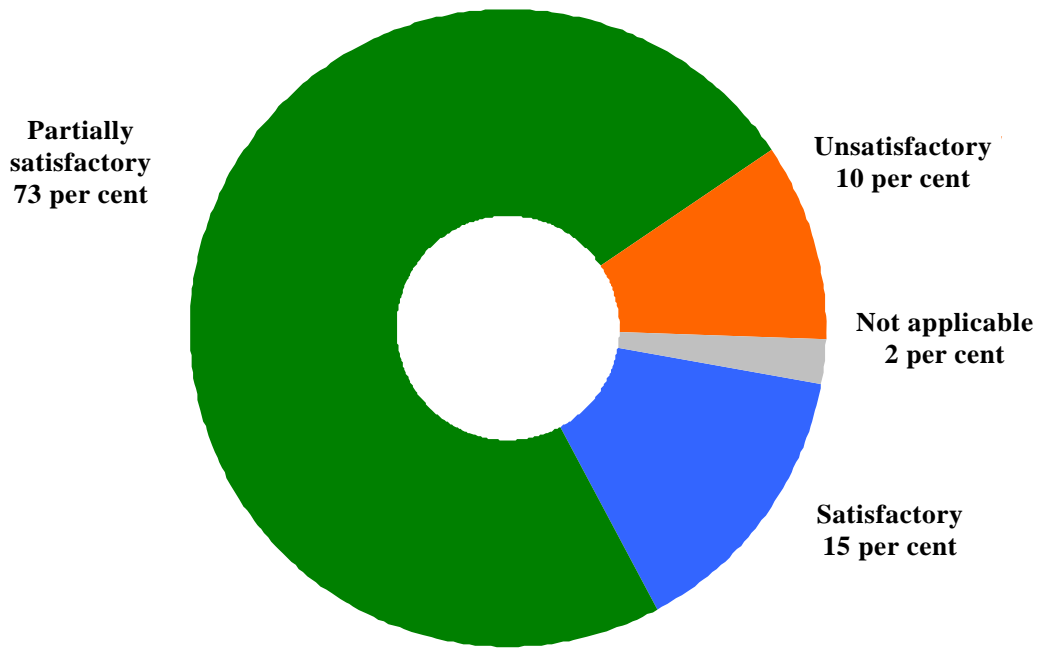
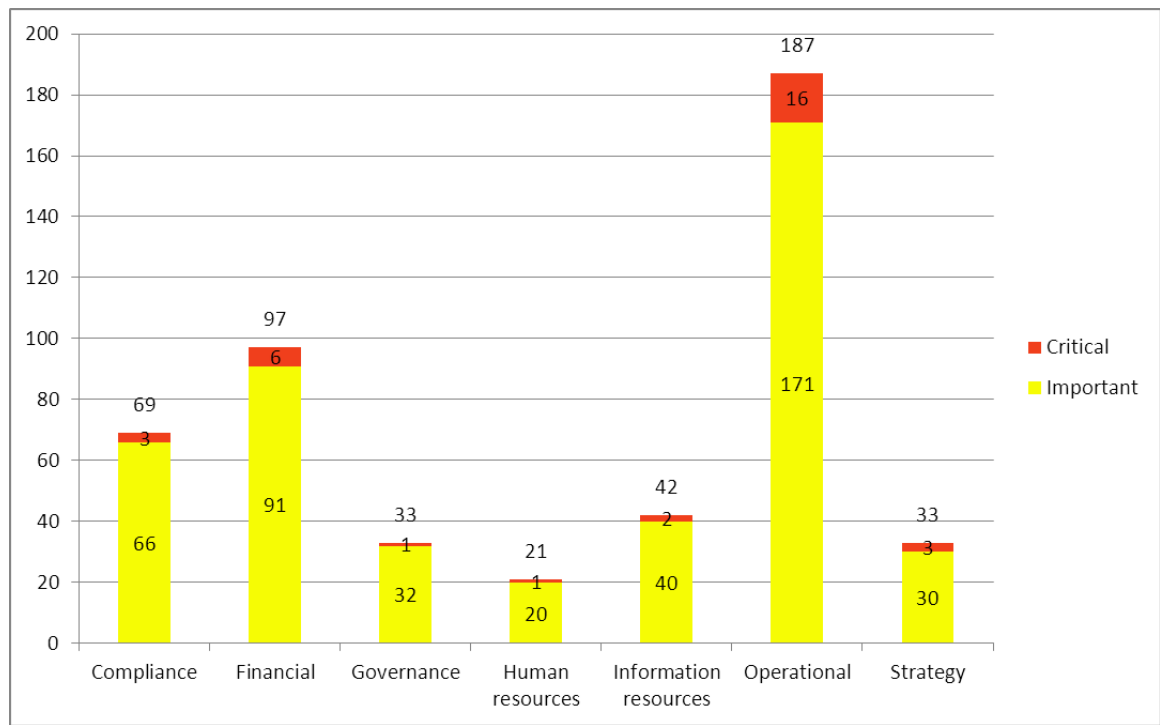


Figure IV  
**Audit recommendations on non-peacekeeping activities by risk category, 1 July 2012-30 June 2013**





## 1. Selected audit results by risk category

### (a) Governance risk

#### *Audit of the United Nations Institute for Disarmament Research (AN2011/385/01)*

15. *Need for a sustainable funding structure.* Although the United Nations Institute for Disarmament Research had initiated steps to address its funding situation, a lack of predictable funding continued to pose a severe challenge. Two previous OIOS audits (in 2007 and 2010) had identified insufficient funding to support the Institute's operational capacity as a major threat to its sustainability. The total funding received was insufficient to cover core posts and there was a declining trend in voluntary contributions to cover those integral operational costs. OIOS recommended that the Director of the Institute should submit a sustainable funding proposal comprising the regular budget and extrabudgetary funding needed. The Executive Office of the Secretary-General also requested the Department of Management to update the appropriate provisions of the relevant Secretary-General's bulletins for all United Nations training and research institutes, including the United Nations Institute for Disarmament Research, and requested that such updates should include reference to the funding structures of those entities.

#### *Audit of information and communications technology governance and strategic management in the Office of Information and Communications Technology (AT2011/517/01)*

16. *Need to update the information and communications technology (ICT) strategy.* The Office of Information and Communications Technology had not updated the ICT strategy in accordance with the priorities established by the General Assembly, including the new Umoja enterprise resource planning system and the International Public Sector Accounting Standards. Inadequate ICT strategic planning could lead to the implementation of ICT applications and systems inconsistent with the priorities of the Organization and to inappropriate allocation of resources, roles and responsibilities. OIOS recommended that the Office should update the ICT strategy in accordance with the priorities established for Umoja and the International Public Sector Accounting Standards. Consequently, the reformulation of a comprehensive ICT strategy is under way and will be submitted to the General Assembly at its sixty-ninth session, as mandated.

17. *Need to complete the enterprise architecture.* The ICT enterprise architecture of the Secretariat was incomplete. Details of existing systems and applications, including Umoja, had not been documented and policies, procedures and guidelines for managing ICT operations throughout the Secretariat were incomplete, not approved or outdated. Inadequacies could lead to inconsistencies between information requirements and application development, inefficient planning of ICT-enabled investment initiatives and irrelevant data accumulation. OIOS recommended that the Office of Information and Communications Technology should complete the enterprise architecture, put in place mechanisms for monitoring and ensure Organization-wide adoption. The Office agreed, stating that it had recruited an enterprise architect and made progress to implement components of the enterprise architecture framework, including the establishment of an architecture review board and technology standardization. The remaining components of the framework are expected to be finalized by the first quarter of 2014.

**(b) Financial risk**

*Audit of information and communications technology governance and strategic management in the Office of Information and Communications Technology (AT2011/517/01)*

18. *Distinguishing and assessing financial resources.* The financial resources required for funding the operational activities of the Office of Information and Communications Technology and the implementation of the ICT strategy Organization-wide had not been distinguished and assessed. The financial resources to support the Office therefore competed with the funding requirements necessary for the implementation of the strategy. The absence of a clear distinction between and assessment of the various funding requirements could prevent the Organization from achieving its ICT objectives. OIOS recommended that the Department of Management should assess the funding needs of the Office. The Department accepted the recommendation, stating that the reformulation of a comprehensive ICT strategy was under way and would be submitted to the General Assembly at its sixty-ninth session, as mandated. With the current budget constraints, it is management's intent that the reformulated strategy be approved first by the Assembly and the funding requirements addressed subsequently.

*Audit of the acquisition and management of a contract for the provision of information and communications technology staffing support services at Headquarters (AH2011/513/08)*

19. *Discount rates specified in the contract not applied and delays in processing invoices.* The contractor had not applied relevant discounts and the certifying officers in the Office of Information and Communications Technology had not enforced them. Estimated discounts of \$149,721 had therefore not been effected as at 30 April 2012. The Office of Central Support Services and the Procurement Division, in consultation with the Office of Legal Affairs, had the vendor agree to effect the discounts and were enforcing them. In addition, payment of 136 invoices amounting to \$3.2 million had been outstanding for more than 30 days. The Office of Information and Communications Technology implemented the recommendation to ensure that supervisors could approve time and attendance records of contract personnel on a weekly or bimonthly basis and improve the timeliness of invoice processing.

**(c) Operational risk**

*Audit of the African Gender and Development Index project in the Economic Commission for Africa (AN2011/710/04)*

20. *Need to finalize action plan when signing the memorandum of understanding with each target country.* Since the launch of the African Gender and Development Index project in 2002, project initiation and implementation had been slow and only a few milestones had been achieved at the time of the audit in September 2011. The project had no strategic plan to facilitate project execution, monitoring and oversight, thereby preventing effective project management because there were no measures to assess whether the project had achieved its objectives. Data collection for 12 of the 18 target countries had not begun until 2011, when the Economic Commission for Africa had signed the memorandums of understanding and disbursed the grants. Memorandums for the remaining six countries had not been

initiated. Finalization of the related country action plan took, on average, another three to four months. The Commission accepted and has implemented the recommendation to finalize an action plan when signing a memorandum of understanding with each target country.

*Audit of operations of the Office of the United Nations High Commissioner for Refugees in Ethiopia (AR2012/112/03)*

21. *Need to clarify performance targets in implementing partner agreements.* The way in which the performance targets in the implementing partner agreements had been formulated did not specify the level of how the targets would contribute to achieving the standards of the Office of the United Nations High Commissioner for Refugees (UNHCR) in the camps. Work is under way to link output targets set for implementing partners with performance targets for UNHCR as a whole, so as to achieve UNHCR standards.

22. *Need to address government partners' failure to adhere fully to agreements.* There had been a number of breaches by the government partner of provisions of right of use agreements, including the government partner selling assets and retaining proceeds without the permission of UNHCR and the inability of UNHCR to verify use of assets valued at \$5 million at the time of the audit. UNHCR agreed to engage the Government of Ethiopia to seek redress for the breaches of the country agreement, the implementing partner agreement and the provisions of the right of use agreements. The Deputy United Nations High Commissioner for Refugees visited Ethiopia and discussed the issue. The Government agreed to take corrective action in coordination with the UNHCR representation in Ethiopia.

*Audit of support services in the International Criminal Tribunal for Rwanda (AA2012/260/01)*

23. *Some assets reported lost or not located.* Security investigation reports showed that 1,109 items (approximately 7 per cent of the total number of assets of the International Criminal Tribunal for Rwanda) had either been lost or could not be located, noting that requests for investigation had been made late by the Assets Management Unit and lacked supporting documents. To strengthen controls, the Tribunal issued information circular No. 7 on 15 February 2012. Management has taken steps to ensure timely requests for investigation, but measures to strengthen controls over physical movement of assets remain in progress.

*Audit of transitional arrangements in the International Criminal Tribunal for Rwanda (AA2012/260/03)*

24. *Need to ensure complete handover of witness case files to the International Residual Mechanism for Criminal Tribunals.* In 2012, in accordance with Security Council resolution 1966 (2010), the Tribunal had handed over 58 of 79 witness protection case files to the International Residual Mechanism for Criminal Tribunals for completed cases. Some files handed over had been incomplete, however, missing such information as sensitive medical records and other confidential correspondence. The lack of such information could seriously impede the efficient and effective functioning of the Tribunal and the Mechanism. OIOS recommended that the Tribunal should transfer to the Mechanism all remaining files and ensure that the

files previously handed over were complete. Management has made significant progress in implementing the recommendation.

25. *Need to review the targets set for the transfer of the archives management function to the International Residual Mechanism for Criminal Tribunals.* In compliance with Security Council resolution [1966 \(2010\)](#), the International Criminal Tribunal for Rwanda had set up an archives working group to prepare archives and records for transfer to the Mechanism. The transfer had not been implemented, however, owing to a shortage of staff and a lack of appropriate storage. A significant percentage of the transfer was not expected before 2014. The Tribunal's target of completing the generation of 75 per cent of publicly accessible copies of audiovisual recordings by the end of its mandate would mean that the Mechanism would be unable to make available to the public the Tribunal's entire audiovisual materials. OIOS recommended a review of the targets and the allocation of sufficient resources to enable the transfer to the Mechanism of the materials, in formats readily accessible to the public, before the mandate of the Tribunal ended in December 2014. The Tribunal management instead revised the target completion date for the transfer to 2015. The implementation of the other parts of the recommendation remains in progress.

26. *Construction of temporary archives facility behind schedule.* Tribunal archives and records had not been stored in suitable archival facilities since 2006. The OIOS recommendation in 2011 that the Registrar of the Tribunal relocate the archives and records stored in containers to a suitable temporary archival facility remained outstanding because the amount of \$1.3 million allocated for the construction of a temporary archives facility had not been obligated before the closure of the accounts for the biennium 2010-2011, rendering it unavailable. The Tribunal was advised to implement the temporary archives project within its appropriation for the biennium 2012-2013, given that delays in completing the facility could also delay the transfer of the function to the Mechanism and compromise the quality and preservation of records. OIOS recommended that the Tribunal should ensure that the continuing renovation work for the facility was completed as a matter of priority to facilitate transfer of the management of the archives to the Mechanism.

27. *Handover of enforcement function successful but renovation of detention facility in Senegal stalled.* In compliance with Security Council resolution [1966 \(2010\)](#), the Tribunal had handed over the supervision of the enforcement of sentences function to the Mechanism in May 2012 and provided detailed handover notes. While agreement had been reached with the Government of Senegal for the refurbishment of 13 detention cells at a prison in Dakar, no tangible progress had been made owing to inadequate planning, budgeting and monitoring. The Tribunal did not use the detention facilities, explaining that significant cost increases required the identification of a more cost-effective solution. OIOS recommended that a decision should be made on whether to complete the refurbishment work or withdraw the plans. Subsequently, the Government indicated that the prison had been earmarked for demolition in two to three years. The Tribunal is reassessing whether to complete the refurbishment or to cancel the project.

*Audit of human resources strategy for interpreters and translators in the Department for General Assembly and Conference Management (AH2011/550/03)*

28. *Scope to further refine outreach activities to take full account of the needs of the individual language groups.* In 2007, the Department for General Assembly and Conference Management had initiated a universities outreach programme and provided, upon request, pedagogical assistance such as workshops, lectures and translation/interpretation training to universities with which they had signed memorandums of understanding. Eighty such activities had been held since 2009. Resources were not being allocated, however, to implement plans for outreach to pools of potential workforce. Instead, outreach activities were being voluntarily conducted by staff members visiting a particular location, limiting the ability to target activities to languages in greatest need based on projected vacancies and yields from competitive examinations. OIOS recommended that the Department should include objectives and expected accomplishments relating to its outreach activities in its next strategic framework. The Department agreed, noting that the strategic framework was subject to review by the Committee for Programme and Coordination and approval by Member States.

29. *Need for capacity analysis to meet expected service level for regional bodies.* The Department was providing technical secretariat services and substantive support to all meetings of intergovernmental organs and expert bodies, including bodies entitled to meet “as required”, in addition to meetings of regional and other major groupings of Member States, which were required to be serviced on an “as available” basis. Interpretation resources allocated to “as required” meetings were not being fully utilized because of cancellations. More accurate workload forecasting could improve utilization of interpreters to cover “as available” meetings. In 2011, only 57 per cent (2010: 61 per cent) of interpretation teams assigned to cancelled meetings had been reassigned to other meetings. OIOS recommended that the Department should analyse its interpretation capacity to increase service provision to regional bodies. The Department agreed to conduct analysis, including of historical trends, allocated resources for the biennium 2014-2015 and existing mandates and organizational policies.

*Review of issues identified in recent oversight reports on procurement activities (AH2012/513/02)*

30. *Lack of systematic action on instances of non-compliance with established procurement procedures leading to their recurrence.* Instances of non-compliance with established procurement procedures of a similar nature were reported repeatedly by oversight bodies. While the Office of Central Support Services communicated repeated cases of non-compliance to heads of departments and implemented various monitoring measures, an effective systematic monitoring framework was not in place. Responsibilities for and coordination of monitoring activities were unclear, with each unit maintaining its own databases for oversight recommendations with limited reporting to the Office on the use of delegated procurement authority and exceptions to competitive bidding at field offices. Key performance indicators were not fully developed and existing indicators were not used to measure field procurement actions that were of high value and risk. OIOS recommended that the Office should develop a systematic monitoring framework for the procurement activities of the Secretariat and establish regular reporting requirements between the Office and departments/missions, in particular those with high volume and risk,

noting that the roll-out would in the long term require additional resources and extensive preparation. The Office agreed with the recommendation.

*Audit of the acquisition and management of a contract for the provision of information and communications technology staffing support services at Headquarters (AH2011/513/08)*

31. Inadequate justification of the number of contract personnel required. Given the inadequate evidence of the process followed to estimate personnel requirements, it was not possible to determine whether the contracted resources were appropriate to support the operations of the Office of Information and Communications Technology. Since 2009, the number of contracted personnel had increased by approximately 100 per cent (from 67 to 138), with no substantiating analysis. Absent a human resources sourcing strategy for the provision of services based on business needs, the level of resources was not justified. OIOS recommended that the Office should formally assess the number of contract personnel currently deployed aligned to its workplan to ensure an efficient use of resources. The Office accepted the recommendation and is expected to review its resource utilization by 31 December 2013.

**(d) Information risk**

*Audit of the information and communications technology infrastructure supporting the implementation of the International Public Sector Accounting Standards and Umoja (AT2012/610/01)*

32. *Issues regarding disaster recovery plan, testing and disaster recovery instances.* The Office of Information and Communications Technology had not documented the disaster recovery plan covering all applications hosted in the data centres and tests had not been performed for disaster recovery purposes. In addition, not all applications had disaster recovery instances in the secondary technology centre. Insufficient disaster recovery practices could lead to improperly managed continuity services and failure to recover ICT systems and services in a timely manner. OIOS recommended that the Office should, in coordination with application owners, prepare an ICT disaster recovery plan for each application, to be tested and revised annually. The Office agreed with the recommendation. It has recruited a disaster recovery specialist to strengthen the planning capacity of the Secretariat and coordinate disaster recovery planning relating to enterprise applications.

33. *Umoja production infrastructure and management structure for its execution not fully implemented.* In addition, the Office of Information and Communications Technology and the Department of Field Support had different opinions on the design of the network architecture in the infrastructure hosting environment. Inadequate and untimely definition of design solutions for the hosting of the Umoja infrastructure could lead to implementation delays and have a negative impact on the functioning of the new system. OIOS recommended that the Office of Information and Communications Technology, in coordination with the Department and the Office of Enterprise Resource Planning — Umoja, should decide on the design of the network architecture for the infrastructure hosting environment of Umoja by documenting the potential risks and impact of the network infrastructure options and the roles and responsibilities with regard to managing the infrastructure hosting services. The Office of Information and Communications Technology agreed

with the recommendation. Tripartite discussions between it, the Information and Communications Technology Division and the Office of Enterprise Resource Planning — Umoja led to agreement on the roles and responsibilities.

**(e) Compliance risk**

*Audit of operations of the Office of the United Nations High Commissioner for Refugees in Liberia (AR2012/111/01)*

34. *Need to ensure compliance with vehicle fleet management rules.* In contravention of vehicle fleet management rules, vehicles had been fuelled without fuel issue vouchers to authorize disbursement of fuel. A total of 37,937 gallons of fuel, amounting to \$146,437, had been issued without proper authorization. In addition, no monthly reports were being prepared to indicate total monthly consumption by mileage and average consumption by vehicles. The weaknesses were caused by inadequate staffing levels at the field office to monitor the fuel contractor's operations during the Ivorian refugee crisis. UNHCR took prompt action to put in place procedures requiring periodic checks on fuel and maintenance of appropriate records.

*Audit of support services in the International Criminal Tribunal for Rwanda (AA2012/260/01)*

35. *Need for adequate support and guidance for the disposal of hazardous materials.* Standard operating procedures for the activities of the General Support and Services Section were not adequate to provide the necessary context-specific operational procedures for the disposal of hazardous materials. Consequently, such materials, including medical waste and communication equipment components, were not being disposed of properly and in compliance with applicable rules. A fuel spillage at the main generator site had not been addressed, posing the risk of contamination of local water sources, while used engine oil was being disposed of through a local company without a proper contract. Staff had not been provided with copies of standard operating procedures. OIOS recommended that the Tribunal should provide adequate guidance and training to staff on the handling and control of hazardous waste and ensure that all environmental footprint issues were adequately addressed. The implementation of the recommendation remains in progress.

**(f) Human resources risk**

*Audit of the African Gender and Development Index project in the Economic Commission for Africa (AN2011/710/04)*

36. *High vacancy rates in key positions and sections.* The Gender and Women in Development Section within the African Centre for Gender and Social Development Division, which was responsible for implementing the African Gender and Development Index project, had a 50 per cent vacancy rate at the time of the audit in September 2011, including the post of Section Chief (vacant since June 2010) and one of two Senior Regional Adviser positions. Key positions had been vacant for prolonged periods (as much as 22 months). In addition to those vacancies, the Division had been without a Director from 2005 to 2010; an Officer-in-Charge had headed the Division until May 2009, when an external candidate had been appointed Director (more than four years). The Director position had been vacated nine months later, however, upon the retirement of the incumbent. From February 2010,

the Division's management had continued under the previous Officer-in-Charge until August 2010, when the Officer-in-Charge had been appointed as the Director. The situation had negatively affected the progress of the project. OIOS recommended that project vacancies should be filled on a priority basis to ensure progress in the implementation of the project. The Commission accepted the recommendation. The Section is now operating with a full complement of staff.

## B. Inspection and Evaluation Division

37. The OIOS Inspection and Evaluation Division workplan is based in large part on the results of the Division's periodic risk assessment, which takes into account a number of key indicators, utilizing a combination of direct risk information from the Internal Audit Division, an assessment of monitoring and evaluation capacity and an analysis of the priorities set by the General Assembly, the Secretary-General and the United Nations System Chief Executives Board for Coordination. Secretariat entities were ranked according to these three streams of information and further ranked in an aggregate manner. The results of this risk assessment are shown in table 1.

Table 1

### Risk assessment of Secretariat entities

<i>High risk</i>	<i>Medium risk</i>	<i>Low risk</i>
√ Department of Economic and Social Affairs — 2009	Economic and Social Commission for Asia and the Pacific — 2014	Department of Safety and Security — 2014
Department of Peacekeeping Operations — 2014	√ Department of Management — 2011	√ United Nations Office at Nairobi — 2011
Economic Commission for Africa — 2014	√ United Nations Relief and Works Agency for Palestine Refugees in the Near East — 2010	Department of Public Information — 2016
√ Department of Political Affairs — 2006-2008	√ Office of the United Nations High Commissioner for Human Rights — 2009	√ United Nations Office at Vienna — 2011
√ United Nations Environment Programme — 2013	√ Office for the Coordination of Humanitarian Affairs — 2013	Executive Office of the Secretary-General — 2016
√ Office of the United Nations High Commissioner for Refugees <sup>a</sup> — 2013	Department of General Assembly and Conference Management — 2016	United Nations Office for Disarmament Affairs — 2017



<i>High risk</i>	<i>Medium risk</i>	<i>Low risk</i>
Economic Commission for Latin America and the Caribbean — 2015	Economic and Social Commission for Western Asia — 2016	√ Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States — 2009
United Nations Human Settlements Programme — 2014	√ United Nations Office at Geneva — 2011	Office of Legal Affairs — 2017
United Nations Conference on Trade and Development — 2015	Economic Commission for Europe — 2016	Office for Outer Space Affairs — 2017
√ United Nations Office on Drugs and Crime — 2013	International Trade Centre — 2015	
United Nations Entity for Gender Equality and the Empowerment of Women — 2015	√ Office of the Special Adviser on Africa — 2009 Department of Field Support — 2014 <sup>b</sup>	

*Note:* A tick (√) indicates that an evaluation has been conducted.

<sup>a</sup> No full programme evaluation conducted to date, only an inspection of monitoring and evaluation capacity.

<sup>b</sup> To be evaluated in the context of an evaluation of Department of Peacekeeping Operations/Department of Field Support headquarters, but may be considered for further evaluation in the future.

38. Accordingly, after consideration of recent and continuing evaluations for entities considered to be at high risk in the previous risk assessment exercise, the Inspection and Evaluation Division will focus on evaluating the following entities for the biennium 2014-2015: the Department of Peacekeeping Operations/Department of Field Support headquarters, the Economic Commission for Africa, the Economic and Social Commission for Asia and the Pacific, the United Nations Human Settlements Programme, UNHCR, the Department of Safety and Security, the Economic Commission for Latin America and the Caribbean, the United Nations Conference on Trade and Development, the United Nations Entity for Gender Equality and the Empowerment of Women and the International Trade Centre. Assuming the successful completion of its proposed workplan, by the end of that biennium the Division will have conducted programme evaluations of all the Secretariat entities considered to be at high risk, in addition to the top five considered to be at medium risk. During the reporting period, the Division issued nine non-peacekeeping reports. Highlights from some of those reports are provided below.

*Evaluation of the Office for the Coordination of Humanitarian Affairs (E/AC.51/2013/3)*

39. *Close cooperation for clarification of roles and responsibilities.* The Division made the critical recommendation that the Office for the Coordination of Humanitarian Affairs should work closely with its partners in the Inter-Agency Standing Committee, the International Strategy for Disaster Reduction and its secretariat and the United Nations Development Programme, in particular, in addition to the United Nations Development Group, to further clarify and articulate respective roles and responsibilities in preparedness and disaster risk reduction work. The Office accepted the proposed recommendation and stated that clarification was being addressed in the context of the Inter-Agency Standing Committee through the development of a common framework for capacity development for emergency preparedness.

*Evaluation of the United Nations Office on Drugs and Crime (E/AC.51/2013/4)*

40. *Clarity of roles and responsibilities versus United Nations system partners.* It was noted that the United Nations Office on Drugs and Crime was facing the challenge of distilling its strategic and operational focus around a limited number of areas in which it had a comparative advantage by aligning its mandate, resources, expertise, past performance and partnerships. In the technical assistance area, in particular, it had to consider what others might be able to do equally well or better. In addition, while the Office had delivered significant results across a growing body of mandates, more attention to accountability, evidence-based analysis and alignment of corporate vision with programmes would improve effectiveness.

*Review of the evaluation capacity of the Office of the United Nations High Commissioner for Refugees (E/AC.51/2013/5)*

41. *Inadequate UNHCR evaluation capacity.* The Division recommended that UNHCR should revise its evaluation policy, strengthen the rigour and utility of its evaluations by establishing procedures and methodologies for assessing UNHCR results, develop a regular and systematic process for follow-up to evaluation recommendations and develop a strategy for strengthening decentralized evaluation in the field. UNHCR agreed, observing that strengthening decentralized evaluation would require a long-term process. UNHCR has already introduced a new management response requirement overseen by a newly established internal compliance and accountability committee and plans to report periodically to the Executive Committee of the Programme of the United Nations High Commissioner for Refugees on key strategic evaluations.

*Strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives (A/68/70)*

42. *Secretariat evaluation capacity remains uneven and inadequate.* OIOS, in its biennial report on the above, indicated that, notwithstanding the degree of progress made during the prior biennium, such as greater integration of gender perspectives into evaluation, overall evaluation capacity in the Secretariat remained uneven and inadequate. Evaluation resources were insufficient and the organizational framework, culture and commitment needed to promote and facilitate a comprehensive evaluation function that provided critical, timely and strategic information for decision-making

and strengthened accountability and learning were lacking. Important processes for evaluation planning, conduct and follow-up were not systematically implemented, evaluation policies were not always in place and the competencies of staff conducting evaluations were uneven. Furthermore, some focal points had reported a lack of the management support for and buy-in of evaluation that was necessary to build a strong evaluation culture. Those factors had contributed to the limited utility of evaluation, with significant gaps in evaluation coverage causing large areas of the Organization to lack evaluative evidence on performance to guide strategic decision-making. The Committee for Programme and Coordination considered the results of the report at its fifty-third session.

*Inspection of programme-level monitoring and evaluation of the Office for the Coordination of Humanitarian Affairs (IED-12-001)*

43. *Objectivity affected by reporting line.* OIOS recommended that, to improve the objectivity and credibility of the evaluation function of the Office for the Coordination of Humanitarian Affairs, consideration should be given to strengthening its independence, including its reporting line. As part of wider organizational restructuring, the Office's senior management approved the transfer of the function out of the Corporate Programmes Division. Given that the evaluation function now reports to the Chief of Strategic Planning and Evaluation within the Strategic Planning Unit, however, the potential for conflict of interest remains, affecting the function's capacity to objectively evaluate the efficiency, effectiveness and results of strategic planning decisions, a key component of its mandate.

*Programme evaluation of the United Nations Environment Programme (E/AC.51/2013/2)*

44. *Various recommendations.* OIOS recommended that the United Nations Environment Programme (UNEP) should address gaps relating to partnership feedback and cost-efficiency measurement, develop a strategy for enhancing its capacity-building function, further strengthen its regional offices, establish clear and transparent criteria for allocating financial and human resources to activities in thematic priority areas and finalize and implement the draft terms of reference for subprogramme coordinators of September 2012. UNEP accepted the recommendations and the Committee for Programme and Coordination endorsed them.

## **C. Investigations Division**

45. From 1 July 2012 to 30 June 2013, 232 matters pertaining to non-peacekeeping operations were reported to the Investigations Division, comprising 38 per cent of all matters reported to it. The Investigation Intake Committee conducted 263 reviews of reported matters, including 32 matters reconsidered in the light of new information. Following evaluation by the Committee, 45 were assigned internally for investigation, 88 were referred to other departments/offices, 66 were filed for information, 29 were placed in suspense and 35 resulted in no further action.

46. Table 2 shows the categories of 45 matters predicated for internal investigation during the period.

Table 2  
**Predicated investigations, July 2012-30 June 2013**

<i>Category</i>	<i>Number of investigations</i>	<i>Percentage</i>
Financial	18	40
Inventory/assets	–	–
Management	2	4
Personnel	16	36
Procurement	4	9
Programmatic	4	9
Sexual exploitation	1	2
Sexual harassment	–	–
<b>Total</b>	<b>45</b>	<b>100</b>

#### **Investigation reports issued during the reporting period**

47. In total, 82 non-peacekeeping investigation reports were issued during the reporting period. In 31 of those reports, the allegations were substantiated, while in 51 they were not (see table 3).

Table 3  
**Non-peacekeeping investigation reports issued as at 30 June 2013**

<i>Category</i>	<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012</i>	<i>2012-2013</i>
Financial	16	7	6	51
Inventory/assets	1	3	1	3
Management	2	9	1	4
Personnel	63	14	7	12
Procurement	5	6	5	10
Programmatic	1	2	–	1
Sexual exploitation	2	1	1	1
Sexual harassment	–	1	1	–
<b>Total</b>	<b>90</b>	<b>43</b>	<b>22</b>	<b>82</b>

48. Highlights of some of the non-peacekeeping investigations completed during the reporting period are provided below.

49. *UNEP (Investigations Division Case No. 0321/10)*. The financial contributions of a major donor were not reflected in UNEP account records and there was no evidence that the funds in question had been used for their intended and proper purpose. A staff member arranged and directed donor funds to be directly and indirectly transmitted to a third party with whom his family-owned company maintained close relations. At the same time, the staff member used the third party for personal profit, including the payment of liabilities for his family-owned company. The staff member was conducting unauthorized outside activities, had arranged for his children and close friends to attend UNEP-sponsored functions at

the expense of donors and sponsors and had received moneys for official duties for which he did not properly account. Although the results were referred to the Office of Human Resources Management for action, the staff member has since resigned and separated from the Organization. The results are also under consideration by the Office of Legal Affairs for referral to the national authorities of several countries.

50. *UNEP (Investigations Division Case No. 0130/12, related to No. 0321/10)*. A staff member facilitated the inappropriate use of donor funds by her supervisor. In addition, the staff member used her position to ensure that her daughter was selected to attend a UNEP-sponsored event and to promote the interests of a specific UNEP vendor, in addition to receiving a financial advantage from the same vendor relating to a loan of funds for the payment of school fees for her dependant. The results were referred to the relevant programme manager for appropriate action.

51. *United Nations Office at Nairobi (Investigations Division Case No. 0552/10)*. A staff member of a United Nations agency based in Gigiri, Nairobi, contracted a staff member of the United Nations Support Office for the African Union Mission in Somalia to engage a third party to harm the head of the regional office of the said agency. The staff member of the United Nations Support Office for the African Union Mission in Somalia and two local persons were subsequently arrested by the police of the host country. All three are awaiting trial on a charge of conspiracy to commit murder. While the evidence adduced by OIOS infers the involvement of the staff member in the reported misconduct, OIOS has not had access to key witnesses and records nor to the conclusion of criminal proceedings. The OIOS results have been referred to the agency for appropriate action.

52. *United Nations Office at Nairobi (Investigations Division Case No. 0100/12)*. A report that the Staff Union of the United Nations Office at Nairobi had failed to refund unexpended surplus funds relating to the thirty-eighth United Nations Inter-Agency Games, held in Austria in April 2011, was not substantiated. OIOS identified, however, several potential risk areas arising from related fund management and accounting practices and offered management recommendations to mitigate the identified risks for future Games.

53. *Department of General Assembly and Conference Management (Investigations Division Case No. 0340/11)*. The United Nations Dispute Tribunal referred to OIOS for investigation the conduct of a panel member during a selection interview in the Department. The investigation established that the panel member's conduct had been unprofessional and inappropriate. The Department has referred the investigation report to the Office of Human Resources Management for possible disciplinary action.

54. *Department of Public Information (Investigations Division Case No. 0051/13)*. A host country law enforcement agency report that a United Nations staff member was using the Organization's resources to solicit sex with minors was substantiated. Owing to the serious nature of the reported conduct and the continuing risk to minors, the investigation was treated as a priority. Upon the resignation of the staff member, the investigation results were referred to the appropriate national authorities.

55. *International Criminal Tribunal for Rwanda (Investigations Division Case No. 0133/11)*. Reports were substantiated that members of the Executive Committee of the Staff Association at the International Criminal Tribunal for Rwanda in Arusha, United Republic of Tanzania, were providing high-interest loans to some Tribunal staff members from third parties. The activities spanned the period from

June 2007 to June 2010 and were conducted during working hours on United Nations premises. OIOS recommended that the Tribunal should consider taking appropriate action against the staff members concerned.

56. *United Nations Office at Geneva (Investigations Division Case No. 509/12)*. During his tenure as treasurer of a United Nations Office at Geneva/World Health Organization Staff Council magazine, a United Nations Office at Geneva staff member embezzled SwF 18,637.40 by making unauthorized transfers from the bank account of that magazine to his personal bank account. The matter is pending the outcome of the internal disciplinary process.

57. *United Nations Office at Geneva (Investigations Division Case No. 447/12)*. A staff member misused his official mobile telephone by making numerous personal telephone communications totalling \$47,201, by consistently failing to declare them as private and by declaring a significant number of them as official. The matter is pending the outcome of the internal disciplinary process and the staff member has been informed that the sums owed to the Organization will be recovered in full.

## **VI. Mandated reporting requirements**

### **A. Capital master plan**

58. In accordance with General Assembly resolution [62/87](#), OIOS is responsible for reporting on the activities of the Capital Master Plan Audit Section. OIOS has two auditors assigned to audit the capital master plan operations. The approach continues to be risk-based, which conforms to the audit approach adopted by the Internal Audit Division.

59. During the reporting period, audits included an in-depth technical audit of the capital master plan that concluded that the governance, risk management and control processes examined were partially satisfactory in providing reasonable assurance regarding the effective planning and implementation of the project. The results of the in-depth technical audit, together with 26 recommendations, were reported in detail to the General Assembly (see [A/67/330](#)). The Department of Management stated that the Office of the Capital Master Plan disagreed with the rating of partially satisfactory for the three areas of governance, risk management and control.

60. Further audits are in progress, including an audit of management of the capital master plan staff reduction strategy and a programme of audits of guaranteed maximum price contracts at the contract closure stage.

### **B. United Nations Compensation Commission**

61. In accordance with General Assembly resolutions [59/270](#) and [59/271](#), OIOS presents details of its oversight activities relating to the United Nations Compensation Commission in the reporting period.

62. The Compensation Commission made available an amount of \$50,000 per year for internal audit resources for 2012 and 2013. In 2012, OIOS used those resources to undertake an audit of Commission claims payments for the period from May 2011 to August 2012. The audit report (AE2012/820/01) discussed below was issued in

December 2012. In addition to providing a status update to the General Assembly on the claims process and disbursement of compensation awards, the report also gave an opinion on the adequacy and effectiveness of internal controls over receipt of appropriate revenues into the Compensation Fund.

63. As at the end of April 2013, the Compensation Commission had paid \$41.2 billion of the total of \$52.4 billion in awards, leaving an outstanding balance of \$11.2 billion owing to the one remaining claim. The claim was awarded \$14.7 billion for oil production and sales losses as a result of damages to Kuwaiti oil field assets and represents the largest award by the Governing Council of the Commission. The Compensation Fund receives 5 per cent of Iraqi oil export revenues, as required by the Security Council in its resolution [1483 \(2003\)](#) and affirmed in its resolution [1956 \(2010\)](#). The Governing Council noted at its seventy-fifth session, in May 2013, that, based on current levels of income to the Compensation Fund and recent projections, the Commission remained on track to pay the outstanding balance in full as early as the spring of 2015.

64. In addition to its activities relating to claims payment, the Commission also continued to monitor environmental projects under its Follow-up Programme for Environmental Awards being undertaken by participating Governments, with funds awarded for environmental damages. At its seventy-fifth session, in May 2013, the Governing Council adopted decision 270 ([S/AC.26/Dec.270 \(2013\)](#)), in which it declared the mandate under the Programme fulfilled in respect of the Islamic Republic of Iran and Saudi Arabia. It is expected that the mandate in the cases of Jordan and Kuwait will be fulfilled by the end of 2013 and the Programme closed following the release of the remaining withheld funds and the provision of a final accounting on the Commission secretariat's administrative expenditure in respect of the Programme to the participating Governments.

65. The audit of the Compensation Commission claims payments for the period from May 2011 to August 2012 (AE2012/820/01) assessed that the Commission governance, risk management and control processes examined were satisfactory in providing reasonable assurance regarding the effective disbursement of compensation awards. The Commission had control mechanisms in place and functioning to ensure that the compensation awards were disbursed and recorded accurately and in compliance with the decisions of the Governing Council and the Financial Regulations and Rules of the United Nations. The Commission also continued to appropriately receive and monitor Compensation Fund revenue. In addition, a system was in place and functioning for reporting on programme and financial performance.

## Annex

### Overview of mandated reporting requirements

The categories of information to be included in the annual reports of OIOS are set out in the following documents:

- (a) Secretary-General's bulletin [ST/SGB/273](#), para. 28:
  - (i) A description of significant problems, abuses and deficiencies and related OIOS recommendations;
  - (ii) Recommendations not approved by the Secretary-General;
  - (iii) Recommendations in previous reports on which corrective action has not been completed (see [A/68/337](#) (Part I)/Add.1, where applicable);
  - (iv) Decision from a previous period revised by management;
  - (v) Recommendations on which agreement could not be reached with management or with regard to which requested information or assistance was refused (see [A/68/337](#) (Part I)/Add.1, where applicable);
  - (vi) The value of cost savings recommended and amounts recovered (see [A/68/337](#) (Part I)/Add.1);
- (b) General Assembly resolution [56/246](#):
  - (i) Information regarding the implementation rate of the recommendations of the previous three reporting periods (see [A/68/337](#) (Part I)/Add.1);
  - (ii) Information regarding the impact of the reorganization of OIOS on its work;
  - (iii) Reporting separately on those recommendations that have been implemented, those that are in the process of being implemented and those for which no implementation process is under way, and the reasons for their non-implementation (see [A/68/337](#) (Part I)/Add.1);
- (c) General Assembly resolutions [57/292](#) and [60/282](#): reporting on oversight activities conducted throughout the phases of the capital master plan project in the context of the annual reports of OIOS;
- (d) General Assembly resolutions [59/270](#) and [59/271](#): provision of internal oversight of the entire claims process of the United Nations Compensation Commission and reporting regularly thereon in the context of the annual reports of OIOS;
- (e) General Assembly resolution [59/272](#): the requirement that annual reports contain titles and brief summaries of all reports of OIOS issued during the year (see [A/68/337](#) (Part I)/Add.1);
- (f) General Assembly resolution [62/87](#): the request that OIOS ensure effective audit coverage of the capital master plan and submit to the General Assembly all its reports related to its implementation;
- (g) General Assembly resolution [63/263](#): the request that OIOS ensure effective audit coverage of the construction of additional office facilities at the



Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi;

(h) General Assembly resolution [66/236](#): encourages OIOS to continue to identify in its analysis in future annual reports general trends and strategic challenges over time regarding internal oversight in the United Nations, including an update on all critical recommendations and taking into account the risk category and the target date for implementation and the office concerned that is to be held accountable for such implementation;

(i) General Assembly resolution [67/258](#): encourages OIOS, in future annual reports, to further enhance its analysis of general trends and strategic challenges regarding internal oversight in the United Nations and to include an update of all critical recommendations, taking into account the risk category, the target date for implementation and the office to be held accountable for such implementation.

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