



INTERNAL AUDIT DIVISION

REPORT 2013/121

Audit of security operations and administrative functions in the Office of the United Nations Special Coordinator for Lebanon

Overall results relating to security operations and administrative functions in the Office of the United Nations Special Coordinator for Lebanon were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

**9 December 2013
Assignment No. AP2013/673/01**

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AUDIT REPORT

Audit of security operations and administrative functions in the Office of the United Nations Special Coordinator for Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of security operations and administrative functions in the Office of the United Nations Special Coordinator for Lebanon (UNSCOL).
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. UNSCOL was established in 2007 in the aftermath of the July 2006 conflict as an expansion of a previous political office of the Secretary-General. The Special Coordinator for Lebanon is the Secretary-General's representative to the Lebanese Government, all political parties, and the diplomatic community based in the country. UNSCOL provided political guidance to the United Nations system in Lebanon, including the United Nations Interim Force in Lebanon. The Special Coordinator was the Designated Official, accountable for the safety and security of United Nations personnel, premises and assets in the area North of the Litani River, Lebanon.
4. The approved budgets of UNSCOL for the years 2012 and 2013 were \$9.2 million and \$9.0 million, respectively. The approved staff strength for 2013 was 83 comprising 22 international and 61 national staff. The Security Section of UNSCOL had 51 staff and was headed by a Chief Security Officer at the P-4 level.
5. Comments provided by UNSCOL are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNSCOL governance, risk management and control processes in providing reasonable assurance regarding the **effective management of security operations and administrative functions in UNSCOL**.
7. This audit was included in the 2013 OIOS risk-based work plan because of safety and security risks to United Nations personnel and assets, and compliance risks related to administrative activities provided in support of the UNSCOL mandate.
8. The key controls tested for the audit were: (a) security management systems; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Security management systems** – controls that provide reasonable assurance that the UNSCOL security management systems are commensurate to the safety and security risks facing the Mission.

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

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

10. OIOS conducted this audit in July and August 2013. The audit covered the period from 1 January 2012 to 30 April 2013.

11. 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, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNSCOL governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding **the effective management of security operations and administrative functions in UNSCOL**. OIOS made four recommendations to address the issues identified. UNSCOL had clearly defined roles and responsibilities for security functions, and the minimum operating security standards were complied with. UNSCOL allocated resources to inspect staff members' residences to ensure compliance with minimum operating residential security standards. However, UNSCOL needed to: (a) address the excessive holding of vehicles and computers; (b) centralize its archiving system; and (c) update records relating to staff benefits in preparation for the implementation of the International Public Sector Accounting Standards (IPSAS).

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

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
Effective management of security operations and administrative functions in UNSCOL	(a) Security management systems	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Security management systems

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Business continuity plan needed to be finalized and rehearsed

17. The security plan for Lebanon North Litani River required agencies to develop a business continuity plan. UNSCOL had a business continuity plan which was updated in May 2013. However, the

plan had not been approved due to lengthy review and approval procedures. It also needed to be rehearsed to validate its proposed solutions and assess preparedness for managing crisis events.

(3) UNSCOL should finalize and rehearse its business continuity plan.

UNSCOL accepted recommendation 3 and stated that the business continuity plan was finalized and approved by the Head of Mission in July 2013 and a desktop rehearsal would be scheduled in the first quarter of 2014. Recommendation 3 remains open pending receipt of the approved business continuity plan and evidence that it has been rehearsed.

B. Regulatory framework

Administrative functions needed to be improved

18. The Mission's controls over accounts receivable and payable were generally adequate, and direct expenditure and petty cash were managed in accordance with required procedures. Also, contract monitoring was adequate and the Mission's preparedness for the implementation of IPSAS as regards property management was on track. However, OIOS noted the following:

- UNSCOL had an excess of six vehicles and 31 computers over its approved requirements. If not addressed, these excess holdings would result in estimated 2013 expenditure of \$59,000 for operation and maintenance costs such as insurance, fuel, maintenance and spare parts as well as licenses, software agreements and service support. UNSCOL stated that it planned to deploy the excess vehicles to other missions and write-off several desktop computers;
- UNSCOL used a manual system for storage of records and documents, and there was no central archiving system. Also, UNSCOL did not have a record of the files they had sent to the United Nations Interim Force in Lebanon for storage. To improve its records management, UNSCOL needed to develop a policy outlining responsibilities and implement procedures to mitigate the risk of loss of vital records; and
- To ensure correct opening balances for IPSAS implementation, UNSCOL needed to update balances of unused annual leave and records relating to other staff benefits such as home leave, travel allowances, and education grant. The UNSCOL Human Resources Section was not aware of this requirement and had not updated staff leave balances in the Integrated Management Information System.

(4) UNSCOL should implement procedures to improve administrative functions by: (a) addressing excessive holdings of vehicles and computers by expediting the necessary write-offs and the re-deployment of the excess holdings to other missions; (b) developing a policy for records management and procedures to monitor compliance thereof; and (c) updating records related to unused annual leave and other staff benefits to prepare for the implementation of the International Public Sector Accounting Standards.

UNSCOL accepted recommendation 4 and stated that: (a) five vehicles were removed from the 2014 budget and five computers would be written-off in October 2014; (b) a records management policy was being developed; and (c) staff records maintained in the Integrated Management Information System were up-to-date and UNSCOL was in contact with the Department of Field Support on the consolidated reporting format to ensure compliance with IPSAS. Recommendation 4 remains open pending receipt of evidence of: (a) the write-offs of excess computers and re-deployment of other

excess assets to other missions; (b) implementation of a central archiving system; and (c) complete and accurate update of staff leave balances and benefits.

Controls over monitoring of fuel

19. UNSCOL installed the car log system in October 2011 to monitor fuel consumed by its vehicles. However, the system was not used effectively, as staff members were not adequately using it to record fuel received. As a result, UNSCOL was unable to reconcile fuel received to the amount invoiced by the vendor. During the audit, UNSCOL implemented procedures for recording and monitoring fuel issued to vehicles. The Office also updated its car log and refueling policy. OIOS was satisfied with the actions taken.

IV. ACKNOWLEDGEMENT

20. OIOS wishes to express its appreciation to the Management and staff of UNSCOL for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

APPENDIX I

Management Response

Management Response

Audit of security operations and administrative functions in the Office of the United Nations Special Coordinator for Lebanon

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3	UNSCOL should finalize and rehearse its Business Continuity Plan.	Important	Yes	Business Continuity Focal Point in Mission Support	1 st quarter of 2014	The Business Continuity plan was finalized and approved by the Head of Mission in July 2013. Desktop rehearsal will be scheduled for the first quarter of 2014.

⁵ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁶ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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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Rec. no.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UNSCOL should implement procedures to improve administrative functions by: (a) addressing excessive holdings of vehicles and computers by expediting the necessary write-offs and the re-deployment of the excess holdings to other missions; (b) developing a policy for records management and procedures to monitor compliance thereof; and (c) updating records related to unused annual leave and other staff benefits to prepare for the implementation of the International Public Sector Accounting Standards.	Important	Yes	(a) Officer in Charge- Logistics (b) Officer in Charge- Logistics (c) Human Resources Officer	(a) 1 st quarter of 2014 (b) 1 st quarter of 2014 (c) December 2013	(a) In the 2014 Budget five vehicles were reduced. Five computers are being written-off in October 2013. (b) Records management policy is being developed. (c) (1) Liabilities for unused leave days for international staff are computed at United Nations Headquarters, based on the Integrated Management Information System (IMIS) payroll date. UNSCOL maintains international staff leave records in IMIS on a regular basis and all records are up to date. Accrued liabilities for unused leave days, and records relating to education grant, accrued repatriation benefits are thus automatically reflected in IMIS as of effective date of each transaction. (2) UNSCOL has up-to-date data on national staff unused annual leave balances and travel allowances. We are in contact with the Department of Field Support/Field Personnel Division on the consolidated reporting format and will be IPSAS compliant.