



INTERNAL AUDIT DIVISION

REPORT 2016/091

Audit of administrative support arrangements between the Mechanism for International Criminal Tribunals and the International Criminal Tribunal for the former Yugoslavia

Overall results relating to administrative support arrangements were initially assessed as satisfactory

FINAL OVERALL RATING: SATISFACTORY

23 August 2016

Assignment No. AA2016/261/04

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-4
Regulatory framework	3-4
IV. ACKNOWLEDGEMENT	4
APPENDIX I Management response	

AUDIT REPORT

Audit of administrative support arrangements between the Mechanism for International Criminal Tribunals and the International Criminal Tribunal for the former Yugoslavia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of administrative support arrangements between the Mechanism for International Criminal Tribunals (MICT) and the International Criminal Tribunal for the former Yugoslavia (ICTY).
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. ICTY was established pursuant to Security Council resolution 808 of 1993 to prosecute persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia. Its mandate is scheduled to expire at the end of 2017. Pursuant to Security Council resolution 1966 of 2010, MICT is responsible for continuing the jurisdiction, rights and obligations and essential functions of ICTY at The Hague and the International Criminal Tribunal for Rwanda at Arusha. MICT commenced operations on 1 July 2012 at its Arusha branch and on 1 July 2013 at The Hague branch.
4. Since its inception, MICT has coexisted with ICTY. Through the Registry, ICTY provides administrative support services to MICT. As ICTY slowly phases out, MICT staff employed to undertake administrative duties also provide services to ICTY to cover gaps left by departing ICTY staff. This coexistence is expected to end on 31 December 2017, when the mandate of ICTY is expected to come to an end.
5. Overall net resources initially appropriated for ICTY and MICT for the biennium 2014-2015 amounted to \$180 million and \$113 million, respectively, and for the biennium 2016-2017 they amounted to \$85 million and \$127 million, respectively. For the 2016-2017 biennium, MICT had 65 administrative staff while ICTY had 83.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MICT and ICTY governance, risk management and control processes in providing reasonable assurance regarding the **effectiveness of administrative support arrangements between MICT and ICTY**.
7. The audit was included in the OIOS 2015 risk-based work plan due to the risk that potential weaknesses in administrative support arrangements between MICT and ICTY could adversely affect the achievement of their objectives.
8. The key control tested for the audit was **regulatory framework**. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that: (i) policies and

procedures exist to guide administrative support arrangements between MICT and ICTY; (ii) are implemented effectively; and (iii) ensure the reliability and integrity of operational information.

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

10. OIOS conducted this audit from 25 May to 30 June 2016. The audit covered the period from 1 January 2014 to 30 June 2016. The audit focused on arrangements in place for administrative support in budget and finance, general services, human resources, information technology, procurement and security in MICT and ICTY. OIOS reviewed the delegation of authority in place to facilitate administrative support arrangements between MICT and ICTY, as well as the work of various committees, boards, panels and monitoring groups in ensuring the effectiveness of the administrative support arrangements.

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 MICT and ICTY governance, risk management and control processes examined were assessed as **satisfactory**¹ in providing reasonable assurance regarding the **effectiveness of administrative support arrangements between MICT and ICTY**. Staff members had adequate delegation of authority and the necessary training to perform their double-hatting role adequately. The joint committees, boards and panels set up by MICT and ICTY to provide oversight and advice in various functions had clear terms of reference, met regularly and documented minutes of all their meetings, with adequate follow-up of issues as necessary. OIOS review of activities relating to finance, procurement, general services and information technology showed that the administrative support provided was generally timely and adequate.

13. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **satisfactory**.

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
Effectiveness of administrative support arrangements between MICT and ICTY	Regulatory framework	Satisfactory	Satisfactory	Satisfactory	Satisfactory
FINAL OVERALL RATING: SATISFACTORY					

¹ A rating of “**satisfactory**” means that governance, risk management, and control processes are adequately designed and operating effectively to provide reasonable assurance regarding the achievement of control and/or business objectives under review.

Regulatory framework

Delegation of authority and training provided to staff for their double-hatting role were adequate

14. At a joint MICT/ICTY conference of 2012 held in Utrecht that was attended by all heads of departments and chiefs of sections, the two organizations agreed that staff should multi-task or wear two hats in their various jobs for effective administrative support to both ICTY and MICT. This entailed each staff member performing identical functions for both organizations as recommended in Security Council resolution 1966 which established MICT. Since ICTY was in the process of downsizing as it neared the end of its mandate, double-hatting meant that the gaps left by the downsizing process were to be covered by the remaining staff, regardless of whether their contracts were under MICT or ICTY. This arrangement was promulgated by the Registrar in a January 2013 memorandum and was expected to continue until MICT had a complete stand-alone administration.

15. Both MICT and ICTY had obtained delegation of authority for all administrative activities from the Department of Management. Chiefs of Sections for budget, finance, human resources, information technology, procurement and security indicated that they had been granted adequate delegation of authority to perform their functions effectively.

16. Chiefs of Sections were based in The Hague while MICT Arusha branch had staff carrying out functions that technically fell under the purview of these Chiefs of Sections. The staff in Arusha administratively reported to a P-4 Administrative Officer based in Arusha, but with regard to their technical areas, they worked with the Chiefs of Sections based in The Hague. For example, Arusha staff in procurement reported to the Administrative Officer based in Arusha, but acted on all technical procurement instructions issued by the Chief of Procurement, who was based in The Hague. Both Chiefs of Sections and staff confirmed that this arrangement did not prevent the achievement of functional objectives of the relevant sections, and worked effectively. In addition, staff had received requisite training, including cross-training where applicable, for them to carry out their work effectively. The success of the double-hatting arrangement was key to the effectiveness of administrative support arrangements between MICT and ICTY.

17. OIOS therefore concluded that delegation of authority and training provided to MICT/ICTY staff for their double-hatting role were adequate.

Joint committees, boards and panels were functioning satisfactorily

18. MICT and ICTY established several joint committees, boards and panels to oversee the administrative arrangements. These included: the Information and Communications Technology (ICT) Committee to provide oversight on ICT activities of MICT and ICTY; the Joint Monitoring Group (JMG) to monitor and review the implementation of the Performance Management and Development System; the Local Committee on Contracts (LCC) to render written advice on proposed procurement actions to authorized officials; the Local Property Survey Board (LPSB) to review cases involving losses, damage to property and discrepancies in the property inventory; the Vehicle Establishment Committee (VEC) to conduct periodic reviews of each unit's vehicle establishment and approve additions or deletions as required; the Central Review Board (CRB) to review and advise on the recommendations for selection of staff; and the Liquidation Task Force (LTF) to oversee the process of ICTY liquidation.

19. OIOS reviewed the minutes of nine meetings of the ICT committee, two meetings of JMG, 39 meetings of LCC, four meetings of LPSB, three meetings of VEC, 16 meetings of CRB and four meetings of LTF. Generally, these committees/boards/panels had clear terms of reference, met regularly, and

documented their deliberations adequately. Issues requiring follow up were pursued where necessary. OIOS therefore concluded that these bodies functioned satisfactorily.

Activities relating to various administrative support areas were satisfactory

20. OIOS reviewed the activities of finance, procurement, general services and ICT support on a sample basis and noted that they were generally timely and adequate.

21. In finance, OIOS reviewed payments related to rentals, payroll, contracts and bank reconciliations for five bank accounts (two in the Netherlands, one in Bosnia Herzegovina and two in Tanzania). Payments were generally processed in a timely manner. As of 30 June 2016, all bank reconciliations were up-to-date and necessary actions were taken on reconciling items.

22. The audit also reviewed inter-entity transactions between MICT and ICTY. As at 30 June 2016, the trial balance showed rentals clearly split at Euro 1.3 million apiece between ICTY and MICT with no discrepancies.

23. In procurement, the audit reviewed payment transactions for 32 out of 78 procurement cases covering the period from 1 January 2014 to 30 June 2016. Procurement transactions were processed timely and according to procedural requirements except for two where delays were noted. In the contract for the provision of internet services for an amount not exceeding \$124,000, the expression of interest was posted on the United Nations Global Marketplace on 2 June 2014 but the case was presented to the LCC more than a year later (16 July 2015). Likewise, the Procurement Section did not act until May 2015 on a request for a new contract for the provision of maintenance and repair services for ICT equipment (valued at \$68,000) that was initiated in March 2015. These delays were attributed to inadequate staffing in the Procurement Section at the time due to absorbing additional procurement activities for the construction of the new office facility in Arusha, Tanzania. As these two instances were isolated cases, OIOS did not make a recommendation in this matter.

24. With regard to the General Services Support Section, ICTY and MICT assets had been verified in 2015, as required. ICTY disposed of a total of 13 assets in 2014 and 27 in 2015 after review by the joint LPSB.

25. The Information Technology Support Section processed 23,663 work orders in 2014 and 19,206 orders in 2015. OIOS reviewed a sample of 26 requests for technological support and noted that the Information Technology Support Section had resolved all these requests within 24 to 48 hours. OIOS therefore concluded that the administrative support provided was generally satisfactory.

IV. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

APPENDIX I

Management Response



United Nations
Nations Unies



International
Criminal Tribunal
for the former
Yugoslavia

Tribunal Pénal
International pour
l'ex-Yougoslavie

INTERNAL MEMORANDUM - MEMORANDUM INTERIEUR

Date: 17 August 2017

Ref.:

To: Mr. Gurpur Kumar, Deputy Director
A: Internal Audit Division, OIOS

Copy: John Hocking, ASG/Registrar
Copie: ICTY/MICT

From: David Falces
De: Chief of Administration, *CR* ICTY

Subject: Response to draft audit report on an audit of administrative support arrangements between the
Objet: MICT and ICTY (Assignment No. AA2016/261/04)

1. Thank you for having transmitted today the draft audit report captioned above.
2. On behalf of the Registrar, I confirm that management has reviewed the report and has no comment at this stage of the process.
3. I wish to acknowledge the extensive work of the resident auditors which was required in the production of this report, and to thank you and staff of the IAD for the support of the audit process.