



## INTERNAL AUDIT DIVISION

# AUDIT REPORT

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## The United Nations Mission in Nepal (UNMIN)

While internal controls in administration have been significantly strengthened since the previous audit, strategic planning of substantive programmes in UNMIN requires attention

29 December 2009  
Assignment No. AP2009/560/04

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Ms. Karin Landgren, Representative of the  
A: Secretary-General  
United Nations Mission in Nepal

DATE: 29 December 2009

REFERENCE: IAD: 09- 03267

FROM: Fatoumata Ndiaye, Acting Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2009/560/04 - Audit of the United Nations Mission in Nepal**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 2, 7, 8, 9 and 10 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 3 and 4), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Steven Siqueira, Senior Political Affairs Officer, DPA  
Mr. Seth Adza, Chief, Audit Response Team, DFS  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Moses Bamuwamye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Special Assistant to the USG, OIOS  
Ms. Eleanor Burns, Chief, Peacekeeping Audit Service, IAD/OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## EXECUTIVE SUMMARY

### Audit of the United Nations Mission in Nepal

OIOS conducted an audit of the United Nations Mission in Nepal (UNMIN). The main objectives of the audit were to assess the adequacy and effectiveness of internal controls over substantive programmes and administrative functions in the Mission. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Since OIOS' previous audit in 2007, UNMIN's internal controls had been significantly strengthened in the areas of procurement, cash management and safety and security preparedness. Also, the Mission had taken a number of steps for a smooth transition into the liquidation phase. However, the audit identified the following areas that need to be addressed:

- Weaknesses in planning for recruitment of Arms Monitors, which is a critical programme for UNMIN, had resulted in two occasions where the number of monitors fell below the required threshold of 51. No contingency plan was in place to address these shortfalls. This significantly increased the risk of adverse impact on the programme's effectiveness.
- UNMIN's activities in facilitating the drafting process of the new constitution were limited. This may result in a gap in the United Nations' support to the peace process in Nepal. *UNMIN and the Department of Political Affairs (DPA) stated that following the OIOS observation, an expert on constitution drafting was deployed to identify gaps in the United Nations' support to the constitution drafting process and to examine whether and how UNMIN should lend its support to the process, consistent with the Mission's mandate.*
- The mandate implementation plan and work plan of the Technical Advisory Unit did not clearly formulate key activities and performance goals, which need to be linked to expected accomplishments in the Results-Based Budgeting framework.

OIOS has made a number of recommendations to address the issues identified by the audit. UNMIN has accepted all recommendations and already implemented some of them.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Mission in Nepal (UNMIN). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNMIN was established by Security Council resolution 1740 of 23 January 2007. It is mandated to: (a) monitor the management of arms and armed personnel of the Nepal Army and the Maoist army, in line with the provisions of the Comprehensive Peace Agreement; (b) assist the parties through a Joint Monitoring Coordinating Committee in implementing the Agreement on Monitoring of the Management of Arms and Armed personnel (AMMAA) of both the Nepal Army and the Maoist army; (c) assist in the monitoring of ceasefire arrangements; and (d) provide technical support to the Election Commission in the planning, preparation and conduct of the election of a Constituent Assembly in a free and fair atmosphere.

3. It was expected that the Mission would be liquidated in July 2009. To plan for this, UNMIN has undergone two significant downsizing exercises, in July 2008 and January 2009. Staff strength has been reduced from 883 in January 2008, to 324 in October 2008 and 202 in July 2009. UNMIN also closed its five regional offices in July 2008.

4. In July 2009, the Government of Nepal requested that the mandate of UNMIN be extended for a further period of six months. In response, the Security Council decided on 23 July 2009 in its resolution 1879 to renew the mandate of UNMIN until 23 January 2010.

5. The approved budget of UNMIN for the period 1 January 2009 to 23 July 2009 and for the Mission's liquidation period from August to November 2009 was \$16,778,700. In September 2009, following the renewal of UNMIN's mandate in July, the Controller's Office approved an additional allotment for UNMIN from August 2009 to 31 December 2009 to reflect the extended mandate period, totaling \$10,228,300, provided for from the anticipated unencumbered balance of the appropriation of other special political missions.

6. Comments made by UNMIN and the Department of Political Affairs (DPA) are shown in *italics*.

## II. AUDIT OBJECTIVES

7. The main objectives of the audit were to assess the adequacy and effectiveness of the internal controls over substantive and administrative management including strategic planning and management.

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### III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from January 2008 to September 2009, but focused on operational activities and transactions during 2009. The audit also covered the strategic planning and management for substantive programmes in light of the Mission's newly extended mandate.

9. The audit methodology included interviewing key staff at Headquarters and in the Mission, testing sample transactions, examining operational data on Mission activities and reviewing policies, procedures and other relevant documents. The audit team visited the Nepali Army barracks site located in Chhauni, Kathmandu.

### IV. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. Strategic planning and management

10. UNMIN's mandate continues to include the monitoring of the management of arms and armed personnel in Nepal. In order to monitor this, the substantive programme of UNMIN consists of three main components involving the Arms Monitoring Office (AMO), the Technical Advisory Unit (TAU) and the Political Affairs Office (PAO).

#### Arms Monitoring Office

11. The Arms Monitors maintain round-the clock surveillance of the Nepal Army weapons storage site and the weapons storage areas at the seven main cantonment sites of the Maoist army. The total number of weapons and army personnel monitored by Arms Monitors was 5,688, and 19,464, respectively. The Chief Arms Monitor chaired the Joint Monitoring Coordination Committee (JMCC), which comprises representatives of the Nepal and Maoist army. The JMCC is responsible for supervising the implementation of AMMAA by the parties and to serve as a dispute resolution mechanism, among other things.

12. The programme management of AMO was effective. For example, weapons were bar-coded and stored in secure facilities in accordance with AMMAA. Also, storage facilities were adequately secured by an effective surveillance system that allows monitoring 24/7 both on-site and from Kathmandu Headquarters. In addition, Arms Monitors frequently visit all three battalion-level satellites of each of the seven cantonment sites. All violations of AMMAA are recorded including attempts of unauthorized entries to weapons storage areas.

#### (a) Deployment planning for Arms Monitors

13. The approved strength of Arms Monitors was 73, and at the time of the audit there were 66 Arms Monitors. UNMIN advised OIOS that taking into

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account the leave time and rotation, 51 Arms Monitors are the absolute minimum to enable UNMIN to implement this part of its mandate. OIOS found that the number of Arms Monitors had twice fallen below this threshold in the last 12 months. It fell to 35 in February 2009 and 48 in August 2009, which significantly increased the risk of adverse impact on programme effectiveness. No contingency plan was in place to address these shortfalls. Furthermore, the number of Arms Monitors may fall to 41 in January and February 2010 when the contracts for more than a third of the current Arms Monitors expire and new Arms Monitors are not recruited and deployed on time.

14. The Force Generation Unit (FGU) of the Office of Military Affairs (OMA) under the Department of Peacekeeping Operations (DPKO) informed OIOS that the shortfalls mentioned in the report were caused by the delay in planning for rotation of new Arms Monitors, as it was expected that the Mission would go into liquidation. According to FGU, the six-month mandate cycle of UNMIN does not match well with the 12-month manning cycle used by a majority of the troop-contributing countries (TCCs). Based on lessons learned, FGU stated that it would commence its planning for the rotation of new Arms Monitors 90 days ahead of January 2010. As a part of better planning and developing a contingency plan, FGU has recruited four more new Arms Monitors to be deployed to UNMIN in October 2009 and three more in early November to fill all 73 Arms Monitors posts of UNMIN.

### **Recommendation 1**

**(1) UNMIN, in coordination with the Office of Military Affairs, DPKO, should conduct a planning exercise to develop options and contingencies to ensure that an adequate number of Arms Monitors are deployed, especially in periods when there are major rotation schedules, to ensure effective arms monitoring activities.**

15. *UNMIN accepted recommendation 1 and stated that AMO has submitted extension request to OMA, DPKO with the expectation that UNMIN's mandate will be extended to 23 July 2010. The extension requests have been put forth to maintain a consistent level of Arms Monitors above 65. In terms of the rotation of Arms Monitors, UNMIN stated that OMA, DPKO is aware of large number of rotations between January and April 2010. Recommendation 1 remains open pending receipt of the actual number of Arms Monitors on board for the period January and April 2010.*

#### **(b) Mission Support Plan**

16. The UNMIN annual Support Plan aims at supporting the Concept of Operations of AMO. However, for 2009 the plan had not yet been updated to reflect the change in the Mission's operational environment, in particular the closure of its five regional offices and the need to support cantonment sites from Kathmandu Headquarters instead of from these offices. The Office of Mission Support informed OIOS that updating the Support Plan has been an ongoing

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exercise. The Office is already providing its support services according to the current operational needs of AMO, and priority is given to the cantonment sites.

### **Recommendation 2**

**(2) UNMIN should update the Mission Support Plan in accordance with the Concept of Operations, especially for the support of cantonment sites after the closure of regional offices.**

17. *UNMIN accepted and implemented recommendation 2, and submitted the updated Support Plan to OIOS.* Based on the action taken, recommendation 2 has been closed.

### Technical Advisory Unit

18. TAU provides assistance and advice to the Government of Nepal for the integration and rehabilitation of Maoist army personnel and the discharge and rehabilitation of minors and other disqualified Maoist army personnel. TAU has five staff and is headed by a Special Advisor at the D-1 level, who is responsible for leading and coordinating the United Nations Country Team (UNCT) in this regard. UNCT administers the actual delivery of discharge and rehabilitation packages such as vocational training and inclusion of some Maoist army personnel in the ranks of the national army.

19. There was little progress during January to the end of August 2009 in this programme, mainly due to political developments which were out of TAU's control. *UNMIN commented that the responsibility of TAU is being shifted to focus on coordinating support to the Government related to the implementation of the 25 June 2008 Agreement and developing interim measures, in consultation with the Government, to help reduce and eventually conclude and hand-over UNMIN's arms monitoring responsibilities. This is due to the signing of the Action Plan on 16 December 2009, which is a political agreement that commits the political parties to comply with minimum international standards in order to be removed from the list of parties recruiting and using children in armed conflict in the Secretary-General's annual report on the same issue. The Government has made no written request to UNMIN/TAU for support to the integration and rehabilitation process.*

### Political Affairs Office

20. The main duties of PAO as stated in its work plan are to: (a) provide accurate monitoring and reporting on issues related to the peace process, including developments concerning the work of the Constituent Assembly in writing the new constitution; (b) provide sound political guidance and support to the Representative of the Secretary-General (RSG) and other Mission units, in which PAO supports the good office function of the RSG by proposing possible areas of intervention with key stakeholders; and (c) engage with the key Nepalese interlocutors and the international community in supporting the peace process, among other things.

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21. OIOS found that PAO's political analysis and reporting was of a high quality. However, PAO had little programmed activities for facilitating the drafting process of the new constitution. This may be a significant gap in the United Nations' overall support to the peace process due to two reasons. First, the drafting of the new constitution was a major element at the current stage of peace process according to the Secretary-General's report of July 2009<sup>1</sup> to the Security Council. Second, the drafting of the new constitution is intrinsically linked with the completion of the arms monitoring mandate of UNMIN. Therefore, the limited engagement of UNMIN in the former can hamper the success of the latter.

22. OIOS agrees with UNMIN that its engagement in the constitution drafting process was not clearly specified in its mandates, and to do such work, enormous political sensitivity is involved including the importance of national ownership. Still, OIOS is of the view that UNMIN needs to review the nature of its role in facilitating<sup>2</sup> the constitution drafting process.

23. UNMIN has subsequently informed OIOS that the expected accomplishment of its Results-Based Budgeting (RBB) framework for 2010 has been revised to reflect "increased parties' ability to maintain steady progress in the peace process", with "adoption of a new Constitution" as the indicator of achievement. OIOS welcomes the timely action taken by the Mission. However, there is a need to specify outputs and activities in the mandate implementation plan and work plans of UNMIN and PAO. This has to be done in coordination with DPA, which leads and provides guidance to the Mission in implementing its mandate.

24. *UNMIN and DPA commented that following the OIOS observation, an expert of DPA on constitution drafting was deployed to identify gaps in the United Nations' support to the constitution drafting process and to examine whether and how UNMIN should lend its support to the process, consistent with the Mission's mandate to support Nepal's peace process. UNMIN and DPA stated that unless the Government specifically requests UNMIN, the Mission cannot have a direct role in facilitating the constitution drafting process. The Nepalese are clear in their desire that this process is nationally-led and would not welcome an uninvited direct UN facilitator role in constitution drafting. UNMIN can monitor and report on developments concerning the work of the Constituent Assembly in the context of the peace process. UNMIN and DPA are working together to specify and improve UNMIN's outputs with regard to monitoring and reporting on the constitution drafting process, including through DPA's expert to meet with UNMIN and UNCT senior staff and key Nepalese interlocutors.*

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<sup>1</sup> S/2009/351.

<sup>2</sup> Such facilitation concerns the related political process with the parties involved and is to be distinguished from providing technical support in writing the constitution, for which the United Nations Development Programme (UNDP) is responsible.

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### **Recommendation 3**

**(3) UNMIN, in coordination with the Department of Political Affairs, should specify outputs and activities in the mandate implementation plan and work plan to fulfill its Results-Based Budgeting framework indicator of achievement on facilitating the constitution drafting process.**

25. *UNMIN accepted recommendation 3. UNMIN and DPA stated that the mandate implementation plan and related work plans will be adjusted according to the recommendations of the abovementioned expert of DPA. UNMIN also stated that the external factors outlined in the RBB framework may impact the indicators of achievement on the constitution drafting process. Recommendation 3 remains open pending receipt of the adjusted mandate implementation plan of UNMIN and related work plans.*

#### Strategic management tools

(a) Mandate implementation plan and work plan

26. The mandate implementation plan and work plan of TAU did not clearly formulate key activities and target performance indicators, which need to be linked to the expected accomplishments in the RBB framework. The Unit's work plan did not encompass the full range of its duties.

27. The mandate implementation plan and work plan of PAO considered three groups it interacted with, namely, internal consumers of its analysis and reports within the United Nations including UNMIN, UNCT and UN Headquarters, international actors and key Nepalese interlocutors. The tasks and target performance indicators for the first two groups were adequate. However, the tasks and target performance indicators for meetings and interaction with key Nepalese interlocutors were not adequately developed. Tasks need to be categorized based on priority and impact, e.g., routine meetings, meetings intended for UNMIN's strategic focus, high level decision-making meetings, accompanied by quantifiable performance indicators.

### **Recommendations 4 and 5**

**(4) UNMIN should ensure that the mandate implementation plan and work plan of the Technical Advisory Unit encompass the full range of its duties and develop key activities and target performance indicators clearly linked to the expected accomplishments in the Results-Based Budgeting framework.**

**(5) UNMIN should ensure that the mandate implementation plan and work plan of the Political Affairs Office: (i) categorize meetings and interaction with Nepalese interlocutors based on priority and impact; and (ii) include quantifiable targets.**

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28. *UNMIN accepted recommendation 4 and stated that it is currently assessing restructuring of TAU in line with how UNMIN will plan its exit strategy in the next six months. This will be reflected in the mandate implementation plan and Unit's work plan. Recommendation 4 remains open pending receipt of the new mandate implementation plan and work plan of TAU.*

29. *UNMIN accepted recommendation 5 and stated that high-level meetings will be quantified, along with impact related to key peace process milestones such as discharge and rehabilitation of the disqualified Maoist army personnel. Recommendation 5 remains open pending receipt of the mandate implementation plan and work plan of PAO reflecting adequate quantifiable targets.*

(b) Joint strategy with the United Nations Country Team

30. As the system-wide coordinator for supporting the peace process in Nepal, UNMIN had developed a joint strategy with UNCT in 2007. The strategy delineates their respective roles and responsibilities in order to maximize the impact of various UN programmes. However, the strategy had not been updated since then despite the fact that after the downsizing in 2008, UNMIN had transferred several substantive components to UNCT, including mine action, provision of advice on gender, social inclusion and HIV/AIDS, as well as the coordination and management of the United Nations Peace Fund for Nepal. Another important change that needs to be updated was UNMIN's intent to utilize the regional presence of UNCT to some degree to mitigate the gap that resulted from the closure of its regional political affairs presence in monitoring and analyzing regional political situations.

**Recommendation 6**

**(6) UNMIN, as the system-wide coordinator for supporting the peace process in Nepal, should update the joint strategy with the United Nations Country Team to clearly delineate their respective roles and responsibilities and to maximize the impact of various United Nations programmes.**

31. *UNMIN accepted recommendation 6. UNMIN and UNCT are closely cooperating on the discharge and rehabilitation process and will be shortly re-assessing how the Mission can synergize its short term support to the peace process along with UNCT's longer term development strategy. Recommendation 6 remains open pending receipt of the updated joint strategy.*

B. Mission support

32. Since OIOS' previous audit in 2007, UNMIN's internal controls have been significantly strengthened. For example, the procurement process had improved considerably, as there were no longer any ex-post facto cases, and vendors were selected after a competitive bidding exercise. Stronger controls have been implemented over financial transactions and asset management. There

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was also improved preparedness with regard to safety and security of staff. In addition, several steps were taken in finance and asset management to ensure a smoother transition into the liquidation phase, which is commendable. There were still some opportunities to further strengthen internal controls in mission support, as discussed in the following paragraphs.

#### Finance and Budget

33. Since February 2009, UNMIN discontinued the use of Short Form Purchase Orders (SFPO), a system introduced in July 2007 by the then Chief of Mission Support of UNMIN to allow cash payments for goods and services procured up to \$2,500 per transaction without complying with standard procurement procedures. This system was abused as OIOS found that transactions were not adequately supported, and there was repeated use of some vendors without a proper competitive process.

34. OIOS noted that stronger controls have been implemented since February 2009 by replacing SFPOs with the direct expenditure vouchers. This has resulted in a significant reduction in this manner of purchasing goods and has mitigated the risk of procuring goods and services without going through proper procedures.

35. Also, OIOS' review found that internal controls were in place and operating effectively over financial and cash management including the imprest account, accounts receivable, accounts payable and travel authorizations. However, the following issues need to be addressed:

- There was no mission-wide guidance for staff involved in invoice processing, resulting in an inordinate amount of time spent by staff on this exercise. Also, the roles of the Finance Section, the Receipt and Inspection (R & I) Unit, and the cost centres were not clear and therefore there was disagreement on responsibilities; and
- Financial Regulations 5.3 and 5.4 state that unliquidated obligations beyond a 12-month period shall be cancelled and surrendered. There were a high number of unliquidated obligations beyond the 12-month period, indicating a weakness in budget planning and controls, as earmarked provisions could be utilized for other priority requirements. UNMIN has been taking action since June 2009 either to cancel long outstanding unliquidated obligations that are no longer needed or to expedite procurement of goods and services. However, there was still a balance of \$174,434 stemming from 184 line items as of 15 September 2009.

#### **Recommendations 7 and 8**

**(7) UNMIN should issue mission-wide guidance on invoice payment procedures to direct staff and to ensure that the process is completed without redundant effort and delay.**

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**(8) UNMIN should strengthen its budgetary control procedures to ensure that unliquidated obligations beyond 12 months totaling \$174,434 are cleared without further delay.**

36. *UNMIN accepted recommendation 7 and stated that its cost centres and Finance Section have streamlined the processes and produced standard operating procedures (SOP) for the processing of invoices, which has been submitted to OIOS. Regular monitoring of invoices from the date received and up to the time the invoice is prepared for payment is tracked through a tracking table. The tracking table is posted on the shared drive to enable concerned parties to track their actions so that payment can be made as per the terms of the contract. With the implementation of the above procedures, the average processing time of invoices is now 29 days versus the former 38 days; a 24% improvement in processing time. Based on the action taken by the Mission, recommendation 7 has been closed.*

37. *UNMIN accepted recommendation 7 and stated that it has reviewed the unliquidated obligations and cleared an amount of \$110,576.84 out of the balance of \$174,434 for 164 line items reported as of 15 September 2009, leaving a balance of \$63,857.16 for 20 lines. Unliquidated obligations beyond 12 months as of 4 December 2009 are \$ 86,787.31 for 32 line items. UNMIN stated that its cost centres are provided with monthly reports covering outstanding unliquidated obligations. Additionally, in accordance with the Field Finance Procedures Guidelines of DPKO, the Finance Section undertakes a detailed review of unliquidated obligations and requests clarifications on those items which may appear to be no longer valid. These items are discussed with the Certifying Officers and, if retained, supporting notation is made and filed. These will ensure that all unnecessary unliquidated obligations are cleared. Based on the action taken by UNMIN, recommendation 8 has been closed. OIOS will follow up this matter in the future to assess the effectiveness of the Mission's mitigating controls.*

Personnel

38. The staffing situation in UNMIN was relatively stable with a vacancy rate of 6.6 per cent for international and national civilian staff (excluding Arms Monitors and UN Volunteers) as of 1 August 2009.

39. At the time of the audit, 14 of 51 UNMIN international staff had not signed a transition contract under the new Human Resources reform to convert from the 300 Series to the 100 Series of Staff Rules. Also, four staff did not have medical coverage from July 2009, as they were given monthly contracts which did not have this entitlement.

40. Upon follow up with the Department of Field Support (DFS), OIOS was informed that all staff had now received their transition contracts. The delays resulted because the Field Personnel Division (FPD) only started working on UNMIN staff contracts in August 2009, when the Security Council approved the extension of the Mission's mandate. For staff that were not given adequate medical coverage, DFS stated that if there was any injury and if a claim was

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submitted, it would be covered under the UN medical insurance scheme. FPD stated that the month-to-month contract for the four staff was an exception, as the Field Central Review Board had not endorsed their selection. FPD confirmed that they omitted to inform these staff of their de facto coverage under the UN medical insurance, which will be done shortly. OIOS is not making a recommendation on this matter as the transitional contracts have been completed. However, the lack of timely completion of the exercise by DFS, and inadequate communication with staff members, did cause uncertainty and may have had a demoralizing effect on field staff.

41. As of mid-September 2009, 29 per cent of international staff had not completed their Personnel Appraisal System (PAS) for the period 2008-2009, and 57 per cent of international staff had not initiated their 2009-2010 PAS. When this was brought to the attention of management, immediate action was taken to address this issue, and at the end of the audit, the percentage of international staff who had not completed their PAS for the period 2008-09 had already been reduced to 11 per cent. Therefore, OIOS is not making a recommendation on this issue.

#### Procurement

42. OIOS assessed that procurement activities for the period 2009 were generally carried out in compliance with UN procurement procedures. However, the following issues needed to be addressed:

- Source selection plans were not developed, and Source Selection and Evaluation Committees for large contracts were not convened. Therefore, there were insufficient management oversight of the procurement process for seven contracts, whose total Not-To-Exceed amount was \$2.1 million for freight forwarding, jet fuel, labour services, ex-post facto rent, supply and delivery of ground fuel and internet service.
- The Local Committee on Contracts, the Tender Opening Committee, the Vendor Review Committee, the Property Survey Board and the Joint Monitoring Committee carry out important functions upholding the United Nations rules and regulations and maintaining internal controls. However, their composition needs to be updated since they included staff members in key positions who had already left the Mission.
- There was no systematic outreach plan to attract more local vendors. In OIOS' opinion, the UNMIN website could be utilized by posting the registration process for new vendors, information on the United Nations' procurement process, upcoming local procurement bidding schedules and bid results in accordance with best practices of UN offices elsewhere.

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## Recommendation 9

**(9) UNMIN should strengthen the procurement process by: (a) developing a Source Selection Plan and constituting a Source Selection and Evaluation Committee for carrying out large procurement; (b) updating the composition of its committees (Local Committee on Contracts, Tender Opening Committee, Vendor Review Committee, Property Survey Board and Joint Monitoring Committee); and (c) enhancing its outreach effort to local vendors by posting vendor registration procedures, information on the procurement process, upcoming local procurement bidding schedules and bid results on the Mission's website.**

43. *UNMIN accepted recommendation 9 and stated that the Source Selection Plan has been developed and finalized. The UNMIN Source Selection and Evaluation Committee has been established in October 2009. They held their first meeting on 3 December 2009. The composition of the above mentioned committees have been updated and are fully functional. The revised composition of these committees was transmitted to OIOS. Preparation of the vendor outreach component on the UNMIN web-page is completed, which contains both procurement and finance related information and support for UNMIN vendors. The vendors are informed of the website, through which some of them confirmed their registration. Based on the action taken by the Mission, recommendation 9 has been closed.*

### Air safety

44. One of the key controls for mitigating aviation risks as specified in the DPKO/DFS policy directive dated 10 April 2008 is the presence of an aviation safety officer who is independent from the Aviation Section and is responsible for assisting the Chief of Mission Support in identifying aviation hazards, supporting the risk evaluation process, and identifying possible risk control measures. However, UNMIN did not have an independent aviation safety officer as their air operations included only one helicopter.

45. OIOS notes the Mission's effort in attempting to establish periodic aviation safety inspection visits from the United Nations Logistics Base (UNLB)/UN Headquarters to compensate for the absence of an independent aviation safety officer. The first inspection took place in June 2009, resulting in the issuance of eight recommendations.

46. However, the continuity of periodic independent inspections is in doubt, which could lead to an unacceptable level of safety risk. This is because the Mission and UNLB/Headquarters have not yet decided whether to continue such independent inspections, and how often to conduct them. Also, OIOS found that the UNMIN Aviation Safety Programme, which is the governing code of aviation safety for UNMIN and requires the approval of the Aviation Safety Unit of the Logistics Support Division, DFS, did not include independent inspections as a control measure.

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### **Recommendation 10**

**(10) UNMIN, in coordination with the Department of Field Support, should ensure the continuity of periodic independent aviation safety inspections in the Mission. The UNMIN Aviation Safety Programme should formally promulgate independent inspections as a key measure to mitigate aviation safety risks.**

47. *UNMIN accepted recommendation 9. Based on a request from UNMIN, DFS confirmed its commitment to provide regular aviation oversight to UNMIN by UNLB Regional Safety Aviation Office. Regular Aviation Safety Assistance Visits (ASAV) from UNLB have been promulgated in the Aviation Accident Prevention Programme, signed by the Chief Mission Support. ASAVs are to be conducted, at a minimum, once every 4 to 5 months and at any other time UNMIN requires. The second ASAV took place in November 2009. The next is scheduled for March 2010. Based on the action taken by the Mission, recommendation 10 has been closed.*

## V. ACKNOWLEDGEMENT

48. We wish to express our appreciation to the Management and staff of UNMIN, DPA, DFS and DPKO for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	UNMIN, in coordination with the Office of Military Affairs Office, DPKO, should conduct a planning exercise to develop options and contingencies to ensure that an adequate number of Arms Monitors are deployed, especially in periods when there are major rotation schedules, to ensure effective arms monitoring activities.	Human resources	High	O	Receipt of the actual number of Arms Monitors on board for the period between January and April 2010.	December 2009
2	UNMIN should update the Mission Support Plan in accordance with the Concept of Operations, especially for the support of cantonment sites after the closure of regional offices.	Strategy	Medium	C	Action completed.	Implemented
3	UNMIN, in coordination with the Department of Political Affairs, should specify outputs and activities in the mandate implementation plan and work plan to fulfill its Results-Based Budgeting framework indicator of achievement on the constitution drafting process.	Strategy	High	O	Receipt of adjusted mandate implementation plan of the Mission and related work plans.	January 2010
4	UNMIN should ensure that the mandate implementation plan and work plan of the Technical Advisory Unit encompass the full range of its duties and develop key activities and target performance indicators clearly linked to the expected accomplishments in the Results- Based Budgeting framework.	Strategy	High	O	Receipt of the updated mandate implementation plan and work plan of the Technical Advisory Unit.	January 2010
5	UNMIN should ensure that the mandate implementation plan and work plan of the Political Affairs Office: (i) categorize meetings and interaction with Nepalese	Strategy	Medium	O	Receipt of the updated mandate implementation plan and work plan of the Political Affairs Office.	On-going

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	interlocutors based on priority and impact; and (ii) include quantifiable targets.					
6	UNMIN, as the system-wide coordinator for supporting the peace process in Nepal, should update the joint strategy with the United Nations Country Team to clearly delineate their respective roles and responsibilities and to maximize the impact of various United Nations programmes.	Governance	Medium	O	Receipt of the updated joint strategy.	January 2010
7	UNMIN should issue mission-wide guidance on invoicing procedures to direct staff and to ensure that the process is completed without redundant effort and delay.	Operational	Medium	C	Action completed.	Implemented
8	UNMIN should strengthen its budgetary control procedures to ensure that unliquidated obligations beyond 12 months totaling \$174,434 are cleared without further delay.	Financial	Medium	C	Action completed.	Implemented
9	UNMIN should strengthen the procurement process by: (a) developing a Source Selection Plan and constituting a Source Selection and Evaluation Committee for carrying out large procurement; (b) updating the composition of its committees (Local Committee on Contracts, Tender Opening Committee, Vendor Review Committee, Property Survey Board and Joint Monitoring Committee); and (c) enhancing its outreach effort to local vendors by posting vendor registration procedures, information on the procurement process, upcoming local procurement bidding schedules and bid results on the Mission's website.	Compliance	Medium	C	Action completed.	Implemented
10	UNMIN, in coordination with the Department of Field Support, should	Safety and security	Medium	C	Action completed.	Implemented

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<b>Recom. no.</b>	<b>Recommendation</b>	<b>Risk category</b>	<b>Risk rating</b>	<b>C/O<sup>1</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>2</sup></b>
	ensure the continuity of periodic independent aviation safety inspections. The UNMIN Aviation Safety Programme should formally promulgate independent inspection as a key measure to mitigate aviation safety risks.					

1. C = closed, O = open

2. Date provided by UNMIN and DPA in response to recommendations.