



## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Audit of the UNAMA Mission Support Office in Kuwait**

**Overall results relating to effective provision of support services to the UNAMA operations by the Mission Support Office in Kuwait were initially assessed as partially satisfactory. Management has satisfactorily implemented all the audit recommendations.**

**FINAL OVERALL RATING: SATISFACTORY**

**28 December 2012**

**Assignment No. AP2012/630/01**

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# AUDIT REPORT

## Audit of the UNAMA Mission Support Office in Kuwait

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Assistance Mission in Afghanistan's (UNAMA) Mission Support Office in Kuwait (MSOK).
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. UNAMA established the MSOK in September 2010 to ensure uninterrupted support services to the Mission's operations, and to serve as a temporary relocation center for staff in the event of their evacuation from Afghanistan. The functions performed by MSOK included human resources management, finance, procurement, communications and information technology, movement and control of goods and personnel, training and travel.
4. UNAMA's operations in Kuwait are co-located with the United Nations Assistance Mission in Iraq (UNAMI), which has an already established Office in Kuwait. There were also plans to establish in 2013 a Kuwait Joint Support Office (KJSO), with UNAMA and UNAMI working together from one Office. UNAMA and UNAMI were collaborating on the KJSO implementation including the development of common processes and shared support services in Kuwait.
5. As of May 2012, there were 55 staff in MSOK led by the Chief of Administrative Services at the P-5 level, reporting to the Chief of Mission Support (CMS) in Afghanistan. The budgets for 2011/12 were \$5.7 million and \$6.3 million respectively which included staffing and operational costs.
6. Comments provided by UNAMA are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNAMA governance, risk management and control processes in providing reasonable assurance regarding the **effective provision of support services to the UNAMA operations by MSOK**.
8. The audit was included in the 2012 OIOS risk-based work plan due to the importance of ensuring that adequate and timely administrative services are delivered to UNAMA from its support office.
9. The key controls tested for the audit were: (a) change management; (b) regulatory framework; and (c) disaster recovery and business continuity plans. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Change management** – controls that provide reasonable assurance that there is a systematic approach to dealing with the transfer of administrative functions from the Mission's Headquarters in Kabul to MSOK.

- (b) **Regulatory framework** – controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of MSOK; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.
- (c) **Disaster recovery and business continuity plans** – controls that provide reasonable assurance that disaster recovery and business continuity plans exist to ensure that the UNAMA operations can withstand crisis and continue to operate within a reasonable timeframe.

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

11. OIOS conducted this audit from April to August 2012. The audit covered the period from 1 September 2010 to 30 June 2012.

12. 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

13. UNAMA governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective provision of support services to the UNAMA operations by MSOK**. OIOS made two recommendations to address issues identified in the audit. UNAMA had established a performance monitoring framework with targets for improving the MSOK service performance, and the support functions relocated from Kabul to Kuwait generally performed effectively. UNAMA was working with UNAMI on the implementation of common processes and shared support services in Kuwait. Controls over the processing of travel claims needed to be strengthened and efforts were needed to ensure the adequacy of the Mission’s disaster recovery and business continuity operations.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **satisfactory** as all recommendations have been implemented satisfactorily.

**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 provision of support services to the UNAMA operations by MSOK	(a) Change management	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Disaster recovery and business continuity plans	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: SATISFACTORY</b>					

## A. Change management

The governance structure and progress on the merger of support services with UNAMI was satisfactory

15. The MSOK was co-located with UNAMI offices in Kuwait and had started sharing support services, including facilities management, communication and information technology, surface transport and staff training. At the time of the audit, UNAMA support services in Kuwait were governed by managers based in Kabul. The establishment of KJSO was progressing satisfactorily as UNAMA and UNAMI were working together to share common processes and shared support services in Kuwait.

## B. Regulatory framework

Acquisition process was strengthened to improve procurement lead times

16. The MSOK International Procurement Unit issued 560 purchase orders valued at \$56.6 million in 2011 of which 346 valued at \$32.7 million were processed by the Procurement Unit in Kuwait. A review of 12 procurements valued at \$2.5 million showed that delivery of goods was delayed by 22 to 277 days, and overall procurement lead times (i.e. elapsed time between submission of approved requisition to the Unit by requisitioners and the receipt of the procured materials) ranged from 163 to 508 days in 9 of the 12 cases reviewed. The delays were attributed to factors such as closure of the Pakistan-Afghan border, security situation, and delays in customs clearance that were not within the control of the UNAMA. OIOS is satisfied with the action being taken by UNAMA to reduce procurement lead times.

Controls over the processing of travel claims needed to be strengthened

17. The MSOK Finance Section processed payments may to all UNAMA international vendors and international staff based in Afghanistan and local staff in Kuwait. To facilitate the certifying and approving function, receipt and inspection reports and original documents received in Kabul were sent to Kuwait weekly by mail and pouch service.

18. Primarily due to the lack of guidelines on claims processing and inadequate supervision of newly recruited finance assistants travels claims were sometimes not certified, there were delays in the processing of vendor payments ranged from 10 to 213 days in seven of the 45 cases reviewed, and delays of up to 30 days in processing 11 of the travel claims reviewed. The delays were mainly due to partial deliveries or problems with customs clearance which led to delayed submission of service certification reports, and receipt and inspection reports by the relevant sections. No other exceptions in the processing of vendor payments were noted in the sample population. At the time of the audit, UNAMA was contemplating on transferring all finance staff to Kuwait, effective January 2013.

**(1) UNAMA should ensure that travel claims are certified in accordance with the United Nations rules and procedures.**

*UNAMA accepted recommendation 1 and stated that the recommendation was implemented effective 1 November 2012. The Director of Mission Support has instructed the Finance Section to ensure that every F10 claim is reviewed and certified was and processed in accordance with the United Nations rules and procedures. Based on the action taken by UNAMA, recommendation 1 has been closed.*

## C. Disaster recovery and business continuity plans

### The adequacy of evacuation room in Kuwait needs to be established

19. An evacuation room has been set up in MSOK to accommodate critical staff evacuated from Afghanistan to ensure uninterrupted support UNAMA operations. The room was equipped with 48 data ports, 16 workstations with desktop computers, a digital sender, a network printer, 11 telephone sets, conference area and seating arrangement for 22 staff members. The adequacy of these facilities could not be assured as UNAMA had not identified critical tasks and essential staff.

**(2) UNAMA should ensure that the evacuation facility in Kuwait is reassessed in view of proposed transfer of additional functions to the back office and resources required to support temporary relocation of staff in the event of disaster in Afghanistan.**

*UNAMA accepted recommendation 2, and stated the capacity issue for the evacuation room will be resolved when additional functions transferred to Kuwait in 2013. In addition, all critical tasks required to support operations in the event of evacuation from Afghanistan have been defined and, in the event of crisis, UNAMA may be able to continue to operate from the Kuwait office without the critical need to redeploy staff from Kabul. The facility would remain the same as a contingency and would also be made available for UNAMI in case of relocation out of Iraq. Based on the action taken by UNAMA, recommendation 2 has been closed.*

## IV. ACKNOWLEDGEMENT

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

  
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ANNEX I

STATUS OF AUDIT RECOMMENDATIONS  
 Audit of the UNAMA Mission Support Office in Kuwait

Recom. no.	Recommendation	Critical/ <sup>1</sup> Important <sup>2</sup>	C/ <sup>3</sup> O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNAMA should ensure that F10 claims are certified in accordance with the United Nations rules and procedures.	Important	C	Action taken.	Implemented
2	UNAMA should ensure that the evacuation facility in Kuwait is reassessed in view of proposed transfer of additional functions to the back office and resources required to support temporary relocation of staff in the event of disaster in Afghanistan.	Important	C	Action taken.	Implemented

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by [client] in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]