



## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Audit of OCHA Regional Office for West Africa**

**2 April 2008**

**Assignment No. AN2007/590/06**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. John Holmes, Under-Secretary General and  
A: Emergency Relief Coordinator  
Office for the Coordination of Humanitarian Affairs

DATE: April 2, 2008

REFERENCE: AUD-7-4: 13(08-01162)

FROM: Dagfinn Knutsen, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No: AN2007/590/06: Audit of OCHA Regional Office for West Africa**  
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, 3, 8, 13, 15, 18, 21 and 22 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 critical (i.e., recommendations 1, 4, 5, 7, 9 and 10 in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Even Fontaine Ortiz, Chairperson, Joint Inspection Unit  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. William Petersen, Chief, New York Audit Service, IAD, OIOS  
Mr. Byung-Kun Min, Programme Officer, 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 OCHA Regional Office for West Africa**

OIOS conducted an audit of the administrative management of the Office for the Coordination of Humanitarian Affairs, Regional Office for West Africa (OCHA-ROWA). The overall objectives of the audit were to assess compliance with UN rules and regulations and the OCHA Field Administrative Manual in the areas of: financial and human resources; procurement of goods and services; and property management. The audit covered transactions for the period from September 2003 to June 2007. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The budgeted expenditures of OCHA-ROWA for 2007 totaled \$3,141,480. The internal office management functions are the responsibility of the Head of Office and UNDP-Senegal is the Local Service Provider (LSP).

OCHA's request was based on alleged administrative irregularities in the OCHA-ROWA office. Therefore, the audit scope focused on the staff's compliance with administrative procedures as described in OCHA's Field Administrative Manual. Overall, OIOS found that there was limited compliance with the OCHA Field Administrative Manual and the UN rules and regulations in the areas of procurement, recruitment and recovery of private expenses on telephone calls and vehicles. Also, oversight of the country office by OCHA-Geneva needed improvement. Staffing for the Finance and Administrative Unit was inadequate since the inception of the office.

More specifically, OIOS found that:

#### Monitoring of financial resources

Inter-Office Vouchers were not reconciled on a monthly basis and OCHA-ROWA could not independently generate monthly expenditures reports from the United Nations Development Programme (UNDP) Enterprise Resource Planning system (ATLAS). Further, access to ATLAS by OCHA-ROWA staff had not been formalized through a Memorandum of Understanding between OCHA and UNDP. In the absence of monthly expenditure reports, OCHA-ROWA was using an excel workbook to monitor its expenditures. However, this workbook was not updated.

#### Petty cash

Cash counts and reconciliations with the cash book were not performed monthly. The authorized limits of petty cash per item in the OCHA and UNDP manuals were different. OCHA-ROWA incurred petty cash expenditures in excess of the UNDP authorized limits in 2003 and 2004.

### Procurement

OCHA-ROWA did not comply with UN procurement procedures and the provisions of the Field Administrative Manual on procurement, thus placing at risk the integrity, effectiveness, and efficiency of the procurement process. The OCHA Head of Office (HO) entered into an agreement with a travel contractor and a security company without having the delegated authority to sign contracts and OCHA-ROWA procured goods and services valued between \$2,500 and \$30,000 without being delegated the relevant procurement authority. Furthermore, OCHA-ROWA purchased a vehicle for the Head of Office in August 2005 without prior authorization from the Administrative Office in Geneva. This unauthorized purchase was not detected in the reconciliation of the Inter-Office Vouchers by OCHA-Geneva. OCHA-ROWA did not systematically prepare requisitions for the procurement of goods and services.

### Human resources

OCHA-ROWA hired a finance consultant in January 2005 without documenting a competitive selection process. The consultant's file did not include basic documentation such as curriculum vitae and references establishing the suitability of his competencies and qualifications for the job. OIOS also noted that approved posts had not been filled promptly affecting the delivery of finance and administrative services.

### General administration

The recovery of costs for private telephone calls and vehicle usage for unofficial business has not taken place since the OCHA-ROWA was established in 2003.

### Asset management

OCHA-ROWA did not implement sufficient controls to ensure the safeguarding of assets. For instance, physical verification of inventories was not conducted twice annually as required by the Field Administrative Manual and investigation reports (in cases of lost items), and preliminary condemnation certificates (in cases of damaged items) were not prepared. The transfer of a new server to the Government of Niger in 2007 did not comply with the procedures relating to the disposal of assets.

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## **I. INTRODUCTION**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the OCHA-Regional Office for West Africa (OCHA-ROWA) in Dakar, Senegal. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. OCHA-ROWA was established in September 2003. The annual cost plan for 2007, which included the sub-office in Niger, totaled \$3,141,480. Of this, \$1,970,422 was for staff costs, \$809,649 was for non-staff costs and \$361,409 was for programme support costs. The office is under the overall supervision of the OCHA Head of Office, whilst United Nations Development Programme in Senegal (UNDP-Senegal) functions as the Local Service Provider (LSP). OCHA-Geneva performs the certifying functions for all OCHA country offices.
3. Comments made by OCHA-ROWA and OCHA-Geneva are shown in *italics*.

## **II. AUDIT OBJECTIVES**

4. The major objectives of the audit were to assess the:
  - (a) Compliance with UN rules and with OCHA's Field Administrative Manual; and
  - (b) Efficiency and effectiveness of internal controls relating to the management of financial and human resources, procurement of goods and services, and property management.

## **III. AUDIT SCOPE AND METHODOLOGY**

5. The audit covered the period from the establishment of the Office in 2003 to June 2007. The audit involved test check of transactions, physical inspection of inventories and interviews with key personnel.

## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Monitoring of financial resources**

6. UNDP-Senegal at Dakar began using ATLAS, the Enterprise Resource Planning (ERP) system for UNDP, in 2004. UNDP-Senegal was responsible for the creation and approval of all purchase orders and payments in ATLAS. However, due to the lack of resources in the UNDP-Senegal Office, OCHA-ROWA was creating purchase orders, payments vouchers and vendors in ATLAS while UNDP approved these purchase orders and payments in ATLAS. There is no local memorandum of understanding (MOU) between UNDP and OCHA that
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assigns the responsibilities for the use of ATLAS between the two offices. Further, due to their limited knowledge of ATLAS functionalities, the OCHA-ROWA staff could not independently generate expenditure reports until May 2007. Further, UNDP-Senegal was not providing OCHA-ROWA the monthly lists of Inter-Office Vouchers (IOVs) representing the payments made by UNDP on its behalf. In the absence of these records, OCHA-ROWA maintained an excel workbook which records payments requested of UNDP. The excel workbook was also incomplete and affected OCHA-ROWA's effectiveness in monitoring its financial resources.

### **Recommendation 1**

**(1) OCHA-Geneva should improve the financial monitoring system by ensuring that: (a) access to ATLAS in OCHA-ROWA is governed by a memorandum of understanding specifying the division of responsibilities between UNDP and OCHA staff; (b) the OCHA-ROWA staff is provided training in ATLAS functionalities by UNDP-Senegal so that they can generate periodic financial reports; and (c) monthly Inter-Office Vouchers are obtained from UNDP to enable OCHA-ROWA to monitor its expenditures.**

7. *The OCHA-ROWA Administration accepted recommendation 1 and stated that according to the terms of reference of an OCHA administrative mission requested by the ROWA that took place in August 2004, the overall issue of the relationship between ROWA and UNDP was already brought to the attention of Headquarters, although no report of the subject mission has been shared with the ROWA to allow for proper follow-up. The OCHA-ROWA Administration further stated that:*

*(a) Regarding the access to ATLAS a dialogue has been initiated with UNDP on the best way to prepare and MOU and improve procedures;*

*(b) Training of OCHA-ROWA staff in ATLAS functionalities by UNDP-Senegal to generate financial reports was already implemented; and*

*(c) The Administrative Office in Geneva's IOV Unit sends the IOV reports to field offices for clearance on a monthly basis. Recommendation 1 remains open pending receipt of a copy of the MOU specifying the division of responsibilities between UNDP and OCHA staff, and receipt of documentation showing that OCHA staff members have received adequate training on ATLAS.*

### **B. Petty cash**

8. OCHA-ROWA has a petty cash fund for minor office expenditures. The fund is replenished by UNDP when it is almost depleted. The Administrative Office (AO) in Geneva initially authorized a maximum petty cash imprest of \$500 upon the establishment of the Office in 2003 which was raised to \$2,000 in April 2004. In the OCHA Field Administrative Manual, the limit per petty cash transaction is \$50 whereas in the UNDP Finance Manual of May 2000 the limit per item is \$100. The analysis of the petty cash book maintained by the OCHA-ROWA office indicated that the Office used petty cash to cover expenditures exceeding \$100 per transaction. The total of such expenditures was



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approximately \$1,835 which represents 13 per cent of the total of \$14,457 of petty cash used from the Office start-up in 2003 to June 2007.

9. The custodian for OCHA-ROWA petty cash maintains a cash book but does not reconcile the cash book with the actual amount of cash on hand at the end of the month. OIOS was informed that cash counts are performed on a surprise basis by the Administrative Officer and the Head of Office (HO) but the results of those counts are not reconciled with the cash book. Furthermore, no review of expenditures had been performed by the successive Heads of Office from September 2003 to July 2007.

### **Recommendation 2 and 3**

**(2) OCHA-ROWA should comply with the petty cash limits per item set out in the OCHA Administrative Manual.**

**(3) The OCHA-ROWA Administration should ensure that the cash book balance is reconciled with the actual amount of cash on hand at the end of the month in compliance with the OCHA Administrative Manual.**

10. *The OCHA-ROWA Administration accepted recommendation 2 and stated that according to their records, they have noticed that twelve transactions exceeding US\$100 were issued in 2003 (from September to December); three in 2004; and one in September 2006. Most of the aforementioned transactions took place at the time where the Regional Office was lacking Administrative Management capacity. After the transfer of the Regional Office from Côte d'Ivoire to Senegal in 2003 the National Administrative Assistant was recruited only in February 2004 and the International Administrative and Finance Office was deployed in May 2006 which explains the progress in compliance with UN rules and regulations. Based on the Administration's response, OIOS has closed recommendation 2.*

11. *The OCHA-ROWA Administration accepted recommendation 3 and stated that in response to the new administrative procedures for operating petty cash issued in May 2007 by OCHA Administrative Office in Geneva, the ROWA closed the petty cash and returned the balance to UNDP on 12 June 2007. When the Auditor came on 17 June 2007 to Dakar, there was no cash on hand in the office. Based on the response given by the Administration, recommendation 3 has been closed.*

## **C. Procurement**

### Delegation of authority to sign contracts

12. According to the section 'Contractual arrangements for rental of premises and procurement of goods and services' under Chapter II of the OCHA Field Administrative Manual, field offices have no delegation of authority to sign contracts and must rely on the local service provider to sign all lease agreements and contracts for the procurement of goods and services. However, OIOS noted

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from a sample of three contracts examined, that in contravention of the provisions in the manual, two contracts were signed by the OCHA HO instead of the UNDP Resident Representative (RR) or Deputy Resident Representative (Operations) (DRR (O)). They included a contract with a security company (Sagam) recommended by the Field Security Office of UNDP-Senegal in September 2005 and an agreement with the travel agency (Saphir Voyages) in October 2006. In the case of the contract with the travel agency, OIOS found no evidence that service proposals from other travel agencies had been assessed prior to signing the agreement.

13. Both contracts mentioned in the paragraph above were of high value. For the five months period from January to May 2007 expenditures related to the Sagam contract totaled 22,140,900 Francs (CFA) (\$45,024) and the total expenditures made through the travel agency Saphir Voyages from the signature of the contract in October 2006 through July 2007 were CFA 57,712,000 (\$120,357). The payments related to Sagam and Saphir Voyages contracts were approved and processed by UNDP. The OCHA-Administration explained that the OCHA HO signed one of the contracts because the UNDP Resident Representative was absent. Further, the OCHA-Administration mentioned that the status of the OCHA-ROWA delegation of authority in relation to UNDP Senegal was not clear.

#### **Recommendation 4 and 5**

**(4) The OCHA-ROWA Administration should ensure compliance with the provisions of the Field Administrative Manual relating to the delegation of procurement authority.**

**(5) OCHA-Geneva should determine accountability for the non-compliance with the provisions of the Field Administrative Manual relating to the delegation of procurement authority.**

14. *The OCHA-ROWA Administration accepted recommendation 4 and stated that according to the terms of reference of the August 2004 administrative mission requested by the ROWA, the overall issue of the relationship between ROWA and UNDP was already brought to the attention of Headquarters. No report of the subject mission has been shared with the ROWA to allow for proper follow-up. However, in spite of the lack of clear guidance on how regional offices (different statutory relationship than OCHA country field offices) should operate with UNDP, the management of the ROWA had to use the services of UNDP and the UN Office for West Africa (UNOWA) to ensure business continuity. Recommendation 4 remains open pending receipt of documentation showing that recent contracts concluded for OCHA ROWA were signed by the UNDP Resident Representative or Deputy Resident Representative (Operations) and not by the OCHA HO.*

15. *The OCHA-ROWA accepted recommendation 5 and stated that the Head of Office and the Finance Officer for ROWA must ensure that the OCHA-ROWA complies with the provisions of the Field Administrative Manual. In addition,*

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OCHA-Geneva stated that it will ensure that the Head of Office and the Finance Officers for ROWA comply with the provisions of the Field Administration Manual. Recommendation 5 remains open pending receipt of documentation showing that OCHA Geneva has determined accountability for the non-compliance with the provisions of the Field Administrative Manual regarding the delegation of procurement authority

### Requisitions

16. According to the section “Procurement at local or regional level” under Chapter III of the OCHA Field Administrative Manual, staff members should complete a purchase requisition and send it to the Field Administrative Assistant/Officer for consolidation and submission to UNDP. Requisitions should describe the requirements identified by the requisitioner and include a cost-benefit analysis of the planned procurement action. OCHA-ROWA however, did not systematically prepare requisitions for the procurement of goods and services. For instance, no requisitions were prepared for the purchase of a vehicle for CFA 9,630,000 (\$17,768) from the vendor Sera in August 2005 and for the purchase of a budget software for CFA 3,000,000 (\$5,814) from the vendor Soft Solutions in November 2006. UNDP-Senegal did not question the splitting of the payment for the vehicle and approved it on the sole basis of three quotations obtained by OCHA-ROWA (see paragraphs 21-22). By not preparing purchase requisitions, OCHA-ROWA does not exercise appropriate controls over the identification of requirements.

### **Recommendation 6**

**(6) The OCHA-ROWA Administration should ensure that staff members prepare complete purchase requisitions including a cost benefit analysis for the procurement of all goods or services.**

17. *The OCHA-ROWA Administration accepted recommendation 6 and stated that implementation of the recommendation has started although not at the expected pace due to the rejection of the proposed recruitment of a national Administrative and Procurement Assistant during the 2007 mid-year budget review. Full compliance will be easier to reach in the 2008 Budget following the approval of the aforementioned procurement position by Headquarters. Recommendation 6 remains open pending receipt of documentation showing that staff members have started preparing complete purchase requisitions including a cost benefit analysis for the procurement of goods and services.*

### Procurement of items valued at \$2,500 or more

18. According to the section “Procurement at local or regional level” under chapter III of the OCHA Field Administrative Manual, UNDP is solely responsible for procurement of items valued at \$2,500 or more. The purchase requisition is submitted to UNDP, which raises a Purchase Order based on three quotations that are certified and approved by the DRR (O) of UNDP. For items valued in excess of \$30,000, procurement must be processed through a UNDP

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Local Contracts Committee. OIOS found that OCHA-ROWA was procuring goods and services valued between \$2,500 and \$30,000. For these items, OCHA-ROWA, instead of UNDP, obtained a minimum of three quotations from different vendors and selected the vendor with the lowest cost meeting the requirements. OCHA-ROWA created in ATLAS the purchase order which was then approved by UNDP-Senegal. OCHA-ROWA Administration explained that this extended responsibility expedites the procurement process. However, the fact that OCHA-ROWA is both requisitioning and purchasing items above the delegated threshold of \$2,500 places at risk the integrity of the procurement process.

#### **Recommendation 7**

**(7) The OCHA-ROWA Administration should ensure that UNDP performs the procurement functions for goods and services valued at \$2,500 and above as the Local Service Provider in accordance with UN rules and regulations.**

19. *The OCHA-ROWA Administration accepted recommendation 7 and stated that this recommendation will be implemented and included in the MOU to be signed with UNDP. However, it will affect the overall performance of the ROWA in view of the fact that UNDP Senegal has only 3 staff working in its Procurement Unit to serve 23 UN Agencies and more than 20 projects. To expedite the procurement process, access to ATLAS (vendors' creation, requisitions, purchase orders and payments in Atlas) was granted by UNDP to ROWA based on the fact that UNDP itself was aware of this limitation. However, UNDP exerted its oversight on the approval part and the checks issuance. Recommendation 7 remains open pending receipt of documentation showing that UNDP has performed the procurement functions for all goods and services valued at \$2,500 and above.*

#### Purchase based on a single quotation

20. According to the section 'Procurement at local or regional level' under chapter III of the OCHA Field Administrative Manual, for procurement of items valued at \$50 or more but less than \$2,500, three quotations must be obtained by OCHA and a comparative statement must be attached to the purchase requisition. From a sample of ten procurement cases reviewed by OIOS, one case related to the procurement of an advertising board valued at CFA 1,200,000 (\$2,410) in December 2006 was based on a single quotation from the vendor Dadel Art. OIOS found no justification on file for the procurement through a sole vendor.

#### **Recommendation 8**

**(8) The OCHA-ROWA Administration should ensure compliance with the Field Administrative Manual so that procurement of items valued from \$50 to \$2,500 is done on a competitive basis and is properly documented.**

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21. *The OCHA-ROWA Administration accepted recommendation 8 and stated that a note for the file justifying the purchase (without the required three quotations) with the vendor Dadel Art was included in the memorandum sent to UNDP hence explaining the approval and payment by UNDP. Based on the response given by the Administration, recommendation 8 has been closed.*

Unauthorized purchase of a vehicle for the Head of Office

22. According to section 'Financial authorizations' under chapter III of the OCHA Field Administrative Manual, OCHA field offices may enter into financial commitments only upon receipt of financial authorization from the AO-Geneva. However, OIOS found one case of an unauthorized purchase of a vehicle for the OCHA HO. In the approved cost plan for 2005, OCHA-ROWA had under budget line 318 'Supplies, Materials, Furniture and Equipment' a total of \$50,000 for the acquisition of vehicles. Yet, for the first quarter of 2005, there was no financial authorization issued from the AO-Geneva for the purchase of a vehicle for the OCHA HO. In August 2005, OCHA-ROWA purchased a sedan (Megane/Renault) for the OCHA HO at a total cost of CFA 9,630,000 (\$17,768) based on three quotations obtained from different local vendors.

23. Half of the purchase price of the vehicle was paid in August 2005 using the budget line 'other supplies and equipments' in the Miscellaneous Obligation Document for the third quarter 2005. The second half of the vehicle's purchase price was paid only in the fourth quarter 2006 using a special financial authorization from the AO-Geneva for an amount of \$8,900. Payments for this vehicle were approved by UNDP. The purchase of the vehicle in August 2005 was made without proper authorization from the AO-Geneva. Further, there was no evidence that AO-Geneva had sought an explanation for the non-compliance with the rules before making the subsequent authorization for \$8,900. Also, there was no evidence that the unauthorized expenditure had been detected in the reconciliation of the IOVs by OCHA-Geneva. This shows an improper execution of controls on the part of OCHA-Geneva performing the functions of certifying and approving officers on behalf of the Controller.

**Recommendation 9 and 10**

**(9) The OCHA-ROWA Administration should ensure that the Office enters into financial commitments only upon receipt of financial authorizations from the Administrative Office in Geneva.**

**(10) OCHA-Geneva should strengthen the internal controls related to its certifying and approving functions and determine accountability for the purchase of the vehicle without prior authorization.**

24. *The OCHA-ROWA Administration accepted recommendation 9 and stated that procurement of the vehicle (paragraph 23) was included in the budget, but authorization for AO Geneva was not received at the time of the purchase. Recommendation 9 remains open pending receipt of documentation*

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showing that OCHA-ROWA enters into financial commitments only upon receipt of financial authorizations from the Administrative Office in Geneva.

25. *The OCHA-ROWA Administration partially accepted recommendation 10 and stated that this recommendation is based on the assumption by OIOS that OCHA Geneva did not seek explanation from OCHA-ROWA before authorizing the purchase. OCHA Geneva became aware of the vehicle purchase in November 2005 and sent an e-mail dated 11/11/2005 to OCHA-ROWA with eight questions relating to the purchase. OCHA-ROWA responded with answers on 18/11/2005. It was only after further questions and subsequent answers from OCHA-ROWA that the financial authorization was authorized by OCHA Geneva. Therefore, OCHA, while concurring with the principle of the recommendation, does not agree with the observations described in Paragraph 23. In addition, OCHA-Geneva stated that, although driven by operational urgencies, the vehicle purchase in August 2005 by OCHA-ROWA was a departure from the established procedures in the Field Administration Manual, and that OCHA-Geneva will ensure to prevent such future occurrences. Recommendation 10 remains open pending receipt of documentation showing that OCHA Geneva has determined accountability for the purchase of the vehicle without prior authorization.*

#### Receipt and inspection reports and the certificate of services

26. According to paragraph 14.1 of the UN Procurement Manual, requisitioners are directly responsible for performing the receiving, inspecting and certifying procedures. The Manual further requires that products and equipment that have been received, inspected and accepted or rejected be certified on a Receiving and Inspection (R&I) report. Similarly, services obtained should be certified on a certificate of services. In OCHA-ROWA, the administrative staff or the requisitioner signed the delivery note upon receipt of goods but the R&I reports were not prepared. For services obtained, the requisitioner did not prepare a certificate of services. OCHA-ROWA thus did not maintain adequate documentation as required by the Procurement Manual. In the absence of controls over the receipt of goods and services, there is a risk of paying for services not obtained or goods not received.

#### **Recommendation 11**

**(11) The OCHA-ROWA Administration should ensure that requisitioners inspect/assess the goods or services received and prepare receipt and inspection reports or certificates of services as appropriate.**

27. *The OCHA-ROWA Administration accepted recommendation 11 and stated that implementation of the recommendation has started although not at the expected pace due to the rejection of the proposed recruitment of a national Administrative and Procurement Assistant during the 2007 mid-year budget review. Full compliance will be easier to reach in 2008 Budget following the approval of the aforementioned procurement position by Headquarters. Recommendation 11 remains open pending receipt of documentation that*

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requisitioners inspect/assess the goods and services received and prepare receipt and inspection reports or certificates of services.

#### **D. Human resources**

##### Staffing arrangements in the Finance and Administrative Unit

28. According to the OCHA Field Administrative Manual, international staffing requirements are reviewed at least quarterly and where possible, three months notice is given to OCHA headquarters for foreseeable staffing changes. OIOS noted that between the establishment of the office in 2003 and up until May 2006, there was no international Administrative and Finance Officer in OCHA-ROWA. A local Administrative and Finance Assistant was in charge of the Office's administrative function. Even after the approval of the Administrative and Finance Officer post in the cost plan of 2005, it remained vacant for one and half years because of delays in the recruitment process at OCHA-Geneva. The post of Finance and Administrative Officer at the L2 grade approved in the cost plan of 2007 was also still vacant because of delays in recruitment at OCHA-Geneva. In the revision of the cost plan for year 2007, OCHA-ROWA Administration requested the creation of a new post in the Finance and Administrative Unit (GS5). OIOS is in the view that OCHA-Geneva did not plan the staffing strength of the Finance and Administrative Unit efficiently, thereby affecting the delivery of finance and administrative services.

#### **Recommendation 12**

**(12) OCHA-Geneva should ensure that OCHA-ROWA is provided with sufficient staffing for the effective delivery of finance and administrative services.**

29. *The OCHA-ROWA Administration accepted recommendation 12 and stated that the current administrative staffing level in the ROWA is as follows: 1L3 – Administrative and Finance Officer – position filled; 1 L2 – Associate Admin. and Finance Officer – Vacant; 1 G7 – Finance Assistant – Position filled; 1 G6 – Administrative Assistant – position filled; 1 G5 – Administrative and Procurement Assistant – Vacant; 1 G2 – Administrative Clerk – position filled. ROWA has indicated to OCHA Geneva that all vacant posts should be filled by June 30, 2008. In addition, OCHA-Geneva stated that it expects that all vacant posts of OCHA-ROWA should be filled by 30 June 2008. Recommendation 12 remains open pending receipt of documentation showing that all vacant posts in the finance and administrative section have been filled.*

#### Recruitment

30. OCHA-ROWA hired a finance consultant in January 2005. However, OIOS' review of the files did not indicate any evidence to support the competitive basis for the selection of this consultant. Further, the consultant's personnel file did not include basic documentation such as a curriculum vitae and references. In the absence of adequate documentation on this selection, the

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suitability of the candidate's qualifications and competencies for the job could not be established or verified.

### **Recommendation 13**

**(13) The OCHA-ROWA Administration should ensure that the selection of consultants is made on a competitive basis and that the competencies and qualifications of the candidates are properly evaluated and documented.**

31. *The OCHA-ROWA Administration accepted recommendation 13 and stated that the lack of compliance with rules and regulations relating to the recruitment of local finance/administrative consultant took place at the time when the National Administrative Assistant was already on maternity leave and could not provide appropriate advice as required. Based on the Administration's response, recommendation 13 has been closed.*

#### Staff training

32. According to the cost plan for 2007, OCHA-ROWA was provided with \$5,784 for staff training, which included language training (English courses) as the special focus. Human resources training for a local Administrative Assistant and substantive training of staff in the Information Management Unit were also undertaken in 2007. OCHA-ROWA, however, did not prepare a comprehensive training plan based on an assessment of the training needs of staff to build organizational competencies. In the absence of a comprehensive training plan, staff may not be able to perform their responsibilities effectively.

### **Recommendation 14**

**(14) The OCHA-ROWA Administration should prepare a comprehensive training plan, in compliance with the Field Administrative Manual, based on an assessment of the personnel training needs and include the estimated cost in the annual cost plan.**

33. *The OCHA-ROWA Administration accepted recommendation 14 and stated that the training will be prepared on the basis of personnel training needs as expressed on PAS and the estimated cost will be included during the cost plan exercise to be undertaken in September 2008. However, ROWA has budgeted for targeted training in its 2008 Cost Plan as requested by staff members. Recommendation 14 remains open pending receipt of a copy of an annual training plan based on the assessment of the staff training needs.*

## **E. General Administration**

#### Cost sharing arrangements

34. OCHA-ROWA was co-located with Integrated Regional Information Networks (IRIN) from March to July 2004 and the sub-office in Niger was co-



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located with the Humanitarian Information Centres (HIC) from August 2005 through January 2006. In the two situations, the cost of utilities and rent were shared between the co-tenants. However, the cost sharing arrangements between IRIN and OCHA-ROWA and between OCHA sub-Office in Niger and the HIC have not been documented. The absence of documentation for cost sharing arrangements could result in errors in recoveries from all parties to the agreement.

#### **Recommendation 15**

**(15) The OCHA-ROWA Administration should ensure that all cost-sharing arrangements with their partner agencies are properly documented.**

35. *The OCHA-ROWA Administration accepted recommendation 15 and stated that the absence of a formal cost-sharing agreement with IRIN explains the observations made by the Auditor on the period spanning from March to July 2004 (paragraph 30). This was further compounded by the lack of experienced administrative staff in the office to ensure equitable cost-sharing between the two parties. As regards the case of OCHA Niger and the paragraph (34), it should be noted that the OCHA Office in Niger and the Humanitarian Information Center (HIC) were established and supervised by OCHA Headquarters (Geneva and New York) with no involvement of the ROWA until the end of January 2006 when the Coordination and Response Division in Geneva requested that OCHA Niger be placed under the management supervision of ROWA. Based on OCHA's explanation, recommendation 15 is closed.*

#### Reimbursement of private telephone calls

36. After the Administrative and Finance Officer joined OCHA-ROWA in 2006, a policy for the recovery of cost of private telephone calls was initiated. In early 2007, staff members were provided with mobile and fixed-line telephone invoices for 2005 and 2006 which totaled CFA 26,024,027 (approximately \$52,000) with a request for the staff member to identify private telephone calls and reimburse their costs to OCHA-ROWA. Prior to 2007, there was no systematic reimbursement of private telephone calls from fixed or mobile telephones. Only some staff complied with the request of 2007 reimbursing an amount of CFA 2,200,375 (\$4,589).

37. The OCHA-Administration explained that currently staff is held liable for the full amount of the telephone bills corresponding to the lines they are using until they identify their private telephone calls. For the recovery of cost for private telephone calls prior to 2005, nothing has been done as some staff members have already been separated and the identification of staff members' private telephone calls after more than a year may be difficult. Further, OIOS' review of selected invoices indicated that the identification of private telephone calls is not accurate and the detail of calls made by extensions is not available as a consequence of the replacement of a computer server. As of July 2007, OCHA-ROWA had purchased software to retrieve the details of the calls made by extensions but the software has still not been received and installed.

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According to the certified statements of accounts from 2004 to 2006, approximately \$100,000 was spent by OCHA-ROWA on communications, mainly on telephones charges. OIOS noted that the cost of communications increased between 2004 and 2005 by 34 per cent and between 2005 and 2006 by 111 per cent. The non-reimbursement of private telephone calls constitutes a financial loss for OCHA-ROWA.

#### **Recommendation 16**

**(16) The OCHA-ROWA Administration should expedite the installation of the software that enables the retrieval of the details of calls from fixed telephone lines and ensure that private telephone calls are properly identified and reimbursed.**

38. *The OCHA-ROWA Administration accepted recommendation 16 and stated that it has noted and enforced observations issued by Auditor during the exit debriefing 5 July 2007. As regard the increased of the cost of communications noticed by OIOS (paragraph 37), it should be noted that this increase is also linked to the following facts: i) the total number of OCHA-ROWA professional staff increased from 2 (early 2004) to 10 (2005) and 21 persons (2006); ii) the very nature of OCHA's coordination role which requires continuous facilitation of complex consultative processes, requiring the extensive use of IT services such as the preparation of a sub-regional UN contingency plan for Côte d'Ivoire that implied regular teleconferences between Dakar and the five UN country teams of Côte d'Ivoire and its neighboring countries; and iii) the ROWA does not have UN VSat facility – although it has been asked by the ROWA – to lower the cost of “in-house” telecommunication costs particularly with Headquarters in New York and Geneva. Based on the Administration's response, recommendation 16 remains open pending confirmation that the software that enables the retrieval of calls from fixed telephones has been installed and receipt of documentation showing that private calls are reimbursed.*

#### Reimbursement of fuel costs

39. At OCHA-ROWA the policy on the reimbursement of vehicle usage costs requires that staff members using vehicles for unofficial business reimburse the costs incurred on the basis of the 14.3 cents per kilometer covered except for the first three months after they join the Office. This policy was applied only since April 2007. In the second quarter of 2007, OCHA-ROWA attempted to recover the vehicles usage costs since August 2004 and as a result CFA 342,817 (\$700) were reimbursed for the period August 2004 through May 2007 by the staff members. However, these reimbursements were not based on the actual kilometers covered because of insufficient information available in the vehicles log books prior to year 2006.

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### **Recommendation 17**

**(17) The OCHA-ROWA Administration should ensure that henceforth vehicle log books are complete so that costs for unofficial use may be recovered.**

40. *The OCHA-ROWA Administration accepted recommendation 17 and stated that it has noted and enforced observations made by the auditor during exit debriefing of 5 July 2007. Recommendation 17 remains open pending receipt of documentation showing that costs for unofficial use of vehicles are being recovered.*

### Hospitality Expenses

41. OIOS noted that official hospitality was extended to a visiting director from OCHA-Headquarters. In another case, details of the guests were not mentioned in the bill. These expenses were booked under the line 'Contractual services' instead of 'Hospitality' in non-conformance with the accounting requirements. The payments for the hospitality in the two cases which totaled less than \$850 were also approved by UNDP-Senegal in contravention of the OCHA Field Administrative Manual which requires that hospitality be extended to members of delegations, governments, non-governmental organizations and not to UN staff.

### **Recommendation 18**

**(18) The OCHA-ROWA Administration should ensure that the expenditures for official hospitality are incurred in strict compliance with the applicable provisions of the OCHA Field Administrative Manual.**

42. *The OCHA-ROWA Administration accepted recommendation 18 and stated that it has noted and enforced observations made by the auditor during exit debriefing of 5 July 2007. Based on the Administration's response, recommendation 18 has been closed.*

## **F. Asset management**

### Periodical Physical Verification of Inventory

43. According to paragraph 6 of the section "Property Management and Inventory Control" of chapter III of the OCHA Field Administrative Manual, chiefs of field offices and custodians of property records must ensure that physical inventories are conducted twice annually, at the end of June and December. OIOS found that the first and only physical inventory count was conducted in June 2006. As a result, there is a possibility that the property and inventory records do not match with actual inventories.

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### **Recommendation 19**

**(19) The OCHA-ROWA Administration should ensure that physical verification of inventories are conducted twice annually, at the end of June and December, and property and inventory control records are reconciled with this physical count.**

44. *The OCHA-ROWA Administration accepted recommendation 19 and stated that it has noted the observations made by the auditor during the exit debriefing 5 July 2007.* Recommendation 19 remains open pending receipt of documentation showing that physical inventories are conducted twice a year, at the end of June and December and that the physical count is reconciled with property and inventory control records.

#### Absence of investigation reports and preliminary condemnation certificates

45. OIOS noticed that contrary to the provisions in the Field Administrative Manual, investigation reports in case of lost items or preliminary condemnation certificates in case of damaged items are not prepared. As a result, reasons for loss or damage are not on record to identify the responsibility of staff members for possible recovery and/or other disciplinary action. The assets records could also be inaccurate. The inventory shows that nine cell phones, one office chair, 11 uninterruptible power supply units, one fax, two printers and one laptop computer were either damaged or lost. The OCHA-Administration explained that there were no investigation reports and preliminary condemnation certificates for the lost or damaged items.

### **Recommendation 20**

**(20) The OCHA-ROWA Administration should ensure that the Office prepares investigation reports for all lost items and preliminary condemnation certificates for all damaged items to properly account for them.**

46. *The OCHA-ROWA Administration accepted recommendation 20 and stated that full compliance will be reached by 01 March 2008 when the new Administrative and Procurement Assistant is recruited.* Recommendation 20 remains open pending receipt of documentation showing that OCHA-ROWA has started to prepare investigation report for all lost items and preliminary condemnation certificates for all damaged items.

#### No clearance procedure for outstanding property items on loan to staff members

47. According to Paragraph 5 of the section "Property Management and Inventory Control" under chapter III of OCHA Field Administrative Manual, when a staff member is separated from service, reassigned or transferred to another department, office or mission, the staff member must complete the property clearance process to ensure that there are no outstanding property items on loan to the staff member. OIOS noted that cell phones and laptops are

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provided by the Office to some staff members. However, clearance procedures for separation do not include a clearance of outstanding property items on loan to the staff members. As a result, there is a possibility that a staff member may be separated without having returned the assets loaned to him/her as the prescribed internal controls are not functioning to safeguard the assets.

### **Recommendation 21**

**(21) The OCHA-ROWA Administration should ensure that separation procedures include obtaining clearance from the designated property custodians to ensure that there are no outstanding property items on loan to the staff member.**

48. *The OCHA-ROWA Administration accepted recommendation 21 and stated that it has noted and enforced observations made by the auditor during the exit debriefing of 5 July 2007. A check out form is now in place and has been put into effect. Based on OCHA's response, Recommendation 21 is closed.*

### Disposal of assets

49. The OCHA Field Administrative Manual states that in case of disposal of assets, the property records custodian shall submit the case upon recommendation from the Chief of Office and/or Resident Coordinator or Humanitarian Coordinator to the desk at OCHA-Headquarters and the AO-Geneva for approval. Upon receipt of the desk officer and AO-Geneva's clearance, the property records custodian sends the case to the Local Property Survey Board (LPSB) for approval. As soon as approval for disposal is received from the LPSB, the property records custodian should draft a Memorandum of Understanding (MoU) governing the transfer of ownership of the property which should be signed by the field office and the recipient of the property.

50. OCHA-ROWA transferred a new server to the Government of Niger, but the transfer did not comply with the procedures described above. The chronology of events preceding the transfer was as follows: The Humanitarian Information Center (HIC) in Niger used to share IT equipment with the OCHA sub-office in Niamey including a server which contained OCHA confidential information. The HIC was closed and UNDP-Niger and the local government signed an MOU in August 2006 for the transfer of the HIC and all of its equipment to the local government. Because of the confidential information it contained, the server which had been shared between HIC and OCHA physically remained with OCHA. OCHA then purchased a new server with the same technical specifications for CFA 8,068,694 (\$16,202) and transferred it to the local government. Prior to the server's effective transfer, the Administrative Officer had informed OCHA-Geneva on the planned operation concerning the new server, and the cost plan for year 2007 included its cost. However, there was no supporting evidence of the recommendation of the OCHA HO and/or Resident Coordinator or Humanitarian Coordinator, and the approval of the desk at OCHA-NY, AO-Geneva and the LPSB.

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## Recommendation 22

**(22) The OCHA-ROWA Administration should ensure that the Head of Office and/or Resident Coordinator or Humanitarian Coordinator submits each case of disposal of assets together with their recommendation to the desk at OCHA-NY and the Administrative Office-Geneva for approval, and upon these clearances, submits the case to the Local Property Survey Board.**

51. *The OCHA-ROWA Administration accepted recommendation 22 and stated that as regards the case of OCHA Niger (paragraph 50), it should be noted that the OCHA Office in Niger and the Humanitarian Information Center (HIC) were established and supervised by OCHA Headquarters (Geneva and New York) with no involvement of the ROWA until the end of January 2006 when the Coordination and Response Division in Geneva requested that OCHA Niger be placed under the management supervision of ROWA. In his letter of 16 December 2005, the equipment of the HIC was unilaterally transferred by the UN Resident Coordinator and Humanitarian Coordinator. To correct this situation, a Memorandum of Understanding (MOU) was signed in August 2006 between UNDP and the Government of Niger to formalize the transfer of the equipment of the HIC. However, for UN email security purpose, OCHA was advised not to transfer the server being used by the HIC during the crisis as to preserve the confidentiality and the institutional memory of information contained in that equipment. Uploading the Lotus Note and all other software operating on the server of the HIC would have required a mission from IT staff in New York to Niger as only IT/New York has the necessary password and security features attached to this server. It was considered more cost-effective and efficient to instead purchase a new server with the same technical specifications and hand it over to the Government of Niger. Using funds allocated to ROWA Office, the OCHA Regional Office authorized UNDP Niger to purchase a new server (see explanation above) along with new computers and printers to replace the IT equipment already transferred to the Government and maintain the IT capacity of OCHA remaining staff in Niger. In addition OCHA-Geneva agreed with the recommendation 22 in principle and stated that it has been in compliance and reiterated the comments above made by OCHA ROWA. Based on the Administration's explanation, recommendation 22 has been closed.*

## V. ACKNOWLEDGEMENT

52. We wish to express our appreciation to the Management and staff of OCHA Regional Office for West Africa (ROWA) for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	O	Submission to OIOS of a copy of the MOU specifying the division of responsibilities between UNDP and OCHA staff and submission of documentation showing that OCHA staff members have received adequate training on ATLAS.	31/12/2008
2	C		Implemented
3	C		Implemented
4	O	Submission to OIOS of documentation showing that recent contracts concluded for OCHA ROWA were signed by the UNDP Resident Representative of Deputy Representative (Operations) and not by the OCHA HO.	01/03/2008
5	O	Submission to OIOS of documentation showing that OCHA Geneva has determined accountability for the non-compliance with the provisions of the Field Administrative Manual regarding the delegation of procurement authority.	01/03/2008
6	O	Submission to OIOS of documentation showing that staff members have started preparing complete purchase requisitions including a cost benefit analysis for the procurement of goods and services.	August 2008 / August 2009
7	O	Submission to OIOS of documentation showing that UNDP started to perform the procurement functions for goods and services valued at \$2,500 and above.	01/01/2009
8	C		Implemented
9	O	Submission to OIOS of documentation showing that OCHA-ROWA enters into financial commitments only upon receipt of financial authorizations for the Administrative Office in Geneva.	
10	O	Submission to OIOS of documentation showing that OCHA Geneva has determined accountability for the purchase without prior authorization of the vehicle	
11	O	Submission to OIOS of documentation showing that requisitioners inspect/assess the goods and services received and prepare receipt and inspection reports or certificate of services.	01/03/2008
12	O	Submission to OIOS of documentation showing that all vacant posts in the finance and administrative section have been filled.	30/06/2008
13	C		Implemented since June 2006
14	O	Submission to OIOS of documentation of an annual training plan based on the assessment of the staff training needs.	30/04/2008 – 09/2008
15	C		01/03/2008
16	O	Submission to OIOS of documentation confirming that the software that enables the retrieval of calls from fixed telephones has been installed and documentation showing that private calls are reimbursed.	July 2007
17	O	Verification by OIOS that costs for unofficial use of vehicles is recovered.	
18	C		Implemented
19	O	Submissions to OIOS of documentation showing that physical inventory are conducted twice a year, at the end of June and December and that the physical count is reconciled with property and inventory control records.	May 2008
20	O	Submission to OIOS of documentation showing that OCHA-ROWA started to prepare investigation report for all lost items and preliminary	01/03/2008

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		<b>condemnation certificates for all damage items.</b>	
<b>21</b>	<b>C</b>		<b>Implemented</b>
<b>22</b>	<b>C</b>		<b>Implemented</b>

- 1. C = closed, O = open
- 2. Date provided by OCHA-ROWA in response to recommendations.