



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNSCO support services

24 July 2008

Assignment No. AP2007/678/01

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. Robert H. Serry
A: Special Coordinator for the Middle East Peace Process

DATE: 24 July 2008

REFERENCE: IAD: 08- 01599

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



SUBJECT: **Assignment No. AP2007/678/01 – Audit of UNSCO support services**
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 5, 10 and 17 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 3, 11, 14, 19 and 20), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Cecilia McGill, Chief of Mission Support, UNSCO
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Tilchand Acharya, Chief Resident Auditor, MERAO, OIOS

INTERNAL AUDIT DIVISION

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).

CONTACT INFORMATION

DIRECTOR:

Dagfinn Knutsen, Tel: +1.212.963.5650, Fax: +1.212.963.2185,
e-mail: knutsen2@un.org

DEPUTY DIRECTOR:

Fatoumata Ndiaye, Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

CHIEF, PEACEKEEPING AUDIT SERVICE:

Eleanor Burns, Tel: +1.917.367.2792 Fax: +1.212.963.3388
e-mail: burnse@un.org

EXECUTIVE SUMMARY

UNSCO support services

The Office of Internal Oversight Services (OIOS) conducted an audit of support services in the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO). The overall objective of the audit was to assess whether UNSCO's: (a) human resources management practices ensured selection of qualified staff, promoted transparency, and managed the performance of its staff; (b) travel and ground transport operations were efficient and effective; and (c) the security function complied with the Organization's policies and procedures. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

UNSCO needs to establish its Human Resources Action Plan as a tool to monitor compliance with the Organization's human resources management principles. It needs to describe in an information circular the roles and responsibilities of the executive direction and management and all other organizational units.

The Mission's resources for political imperatives, operational requirements and security considerations are split between its three locations. However, the allocation is not commensurate with the level of programme activities in each location keeping in view the operational limitations such as mobility restrictions on national staff.

Procedures for approving travel requests were inadequate and lacked consistency. Although UNSCO uses a contracted travel agent it also used other travel vendors without establishing a written contract.

UNSCO's vehicle fleet is large and exceeds the standard staff-vehicle ratio. The Mission also needs to enforce the use of CarLog by all staff using UNSCO vehicles as there were discrepancies in fuel consumption. The pricing and payment terms in one fuel contract were unclear, and UNSCO may not have taken advantage of the contract's discount provisions.

UNSCO's Chief Security Officer should report directly to the Special Coordinator rather than to the Chief Administrative Officer. UNSCO's security Standard Operating Procedures were not formalized and disseminated to staff, and its zone wardens need to conduct periodic security drills in order to verify the operational ability of the zone warden system. UNSCO should request the Department of Safety and Security to re-assess the level of close protection requirements to determine whether the withdrawal of temporary resources is justified.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8 – 10
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Human resources management	11 – 36
B. Travel operations	37 – 49
C. Ground transport operations	50 – 63
D. Security function	64 – 78
V. ACKNOWLEDGEMENT	79
ANNEX 1 – Status of audit recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of support services in the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNSCO was established in accordance with General Assembly resolution 48/213. Appointed under General Assembly resolution 49/88, the Special Coordinator serves as the United Nations focal point for the Middle East peace process, including the socio-economic aspects of the peace process and related United Nations development assistance for Jordan, Lebanon, the Occupied Palestinian Territories and the Syrian Arab Republic.

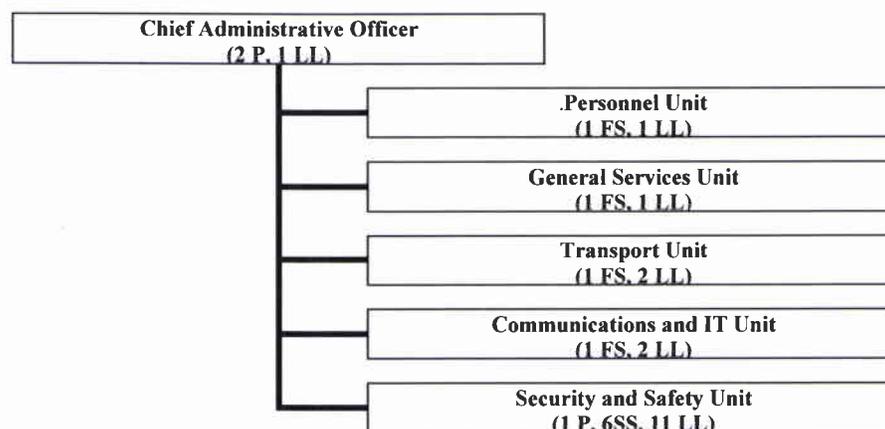
3. Table 1 provides details of UNSCO's resources covering the three most recent fiscal years.

Table 1: Budget appropriations/proposals and post levels

Items	2004 -05	2006-07	2008-09
I. Total appropriations/proposal (in \$'000)	12,764	13,912	13,912
II. Authorized strength			
International staff	32	32	32
National staff	24	24	24
Total	56	56	56

4. UNSCO's proposed programme budget for the 2008-2009 biennium [A/62/6 (Sect. 3)] amounted \$13.9 million. The budget included \$11.1 million for 56 established posts, and \$2.7 million for operational requirements. UNSCO's Administrative Office is responsible for providing support services. The Office is allocated 34 posts, and is organized into six units as shown in Figure 1.

Figure 1: Organizational structure of Administrative Office



5. General Assembly resolution A/RES/61/244 sets out the Organization's human resources management principles and new directions. Currently, administrative instruction ST/AI/2002/3 governs the performance appraisal system.

6. Comments made by UNSCO are shown in *italics*.

II. AUDIT OBJECTIVES

7. The major objectives of the audit were to assess whether UNSCO's:

(a) Human resources management practices ensured the selection of qualified staff, promoted transparency, and managed the performance of its staff;

(b) Travel and ground transport operations were efficient and effective; and

(c) Security functions complied with the Organization's policies and procedures.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit focused on the following support services covering the period from 1 January 2006 to 31 October 2007:

- Recruitment and staffing;
- Performance management and accountability;
- Management of travel and ground transportation; and
- Security functions.

9. OIOS reviewed recruitment and staffing procedures, as well as a representative sample of travel and transport to validate control effectiveness in each audit focus area shown above. The review examined systems, processes and procedures used to record, track, and manage personnel information systems, travel and transport activities, and security functions. OIOS interviewed UNSCO staff responsible for supervising and managing these activities to gain an understanding of risk areas and potential control weaknesses.

10. Due to security considerations, the auditors' planned visit to the UNSCO Headquarters in Gaza had to be cancelled. As a result, official status files of staff maintained at UNSCO Headquarters could not be examined as to reliability and completeness. However, UNSCO provided copies of all relevant staff information in Jerusalem for all staff including those in Gaza.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Human resources management

Governance and accountability

11. Under the delegated authority from the Office of Human Resources Management (OHRM), the Department of Peacekeeping Operations (DPKO) is responsible for recruitment and staffing in field missions. However, in its resolution 56/241, the General Assembly reaffirmed the role OHRM as the central authority in articulating overall human resources policies and in monitoring how departments and offices exercise the authority delegated to them in order to ensure that the highest standards of efficiency, competence and integrity serve as the paramount consideration in the employment of staff.

12. By its resolution A/RES/61/244, the General Assembly considered various Secretary-General's reports, and decided on 17 human resources management issues, including:

- Recruitment and staffing
- Mobility
- Contractual arrangements
- Reform of the field service
- Measures to improve equitable geographical distribution
- Gender representation
- Accountability
- Employment of retired staff

13. OHRM uses the Human Resources Action Plan as a standard tool to monitor compliance by major organizational units with the above principles. Toward that end, OHRM agreed to implement the recommendation, contained in OIOS' comprehensive management audit of DPKO (A/60/717), to establish a DPKO-OHRM Human Resources Action Plan in each peacekeeping mission. However, although UNSCO in an established special political mission operating since the 1990s, DPKO and OHRM have not developed a Human Resources Action Plan for UNSCO. This issue will be followed up as part of OIOS' audit of human resources managed by the Department of Field Support (DFS).

Roles and responsibilities of UNSCO's organizational units

14. UNSCO's mandate consists of two components: (a) political and civil affairs; and (b) support. The Mission's executive direction and management are responsible for overseeing these components to ensure that programme activities are carried out effectively and in accordance with the Organization's regulations and rules. Coordination of these two components is crucial in delivering the Mission's mandate.

15. Each of the programme components is structured into several organizational units. However, the roles and responsibilities of these organizational units were not formally described in an information circular that defines their reporting lines and accountability. Also, a description of executive direction and management functions is critical in establishing accountability and monitoring mechanisms for policy direction, coordination, public information and reporting functions.

16. In May 2005, the Secretary-General established the Management Performance Board (ST/SGB/2005/13) to monitor and analyze the manner in which senior managers exercise all aspects of their authority to ensure that they are properly carrying out their responsibilities, including the achievement of objectives in human resources action plans and fulfilling performance expectations in their compacts with the Secretary-General. In addition, the Secretary-General's report A/61/312 outlines measures to strengthen accountability in the United Nations. These measures include improving executive-level decision-making, enhancing the Performance Appraisal System, ensuring ethical conduct and enhancing transparency.

Recommendation 1

(1) UNSCO Management should issue an information circular describing the roles and responsibilities of executive direction and management and those of all other organizational units defining their reporting lines, oversight and monitoring mechanisms and accountability.

17. *UNSCO Management accepted recommendation 1, stating that it already implemented the recommendation as of 8 April 2008 when the Special Coordinator issued his Directive No. 001/08 on the organization of the Office of the Special Coordinator to all staff.* Recommendation 1 remains open pending receipt of a copy of the Special Coordinator's Directive No. 001/08.

Challenges to UNSCO's operational structure

18. UNSCO was established to operate from its Headquarters in Gaza and, its resources were intended to support operations from this headquarters. However, due to security considerations, UNSCO temporarily moved its Headquarters operations to Jerusalem and for operational reasons established a presence at Ramallah. At the same time, political considerations dictated that the Headquarters in Gaza to remain open and the majority of national support staff (18) continue to remain in Gaza.

19. Therefore, under the current organizational arrangement, UNSCO maintains three offices with Headquarters in Gaza and offices in Jerusalem and Ramallah. As a result, UNSCO's existing resources have been reallocated among these three offices as shown in Table 2.

Table 2: Distribution of UNSCO resources among its three offices

Offices	Int'l staff	National staff	Individual contractors	Total
Gaza HQ	0	18	4	22
Jerusalem office	24	4	0	28
Ramallah office	1	2	1	4
Vacant	7	0	N/A	7
Total	32	24	5	61*

* Includes 5 individual contractors

20. OIOS recognizes the need for maintaining UNSCO's presence in Gaza. However, there was no evidence that UNSCO reviewed the allocation of resources between its three locations commensurate with the level of programme activities in each location keeping in view the operational limitations such as mobility restrictions on national staff. Furthermore, the evolution of UNSCO's current organizational structure that required maintaining offices in three locations and its impact on UNSCO's existing resources was not reflected in the biennial programme budget. It is important that the Member States are formally advised of the circumstances under which UNSCO must operate in carrying out its mandate and the implications on its operations and resources arising out of such circumstances. In OIOS' opinion, the current resource allocation and related challenges may seriously jeopardize UNSCO's ability to achieve its objectives.

Recommendations 2 and 3

UNSCO Management should:

(2) Review the allocation of resources between its three locations to ensure it is commensurate with the level of programme activities in each location and keeping in view the operational limitations such as mobility restrictions on national staff; and

(3) Reflect its current structure and resource allocations between three locations in the next biennial programme budget in order to apprise Member States of the circumstances under which it operates in carrying out its mandate.

21. *UNSCO Management accepted recommendations 2 and 3, stating that both recommendations will be implemented in the fourth quarter of 2008. With regard to recommendation 2, UNSCO Management explained that the allocation of resources between UNSCO's three locations has many political implications, which have to be taken into account and carefully reviewed both within UNSCO and at higher levels. It should also be taken into account that UNSCO staff members based in Jerusalem travel to these locations on a regular basis. The newly appointed Special Coordinator has further indicated that he wishes to utilize the Gaza and Ramallah office frequently. However, UNSCO assured OIOS that it will certainly review resource allocations and make adjustment, if required. OIOS will keep recommendation 2 open pending receipt of a copy of*

the results of UNSCO's review of resource allocation between the three relevant locations.

22. *Regarding recommendation 3, UNSCO Management elaborated that UNSCO works in a highly charged and ever-changing political environment. Its structure and resource allocation between the three locations as they may be at the time of preparation, will certainly be reflected in the next biennial programme budget.* OIOS will keep recommendation 3 open pending receipt of a copy of its 2010-2011 programme budget proposal showing its structure and resource allocation between the three locations.

Appointment of staff at a level higher than the level of the post

23. The Deputy Special Coordinator (DSC) is appointed at the Assistant Secretary General (ASG) level while the budgeted post is at the D-2 level. The Mission explained that as the DSC is also the resident coordinator for economic development in the Occupied Territories, he is appointed at the ASG level based on a cost-sharing arrangement with UNDP, which covered the cost difference between the D-2 and the ASG levels.

24. However, this cost sharing arrangement was not reflected in UNSCO's programme budget proposal for the biennium 2008-2009 [A/62/6(Sect.3)]. In its report A/62/7 on UNSCO's 2008-2009 proposed programme budget, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) noted that "based on cost-sharing arrangement with United Nations Development Programme (UNDP), this post is budgeted at the D-2 level". The failure to reflect this post at the ASG level in UNSCO's budget proposal and appointing the DSC above the budgeted D-2 post appears to lack transparency.

Recommendation 4

(4) UNSCO Management should reflect the cost sharing arrangement with the United Nations Development Programme regarding the Deputy Special Coordinator's appointment at the Assistant Secretary General level in its programme budget proposal for the biennium 2010-2011.

25. *UNSCO Management accepted recommendation 4, stating that it will be implemented in the fourth quarter of 2008 when its 2010-2011 programme budget proposal is submitted.* OIOS will keep recommendation 4 open pending receipt of a copy of UNSCO's 2010-2011 programme budget proposal.

UNSCO's professional appointments are not subject to central review bodies

26. ST/AI/2006/3 establishes the new staff selection system which integrates the recruitment, placement, promotion and mobility of staff. Section 3 of the instruction provides that the new staff selection system "shall apply to staff members to whom the Organization has granted or proposes to grant an appointment of one year or longer under the 100 series of the Staff Rules". Furthermore, Section 8 of this instruction states that the "central review bodies

shall review the proposal for filling a vacancy... to ensure that candidates were evaluated on the basis of the pre-approved evaluation criteria and/or that the applicable procedures were followed, in accordance with sections 5.1 to 5.6 of ST/SGB/2002/6”.

27. However, staff selection in UNSCO has not been subject to review by central review bodies. In OIOS’ opinion, UNSCO’s staff selection system is governed by ST/AI/2006/3 given that UNSCO is a special political mission funded under the Regular Budget. It operates from an established duty station. Moreover, UNSCO is led by the Department of Political Affairs (DPA) which is a Secretariat department. Its biennial programme budget proposals are presented together with the DPA’s in one budget fascicle.

28. During 2006-2007, UNSCO processed seven cases involving recruitment and/or appointment of international staff that should have been reviewed by central review bodies. However, there was no evidence in the field that candidates short-listed by the mission were reviewed and deliberated by central review bodies. The DFS provides administrative and logistical support to special political field missions led by DPA. DFS explained that candidates for UNSCO posts were currently not reviewed by central review bodies but that it planned to introduce this mechanism to the field in 2008. Non-compliance with the provisions of ST/AI/2006/3 indicates that the Department of Management needs to more closely monitor its delegated authority on human resources granted to DFS.

29. This issue will be followed up as part of OIOS’ audit of human resources managed by DFS.

Appointment and promotion

30. UNSCO’s authorized staffing table for 2006-07 consisted of 56 posts, including 32 international posts (20 international professional and above posts, 10 Field Service and 2 General Service) and 24 national posts at the General Service level. As of 31 October 2007, seven international posts were vacant, a vacancy rate of 12.5 per cent. At the time of the audit, two positions were filled and the new appointments were expected to join the Mission in December 2007.

31. Furthermore, in 2006-07 UNSCO processed five national staff promotion cases. Table 4 provides the details of these cases.

Table 4: 2006-2007 promotion cases

Index No.	Functional title	Current level	Promotion	Remarks
320326	Finance Assistant	GS-5	GS-6	
961368	IT Assistant	GS-3	GS-4	
334299	Public Information Assistant	GS-4	GS-6	
319995	Programme Officer	LL budgeted, de-facto NO-B since 1997	NO-C	Prior to classification, the post was on GS-LL level

319769	Programme Officer	LL budgeted, de-facto NO-B since 1997	NO-C	Prior to classification, the post was on GS-LL level
--------	-------------------	---------------------------------------	------	--

32. OIOS' review of these cases showed the following:

- Two local level posts were re-classified to the National Professional Officer (NPO) level in 1997, but were not included in the budget submission until 2007. The current incumbents of both these posts were promoted from general service (local level) to NPO, effective 1997 without properly following the staff selection process;
- UNSCO only advertised the NPO posts internally, based on a communication from DFS;
- Each vacancy announcement elicited only one application, which was that of the incumbent; and
- In each case only the incumbent candidate was considered and eventually recommended.

33. These promotions were not in keeping with the Organization's human resources management principles which require selection of staff on a competitive basis to ensure transparency.

Recommendation 5

(5) UNSCO Management should comply with the provisions of ST/AI/2006/3, Staff Selection System, and ensure transparency when filling its vacant posts.

34. *UNSCO Management accepted recommendation 5, stating that as of April 2008 UNSCO was fully compliant with the provision of ST/AI/2006/3 for staff selection system and that it will ensure transparency when filling vacant posts and adhere to the recruitment guidelines provided by the Department of Field Support.* Based on the action taken by the Mission, recommendation 5 has been closed.

Performance appraisal system

35. OIOS reviewed the 2006-2007 performance appraisal statistics, which as of 31 October April 2007, showed completion rates of 81 per cent for the international staff and 91 per cent for the national staff. Mission officials explained that some e-PAS remain incomplete because the supervisors failed to sign them off, and that such cases are currently being followed-up.

36. OIOS' review noted that 50 per cent of staff received the rating of "frequently exceeds performance expectations", against the established norm of

about 35 per cent. OIOS suggests that a review be conducted to ensure fairness within the Organization with regard to performance appraisal ratings.

B. Travel operations

37. For the 2006-2007 biennium, UNSCO was allotted \$713,900 for other official travel of staff. As of September 2007, UNSCO had expended \$688,272, which included \$544,903 for travel expenses incurred in the field. OIOS' review of UNSCO's travel operations disclosed: (a) procedures for approving travel requests were inadequate and lacked consistency; (b) no written authorizations were obtained for the Special Coordinator's official travel; and (c) \$24,186 was paid to two other travel vendors outside of the UNDP contract.

Procedures for approving travel requests were inadequate and lacked consistency

38. During the period from 1 January 2006 to 31 October 2007, UNSCO raised a total of 248 travel authorizations. For travel of his staff, the Special Coordinator formally wrote to the Chief Administrative Officer indicating the purpose, duration and timing of the travel. Regarding travel of staff in other UNSCO organizational units, travel requests were sent to the Travel Assistant via e-mail. Such travel requests were used as the basis for raising travel authorizations (PT8s). However, the formal memorandum and e-mail travel requests were not filed together with the PT8s as supporting documents.

39. As a result, it appears that the PT8s were not supported by properly approved travel requests from the travelers' supervisors. The current procedures could be improved to strengthen supervisory controls on travel requests and to standardize the approval process of travel requests.

Recommendations 6 and 7

UNSCO Management should:

(6) Devise a Travel Request Form for official travel to be submitted for approval to the Travel Unit by staff, through their supervisors; and

(7) Ensure that the Travel Unit uses the approved Travel Request Form as the basis for raising travel authorizations and files the form with each travel authorization as supporting documentation.

40. *UNSCO Management accepted recommendations 6 and 7, stating that as of February 2008 staff members have electronically submitted their Travel Request Form to the Travel Unit with the approval of their respective supervisors and that the approved Travel Request Form is being used to support travel authorizations.* OIOS will keep recommendations 6 and 7 open pending verification of the use of travel request forms for official travel.

Special Coordinator's travel request had no written authorizations

41. According to paragraph 3.1 of Administrative Instruction ST/AI/2006/4, "all official travel must be authorized in writing before it is undertaken". Furthermore, paragraph 3.2 of this instruction, *inter alia*, states that:

- Official travel by senior officials at the Under-Secretary-General level and by heads of mission in the field shall be reported to the Executive Office of the Secretary-General (EOSG) on a quarterly basis; and
- Twice a year, in January and July, the amount of United Nations funds spent on official travel during the six-month period shall be reported to the EOSG.

42. The Special Coordinator reported his quarterly official travel and leave plans to the EOSG. The report also included official travel undertaken during the previous three months. However, there was no evidence that the EOSG authorized in writing the Special Coordinator's actual official travel against his quarterly travel plans nor was there an approval of his quarterly travel plans.

43. Furthermore, there was no evidence that UNSCO reported to the EOSG twice a year, January and July the amount of United Nations funds spent on official travel.

Recommendations 8 and 9

UNSCO Management should:

(8) Obtain the Executive Office of the Secretary-General's approval of the Special Coordinator's official travel; and

(9) Report to the Executive Office of the Secretary-General the amount of United Nations funds spent on official travel twice a year, January and July for the six-month period.

44. *UNSCO Management accepted recommendation 8, stating that as of February 2008 UNSCO started submitting the Special Coordinator's official travel to the EOSG for approval. OIOS will keep recommendation 8 open pending receipt of sample copies of the Special Coordinator's official travels approved by the EOSG.*

45. *UNSCO Management accepted recommendation 9, stating that the recommendation will be implemented in the third quarter of 2008. UNSCO further explained that beginning July 2008 it will also transmit travel expenditures to the EOSG. OIOS will keep recommendation 9 open pending receipt of sample copies of travel expenditure transmittal to the EOSG.*

Payments to travel vendors outside of the UNDP contract

46. Since February 2006, UNSCO purchased airline tickets from Lawrence Tours & Travel Co. Ltd as this travel agency had a contract with the local UNDP office entered into in 1999, and extended up to 28 February 2008. As of 31 October 2007, UNSCO paid \$214,962 to this travel agent.

47. OIOS encourages UNSCO to utilize existing contractual arrangements with other United Nations agencies in its procurement activities. OIOS also noted that, as of 31 October 2007, UNSCO paid a total of \$24,186 to travel vendors Afwaj Tours (\$8,060) and Dajani Tours (\$16,126) for airline tickets. The UNSCO official concerned explained that UNSCO used these travel agents when their ticket costs were more economical than those offered by Lawrence Tours & Travel Co. Ltd.

48. There was, however, no evidence of such cost comparisons on file to justify the use of travel vendors outside of the one with a written contractual arrangement with the local UNDP office.

Recommendation 10

(10) UNSCO Management should document cost differences in the travel arrangements offered by other travel vendors as a basis for using travel vendors outside of the contract.

49. *UNSCO Management accepted recommendation 10, explaining procedures for documenting the differences in the travel arrangements by travel vendors outside of the UNDP contract.* Based on the explanation provided, recommendation 10 has been closed.

C. Ground transport operations

Excessive number of vehicles

50. As shown in Table 6, UNSCO's ground transport fleet consisted of 55 vehicles.

Table 6: Ground transport fleet

Vehicle type	Number of vehicles
Operational light vehicles and minibuses	42
Armoured vehicles	5
Utility vehicles	1
Vehicles of other UN entities operating under UNSCO plates	4
Off-road vehicles	3
Total	55

51. There are 36 UNSCO staff whose functions call for the day-to-day official use of UN-owned vehicles (international staff and National Professional Officers). At the DFS-approved ratio for civilian non-VIP staff of 2.5 staff per vehicle, the UNSCO vehicle fleet of light vehicles and minibuses should have been at about 20 vehicles instead of the current level of 45.

52. UNSCO Administration officials explained that the existing number of vehicles is necessitated by the distribution of UNSCO offices between Gaza, Jerusalem and Ramallah, requiring reliable means of travel between locations, as well as maintaining a number of vehicles at each of these three sites. In OIOS' opinion, UNSCO needs to review its vehicle fleet and justify the necessity to maintain it at a current level of 0.8 staff per vehicle as opposed to the DFS-approved 2.5 staff per vehicle.

Recommendation 11

(11) UNSCO Management should review the necessity of maintaining its light vehicle fleet at the current level, which exceeds the approved Department of Field Support ratio.

53. *UNSCO Management partly agreed with recommendation 11, stating that it is reviewing its light vehicle fleet taking into consideration the operational requirements in UNSCO's three locations.* OIOS will keep recommendation 11 open pending receipt of a copy of the result of UNSCO's review of its light vehicle fleet.

CarLog not enforced and its records not reconciled

54. The CarLog system is a standard tool that field missions use to monitor vehicle movement and fuel consumption. Although UNSCO vehicles were equipped with the CarLog system, the Transport Unit did not require UNSCO vehicle users to use it. As a result, CarLog entries did not match the quantity of fuel drawn. CarLog records for July-October 2007 showed abnormally high or abnormally low fuel consumption for the mileage driven. For example, vehicle UNSCO-518 showed an average mileage of 81 km per liter for the month of July 2007, while the average mileage of UNSCO-489 was 367 km per liter. On the other hand, UNSCO-488 showed a very low mileage of 1.3 to 2.7 km per liter for 3 consecutive months from July to September 2007.

55. The above variances arise as CarLog records showed several blank fields indicating that the drivers did not make necessary entries in the system when they drew fuel from different fuel points. UNSCO vehicles drew fuel from four different sources, but there was no system in place to aggregate the fuel drawn from these sources in order to monitor fuel consumption.

56. Furthermore, during the period from 1 January 2006 to 31 October 2007, UNSCO paid \$43,129 to Pazomat for fuel. UNSCO also reimbursed \$25,579 to UNTSO for fuel drawn from its fuel point during the period from 1 January to 31 October 2007. However, there were discrepancies between the CarLog fuel consumption records and the quantity of fuel drawn from Pazomat gas stations,

and United Nations Truce Supervision Organization, United Nations Relief and Works Agency for Palestine Refugees in the Near East and United Nations Special Coordinator for the Middle East Peace Process – Gaza fuel points. Furthermore, contrary to UNSCO's 25 June 2007 circular to its staff, very few vehicle users were submitting fuel vouchers to the Transport Unit. As a result, the fuel records between the CarLog and the individual fuel points did not reconcile.

Recommendations 12 to 14

UNSCO Management should:

(12) Ensure that all vehicle operators use the CarLog system and monitor fuel consumption;

(13) Establish a consolidated system to report on the consumption of fuel drawn from all four sources; and

(14) Reconcile fuel consumption, on a monthly basis, between the CarLog records and the records of fuel drawn from Pazomat gas stations, and United Nations Truce Supervision Organization, United Nations Relief and Works Agency for Palestine Refugees in the Near East and United Nations Special Coordinator for the Middle East Peace Process – Gaza fuel points in order to identify any possible irregularities.

57. *UNSCO Management accepted recommendation 12, stating that UNSCO vehicles are installed with the CarLog system and that it will advise users of their responsibility to ensure proper usage of the system. UNSCO will also establish procedures to improve monitoring of fuel consumption. OIOS will keep recommendation 12 open pending receipt of documentation showing that all vehicle users have been advised to ensure proper use of the CarLog system and copies of procedures for monitoring fuel consumption.*

58. *UNSCO Management accepted recommendation 13, stating that a system is already in place that consolidates fuel consumption drawn from all four sources. OIOS will keep recommendation 13 open pending receipt of documentation showing that UNSCO has established a consolidated system to report on fuel consumption drawn from all four sources.*

59. *UNSCO Management accepted recommendation 14, stating that as of March 2008 efforts were made to conduct timely reconciliation and analysis of fuel consumption. OIOS will keep recommendation 14 open pending receipt of sample reconciliations and analyses of fuel consumption.*

Lack of pricing provision in the contract

60. The contract for the supply of fuel with Pazomat (SCO-CON/2006/001) lacked details regarding the determination of the fuel unit price. Clause 4.0

“Prices and payment terms” provides that: "The Company shall invoice UNSCO for the refueling of UNSCO official vehicles at the Company’s filling stations. Invoices together with relevant computer print-out denoting vehicle consumption, shall be submitted on a monthly basis, and payment shall be effected by bank transfer, in New Israeli Shekels, within 30 days from receipt of the Company's certified invoices". This clause does not specify how the fuel price per liter is established.

61. Instead, clause 7.0 of the contract, "discount terms" mentions that monthly pricelists will be provided to UNSCO, thus unnecessarily exposing UNSCO to possibly exaggerated fuel prices that can be arbitrarily established and changed monthly. Furthermore, the UNSCO Transport Unit confirmed that it does not have these price lists. Moreover, Pazomat invoices did not indicate that any discount was afforded to UNSCO. In OIOS’ opinion the contract for the fuel supply should clearly state the fuel price per unit or contain an unambiguous reference to a “prevailing market rate” to ensure that UNSCO receives fuel at a competitive price.

Recommendations 15 and 16

UNSCO Management should:

(15) Review the contract with Pazomat and amend the payment provisions in order to state clearly the basis for determining the fuel unit price; and

(16) Require that the fuel supply contractor provides monthly price lists in order to verify the prices charged in the invoices and ensure that the price discounts are taken.

62. *UNSCO Management accepted recommendation 15, stating that it will be implemented in the fourth quarter of 2008. UNSCO further elaborated that it is taking up the matter with UNTSO Procurement to review the contract and will amend it accordingly. OIOS will keep recommendation 15 open pending receipt of a copy of the amended contract.*

63. *UNSCO Management accepted recommendation 16, stating that it will be implemented in the fourth quarter of 2008. UNSCO is taking up the matter with UNTSO Procurement to amend the contract with the provision to include monthly price list to support invoices. UNSCO informed OIOS that it is using the contractor’s volume discount. OIOS will keep recommendation 16 open pending receipt of a copy of an amended contract with the provision to include monthly price list to support invoices.*

D. Security function

Reporting structure

64. General Assembly resolution A/RES/59/276 provides for the strengthened and unified security management system in the United Nations.

The Assembly considered the Secretary-General's reports A/59/365 and A/57/365, OIOS report A/59/396, ACABQ report A/59/539 in deciding, inter alia, to establish the Department of Safety and Security (DSS) to implement the Organization's safety and security programme. Standard operating security procedures are promulgated in field missions, which are required to establish Security Management Teams with clear responsibilities and reporting lines.

65. In accordance with the DSS Framework for Accountability for the United Nations Security Management system, the Chief Security Officer in a field mission will normally be appointed as the Chief Security Advisor/Chief Security Officer to the Head of Mission. The Chief Security Officer in UNSCO reports administratively to the Chief Administrative Officer (CAO). UNSCO's organizational chart shows the Chief Security Officer as part of the CMS' office.

Recommendation 17

(17) UNSCO Management should, in line with the Department of Safety and Security's guideline, revise the existing reporting relationship to ensure that the Chief Security Officer reports directly to the Chief of Mission.

66. *UNSCO Management accepted recommendation 17, stating that as of April 2008 the Chief Security Officer reports directly to the Special Coordinator through the Deputy Special Coordinator including day-to-day operations through the Chief of Staff.* Based on the action taken by the Mission, recommendation 17 has been closed.

UNSCO agency-specific security Standard Operating Procedures

67. UNSCO's security function is administered in accordance with the decisions of the Security Management Team (SMT) as a part of country-wide security function of UN agencies present in Israel. UNRWA's Commissioner General leads the SMT, which is comprised of the representatives of UN agencies in Israel. SMT is responsible for the country-wide security-related decisions such as implementing the country-specific Minimum Operating Security Standards (MOSS), updating the threat assessment and establishing security phases, and developing the country-specific Security Plan. MOSS requires that each agency establish local security Standard Operating Procedures (SOP) for various emergency scenarios, in addition to an SMT-established functional Security Plan.

68. OIOS' review showed that while elements of an agency-specific security SOP for UNSCO appear in several separate documents, a SOP is not formalized and disseminated to staff. In accordance with the Field Security Handbook the responsibilities of UNSCO's Head of Mission (Special Coordinator or in his absence an Officer-in-Charge) should encompass implementation of SMT's decisions at UNSCO, including:

- Ensuring that the civilian personnel of the mission and their authorized dependants are in full compliance with all security-related instructions;
- Ensuring that safety and security are core components of all programmes at the duty station and that appropriate funding is provided based on need;
- Consulting with and assisting the Designated Official on all matters concerning security and the implementation and maintenance of both the security plan and MOSS and for compliance with both; and
- Serving as a member of the Security Management Team.

69. UNSCO's area of operations includes Israel (security phase 1), West Bank (security phase 3) and Gaza (security phase 4). The Mission maintains its offices in Jerusalem and it is co-located with UNTSO, in Ramallah and in Gaza. Table 7 provides details on the distribution of UNSCO staff in locations with different security phases.

Table 7: Location of UNSCO staff by security phases

Offices	Int'l staff	National staff	Individual contractors	Total
Security phase 4 (Gaza)	0	18	4	22
Security phase 1 (Jerusalem)	26	2	0	28
Security phase 3 (Ramallah)	1	2	1	4
Total	27	22	5	54

70. OIOS is concerned that in the absence of formalized SOPs for each of the three UNSCO locations, staff currently located in these areas are exposed to security risks.

Recommendation 18

(18) UNSCO Management should formally establish Standard Operating Procedures regarding security for each of the three locations and disseminate them to staff residing in these areas.

71. *UNSCO Management accepted recommendation 18, stating that it will be implemented in the fourth quarter of 2008. Furthermore, OIOS was informed that UNSCO security and the Department of Safety and Security are in the final stages of completing the security plans for the three locations, and once completed and approved the security plans will be disseminated to all staff. OIOS will keep recommendation 18 open pending receipt of a copy of the*

security plans covering the three locations and documentation showing that these plans have been disseminated to all UNSCO staff.

UNSCO warden system

72. The SMT had adopted an Agency Warden System in Jerusalem, where all UN staff are grouped by agencies regardless of their location within the city as opposed to the common Zone Warden System where all UN staff are grouped by their territorial zones. Accordingly, UNSCO had established the warden system with three wardens responsible for the 34 staff living in Jerusalem. However, there was no evidence that the operational ability of the warden system was checked through regular security drills as called for by the Field Security Handbook.

Recommendation 19

(19) UNSCO Management should ensure that the wardens conduct regular security drills to verify the operational ability of the warden system.

73. *UNSCO Management accepted recommendation 19, stating that it will be implemented in the fourth quarter of 2008. UNSCO has selected new security wardens, approved the communications chain of command and it is drafting a schedule for quarterly security drills. OIOS will keep recommendation 19 open pending receipt of copies of UNSCO's: (a) new list of security wardens; (b) revised communications chain of command; and (c) schedule of quarterly security drills.*

Staff database

74. The UNSCO Staff Warden Roster (list of staff that the warden has to contact in case of emergency) did not contain the phone numbers of staff members, and in several cases did not contain their complete addresses. There was also no information on the presence and number of staff member's dependents.

Recommendation 20

(20) UNSCO Management should update the staff roster including the contact details and information on dependents residing with staff members.

75. *UNSCO Management accepted recommendation 20, stating that as of February 2008 UNSCO security had submitted to all staff the standard form for their contact details and dependent information within the mission area and that this information is currently being updated to include the arrival of new staff. OIOS will keep recommendation 20 open pending receipt of the updated list of UNSCO staff with current contact details and dependent information.*

Close protection for senior UNSCO management

76. In its risk assessment of UNSCO, the DSS indicated the necessity of a close protection detail for the DSC, in addition to the existing requirement for close protection of the Special Coordinator. In the second quarter of 2007, four temporary assistance posts were provided for this purpose. Two close protection officers were recruited in October-November 2007, after the DSC left the mission, and two other posts were yet to be filled. The new DSC was appointed in December 2007, however, the two existing close protection officers were to leave at the end of 2007, as the funding for the temporary posts was not extended beyond the end of 2006-2007 biennium.

77. UNSCO operates on a zero growth budget. Therefore, it is understandable that UNSCO's 2008-2009 proposed programme budget did not include resources for the DSC's close protection. However, given the renewed security threats in UNSCO's area of operations, it is critical that UNSCO senior officials have the necessary resources they need to carry out their responsibilities. There was, however, no evidence that UNSCO requested DSS to reassess the level of close protection for UNSCO senior management.

Recommendation 21

(21) UNSCO Management should request the Department of Safety and Security to re-assess the level of the close protection detail for UNSCO senior management and obtain necessary resources for security, as appropriate.

78. *UNSCO Management accepted recommendation 21, stating that it will be implemented in the fourth quarter of 2008. UNSCO further explained that with the arrival of the newly appointed Special Coordinator and Deputy Special Coordinator, UNSCO received a new security threat and risk assessment (TRA). Also, UNSCO is reviewing the need for additional resources. OIOS will keep recommendation 21 open pending receipt of copies of: (a) the new TRA; and (b) results of the review of additional resources.*

V. ACKNOWLEDGEMENT

79. We wish to express our appreciation to the Management and staff of UNSCO for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	O	Submission to OIOS of a copy of the Special Coordinator's Directive No. 001/08	April 2008
2	O	Submission to OIOS of a copy of the results of the review of resource allocation between the three relevant UNSCO locations	4 th Qtr 2008
3	O	Submission to OIOS of a copy of UNSCO's 2010-2011 programme budget proposal, showing its structure and resource allocation between the three locations	4 th Qtr 2008
4	O	Submission to OIOS of a copy of UNSCO's 2010-2011 programme budget proposal showing the Deputy Special Coordinator's post at the ASG level and arrangement with UNDP	4 th Qtr 2008
5	C	Action complete	April 2008
6	O	OIOS' verification of the use of travel request forms for official travel	February 2008
7	O	OIOS' verification of the use of travel request forms for official travel	February 2008
8	O	Submission to OIOS of sample copies of the Special Coordinator's official travels approved by the EOSG	February 2008
9	O	Submission to OIOS of sample copies of travel expenditure transmittal to the EOSG	3 rd Qtr 2008
10	C	Action complete	Implemented
11	O	Submission to OIOS of a copy of the result of UNSCO's review of its light vehicle fleet	Not provided
12	O	Submission to OIOS of documentation showing that all vehicle users have been advised to ensure proper use of the CarLog system and copies of procedures for monitoring fuel consumption	Not provided
13	O	Submission to OIOS of documentation showing that UNSCO has established a consolidated system to report on fuel consumption drawn from all four sources	Already in place
14	O	Submission to OIOS of sample reconciliations and analyses of fuel consumption	March 2008
15	O	Submission to OIOS of a copy of the amended fuel contract with Pazomat	4 th Qtr 2008
16	O	Submission to OIOS of a copy of an amended contract with the provision to include monthly price list to support invoices	4 th Qtr 2008
17	C	Action complete	April 2008
18	O	Submission to OIOS of a copy of the security plans covering the three locations and documentation showing that these plans have been disseminated to all UNSCO staff	4 th Qtr 2008
19	O	Submission to OIOS of copies of UNSCO's: (a) new list of security wardens; (b) revised communications chain of command; and (c) schedule of quarterly security drills	4 th Qtr 2008
20	O	Submission to OIOS of the updated list of UNSCO staff with current contact details and dependent information	February 2008
21	O	Submission to OIOS of copies of (a) the new security threat and risk assessment and (b) results of the review of additional resources	4 th Qtr 2008

¹ C = closed, O = open² Date provided by UNSCO in response to recommendations