



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

OCHA's Juba Initiative Project In Sudan

Administrative and financial oversight over the project was weak due to inadequate internal controls

20 January 2009

Assignment No. AN2008/590/05

United Nations  Nations Unies

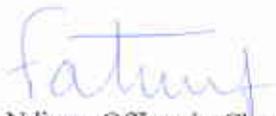
INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

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

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

DATE 20 January 2009


FROM Fatoumata Ndiaye, Officer-in-Charge
DE Internal Audit Division, OIOS

REFERENCE IAD: 09-02128

SUBJECT **Assignment No. AN2008/590/05 - Audit of OCHA's Juba Initiative Project in Sudan**
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 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1 and 3) 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. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. William Petersen, Chief, New York Audit Service, 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).

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EXECUTIVE SUMMARY

Audit of OCHA's Juba Initiative Project in Sudan

OIOS conducted an audit of the Juba Initiative Project (JIP) undertaken by the Office for the Coordinator of Humanitarian Affairs (OCHA) in Sudan. The overall objective of the audit was to determine whether: (a) JIP's operations were in compliance with the agreements governing its operations; and (b) adequate internal controls were in place and donor funds disbursed with due regard to economy and efficiency in compliance with the United Nations Financial Regulations and Rules. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The JIP was an initiative of OCHA to provide funds for the Juba Peace Process mediated by the Government of South Sudan (GoSS) to support the peace talks between the Government of Uganda (GoU) and the Lord Resistance Army/Movement (LRA). OCHA established JIP in October 2006 and signed an agreement on 19 December 2006 with the GoSS-Peace Secretariat (an Agency of the GoSS and OCHA's implementing partner) to implement JIP for the period 1 October to 31 December 2006. JIP was extended in phases and completed in May 2008. The Project covered costs related to lodging and transportation for the delegations, maintenance of the GoSS-Peace Secretariat, and consultancies to support the peace process.

OIOS found that OCHA Juba often approved payments without exercising adequate controls over the process. Payments were not always supported by adequate documentation. Hotel accommodation rates were not negotiated and payments were approved without providing the names of the guests and their signatures to substantiate the claims.

Further, there was non-compliance with the reporting requirements of the OCHA GoSS-Peace Secretariat agreements. There was also a lack of reconciliation of financial accounts resulting in the inability of KPMG, the accounting firm appointed to provide accounting, administrative and logistics support services to the GoSS-Peace Secretariat in August 2007, to release funds because the budget was not supported by an adequate cash balance.

There were multiple agreements governing the entitlements for the beneficiaries. The lack of an umbrella agreement resulted in gaps and inconsistencies in administering the entitlements for the delegates and staff involved in implementing the project. OCHA Geneva's inability to appoint a dedicated staff to oversee the project and to clearly define the OCHA Juba staff's responsibilities compounded the lapses in implementation.

OCHA in its response to OIOS provided general comments in addition to its specific comments to the recommendations. These general comments described the substantive achievements of the project, drawing attention to the challenging work environment in Southern Sudan. While OIOS acknowledges these accomplishments and the difficult work environment faced by OCHA, it notes that the audit's focus was on the internal controls in OCHA's management of the project.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Juba Initiative Project in Sudan (JIP) undertaken by the Office for the Coordinator of Humanitarian Affairs (OCHA). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
 2. The JIP was an initiative of OCHA to provide funds for the Juba Peace Process mediated by the Government of South Sudan (GoSS) to support the peace talks between the Government of Uganda (GoU) and the Lord Resistance Army/Movement (LRA). OCHA established JIP in October 2006 and signed an agreement on 19 December 2006 with the GoSS-Peace Secretariat (an Agency of the GoSS and OCHA's implementing partner) to implement JIP for the period 1 October to 31 December 2006. JIP was extended in phases and was completed in May 2008. The Project covered costs related to lodging and transportation for the delegations, maintenance of the GoSS-Peace Secretariat, and consultancies to support the peace process.
 3. To fund the JIP, OCHA established a sub-account under the Trust Fund for Disaster Relief. OCHA is accountable to donors for the proper management of the funds in accordance with the United Nations Financial Regulations and Rules. The GoSS-Peace Secretariat was responsible for implementing the activities of the Project and ensuring that the funds, supplies, equipment and other materials provided by JIP were used for the Project's intended purpose. The methodology for the processing of payments required the GoSS-Peace Secretariat to submit the requests for payments on a bi-monthly basis to OCHA which reviewed relevant supporting documentation for conformance with the GoSS-Peace Secretariat's budget. After its review, OCHA would send payment requests to the local United Nations Development Programme (UNDP) office for disbursement directly to the vendor/service provider. OCHA could refuse to make payment if costs were not justified or could not be verified, or if expenditures were not in accordance with the budget.
 4. In August 2007, the GoSS-Peace Secretariat and the Deputy Humanitarian and Resident Coordinator signed an engagement letter with the accounting firm KPMG appointing the latter to provide accounting, administrative and logistics support services to the GoSS-Peace Secretariat at an estimated monthly fee of \$56,000. OCHA maintained oversight responsibility and UNDP continued to disburse funds to the GoSS-Peace Secretariat to meet the day-to-day expenses of the JIP.
 5. According to OCHA Sudan, the GoSS-Peace Secretariat proposed the date of 31 May 2008 as the closing date for JIP phase II instead of 31 March 2008 as earlier proposed. Therefore, the contract with KPMG was extended to 31 May 2008, to reflect the final extension of the project.
 6. Comments made by OCHA are shown in *italics*.
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II. AUDIT OBJECTIVES

7. The main objectives of the audit were to determine whether:
- (a) JIP's operations were in compliance with the agreements governing its operations; and
 - (b) Adequate and reliable internal controls were in place and donor funds disbursed in compliance with the UN Financial Regulations and Rules, with due regard to economy and efficiency.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered JIP activities during the period October 2006 to March 2008. OIOS' audit methodology included a review of the JIP work plan, accounting information and records, verification of assets, and interviews with key personnel involved in JIP, including officials of OCHA, UNDP, the GoSS-Peace Secretariat and representatives of donors in Juba.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Lack of control by OCHA, Juba over approval of payments

9. In general, OCHA Juba was approving payments without exercising adequate controls over the process. Article VII paragraph 1 of the agreement signed between OCHA Geneva and the GoSS-Peace Secretariat provided that the GoSS-Peace Secretariat shall maintain separate accounts recording all receipts and expenditures relating to the fund and ensure that any obligation entered into and all disbursements made are satisfactorily documented. It further stated that all payments must be supported by adequate and reliable documents to indicate that the goods or services were actually provided. The audit found a number of instances where these requirements were not complied with.

More than \$200,000 of subsistence allowances paid directly to an LRA delegate without proper accounting

10. A review of selected cases paid and accounted for in the financial reports showed that \$109,200 in Daily Subsistence Allowance had been paid for the travel of 15 LRA delegates to Uganda, South Africa, Nairobi, London and Columbia for the mobilization, sensitization and consultation on the Rikwangba-Juba conferences. The request was certified by the OCHA Juba finance and administrative officer and his assistant explaining that this travel was very important for the peace talks to continue. The finance and administrative officer further requested that the amount be broken down into smaller amounts so that cheques could be issued faster. The entire payment was released to a former leader of the LRA. Additionally, the vouchers showing the travel costs for undertaking this trip could not be provided to OIOS by OCHA. Also,
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the LRA delegates were to submit mission reports, which OCHA was unable to provide to OIOS.

11. Further, this former leader was also directly paid a sum of \$96,783 for arranging the Mobilization Meeting for consultation on agenda item number II and III. The voucher provided by OCHA had no supporting documentation and there was no follow up by OCHA Juba and GoSS-Peace Secretariat to document the expenditures. Bills should have been settled with the suppliers rather than making payments directly to the organizer. The payee subsequently had a misunderstanding with another leader of the LRA and left the LRA in late 2007.

Claims for \$148,000 worth of camp supplies not supported by a contract

12. The company managing the camps, AFEX, submitted claims for \$95,170 and \$52,588 for net shortages of camp supplies at the sites in Nabanga and Rikwangba. The claimed items were attested to by the GoSS-Peace Secretariat, even though they stated that this was not envisaged in the original contract. OCHA could not provide the original contract with AFEX for OIOS' review.

Payments to the GoSS-Peace Secretariat for unauthorized overtime

13. Overtime of \$89,240 was paid to the GoSS-Peace Secretariat for the period 16 September 2006 to 31 October 2006 for negotiating the venue and providing protection to the delegates in hotels and the protection team for the Vice President, other mediators and the GoSS-Peace Secretariat. OCHA informed OIOS that the rates used were the same as the GoSS-Peace Secretariat rates for overtime. OIOS did not find any records showing the approval for such payments.

No controls over transactions in cash

14. OCHA Juba and the GoSS-Peace Secretariat transacted a lot of JIP business on cash basis from October 2006 to August 2007. Within this period \$170,465 was advanced to the project staff using the petty cash fund without maintaining sufficient supporting records. The GoSS-Peace Secretariat had no system to record the advances given and to account for their settlement and they dealt with each advance on an ad hoc basis. The recipient was expected to provide the vouchers for the cash advances. In some cases, there was no supporting documentation detailing the expenditures on record. Also, different kinds of advances were paid as detailed in Table 1, which were not of the nature provided for under the petty cash procedures. Hence, there was no ceiling being observed on the cash advances and there was a lack of systematic follow up to ensure their settlement. The cash payment arrangements exposed the JIP to financial and operational risks and possible non-recovery of the advances. OCHA Juba should have ensured that the GoSS-Peace Secretariat recorded and monitored all cash advances in a systematic manner, and maintained proper documentation of their settlement.

Table 1: Cash advances paid to OCHA staff for JIP

Recipient	Details	Amount (US \$)
DSS Juba staff member	Cash advance	20,000
OCHA Juba staff member	Working advance	9,421
OCHA Kampala staff member	Cash advance for petty expenses	103,044
OCHA Juba staff member	Petty cash for JIP	10,000
Consultant to JIP	Emergency cash advance	28,000
		170,465

Mismanagement of hotel accommodations resulted in excessive costs

15. The procurement of hotel accommodations for the delegates and stakeholders, namely, LRA delegation, CHMT members, National Observers, African Special envoys and Unforeseen Observers were often approved without an official requisition.

16. OIOS reviewed 21 transactions for the procurement of accommodations for the delegates attending the GoU/LRA Peace Talks and observed that the GoSS-Peace Secretariat did not have standard operating procedures. The hotel accommodations were procured on an ad hoc basis with separate rates and arrangements. Table 2 shows the inconsistencies in the rates charged by the individual hotels in 2006. For example, Juba Bridge and Oasis Camp Hotels had about seven separate billing rates (\$100, \$160, \$165, \$195, \$215, \$230 and \$265/per day) ranging from single occupancy, double occupancy to executive suite, which increased the risk of abuse and irregularities in the billing for these accommodations. OCHA Juba should have ensured that contracts were negotiated with hotels used by delegates to obtain more favourable rates.

Table 2: Hotel rates in Juba

Name of Hotel	No. of vouchers examined	Rate paid in 2006 (US \$)	Amount (US\$)
Juba Bridge Hotel	6	75-200	1,161,961
Juba Raha Camp	8	130	1,072,894
Nile Beach	2	120	45,730
Oasis camp	2	100-265	180,845
RA International	2	100	118,602
Star Hotel	1	200	111,600
Total	21		2,691,632

17. Further, there was no control over payments for delegates' alcoholic and non-alcoholic beverages, leading to high accommodation bills. For example, on 24 May 2007, Juba Raha Camp was paid \$330,025 for accommodation and meals, of which \$15,000 was incurred for beverages. However, details of beverages consumed by the

delegates were not attached to the bill. In January 2008, KPMG issued financial and administrative procedures to regulate the JIP's financial operations and negotiated with and obtained standard daily rates in seven hotels patronized by delegates as shown in Table 3. A comparison of the rates paid in 2006-2007, prior to the negotiated rates procured by KPMG, showed that the daily rates paid were generally higher than the negotiated rates.

Table 3: Hotel rates negotiated by KPMG in January 2008

Name of Hotel	Rate (US \$) (2006/2007)	New rate obtained by KPMG (US \$)	Reduction (US \$)
Juba Raha	150	130	20
Hotel Intra-Africa	220	130	90
Juba Bridge Hotel	200	200	0
Oasis Camp	100/150	100/130	20
R A International	133	133	0
Juba Grand	220	200	20
Star Hotel	200/250/300	200	50-100

18. In January 2008, after KPMG took over the management of accounts, the GoSS-Peace Secretariat issued standard instructions to the hotels not to entertain verbal bookings or requests for beverages and meals over and above what was officially requested. For purposes of billing, the GoSS-Peace Secretariat also required invoices, clearly stating the name of guest, the room number, check-in and check-out dates as well as a signed registration form and a copy of the GoSS-Peace Secretariat requisition form.

19. OIOS observed that during the entire period of the project, no signatures of delegates who lodged in some of the hotels such as Oasis Camp Hotel and Juba Bridge Hotel were provided to ascertain the authenticity of the bills. The Juba Bridge Hotel, for example, stated on their bills the number of guests, number of rooms, number of nights and the rate per night, without providing the names of the guest and their signatures to substantiate their claims. The absence of any official requisition, stating the names of delegates and the number of days they were required to stay, increased the risk of unauthorized stays and also the possible inclusion of non-approved guests.

Irregularities in payments relating to GoU/LRA Peace Talks in Uganda

20. From November 2007 to February 2008, the GoSS-Peace Secretariat transferred amounts totaling \$800,455 into a KPMG account in Kampala to facilitate the LRA Peace Talks. KPMG deducted \$36,400, representing 23 per cent of gross amount billed (\$159,600), because of irregularities involving inflated rates and fictitious names of delegates.

21. OIOS' review of expenses incurred by JIP, especially hotel accommodations in Uganda, revealed that there may have been other irregularities that were not detected in the hotel bills due to the fact that the name(s) of guest(s), their room numbers, check-in and check-out dates as well as signed registration forms and a copy of the GoSS-Peace Secretariat requisition forms were not provided by most of the hotels.

Recommendation 1

(1) OCHA Geneva should determine accountability for the approval of payments by OCHA Juba staff without maintaining adequate supporting documentation and without proper authorization.

22. *The OCHA Geneva Administration accepted recommendation 1 and stated that it was responsible for checking bills and requests for reimbursement, and ensuring that payment of advances for specific activities received from the GoSS-Peace Secretariat were within the approved budgetary limits of JIP and in line with the project's terms of reference, as provided for in the Cessation Hostilities Monitoring Team/GoSS-Peace Secretariat agreement. Upon determination that these requirements were met, OCHA Juba would issue a payment request to the UNDP Juba office who would again check the payments in line with the established service level agreement between UNDP and OCHA for the management of JIP, certify the payments and finally make disbursements as per the request of the GoSS-Peace Secretariat, to the service providers, staff and delegates.*

23. *In undertaking the above mentioned role, OCHA Juba and the Deputy Resident Coordinator/Humanitarian Coordinator made sure that guidance and concurrence was sought from all the parties to the project, i.e., the GoSS-Peace Secretariat, the Chief Mediator (the Vice President of GoSS-Peace Secretariat), both delegations (Govt of Uganda and LRA) and donors were duly informed of all activities that were undertaken and disbursements made to support these activities. In all instances proposals for advances and/or payments for specific activities were discussed by the above mentioned group prior to disbursements. Guidance and concurrence was also sought from the Desk in New York.*

24. *The JIP was an extra-ordinary undertaking in which OCHA supported the concurrence between donors and the GoSS-Peace Secretariat in their joint response to the LRA priorities. OCHA facilitated the process to ensure that the organization was not exposed to potential risks in view of the nature of the project activities, and the implementing partner.*

25. *In many instances, OCHA Juba staff did not clear reimbursements for the requests presented by the GoSS-Peace Secretariat, for a number of reasons ranging from lack of proper documentation, lack of clarification of details of the delegations, absence of proper contracts with service providers, and lack of proper supporting documentation, amongst others. As a result of this, the GoSS-Peace Secretariat accumulated a number of un-reimbursed bills that were not cleared by OCHA Juba.*

26. *In order for the peace talks to move forward and to minimize the frequent recurrent tensions between the GoSS-Peace Secretariat and the service providers, OCHA undertook a number of critical steps detailed below to exercise control over the management of finances in this unusual arrangement:*

- a) *Established two operational guidelines for GoSS-Peace Secretariat, as part of protecting OCHA from operational risks;*

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- b) *Convened monthly meetings comprising the DRC/HC, donors, GoSS-Peace Secretariat and Chief Mediator, to discuss the way forward on reimbursement of pending bills from the Secretariat which lacked proper documentation and were not complete under OCHA's terms for reimbursement;*
 - c) *The OCHA Juba team with support from OCHA Khartoum conducted an internal verification of the pending bills which did not qualify for reimbursements and requested the GoSS-Peace Secretariat to provide full documentation on each of the observations to the bills amounting to a total of \$1.6 million. Settlement of these bills were then only undertaken upon receipt of proper documentation and/or written clarifications from the GoSS-Peace Secretariat and confirmation that the services being paid for were indeed received;*
 - d) *OCHA Juba made a written clarification to the GoSS-Peace Secretariat that no funds would be released before an audit of the previous tranche was done. This was an agreed way of working to protect OCHA from any financial risks.*

27. *OCHA further stated that it has taken note of the shortcomings identified in the audit report, which will be used to further strengthen internal control procedures should there be a future similar undertaking. OIOS stresses that accountability should be addressed for the specific cases of payments without proper authorization or adequate supporting documentation. Recommendation 1 remains open pending receipt of documentation showing the action taken by OCHA to determine accountability of OCHA Juba staff for the payments cited in this report.*

B. Inadequate control by OCHA, Geneva and OCHA, Juba in ensuring compliance with financial reporting and reconciliation of accounts

Non-compliance with reporting requirements

28. According to the initial agreement of December 2006, the GoSS-Peace Secretariat was to submit two financial reports to OCHA. However, the two reports submitted covered two periods different than those required from the OCHA GoSS-Peace Secretariat agreement. The periods covered by the reports were not in alignment with the UN's financial calendar and therefore made it difficult to obtain an overall picture of the financial status of the project. Further, the submissions of these reports were delayed by 3 and 11 months, respectively.

29. Consequently, the JIP accounts had not been reported on an annual financial year basis nor reconciled with the accounts of the five entities involved in implementing and supporting the project namely: the GoSS-Peace Secretariat, KPMG, OCHA Juba, UNDP Juba and OCHA Geneva. There were six cost plans and budget revisions totaling \$13 million in the years 2006-2008. Different expenditure figures were available with UNDP Juba, OCHA Geneva, OCHA Juba and KPMG and in the financial reports for the periods relating to Part 1 and 2 of the JIP project. Further, according to OCHA Juba, unpaid obligations totaling \$1.8 million and a \$2 million loan from un-earmarked funds, which had yet to be repaid to OCHA Geneva, were not reflected as liabilities in the financial reports for JIP. There was also no reconciled cash balance figure because OCHA Juba had not shared a reconciled statement with all implementing parties.

30. As discussed in paragraph 4, in August 2007, OCHA engaged KPMG to assist the GoSS-Peace Secretariat in procurement and logistics support and the development of: (i) financial statements showing monthly receipts and payments, outstanding commitments, pending payments and budget to actual financial reports; (ii) a record of utilization of imprest funds; and (iii) a log of non-expendable equipment. KPMG commenced work on 1 October 2007 and was not given a formal handover report on the JIP's financial status from either the GoSS-Peace Secretariat or OCHA Juba.

31. As a result, KPMG started their accounts with an opening balance of \$200 and a budget of \$11,051,169 approved by the Coordination and Response Division, OCHA, New York without an accounting consolidation or reconciliation with the previous periods by the OCHA Juba and the GoSS-Peace Secretariat for the period from 1 September 2006 to 30 September 2007. Although KPMG accounts showed a balance of \$4,017,384 (Budget: \$11,051,169 less expenses: \$7,033,785), KPMG could not release any further funds because the budget was not supported with an adequate cash/bank balance.

Recommendation 2

(2) OCHA Geneva should determine the reasons for OCHA Juba staff not having obtained the required financial reports from the Government of South Sudan-Peace Secretariat according to the terms of the agreement.

32. *The OCHA Geneva Administration accepted recommendation 2 and stated that according to the terms of CHMT agreement, the GoSS-Peace Secretariat was required to present to OCHA financial reports upon expiry of the financial period. OCHA did, in a number of instances, request the GoSS-Peace Secretariat to provide the reports, although unsuccessfully. These requests were made formally in writing to the GoSS-Peace Secretariat and the Chief Mediator – VP of GoSS-Peace Secretariat. OCHA's concerns over the non-receipt of these financial reports were also conveyed to the donors and all the parties to the JIP. OCHA had no leverage on how to get the financial reports other than to request the DRC/HC and the donors to push the GoSS-Peace Secretariat to obtain compliance, which continued to be done in the monthly meetings.*

33. *In order to protect OCHA from the risks associated with non-receipt of financial reports from GoSS-Peace Secretariat, OCHA Juba in consultation with the DR/HC and the donors, did eventually suspend the disbursements of the JIP funds to the GoSS-Peace Secretariat and settlement of any bills from service providers. This was done until GoSS-Peace Secretariat managed to submit the financial reports. OCHA is now in receipt of all financial reports. Based on OCHA's confirmation that all financial reports have now been received, Recommendation 2 has been closed.*

C. Accountability framework for the project was not adequately controlled or established by OCHA, Geneva

Multiple agreements governing the implementation of JIP

34. There were several agreements in place to govern the implementation of JIP. First, there was the agreement between OCHA and the GoSS-Peace Secretariat of December 2006 which was revised in March, August and finally in December 2007 extending the project until 31 March 2008. Second, there was the engagement letter of August 2007 between KPMG, GoSS-Peace Secretariat, and the UN Humanitarian Coordinator, by which KPMG assisted the GoSS-Peace Secretariat in discharging its obligations to OCHA. Third, there was the Standard Operating Procedures agreement between the GoSS-Peace Secretariat and the head of the Cessation of Hostilities Monitoring Team in October 2007. Finally, there was an agreement with donors in October 2007 which allowed certain allowances to the GoSS-Peace Secretariat staff, retroactively. All of these agreements resulted in financial implications that were administered by OCHA Juba and the GoSS-Peace Secretariat. However, there was no umbrella agreement reflecting the changes in financial agreements based on these separate agreements. The lack of such an umbrella agreement resulted in gaps and inconsistencies in administering the entitlements for the delegates and staff involved in implementing the project.

Oversight responsibilities for staff not clearly delineated

35. OCHA Geneva did not appoint a dedicated staff to oversee the JIP throughout the life of the project. All OCHA Juba staff supporting JIP were also responsible for performing OCHA's regular work. There were no guidelines delineating the oversight responsibility of OCHA Khartoum regarding the management of JIP. Instructions regarding the arrangements for the finance assistant located at OCHA Juba to report to the finance and administrative officers of OCHA Khartoum and OCHA Nairobi were not on record and accountability therefore was not clearly defined for the oversight of the JIP project. Further, the reasons for the involvement of the finance and administrative officer from OCHA Nairobi were unclear. From a review of email correspondence, it appeared that the finance and administrative officer, Nairobi, nominated himself to OCHA Geneva as the administrative officer for JIP.

36. In addition, OCHA Juba's staffing arrangements during the period from September 2006 to May 2008 were unstable. Over a period of 21 months there were four heads of offices and three finance and administrative officers dealing with the JIP. As a result of this turnover, there was no continuity in the oversight arrangements and a lack of institutional knowledge and accountability in the management of the project. Most importantly, the GoSS-Peace Secretariat had difficulties in obtaining support from OCHA Juba on the areas requiring administrative coordination with UNDP. Hence, OCHA failed to support the project in a well planned and systematic manner resulting in a lack of control and accountability.

Procedures for approval of travel, accommodation and other allowances for delegates not formalized

37. The agreement of 19 December 2006 between OCHA and the GoSS-Peace Secretariat did not include any details on allowances to be given to different categories of delegates. The KPMG agreement with the GoSS-Peace Secretariat effective August 2007 specified allowances payable to delegates and meeting participants.

38. OCHA and KPMG provided OIOS with lists of names in the different categories of delegates namely LRA, CHMT, National Observers, facilitators, GoU delegation. Some of the lists had been updated. There was no formal record of the approval process for the inclusion of these names or subsequent changes in the lists. OIOS was informed that the head of the GoSS-Peace Secretariat unilaterally approved the names and any subsequent changes or updates. The agreement of GoSS-Peace Secretariat with OCHA should have delineated a formal procedure for approving the names to be included in the lists as these lists formed the basis for approving all allowances and arrangements for the delegates. OCHA Juba should have ensured that the GoSS-Peace Secretariat adopted a formal procedure for the approval and updating of the list of delegates.

Inventory records not available

39. OIOS' review of the inventory of telephone equipment revealed that seven Thuraya satellite phones costing a total of \$7,000 and four digital cameras costing \$2,000 were missing. Article IV of the agreement between OCHA Geneva and the GoSS-Peace Secretariat provides that the latter shall be responsible for the proper custody, maintenance and care of all non-expendable equipment during project implementation. It further states that in case of damage, theft or other loss of supplies, equipment and other materials provided or financed by OCHA, the GoSS-Peace Secretariat shall provide OCHA with a comprehensive report, including a police report where appropriate, and any other evidence giving full details of the events leading to the theft or loss of supplies, equipment and other materials. However, inventory records were not adequately kept to trace the recipients of these equipment items and there were no reports on file concerning the loss or theft of the items.

Recommendation 3

(3) OCHA Geneva should ensure that the delineation of responsibility for the oversight of future projects is clearly documented and communicated to all concerned parties.

40. *The OCHA Geneva Administration accepted recommendation 3 and stated that OCHA takes note of this recommendation for future projects. OCHA's understanding at several levels was that the JIP would come to an end sooner rather than much later as it eventually turned out. At the onset, after initial discussions with the parties, it was thought that the project, including the completion and signing of the final peace talks' agreement, would take a much shorter time and that a huge structural system to support the project would have not been necessary. However, as the project was prolonged and the issues became more complex, in hindsight it would have been worthwhile to put a system in place to handle the various priorities and*

complexities. With the existing capacities, OCHA managed to stave off a number of potential risks. In addition to the measures taken by OCHA management to steer the project, it is important to note the positive effects of the peace talks process to the people of Northern Uganda and LRA-affected areas in South Sudan, which for the first time knew some kind of peace after nearly two decades of intense civil war. Recommendation 3 is remains open pending receipt of documentation showing the action taken by OCHA to instruct its staff in Geneva to ensure that oversight responsibilities for future projects are clearly delineated.

DSA paid to CHMT members before establishing the Standard Operating Procedures

41. The standard operating procedures signed by the GoSS-Peace Secretariat and the head of the CHMT authorized the entitlements for the CHMT members. These entitlements were not included in an agreement between OCHA and the GoSS-Peace Secretariat, although the GoSS-Peace Secretariat did administer the entitlements through the JIP. A review of selected samples from September 2006 to August 2007 indicated that payments totaling \$265,400 were made towards allowances to CHMT members, although the Standard Operating Procedures (which allowed for these entitlements) were signed between the GoSS-Peace Secretariat and the head of the CHMT only in August 2007. OCHA Juba should have ensured that the allowances were paid after the rates had been agreed to and formalized.

Recommendation 4

(4) OCHA Geneva should determine the reasons why the OCHA Juba staff had authorized the payments to Cessation Hostilities Monitoring Team members prior to the signing of the standard operating procedures between the Government of Sudan-Peace Secretariat and the head of Cessation Hostilities Monitoring Team.

42. *The OCHA Geneva Administration accepted recommendation 4 and stated that CHMT costs had been budgeted for at the start of the JIP phase I although the standard operating procedures (SOP) were not in place at that time. Subsequently, an agreement was reached between the DRC/HC, Chief Mediator, GoSS-Peace Secretariat and the donors on the parameters and ways of working with the CHMT. It is upon these background discussions and agreements reached, that the standard operating procedures were finally put together and signed. It is, however, important to note that OCHA Juba, in making payments to the CHMT members and in facilitating travel to the affected areas, did follow the agreed guidelines and the signed CHMT SOPs. This ensured that the payments cleared for disbursements were in line with the approved budgets. Although the budget for CHMT costs was provided for as indicated by OCHA, Recommendation 4 remains open pending clarification by OCHA as to the basis on which the entitlements were paid without first having an agreement in place.*

V. ACKNOWLEDGEMENT

43. We wish to express our appreciation to the Management and staff of OCHA Juba, OCHA Khartoum, UNDP Juba, GoSS-Peace Secretariat and KPMG for the assistance and cooperation extended to the auditors during this assignment.

ANNEX 1

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
Assignment No. AS2008/800/01 – Audit of Efficiency, Effectiveness and Quality of service to beneficiaries

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1.	OCHA Geneva should determine accountability for the approval of payments by OCHA Juba staff without maintaining adequate supporting documentation and without proper authorization.	Financial	High	O	Documentation showing the action taken by OCHA to determine accountability of OCHA Juba staff for the payments cited in this report.	To be provided by OCHA
2.	OCHA Geneva should determine the reasons for OCHA Juba staff not having obtained the required financial reports from the Government of South Sudan-Peace Secretariat according to the terms of the agreement.	Financial	Medium	C	Action completed	Implemented
3	OCHA Geneva should ensure that the delineation of responsibility for the oversight of future projects is clearly documented and communicated to all concerned parties.	Operational	High	O	Documentation showing the action taken by OCHA to instruct its staff in Geneva to ensure that oversight responsibilities for future projects are clearly delineated.	To be provided by OCHA
4	OCHA Geneva should determine the reasons why the OCHA Juba staff had authorized the payments to Cessation Hostilities Monitoring Team members prior to the signing of the standard operating procedures between the Government of Sudan-Peace Secretariat and the head of Cessation Hostilities Monitoring Team.	Operational	Medium	O	Clarification by OCHA as to how the entitlements were paid without first having an agreement in place.	February 2009

1. C = closed, O = open

2. Date provided by OCHA in response to recommendations.