



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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## **UNIFIL marine operations**

**Procedures and performance standards for UN  
maritime operations are not yet fully developed**

**16 April 2009**

**Assignment No. AP2008/672/09**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

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

TO: Major General Claudio Graziano  
A: Force Commander and Head of Mission  
UNIFIL

DATE: 16 April 2009

REFERENCE: IAD: 09- 02363

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



SUBJECT: **Assignment No. AP2008/672/09 - Audit of UNIFIL marine operations**  
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 3 to 6 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., recommendation 2 in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Girish Sinha, Director of Mission Support, UNIFIL  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
Mr. Seth Azda, Chief, Audit Response Team, DFS  
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, DM  
Mr. Byung-Kun Min, Programme Officer, OIOS  
Ms. Eleanor T. Burns, Chief, Peacekeeping Audit Service, 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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### CONTACT INFORMATION

#### ACTING DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,  
e-mail: [ndiaye@un.org](mailto:ndiaye@un.org)

#### CHIEF, PEACEKEEPING AUDIT SERVICE:

Eleanor T. Burns: Tel: +1.917.367.2792 Fax: +1.212.963.3388  
e-mail: [burnse@un.org](mailto:burnse@un.org)

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## **EXECUTIVE SUMMARY**

### **Marine operations**

OIOS conducted an audit of marine operations in the United Nations Interim Force in Lebanon (UNIFIL). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over marine operations. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Departments of Peacekeeping Operations and Field Support have limited experience with marine operations, and as a result, the policies and procedures have yet to be fully developed. OIOS identified the following control deficiencies:

- Considering recent developments, a ship-to-task analysis needs to be done to determine Maritime Task Force requirements that may result in a reduction in reimbursements to contributing countries;
- There were inadequate procedures for monitoring and reporting on the availability of vessels in the area of maritime operations. As a result, it is difficult to assess whether vessels' achieve their respective performance goals;
- There was insufficient capacity to adequately verify operational usage reports and therefore, a number of errors were identified. If these go undetected, there is a risk of incorrect reimbursements to contributing countries; and
- Considerable resources are required to administer the two agreements, namely a Letter of Assist and a Memorandum of Understanding, entered into with contributing countries for marine operations. There is also a risk of duplication of work, as similar procedures are required under the separate agreements. Consideration needs to be given to amalgamating them.

OIOS made recommendations to address the issues identified during the audit and to further improve the management of marine operations in UNIFIL.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of marine operations in the United Nations Interim Force in Lebanon (UNIFIL). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The Security Council Resolution 1701 dated 11 August 2006 called for the creation of a Maritime Task Force (MTF) in UNIFIL to patrol the coast of Lebanon. The MTF was responsible for conducting maritime interdiction operations (MIO) and carrying out surveillance activities in order to assist the Lebanese Armed Forces (LAF) in preventing unauthorized entry of arms and related materials by sea into Lebanon, as well as to train the Lebanese Navy. The Mission's marine operations force comprised four frigates, two corvettes, five fast patrol boats (FPB), one fleet support ship and seven helicopters.
3. MTF conducts marine operations in cooperation with the Marine Operations Cell and the Naval Operations Centre. MTF reports to the Force Commander through the Joint Operations Center (JOC).
4. The 2006-2007 and 2007-2008 apportionments and expenditures of the Mission's marine operations are summarized in the Table 1.

**Table 1: Expenditure and apportionment of marine operations for the period from 1 July 2006 to 30 June 2008**

Budget lines	2006/07	2007/08
	Expenditures (\$000)	Apportionment (\$000)
Rental and operation	55,468.1	77,346.9
Liability insurance	-	528.2
<b>Total</b>	<b>55,468.1</b>	<b>77,875.1</b>

5. Comments made by UNIFIL are shown in *italics*.

## II. AUDIT OBJECTIVES

6. The main objectives of the audit were to assess the adequacy and effectiveness of internal controls over marine operations.

## III. AUDIT SCOPE AND METHODOLOGY

7. The audit reviewed marine operations during the fiscal years of 2006-2007 and 2007-2008.
  8. The audit methodology comprised: (a) a review of pertinent records and applicable memoranda of understanding, letters of assists, and contracts; (b) analysis of data; and (c) interviews with responsible personnel.
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## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Procedures and performance standards for UN maritime operations**

9. More than two years after the MTF commenced operations, the DPKO/DFS have still to provide policies, guidance and procedures for maritime operations regarding: (a) the establishment of reimbursement rates for different vessel capabilities; (b) performance management of marine assets; (c) procedures for the verification of marine assets; and (d) the level and types of reporting.

10. The deployment of the MTF is the first time that a marine force of such capacity and mandate had been deployed by the UN in a peacekeeping operation. Therefore, the current version of the Contingent-owned Equipment (COE) Manual does not adequately address maritime assets. Moreover, there are no procedures in place for the preparation of maritime usage reports by the MTF. As a result the verification of the COE was delayed. Recognizing the absence of guidelines, procedures relating to the operation of vessels have been included in the relevant letters of assist (LoAs) and memoranda of understanding (MoUs). Also, separate procedures on verification of assets were drafted by the Mission and forwarded to DFS in October 2007. These draft procedures have not yet been approved.

11. OIOS' review of the procedures and practices followed by the Mission showed that they contradict the relevant MoUs and LoAs in some instances as indicated below.

- The LoAs provide that operational usage reports be based on entries in each ship's log and that the MTF Commander should certify the entries. However, operational usage reports are prepared by the Flagship staff based on the weekly situation reports sent to the Flagship by each ship captain.
  - The MoUs require that the operational usage reports will be verified, at UNIFIL Headquarters, against the logs maintained by the Naval Operations Center. This is not being done as the Naval Operations Center did not maintain vessel logs.
  - According to the LoAs, prior to the arrival of a vessel at the area of operations, the contributing country shall provide the Mission with a copy of the naval force service regulations in English. This was not done for various reasons cited by UNIFIL including: (a) general information on vessel capabilities was available on the internet and that it was not feasible for the contributors to provide copies of such documents as they are voluminous; and (b) ship logs were in the national language of the concerned contributing country, and contained sensitive information about the vessels that cannot be divulged to outside parties. It appears therefore that the requirement for contributors to provide vessel logs and regulations were impractical to implement, and the necessity of this needs to be re-considered. Based on
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OIOS' suggestion, UNIFIL has requested the DFS to revise the letters of assist.

12. OIOS suggested that DPKO/DFS establish appropriate procedures and performance standards to assist UNIFIL in administrating maritime assets. OIOS was informed that work has already been initiated at UN Headquarters with the support of Strategic Management Cell, Office of Operations, Office of Military Affairs and DFS. Also, as a first step, a DPKO/DFS evaluation was conducted in February 2009. The results of the evaluation underscore the need for DPKO/DFS to develop maritime policies and procedures.

#### **Recommendation 1**

**(1) The UNIFIL Management should establish appropriate capacity within the Property Management Section to: (a) update maritime verification procedures and oversee completion of operational usage reports with proper checks and balances; and (b) conduct periodic physical verification of all vessels.**

13. *The UNIFIL Management accepted recommendation 1 and stated that there is an established verification procedure between the COE Unit and Maritime Operations. However, in order to improve oversight, UNIFIL will conduct physical verification of the vessels.* Recommendation 1 remains open pending confirmation that adequate verification has been done.

#### **B. The maritime force requirement needs further review**

14. The MTF deployment was originally approved for a force requirement of 18 vessels and 6 helicopters. During the year 2007-2008, actual deployment varied from 13 to 16 vessels depending on contributors making vessels available to UNIFIL.

15. In December 2007, DPKO undertook its first ship-to-task analysis for both operation and budgetary reasons and to establish whether the MTF was adequately deployed and equipped to carry out its tasks. As a result of the analysis, the force requirement was changed from 18 vessels and 6 helicopters to 12 vessels and 7 helicopters. Moreover, up to February 2008, the original force requirement for double layer barrier was 9 vessels, which was subsequently revised to 6 to 7 vessels following the ship-to-task analysis of the need to provide a single semi-circle barrier. The endurance ratio for frigates, which was established at 80 per cent in the area of operation and at the port, was changed to 70 per cent in the area of operations and 30 per cent at port.

16. The ship-to-task analysis was completed in February 2008 and since then several developments have taken place, as follows:

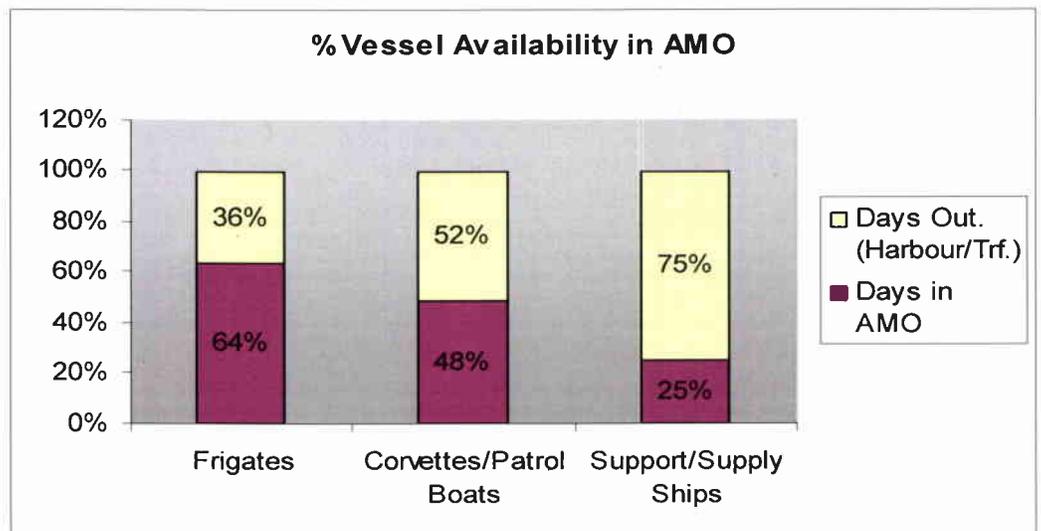
- The actual number of assets deployed by the Mission has been low compared to the revised, approved requirement. Only 5 vessels operated in the area during 13-15, 19, 31 July 2008 and on a number of other occasions

as compared to the revised, approved requirement of 12 vessels. Similarly, in September 2008, no more than 5 vessels operated in the area for 20 days. It appears that this number has been effective, as of October 2008, MTF hailed more than 19,000 ships and identified 167 suspicious vessels, which were inspected by Lebanese Navy and customs authorities and were subsequently cleared. To date, no attempt to smuggle weapons has come to light.

- Germany donated three naval vessels to Lebanon thereby increasing Lebanon’s naval capacity. Furthermore, with Germany’s support, Lebanon has established the Coastal Radar Organization, which will be fully operational upon the arrival of the software to fuse the information from different radars. Upon completion of the necessary naval training, the Naval Operations Center in Beirut is expected to maintain a complete and uninterrupted recognized maritime picture of the Lebanese territorial waters. The improved capabilities are expected to help the Lebanese authorities to assume greater responsibilities for tasks performed by the MTF. Material and technical support of UNIFIL to Lebanon will continue to be critical over the medium to long-term period.

- A review of the 2007-2008 MTF Operational Usage Report (OUR) for frigates, fast patrol boats and support ships showed that the actual availability ratios of the vessels in the area of marine operations (AMO) were much lower than their established endurance ratios. This indicates that vessels were underutilized. Figure 1 shows the actual availability ratios of the vessels in the AMO. The frigates spent 64 per cent of the total time in the AMO instead of 70-80 per cent as required. Likewise, fast patrol boats spent only 48 per cent of the total time in the area of maritime operations instead of 50 - 70 per cent as required.

**Figure 1: Percentage of vessel availability in the area of operations during 2007-2008**



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17. From October 2007 to February 2008, vessels were provided to the Mission for short periods ranging from 4 weeks to 6 months as the relevant LoAs did not contain any provision on the minimum number of days for each vessel's assignment. There is a risk that shorter than required periods of assignments impedes the force integration and hence there is a lack of familiarity of the vessels with the area of operations effecting operations.

18. OIOS was informed that the new MTF command has initiated a detailed training plan for the Lebanese Navy focusing on transition of responsibility in maritime operations. With the conclusion of this training, the MTF should move towards drawing down the UN maritime forces resulting in a further reduction in the maritime force requirement.

19. As a result of the above, OIOS is of the opinion that another ship-to-task analysis should be conducted to potentially revise the force requirement taking into consideration: (a) Lebanon's improving naval capacity and the training plan; (b) actual force requirement in the AMO and the endurance ratios; and (c) MTF's accomplishments in preventing unauthorized entry of arms and related material into Lebanon. Such an analysis could result in further reducing the maritime force requirement and may achieve significant savings.

#### **Recommendation 2**

**(2) The UNIFIL Management should undertake a further ship-to-task analysis and develop a revised plan to reduce the Maritime Task Force taking into account the transition results. A reduction in maritime force requirements may result in significant savings.**

20. *The UNIFIL Management accepted recommendation 2 and stated that any change in the maritime strength would only be considered after a force requirement review by the Force Commander in close cooperation by the Strategic Management Cell. Recommendation 2 remains open pending receipt of the next ship-to-task analysis showing the up-to-date requirement of maritime forces taking into consideration recent developments.*

### **C. Availability of vessels for patrolling**

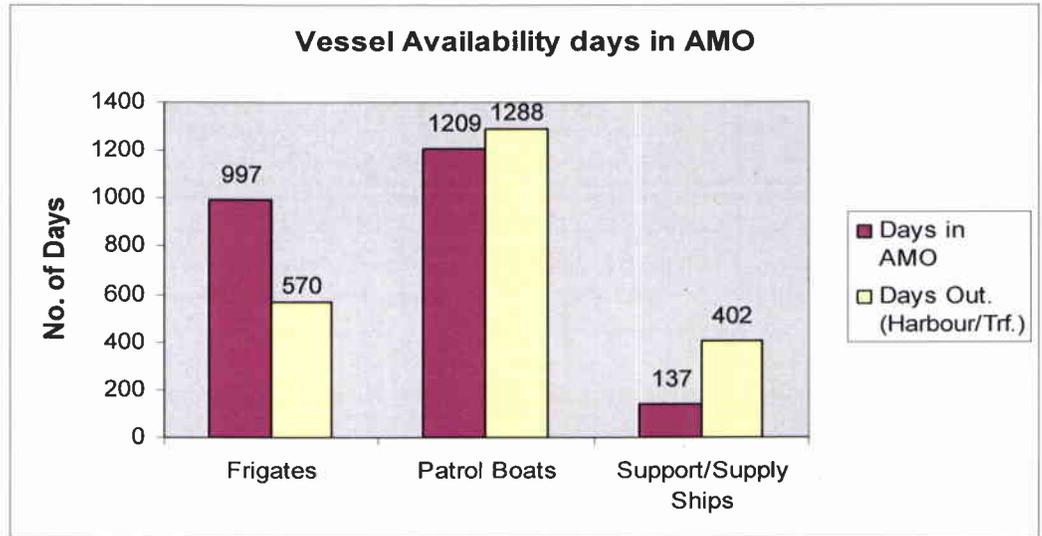
#### Vessels in the area of marine operations

21. Vessels move between the harbor and the AMO while transiting and during this time they are not fully engaged in patrols. As indicated in Figure 2, the days spent transiting have been included in the number of days reported as their available days in AMO.

22. In OIOS' opinion, vessels are precluded from effectively covering the entire AMO during the transit periods. Therefore, their transit time should not be considered as patrolling time. It was not possible to identify the exact reasons why the vessels spent large amounts of time at ports as the Flagship was not provided with any report on the activities undertaken by the vessels while at port.

The Maritime Operations Section confirmed that due to the availability of more vessels in 2007, these vessels spent less time in the AMO as it was possible to rotate ships more often. The availability ratios from September 2008 have been improved as the MTF had only 11 ships.

**Figure 2: Vessel availability days in the area of operations during 2007-2008**



23. The unavailability of vessels in the AMO within the established ratios may affect the MTF's operations and could result in overpayments to marine contributors. Moreover, it was found that the revised vessel availability ratios are not reflected in the relevant LoAs, as they were agreed with the marine contributors outside the LoA. UNIFIL explained that endurance ratios are established purely for operational planning purposes and even ships docked at ports are available for tasking.

#### **Recommendations 3 and 4**

**The UNIFIL Management should:**

- (3) Closely monitor the availability of vessels in the area of maritime operations to ensure the vessels' achieve their respective performance goals; and**
- (4) Regularly prepare a report of the activities undertaken by each vessel while docking at port.**

24. *The UNIFIL Management accepted recommendation 3 and stated that the UNIFIL Naval Operations Center maintains a Real Maritime Picture and provided a copy of the daily report showing the disposition of all units whether in the AMO, in transit, or in port. Benchmarking performance is directly related to operational capability and capacity to respond to tasking. Based on the action taken by UNIFIL, recommendation 3 has been closed.*

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25. *The UNIFIL Management accepted recommendation 4 and provided reports of activities undertaken in the port.* Based on the action taken by UNIFIL, recommendation 4 has been closed.

#### Errors in reports

26. The Maritime Operations Section maintains a log showing each vessel's entry in and departure from the AMO. OIOS found discrepancies between the log and the relevant operational usage reports, which were used for reimbursing vessel contributing countries. The operational usage reports contained excessive number of days compared to the log, which accurately reflects the time vessels spend in the area of operation. The inaccuracies contained in the operational usage reports resulted in a possible excess reimbursement of about \$539,200. According to the relevant LoAs, vessel contributors are reimbursed for the time when the vessels are engaged in active duty and overlap is not reimbursable.

#### **Recommendations 5 and 6**

##### **The UNIFIL Management should:**

**(5) Ensure the excess amount of \$539,200 verified in the operational usage report has not been reimbursed to the marine contributors, and if reimbursed, the Mission should recover the excess amount; and**

**(6) Take appropriate measures to improve the accuracy and relevance of operational usage reports.**

27. *The UNIFIL Office of Mission Support accepted recommendation 5 and confirmed that no excess amounts were reimbursed to the marine contributors. It also stated that there is a mechanism in place in the LoA provisions to ensure that there is no overpayment. Recent LoAs also includes a clause to ensure that overlapping time is not reimbursed.* Based on the action taken by UNIFIL, recommendation 5 has been closed.

28. *The UNIFIL Office of Mission Support accepted recommendation 6 and provided a copy of the amended operational usage report, which also includes separate notation for overlap days.* Based on the action taken by UNIFIL, recommendation 6 has been closed.

#### **D. Contractual Arrangements for Marine Vessels need improvement**

##### Delay in finalizing of LoA/MoU

29. At the time of the audit, there were no LoAs or MoUs between the UN and four marine contributors; namely France, Italy, Spain and Denmark. France and Italy provided their vessels to the Mission since 1 March 2008. LoAs existed with other marine contributors namely, Turkey, Belgium, Greece and Germany.

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30. Delays in signing the LoAs/MoUs with the marine contributors negatively impacted the inspection of the vessels at the time of their arrival as the terms of MoUs were not finalized. Furthermore, the Mission cannot prepare verification reports for self-sustainment, which are required before payments are made to the contributing country.

31. The lack of timely signing of LoAs/MoUs with contributing countries is a recurrent problem faced by DPKO and DFS and this will be reviewed as part of OIOS' forthcoming audit of the Office of Military Affairs.

#### Amalgamation of LoA and MOU provisions into an LoA

32. UNIFIL entered into two separate contracts; namely an MoU and an LoA with each marine contributing country. The MoU governs the reimbursement of troop/crew cost and self-sustainment while the LoA establishes the legal arrangements under which vessels are provided and operated.

33. As referred to above, the completion of these contracts can take a long time to complete. Furthermore, the Mission is required to conduct two separate verifications of the related assets - verification against the MoU and another against the LoA, as well as to administer each of the agreements. This puts pressure on the Mission's resources. OIOS notes that the report on "UNIFIL – Lessons learned of MTF", which was issued on 27 February 2008 addresses the unification of the LoA and the MoU into a single LoA. However, no action had been taken to implement this. As the DPKO/DFS evaluation conducted in February 2009 also recommended that these agreements be combined, OIOS has not made a specific recommendation on this issue.

## **V. ACKNOWLEDGEMENT**

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

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	The UNIFIL Management should establish appropriate capacity within the Property Management Section to: (a) update maritime verification procedures and oversee completion of operational usage reports with proper checks and balances; and (b) conduct periodic physical verification of all vessels	Operational	Medium	O	UNIFIL to provide the proposed verification plan for 2009-10.	Not provided
2	The UNIFIL Management should undertake a further ship-to-task analysis and develop a revised plan to reduce the Maritime Task Force taking into account the transition results. A reduction in maritime force requirements may result in significant savings.	Operational	High	O	UNIFIL to provide the next ship-to-task analysis showing the revised requirement of maritime forces.	Not provided
3	The UNIFIL Management should closely monitor the availability of vessels in the area of maritime operations to ensure the vessels' achieve their respective performance goals.	Operational	Medium	C	Action taken.	Implemented
4	The UNIFIL Management should regularly prepare a report of the activities undertaken by each vessel while docking at port.	Operational	Medium	C	Action taken.	Implemented
5	The UNIFIL Office of Mission Support should ensure the excess amount of \$539,200 verified in the operational usage report has not been reimbursed to the marine contributors, and if reimbursed, the Mission should recover the excess amount.	Compliance	Medium	C	Action taken.	Implemented
6	The UNIFIL Office of Mission Support should take appropriate measures to improve the accuracy and relevance of	Compliance	Medium	C	Action taken.	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	operational usage reports.					

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