



## INTERNAL AUDIT DIVISION

# AUDIT REPORT

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The United Nations Integrated Office  
in Burundi (BINUB)

Internal controls were generally in place, but  
could be improved in the areas of finance,  
personnel and security

23 December 2009  
Assignment No. 2009/648/01

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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: Mr. Youssef Mahmoud, Executive Representative of the  
A: Secretary-General, BINUB

DATE: 23 December 2009

REFERENCE: IAD: 09-**D3255**

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



SUBJECT: **Assignment No. AP2009/648/01 - Audit of the United Nations Integrated Office in Burundi**  
OBJET: **(BINUB)**

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, 6 and 9 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 10), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Alain Le Roy, Under-Secretary-General, DPKO  
Ms. Susana Malcorra, Under-Secretary-General, DFS  
Mr. Anthony Banbury, Assistant Secretary-General, DFS  
Mr. Gianni Deligia, Chief Mission Support, BINUB  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Moses Bamuwamye, Chief, Oversight Support Unit, Department of Management  
Mr. Seth Adza, Chief, Audit Response Team, DFS  
Mr. Byung-Kun Min, Special Assistant to the USG, OIOS  
Ms. Eleanor Burns, Chief, Peacekeeping Audit Service, IAD/OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## EXECUTIVE SUMMARY

### Audit of the United Nations Integrated Office in Burundi (BINUB)

OIOS conducted an audit of the United Nations Integrated Office in Burundi (BINUB). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over BINUB's activities. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS found that in general, internal controls were in place at BINUB. However, there is room for improvement in the areas of finance, personnel and security, as follows:

- The Mission needs to develop an exit strategy, especially in consideration of likely liquidation after the scheduled national election in July 2010;
- Arrangements for safeguarding of cash need to be strengthened;
- Outstanding receivables aged over six months amounting to \$255,087, including long-outstanding receivables of approximately \$140,000, need to be followed up and recovered;
- A technical assessment of the Mission's premises and warehouses is needed to determine their future disposition in order to plan for the liquidation of BINUB and to ensure the interests of the Organization; and
- An annual security evacuation drill needs to be conducted to test the security/evacuation plan.

OIOS made a number of recommendations to address the weaknesses identified during the audit and to contribute to improving internal controls.

# TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 5
II. AUDIT OBJECTIVES	6
III. AUDIT SCOPE AND METHODOLOGY	7
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Substantive operations	8 - 11
B. Finance	12 - 19
C. Human resources management	20 - 27
D. Property control and facilities management	28 – 33
E. Security	34 - 36
V. ACKNOWLEDGEMENT	37
ANNEX 1 - Response and implementation of recommendations	

## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Integrated Office in Burundi (BINUB). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. BINUB, led by the Department of Peacekeeping Operations (DPKO), was created in accordance with Security Council Resolution 1719 of 25 October 2006 to assist the Government of Burundi in its efforts towards peace and stability through coherent and coordinated response of the United Nations system in Burundi under the chairmanship of the Executive Representative of the Secretary-General (ERSG). In implementing its mandate, BINUB concentrated its activities in four domains:

- Peace consolidation and democratic governance;
- Disarmament, demobilization, reinsertion and reform of the security sector;
- Promotion and protection of human rights and measures to end impunity; and
- Coordination with United Nations agencies.

3. Stressing the need for the UN system and the international community to maintain their support for peace consolidation and long-term development in Burundi, the Council extended the mandate of BINUB until 31 December 2009.

4. BINUB has a staffing strength of 130 international civilian staff, 246 local staff, 8 military observers, 7 UN Police, and 43 United Nations Volunteers. Budget requirements for 2009 were \$37.9 million representing a \$6.8 million increase over 2008. The increase was related to 22 new posts. Operational costs for 2009 were budgeted at \$13.2 million, reflecting increased costs for fuel, security services, and office maintenance. Air transportation costs of \$2.8 million for use of two fixed-wing aircraft and a rotary winged aircraft leased from the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) were included in the 2009 budget.

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

## II. AUDIT OBJECTIVES

6. The main objectives of the audit were to assess the adequacy and effectiveness of internal controls in the following areas:

- (a) Administration and management of BINUB; and
  - (b) Compliance with the United Nations' Regulations and Rules, policies and guidelines.
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### III. AUDIT SCOPE AND METHODOLOGY

7. The audit scope covered BINUB's operations for the period from October 2007 to May 2009. The audit methodology included interviews and discussions with BINUB staff from both the substantive and administrative sections, as well as Headquarters staff in DPKO and DFS. OIOS reviewed BINUB's reporting requirements, management oversight of administrative and substantive operations, records, supporting documentation, and other pertinent information for the audit period.

### IV. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. Substantive operations

8. OIOS found that BINUB had positive achievements in its four mandated domains. The audit took note of the Technical Assessment Mission (TAM) to Burundi, carried out by DPKO in March of 2009, and its findings on encouraging developments with regard to the 2010 elections and significant breakthroughs in the peace process in 2009. Nevertheless, the situation remained very fragile in the host country and the process of consolidating peace and security was still incomplete.

9. With regard to substantive operations, while OIOS noted TAM's view that the support to the ERSG as Resident Coordinator for the UN Country Team should be reinforced in order to further develop integration beyond the 2010 elections and after BINUB's liquidation to another UN presence, there was no formal exit strategy developed for BINUB.

10. The exit strategy should include among other things the expected length of time the Mission will operate, factors to consider in closing the Mission such as input of major stakeholders (civil society, women's organizations, and regional and sub-regional organizations), established key indicators to achieve the mandated objectives, and the necessary provisions for related commitment and transition arrangements with the host country. In OIOS' opinion, DPKO needs to develop an exit strategy for BINUB in view of downsizing and eventual closure of the Mission.

#### **Recommendation 1**

**(1) BINUB, in coordination with DPKO, should develop a formal exit strategy for the Mission, which should include: (a) the commitment and transition arrangements with the Government of Burundi; (b) input of major stakeholders; and (c) key milestones and indicators to achieve the mandated objectives.**

11. *BINUB accepted recommendation 1 and stated that discussions with the Government of Burundi, the Peacebuilding Support Office and other partners had already been initiated. Recommendation 1 remains open pending receipt of a copy of the exit strategy developed by BINUB.*

## B. Finance

### Missing and duplicate vouchers

12. A review of disbursement vouchers found that 11 of the 124 tested were missing from the file. Also, several disbursement voucher numbers had been duplicated and payments to two different payees had been made using the same voucher number. These discrepancies were brought to the attention of the BINUB Management, which explained that some vouchers had been canceled and/or renumbered and processed in the following months. Moreover, as the system of numbering vouchers was a manual system, it was easy to make errors and re-use the same numbers. Due to the weaknesses in the system, the Finance Section had requested the Communication and Information Technology Section (CITS) to assist them in developing an electronic voucher numbering system to mitigate the risks associated with allocating numbers manually, and to strengthen the controls over the issuance of disbursement vouchers.

### **Recommendation 2**

**(2) BINUB should strengthen its internal controls over the issuance of disbursement vouchers in order to provide assurance as to the completeness and accuracy of the disbursements made and to mitigate the risk of duplicative payments.**

13. *BINUB accepted recommendation 2 and stated that an electronic filing/numbering system had been implemented for disbursement voucher numbering. Journal vouchers were now also being logged electronically to avoid duplication or gaps in numbering of all vouchers. Based on the action taken by BINUB, recommendation 2 has been closed.*

### Payment documentation

14. OIOS found cases where disbursements were not properly supported. For example: (a) monthly attendance records, the basis of payments to individual contractors (ICs), were not independently approved; and (b) hospitality expenditures did not include the required list of attendees. When this was brought to the attention of the BINUB Management, it instructed all section chiefs to ensure adequate supporting documentation is provided to the Finance Section, and to approve attendance records of ICs. In respect of the hospitality expense, the list of attendees has been requested from the respective section. Due to the action already taken, no recommendation is made.

### Outstanding Account Receivable Locally (ARL)

15. As of 31 May 2009, an amount of \$340,430 was recorded as outstanding receivables, of which \$255,087 or 78 per cent was outstanding for more than six months, including \$139,383 or 43 per cent of the ARL, which were due for more than one year. Procedures need to be implemented to ensure that follow-up on receivables is done in a timely manner. In view of Mission's downsizing and possible closure in 2010, BINUB needs to take action to settle the receivables.

16. BINUB entered into a Memorandum of Understanding (MOU) with several UN agencies for the provision of common services such as office space, utilities and security services. In accordance with the MOU, services provided by BINUB are billed to the agencies by the BINUB Finance Section on a monthly basis. As of 31 May 2009, receivables of \$92,345 were outstanding, the bulk due from United Nations Development Programme (UNDP) and the Office of the High Commissioner for Human Rights (OHCHR). An amount of \$43,787 or 57 per cent was outstanding for more than one year. OIOS is of the opinion that the basic terms in the MOU for reimbursement of actual cost of services carried out on their behalf should be honoured by the agencies concerned.

### **Recommendation 3**

**(3) BINUB should take action to recover long outstanding receivables from staff members, vendors and United Nations agencies.**

17. *BINUB accepted recommendation 3 and took action to recover \$340,430 (83 per cent) of the total receivables identified at the time of the audit. The BINUB Finance Section was in the process of taking action to further reduce the remaining balance of \$57,388 (17 per cent). Recommendation 3 remains open pending confirmation that all long outstanding receivables have been recovered.*

### Cash management

18. The controls over cash management and the safeguarding of cash need to be improved as follows:

- The two security cameras installed to overlook the Cashier Office were not working. When this was brought to the attention of Management, the Chief Integrated Support Services instructed that the cameras be repaired;
- Spoiled cheques were not clearly stamped "VOID". Also, cheques 2532699 (BIF) and 268860 (\$) were blank and recorded in the system as void. However, this was not evidenced on the cheques; and
- Many original cash receipt vouchers were filed. They should have been issued to the payer, as evidence of amounts received. In addition, supporting documentation attached to cash receipt vouchers 742053 and

742044 was inadequate, as the required joint signatures for transfer of funds were not obtained.

#### **Recommendation 4**

**(4) BINUB should strengthen internal controls over cash management by ensuring: (a) adequate controls over safeguarding of cash; (b) cheques are properly stamped as “VOID”; and (c) joint signatures are obtained for the transfer of funds.**

19. *BINUB accepted recommendation 4 stating that it was in the process of installing a closed circuit television system (CCTV) covering BINUB premises and the Cashier’s Office. BINUB further stated that it had ordered a “VOID” stamp, and would ensure proper signing of cheques.* Recommendation 4 remains open pending confirmation that the CCTV system has been installed in the Cashier’s Office.

#### C. Human resources management

##### Staffing numbers and levels need re-assessment

20. OIOS reviewed staffing levels and positions in the BINUB administrative support sections and noted a wide divergence on staffing numbers and levels of staff in sections. Some sections were right-sized and some appeared to be understaffed or overstaffed. Discussions with managers of CITS and the Transportation Section indicated that additional staff was needed for growing support functions, while discussions with the Personnel and Procurement Sections staff noted the adequate staffing in these sections. A common reason for increased staffing was the growing BINUB support to United Nations agencies and programmes and BINUB’s functioning as an Integrated Office. For example, while staffing levels of BINUB totaled approximately 250 staff, there were additional posts funded by various UN offices such as UNDP and OHCHR requiring support. Both BINUB and government partners were supported by CITS which provided over 1,000 computer workstations with software and hardware maintenance and overall communications for all UN offices in Burundi. The Transportation Section provided surface transportation not only in support of BINUB but also for UN and government peacebuilding partners.

21. At the time of the audit, a review of staffing arrangements was being conducted. OIOS recommended extending the review to include administrative support functions of the Office of Mission Support and the Integrated Operations Section to determine right-sizing and proper grade levels of staffing for BINUB.

22. In discussion with Management, it was stated that the Mission was scheduled to downsize after the election planned for mid-2010 and expected a sizable reduction of its support budget for 2010. BINUB further commented that following the Advisory Committee for Administrative and Budgetary Questions’

review of BINUB's budget submission, the Mission would also assess staffing numbers and levels in accordance with the approved budget.

### **Recommendation 5**

**(5) BINUB, with the assistance of DFS, should conduct a sizing exercise to determine whether current staffing levels in administrative support units are justified, and assess the appropriateness of current grade levels of existing posts.**

23. *BINUB accepted recommendation 5 stating that in line with the expected downsizing after the 2010 elections, the Mission will undertake a thorough review of posts to evaluate its sizing and the proper grade levels of administrative support posts.* Recommendation 5 remains open pending receipt of the results of BINUB's review of administrative support posts.

#### Staff responsibilities discharged in the absence of managers

24. Due to frequent absences by staff on leave or training, there were many occasions when junior staff and United Nations Volunteers (UNVs) and national staff were required to perform the function of officer-in-charge. To the credit of BINUB, this had been addressed by cross-training staff at all levels in higher functions and responsibilities to ensure that during absences of managers, essential functions and duties were always covered by staff who had at least some experience. However, back-up staff do not have the required delegated authority. For example, during the absence of the Cashier at the time of the audit, a national staff performed the Cashier's duties without the necessary delegated authority. In OIOS' opinion, a proper and official system of alternates needs to be put in place by BINUB to ensure that critical functions are properly discharged with required delegation of authority.

### **Recommendation 6**

**(6) BINUB should review the current practice of replacing absent managers with lower level staff in order to ensure that the functions are performed in line with established procedures and delegated authority.**

25. *BINUB accepted recommendation 6 and stated that it would ensure that staff who replace certifying officers have the level of authority required for the performance of their functions.* Based on the action taken by BINUB, recommendation 6 has been closed.

#### Need to determine training requirements

26. According to BINUB Management, while the Mission had arranged a wide variety of training programmes for its staff in the 2009 training plan, not all sections had received adequate training due to reduced budgetary resources. OIOS also noted that some section personnel had attended external training in

New York, Brindisi or in Entebbe. At least two sections, Personnel and Procurement, had initiated their own in-house training and utilized on-line courses to address inadequate budgeted resources available for training. In OIOS' opinion, BINUB should consider better identification and justification of future training needs to ensure that training requirements of all offices in the Mission are met.

#### **Recommendation 7**

**(7) BINUB should conduct a survey to identify training needs by each section in order to properly plan and coordinate training in the Mission.**

27. *BINUB accepted recommendation 7 and stated that the BINUB Training Unit would conduct a training survey to be implemented in collaboration with an external consultancy to identify capacity building needs for staff members in 2010.* Recommendation 7 remains open pending confirmation that the training plan for BINUB staff has been developed based on identified training needs.

#### D. Property control and facilities management

##### Need for a technical assessment review of offices and facilities

28. A review of BINUB Headquarters offices and warehouse facilities found that a large Headquarters compound used by the previous peacekeeping mission, the United Nations Operation in Burundi (ONUB), remained in use by BINUB. However, action had been taken to reduce the size of the Headquarters compound by: (a) reducing office space by transfer of prefabricated offices to other missions and leasing office space to three UN agencies; and (b) liquidating unneeded peacekeeping-related engineering, supplies and other ONUB assets.

29. The dismantling and transfer of the current office buildings may not be cost-effective. Moreover, the downsizing of the Headquarters site may not be practical since major re-construction of the perimeter wall is needed and Headquarters site leases are already in place.

30. In OIOS' opinion, the liquidation of ONUB did not address the issue of the Headquarters office space. The level of use of the BINUB Headquarters and warehouses in the medium term has also not been fully considered. Therefore, there is a need for technical assessment of offices and facilities in preparation to the planning of liquidation of BINUB based on current plans for national elections and downsizing of the Mission. Once this is done, BINUB will be in a better position to further identify additional offices or warehouses that may be closed.

## **Recommendation 8**

**(8) BINUB should perform a technical assessment of its current office and warehouses and the future disposition of these facilities in order to plan for the liquidation of BINUB and to ensure the cost effectiveness of asset transfers to other missions.**

31. *BINUB accepted recommendation 8 and stated that it was preparing information for the UN Country Team on its infrastructure, premises and warehouses. Interest shown by UN Agencies would be considered for liquidation options.* Recommendation 8 remains open pending confirmation of completion of liquidation planning and submission to OIOS of the results of a technical assessment.

### Rental properties

32. According to the BINUB Status of Force Agreement (SOFA), the host country is to provide sites for office facilities. The sites offered were inadequate and as a result, ONUB/BINUB had to lease land from private owners. Based on figures provided by BINUB, an amount of \$3.4 million has been incurred to lease the necessary land.

## **Recommendation 9**

**(9) BINUB should continue to monitor expenses for its leased offices, warehouse and regional office sites to determine what has already been paid in anticipation of a possible future claim against the host country.**

33. *BINUB accepted recommendation 9 and stated that expenditures for leased properties had been recorded and kept by the Finance Section. The Procurement Section had lease agreements with all property owners.* Based on the action taken by BINUB, recommendation 9 has been closed.

### E. Security

34. No evacuation drill has been carried out in 2008 or in the first half of 2009, even though the local security situation was highly volatile and remained at security Level III. BINUB security personnel stated that an evacuation exercise would cause undue alarm among the local populace and could be very costly. Nevertheless, a high risk existed in having an unrehearsed security evacuation plan in place.

35. In OIOS' view, a security evacuation plan needs to be tested. Therefore, guidance from DSS at Headquarters should be requested in order to carry out a drill in accordance with local security concerns and to minimize the impact on the local populace. An actual drill would help to increase security awareness

among staff and serve to address issues related to a practical use of logistics and the evacuation process which may not be achieved by a desk exercise.

#### **Recommendation 10**

**(10) BINUB should address the issue of planning for an annual security evacuation drill to the Department of Safety and Security to seek advice how the impact of the drill on the local population in Bujumbura could be adequately addressed.**

36. *BINUB accepted recommendation 10 indicating that it would be implemented by 31 March 2010.* Recommendation 10 will remain open pending confirmation that BINUB sought advice of the Department of Safety and Security on the issue of an annual security evacuation in Bujumbura and that appropriate action has been taken.

## V. ACKNOWLEDGEMENT

37. We wish to express our appreciation to the Management and staff of BINUB, DPKO and DFS 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 <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1.	<b>BINUB, in coordination with DPKO, should develop a formal exit strategy for the Mission, which should include: (a) the commitment and transition arrangements with the Government of Burundi; (b) input of major stakeholders; and (c) key milestones and indicators to achieve the mandated objectives.</b>	Operational	High	O	Receipt of a copy of the exit strategy developed by BINUB.	1 June 2010
2.	<b>BINUB should strengthen its internal controls over the issuance of disbursement vouchers in order to provide assurance as to the completeness and accuracy of the disbursements made and to mitigate the risk of duplicative payments.</b>	Compliance	Medium	C	Action taken.	Implemented
3.	<b>BINUB should take action to recover long outstanding receivables from staff members, vendors and United Nations agencies.</b>	Financial	Medium	O	Confirmation that all long outstanding receivables have been recovered.	1 March 2010
4.	<b>BINUB should strengthen internal controls over cash management by ensuring: (a) adequate controls over safeguarding of cash; (b) cheques are properly stamped as “VOID”; and (c) joint signatures are obtained for the transfer of funds.</b>	Financial	Medium	O	Confirmation that the CCTV has been installed system in the Cashier’s Office.	1 March 2010
5.	<b>BINUB, with the assistance of DFS, should conduct a sizing exercise to determine whether current staffing levels in administrative support units are justified, and assess the appropriateness</b>	Human Resources	Medium	O	Receipt of the results of BINUB’s review of administrative support posts.	31 May 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	<b>of current grade levels of existing posts.</b>					
6.	<b>BINUB should review the current practice of replacing absent managers with lower level staff in order to ensure that the functions are performed in line with established procedures and delegated authority.</b>	Human Resources	Medium	C	Action taken.	Implemented
7.	<b>BINUB should conduct a survey to identify training needs by each section in order to properly plan and coordinate training in the Mission.</b>	Human Resources	Medium	O	Confirmation that the training plan for BINUB staff has been developed based on identified training needs. .	31 January 2010
8.	<b>BINUB should perform a technical assessment of its current office and warehouses and the future disposition of these facilities in order to plan for the liquidation of BINUB and to ensure the cost effectiveness of asset transfers to other missions.</b>	Operational	Medium	O	Confirmation of completion of liquidation planning and submission to OIOS of the results of a technical assessment.	1 March 2010
9.	<b>BINUB should continue to monitor expenses for its leased offices, warehouse and regional office sites to determine what has already been paid in anticipation of a possible future claim against the host country.</b>	Financial	Medium	C	Action taken.	Implemented
10.	<b>BINUB should address the issue of planning for an annual security evacuation drill to the Department of Safety and Security to seek advice how the impact of the drill on the local population in Bujumbura could be adequately addressed.</b>	Security and Safety	High	O	Confirmation that BINUB sought advice of the Department of Safety and Security on the issue of an annual security evacuation in Bujumbura and took appropriate action.	31 March 2010

1. C = closed, O = open

2. Date provided by BINUB in response to recommendations.