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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 Hocking, Registrar  
A: International Criminal Tribunal for the former Yugoslavia

DATE: 1 November 2011

REFERENCE: IAD: 11-00663

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



SUBJECT: **Assignment no. AA2011/270/01 – Audit of adequacy of arrangements for closing of ICTY field offices in Belgrade, Zagreb and Sarajevo**  
OBJET: **Assignment no. AA2011/270/01 – Audit of adequacy of arrangements for closing of ICTY field offices in Belgrade, Zagreb and Sarajevo**

**Overall results relating to efficient and effective closure of ICTY field offices were partially satisfactory**

1. Attached please find the final report on the above-mentioned audit.
2. Annex I shows the status of recommendations. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly and to the Secretary-General annually for important recommendations (nos. 1-3).
3. The audit also identified a number of opportunities for improvement (see Annex-II). While OIOS will not report on the implementation of these opportunities, we encourage you to implement them to improve the efficiency and effectiveness of your operations. OIOS will review their implementation as part of future audits.
4. Please note that under General Assembly resolution 59/272, a Member State may request that the final report be made available. Also note that pursuant to General Assembly resolution 64/263, OIOS has included the complete management response as an appendix to the present report.
5. We wish to express our appreciation to the Management and staff of ICTY for the assistance and cooperation extended to the auditors during the assignment.

cc: Mr. David Falces, Chief Administrative Officer, ICTY  
Mr. Robert Reid, Chief of Operations, Office of the Prosecutor, ICTY  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. Rohan Wijeratne, Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Moses Bamuwanye, Executive Secretary, IAAC  
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Ms. Corazon C. Chavez, Chief, Nairobi Audit Service, OIOS  
Ms. Amy Wong, Programme Officer, Internal Audit Division, OIOS

# AUDIT REPORT

## Audit of adequacy of arrangements for closing of ICTY field offices in Belgrade, Zagreb and Sarajevo

### BACKGROUND

The International Criminal Tribunal for the former Yugoslavia (ICTY) is currently supported by four field offices in the region of the former Yugoslavia: the Belgrade field office (BFO), the Sarajevo field office (SFO), the Zagreb field office (ZFO) and the Pristina field office (PFO). These field offices provide a variety of support services to the three organs of ICTY, which mainly include: (i) support to Office of the Prosecutor (OTP) investigations and trial activities; (ii) support to Registry functions such as relations and liaison activities with the Host Government, witness protection, defence related requests and outreach functions; and (iii) support to Chambers functions.

Each field office provides different support services, depending on the specific needs of the Tribunal in each location. As a result, the structure and staffing complement for the field offices vary in light of the specific operational activities that are performed. Originally, BFO, SFO and ZFO primarily provided support to OTP activities, and the Head of Mission for these offices was accordingly an OTP staff member. However, with the completion of investigations and most trials, the OTP closed its presence in Zagreb on 31 December 2009. Hence, the Registry Liaison Office at ZFO assumed the responsibilities of the Head of Mission. PFO performs Registry functions, mainly outreach programmes for Kosovo and Macedonia, and liaison activities with the European Union Rule of Law Mission (EULEX) and the United Nations Mission in Kosovo (UNMIK).

The staff complement and budget requirements for the maintenance and operating expenses for the field offices for 2010-2011 are presented in Table 1 below:

**Table 1: Staff complement and budget requirements for 2010-2011**

<b>Field Offices</b>	<b>No of staff</b>	<b>Budget for Maintenance and Operating Expenses (\$)</b>
Belgrade	11	179,600
Sarajevo	22	535,900
Zagreb	11	45,100
Pristina/Skopje	2	181,500
Utilities for all Field Offices		56,200
<b>Total budget</b>		<b>998,300</b>

### OBJECTIVE AND SCOPE

This audit was conducted to assess whether ICTY implemented adequate risk management, control and governance processes to provide reasonable assurance regarding the efficient and effective closure of ICTY field offices. The key controls tested for the audit included those relating to: (a) regulatory framework; and (b) needs assessment. The audit covered activities related to these two key controls for the period 2008-2011.

## AUDIT RESULTS

In the opinion of OIOS, risk management, controls and governance processes at ICTY were **partially satisfactory** to provide reasonable assurance regarding the efficient and effective closure of ICTY field offices.

While ICTY has satisfactorily conducted a needs assessment of the requirements of the field offices and implemented effective controls in the handover of rented premises, procurement of expendable supplies and payment of financial obligations, there were areas that needed action, as outlined below.

### **Need for a liquidation plan of the Building Management Committee**

ICTY occupies premises of the University of Sarajevo (“the UN House”) jointly with other tenants. ICTY, the then European Union Police Mission/European Union Monitoring Missions (EUPM/EUMM) and other occupants of the UN House entered into a Memorandum of Understanding (MOU) that created the Building Management Committee (BMC), composed of ICTY and EUPM (later EUMM), which essentially manages the operations and activities of the UN House, including its financial activities. The occupants agreed to share pro-rata the essential and non-reimbursable maintenance costs which are deposited and maintained in the UN House management account. A contingent fund was also created in the MOU. The 2003 MOU and its succeeding renewal in 2008, between ICTY, the (EUPM/EUMM) and other tenants of the UN House in Sarajevo required a plan for the liquidation of the Building Management Committee (BMC). However, BMC had not prepared a liquidation plan, without which, ICTY may be exposed to paying any outstanding obligations of BMC.

**(1) ICTY should ensure that arrangements for the liquidation of the Building Management Committee are established as required under the Memorandum of Understanding between ICTY, European Union Monitoring Missions and other occupants of the UN House, to facilitate the closure of the Sarajevo field office.**

*ICTY accepted recommendation 1 and stated that arrangements for the liquidation of BMC are currently being addressed together with EUPM. To this end the Chief Administration Officer (CAO) visited the SFO and met with the CAO of EUPM to discuss arrangements for the liquidation of BMC and that an audit of the BMC bookkeeping will shortly be carried out. Recommendation 1 remains open pending receipt of the copy of the arrangements for the liquidation of BMC.*

### **Need for a timely decision on keeping the premises of SFO**

EUMM, which took over the responsibility of EUPM in the BMC and continued to occupy the majority of the space in the UN House and its premises, indicated that it would end its mission in Sarajevo and leave the UN House tentatively by the end of December 2011. When EUMM vacates its portion of the UN House, ICTY will have to bear the majority of the expenditures of the UN House operation and maintenance until it moves to other suitable premises to house the SFO. Based on the unaudited financial statements and the 2010 general accounts of BMC, the UN House incurred total expenditures of approximately \$1.7 million during 2010, of which ICTY paid \$206,208, but it occupies only 17 per cent of the occupied space in the entire building.

**(2) ICTY should decide, based on a cost-benefit analysis, on the continued stay of the Sarajevo field office (SFO) in the UN House, considering the SFO's primary objectives, operational costs involved, security requirements, and closure or substantial drawdown of the offices of the European Union Monitoring Mission in Sarajevo, which is currently expected by the end of 2011.**

*ICTY accepted recommendation 2 and stated that the decision to move to smaller premises is still pending although a procurement exercise to find same is ongoing. EUPM have indicated that they will require space only until mid-2012 for a greatly reduced number of their staff and beyond that for only a handful of people. ICTY and EUPM, while occupying less than half of the building, have been responsible for the maintenance of the entire building. The operational costs of Euro 1.3 million divided by an occupation rate of about 10% of the entire building may not justify continued occupancy. Recommendation 2 remains open pending receipt of the decision of ICTY management to stay in the UN House, on the basis of cost benefit analysis.*

### **Need to improve inventory management**

The inventory report as at 31 December 2010 prepared by the General Services Section (GSS) did not provide correct information on the actual assets located in the field offices. In Sarajevo and Belgrade field offices, the information and communications technology equipment which was reported in the 31 December 2010 inventory as specifically located in these field offices, were actually either transferred to another field office or returned to the ICTY Headquarters in The Hague prior to the report date, but changes in the actual locations of the assets were not reflected in the property inventory database. In addition, engineering assets, furniture and fixtures, kitchen equipment, etc. handed over by United Nations Mission in Bosnia and Herzegovina (UNMIBH) to ICTY in June 2003, were not included in the inventory report dated 31 December 2010, except for three units of generators.

**(3) ICTY should (a) promptly communicate to the Transport and Logistics Support Unit any movement of ICTY assets from any of the field offices to another location for timely recording in the inventory system; (b) treat as assets entrusted to ICTY those assets handed over by the United Nations Mission in Bosnia and Herzegovina, and include their appropriate disposal action in the liquidation plan for the Sarajevo field office; and (c) conduct yearly physical inventory in the field offices.**

*ICTY accepted the recommendation 3 and stated that: (a) measures have now been put in place whereby all units involved in the movement and management of assets are informed; (b) the administration is currently carrying out a physical inventory check in the field offices and will include the inventory handed over by UNMIBH as ICTY holdings. Appropriate steps will be taken to assess and plan for the final disposition of these assets at the close of the tenancy of the building; and (c) annual physical inventory checks are now being performed, and will continue as long as the field offices are operative. Recommendation 3 remains open pending receipt of copies of the (a) disseminated memorandum or instructions which contain measures put in place whereby all units involved in the movement and management of assets are informed, and (b) results of the physical inventory check being conducted in the field offices and steps taken to assess and plan for the final disposition of the assets received from UNMIBH, upon closure of the ICTY's tenancy of the building.*

### **ACKNOWLEDGEMENT**

OIOS wishes to express its appreciation to the Management and staff of ICTY for the assistance and cooperation extended to the auditors during this assignment.

## AUDIT RESULTS

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of adequacy of arrangements for closing of ICTY field offices in Belgrade (BFO), Zagreb (ZFO) and Sarajevo (SFO). Comments made by ICTY are shown in *italics*.

## II. AUDIT OBJECTIVE

2. This audit was conducted to assess whether ICTY implemented adequate risk management, control and governance processes to provide reasonable assurance regarding the efficient and effective closure of ICTY field offices. The key controls tested for the audit included those relating to: (a) regulatory framework; and (b) needs assessment. For the purpose of this audit, OIOS defined these key controls as follows:

- (a) Regulatory framework – those controls that are designed to provide reasonable assurance that policies and procedures exist to ensure efficient and effective closure of the field offices; and
- (b) Needs assessment - those controls that are designed to provide reasonable assurance that there is a proper assessment of needs in deciding the closure or continued operation of ICTY field offices.

## III. AUDIT SCOPE AND METHODOLOGY

3. OIOS conducted this audit from March to May 2011. The audit covered activities relating to regulatory framework established and implemented by ICTY management during the period 2008-2011. The audit also covered the needs assessment conducted by ICTY management for the required functions and operations of the field offices.

4. To gain a general understanding of the operational procedures and framework on the closure arrangements of ICTY field offices, OIOS interviewed key personnel in the field offices and in ICTY headquarters, who are involved in the current activities of the field offices and in identifying and planning the arrangements for the closure of these offices. The audit also included review of the plans, policies and directives relating to the closure of the field offices, as well as the current operations and activities that may have an impact on their eventual closure, such as procurement and contractual obligations. The audit team conducted an activity-level risk assessment to identify and evaluate specific risk exposures, and to confirm the relevance of the selected two key controls in mitigating the associated risks.

## IV. OVERALL ASSESSMENT

5. In the opinion of OIOS, risk management, controls and governance processes at ICTY were **partially satisfactory** to provide reasonable assurance regarding the efficient and effective closure of ICTY field offices. ICTY has satisfactorily conducted its needs assessment of the requirements of the field offices and implemented effective controls in the handover of rented premises, procurement of expendable supplies and payment of financial obligations, which could facilitate the closure process. However, ICTY needs to ensure that arrangements are established for the liquidation of the Building Management Committee (BMC) to ensure that ICTY is not exposed to any outstanding BMC obligations. In addition, a formal agreement needs to be obtained from all signatories to the Memorandum of Understanding (MOU) that provides for management of the UN House, including its financial activities, prior to utilizing the contingency fund for expenses, which are not clearly stated in the MOU.

## V. AUDIT RESULTS

### A. Regulatory framework

#### **Adequate controls were implemented in some administrative areas**

6. The condition of the premises was adequately documented in the handover agreement between the United Nations Mission in Bosnia and Herzegovina (UNMIBH) and ICTY (for the UN House), signed on 27 June 2003. The handover agreement between UNMIBH and ICTY acknowledged that a joint inspection was made between ICTY and UNMIBH, and that UNMIBH surrendered to ICTY the physical possession of the UN House premises, together with all the fixtures, furniture and fittings located in the premises. In addition, all the plans and pictures documenting the renovation made by UNMIBH to the UN House were turned over to the SFO. For the BFO, its staff members and the landlord's representatives undertook a walk through on the premises rented for the BFO before and after the necessary fittings were installed at the BFO premises.

7. The ICTY procurement office keeps the documentation for the inspections of these premises. Hence, conditions of the rented premises during turnover by previous occupants/landlords were adequately acknowledged, with documentations that will be used as bases for determining office premises conditions when they are handed back to their respective owners in the event of closure or transfer of the field offices to other locations.

8. The ICTY headquarters in The Hague undertakes procurement activities and decisions, including payments for goods and services acquired for the field offices. ICTY has adequate liquidation plans for remaining field offices.

#### **Need for a liquidation plan of the Building Management Committee**

9. The United Nations, represented by the then UNMIBH, entered into a Memorandum of Understanding (MOU) with the University of Sarajevo (University) dated 27 August 1999, which granted UNMIBH rent-free use of a property of the University (called by UNMIBH as "UN House") that was renovated by the United Nations. When UNMIBH completely ended its operations in Bosnia and Herzegovina on 30 June 2003, ICTY continued to occupy the UN House under the provisions of the same agreement.

10. Although the use of the University was rent-free until the end of the MOU on 30 June 2008, the maintenance and insurance of the premises entailed administrative expenses. Thereafter, ICTY, the then European Union Police Mission/European Union Monitoring Missions (EUPM/EUMM) and other occupants of the UN House entered into a MOU that created the BMC, composed of ICTY and EUPM (later EUMM), which essentially manages the operations and activities of the UN House, including its financial activities. The occupants agreed to share pro-rata the essential and non-reimbursable maintenance costs, which are deposited and maintained in the UN House management account. A contingent fund was also created in the MOU.

11. The 2003 MOU between ICTY and EUPM and its succeeding renewal in 2008, required a plan for liquidation of BMC that should be submitted by BMC to both parties three months prior 31 December 2010. As of 4 April 2011, BMC had not submitted a plan to establish the arrangements for the liquidation of BMC, which still had 71 staff members. Without established arrangements for the liquidation of BMC, closure of field offices may also be delayed, and ICTY may face financial risk if BMC funds are not

sufficient to cover severance pay of the 71 BMC staff members and any accounts payable that may be outstanding at the time of closure. The risk is premised on the fact that BMC does not exist as a legal entity and that EUMM is about to end its operations in Sarajevo.

### **Recommendation 1**

**(1) ICTY should ensure that arrangements for the liquidation of the Building Management Committee are established as required under the Memorandum of Understanding between ICTY, the European Union Monitoring Missions and other occupants of the UN House, to facilitate the closure of the Sarajevo field office.**

12. *ICTY accepted recommendation 1 and commented that arrangements for the liquidation of BMC are currently being addressed together with EUPM. To this end the Chief Administrative Officer (CAO) visited the SFO and met with the CAO of EUPM, to discuss arrangements for the liquidation of BMC and that an audit of the BMC bookkeeping will shortly be carried out. Recommendation 1 remains open pending receipt of the copy of documentation showing the liquidation of BMC.*

### **Unrecovered cost of insurance paid in advance**

13. In accordance with the 2008 MOU, ICTY arranged and paid in advance the cost of insurance for the UN House on behalf of BMC. As of March 2011, the last recovery made by ICTY was for the period 16 January 2008 through 30 June 2009. The amount of insurance due for recovery by ICTY for the period 01 July 2009 through 30 June 2011, amounted to approximately \$19,000.

14. **ICTY could benefit by ensuring that the amount of insurance for occupied office premises is promptly recovered from the Building Management Committee.** *ICTY agreed, and stated that all outstanding amounts have been recovered.*

### **Need for a timely decision on keeping the premises of SFO**

15. EUMM, which took over the responsibility of EUPM in BMC and continued to occupy the majority of the space in the UN House and its premises, indicated that it would end its mission in Sarajevo and leave the UN House tentatively by the end of December 2011. When EUMM vacates its portion of the UN House, ICTY will have to bear the majority of the expenditures of the UN House operation and maintenance until it moves to another suitable premises. Based on the unaudited financial statements and the 2010 general accounts of BMC, the UN House incurred total expenditures of approximately \$1.7 million during 2010, of which ICTY paid \$206,208, but it occupies only 10 per cent of the entire building.

16. The continued stay of SFO in the UN House was approved by the Headquarters Committee on Contracts, based on the justification of ICTY that the rent quoted by the University of Sarajevo was well below market price, and that the building meets ICTY's space, security and parking requirements. In 2010, it was decided that SFO should stay in the UN House for 2011 as it was unlikely that ICTY would find another suitable building that includes free parking. This justification maybe outweighed by the huge amount of operating costs that ICTY may have to bear once EUMM leaves the premises, or undertakes a substantial drawdown of its operations in Sarajevo by the end of 2011. Hence, ICTY should initiate a decision on the premises for the SFO, as administrative processes relating to the transfer of the SFO to another suitable location entails a considerable amount of time. In addition, managing a building may have an impact on the efficient and effective performance of the field office, which was established as a support function to pursue the mandate and objectives of the Tribunal. Thus, a cost-benefit analysis of the continued stay of the SFO in the UN House, in relation to SFO's primary objectives, operational costs

involved and security requirements, could be undertaken and used as a basis in proactively deciding on the premises of the SFO.

### **Recommendation 2**

**(2) ICTY should decide, based on a cost-benefit analysis, on the continued stay of the Sarajevo field office (SFO) in the UN House, considering the SFO's primary objectives, operational costs involved and security requirements, and closure or substantial drawdown of the offices of the European Union Monitoring Mission in Sarajevo that is expected by the end of 2011.**

17. *ICTY accepted recommendation 2 and stated that the decision to move to smaller premises is still pending although a procurement exercise to find same is ongoing. EUPM have indicated that they will require space only until mid-2012 for a greatly reduced number of their staff and beyond that for only a handful of people. ICTY, through BMC, has until now been responsible for the maintenance of the entire building while together EUPM and ICTY have only occupied just less than half of the building, the operational costs of Eur1.3 million divided by an occupation rate of about 10% of the entire building may not justify continued occupancy. Recommendation 2 remains open pending receipt of the decision of ICTY management to stay in the UN House, on the basis of cost benefit analysis.*

### **Need to improve inventory management**

18. The inventory report as at 31 December 2010 prepared by the General Services Section (GSS) did not provide correct information on the actual assets located in the field offices. In Sarajevo and Belgrade field offices, the information technology equipment which were reported in the 31 December 2010 inventory report as specifically located in these field offices, were actually either transferred to another field office or returned to the ICTY Headquarters in The Hague prior to the report date. However, changes in the actual locations of the assets were not reflected in the property inventory database, due to delayed communications between the Information Technology Services Section (ITSS) and the General Services Section, Transport and Logistics Support Unit (TLSU). The ICTY inventory team, in its mission report on the last physical inventory in the field offices in July 2009, also noted that a number of items were not located in the field office during the inventory and were later tracked in another location. Accurate inventory record keeping would facilitate efficient closure of the field offices.

19. In addition, UNMIBH handed over engineering assets, furniture and fixtures, kitchen equipment, etc. to ICTY in June 2003, as duly acknowledged by both parties in their handover agreement. However, only three units of generators were included in the ICTY inventory report dated 31 December 2010. The TLSU personnel who performs property control functions clarified to the SFO that the assets are not owned by ICTY and that these are only monitored by ICTY on behalf of BMC. Hence, when ICTY closes down, it will not take the equipment from the UN House premises. However, the Field Administration Manual utilized by ICTY as guidance for its property control and inventory activities provides that property in United Nations terminology consists of supplies, equipment, buildings and land belonging to or entrusted to the charge of the Organization, whether acquired by purchase, rental, loan, donation or other means. Thus, assets handed over by UNMIBH should have been treated as property entrusted to ICTY. Non-inclusion of the assets received from UNMIBH in the ICTY inventory and leaving the assets behind in the UN House premises, without proper disposal action and documentation, may lead to the assets being wrongfully disposed of or utilized.

### Recommendation 3

**(3) ICTY should:**

- (a) Promptly communicate to the Transport and Logistics Support Unit any movement of ICTY assets from any of the field office to another location for timely recording in the inventory system;**
- (b) Treat as assets entrusted to ICTY those assets handed over by the United Nations Mission in Bosnia and Herzegovina, and include their appropriate disposal action in the liquidation plan for the Sarajevo field office; and**
- (c) Conduct yearly physical inventory in the field offices.**

20. *ICTY accepted recommendation 3 and stated that: (a) measures have now been put in place whereby all units involved in the movement and management of assets are informed; (b) the administration is currently carrying out a physical inventory check in the field offices and will include the inventory handed over by UNMIBH as ICTY holdings. Appropriate steps will shortly be taken to assess and plan for the final disposition of these assets at the close of the ICTY's tenancy of the building; and (c) annual physical inventory checks are now being performed, and will continue as long as the field offices are operative. Recommendation 3 remains open pending receipt of copies of the (a) disseminated memorandum or instructions which contain measures put in place whereby all units involved in the movement and management of assets are informed, and (b) results of the physical inventory check being conducted in the field offices and steps taken to assess and plan for the final disposition of the assets received from UNMIBH, upon closure of ICTY's tenancy of the building.*

### Records management could be improved

21. OIOS identified opportunities for improving records management in the field offices by aligning it with the Secretary-General's Bulletin ST/SGB/2007/5 (Record-keeping and the management of United Nations archives), which sets out the rules and procedures to be followed in respect of the creation, management and disposition of records, electronic records, archives and non-current records of the United Nations. The SFO does not maintain original copies of documents, except for the original copies of reports that were created, signed and sent electronically to The Hague. Due to previous security and political turmoil in Serbia, BFO transferred its vital documents to ICTY at The Hague and it only maintains duplicate copies of administrative documents, for reference purposes only. Although records currently maintained in the field offices are only duplicates or of temporary value, guidance for proper records management and disposal is still needed to facilitate closure or even in case of transfer of the field offices to another location. The policy for retention or disposal of records, including transitory records has not been established. In addition, ICTY's Archives and Records Management Unit (ARMU) is still undertaking inventory of all the records of the Tribunal.

22. **ICTY could benefit from providing guidance on records management and disposal to the field offices in order to facilitate the liquidation process upon closure or transfer of the field offices to another location.** *ICTY agreed and stated that ARMU will coordinate fully with the field office and the related sections to ensure that closure/transfer of records is done optimally considering any budgetary and logistical limitations which may apply.*

## B. Needs assessment

23. ICTY effectively conducted adequate needs assessment in deciding the closure or continued operations of its field offices on the basis of budget requests, analyses of requirements and supporting

## AUDIT RESULTS

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documentations. The continued requirements for the functions and corresponding staff complement in each field office are integrated in the respective budget submissions of the Registry and OTP, where corresponding justifications for the requirements are explained.

27. For example, the Belgrade, Sarajevo and Zagreb field offices primarily provide support to the activities of the OTP. As the investigations and trials are completed, OTP closes its presence in one location, as in the case of Zagreb field office. In the 2012-13 budget submission, OTP explained that there is a continued need to maintain its functions in the Sarajevo and Belgrade for official relations and liaison functions with the local authorities in Bosnia and Herzegovina and Belgrade in connection with the Tribunal's trial activity, and to be able to provide information to the OTP on the political and judicial developments in the regions. On the other hand, the Registry's functions are expected to last beyond trials, specially its outreach programmes, which get funding support from the European Union, and require the continued presence of an ICTY field office in Zagreb and Pristina.

AUDIT RESULTS

**ANNEX I  
SUMMARY OF RECOMMENDATIONS**

**Audit of adequacy of arrangements for closing ICTY field offices in Belgrade, Zagreb and Sarajevo**

Rec. no.	Recommendation	Critical <sup>1</sup> / important <sup>2</sup>	Accepted? (Yes/No)	Responsible individual	Implementation date	Action needed to close recommendations
1	ICTY should ensure that arrangements for the liquidation of the Building Management Committee are established as required under the Memorandum of Understanding between ICTY, European Union Monitoring Missions and other occupants of the UN House, to facilitate the closure of the Sarajevo field office.	Important	Yes	David Falces, CAO Heather Kilner, Chief, GSS	31/12/2011	Receipt of a copy of the arrangements for the liquidation of the Building Management Committee.
2	ICTY should decide, based on a cost-benefit analysis, on the continued stay of the Sarajevo field office (SFO) in the UN House, considering the SFO's primary objectives, operational costs involved and security requirements, and closure or substantial drawdown of the offices of the European Union Police Mission in Sarajevo that are currently expected by the end of 2011.	Important	Yes	David Falces, CAO Heather Kilner, Chief, GSS	31/12/2011	Receipt of a copy of the decision of ICTY Management to stay in the UN House, on the basis of cost benefit analysis.
3	ICTY should: a) Promptly communicate to the Transport and Logistics Support Unit any movement of ICTY assets from any of the field offices to another location for timely recording in the inventory system; b) Treat as assets entrusted to ICTY	Important	Yes	David Falces, CAO Heather Kilner, Chief, GSS Kudzai Kamberani, Acting Chief, ITSS	31/12/2011	Receipt of copies of the following: a) Disseminated memorandum or instructions which contain measures put in place whereby all units involved in the movement and management of assets are informed. b) Results of the physical inventory check being conducted in the Field Offices and steps taken to asses and

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

AUDIT RESULTS

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	<p>those assets handed over by the United Nations Mission in Bosnia and Herzegovina, and include their appropriate disposal action in the liquidation plan for the Sarajevo field office; and</p> <p>c) Conduct yearly physical inventory in the field offices.</p>			<p>Bassem Maleab, OIC, Operations</p>		<p>plan for the final disposition of the assets received from UNMIBH, upon closure of the ICTY's tenancy of the building.</p>
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AUDIT RESULTS

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**ANNEX II**  
**OPPORTUNITIES FOR IMPROVEMENT**

**Audit of adequacy of arrangements for closing ICTY field offices in Belgrade, Zagreb and Sarajevo**

<b>Para. no.</b>	<b>Recommendation</b>	<b>Client comments</b>
14	ICTY could benefit by ensuring that the amount of insurance for occupied office premises is promptly recovered from the Building Management Committee.	<i>ICTY Administration agrees with the comments provided by OIOS, and notes that all outstanding amounts have been recovered.</i>
22	ICTY could benefit from providing guidance on records management and disposal to the field offices in order to facilitate liquidation process upon closure or transfer of the field offices to another location.	<i>ICTY Administration agrees with the comments provided by OIOS, and notes that ARMU will coordinate fully with the Field Office and the related Sections to ensure that closure/transfer of records is done optimally considering any budgetary and logistical limitations which may apply.</i>