



## INTERNAL AUDIT DIVISION

# AUDIT REPORT

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### Democratic governance support in UNMIT

Overall results relating to the effective implementation of the democratic governance support mandate in UNMIT were partially satisfactory; however, management has subsequently addressed the identified issue

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# AUDIT REPORT

## Audit of democratic governance support in UNMIT

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of democratic governance support in the United Nations Integrated Mission in Timor-Leste (UNMIT).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. UNMIT was established by Security Council resolution 1704 (2006) to, amongst others, enhance a culture of democratic governance in Timor-Leste. Accordingly, the Mission has established a support structure based on eight core democratic governance themes including constitutionalism, local governance and decentralisation, civil society organisations, transparency and accountability, public administration, electoral systems and processes, independent media, and civic education.
4. The Democratic Governance Support Unit is responsible for coordinating and leading the Mission's democratic governance activities. The Director of the Democratic Governance Support Unit reports to the Deputy Special Representative of the Secretary-General on Governance, Development and Humanitarian Coordination. The Democratic Governance Support Unit, excluding the Electoral Support Team which was not covered in this audit, has 36 authorised posts including 18 posts for international staff, three United Nations volunteers, 12 posts for National Professional Officers, and three posts for local staff. Fifteen posts, including governance advisors, were dedicated to activities covered by the scope of the audit (i.e. decentralization, transparency and accountability, civil service reform, civil society organizations and legal/constitutional affairs). The budget including estimated staffing costs for the fiscal years 2009/10 and 2010/11 was \$1.57 million and \$1.34 million, respectively.
5. Comments provided by UNMIT are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

6. The audit of democratic governance in UNMIT was conducted to assess the adequacy and effectiveness of UNMIT governance, risk management and control processes in providing reasonable assurance regarding effective implementation of the Mission's democratic governance mandate.
7. The audit was included in the 2011 OIOS risk-based work plan because UNMIT support to democratic governance in Timor-Leste is critical to the achievement of the Mission's mandate.
8. The key controls tested for the audit were: (a) strategic planning; (b) coordinated management; and (c) programme management. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Strategic planning** - controls that provide reasonable assurance that an effective strategic plan has been put in place for determining and effecting sustainable democratic governance solutions.

(b) **Coordinated management** - controls that provide reasonable assurance that overlaps in democratic governance activities are minimized or prevented.

(c) **Programme management** - controls that provide reasonable assurance that there is adequate capacity including financial and human resources, development of management tools, methodology, and systems to enable UNMIT to deliver on its democratic governance mandate.

9. The key controls assessed for the control objectives are shown in Table 1. Certain control objectives (shown in Table 1 as “Not assessed”) were not relevant to the scope defined for this audit.

10. OIOS conducted the audit from January 2011 to October 2011. The audit covered the period from 1 July 2009 to 31 December 2010.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to assess their effectiveness.

12. The audit did not cover electoral support, media and civic education. Support to media was largely provided by the Public Information Office in UNMIT and the role of the Democratic Governance Support Unit in public information was not substantial.

### III. AUDIT RESULTS

13. In the opinion of OIOS, considering the scope limitations stated above, UNMIT governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding the **effective implementation of the Mission’s democratic governance mandate**.

14. The overall rating is based on the assessment of key controls presented in Table 1 below. Progress has been made by UNMIT in implementing its mandate, and it has established strategic planning tools including the Integrated Strategic Framework, and the Joint Transition Plan defining UNMIT’s priority areas. Coordinated management mechanisms including the Internal Democratic Governance Working Group and its sub-groups were in place. However, there was a need to better manage and report on the work of the Democratic Governance Support Unit through the development and periodic monitoring of a work plan to ensure that all key activities are identified and assigned to ensure their effective and efficient implementation.

**Table 1: Assessment of key controls**

	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
<b>Effective implementation of the democratic governance support mandate in UNMIT</b>	(a) Strategic planning	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
	(b) Coordinated management	Satisfactory	Not assessed	Not assessed	Not assessed
	(c) Programme management	Partially satisfactory	Partially satisfactory	Not assessed	Satisfactory

## A. Strategic planning

### Capacity assessments

15. The Special Envoy of the Secretary-General to Timor-Leste made an assessment during the start-up phase of the Mission in 2006 and a joint workshop with Timorese authorities on the promotion of the culture of democratic governance was held to develop a road map for democratisation in 2008. Additionally, in January 2010, a Technical Assessment Mission conducted further analysis and set the priorities for 2010-2012 to ensure that support provided by UNMIT was properly targeted and effective.

16. UNMIT also conducted detailed assessments and analysis of the needs and capacities of relevant stakeholders for two of the five democratic governance themes covered by the audit; namely, the civil service reform in August 2010, and transparency and accountability in October 2010. Similar assessments were not done for the remaining democratic governance support themes including constitutionalism, local governance and decentralization, and civil society organizations. *UNMIT was of the view that its Transitional Plan includes the joint priorities of the Government and of the United Nations for UNMIT's mandate, and in the context of the implementation of the Plan, dialogue will continue with national counterparts and international partners on how to continue with democratic governance. Also, in light of the upcoming elections and imminent closure of the Mission, UNMIT was of the view that it was not feasible to carry out any additional detailed reviews.*

### Democratic Governance Support Unit work plan

17. The main strategic planning tools and target dates for implementation used by the Mission were the Medium-Term Strategy, an Integrated Strategic Framework and a Joint Transition Plan signed with the Government of Timor-Leste. However, to manage the work of the Democratic Governance Support Unit, there was no work plan developed to ensure that all key activities had been identified and assigned to ensure their effective and efficient implementation. UNMIT informed OIOS that it relies on the Results-Based Budgeting Framework and the individual work plans included in staff performance appraisals. *UNMIT was of the view that the work of the Democratic Governance Support Unit was the first such mandate in peacekeeping and there was a need to "plan as we go" taking into account the fluid environment on the ground.*

18. The Results-Based Budgeting Framework and related performance reporting is not in sufficient detail as a basis for on-going management of UNMIT's achievement of its mandate in democratic governance support activities. Stated output indicators were vague, could not be achieved within the reporting period, and did not include quantitative or qualitative indicators to measure progress towards achieving the goals of the programme. Moreover, staff members' work plans in e-PAS should be based on the Unit's work plan.

**(1) UNMIT should ensure that the Democratic Governance Support Unit prepares a detailed work plan and puts in place a mechanism by which outputs/outcomes of activities are systematically linked to the Results-Based Budgeting Framework for monitoring and reporting purposes.**

*UNMIT accepted recommendation 1 and stated that the Democratic Governance Support Unit prepared a detailed work plan linked with the Joint Transition Plan and the Results-Based Budgeting framework, which will be the basis of systematic monitoring and reporting. Based on the action taken, recommendation 1 has been closed.*

## **B. Coordinated management**

### Coordinated and integrated management mechanisms

19. UNMIT and other relevant United Nations partners had established a number of coordinating mechanisms, including the United Nations Country Team, the Internal Democratic Governance Working Group and its sub-groups and the Integrated Strategic Framework. Meetings of the Internal Democratic Governance Working Group were held monthly, agendas and minutes of meetings were prepared. The deliberations of the sub-groups were reported to the Internal Democratic Governance Working Group.

## **C. Programme management**

### Assistance to local government

20. UNMIT was providing assistance in monitoring the performance of local governments through targeted collection of data and reporting on district administrations' main activities such as the number of incoming and outgoing official documents, cash received, training of civil servants, civil society activities and status of district projects. The reports produced were distributed to various Mission components and State institutions, and used to assist in decision-making. These reports were very well received, and declared as an example of work to be taken over by the Government. Nevertheless, there was insufficient evidence that the data contained in these reports were verified by UNMIT, and with the lack of reliable administrative systems and procedures at local levels to gather and generate reliable information created a risk that the analysis and reporting thereof by UNMIT may not be accurate. *UNMIT stated that most data were verified and cross-checked by different sources. In UNMIT's opinion, the product has a positive impact; not only has it helped inform government decision-making, it has highlighted the need for regular reporting by institutions, thereby supporting the concepts of transparency and accountability.*

### Support to the development of transparency and accountability measures

21. UNMIT is supporting the Government of Timor-Leste in developing transparency and accountability measures. This included: (a) conducting a situation assessment and analysis of possible strategies to address the identified weaknesses; (b) providing support through its good offices; and (c) providing technical advice leading to the establishment of the Anti-Corruption Commission. In addition:

(a) The assessment and strategies prepared by UNMIT to address transparency and accountability weaknesses identified at least eight anti-corruption institutions performing conflicting roles and with fragmented anti-corruption and procurement regulations. However, this information was not shared with the Timorese authorities in a consolidated document. UNMIT instead shared its suggestions to the relevant authorities issue-by-issue. *UNMIT stated that vested interests made the situation highly politically sensitive and a considered decision was therefore made to go 'step-by-step'.*

(b) One of UNMIT's priority activities in the Joint Transitional Plan is to promote the establishment of an Audit Court and a comprehensive audit framework. An independent audit body was established during the course of the audit, but still needed to be adequately resourced. As a first step, 20 staff were sent to Portugal for training; however, further capacity building was necessary.

(c) A National Strategy on Combating Corruption is one of the first steps in the fight against corruption and as required by the United Nations Convention against Corruption, but had not yet been approved by the Timorese authorities. UNMIT was assisting the newly created Anti-Corruption Commission to develop a National Anti-Corruption Strategy, and had begun to oversee, with support from United Nations Development Fund and the United Nations Office on Drugs and Crime, an assessment of the country's implementation of the United Nations Convention against Corruption.

#### Democratic Governance Forums

22. The Mission has organised a number of Democratic Governance Forums. Discussions involved members of parliament, government members, civil servants, local leaders, civil society, and ordinary citizens. These events were primarily meant to promote a culture of democratic governance by providing citizens with opportunities to question and interact with their leaders, and covered a wide range of issues such as justice, security, education and civil society organizations.

#### Staffing for democratic governance support activities

23. National Professional Officers and United Nations volunteers designated to support local administrations lacked the requisite skills and experience. Also, while OIOS acknowledges that the Mission is moving into a drawdown period, the number of posts becoming vacant (four of six Democratic Governance Support Unit advisors, and seven of 12 local district officers) was concerning, and will impact on the ability of UNMIT to deliver its mandate.

### **IV. ACKNOWLEDGEMENT**

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

  
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## STATUS OF AUDIT RECOMMENDATIONS

## Audit of democratic governance support in UNMIT

Recom. no.	Recommendation	Risk category	Risk rating	C/ O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	UNMIT should ensure that the Democratic Governance Support Unit prepares a detailed work plan and put in place a mechanism by which outputs/outcomes of activities are systematically linked to the Results-based budgeting framework for monitoring and reporting purposes.	Operational	Important	C	Action taken	Implemented

1. C = closed, O = open

2. Date provided by UNMIT in response to recommendations.