



INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of administrative and financial support to the Joint Mediation Support Team (JMST)

Overall results relating to the effective administrative and financial support to the JMST was partially satisfactory. Implementation of two important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

9 August 2012

Assignment No. AP2011/634/20

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AUDIT REPORT

Audit of administrative and financial support to the Joint Mediation Support Team

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of administrative and financial support to the Joint Mediation Support Team (JMST) in the African Union-United Nations Hybrid Operations in Darfur (UNAMID).
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. JMST was established in October 2007 to support the African Union and the United Nations to re-energize the political process and to mediate and negotiate with the concerned political parties to end the conflict in Darfur. JMST activities were funded from assessed contributions to UNAMID and a voluntary trust fund established by the United Nations Controller to mobilize direct support to the negotiations (the Trust Fund). There was a cost-sharing Memorandum of Understanding (MoU) between the African Union/United Nations with the Government of the State of Qatar. This MoU also provided for the Government of the State of Qatar to incur expenses on behalf of JMST on a reimbursable basis.
4. UNAMID pre-financed activities, including office rental, consultants and experts and travel expenses of participants involved in negotiations. These were subsequently reimbursed from the Trust Fund. The Trust Fund, which was maintained by the Department of Management, recorded \$7.4 million in JMST expenditures from the inception of the Fund until 31 July 2011, as shown in Table 1 below. JMST had 15 authorized posts.
5. Comments provided by UNAMID are incorporated in *italics*.

Table 1: Expenditure for the period from 1 January 2008 to 31 July 2011

Expenditure category	\$
General Temporary Assistance	38,314
Supplementary Conference Services	43,095
Consultants and expert groups	1,225,333
Other personnel related costs	9,769
Travel of representatives	2,453,072
Travel of staff	58,762
Operating expenses	1,807,350
Communication	336,029
Programme support costs	310,729
Expenditure reported to UNAMID by the Department of Management	1,130,971
Total	\$ 7,413,424

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNAMID's governance, risk management and control processes in providing reasonable assurance regarding the **effective administrative and financial support to JMST**.

7. This audit was included in the 2011 OIOS risk-based work plan at the request of management, as they were not satisfied with the quality of information received from JMST, and the procedures followed for the hiring of consultants, the procurement process and payment of travel entitlements.

8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of the activity/programme of JMST covered by the audit; (ii) are implemented consistently; and (iii) ensure financial and operational information is reliable and produced with integrity.

9. The key controls were assessed for the control objective shown in Table 2.

10. OIOS conducted this audit from March to December 2011. The audit covered the period from 1 January 2008 to 31 December 2011.

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 determine their effectiveness.

III. AUDIT RESULTS

12. UNAMID's governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective administrative and financial support to JMST**. OIOS made two recommendations in the report to address issues identified. Action had been taken by UNAMID regarding lack of compliance by JMST with established rules and procedures and to ensure that JMST improved the quality of documentation supporting expenditures. However, there was a need to provide further guidance for JMST staff responsible for administrative tasks and to expedite the recruitment process.

13. The initial overall rating of partially satisfactory was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of two important recommendation remains in progress.

Table 2: Assessment of key control

	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective administrative and financial support to JMST	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

Oversight and guidance on administrative and financial matters needed to improve

14. A review of expenditures incurred by JMST for hiring of consultants and experts, travel and other operating expenses such as office rentals noted that there were delays of between three to nine months by UNAMID in processing payments. These delays occurred because JMST did not submit: (a) claims that were in accordance with the agreed terms of the consultancy contract and documents confirming that the relevant services were satisfactorily performed; (b) evidence that a competitive procurement process was followed; and/or (c) travel requests and claims that complied with established United Nations procedures. For example:

(a) JMST staff members that stayed for more than 60 days in Doha were paid the full daily subsistence allowance (DSA) rate instead of a reduced rate, resulting in overpayments totaling \$70,000 to eight staff members. UNAMID subsequently recovered the overpayments.

(b) The JMST leased four hotel rooms in Doha on a continuous basis without competitive bidding from 1 January 2010 to 31 December 2011 at a cost of \$500,000 (\$42,000 per month). JMST justified this, as they routinely interacted with other partners of the peace process and needed office space. The amount was excessive, as alternative ad hoc arrangements were available. UNAMID was procuring suitable office space for JMST.

15. As of March 2012 all concerns regarding consultants claims had been settled, except one case of about \$26,000 that was in the process of being cleared. OIOS was satisfied with the actions being taken by UNAMID.

Documented procedures in implementing the agreement with the Government of the State of Qatar was needed

16. The Government of the State of Qatar provided advances to JMST to pay DSA to participants from political parties attending peace negotiations in Doha. A total of \$1.8 million was advanced to JMST from 1 January 2010 to 31 December 2011. A review of records supporting the advances paid noted that procedures needed to improve as: (a) receipt of advances by beneficiaries was not evidenced; (b) amounts received compared to those disbursed were not reconciled; and (c) there were no receipt advices of monies returned to the Government for absent attendees. There were no standard operating procedures to guide JMST on how to record, account for and reimburse advances.

(1) UNAMID should develop standard operating procedures to guide the Joint Mediation Support Team in administrative matters and to ensure that proper records of funds advanced are maintained.

UNAMID accepted recommendation 1 and stated that standard operating procedures would be completed by the end of September 2012. Also, since March 2012, JMST have maintained monthly files that are reconciled with the SunSystem. Recommendation 1 remains open pending receipt of standard operating procedures to guide JMST staff on administrative and financial matters.

Vacant posts not filled

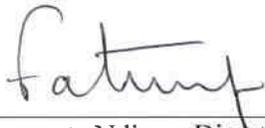
17. As of 31 December 2011, five of 15 authorized posts were vacant. These were critical posts, as the JMST mandate required staff with political affairs experience to support the mediation activities. High vacancy rates at the senior and professional levels, including the Joint Chief Mediator (JCM) and the Deputy JCM, put the programme at risk.

(2) UNAMID should prioritize recruitment against vacant posts within the Joint Mediation Support Team to help implement its mandate more effectively.

UNAMID accepted recommendation 2 and stated that four of six posts deployed to Doha have been filled and two are under recruitment. The senior posts (JCM and Deputy JCM) are the responsibility of Headquarters. Recommendation 2 remains open pending confirmation that vacant posts, including those under the responsibility of Headquarters, have been filled.

IV. ACKNOWLEDGEMENT

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



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STATUS OF AUDIT RECOMMENDATIONS

Audit of administrative and financial support to Joint Mediation Support Team in UNAMID

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1.	UNAMID should develop standard operating procedures to guide the Joint Mediation Support Team in administrative matters and to ensure that proper records of funds advanced are maintained.	Important	O	Receipt of a copy of standard operating procedures to guide JMST staff on administrative and finance issues.	30 September 2012
2	UNAMID should prioritize recruitment against vacant posts within the Joint Mediation Support Team to help implement its mandate more effectively.	Important	O	Confirmation that vacant posts, including those under the responsibility of Headquarters, have been filled.	30 September 2012

1 Critical recommendations address significant and/or pervasive deficiencies or weaknesses 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.

2 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.

3 C = closed, O = open

4 Date provided by UNAMID in response to recommendations.