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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. Lebohang K. Moleko  
A: Deputy Special Representative of the Secretary-General  
Officer-in-Charge, UNMEE

DATE: 7 January 2009

REFERENCE: IAD: 09-02096

FROM: Fatoumata Ndiaye, Officer-in-Charge,  
DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AP2008/624/06 - Audit of UNMEE liquidation planning and progress**

OBJET:

**UNMEE Liquidation Plan was not finalized and there were no clear timelines for the completion of the established liquidation tasks**

1. I am pleased to present the report on the above-mentioned audit which was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. Based on your comments, we are pleased to inform you that we will close recommendations 1-3 in the OIOS recommendations database as indicated in Annex 1.

## I. INTRODUCTION

3. The Office of Internal Oversight Services (OIOS) conducted an audit of United Nations Mission in Ethiopia and Eritrea ( UNMEE) liquidation activities in October 2008.
4. UNMEE was established by the Security Council resolution 1312 of 31 July 2000. The mandate of the mission was extended several times by successive resolutions of the Security Council. By its resolution 1827 of 30 July 2008, the Security Council decided to terminate UNMEE's mandate effective 31 July 2008.
5. The liquidation process refers to all activities involved in the physical closure of a United Nations field mission. It includes decommissioning of facilities, disassembling infrastructure, handing-over premises, packing of cargo, settling claims and repatriating personnel. UNMEE performed pre-liquidation activities from April 2008 to July 2008 and commenced actual liquidation activities immediately thereafter.
6. Comments made by UNMEE are shown in *italics*.

## II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the efficiency and effectiveness of liquidation planning in UNMEE and more specifically to:

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- (a) Determine whether liquidation activities have been conducted in accordance with established UN regulations, rules, procedures and other instructions;
  - (b) Assess UNMEE's readiness for the liquidation activities; and
  - (c) Assess adequacy of the Liquidation Plan.

### **III. AUDIT SCOPE AND METHODOLOGY**

8. The audit mainly focused on liquidation planning and included a review of the progress made during the period from April to November 2008. The audit did not include the examination of the actual decommissioning of facilities, disassembling of infrastructure, handing-over premises, packing of cargo, and settling of claims.

9. The audit methodology comprised a review of Mission liquidation and recovery plans and progress reports, and interviews of key Mission personnel including the Liquidation Team.

### **IV. OVERALL ASSESSMENT**

10. The UNMEE Liquidation Plan was not finalized at the time of the audit, and the deadline for the completion of liquidation tasks was not yet clear. There is a risk that the liquidation activities might not be completed by the initially envisioned date, which was 31 January 2009. Restrictions imposed on the Mission by the host government in Eritrea continued to impede effective and efficient implementation of liquidation tasks.

### **V. AUDIT FINDINGS AND RECOMMENDATIONS**

#### Challenges and difficulties in the liquidation process

11. UNMEE liquidation has been challenging in many aspects. Firstly, the termination date of UNMEE's mandate was not known until 30 July 2008, the date of Security Council resolution 1827 mandating the termination of the Mission. Prior to that resolution, the Mission was expecting to be transformed into a small observer mission as recommended by the Secretary-General in his special report addressed to the Security Council on 8 April 2008 (S/2008/226).

12. Secondly, several restrictions imposed on the Mission's operations by the Government of Eritrea continued to exist during the liquidation period. UN staff has been denied entry/re-entry visas, the Mission's fuel supply has been stopped, the Mission's staff has been denied access to various sites that contain UN assets, and the Mission has been precluded from conducting commercial sale of UN assets in Eritrea. The Government of Ethiopia has also cancelled most of the scheduled UN flights between Ethiopia and Eritrea. In its draft Liquidation Plan and other communications addressed to DFS, the Mission noted that restrictions imposed on its operations by the Government of Eritrea would adversely impact the liquidation exercise and therefore requested DFS to more actively follow up with the Permanent Missions of Eritrea and Ethiopia as appropriate. However, according to the Mission, the restrictions had not been removed as at the date of the audit.

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13. It is a normal practice for DFS to deploy its staff to a liquidating mission six to nine months prior to the expiration of a mission's mandate to assist in the preparations for liquidation. In August 2008, DFS' attempt to deploy its staff to help with the liquidation of UNMEE was not successful due to visa restrictions. As a result, the Mission did not benefit from pre-liquidation assistance from UN Headquarters.

14. Thirdly, according to Regulation 5.14(e) of the Financial Regulations of the United Nations, a large number of the assets of a liquidating mission can be donated to the host government. Ideally, these include assets which have been installed in the country and which, if dismantled, would set back the rehabilitation of that country. In effect, several liquidation decisions regarding the dismantling of assets, the hiring of contractors to clear sites, shipping, etc, depend on the agreement with the host government regarding donated assets. The Government of Ethiopia had accepted UNMEE's offer of asset donations. However, the Government of Eritrea had not officially responded to UNMEE's offer of asset donation. On the other hand, the Government of Eritrea informally agreed on 22 October 2008 to support UNMEE to ensure a timely implementing of its Asset Recovery Plan dated 14 October 2008, which includes recovery of UN assets at various locations in Eritrea including the abandoned sites in the Temporary Security Zone, adjacent areas and Assab, as well as the liquidation of assets that did not have proper documentation.

15. At the time of the audit in November, the implementation of the Asset Recovery Plan had not started as the Government of Eritrea had not provided UNMEE with the necessary permission and support. The Asset Recovery Plan is based on the assumption that: (a) UNMEE and its contractors would be provided with fuel and escort and security services; and (b) the Government would grant permission to UNMEE vehicles and staff to travel to all sites.

#### Inadequate liquidation planning

16. DPKO Liquidation Manual states that the successful completion of liquidation tasks implies the development of a written plan containing parameters of the mission's liquidation including the withdrawal of civilians and military units, the repatriation of personnel, the closure of regional offices and the final disposal of the mission's UN-owned assets. The Manual also stresses that an exit strategy is vital to the preparation of the mission's Liquidation Plan and essential to an efficient liquidation process.

17. As at the date of the audit, the Mission had not developed an exit strategy and its Liquidation Plan had not been finalized. UNMEE developed a draft Liquidation Plan dated 28 January 2002, which was revised on 26 March 2008, and subsequently revised again on 31 July 2008 following the Security Council resolution 1827 terminating the mandate of the mission. UNMEE also commenced pre-liquidation activities in April 2008. The Mission informed OIOS that it provided the draft Liquidation Plan to DFS, but there was no evidence showing that the draft Liquidation Plan had been reviewed and endorsed by DFS/DPKO.

18. There is no requirement in the Liquidation Manual or elsewhere that the liquidation plan should be approved by DFS; however, since DFS/DPKO are ultimately responsible for the operation and administration of peacekeeping missions, they should have acknowledged receipt of the UNMEE Liquidation Plan, at the minimum, and formally communicate its concurrence with the proposed timelines, assets disposal, separation and repatriation of staff, and decommissioning of uniformed personnel, etc. In view of the continuing restrictions imposed on the Mission as well as the desire of the host governments for shorter liquidation

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period (i.e. less than six months), DFS requested that the Mission prepare a 90-day liquidation plan in place of the original six-month liquidation plan. As at the date of the audit in October 2008, the required 90-day plan had not been prepared. In video conferences held with DFS and other communications addressed to DFS, the Mission stated that it could not complete the liquidation by the end of November 2008 or three months earlier than the original plan.

#### No policy guidance from the Liquidation Task Force

19. The Liquidation Manual requires that a Liquidation Task Force, a policy-making body of senior mission officials, should be established by the Head of Mission to function as a Steering Committee to guide the liquidation planning progress. The Head of Mission should use the Task Force to ensure that liquidation planning is carried out in line with the exit strategy. The Task Force was formed on 24 June 2008, nearly three months after the Mission pre-liquidation activities in April 2008, including the formation of a provisional Liquidation Team, mapping of liquidation tasks, activation of a Preliminary Asset Disposal Plan and categorization of assets. As of the date of the audit, only one meeting had been convened and no policy guidance had been provided to the Liquidation Team by the Task Force.

#### Liquidation meetings held regularly

20. OIOS observed that the Liquidation Team met regularly every week to discuss liquidation matters and progress of tasks. Each Section reported on the progress of their respective tasks and required actions were discussed in these meetings. Also, liquidation issues and challenges were brought to the attention of DFS via video conferences.

#### No Legal and Medical officers in the mission

21. The Liquidation Manual requires that a legal officer and a medical officer are part of the Liquidation Team. Services of such staff are crucial during the liquidation period. At the time of the audit, these two posts were vacant. The mission should increase its efforts and seek support of DFS to expedite the process of assigning legal and medical officers on a temporary basis.

### **Recommendations 1 to 3**

#### **The UNMEE Office of Mission Support should:**

- (1) Immediately finalize the Liquidation Plan with established timelines for the completion of the liquidation tasks and forward it to the Department of Field Support for comments and input;**
- (2) Maintain continuous dialogue with the host governments, inform them regularly about the liquidation progress and request designation of focal points for certain liquidation activities; and**
- (3) Request the support of the Department of Field Support to expedite the process of assigning legal and medical officers to the mission.**

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22. *The UNMEE Office of Mission Support accepted recommendation 1 and stated that the draft Liquidation Plan was submitted to DFS in 31 July 2008. By default, the plan had been accepted and was currently being implemented. There were ongoing discussions with DFS regarding the implementation of the plan. UNMEE liquidation is significantly different from the "standard liquidation" envisaged by the Liquidation Manual and therefore, there is a need for constant improvisation as the liquidation takes place. Based on the explanation provided by UNMEE management and the fact that the liquidation deadline has been set as 31 January 2009, recommendation 1 has been closed.*

23. *The UNMEE Office of Mission Support accepted recommendation 2 and stated that it had been in contact with the governments of Eritrea and Ethiopia on the liquidation activities. In Eritrea, the Commissioner's Office is the focal point of the UNMEE and in Ethiopia, the Mission liaises with the Ministry of Foreign Affairs on the progress of the liquidation. Based on the explanation provided by UNMEE management, recommendation 2 has been closed.*

24. *The UNMEE Office of Mission Support accepted recommendation 3 and stated that a medical doctor arrived in Asmara on 23 November 2008 on temporary duty. Following the departure of the legal officer to his parent duty station, the Mission contacted the Field Personal Division (FPD) and requested that a legal adviser be sent to the Mission. A candidate was selected, but subsequently declined the offer. In view of the short time to the expected end of the liquidation and the difficulties in obtaining a candidate, FPD did not further pursue the matter. However, as indicated in Code Cable MEE-025 dated 5 November 2008, one of the reasons for extending the contract of the Chief Human Rights Officer was that he (a qualified lawyer) would provide the necessary legal advice. Based on the action taken by UNMEE management, recommendation 3 has been closed.*

## VI. ACKNOWLEDGEMENT

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

Cc: Mr. Maurice Critchley, Chief Mission Support, UNMEE  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
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## 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	The UNMEE Office of Mission Support should immediately finalize the Liquidation Plan with established timelines for the completion of the liquidation tasks and forward it to the Department of Field Support for comments and input.	Strategic	High	C		Implemented.
2	The UNMEE Office of Mission Support should maintain continuous dialogue with the host governments, inform them regularly about the liquidation progress and request designation of focal points for certain liquidation activities.	Strategic	High	C		Implemented.
3	The UNMEE Office of Mission Support should request the support of the Department of Field Support to expedite the process of assigning legal and medical officers to the mission.	Human Resources	Medium	C		Implemented.

1. C = closed, O = open

2. Date provided by UNMEE in response to recommendations.