



INTERNAL AUDIT DIVISION

AUDIT REPORT

OCHA operations in Somalia

A stronger and flexible field presence is needed for OCHA Somalia to implement its mandate more effectively

24 May 2010

Assignment No. AN2009/590/02

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

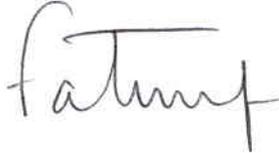
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. John Holmes, Under-Secretary-General and
A: Emergency Relief Coordinator
Office for the Coordination of Humanitarian Affairs

DATE: 24 May 2010

REFERENCE: IAD: 10- 00410

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



SUBJECT: **Assignment No. AN2009/590/02 - Audit of OCHA operations in Somalia**
OBJET:

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 4, 10, 12, 13 and 15 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, 2, 4, 7, 8 and 15), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Kiki Gbeho, Head of Office, OCHA Office for Somalia
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS

INTERNAL AUDIT DIVISION

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 OCHA operations in Somalia

The Office of Internal Oversight Services (OIOS) conducted an audit of the Office for the Coordination of Humanitarian Affairs (OCHA) operations in Somalia. The overall objective of the audit was to assess whether: (a) the OCHA Office in Somalia was adequately structured, staffed and managed to effectively carry out its programme objectives; (b) programme objectives were clearly formulated, effectively carried out and adequately reported on; (c) effective coordination and information sharing mechanisms with other humanitarian partners were in place and effectively implemented; and (d) internal controls were in place to effectively and efficiently manage programme support services including finance, human resources, procurement and other administrative functions. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OCHA Somalia activities in the field were substantially hampered by the prevailing security situation in the country, resulting in minimal presence on the ground. Despite much effort by the Office, evacuation and relocation of staff (both international and national) occur frequently, resulting in high operating costs in the form of daily subsistence allowance (DSA) and transportation costs. About \$250,000 had been spent on relocation DSA and transport costs in 2008 and 2009. The Office was in the process of completing a new strategy for its sub-office presence in Somalia. The challenges faced by the Office are typical for the United Nations agencies intervening in Somalia. As a result, the United Nations Country Team for Somalia and the Humanitarian Coordinator have engaged in several initiatives to assess the risks faced by the humanitarian community in the Somali operational environment and to establish a flexible operational framework.

Furthermore, the Office, established in 2003, was not staffed with an international Administrative Officer until April 2009. As a result, the internal controls for financial and administrative operations were weak, exposing the Office to potentially serious financial and accountability risks. For example, the Office cost plan was overcommitted by more than \$130,000. A backlog of 55 travel claims dating back to 2007 was yet to be processed. Retroactive payments were made or contemplated for services provided by other agencies in prior years because they were not properly provided for in the Office cost plan. Inter-office vouchers were not adequately reconciled. Furthermore, the Office used unlicensed software for major office productivity tools such as Microsoft Office, Adobe Professional and other professional applications.

OIOS also found the need for the Office to finalize and operationalize its field presence strategy, taking into account the prevailing security and operational situation in Somalia, and coordinate with OCHA headquarters for special consideration of this strategy. It is also critical that the Office work closely with the United Nations Development Programme Office for Somalia to strengthen its internal controls and train its staff to improve oversight over the financial and administrative processes. OIOS made several recommendations addressing the internal control weaknesses identified in the audit.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Office for the Coordination of Humanitarian Affairs (OCHA) operations in Somalia. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. OCHA's presence in Somalia dates back to 1999 with the establishment of a UN Coordination Unit. A full-fledged OCHA office was established in 2003. The objectives of OCHA's field office for Somalia (the Office) are to:
 - Increase sustainable access to basic humanitarian services for vulnerable populations;
 - Enhance the protection of and respect for the human rights and dignity of internally displaced persons (IDPs) and vulnerable populations;
 - Enhance preparedness of humanitarian partners as well as local capacity to respond to natural disasters or complex emergencies;
 - Support the shift from emergency to recovery in zones in transition; and
 - Enhance advocacy activities and resource mobilization.
3. OCHA operates its Somalia Country Office from Nairobi, Kenya to support several sub-offices operating inside Somalia, as the security situation allows.
4. Tables 1 to 3 show the financial and personnel data for the Office as well as the level of consolidated appeals process (CAP) for Somalia.

Table 1: Financial data for OCHA field office in Somalia (\$)

	Requirements (Cost Plans)	Donor Contributions	Expenditures
2006	3,629,262	4,834,691	2,813,237
2007	4,206,036	3,803,534	3,147,810
2008	5,144,053	2,976,557	4,217,434
2009	5,485,250	4,071,415	4,993,989

Source: OCHA Annual Reports for 2006, 2007, 2008, and 2009

Table 2: Personnel data (budgeted) for OCHA field office in Somalia

	Professional staff	General Service staff	GTA General Service staff	Total
2007	14	3	25	42
2008	15	19	15	49
2009	16	24	17	57

Source: OCHA Cost Plans for 2007, 2008, and OCHA in 2009

**Table 3: Somalia Consolidated Appeals Process
(in millions of \$)**

	Required	Funded	Gap
2007	384	308	76
2008	663	478	185
2009	852	513 ¹	339
Total	1,899	1,299	600

Source: Somalia 2010 Consolidated Appeal

5. The Office is organized around its core functions, which are coordination, protection, donor relations and information. The Coordination Unit coordinates activities at the field level as well as in Nairobi through the Inter-Agency Standing Committee (IASC), donor meetings, the Inter-Cluster Working Group and individual clusters. The Protection Unit undertakes the tasks of coordination, safeguarding humanitarian space, monitoring and reporting, analysis, strategy development, advocacy, transition, and policy. The Donor Relations Unit, in addition to managing the Humanitarian Response Fund also facilitates access to the Central Emergency Response Fund for UN agencies and coordinates resource mobilization efforts on behalf of the Somali humanitarian community. The Information Unit produces information products that support decision-making, response to the vulnerable and advocacy, such as the Somalia Humanitarian Overview and the Who does What Where (3W) databases of organizations working on humanitarian issues in Somalia, press releases and maps.

6. The humanitarian country team in Somalia is chaired by the Humanitarian Coordinator and meets monthly to define common strategies and humanitarian policies. OCHA Somalia assists the Humanitarian Coordinator in discharging his responsibility of leading and coordinating humanitarian action.

7. Comments made by OCHA are shown in *italics*.

II. AUDIT OBJECTIVES

8. The main objectives of the audit were to assess whether:

(a) The OCHA Office in Somalia was adequately structured, staffed and managed to effectively carry out its programme objectives;

(b) Programme objectives were clearly formulated, effectively carried out and adequately reported upon;

(c) Effective coordination and information sharing mechanisms with other humanitarian partners were in place and effectively implemented; and

¹ Includes \$216 of carry over from 2008.

-
- (d) Internal controls were in place to effectively and efficiently manage programme support services including finance, human resources, procurement and other administrative functions.

III. AUDIT SCOPE AND METHODOLOGY

9. The audit focused on activities implemented during 2007, 2008 and 2009 in the areas of programme of work and administration. The audit included a review of operational documents and interviews of management and staff at OCHA Headquarters and the OCHA office in Somalia. Consultations were held with humanitarian partners involved in Somalia but based in Nairobi. OCHA's Humanitarian Response Fund for Somalia was not part of the scope of this audit as it was the subject of a separate audit (AN2009/590/05) conducted by IAD in September 2009.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Organizational structure and staffing

New operational and field strategy in Somalia was not fully developed

10. To address the need for a more realistic UN humanitarian strategy in Somalia, the United Nations Country Team (UNCT) in Somalia developed a discussion paper for the IASC which outlines the basis for operational flexibility in Somalia based on three key factors:

- The situation in Somalia is one of the most complicated and challenging operating environment for humanitarian actors;
- Delivering critical services and life-saving supplies requires a high degree of adaptability, flexibility and organizational agility; and
- The issues of security, mobility, accountability and local capacity are deeply inter-connected and require significant analysis and creativity if any adjustments are to be effective.

11. The paper also noted the following main principles which were suggested as the basis to design agencies' operational strategies:

- Comparative operational advantage of the most effective humanitarian actors for delivering humanitarian assistance;
- Involvement of "whole-of-humanitarian community" in terms of quick operational decision-making for the whole;
- Existence of an enabling environment including availability of funding and mechanisms to ensure accountability for operations in Somalia; and
- Preparedness for humanitarian response, taking into consideration risk management, inter-operability, response concepts and plans, situational awareness, and common assessment tools.

12. Likewise, in June 2009, following a UNCT Somalia risk assessment exercise, an inter-agency mission issued a report identifying risks to the UN operations in Somalia. The report made several useful recommendations which could constitute a good basis for the Office to design its field strategy, taking into consideration the roles played by the UNCT, individual UN agencies and other partners. Following are the key risks that OIOS considers as highly relevant in the Somali situation:

- UN security regime and controls constrain project implementation;
- Perceived lack of “neutrality” by Somali society could impede programme delivery and pose security threat to staff;
- Inability to apply normal assessments and controls resulting in increased costs, losses and potential diversion, and not meeting the objectives;
- Absence of regular national banking system requires the use of informal money transfer companies, which leads to information leakage and operational difficulty;
- Weak capacity to supervise local staff within Somalia who are subject to local pressures, compromising achievement of results; and
- Absence of normal state institutions requires extraordinary, informal coping mechanisms, which can adversely affect security and reputation;
- Unpredictable environment compromises ability to plan and execute, affecting results;
- Extreme working and living conditions make it difficult to attract and retain staff;
- Key contractors and partners on blacklist resulting in reputational damage and loss of delivery mechanism;
- Lack of capacity to conduct comprehensive partner and contractor risk assessment could result in reputational damage;
- Overemphasis on internal controls at the expense of humanitarian delivery; and
- Inability to use informal money transfer companies (on which UN depends) will compromise programme delivery.

13. At the time of the audit, the Office had an outline of its new strategy for its field presence in Somalia. The strategy was structured around two types of presence by:

- (a) Opening and maintaining five offices which offer full package of OCHA services, i.e., liaison with local authorities, information and advocacy, and support to operational coordination and allowing stronger presence in the main regions, in particular in South/Central regions; and
- (b) Establishing antennae presence focused on information and analysis in five other locations: Hergeisa, Bossaso, Galkayo, Beletweyne and Baido, allowing a stronger presence.

14. The strategy was, however, not fully developed and operationalized. At the time of the audit, the duty station for 36 (or 64 per cent) of the Office's 57 authorized posts was in Nairobi, 21 (or 36 per cent) was in Somalia. Of the latter number, only 16 staff were actually in Somalia because of the prevailing security situation and the Department of Safety and Security (DSS) policy that requires a predetermined ceiling of International staff's presence at any given time in the country. At the time of the audit, the lowest security phase in Somalia was phase IV. Mogadishu was in phase V.

15. In addition, continuous security incidents had forced the Office to evacuate and relocate its staff posted in the South/Central region including Mogadishu to further north, or to Nairobi as shown in Table 4.

Table 4: Staff located outside their duty stations as of December 2009

Title	Duty Station		Current Location		Length of stay in current location (in months)
	City	Region	City	Region	
Humanitarian Affairs Analyst	Garbahaarey	Gedo	Belet Xaawo	Gedo	12
Humanitarian Affairs Analyst	Mogadishu	Benadir, Lowe Shabelle	Dhuusamaareeb	Galgadug	24
Humanitarian Affairs Officer	Baidoa	Bay	Galkayo	Somaliland	2
Humanitarian Affairs Analyst	Mogadishu	Benadir	Hargeysa	Somaliland	4
Humanitarian Affairs Analyst	Baidoa	Bay	Waaqid	Bay	1
Senior Humanitarian Affairs Officer	Mogadishu	Benadir	Nairobi	Nairobi	6

Source: Information provided by OCHA Office for Somalia staff located in Somalia.

16. The situation was not unique to OCHA Somalia. In fact, as of December 2009, there was limited presence of UN agencies in the South/Central Region. For example, neither the United Nations Development Programme (UNDP) nor DSS were present in the Bay and Bakool regions as a result of restrictions by the Al Shabab group, which administratively controlled the region. According to OCHA Humanitarian Access Update dated October 2009, there was a significant reduction of UN and non-governmental organization (NGO) international presence throughout Somalia, whose presence had decreased respectively from 66 to 62 and 168 to 88 from July to October. Also, most of the presence was in the North and Northeast and to a lesser extent in the Central region of the country. On 3 January 2010, the World Food Programme suspended its

activities, indicating that the conditions imposed by El Shabab were not acceptable, e.g.:

- All agencies pay \$30,000 for security and registration every six months;
- Agencies cannot communicate with any one who is not among the Islamic administrations of Bay and Bakool and cannot share the information with a third party; and
- Agencies should not host another agency in its compound or premises, at any given time; each agency should have its own premises for themselves and its staff only.

17. These conditions constituted major challenges for the humanitarian community in general, and in particular for OCHA Somalia, which several agencies depended on to provide reliable information to plan their humanitarian activities. Also, OCHA Somalia did not have its own premises. As a result, its staff could not always be on the ground because of security restrictions and often only second-hand information was obtainable, which was not always reliable and timely, requiring additional steps to share or publish the acquired information.

18. As an information provider and humanitarian activity coordinator, OCHA Somalia should be in the forefront in terms of identifying ways to strengthen its presence. Considering the rigorous DSS policies covering International staff, increasing the number of National staff may allow OCHA Somalia to increase its presence and access. An operational strategy for field presence in Somalia is needed to ensure access to those affected by the continuing security and humanitarian crises.

Recommendation 1

(1) The OCHA Office for Somalia should complete the field presence strategy taking into consideration the risks outlined in the UN Country Team inter-agency risk assessment report with the view to: (a) increasing the number of National staff in Somalia; and (b) establishing a stronger International staff presence in the more stable regions of Puntland and Somaliland.

19. *The OCHA Office for Somalia accepted recommendation 1 and stated that the Office will complete rewriting the field presence strategy by July 2010. In the meantime, National staff are relocated to the northern part of Somalia depending on the security situation and their clan affiliation. Staff who could not be relocated within Somalia have been placed on the Kenya border in Mandera to coordinate activities in adjacent regions and maintain contact with authorities. The Office is currently working with other agencies to establish Mandera as a hub for Gedo, Jubas and Bay and Bakol. International staff presence in Puntland has been reinforced with one international staff in each of the Galkayo and Bosasso offices, supported by a roving Senior Humanitarian Affairs Officer. In Somaliland the office continues to be manned by a capable national staff, supported by an international staff from the Resident Coordinator*

Office. Recommendation 1 remains open pending submission to OIOS of the finalized field presence strategy.

Inadequate operational resources of the sub-offices

20. In order to effectively implement its field presence strategy, OCHA Somalia needs to improve substantially the support system for its operation in the field. The sub-office operation faced four main challenges, which considerably reduced its effectiveness:

- The staff were regularly evacuated or relocated because of security reasons, except in the Puntland and Somaliland regions where the prevailing security situation was relatively better. The International staff in charge of the operations were generally relocated to Nairobi, reducing oversight and leadership while the National staff were relocated to other regions where their operational effectiveness was diminished.
- OCHA Somalia did not establish its own offices. The premises it occupied were generally managed by other UN agencies and often subject to attacks and to continuous security challenges. The costs of the premises were generally not controllable and could be high as OCHA had to continue paying its share although it may not have occupied them because of security reasons.
- The sub-office operations were dependent on the availability of security escorts, which could cost up to \$125 a trip, and about 20 trips per staff are required every month.
- OCHA Somalia did not have any administrative staff in the field. The administrative support was provided from Nairobi and, because of logistical constraints, was generally not always effective. Except for rental of premises and security services, there was no agreement with key UN agencies in the field such as UNDP or the Office of the United Nations High Commissioner for Refugees to provide a full spectrum of administrative support.

21. The daily sub-office activities were funded through a petty cash fund covering vehicle and security escort hire, telecommunications and other miscellaneous costs. OCHA Geneva authorized two petty cash funding levels: \$2,500 for international staff and \$500 for National staff. Due to the fact that International staff presence was limited, they were either frequently relocated to Nairobi or in the northern region. The field activities that involved vehicle hire, security escort and other miscellaneous expenses could cost up to \$85 a day. The cash advances/replenishment was made through an informal money transfer service provider contracted by UNDP. According to the staff, the funds did not always arrive on time to allow sustained activities. Furthermore, the replenishment of the petty cash fund was not always timely.

22. On the other hand, the International staff that were provided with a more substantial level of petty cash funds were not always present in their duty stations because of security reasons. For example, the whole South/Central region did not have an International staff on site for over five months to allow sufficient availability of financial resources. As a result, the funds made available to them

could not be used by National staff because there was no administrative arrangement to manage the funds in the absence of International staff. Some staff had to advance the cost of their movements and submit travel claims. Furthermore, there was no arrangement to allow UNDP and/or other UN agencies to have a strong administrative presence in the field to provide funds when needed. In the absence of such arrangements, there is a need for an Administrative Assistant to carry out administrative activities such as hiring of vehicles and security escorts, keeping accounting records, sending documents to Nairobi and coordinating with them regarding the administrative matters of the newly created sub-offices if they are to be effective.

Recommendation 2

(2) The OCHA Office for Somalia should ensure that its sub-offices in Somalia are equipped with staff and other resources, including an adequate level of petty cash funds to enable them to carry out their operations effectively.

23. *The OCHA Office for Somalia accepted recommendation 2 and stated that the recommendation has been implemented. Two recommendations to fill vacant field positions and provide petty cash have also been implemented. All vacancies in sub-offices in Somalia that are accessible have been filled through the implementation of the current field strategy. The strategy calls for the redeployment of displaced staff to field offices with vacant posts. Accessible field offices currently have an adequate level of petty cash funds to enable them to carry out their operations effectively. Petty cash guidelines and procedures for sub-offices are in place. Recommendation 2 remains open pending submission to OIOS of (a) the finalized field presence strategy and (b) the petty cash guidelines and procedures indicating the level of petty cash funds for the field offices.*

Relocation costs

24. Despite much effort by the OCHA Somalia Office, evacuation and relocation of staff (both International and National) inside and outside of Somalia occur frequently, disrupting the activities of the Office and resulting in excessive DSA and transportation costs. About \$254,000 had been spent on DSA and transport costs for evacuation and relocation as of November 2009: \$85,000 in 2008 and \$169,000 in 2009.

25. Due to the prevailing security situation in the country, OCHA Somalia activities in the field were substantially hampered and incurring unplanned high costs. In order to strengthen the OCHA Somalia sub-offices and increase the presence of OCHA staff in the field, it is important for OCHA to establish a roving staff system consisting of International and National staff that could be deployed whenever the security situation improved, and withdrawn when security deteriorated. This staffing arrangement could substantially cut repatriation costs and also improve efficiency in humanitarian response.

26. OIOS recommended that the OCHA Office for Somalia, in collaboration with OCHA Coordination and Response Division and OCHA Geneva, explore

the possibility of establishing a group of roving staff to be deployed at short notice in order to increase the field presence of OCHA in Somalia. *The OCHA Office for Somalia did not accept the recommendation and stated that due to access constraints, the current field strategy is to redeploy displaced staff to fill vacant posts. In addition, OCHA has global surge capacity tools, such as the stand-by partner agreements, that are being used to fill staffing needs in particular circumstances. The main challenges related to staffing OCHA Somalia are to find suitable candidates with relevant professional experience who are willing to work in a very volatile environment.* OIOS acknowledges OCHA's explanation, but emphasizes that it is important that the field presence strategy being formulated by the Office include a mechanism to reduce the high relocation costs of staff.

Staff performance appraisals were not completed in a timely manner

27. The OCHA Somalia Office had generally developed an adequate annual work plan in line with OCHA Headquarters requirements. However, the process was not carried through to the individual staff work planning and performance evaluation as required by the United Nations e-PAS policies. For the 2009 performance evaluation period, only a few International staff had completed their e-PAS. The National staff were subject to UNDP staff performance evaluation system, the Results Competency Assessment (RCA). The Office recognized the need to devote more efforts to this process. Although there were consultations between the Office management and the staff, the non-completion of e-PAS and RCA could jeopardize career development opportunities and adversely affect staff morale in the Office.

Recommendation 3

(3) The OCHA Office for Somalia should carry out the performance review of all staff for the 2008-2009 period and ensure that individual performance plans are completed for all staff for the 2009-2010 period.

28. *The OCHA Office for Somalia accepted recommendation 3 and stated that the implementation of the recommendation is in progress. A Career Review Group (CRG) for National staff has been formed. Two CRG meetings were organized in March 2010 to review 2010 staff performance. Recommendation 3 remains open pending confirmation by OCHA that the performance review has been completed for all staff for the 2008-2009 and 2009-2010 periods.*

The effectiveness of the cluster system needs to be improved

29. OCHA plays an important role in improving agency presence, co-chairing some clusters, setting agenda and adding value in the process by producing policy documents through the Humanitarian Coordinator and the UNCT. At the time of the audit, there were nine clusters but only three had dedicated chairs. OCHA Somalia has made substantial improvement in the coordination of the cluster system activities since the start of piloting the system in the Office in 2006. Specifically, the Office has designated a focal point that

coordinates the overall OCHA Somalia cluster activities by setting agenda with related agencies and cluster leads. Furthermore, the focal point has effectively monitored the activities and maintained a database of agenda and minutes, which are posted in the OCHA Somalia website. In addition, OCHA Somalia has facilitated the recruitment of four cluster support officers who work directly with their respective agency cluster lead and chair.

30. However, a number of partners in the cluster system indicated that the cluster system could be more effective by ensuring that: (a) all clusters had a dedicated cluster lead and cluster support officers as the activities of a cluster may not always constitute a priority for the lead agency therefore resulting in unsustainable commitment and leadership; (b) more committed and higher level representatives from the UN agencies, NGOs and other partners participated in the clusters to allow for effective decision-making in cluster proceedings; and (c) only officially accredited local NGOs are represented in the clusters to ensure their relevance and reliability and to avoid a plethora of unaccredited NGOs.

31. Furthermore, the cluster system was not effective in the field in Somalia as the agencies' presence was limited because of the prevailing security situation. At best, cluster coordination meetings in Somalia were on an *ad hoc* basis, and not much improvement could be expected in the field realistically as long as the security of the staff is not improved. Therefore, the actual coordination occurred in Nairobi with the agencies disseminating the information to their staff in the field. However, cluster representatives in Nairobi had limited field-based information to use when making decisions. Another challenge of the cluster lead is that the cluster's priorities may not always be consistent with those of the lead agency.

32. OIOS suggested that the Office, in collaboration with the Humanitarian Coordinator and the participating agencies, designate dedicated cluster leads to reinforce the effectiveness of the cluster system. *OCHA stated that it cannot designate cluster leads because the decision for such action rests with the respective cluster lead agency. OCHA has in the past advocated for cluster lead agencies to designate cluster coordinators, but this decision depends on many factors, not least of which is the availability of funding. The issue of designated cluster leads has been raised in the Cluster I and Cluster II evaluations, as well as several real-time evaluations carried out since the cluster approach was introduced several years ago. The issue is a matter of global policy, for which there is no Inter-Agency Standing Committee (IASC) consensus. Therefore, the OCHA Office in Somalia most likely will not be able to influence the decision of agencies in this matter.* In light of OCHA's explanation, OIOS is not making a recommendation at this point but will continue to follow up on this issue in its future audits relating to the subject.

B. Administrative and financial management

33. OCHA Somalia is expected to put in place adequate internal controls to safeguard the resources under its management and to ensure the effective and efficient implementation of its mandated activities. The Office, established in 2003, was not staffed with an international Administrative Officer until April 2009 while its activities and staff were increasing significantly over the following years. The administrative and finance functions in the Office were under the responsibilities of a General Service staff who did not have previous experience in managing administrative and finance activities nor was she provided sufficient training. Although OCHA Geneva undertook missions to assist the Office, adequate internal controls over the Office's administrative and financial processes were not established to ensure that resources are used in accordance with UN Financial Regulations and Rules. Roles and responsibilities for administrative operations were not always performed by the service provider (UNDP) and OCHA Somalia as established in the OCHA Field Administrative Manual.

Lack of a monitoring system to control office budget and expenditures

34. The OCHA Field Administrative Manual requires that OCHA field offices keep track of authorized financial resources. The Administrative Officer or Administrative Assistant is responsible for maintaining an accounting system and keeping the head of OCHA Somalia Office informed of the Office's finances. The Office did not have an effective financial monitoring system nor did it have access to the Integrated Management Information System (IMIS). It however, uses the obligating document spreadsheet which was developed by OCHA Geneva as a repository of the expenditures reported by UNDP to the Accounts Division in the inter-office voucher (IOV) which are subsequently relayed to the Office through OCHA Geneva for review and/or for information. The obligating documents are not a financial monitoring system that can provide accurate information on expenditures and commitments, and allow management to make informed financial decisions.

Recommendation 4

(4) The OCHA Office for Somalia, in collaboration with UNDP and OCHA Geneva, should regularly monitor expenditures against OCHA financial authorizations sent to UNDP for local expenses.

35. *The OCHA Office for Somalia accepted recommendation 4 and stated that the recommendation has been implemented. A quarterly report monitoring expenditures against OCHA financial authorizations will be sent to OCHA Geneva.* Based on the action taken by the Office, recommendation 4 has been closed.

Inter-office vouchers were not adequately reconciled

36. OCHA's Field Administrative Manual requires field offices to obtain reports on expenditure made by UNDP on behalf of OCHA through IOVs on a regular basis and use them to ensure that OCHA obligations correspond with those of UNDP. OCHA Somalia, however, did not obtain on a regular basis the expenditure reports from UNDP to carry out reconciliation with its own records. OCHA Somalia only follows up with UNDP if queries come from OCHA's Administrative Office in Geneva. The lack of regular reconciliation between OCHA Somalia Office and UNDP's records may result in omissions and errors not being detected.

37. OCHA's request to UNDP to make payments on its behalf is formally made under the Agency Service Request (ASR), which is numbered. The ASR number, however, is not recorded in OCHA's obligating documents, making it difficult to follow up with UNDP on discrepancies. At the same time, UNDP records do not show OCHA's ASR number for payments made on behalf of OCHA office.

Recommendations 5 and 6

The OCHA Office for Somalia should:

(5) Reconcile on a regular basis its expenditure reports with those of UNDP for expenditures made on behalf of OCHA, in accordance with OCHA's Field Administrative Manual; and

(6) Record the reference number of its Agency Service Request (ASR) on obligating documents and request UNDP to record the ASR reference number in inter-office vouchers to facilitate the follow-up of reconciliation with UNDP's records of payments made on OCHA's behalf.

38. *The OCHA Office for Somalia accepted recommendation 5 and stated that the recommendation has been implemented and that liaison with UNDP for timely Atlas expenditure reports will continue.* Recommendation 5 remains open pending submission to OIOS of sample reconciliation reports prepared by the Office.

39. *The OCHA Office for Somalia accepted recommendation 6 and stated that the recommendation has been implemented. OCHA Somalia began recording ASR reference numbers in January 2010 and officially requested that UNDP send records of ASR reference numbers in IOV.* Recommendation 6 remains open pending submission to OIOS of a copy of an IOV report showing the ASR reference numbers.

Costs of sub-office premises not adequately estimated and budgeted

40. OCHA Somalia had several memoranda of understanding (MOUs) with UN agencies for seven office premises in Somalia. These MOUs covered the use by OCHA of the agencies' premises for 2008 and 2009 with costs amounting to approximately \$150,000. However, some charges pertaining to a number of these MOUs were not paid for because of a lack of funding and signed commitment documents. Three MOUs were not yet signed at the time of the audit. About \$130,000 in common charges were incurred in 2008 including \$38,412 in arrears due to UNDP. As of December 2009, the MOUs submitted in July, August and October had still not been signed by OCHA Geneva. The Office was not able to explain the reasons why it was still carrying commitments/arrears from 2008 without appropriately budgeting for them. It should be noted that the Office did not have an Administrative Officer to oversee the office budget process. As a result, the Office, in collaboration with OCHA Geneva, was still seeking funds to retroactively cover common charges that had not been sufficiently budgeted for in 2008 and 2009.

Recommendations 7 and 8

The OCHA Office for Somalia should:

(7) In collaboration with the OCHA Coordination and Response Division and OCHA Geneva, resolve the sub-offices' MOUs with UN agencies and clear its accounts payable; and

(8) Adequately budget for its sub-office activities and ensure that commitments are monitored and paid on a timely basis.

41. *The OCHA Office for Somalia accepted recommendation 7 and stated that the recommendation has been implemented. Two outstanding MOUs for 2009 were signed at the end of March 2010. Invoices were paid by 15 April 2010. OIOS notes the actions taken by the Office but keeps recommendation 7 open pending submission to OIOS of documents supporting the clearance of all accounts payable related to common premises and the related MOUs.*

42. *The OCHA Office for Somalia accepted recommendation 8 and stated that an appropriate budget was prepared for 2010. Previous encumbrances were cleared by March 2010. A commitment record and monitoring system is in place. Recommendation 8 remains open pending submission to OIOS of the schedule of current premises and their related budgets for 2010.*

Lack of monitoring of advances

43. OCHA Somalia did not adequately monitor advances to staff and prepayments to service providers because there was no system in place to monitor such advances. Advances to staff mainly relate to travel and vehicle hire, which together make up the second largest item in the Office's annual

budget. OIOS' analysis showed that staff advances in the year 2007, 2008 and 2009 amounted to \$12,068, \$23,178 and \$74,173 respectively. In addition, OCHA makes prepayments of \$20,000 at the beginning of the year to the United Nations Humanitarian Air Services, which provides air transport to and from Somalia.

44. Advances and prepayments were recorded in an obligating document worksheet against the budget line for which the advance was made, with the description referring to the nature of the transaction as an advance. It was not indicated in the obligating document worksheet if an advance had been cleared, when it was cleared or expected to be cleared, or how long it has been overdue for clearance. Furthermore, there was no regular review and follow-up of outstanding advances. There was no reliable monitoring system. At the time of the audit, the Office could not provide a detailed list of outstanding advances which were treated as expenditures in obligating documents and would be broken down and recorded in different budget lines. As a result, advances may not be cleared on a timely basis or not be cleared at all, which may lead to the improper accounting of funds.

Recommendations 9 and 10

The OCHA Office for Somalia should:

(9) Review its records, identify all outstanding advances, and take actions to clear and/or recover long outstanding advances; and

(10) Introduce a system to record and monitor advances separately from expenditure, record expenditure correctly as they are incurred, and recover advances which have not been cleared on a timely basis.

45. *The OCHA Office for Somalia accepted recommendation 9 and stated that implementation of the recommendation is in progress. Outstanding advances from 2007 and 2008 will be difficult to clear quickly as there are few supporting documents and little institutional memory. Each will have to be handled on a case by case basis with support from Headquarters. Outstanding advances from 2009 will be cleared or recovered by 31 May 2010. Recommendation 9 remains open pending confirmation by OCHA that all long outstanding advances have been cleared or recovered.*

46. *The OCHA Office for Somalia accepted recommendation 10 and stated that the recommendation has been implemented. An advanced record and monitoring system has been put in place to monitor, clear and recover advances regularly. Based on the action taken by the OCHA Office for Somalia, recommendation 10 has been closed.*

Travel authorizations do not comply with established procedures

47. The OCHA Field Administrative Manual provides that for an official travel, the traveling staff must complete, sign and date the request for travel authorization, and the head of Office must approve travel for the field office staff. Subsequently, the request for travel authorization is sent to the local UNDP office for issuance of travel authorization, purchase of air ticket and payment of advance DSA, if applicable. UNDP Somalia, however, does not perform the control function for OCHA travel at the point of issuing travel authorization such as ensuring availability of budget, distinguishing between official travel entitlement and personal travel days if they are combined, and authorizing travel advance. OCHA Somalia combines the travel request and travel authorization into one document, calling it travel authorization. These tasks are performed in house by OCHA Somalia Office. The UNDP office in Somalia confirmed that they do not provide these services to the OCHA Somalia Office. Although the head of OCHA Somalia Office approves the travel authorization, the mechanism in place did not ensure adequate control over the travel authorization process as required by the OCHA Field Administrative Manual.

Recommendation 11

(11) The OCHA Office for Somalia should, in collaboration with UNDP, establish an adequate travel authorization process in accordance with the OCHA Field Administrative Manual and UNDP travel policies.

48. *The OCHA Office for Somalia accepted recommendation 11 and stated that it will ensure that personal travel is distinguished and budget availability is cleared. It also indicated that consultations with UNDP are ongoing to streamline the travel authorization process.* Recommendation 11 remains open pending submission to OIOS of documentation showing that an agreement between the Office and UNDP has been reached on the most practical way to ensure adequate controls over travel authorization.

Submission of some travel claims was pending since 2007

49. The Field Administrative Manual requires that traveling staff member must submit travel claims together with the original travel authorization within 10 days after the completion of the travel. There was a backlog of 55 travel claims, with some dating back to 2007. Table 5 provides the details of outstanding travel claims. The travel authorizations were also not pre-numbered and logged. The outstanding amounts could not be readily estimated because of lack of adequate documentation and commingling of official and personal travel records.

Table 5: Outstanding travel claims

Time taken to submit travel claims		Time awaiting processing	
Travel claims submitted after 3 months	Travel claims submitted after 5 months	Travel claims not processed after 3 months	Travel claims not processed after 5 months
11	9	31	12

Recommendations 12 and 13

The OCHA Office for Somalia should:

(12) Sequentially number the approved travel requests and log them in a log book for easy reference; and

(13) Urgently process the outstanding travel claims and ensure that, in the future, travel claims are submitted and processed in a timely manner.

50. *The OCHA Office for Somalia accepted recommendation 12 and stated that the recommendation has been implemented. From January 2010, all approved travel requests are sequentially numbered and logged for easy monitoring of travel claims or recovery of travel advances.* Based on the action taken by the OCHA Office for Somalia, recommendation 12 has been closed.

51. *The OCHA Office for Somalia accepted recommendation 13 and stated that staff have submitted claims for all travels undertaken before September 2009, and a system for monitoring travel claims is in place.* Based on the action taken by the OCHA Office for Somalia, recommendation 13 has been closed.

Use of unlicensed productivity software

52. As shown in Table 6, the OCHA Somalia Office uses unlicensed software for major office applications such as Microsoft Office, Adobe Professional and two other professional applications.

Table 6: OCHA Somalia software license and resources

Software	No. of users	Licensed/Not Licensed	Estimated Costs per License	Total Costs (\$)
Microsoft Office SP4	55 – 60	Not licensed	305.00	18,300.00
Adobe Professional V6		Not licensed	-	
Adobe Professional V7		Not licensed	-	
Adobe Creative Suite Design Premium CS4 (including IN-Design)	2	Not licensed	2,163.05	4,326.10

Adobe Acrobat 9.0	30 - 35	-	450.00	15,750.00
Microsoft Visio 2003/2007	2	-	166.25	332.50
Microsoft Project 2003/2007	2	-	548.59	1,097.18
Symantec Backup Exec Server Win 12.5	2	-	842.67	1,685.34
Lotus Notes Client	-	Licensed	-	
Domino 6.5	-	Licensed	-	
Google Earth Pro	10	Licensed	-	
ArcGis	-	Not licensed		
Symantec Antivirus (McAfee)	55	Licensed	-	
Mdaemon	-	Licensed	-	
Total				41,491.04

53. Although the Office had a budget for the software amounting to \$6,000, \$1,000 and \$3,000 for 2007, 2008 and 2009 respectively, the software were not procured in 2008 and 2009 against the authorized budget, and only about 62 per cent of the 2007 funds were utilized. It was indicated that purchasing licenses would have been too costly for the Office. Furthermore, the Office initiated a plan to purchase software through Geneva in 2009 but cancelled it, stating that it might be cheaper to buy them in Nairobi. This was unlikely as OCHA Geneva may have secured a corporate rate which would be available in the local market in Nairobi. Nevertheless, \$10,000 available in the Office budget, over a three-year period, was not commensurate with the needs of the office for software licenses estimated at about \$41,500.

Recommendation 14

(14) The OCHA Office for Somalia should in collaboration with the Coordination and Response Division and OCHA Geneva, review its software needs and budget accordingly for the purchase of licensed copies.

54. *The OCHA Office for Somalia accepted recommendation 14 and stated that implementation of the recommendation is in progress. Licensed anti-virus software was installed on all computers in February 2010. Requisitions to purchase other software packages were submitted to OCHA Geneva in January 2010. Recommendation 14 remains open pending confirmation by OCHA that all software packages used by the OCHA Office for Somalia are licensed.*

OCHA Somalia Office carried out procurement functions without delegated authority

55. The OCHA Somalia Office carried out procurement processes, which were UNDP Office's responsibilities. For transactions exceeding \$2,500, the Office carried out procurement processes, which included contacting and obtaining quotations from vendors, analyzing the quotations and making recommendations for the selection of the most qualified bidder. There were also cases where the Office conducted procurement function without involving

UNDP. UNDP tacitly let the Office undertake these processes without any formal authorization and adequate assurance that the Office was complying with UNDP procurement policies and using its supplier long term agreements (LTA). The Office's assumption of procurement functions without delegated authority and the lack of adequate internal controls within the Office increased the risks of non-compliance with procurement procedures and potential collusion with the vendors. The UNDP Office in Somalia informed OIOS that efforts are underway to clarify their respective roles to harmonize the processes and ensure that the UNDP internal control system and UNDP LTA are used to minimize operational risks.

Recommendation 15

(15) The OCHA Office for Somalia, in consultation with UNDP office in Somalia, should avail procurement services from UNDP and refrain from carrying out any procurement functions.

57. *The OCHA Office for Somalia accepted recommendation 15 and stated that the Office no longer carries out procurement.* Based on the action taken by the OCHA Office for Somalia, recommendation 15 has been closed.

V. ACKNOWLEDGEMENT

58. We wish to express our appreciation to the Management and staff of OCHA 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 ¹	Actions needed to close recommendation	Implementation date ²
1	The OCHA Office for Somalia should complete the field presence strategy taking into consideration the risks outlined in the UN Country Team inter-agency risk assessment report with the view to: (a) increasing the number of National staff in Somalia; and (b) establishing a stronger International staff presence in the more stable regions of Puntland and Somaliland.	Strategy	High	O	Submission to OIOS of the finalized field presence strategy.	Strategy rewrite to be completed by July 2010
2	The OCHA Office for Somalia should ensure that its sub-offices in Somalia are equipped with staff and other resources, including an adequate level of petty cash funds to enable them to carry out their operations effectively.	Operational	High	O	Submission to OIOS of (a) the finalized field presence strategy and (b) the petty cash guidelines and procedures indicating the level of petty cash funds for the field offices.	March 2010
3	The OCHA Office for Somalia should carry out the performance review of all staff for the 2008-2009 period and ensure that individual performance plans are completed for all staff for the 2009-2010 period.	Compliance	Moderate	O	Submission to OIOS of confirmation from OCHA that performance review has been completed for all staff for the 2008-2009 and 2009-2010 periods.	July 2010
4	The OCHA Office for Somalia, in collaboration with UNDP and OCHA Geneva, should regularly monitor expenditures against OCHA financial authorizations sent to UNDP for local expenses.	Operational	High	C	Action completed	April 2010 (Thereafter, quarterly)
5	The OCHA Office for Somalia should Reconcile on a regular basis its expenditure reports with those of UNDP for expenditures made on behalf of OCHA, in accordance with OCHA's Field	Financial	Moderate	O	Submission to OIOS of sample reconciliation reports prepared by the Office.	January 2010 (Thereafter monthly)

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	Administrative Manual.					
6	The OCHA Office for Somalia should record the reference number of its Agency Service Request (ASR) on obligating documents and request UNDP to record the ASR reference number in inter-office vouchers to facilitate the follow-up of reconciliation with UNDP's records of payments made on OCHA's behalf.	Financial	Moderate	O	Submission to OIOS of a copy of an IOV report showing the ASR reference numbers.	Implemented
7	The OCHA Office for Somalia in collaboration with the OCHA Coordination and Response Division and OCHA Geneva, should resolve the sub-offices' MOUs with UN agencies and clear its accounts payable.	Operational	High	O	Submission to OIOS of documents supporting the clearance of all accounts payable related to common premises and the related MOUs.	Apr 2010
8	The OCHA Office for Somalia should adequately budget for its sub-office activities and ensure that commitments are monitored and paid on a timely basis.	Financial	High	O	Submission to OIOS of the schedule of current premises and their related budgets for 2010.	July 2010
9	The OCHA Office for Somalia should review its records, identify all outstanding advances, and take actions to clear and/or recover long outstanding advances.	Financial	Moderate	O	Submission to OIOS of confirmation from OCHA that all long outstanding advances have been cleared or recovered.	May 2010
10	The OCHA Office for Somalia should introduce a system to record and monitor advances separately from expenditure, record expenditure correctly as they are incurred, and recover advances which have not been cleared on a timely basis.	Financial	Moderate	C	Action completed	Implemented
11	The OCHA Office for Somalia should, in collaboration with UNDP, establish an adequate travel authorization process in accordance with the OCHA Field Administrative Manual and UNDP travel policies.	Financial	Moderate	O	Submission to OIOS of documentation showing that an agreement between the Office and UNDP has been reached on the most practical way to ensure adequate controls over travel authorization.	May 2010
12	The OCHA Office for Somalia should sequentially number the approved travel	Financial	Moderate	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	requests and log them in a log book for easy reference.					
13	The OCHA Office for Somalia should urgently process the outstanding travel claims and ensure that, in the future, travel claims are submitted and processed in a timely manner.	Financial	Moderate	C	Action completed	Implemented
14	The OCHA Office for Somalia should in collaboration with the Coordination and Response Division and OCHA Geneva, review its software needs and budget accordingly for the purchase of licensed copies.	Operational	Moderate	O	Submission to OIOS of confirmation from OCHA that all software packages used by the OCHA Office for Somalia are licensed.	Sep 2010
15	The OCHA Office for Somalia, in consultation with UNDP office in Somalia, should avail procurement services from UNDP and refrain from carrying out any procurement functions.	Compliance	High	C	Action completed	Implemented

1. C = closed, O = open

2. Date provided by the Office for the Coordination of Humanitarian Affairs in response to recommendations.