



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Use of casual daily workers in MONUC

Internal controls over hiring and managing casual daily workers were not adequate and effective

21 June 2010

Assignment No. AP2009/620/08

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. Alan Doss
A: Special Representative of the Secretary-General
MONUC

DATE: 21 June 2010

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



REFERENCE: IAD: 10- 00516

SUBJECT: **Assignment No. AP2009/620/08 - Audit of use of casual daily workers in MONUC**
OBJET:

1. I am pleased to present the report on the above-mentioned audit. Please note that the report is also copied to the Legal Counsel and the Director of the General Legal Division in view of the legal implications of some of the findings.
2. Based on your comments, we are pleased to inform you that we will close recommendation 6 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, 3, 4 and 11) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Patricia O'Brien, The Legal Counsel, OLA
Mr. Amadu Kamara, Acting Director of Mission Support and CAS, MONUC
Mr. Stephene Mathias, Director, General Legal Division, OLA
Mr. David Pittfield, Chief Integrated Support Services, MONUC
Mr. Paul Johnson, OIC Field Personnel Division, Department of Field Support
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. Seth Adza, Audit Response Team, Department of Field Support
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS
Ms. Eleanor T. Burns, Chief, Peacekeeping Audit Service, 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).

CONTACT INFORMATION

DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

ACTING DEPUTY DIRECTOR:

Gurpur Kumar: Tel: +1.212.963.5920, Fax: +1.212.963.3388,
e-mail: kumarg@un.org

CHIEF, PEACEKEEPING AUDIT SERVICE:

Eleanor T. Burns: Tel: +1.917.367.2792, Fax: +1.212.963.3388,
e-mail: burnse@un.org

EXECUTIVE SUMMARY

Audit of use of casual daily workers in MONUC

OIOS conducted an audit of use of casual daily workers (CDW) in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over the use of CDW. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In his report to the 62nd Session of the General Assembly, the Secretary-General undertook to end the practice of using daily-paid workers in field missions by the end of December 2008. However, MONUC for operational reasons has continued to use up to 3,000 CDW to supplement the regular staffing level, particularly in the area of engineering.

The internal controls over the hiring and use of CDW were not adequate and effective, as follows:

- The Mission has used some individual CDW for periods ranging from two to ten years without formal contracts, in violation of local labour laws. Also due to the duration of service in some cases, there is an expectation of conversion to United Nations regular staff.
- Internal controls implemented by the Finance Section over the processing of the wages of CDW needs improvement to ensure payment is made based on evidence of work done.
- Field security offices engaged several CDW to guard critical locations at various sites in violation of the guidelines on the management of CDW. The use of non-trained personnel may increase security risk.
- There was serious shortcomings over CDW attendance records: CDW were marked only once a day in the morning, and there was no record of attendance in the afternoon; records used to process wages were prepared and certified in advance of the related services provided; changes to attendance sheets were not authenticated by supervisors, and in cases daily working hours were miscalculated. These lapses in controls increase the risk of making payments to individuals for work not done, as well as increasing the possibility of fraudulent claims.

OIOS made a number of recommendations to address the issues identified during the audit and to improve internal controls in the management of CDW in the Mission.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 - 6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Adequacy and effectiveness of internal controls	9 - 28
B. Efficiency and effectiveness in management of casual daily workers	29- 38
C. Compliance issues	39 - 57
V. ACKNOWLEDGEMENT	58
ANNEX 1 – Status of Audit Recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of use of casual daily workers in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. MONUC utilized casual daily workers (CDW) to supplement human resources in Aviation, Communication and Information Technology, Engineering, Facilities and Camp Management, Movement Control, Supply, Security and Transport Sections. CDW are classified as skilled and unskilled workers based on their functions and qualifications. Skilled CDW include qualified masons, plumbers, carpenters, electricians, generator and vehicle mechanics who are paid at a rate of \$10 per day. Unskilled CDW are construction helpers, cleaners, warehouse workers and cargo handlers who are paid at a rate of \$8 per day.

3. For hiring and managing CDW, the Mission promulgated guidelines in 2005. Other guidance used in the audit included the United Nations policy on the employment of consultants and individual contractors, as well as the host government's rules for engagement of labour.

4. In November 2005, OIOS conducted an audit of CDW in MONUC and made a number of recommendations, some of which have been implemented. The Chief of Administrative Services (CAS) is the focal point for managing CDW. CAS is thus responsible for approving the requirements for CDW and finding out innovative solutions to minimizing excessive reliance on such workers. In 2008, CAS established a database to assist in the management of CDW serving in the Mission.

5. Over the years, the number of CDW hired by the Mission varied due to fluctuations in operations. A summary of expenditure and the number of CDW during 2007/2008 and 2008/2009 is shown in Table 1.

Table 1: Expenditure on wages of CDW in 2007/2008 and 2008/2009

Name of the Section	2007/2008		2008/2009	
	Number of CDW	Expenditure (\$)	Number of CDW	Expenditure (\$)
Aviation	90	99,616	77	150,587
CITS	64	15,544	11	26,696
Engineering	2,258	5,169,528	2,596	7,522,320
MOVCON	151	431,808	134	419,328
Supply	84	69,581	59	29,970
Transport	99	128,021	34	75,684
Security	-	-	147	455,112
TOTAL	2,746	5,914,098	3,058	8,679,697

6. Comments made by MONUC are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to assess the adequacy and effectiveness of internal controls over the engagement and use of CDW and processing and disbursement of their wages.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from 1 July 2008 to 31 December 2009. The audit methodology included review of relevant records and documents, substantive testing of transactions, interviews of key personnel and visits to field offices in Bukavu, Bunia, Entebbe, Goma and Kisangani.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Adequacy and effectiveness of internal controls

Lack of contractual arrangement between MONUC and CDW

9. The agreement between the United Nations and the government of Democratic Republic of the Congo (DRC) provides that MONUC and its staff will respect the regulations and rules of the host country. Article 40 of the Labour Code of the DRC provides that if a worker has completed 22 working days in a period of two months, a new employment contract of unlimited duration should be signed before expiration of two months. The United Nations Legal Counsel explained in 2003 that CDW would be governed by local labour laws.

10. Approximately 3,000 CDW are used by the Mission without any formal employment contract. More than 75 per cent of these CDW have served in the Mission between two to ten years. The engagement of workers without a formal contract may lead to dispute between the United Nations and the host country and may result in claims from CDW. Such a situation may negatively impact the image of United Nations. Moreover, the continuance engagement of individuals over an extended period has raised an expectation of conversion to United Nations regular staff.

Recommendation 1

(1) The MONUC Office of Mission Support should seek advice of the Senior Legal Advisor to decide if a contractual arrangement with casual daily workers was needed at this stage.

11. *The MONUC Office of Mission Support accepted recommendation 1 and stated that the Senior Legal Advisor noted that neither the Office of Human Resources Management nor the Department of Field Support (DFS) have*

developed a suitable contract arrangement for CDW. As a result of this, MONUC was of the opinion that no contractual arrangement would be put in place. Recommendation 1 remains open pending further clarification of the steps that have been taken to adequately safeguard the United Nations against potential claims from CDW.

Need for planning for the concentration of efforts from the West to the East of the DRC

12. MONUC has been administratively subdivided into Region West and Region East. Region West covers seven provinces and Region East covers four provinces. The United Nations Security Council resolutions 1856 and 1906 mandated MONUC to concentrate efforts in the East and progressively hand-over Region West to the United Nations Country Team and other partners. This change in focus should result in a reduction of CDW in Region West from the current level of 936.

13. At the time of the audit, the Mission has not started reviewing requirements for CDW or to identify the number of CDW needed for critical functions in Region West. Therefore, the number of possible surplus workers and modalities for their disengagement and absorption had not been determined.

14. In view of the urgency to move operations to the East, a lack of preparedness and absence of a contingency plan may lead to hasty action and labour unrest and hamper the smooth shift of MONUC's operations to Eastern DRC.

Recommendation 2

(2) The MONUC Office of Mission Support should review the requirements for casual daily workers in Region West within the context of the move of operations to Region East and take appropriate measures for the realignment of the level of casual daily workers with the Mission's needs.

15. *The MONUC Office of Mission Support accepted recommendation 2 and stated that Management initiated the process of reviewing the requirements for CDW across the Mission in line with the Security Council's resolution 1856, and that CDW numbers in Region West field offices have been brought down to minimum levels. Further reductions in individual field offices would be done once the elements of the transition to the East have been determined and scheduled closure of the offices of the West have been announced. Recommendation 2 remains open pending receipt of documentation on realignment of the level of CDW after the schedule of closure of offices in Region West is finalized.*

Lack of progress on the outsourcing of services to discontinue the use of CDW

16. The United Nations Legal Counsel advised MONUC in 2003 to outsource services instead of placing heavy reliance on CDW for labour intensive

projects. In 2004, MONUC explored alternatives to the existing practice and prepared a concept paper recommending a hybrid solution comprising of the use of outsourcing service contracts, manpower contracts and use of appointment of limited duration option in the Engineering Section, General Services Section and Camp Management. Subsequent to this, security services were outsourced to local security firms reducing the overall numbers of CDW. However, other sections continue to use CDW, as it was stated that they could not outsource services due to non-availability of local firms' capable of handling the work required. Moreover, the surge in operations in the East led to the further engagement of CDW and hence, the total number of CDW has only been marginally brought down to 3,058 in June 2009 from 3,119 in July 2005.

17. In 2008, the Secretary-General in his address to the 62nd Session of the General Assembly committed to end the practice of using daily-paid workers in field missions by 31 December 2008. MONUC proposed a severance package for CDW. However, this was not agreed by Headquarters, and instead 466 posts were approved for conversion of CDW and individual contractors (ICs) into national staff during 2008/2009. Overall, however, this has had minimal effect on the phasing out of CDW.

18. The Mission has not yet consulted with DFS on a severance package in the context of the pending reduction of its operations in the West. The Mission informed OIOS that in order to comply with local labour laws, a severance package needs to be given. If no severance package is given, it might lead to labour unrest and increased negativity towards the Mission. In OIOS' view, due to the delicate nature of the use of CDW, an expeditious solution should be found by the Mission in consultation with DFS.

Recommendations 3 and 4

The MONUC Office of Mission Support should:

(3) Make credible attempts at implementing the hybrid solution recommended by the 2004 working group which comprised of the use of outsourcing service contracts, manpower contracts and use of appointment of limited duration option; and

(4) Make a proposal to the Department of Field Support for a practical severance package for casual daily workers resulting from the reduction of operations in Region West.

19. *The MONUC Office of Mission Support accepted recommendation 3 and stated that UNHQ has already approved Local Procurement Authority in September 2009 and Management had launched the acquisition process for outsourcing services, which would be completed by October 2010. Recommendation 3 remains open pending verification of the action taken to reduce the number of CDW with service providers.*

20. *The MONUC Office of Mission Support accepted recommendation 4 and stated that, while continuing to work on a local solution, the Management would immediately make a fresh approach to DFS on the issue of CDW severance with the anticipated accelerated closure of sites in the West and the eventual drawdown of the MONUC force. Recommendation 4 remains open pending review of new proposals relating to a severance package for CDW.*

Ineffective review of CDW wages by the Finance Section

21. OIOS examined payments made to CDW in Kinshasa and Field Offices in Bukavu, Bunia, Entebbe, Goma and Kisangani, and found that the Finance Section did not implement adequate and effective review procedures before approving payment of wages to CDW. For example, the Finance Section did not independently verify the pay rates, and subsequently approved payments to unskilled workers at the skilled labour rate of \$10 per day. This led to excess payment of \$40,000 per annum to 65 CDW mentioned later in this report.

22. Finance officers approved CDW wages based solely on authorization of the concerned section head and certification of payroll by certifying officers. The finance officers mainly checked the arithmetical accuracy of wages and availability of obligated funds. They were not generally aware of the provisions of the guidelines for the management of CDW. They considered that two days to process the wages of 150 to 675 CDW was insufficient and stated that they had no authority to question and review the claims approved and certified by Management.

23. Although expenditure on CDW was substantial and prone to errors, the Finance Section had not developed any internal guidelines, standard operating procedures or checklists for reviewing wages. As a result, internal controls for detecting irregular payments and overpayments were weak increasing the risk of financial loss to the Organization.

Recommendation 5

(5) The MONUC Office of Mission Support should ensure that the Finance Section develops and implements guidelines and standard operating procedures for systematic and independent review of casual daily workers' wages to minimize the extent of irregularities and overpayments.

24. *The MONUC Office of Mission Support accepted recommendation 5 and stated that guidelines and checklists for improved independent review of CDW payments by the Finance Section had been implemented, and that measures to ensure compliance by line managers and field office managers with CDW management policies are also being looked into. Recommendation 5 remains open pending receipt of copies of guidelines and procedures issued for review of payments of CDW wages by the Finance Section.*

Unrealistic budget estimates for wages of CDW

25. Annual budget estimates should be prepared as accurately as possible keeping in view previous year's actual expenditure, reliable financial/statistical data and adjustments for future projections and forecasts. The progress of expenditure should be monitored against the forecast so that expenditure remains within budgetary limits.

26. Although the Mission used a substantial number of skilled CDW, self-accounting units (SAUs) prepared budget estimates for wages of CDW for 2008/2009 and 2009/2010 based on the rates established for unskilled workers, working a 26 day month. This was an incorrect basis for determining the budget requirements. The following were noted:

- The CDW database showed that 1,530 out of 3,076 (50 per cent) daily workers in September 2009 were skilled and paid at a rate of \$10 per day.
- An analysis of the records of 658 workers utilized in April 2009 showed that 69 per cent of them worked for 24 days or less, and for the majority of daily workers in the Camp Management Unit, the number of working days did not generally exceed 22 days a month.
- The cost proposals for 147 CDW (approximately for \$455,000) engaged in the Security Section were not included in the budget estimates for 2008/2009.

27. The Chief of the Budget Section and the SAU managers explained that this has been corrected and skilled and unskilled wage rates were used to prepare budget estimates for 2010/2011.

Recommendation 6

(6) The MONUC Office of Mission Support should ensure that self-accounting units and the Budget Section develop realistic budget proposals on the basis of authorized number of casual daily workers and applicable rates.

28. *The MONUC Office of Mission Support accepted recommendation 6 and stated that no authorized number of CDW had been established as they do not form part of the authorized staffing table, and that the Management would ensure realistic budget proposals based on projected work requirements and other relevant considerations.* Based on the assurances provided by management, Recommendation 6 has been closed.

B. Efficiency and effectiveness in management of CDW

Unauthorized conversion of CDW from unskilled to skilled labour

29. The job titles of CDW were standardized by the CAS in July 2008 by creating categories of skilled and unskilled workers. Due to the pay differential,

a conversion of a CDW from an unskilled to a skilled category should be duly authorized by the CAS or an officer who has the appropriate delegated authority.

30. There were no administrative instructions on the conversion of CDW, creating the risk of unauthorized and arbitrary changes with financial implication. In February 2009, the Regional Administration Officer and MOVCON Officer in Region East converted 65 unskilled CDW to skilled CDW and increased their wages from \$8 to \$10 per day without seeking approval of the CAS. This resulted in additional expenditure of \$40,000 per annum. The officers-in-charge in other field offices also converted unskilled CDW into skilled category without consulting their section chiefs and without seeking approval of the CAS.

Recommendation 7

(7) The MONUC Office of Mission Support should issue guidelines and ensure compliance with such guidelines for the conversion of casual daily workers from unskilled to skilled workers

31. *The MONUC Office of Mission Support accepted recommendation 7 and stated that the guidelines for conversion of CDW from unskilled to skilled category would be issued by 30 June 2010 to ensure transparency and uniformity of application.* Recommendation 7 remains open pending receipt of a copy of guidelines issued for conversion of CDW from skilled to unskilled category.

Ineffective use of CDW database by the field offices

32. A database was developed in 2008 to assist the CAS in the management of CDW. The database includes information like their names, identification numbers, functions, locations, categories and rate of pay.

33. OIOS appreciates the initiative and considers that opportunities exist for better and more effective use of the database by SAUs that hire CDW and the Finance Section for processing wages of CDW. The database does not retain historical information and was only able to generate reports on the basis of the last updated records. Therefore it was not possible to produce reports on the number and categories of CDW in the past months/years. Also, while updating the database, the records of CDW who have left the Organization were deleted, diminishing its usefulness. OIOS also found that field offices, in general, were not aware of the existence of the database and therefore, they did not use it. Periodic back-ups of the database were not done, increasing the risk of loss of valuable data in case of hard disk failure, fire or other natural disasters.

Recommendations 8 and 9

The MONUC Office of Mission Support should:

(8) Ensure that the existing casual daily workers database is widely deployed and effectively utilized by self-

accounting units and the Finance Section in managing casual daily workers and processing their wages: and

(9) Implement appropriate controls to ensure the reliability and integrity of data contained in the database of casual daily workers.

34. *The MONUC Office of Mission Support accepted recommendation 8 and stated that efforts are underway to effectively use the database, improve its shortcomings and ensure its wide dissemination for use by SAUs and the Finance Section in managing CDW and processing their payments. Recommendation 8 remains open pending receipt of evidence that CDW database is widely deployed and effectively used for managing CDW.*

35. *The MONUC Office of Mission Support accepted recommendation 9 and stated that appropriate measures would be taken by 30 June 2010 to improve the accuracy of the database; including central database administration and establishing a cut off date for commencing data entry. Recommendation 9 remains open pending receipt of documentation of measures taken to ensure reliability and integrity of the CDW database.*

Skilled category of CDW disproportionately high in some section

36. For the functions carried out, there is a disproportionately high number of skilled workers in some of the engineering units. For example, in the Supply Section 39 out of 59 CDW were skilled and in the Engineering Section it was 708 out of 1237.

37. A high ratio of skilled to unskilled CDW would indicate that skilled labour may be underutilized or performing unskilled works. OIOS observed that eight CDW were assigned to build the foundation for ablution units for a contingent and all of them were classed as skilled masons even though many of them were engaged in collecting stones for masonry work. Such work should have been done by unskilled workers.

Recommendation 10

(10) The MONUC Office of Mission Support should put in place appropriate controls to ensure there is a reasonable ratio of skilled and unskilled casual daily workers in order to contain costs.

38. *The MONUC Office of Mission Support accepted recommendation 10 and stated that reviews would be conducted immediately to ascertain that the required ratio of skilled against unskilled CDW was commensurate with the project parameters. Recommendation 10 remains open pending verification that ratio of skilled and unskilled CDW is rationalized.*

C. Compliance issues

Use of CDW in the Security Section

39. The guidelines on the management of CDW provide that CDW shall not be engaged to perform security tasks.

40. OIOS' review of records for the year 2008/2009 showed that 147 CDW were working in nine field security offices guarding critical locations such as air terminals, runways, helipads and fuel installations. Such staff was not specially trained for security related work. Hence, the usefulness of their services for security work was doubtful which increases security risk.

Recommendation 11

(11) The MONUC Office of Mission Support should make alternative arrangements for meeting the staff requirements of the Security Section and avoid the use of casual daily workers for security tasks in compliance with the relevant guidelines on the management of casual daily workers.

41. *The MONUC Office of Mission Support accepted recommendation 11 and stated that it would be implemented immediately, in consultation with the Security Section at locations where CDW are engaged in security functions. Recommendation 11 remains open pending confirmation that the use of CDW in the Security Section has been phased out.*

Serious shortcomings in maintaining CDW attendance sheets

42. The guidelines on the management of CDW provide that attendance records of CDW should be signed by the CDW twice daily in front of an international staff member.

43. A review of CDW attendance sheets in Bukavu, Bunia, Entebbe, Goma, Kinshasa and Kisangani showed serious shortcomings increasing the risk of making payments to individuals for work not done, as well as increasing the possibility of fraudulent claims, as follows:

- Attendance was marked only once a day in the morning, and there was no record of attendance in the afternoon. Also, attendance sheets were not closed in the morning and CDW that started work late (some did not turn up till 11:30 am) were still marked present by the concerned supervisors. This increased the possibility of full payment for less than a full day's work.
- Many of the CDW in Kinshasa were literate, but made a cross on attendance sheets instead of affixing their signatures. Therefore, the attendance of specific CDW could not be verified.

-
- Attendance sheets were not witnessed regularly, changes thereon were not authenticated by supervisors, and daily working hours were miscalculated.
 - The attendance sheet templates were not standardized and all field offices developed their own formats which lacked important information such as function, title and category of CDW hampering the review and monitoring process.

44. The above mentioned exceptions occurred due to lack of adequate management oversight by line managers and the absence of a standard operating procedure for the management of the attendance of CDW.

Marking advance attendance of CDW increased possibility of fraud

45. The attendance sheets for CDW hired for the Camp Management Unit in Bunia signed and marked the attendance on 18 November 2009 for most of 150 CDW cleaners up to 25 November 2009. There was no compensating control to ensure CDW actually worked on those days. The Supervisor contended that attendance for coming days was approved to submit the pay bill and attendance sheets to the Field Office Manager in advance for his signature.

46. In Entebbe, in July, August and November 2008, attendance of 69 CDW was verified and certified in advance for up to two days. The verifying officer informed OIOS that this practice was followed to ensure payment of wages to workers at the beginning of the month. Again there was no control in place to confirm attendance on those days.

47. The practice of signing attendance in advance may encourage CDW to be absent from duty for days they have been marked present.

Recommendations 12 and 13

The MONUC Office of Mission Support should:

(13) Ensure the application of uniform practices by users of casual daily workers to reduce the risk of personnel being paid for work not done; and

(15) Ensure that the attendance of casual daily workers is properly recorded and their presence is certified by supervisors only when they are actually present and have performed their work. The practice of signing attendance records in advance should be discontinued.

48. *The MONUC Office of Mission Support accepted recommendation 12 and stated that the guidance would be included in instructions to managers to use standardized verifiable attendance and pay sheets. Recommendation 12 remains open pending receipt of a copy of guidelines issued to ensure uniform practices in respect of attendance and pay sheets for CDW.*

49. *The MONUC Office of Mission Support accepted recommendation 13 and stated that the controls would be tightened to ensure stricter compliance with the CDW guidelines and meticulous verification of payment transactions with immediate effect. Management also informed OIOS that they would ensure discontinuation of the practice of marking attendance in advance with immediate effect.* Recommendation 13 remains open pending receipt of a copy of the instructions to line managers on improved procedures over the attendance of CDW.

CDW are engaged for improbably excessive number of days

50. Article 119 of the Labour Code of the DRC provides that the lawful duration of the work of employees cannot exceed 9 hours a day and 45 hours a week. The guidelines for managing CDW provide that CDW will be expected to work a maximum of six days a week except in cases of exigency.

51. No effective controls were in place to ensure that these provisions were complied with. OIOS review noted that the Engineering Section in Kinshasa consecutively engaged CDW for up to 65 days. This meant that they were working for seven days a week, which is contrary to the local labour laws and MONUC's guidelines for managing CDW.

52. Continuous engagement of staff without necessary rest is unreasonable and it may affect the health of workers, reduce productivity and give rise to complaint to the United Nations of unethical and unlawful work practices.

Recommendation 14

(14) The MONUC Office of Mission Support should strengthen internal controls to ensure that casual daily workers are not engaged for more than 45 hours in a week as far as practicable and in case of exception, it should be properly authorised by the Chief Administrative Services.

53. *The MONUC Office of Mission Support accepted recommendation 14 and stated that Management would ensure that line managers strictly enforce compliance with controls for continuous engagement of CDW to avoid exposing MONUC to unethical work practice and the attendant legal and financial risks.* Recommendation 14 remains open pending receipt of a copy of the instructions to line managers that working hours of CDW should comply with those of the local labour laws.

Payment of CDW by a nominated person in violation of Guidelines

54. The guidelines on the management of CDW provide that the receipt of pay cannot be delegated to another individual, and it will be held in the Finance Section until the individual CDW can collect the pay in person.

55. OIOS found instances of disbursement of wages to CDW in Kinshasa, Kisangani and Bunia based on letter of authorization of the beneficiaries. In

December 2008, one CDW collected the pay of 13 CDW on the basis of letters of authority. In October 2009, in Kisangani a national staff member received pay of two CDW based on letter of authorization. Other examples can be cited. The cashiers did not question this procedure prior to payment, as they were not aware of the guidelines. Non-compliance with guidelines may increase the risk of misappropriation of United Nations funds.

56. Some CDW in Kinshasa informed OIOS that they authorized others to receive pay as failure to get salary on the designated payday would result in delay of two weeks in receiving wages from the Cashier Office. This problem needs the attention of management.

Recommendation 15

(15) The MONUC Office of Mission Support should ensure that casual daily workers receive their wages in person and disbursement of wages based on letters of authority to co-workers is not allowed.

57. *The MONUC Office of Mission Support accepted recommendation 15 and stated that the practice of disbursement of payments based on letters of authority would be discontinued immediately.* Recommendation 15 remains open pending receipt of a copy of instructions issued for discontinuation of disbursement of wages based on letters of authority.

V. ACKNOWLEDGEMENT

58. We wish to express our appreciation to the Management and staff of MONUC 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 MONUC Office of Mission Support should seek advice of the Senior Legal Advisor to decide if a contractual arrangement with casual daily workers was needed at this stage.	Human Resources	High	O	Clarification of the steps that have been taken to adequately safeguard the United Nations against potential claims from CDW.	Not provided
2	The MONUC Office of Mission Support should review the requirements for casual daily workers in Region West within the context of the move of operations to Region East and take appropriate measures for the realignment of the level of casual daily workers with the Mission's needs.	Operational	Medium	O	Receipt of documentation on realignment of level of CDW after schedule of closure of offices in Region West is finalized.	Ongoing
3	The MONUC Office of Mission Support should make a proposal to the Department of Field Support for a practical severance package for casual daily workers resulting from the reduction of operations in the Western Region.	Human Resources	High	O	Receipt of copies of purchase orders and signed agreements with the service providers.	October 2010
4	The MONUC Office of Mission Support should make a proposal to the Department of Field Support for a practical severance package for casual daily workers resulting from the reduction of operations in Region West.	Human Resources	High	O	Receipt of documentation on new proposals sent to DFS for a severance package for CDW.	April 2010
5	The MONUC Office of Mission Support should ensure that the Finance Section develops and implements guidelines and standard operating procedures for systematic and independent review of casual daily workers' wages to minimize extent of irregularities and overpayments.	Financial	Medium	O	Receipt of copies of guidelines and checklists for review of payments of CDW wages by the Finance Section.	30 June 2010
6	The MONUC Office of Mission Support	Financial	Medium	C	Action taken	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	should ensure that self-accounting units and the Budget Section develop realistic budget proposals on the basis of authorized number of casual daily workers and applicable rates.					
7	The MONUC Office of Mission Support should issue guidelines and ensure compliance with such guidelines for the conversion of casual daily workers from unskilled to skilled.	Operational	Medium	O	Receipt of a copy of guidelines issued for conversion of CDW from skilled to unskilled category.	30 June 2010
8	The MONUC Office of Mission Support should ensure that the existing casual daily workers database is widely deployed and effectively utilized by self-accounting units and Finance Section in managing the casual daily workers and processing their wages.	Information Resources	Medium	O	Receipt of evidence that CDW database is widely disseminated and effectively used for managing CDW.	Ongoing
9	The MONUC Office of Mission Support should implement appropriate controls to ensure the reliability and integrity of data contained in the database of casual daily workers.	Information Resources	Medium	O	Receipt of documentation of measures taken to ensure reliability and integrity of the CDW database.	30 June 2010
10	The MONUC Office of Mission Support should put in place appropriate controls to ensure there is a reasonable ratio of skilled and unskilled casual daily workers in order to contain costs.	Operational	Medium	O	Verification that the ratio of skilled and unskilled CDW is rationalized.	April 2010
11	The MONUC Office of Mission Support should consider alternative arrangement for meeting the staff requirements of the Security Section and avoid the use of casual daily workers for security tasks in compliance with the relevant guidelines on the management of casual daily workers.	Compliance	High	O	Confirmation that the use of CDW in the Security Section has been phased out.	April 2010
12	The MONUC Office of Mission Support should ensure the application of uniform practices by the users of casual daily	Operational	Medium	O	Receipt of a copy of guidelines issued to ensure the application of uniform practices in respect of attendance and pay sheets for	April 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	workers to reduce risk of impersonation, ghost workers and unauthorized payments to the daily workers.				the CDW.	
13	The MONUC Office of Mission Support should ensure that the attendance of casual daily workers is properly recorded and their presence is certified by supervisors only when they are actually present and have performed their work. The practice of signing attendance records in advance should be discontinued.	Compliance	Medium	O	Receipt of a copy of instructions to the line managers that the attendance of CDW is properly recorded and certified by the supervisors.	April 2010
14	The MONUC Office of Mission Support should strengthen internal controls to ensure that casual daily workers are not engaged for more than 45 hours in week as far as practicable and in case of exception, it should be properly authorised by the Chief Administrative Services.	Compliance	Medium	O	Submission of evidence for issuance of instructions to the line managers and FOMs to avoid unethical work practice in engagement of CDW.	April 2010
15	The MONUC Office of Mission Support should ensure that casual daily workers receive their wages in person and disbursement of wages based on letters of authority to co-workers is not allowed.	Compliance	Medium	O	Submission of a copy of instructions issued for discontinuation of disbursement of wages based on letters of authority.	April 2010

1. C = closed, O = open

2. Date provided by MONUC in response to recommendations.

ANNEX 2

*Use this page if the orientation of Annex 2 is portrait. If the orientation is landscape, insert a section break at the end of Annex 1 and continue on the new page. (On the **Insert** menu, point to **Break**, select **Next page** under **Section break types**.) Leave the page blank if not required; do not delete it.*