



United Nations

Nations Unies

**OFFICE OF INTERNAL OVERSIGHT SERVICES  
INVESTIGATIONS DIVISION**

---

*This Report is protected by  
Paragraph 18 of ST/SGB/273, dated 7 September 1994*

**INVESTIGATION INTO ALLEGATIONS OF MISCONDUCT, MISMANAGEMENT,  
AND CORRUPTION IN THE [REDACTED]  
AT THE [REDACTED]  
[REDACTED]**

**CASE NO. 0492/06**

**REDACTED**

**STRICTLY CONFIDENTIAL**

This Investigation Report of the Investigations Division of the United Nations Office of Internal Oversight Services is provided upon your request pursuant to paragraph 1(c) of General Assembly resolution A/RES/59/272. The Report has been redacted in part pursuant to paragraph 2 of this resolution to protect confidential and sensitive information. OIOS' transmission of this Report does not constitute its publication. OIOS does not bear any responsibility for any further dissemination of the Report.

**11 May 2007**

## Table of Contents

I.	INTRODUCTION.....	2
II.	BACKGROUND INFORMATION.....	2
	A: Establishment of [REDACTED]	
	B: [REDACTED]	
	C: [REDACTED]	
	D: [REDACTED]	
III.	APPLICABLE LAW.....	5
IV.	METHODOLOGY.....	7
V.	INVESTIGATIVE DETAILS.....	10
	A: [REDACTED] Irregularities	
	(i) Non-generic technical specifications in scope of works and bill of quantities	
	(ii) Overpricing of items in bill of quantities	
	(iii) Non-compliance with scope of works and bill of quantities	
	(iv) Deficient [REDACTED] evaluation process	
	(v) Flawed certification process	
	(vi) Estimated financial impact on the United Nations	
	B: Corruption allegations	
	(i) [REDACTED] and kickbacks from [REDACTED]	
	(ii) Theft and illegal sale of [REDACTED]	
	(iii) [REDACTED] complaint	
	(iv) Illegal sale of [REDACTED] cement	
	C: Misuse of United Nations Information Technology Equipment	
	D: [REDACTED] taxation law breaches	
	E: Conflict of interest - convened complaint [REDACTED]	
VI.	FINDINGS.....	36
VII.	CONCLUSIONS.....	41
VIII.	RECOMMENDATIONS.....	43

# Investigation into Allegations of Misconduct, Mismanagement, and Corruption in

## I. INTRODUCTION

1. In [REDACTED] allegations of misconduct, mismanagement and corruption in the [REDACTED] [REDACTED] in the [REDACTED] (hereafter [REDACTED] were referred to the [REDACTED]
2. The initial allegations received by [REDACTED] concerned collusion amongst [REDACTED] and [REDACTED] personnel to inflate United Nations contract prices in order to award these contracts to preferred local [REDACTED] who in turn, paid kickbacks to [REDACTED]. This pattern of behaviour is alleged to have continued unchecked for a number of years because of poor management practices and lack of oversight within the [REDACTED]
3. This report addresses the abovementioned corruption allegations and several other matters identified during the course of the [REDACTED] investigation; in particular, the illegal sale of large quantities of [REDACTED] cement supplies, the storage and dissemination of hardcore pornographic images on United Nations computers and [REDACTED] tax evasion offences by local [REDACTED] engaged by [REDACTED]

## II. BACKGROUND INFORMATION

### A. Establishment of [REDACTED]

4. [REDACTED] was established by Security Council resolution [REDACTED] to maintain the ceasefire between [REDACTED] and [REDACTED], to supervise the disengagement of [REDACTED] and [REDACTED] and to supervise the areas of separation and limitation, as provided in the [REDACTED]. The mandate of [REDACTED] has since been renewed every [REDACTED]
5. [REDACTED] has two base camps, [REDACTED] and [REDACTED] permanently manned positions and [REDACTED] observation posts. The headquarters of [REDACTED] is located at [REDACTED] and an office is maintained in [REDACTED]. The [REDACTED] consists of [REDACTED] and [REDACTED] staff and is assisted by the [REDACTED] of [REDACTED]
6. The Security Council and General Assembly approved a modernisation programme for [REDACTED] with a budget of over [REDACTED]. These funds were spread over [REDACTED] - [REDACTED]. The majority of

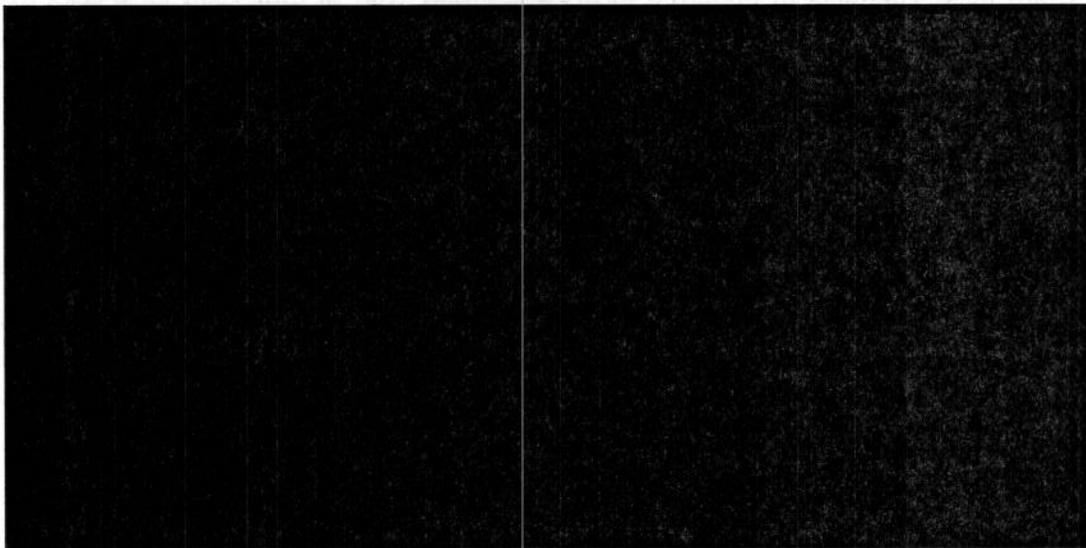
the modernisation programme was completed in [REDACTED] however, a number of projects were also executed during the [REDACTED] budgetary period.

7. The ID/OIOS investigation focused on the [REDACTED] [REDACTED] in which period [REDACTED] [REDACTED] raised requisitions for [REDACTED] service construction projects in an amount of [REDACTED].<sup>1</sup>

B. [REDACTED] [REDACTED] and [REDACTED] [REDACTED]

8. The interaction between the [REDACTED] [REDACTED] in [REDACTED] is conducted in accordance with the [REDACTED] Manual<sup>2</sup> workflow processes. The schematic depiction of the relevant dealings between the two units is outlined in **Chart 1**. The chart illustrates only those processes that are addressed in this report.

**Chart 1:** [REDACTED] [REDACTED]

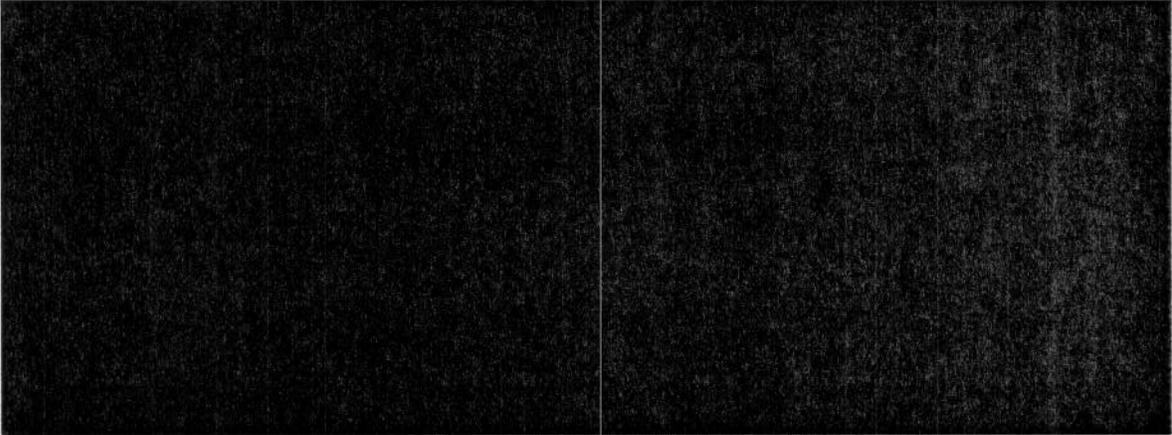


9. The reporting lines within the [REDACTED] [REDACTED] at [REDACTED] are diagrammatically represented in **Chart 2**. It provides a useful overview of those individuals engaged in the procurement and evaluation process at [REDACTED] during the [REDACTED] and who are the subjects of this report. In Chart 2, [REDACTED] appears in three different capacities. In the role of [REDACTED], [REDACTED] reported to the [REDACTED] where [REDACTED] was the [REDACTED] and [REDACTED] reported directly to the [REDACTED].

---

[REDACTED]  
[REDACTED]  
[REDACTED]

**Chart 2:** [REDACTED]



10. The allegations received by ID/OIOS included complaints of corruption by [REDACTED] and [REDACTED] personnel and [REDACTED]. The report examines the conduct of a number of staff members, and it is [REDACTED] from the [REDACTED] who are the primary focus of the investigation.

**C.** [REDACTED]

11. [REDACTED] commenced working for [REDACTED] as a [REDACTED] staff member in [REDACTED]. [REDACTED] is currently appointed to [REDACTED] as a [REDACTED] at the [REDACTED] level. [REDACTED] responsibilities include drafting of technical specifications, preparation and design of technical drawings, as well as compiling bills of quantity and scope of work documents for [REDACTED]. [REDACTED] conducts technical evaluations of bids for the [REDACTED] and recommends the best offer from the engineering perspective. Additionally, [REDACTED] is responsible for the supervision of service [REDACTED] and construction projects; [REDACTED] provides technical supervision to the [REDACTED] as a [REDACTED]; and [REDACTED] prepares the [REDACTED] and the [REDACTED]. [REDACTED] is also the [REDACTED] for the [REDACTED] updating the [REDACTED] inventory as required, and [REDACTED] administers and operates the [REDACTED] system for all engineer account codes. [REDACTED] also raises requisitions and tracks all budget expenditures for the section.

**D.** [REDACTED]

12. [REDACTED] was assigned to [REDACTED] on [REDACTED] as the [REDACTED] at the [REDACTED] level and is currently the [REDACTED]. [REDACTED] is responsible for overall management of the [REDACTED] as well as building management and maintenance within [REDACTED]. As a [REDACTED] for the [REDACTED] [REDACTED] is responsible for providing formal

approval for all engineering expenditure and [REDACTED] ensures that the financial rules are complied with. [REDACTED] also certifies [REDACTED] [REDACTED] as well as [REDACTED] related to the [REDACTED] contracts; in addition [REDACTED] monitors expenditures and adjustment of engineering programs to meet the budget.

### III. APPLICABLE LAW

13. **[REDACTED] Penal Law**

**Chapter 1 - Bribery**

*"Any employee or any person, selected by election or by assignment, who is entrusted with an official business and who accepts gifts for himself or for others, or promises or any benefit in order to accomplish the duties assigned to him by his position will be sentenced from three months to three years of imprisonment and will have to pay a fine of a minimum which should equal the double of the money he obtained". (OIOS translation from [REDACTED] text)*

**Chapter 2 - Fraud**

*"Any fraud operation is characterized by faking facts in incidents and documents for the purpose of changing the truth and causing material, moral or social damages." (OIOS translation from [REDACTED] text)*

14. **Tax evasion - Law number 25 concerning tax evasion issued on [REDACTED]**

**Chapter I. - Article 2: Definition of tax evasion**

*"Any individual evading taxes by illegal means, for example by violating the rules of paying taxes, or by declaring less income, profits or gains than actually earned; or by avoiding paying all or part of the mandatory taxes due; or by hiding, denying or not presenting bills and evidences at the dates determined by the law." (OIOS translation from [REDACTED] text)*

15. **Staff Regulations of the United Nations**

**Regulation 1.2 - Basic rights and obligations of staff**

**Core values**

*(b) "Staff members shall uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status;"*

16. **Financial Regulations**

**5.12** *“Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations:*

- (a) Best value for money;*
- (b) Fairness, integrity and transparency;*
- (c) Effective international competition;*
- (d) The interest of the United Nations.”*

17. **Financial Rules**

**Rule 101.1**

*“The Financial Rules... ..in the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.”*

**Rule 101.2**

*“All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions.”*

**Rule 105.5 - Certifying officers**

*(b) “Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the Under- Secretary-General for Management.”*

18. **Staff Rules**

**Rule 112.3**

*“Financial Responsibility – Any staff member may be required to reimburse the United Nations either partially or in full for any financial loss suffered by the United Nations as a result of the staff member’s negligence or of his or her having violated any regulation, rule or administrative instruction.”*

19. **ST/AI/2004/3**

1.3 *“For the purposes of the present instruction, “gross negligence” is negligence of a very high degree involving an extreme and wilful or reckless*

*failure to act as a reasonable person in applying or in failing to apply the regulations and rules of the Organization.”*

20. **ST/SGB/2004/15 - Use of information and communication technology resources and data**

**Section 1**

**Definitions**

(e) *“Personal use: use of ICT resources by an authorized user for other than official purposes and within the scope of his or her authorization.”*

**Section 4 –**

**Limited personal use**

4.1 *“Authorized users shall be permitted limited personal use of ICT resources, provided such use:*

(a) *Is consistent with the highest standard of conduct for international civil servants (among the uses which would clearly not meet this standard are use of ICT resources for purposes of obtaining or distributing pornography, engaging in gambling, or downloading audio or video files to which a staff member is not legally entitled to have access).”*

21. **Procurement Manual**<sup>3</sup>

The Procurement Manual uses the following definitions for Fraud and Bribery.

**4.3. (2) Corrupt Practices**

(a) *“Bribery” means the act of unduly offering, giving, receiving or soliciting anything of value to influence the process of procuring goods or services, or executing contracts.*

(c) *“Fraud” means the misrepresentation of information or facts for the purpose of influencing the process of procuring goods or services, or executing contracts, to the detriment of the UN or other participants.*

**IV. METHODOLOGY**

22. [REDACTED] conducted the preliminary research phase of this investigation in [REDACTED] and the [REDACTED] investigation phase in [REDACTED]. Inquiries included the collection and analysis of all available information, documents and computer data, numerous interviews with current and former [REDACTED] staff, and nationals of [REDACTED] who agreed to co-operate with the [REDACTED] investigation.

[REDACTED]

23. Due to the nature of the technical engineering and budgetary issues that arose from the examination of the [REDACTED] [REDACTED] documentation and the alleged involvement of [REDACTED] personnel, [REDACTED] formed a consultative team to assist with the investigation. For example, [REDACTED] provided support during the interview process with [REDACTED] personnel. The [REDACTED] supplied invaluable support in the assessment of financial irregularities examined throughout the course of the investigation. To better assist in the efficient investigation of the technical issues in this matter, [REDACTED] asked the [REDACTED] [REDACTED] to identify any experts in the region who could provide professional opinions on the [REDACTED] under review. As a result, the [REDACTED] engaged [REDACTED] a [REDACTED], and [REDACTED] an [REDACTED] [REDACTED] who undertook the technical evaluation of the engineering projects. [REDACTED] confirmed that no team members had any previous involvement in the projects that are the subject of this report. The team was led by [REDACTED] who conducted the investigation pursuant to the terms of the OIOS mandate<sup>4</sup>.

24. The initial focus of the investigation related to [REDACTED] construction [REDACTED] supervised by the [REDACTED] **Table 1** outlines those [REDACTED] [REDACTED], which incorporates the [REDACTED] projects reviewed by the team. Pertinent details such as project and [REDACTED] numbers, associated personnel and [REDACTED] are included in the table for convenient reference.

---

[REDACTED]  
[REDACTED]

**Table 1:** [REDACTED]

25. ID/OIOS obtained and reviewed all available [REDACTED] files related to the [REDACTED] contracts for the budget period [REDACTED]. The personnel files, E-Pas records, Lotus Note e-mails and hard disk drives of United Nations computers of relevant staff were also examined by [REDACTED].

26. As part of their review of the [REDACTED] and [REDACTED] were tasked to establish whether:

- a) the cost for those projects were based on generally accepted engineering standards for buildings in [REDACTED]
- b) the work executed by [REDACTED] on those projects was in conformity with the scope of works (SoW), bill of quantities (BoQ), as well as architectural drawings related to those projects;
- c) the material that was used conforms to the specifications for materials indicated in the SoW and BoQ;
- d) all the items that were supposed to be replaced with new items as specified in SoW had actually been so replaced.

27. The independent [REDACTED] have compiled comprehensive reports of their findings with supporting documentation and are attached as annexes –

- [REDACTED] (Annex 1)
- [REDACTED] [REDACTED] (Annex 2)

28. Some [REDACTED] and [REDACTED] personnel who were involved in the [REDACTED] process and/or had knowledge of the events during the relevant period, have since either left [REDACTED] or the United Nations, and were unable to be located for the purposes of the timely conclusion of this investigation despite efforts by [REDACTED] and [REDACTED]. [REDACTED] also made numerous formal requests to the [REDACTED] [REDACTED]; [REDACTED] [REDACTED] and the [REDACTED], for assistance in obtaining statements from the relevant [REDACTED] personnel formerly assigned to [REDACTED]. However, none of the requested statements were supplied to [REDACTED]. Whilst such statements could have aided the [REDACTED] investigation, their absence does not effect the findings and conclusions of the report.

29. [REDACTED] did not undertake a detailed investigation of the [REDACTED] process at [REDACTED] but rather focused the investigation solely on the allegations received. As the allegations principally concerned corrupt practices in the [REDACTED] issues such as the solicitation process, [REDACTED] administration and [REDACTED] registration procedures were not specifically addressed.

30. The [REDACTED] audit of [REDACTED] [REDACTED] activities incorporated the seven engineering [REDACTED] which are the subject of comment throughout this report. The audit review identified systemic irregularities in the [REDACTED] process, which are highlighted in the investigative detail below. A draft audit report has been forwarded to the [REDACTED] [REDACTED] [REDACTED] for comment<sup>6</sup>.

## V. INVESTIGATIVE DETAILS

31. As a result of the review of [REDACTED] construction projects, significant irregularities were identified in the requisition, evaluation and certification phases of the [REDACTED] process undertaken by [REDACTED] staff. [REDACTED] staff tasked with reviewing the Engineering documentation should have recognized and questioned a number of these deficiencies, however, they failed to do so.

32. In order to reflect the broad issues arising from the investigation at [REDACTED] the report is divided as follows:

- [REDACTED] irregularities;
- Corruption allegations;
- Misuse of United Nations Information Technology Equipment;

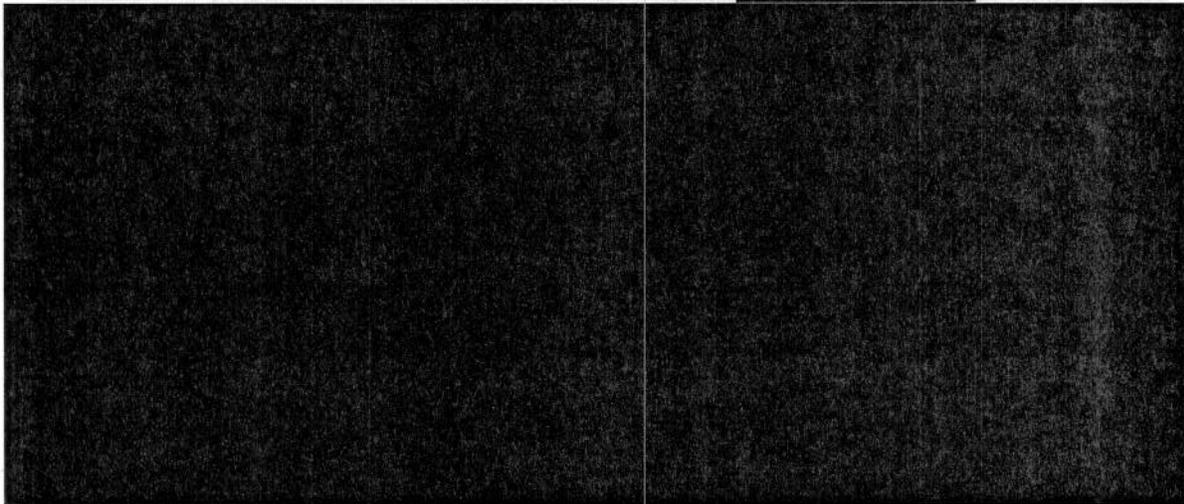
[REDACTED]



report and samples are extracted in **Tables 2 and 3**, which relate respectively to [REDACTED] and [REDACTED]



**Table 3:** Brand and country/region specific items in contract [REDACTED]



36. The [REDACTED] has a crucial role in the review of the requests issued by the [REDACTED]. He/she has to ensure that the technical specifications are generic and that funds are available for the [REDACTED]<sup>14</sup>. It was confirmed that [REDACTED] was designated as a [REDACTED] at [REDACTED] as of [REDACTED] and that [REDACTED]

---

[REDACTED]



in any event, constituted only a small percentage of [REDACTED] costs and was not contrary to the [REDACTED] Manual requirements.

39. [REDACTED] with the role of [REDACTED] at [REDACTED] admitted that [REDACTED] saw SoW and BoQ documents from the [REDACTED] stipulating items such as [REDACTED] tiles and [REDACTED] faucets, however, [REDACTED] did not object to those requested items<sup>25</sup>. [REDACTED] stated that [REDACTED] review the documentation submitted by the [REDACTED] before [REDACTED] is involved, and in the instant cases, [REDACTED] did not protest. [REDACTED] advised [REDACTED] is aware that the [REDACTED] Manual does not allow brand specific items, but as there were no objections to the practice from other [REDACTED] [REDACTED] did not believe that this was an issue. In any event, [REDACTED] believed it was the responsibility of the [REDACTED] management to implement the change in practice<sup>26</sup>.

40. [REDACTED] is the [REDACTED] of the [REDACTED] at [REDACTED]. Between [REDACTED] and [REDACTED] [REDACTED] was assigned the role of [REDACTED]. [REDACTED] stated that [REDACTED] did see SoW and BoQ documentation submitted by the [REDACTED] that had brand specific items, such as [REDACTED], which was not in accordance with [REDACTED] procedures<sup>27</sup>. However, [REDACTED] stated that [REDACTED] did not enforce compliance with the [REDACTED] Manual as the former [REDACTED] accepted the brand items and [REDACTED] simply adopted the same practice<sup>28</sup>.

(ii) Overpricing of items in Bill of Quantities

41. The overpricing of items in the BoQ documentation of the [REDACTED] became patently obvious after the review of the [REDACTED] by the two independent [REDACTED]<sup>29</sup>. It was established that for the 16 projects reviewed, [REDACTED] paid a total of [REDACTED] however, the estimate of the cost of the work actually undertaken for those projects was identified as [REDACTED]. [REDACTED] refers to the disparity in the pricing structure when [REDACTED] states, "the low wage level and the favourable buying conditions of the [REDACTED] this project has an estimate overpricing of approximately 40-50 %"<sup>32</sup>.

42. [REDACTED] a [REDACTED] who joined [REDACTED] in [REDACTED] stated that upon joining [REDACTED] [REDACTED] noticed that the prices used in the [REDACTED] for the project price estimations were extremely expensive compared

[REDACTED]



45. Due to the extensive discrepancies identified during the investigation by the independent [REDACTED] (at Annexes 1 and 2) between the SoW and BoQ requirements and the actual works performed by the [REDACTED], only a sample of the most blatant irregularities which were not detected during the site inspections are outlined below.

[REDACTED] Project 1,2,3 – Renovation of Buildings [REDACTED] at [REDACTED]  
[REDACTED]

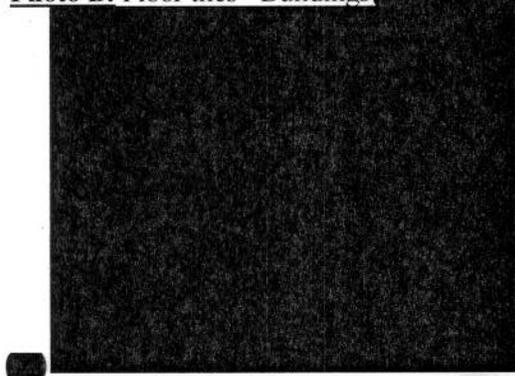
46. Buildings [REDACTED] and [REDACTED] are almost identical and are located at [REDACTED]. [REDACTED] established that the flaws and irregularities were of the same nature in all three buildings, namely:

- The BoQ required under item 2 – maintenance of 54 heating radiators; however, only 42 radiators were installed.
- The BoQ required under item 5 – “Supply and install new wooden doors complete”. There should have been 41 new wooden doors, however only 36 were installed.
- The BoQ required under item 10 – “Supply and install 2 electrical hot water tank 200 liters”. Buildings [REDACTED] and [REDACTED] only had one 80 litre water tank each; and building [REDACTED] had one 80 litre and one 20 litre tank installed.
- The BoQ required under item 15 – “Supply and install new sinks (3)” in each building but only two sinks were installed (see **Photo A**).

47. The SoW pertaining to the tiling work in each building required the “supply and install (sic) of 40 x 40 cm reinforced [REDACTED] Make floor ceramic tiles ...”<sup>43</sup>, however according to the [REDACTED] [REDACTED]’s report, the tiles were [REDACTED] made<sup>44</sup> and not [REDACTED] as presented (see **Photo B**).

**Photo A:** Two sinks built - Buildings [REDACTED]

**Photo B:** Floor tiles - Buildings [REDACTED]



B:



[REDACTED]  
[REDACTED]

48. [REDACTED] stated that [REDACTED] was the [REDACTED] for [REDACTED] number [REDACTED] at Buildings [REDACTED] at [REDACTED]<sup>45</sup> [REDACTED] was apprised of the [REDACTED]'s opinion that the floor tiles were not [REDACTED] but of [REDACTED] origin, however, [REDACTED] claimed that the [REDACTED] told [REDACTED] they were [REDACTED]<sup>46</sup> [REDACTED] admitted that [REDACTED] did not verify the authenticity of the tiles when they were being laid. In relation to the incorrect number of doors, radiators, sinks and water tanks installed, [REDACTED] acknowledged that they were all items that [REDACTED] should have inspected to ensure contractual compliance, however, [REDACTED] conceded that [REDACTED] reposed too much of trust in the [REDACTED]<sup>47</sup>. [REDACTED] admitted that with all the identified flaws on this project [REDACTED] had failed to perform [REDACTED] duties as a [REDACTED] but did not believe that [REDACTED] should be held financially responsible for the failures<sup>48</sup>.

49. [REDACTED] explained<sup>49</sup> that [REDACTED] floor and wall tiles were chosen to ensure high quality products were utilized in the construction projects, as [REDACTED] tiles were of lower quality and ultimately lead to increased maintenance and replacement costs. [REDACTED] explained it was the role of the [REDACTED] to ensure the correct product was utilized during the project construction phase and that [REDACTED] was unable to provide further comment on this issue as any substitution of products was not brought to his attention.

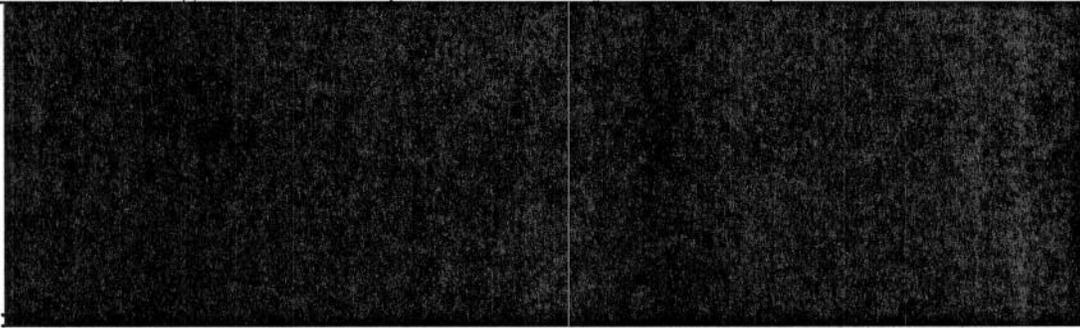
[REDACTED] Project 1- Renovation of Kitchen [REDACTED] Position 60

50. Paragraph 2.1 for [REDACTED] Project 1 stipulated "*The [REDACTED] shall construct a 6 meters high steel tower near the kitchen area, supply and install two 2000 liters PVC water tank ...*".<sup>50</sup> [REDACTED] established that the steel tower was never constructed and the PVC water tanks, although supplied, were not installed in accordance with project requirements. **Photo C** depicts the kitchen area at [REDACTED] Position 60, where the steel tower should have been erected and **Photo D** shows the water tanks installed at an alternate location at the rear of the camp. [REDACTED] did not find any justification in the relevant project documentation for not erecting the steel tower, which according to the BoQ<sup>51</sup>, cost US\$2,620<sup>52</sup>.

[REDACTED]

**Photo C:** depicting the kitchen at [REDACTED] Position 60 with no erected steel tower

**Photo D:** depicting water two tanks placed in the backyard of the camp.



51. [REDACTED] was questioned about the renovation of the kitchen at Position 60. [REDACTED] stated<sup>55</sup> that the design for the water supply was modified during the implementation of the project, which in effect, removed the requirement for the steel water tower. According to [REDACTED] a change order in the project documentation regarding the modification of the water supply connection was made (Item 1 of Amendment No. 1 to [REDACTED]), however, that modification was not reflected in the [REDACTED] documentation and it made no reference to the removal of the steel water tower. Apparently the [REDACTED] arranged for the [REDACTED] to complete other works in lieu of the construction of the water tower, but there was no corresponding documentation to reflect this *ad hoc* arrangement.

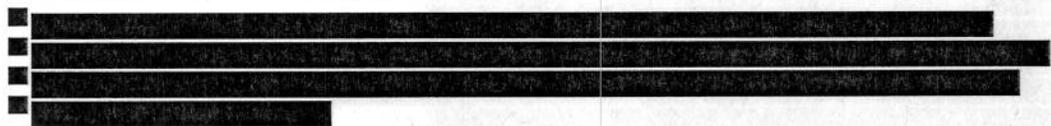
52. According to the [REDACTED] [REDACTED]<sup>54</sup>, the [REDACTED] responsible for this project was [REDACTED]. As outlined above, [REDACTED] attempts to interview [REDACTED] staff, including [REDACTED] were unsuccessful.

53. Regarding Project 1, it was certified by [REDACTED] that the “provision of contractual services for the renovation of kitchen for [REDACTED] at Position 60, (was) in accordance with terms and conditions of contract No. [REDACTED]”,<sup>55</sup> therefore, the full contractual price was paid.

[REDACTED] Project 2 – Construction of Septic Tank, Position 32A

54. The independent [REDACTED] [REDACTED] identified a number of faults with the construction of the septic tank for [REDACTED] [REDACTED] Project 2 at Position 32A. In [REDACTED] opinion, the “quality of the concrete and workmanship is poor” and “the functionality of the septic tank is not guaranteed ... due to a constructional fault.”<sup>56</sup>

**Photo E** depicts a closed supply pipe from the septic tank to the distribution chamber, which affects the functioning of the tank. The pipe was intended to be an open supply drain, however, inspection established that it was completely sealed. **Photo F** illustrates





includes the supervision, monitoring and assessment of [REDACTED] performing construction projects.

58. After finalization of the projects, the [REDACTED] are expected to complete an internal Engineering document entitled, "Project Completion Report"<sup>64</sup>. According to [REDACTED] the [REDACTED] do not require this report and it is used to assist the [REDACTED] in the monitoring of construction projects<sup>65</sup>. [REDACTED] the [REDACTED] stated that both [REDACTED] and [REDACTED] personnel undertake the role of [REDACTED] and it is expected that there shall be collaboration between the parties to complete the Project Completion Report<sup>66</sup>. Directions have been issued to staff to ensure that the reports are placed on the Engineering project files, however, [REDACTED] claims it has been a difficult instruction to enforce. Of the [REDACTED] projects reviewed, [REDACTED] was only able to provide seven Project Completion Reports<sup>67</sup>.

59. [REDACTED] stated that when [REDACTED] was the [REDACTED], [REDACTED] endorsed that the projects were satisfactorily completed even though [REDACTED] had not undertaken proper inspection of the works performed due to a demanding work schedule<sup>69</sup>. [REDACTED] was shown a Receiving and Inspection Report (Extract 1) regarding [REDACTED]. [REDACTED] admitted that it has [REDACTED] signature as the [REDACTED] but the information that [REDACTED] submitted was incorrect as [REDACTED] had failed to inspect the work undertaken by the [REDACTED] even though [REDACTED] wrote "service satisfactorily rendered by the [REDACTED]". [REDACTED] signed a statement<sup>70</sup> admitting his failures to adequately perform the role of [REDACTED] by endorsing works that resulted in payment of United Nations funds to a [REDACTED] prior to the satisfactory completion of the works. However, [REDACTED] denied any improper motives for [REDACTED] failings.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

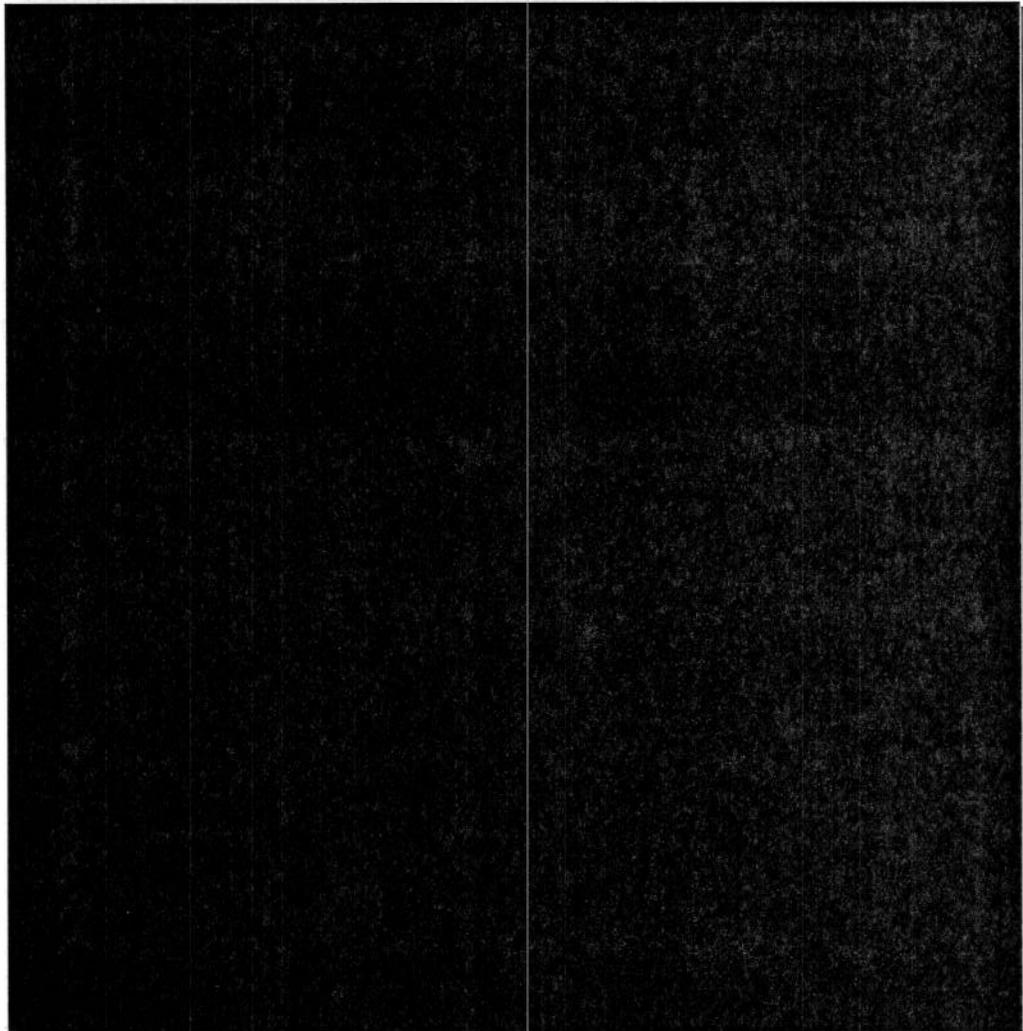
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Extract 1: R & I Report for [REDACTED] No [REDACTED]**

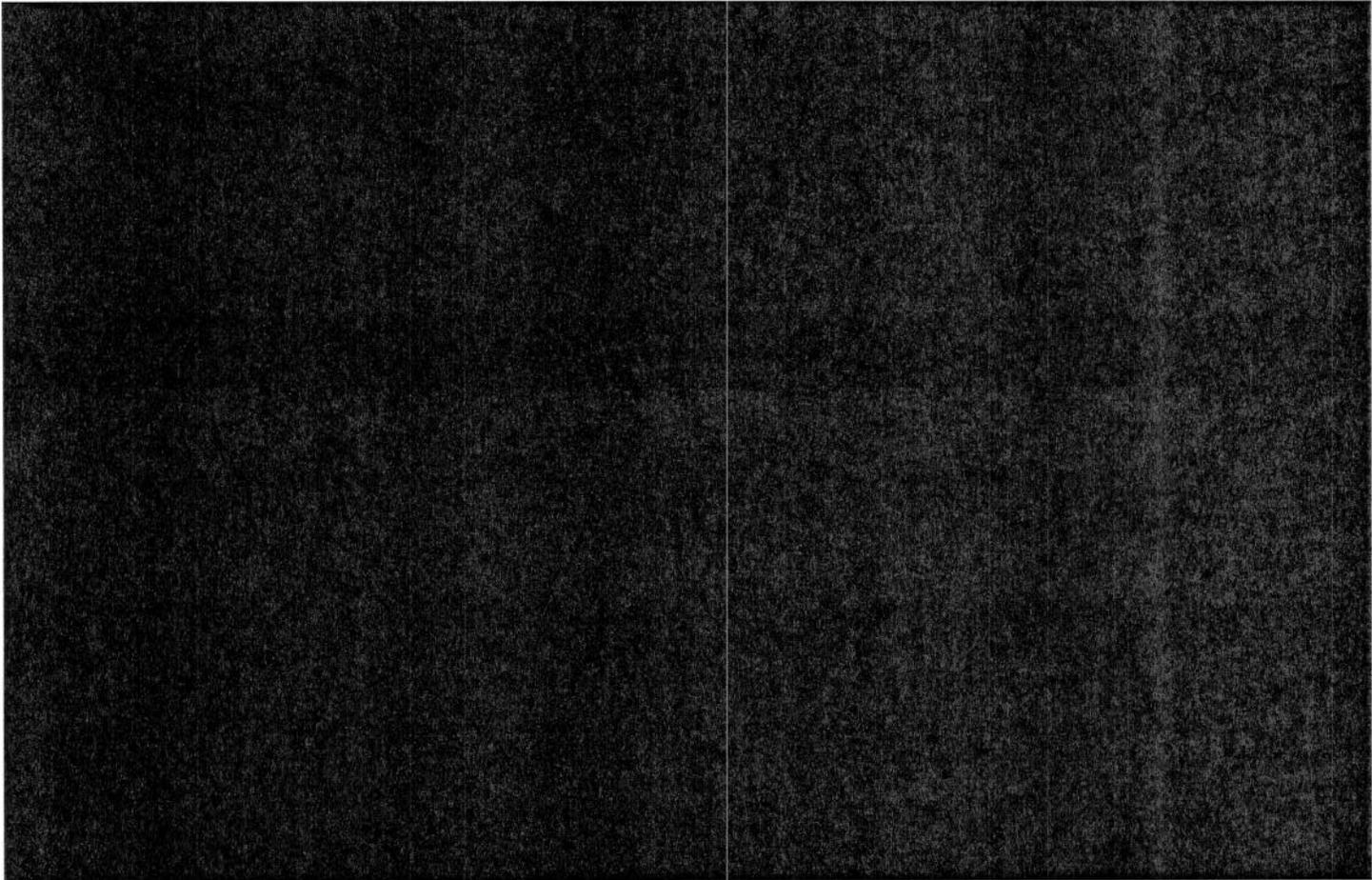


60. To ensure the integrity of the performance rating system for [REDACTED] [REDACTED] must provide accurate assessments for the [REDACTED] Database. A [REDACTED] Performance Report is required to be submitted by the [REDACTED] to the [REDACTED] who inserts the reports on the respective [REDACTED] files<sup>71</sup>. Both the [REDACTED] and [REDACTED] were unable to provide [REDACTED] with the [REDACTED] Performance Reports for all seven [REDACTED] under review. Only three of the reports<sup>72</sup> were available for examination and one example is replicated below (see **Extract 2**). [REDACTED] stated that the [REDACTED] does not keep copies of the

---

[REDACTED]  
[REDACTED]  
[REDACTED]

██████████ Performance Reports as they are filed with the ██████████<sup>73</sup>. However, the ██████████ did not have copies of the outstanding reports and claimed that the ██████████ never submitted them<sup>74</sup>.



RECEIVED

61. The three available ██████████ Performance Reports all contain information that grossly misrepresents the performance of the ██████████ and recommends future re-engagement with ██████████. The problems of ██████████ compliance, adherence to scope of works and specifications, and the poor quality of work and material supplied by the ██████████ are not addressed within the ██████████ Performance Reports.

62. ██████████ is recorded as the "██████████" in two of the reports<sup>75</sup>, ██████████ in one report<sup>76</sup> and ██████████ name is listed on all three reports as ██████████

██████████  
██████████  
██████████  
██████████  
██████████

[REDACTED] on behalf of the requisitioning office. [REDACTED] stated<sup>77</sup> that [REDACTED] signed the reports on the basis that the [REDACTED] had confirmed the performance of the [REDACTED] before placing one copy of the document in the [REDACTED]'s file and one copy on the contract file<sup>78</sup>.

(v) Flawed certification process

63. [REDACTED] reviewed the documentation filed with the [REDACTED] [REDACTED] and [REDACTED] of [REDACTED] focusing on the provisions of Chapter 14 of the [REDACTED] Manual – “*Delivery, Receiving Products, Equipment and Services*”. Paragraph 14 (1) stipulates the relevant procedures:

*“ [REDACTED] is responsible for co-ordinating the receipt, inspection, and the certification of acceptance or rejection of delivered products, equipment or services with the requisitioning offices. The requisitioning offices are directly responsible for performing the corresponding receiving, inspecting and certifying procedures. ”*

64. The [REDACTED] Manual<sup>79</sup> also clearly specifies the duties and responsibilities of the [REDACTED] for the purpose of procurement activities<sup>80</sup>.

*“The [REDACTED] is the UN official responsible for managing the utilization of resources, in accordance with the purposes for which those resources were approved, following the principles of efficiency and effectiveness, and the FRR [Financial Regulations and Rules]... Certifying authority and responsibility is assigned on a personal basis and cannot be delegated.”*

65. Examination of the relevant certification documentation established that [REDACTED] certified the Service Certification Reports<sup>81</sup> for [REDACTED] projects under review (see sample at **Extract 3**). Details of certification of all 16 projects are outlined at

[REDACTED]

Table 1 (above). ID/OIOS calculates that the amount of funds certified by [REDACTED] for the [REDACTED] projects amounted to approximately [REDACTED]. The service certification reports certifies that “the contractual services ... [are] in accordance with terms and conditions of [REDACTED] No. ....” that authorized payments to be fully effected.

**Extract 3:** Service Certification Report – [REDACTED]



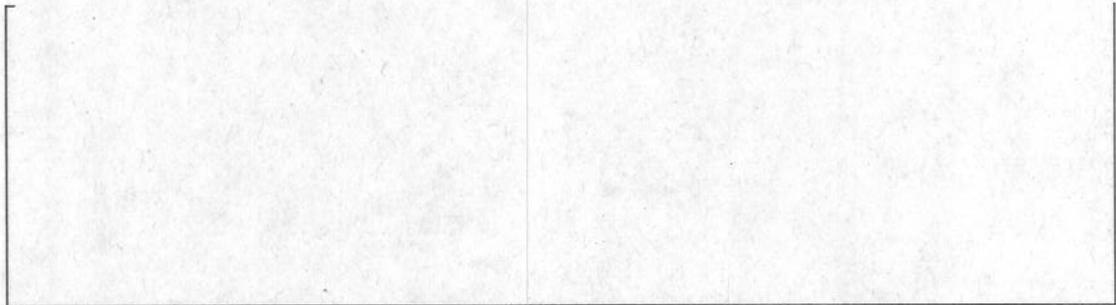
66. [REDACTED] was presented with the Service Certification Reports and invited to comment about his role in the certification process. [REDACTED] claimed that it was the [REDACTED] [REDACTED] who were responsible for inspecting the engineering construction projects and subsequently reporting the outcome to [REDACTED]<sup>82</sup>. [REDACTED] added that after reviewing the Project Completion Report, [REDACTED] would then sign the Service Certification Report, which is then forwarded to the [REDACTED] for payment.<sup>83</sup> Although not conceding that [REDACTED] bore responsibility for inspecting site works, [REDACTED] did admit that [REDACTED] is accountable overall for project implementation as the [REDACTED]<sup>84</sup> and [REDACTED]<sup>85</sup> for the [REDACTED] [REDACTED]

67. [REDACTED] provided [REDACTED] with a copy of [REDACTED] staffing review notes, dated 1 [REDACTED] outlining the resource constraints placed on the section due to staff shortages (see **Extract 4**). [REDACTED] claimed to have brought the staff



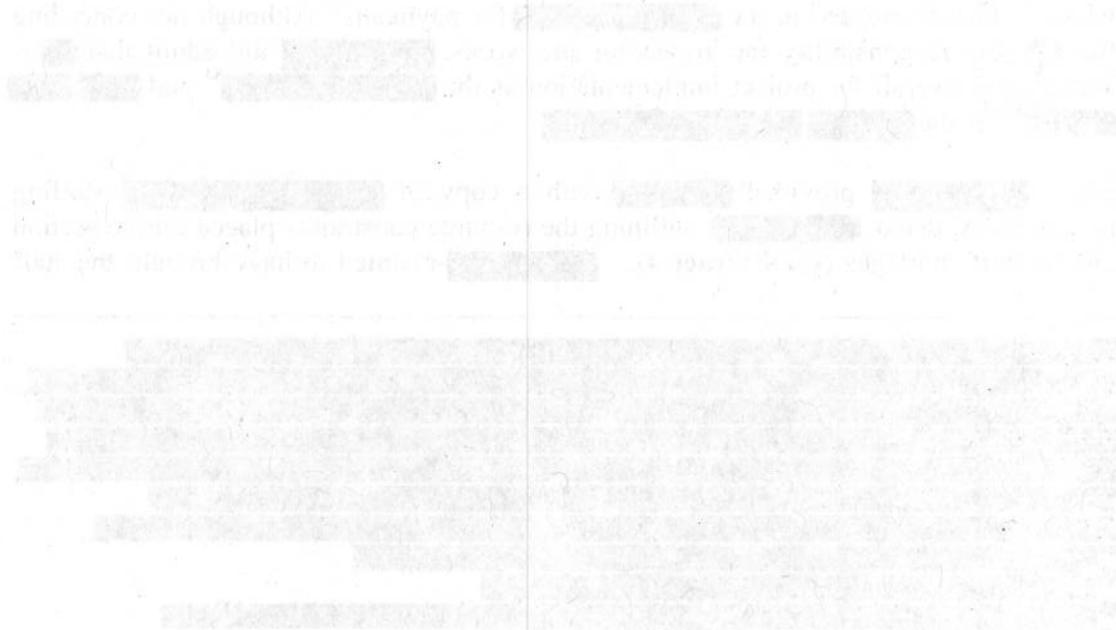
shortage issues to the attention of the former [REDACTED] in [REDACTED] however the situation was never resolved. ([REDACTED] has left the employ of the United Nations and was not able to be interviewed). According to [REDACTED] [REDACTED] always acted in the best interests of the United Nations and never intentionally did anything wrong, however, [REDACTED] did admit that [REDACTED] placed too much of trust in [REDACTED] staff which was, in [REDACTED] opinion, [REDACTED] biggest mistake<sup>86</sup>.

**Extract 4:** [REDACTED] Staffing Review Notes [REDACTED]



(vi) Estimated Financial Impact on the United Nations

68. [REDACTED] reviewed the available SoW and BoQ documentation related to the [REDACTED] engineering projects and found the projects were contracted for [REDACTED] [REDACTED]. After conducting an inspection of the sites, [REDACTED] estimated that the works performed were valued at no more than [REDACTED] [REDACTED] which is a price differential of [REDACTED] [REDACTED]. **Graph 1** depicts the pricing disparity between the obligated funds and the [REDACTED]'s estimates.





69. [REDACTED] has extrapolated from [REDACTED] estimates that there was a 40 per cent overpricing of the 16 service projects undertaken by the [REDACTED] during the budget period [REDACTED] (approximately US\$152,000 out of US\$380,000). It is estimated from this extrapolation that [REDACTED] was exposed to a potential loss in the [REDACTED] budget period of US\$463,000 (40 per cent of the total [REDACTED] project costs - US\$1,156,800).

**B. CORRUPTION ALLEGATIONS**

70. As stated previously, there were specific allegations regarding corrupt practices primarily within the [REDACTED] [REDACTED] that were said to have flourished over a number of [REDACTED] ID/OIOS investigated the allegations and the relevant details are outlined below.

(i) [REDACTED] and kickbacks from [REDACTED]

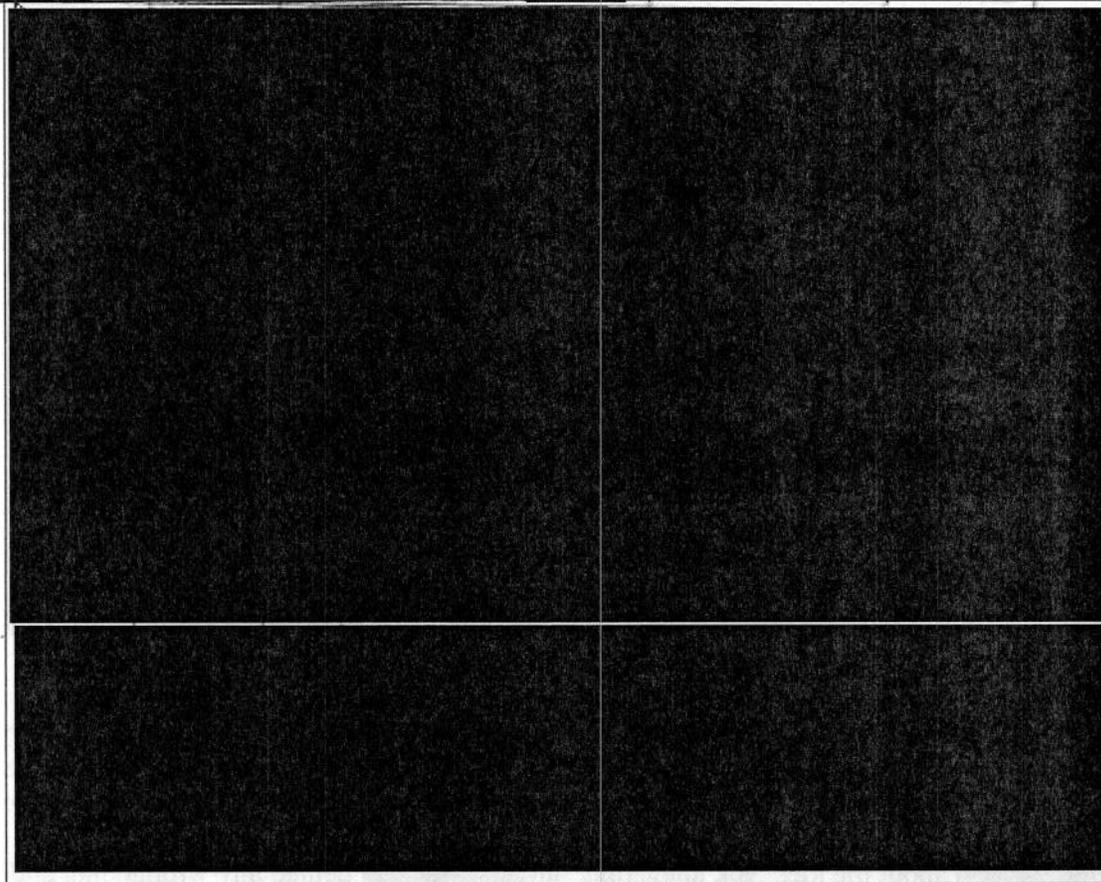
71. [REDACTED] received information from a confidential source, who for the purposes of this report, will be referred to as CS1002/07.

72. CS1002/07 stated that [REDACTED] and [REDACTED] are actively engaged in an illicit scheme that [REDACTED] refers to as [REDACTED] meaning 'joint fund'. CS1002/07 stated that [REDACTED] is the leading figure in the scheme and [REDACTED] uses the term for a group of people within [REDACTED] who share profits that are generated from kickbacks paid to them by [REDACTED]

73. Interviews were conducted with [REDACTED] [REDACTED] [REDACTED]<sup>87</sup> and [REDACTED] regarding their knowledge of, and participation in, the alleged [REDACTED] fund; however, [REDACTED] all denied any involvement in such a scheme.

[REDACTED]





78. CS1003/07 also provided information regarding the payment of kickbacks to [REDACTED] which could not be corroborated by this investigation. CS1003/07 told [REDACTED] that [REDACTED] learned from [REDACTED] that a group of [REDACTED] [REDACTED] engaged in collusive tendering practices to secure successful bids for [REDACTED] projects. The arrangement was that the successful [REDACTED] would share a percentage of the contract money with other [REDACTED] and that [REDACTED] would receive a share of the money<sup>94</sup>. [REDACTED] was interviewed and denied involvement in a kickback scheme with [REDACTED] [REDACTED]<sup>95</sup>, or that [REDACTED] received any preferential treatment in the [REDACTED] solicitation process, which [REDACTED] described as entirely transparent<sup>96</sup>.

79. [REDACTED] categorically denied the allegations regarding the receipt of kickbacks received for engineering [REDACTED] that [REDACTED] arranged for preferred [REDACTED]<sup>97</sup>

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

(ii) Alleged theft and illegal sale of [REDACTED]

80. [REDACTED] received an allegation that [REDACTED] failed to relocate 12 [REDACTED] to [REDACTED] nominated positions. Instead, in collaboration with [REDACTED] the [REDACTED] were dismantled by unknown persons and sold to a [REDACTED] in [REDACTED] village, [REDACTED] for approximately [REDACTED] each.

81. Enquiries conducted by [REDACTED] established that there were no unaccounted [REDACTED] at [REDACTED]. The [REDACTED] stated that eight [REDACTED] were destroyed in a fire in [REDACTED] and were subsequently written off as a loss<sup>99</sup>. There is no evidence to indicate that any [REDACTED] were stolen or illegally sold. [REDACTED]<sup>100</sup> and [REDACTED]<sup>101</sup> were asked to comment about the allegation and both denied any knowledge or involvement in the sale of the [REDACTED].

(iii) [REDACTED] complaint

82. [REDACTED] told [REDACTED] that during the [REDACTED] [REDACTED] a [REDACTED] with [REDACTED] approached [REDACTED] to perform sub-contracting duties on [REDACTED] projects. According to [REDACTED] it was a private arrangement in which [REDACTED] was expected to utilize [REDACTED] heavy-duty equipment to demolish [REDACTED] Positions<sup>102</sup>. [REDACTED] claimed that [REDACTED] completed the works, but that [REDACTED] refused to pay [REDACTED] dues of [REDACTED] million (approximately [REDACTED]). [REDACTED] claimed that [REDACTED] had told [REDACTED] that the money was used to pay kickbacks to [REDACTED] and [REDACTED]<sup>103</sup>. [REDACTED] stated that [REDACTED] did not believe that [REDACTED] would take any money from [REDACTED], because [REDACTED] knew [REDACTED] as a very honourable man. [REDACTED] subsequently confronted [REDACTED] about the kickback allegation, but [REDACTED] denied any wrongdoing and recommended [REDACTED] and [REDACTED] resolve their contractual disputes privately<sup>104</sup>.

83. [REDACTED] denied all of [REDACTED] claims about their contractual arrangements or kickback allegations<sup>105</sup>. [REDACTED] was unable to be interviewed for this investigation. From the enquiries conducted by [REDACTED] there is no evidence to substantiate the allegation made by [REDACTED] that kickbacks were paid to any [REDACTED] or [REDACTED]<sup>106</sup> staff member for demolition work undertaken at [REDACTED] positions. Although [REDACTED] admits hiring heavy-duty equipment from [REDACTED] which was permitted within the terms of [REDACTED] contract with [REDACTED] but there is no evidence to prove that [REDACTED] was engaged in a sub-contracting capacity.

[REDACTED]

(iv) Illegal sales of [REDACTED] cement

84. [REDACTED]<sup>107</sup> told [REDACTED] that [REDACTED] was engaged in the illegal sale of cement purchased by [REDACTED] to local [REDACTED]<sup>108</sup>. According to [REDACTED], the [REDACTED] who delivered the cement to the [REDACTED] [REDACTED] were instructed to cut the cement bags so that [REDACTED] could claim that they were damaged and then refuse to accept them into stock. [REDACTED] would then allegedly sell the damaged cement to the [REDACTED] who removed the goods from [REDACTED]. Apparently, [REDACTED] became concerned about [REDACTED] potential exposure and had the damaged cement bags delivered to the [REDACTED] [REDACTED]. An inspection by [REDACTED] of the [REDACTED] at [REDACTED] confirmed there were approximately 3.5 metric tons of damaged cement bags.

85. Although [REDACTED] stated that [REDACTED] had witnessed the scheme in operation, [REDACTED] wanted to provide additional evidence of the illegal sale of [REDACTED] cement in support of [REDACTED] allegation. As such, [REDACTED] produced an audio recording of a telephone conversation between [REDACTED] and [REDACTED] in which [REDACTED] offered to provide [REDACTED] with 20 metric tons of cement intended for an [REDACTED] project<sup>109</sup>. [REDACTED] stated that [REDACTED] worked for an [REDACTED] [REDACTED], and was utilized as an intermediary to illegally sell the cement. A transcript of the recording was made in [REDACTED] by an independent [REDACTED] [REDACTED] who then translated the dialogue into English. [REDACTED] is referred to in the transcript by [REDACTED] nickname of [REDACTED] [REDACTED]" and [REDACTED] is referred to as [REDACTED]. A relevant extract from the transcript discussing [REDACTED] involvement in the sale of [REDACTED] cement is outlined in **Extract 6**.

---

[REDACTED]  
[REDACTED]  
[REDACTED]



87. [REDACTED] confirmed to [REDACTED] that the recording of the telephone conversation was authentic and that it was [REDACTED] voice depicted in the recording. [REDACTED] reviewed the [REDACTED] transcription and admitted that it was an accurate account of the conversation that [REDACTED] had with [REDACTED]<sup>112</sup>. [REDACTED] stated to [REDACTED] that the scheme to sell [REDACTED] cement to local [REDACTED] [REDACTED] was arranged by [REDACTED] and [REDACTED] [REDACTED] nominated as [REDACTED] and [REDACTED]

88. [REDACTED] was shown the entire transcript of the conversation between [REDACTED] and [REDACTED] (see **Extract 6**) and was asked to comment on the allegation that [REDACTED] was involved in the illegal sale of [REDACTED] cement. [REDACTED] reviewed the [REDACTED] version of the transcript and denied completely that [REDACTED] was involved in any scheme to sell [REDACTED] cement<sup>113</sup>.

89. The misuse of [REDACTED] cement has been a matter of conjecture within the [REDACTED] for a number of [REDACTED] according to [REDACTED] who stated that there has been a shortage of cement in [REDACTED] for construction projects, which excessively inflated the prices. Rumours had been circulating that [REDACTED] cement was being sold to [REDACTED] who would then re-sell the product on the "black market". If true as alleged, this would be a very lucrative business as [REDACTED] paid US\$75 per metric ton, however, a metric ton of cement was selling on the "black market" for US\$200<sup>114</sup>.

90. The responsibility for the administration of cement receipt and distribution at [REDACTED] for engineering projects was assigned by [REDACTED] to [REDACTED] as the [REDACTED]<sup>115</sup>. An examination of the engineering files, identified significant internal control weaknesses in the maintenance of cement consumption and distribution within [REDACTED]. For instance, there was no documentation pertaining to the receipt and issuance of 1,400 metric tons of cement valued at [REDACTED] against purchase order [REDACTED] in [REDACTED]<sup>116</sup>. The inadequate records of receipt and distribution for cement utilization were addressed by the [REDACTED] report and relevant recommendations were made<sup>117</sup>.

91. Prior to [REDACTED] there was no system in place to verify the distribution of cement for [REDACTED] construction projects<sup>118</sup>. The records maintained up to [REDACTED] were rudimentary and incomplete. [REDACTED] and [REDACTED] the [REDACTED] instituted a voucher system only in [REDACTED] to account for the receipt and distribution of cement to [REDACTED]<sup>119</sup>. Even after the voucher system was introduced, [REDACTED] failed to ensure that the system was properly implemented and that accurate records were

[REDACTED]

maintained. For example, the [REDACTED]<sup>120</sup> records show that [REDACTED] issued two vouchers<sup>121</sup> totalling 300 metric tons of cement to another [REDACTED] [REDACTED]<sup>122</sup>. According to [REDACTED] [REDACTED] approached [REDACTED] to sign the [REDACTED] printout receipts for the 300 metric tons of cement to verify that [REDACTED] had received it, as [REDACTED] had explained to [REDACTED] that [REDACTED] personnel (referring to [REDACTED]) could not be recorded as the recipients on the database. [REDACTED] claimed that because [REDACTED] was [REDACTED] signed the two receipt vouchers<sup>123</sup> despite not having physically received any cement.

92. An examination of the cement vouchers for [REDACTED] also established that [REDACTED] issued 18 metric tons of cement for the building of tennis courts at the [REDACTED] [REDACTED] position and [REDACTED] also endorsed the receipts for the cement (see **Extract 7** and **Extract 8**).

**Extract 7:** Cement Vouchers for [REDACTED] Tennis Court slab dated [REDACTED]

**Extract 8:** Cement Vouchers for [REDACTED] Tennis Court slab dated [REDACTED]



Extract 7

Extract 8

93. [REDACTED] admitted in a signed statement provided to [REDACTED] that it is [REDACTED] handwriting on the cement vouchers (see **Extract 7** and **Extract 8**) and that [REDACTED] also signed one of the receipts, dated [REDACTED] (see **Extract 8**). [REDACTED] explained that [REDACTED] attempted to have the [REDACTED], [REDACTED] (who replaced [REDACTED] [REDACTED] verify receipt of the cement; however, the cement was transported from storage before the arrival of [REDACTED] [REDACTED] in [REDACTED] [REDACTED] therefore refused to sign for the vouchers. [REDACTED] stated that [REDACTED] signed the

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

vouchers [redacted] in order to ensure certification for the cement<sup>124</sup>. [redacted] denied that he sold the 18 metric tons of cement and blamed [redacted] for not ensuring the correct paperwork was completed<sup>125</sup>.

94. [redacted] reviewed the cement vouchers (Extract 7 and Extract 8) and stated that [redacted] should not have signed as the [redacted] of the cement as [redacted] was also the [redacted] and as such that [redacted] actions were improper<sup>126</sup>. When asked about [redacted] role as [redacted] and [redacted] of [redacted] work, [redacted] explained that [redacted] did not check the file and that [redacted] had trusted [redacted] to properly undertake the [redacted] role<sup>127</sup>.

During the independent [redacted] review of the engineering projects, [redacted] found that the amount of cement allegedly issued to the [redacted] by [redacted] far exceeded the quantity of cement that was required to complete the project works<sup>128</sup>. Table 4 outlines the discrepancies of the cement issued for certain engineering contracts and the estimated job requirements from [redacted]

**Table 4:** Cement usage discrepancies – [redacted] projects

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

### **C MISUSE OF UNITED NATIONS INFORMATION TECHNOLOGY EQUIPMENT**

96. Pursuant to the provisions of ST/SGB/2004/15, [redacted] examined the Lotus Notes e-mail accounts and hard drives of [redacted] and [redacted] as part of this overall investigation.

97. During the investigation, it was found that the Lotus Notes e-mail account and hard drive of [redacted] contained numerous hardcore pornographic images. Furthermore, a number of these images had been forwarded from [redacted] computer to other [redacted] and persons outside the United Nations.

98. [redacted] signed a statement making full admissions regarding [redacted] misuse of his United Nations computer, in that [redacted] stored and disseminated pornographic material. [redacted] admitted that [redacted] had received an email from [redacted] management advising on the proper usage of United Nations IT assets. [redacted] stated that [redacted] was aware that it was a

[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]

breach of United Nations rules to send pornographic images by e-mail and to store them on United Nations computers<sup>129</sup>.

**D. [REDACTED] TAX EVASION**

99. [REDACTED] local [REDACTED] [REDACTED] engaged by [REDACTED] even though not obligated to cooperate with a United Nations investigation, voluntarily participated in interviews with [REDACTED]. [REDACTED] were asked, amongst other matters, whether [REDACTED] had duly disclosed the income earned from their [REDACTED] [REDACTED] to [REDACTED] taxation authorities in accordance with United Nations contractual terms<sup>130</sup>.

100. [REDACTED] stated that [REDACTED] declared some income to the tax authorities in [REDACTED] but not all of it, since it was [REDACTED] private business what [REDACTED] declared to the government.<sup>131</sup> [REDACTED] told [REDACTED] that [REDACTED] did not declare [REDACTED] earnings from [REDACTED] as income to the [REDACTED] government. [REDACTED] said that if [REDACTED] government required [REDACTED] to pay the tax, then [REDACTED] would do so.<sup>132</sup> [REDACTED] stated that [REDACTED] had asked other [REDACTED] [REDACTED] if they paid tax on their [REDACTED] income, and when [REDACTED] replied in the negative, [REDACTED] decided not to pay the tax. [REDACTED] admitted that [REDACTED] knew that [REDACTED] would be sentenced to jail for tax evasion for the income [REDACTED] received from [REDACTED] but did not declare.<sup>133</sup>

101. [REDACTED] reviewed documentation that was filed in the [REDACTED] [REDACTED] related to the earnings of [REDACTED] [REDACTED] for the time period [REDACTED]. Table 5 outlines the earning of those three [REDACTED].

**Table 5:** Depicting the income of three [REDACTED] [REDACTED] for the period [REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]



**E. CONFLICT OF INTEREST – Convened Complaint**

102. It was alleged that [REDACTED], [REDACTED] improperly convened an internal [REDACTED] [REDACTED] to review allegations made by [REDACTED] regarding the payment of kickbacks to United Nations [REDACTED], namely [REDACTED] and [REDACTED]. [REDACTED] former [REDACTED] [REDACTED] was appointed as [REDACTED] but was also alleged to have been in a position of conflict as [REDACTED] was the direct [REDACTED] of [REDACTED] and [REDACTED].

103. [REDACTED] interviewed [REDACTED] and the available [REDACTED]<sup>137</sup>, [REDACTED] [REDACTED] and [REDACTED] [REDACTED]. From an examination of all the relevant documentation associated with the allegation, it was established that [REDACTED] and [REDACTED] were not directly [REDACTED] by [REDACTED] and [REDACTED] was therefore not in any position of actual or perceived conflict of interest with respect to [REDACTED] participation on the [REDACTED]. Furthermore, the selection of each [REDACTED] was based on sound reasoning, noting [REDACTED] or [REDACTED] qualifications and experience. The [REDACTED] found no available evidence to substantiate the allegation of improper conduct by [REDACTED] regarding this matter. [REDACTED]<sup>138</sup> stated that at the completion of the review, the [REDACTED] recommended that the matter be referred to [REDACTED] and [REDACTED] followed the [REDACTED]'s recommendation.

**VI. FINDINGS**

104. Based on the review of all available documentation and interviews with numerous [REDACTED] [REDACTED] established the following facts:

[REDACTED]

105. [REDACTED] has the overall responsibility for the effective management and administration of the [REDACTED] [REDACTED]. As such [REDACTED] is the designated [REDACTED] [REDACTED] and [REDACTED] for all engineering projects. [REDACTED] is tasked with a broad remit and [REDACTED] must demonstrate sufficient vigilance to ensure projects are completed in a timely manner and in accordance with contractual stipulations.

106. [REDACTED] assigned a number of tasks to [REDACTED] and [REDACTED] within the [REDACTED] including the completion of project documentation (SoW and BoQ); pricing estimation of products; direct supervision of construction works; [REDACTED] evaluation and asset management.

107. Although designating staff to undertake these various duties, [REDACTED] consistently failed to provide effective supervision of staff; maintain proper documentation; and appropriate oversight of project works. Through his gross negligence, [REDACTED] failed to ensure that:

[REDACTED]  
[REDACTED]

- a) SoW and BoQ documentation was completed in accordance with the [REDACTED] Manual and thereby certified its budgetary approval;
- b) the best value for money principle was met by allowing the overpricing in the BoQ of products, which [REDACTED] admits was brought to [REDACTED] attention by [REDACTED];
- c) [REDACTED] and [REDACTED] provided adequate supervision and evaluation of [REDACTED];
- d) [REDACTED] engineering projects were completed in compliance with SoW and BoQ requirements;
- e) internal workplace documents, such as Project Completion Reports, were completed and retained to provide effective monitoring of projects;
- f) suitable file management practices were adopted and enforced in the [REDACTED];
- g) a proper [REDACTED] evaluation process was undertaken by the [REDACTED] when [REDACTED] endorsed favourable [REDACTED] Performance Reports without verifying the quality of works performed; and
- h) effective systems were instituted and adopted by [REDACTED] in [REDACTED] role as [REDACTED] which exposed [REDACTED] to significant risks regarding the receipt and distribution of cement to [REDACTED].

108. [REDACTED] also bore financial responsibility as the [REDACTED] for the [REDACTED] [REDACTED] are responsible for managing the utilization of United Nations resources in accordance with the purposes for which those resources were approved, and in accordance with the principles of efficiency and effectiveness expected by the Financial Regulations and Rules of the United Nations. [REDACTED] must also maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated responsibility.

109. Notwithstanding the poor quality of construction works undertaken and the failure of [REDACTED] to comply with their contractual obligations on all of the projects reviewed, [REDACTED] certified full payment for all works for 13 of the 16 service projects without any record of adverse comment. Furthermore, through [REDACTED] complete lack of staff supervision, [REDACTED] has allowed an environment to be created that is susceptible to corrupt practices. [REDACTED] found that overall, the negligent activities of [REDACTED] and [REDACTED] staff, incurred an estimated total financial loss to the United Nations of [REDACTED] (estimated 40 per cent overpricing of the 16 service projects undertaken by the [REDACTED] that cost [REDACTED] as detailed in paragraph 69 above and derived from the report of the [REDACTED] [REDACTED] [REDACTED] personally certified the payment of funds totalling [REDACTED]. Calculated on the same overpricing ratio of 40 per cent of that total, [REDACTED] it is estimated that [REDACTED] has caused a financial loss of [REDACTED].

██████████

110. ██████████ was assigned a number of activities by ██████████ including the roles of ██████████ ██████████ and ██████████ for the ██████████ ██████████. As such, a significant amount of responsibility was delegated to ██████████ regarding ██████████ administration and compliance and property management functions. ██████████ ██████████ is a qualified ██████████ and a very experienced staff member with more than ██████████ of service with ██████████

111. ██████████ actions were the subject of intensive scrutiny throughout the course of this investigation. Through ██████████ own admissions ██████████ has:

- a) improperly utilised his United Nations computer to store and disseminate pornographic images to ██████████ staff members and persons outside the United Nations, knowing that ██████████ actions are in contravention of United Nations Regulations and Rules;
- b) drafted SoW and BoQ for ██████████ which contained brand specific items, without justification clauses contrary to the requirements of the United Nations ██████████ Manual;
- c) in his position as ██████████ failed to properly supervise the work of the ██████████ ██████████ to ensure compliance with the SoW and BoQ for ██████████ which resulted in a financial loss to the United Nations;
- d) in his position as ██████████ endorsed to the ██████████ ██████████ that ██████████ was satisfactorily executed in accordance with all contractual terms, notwithstanding that ██████████ had failed to verify the quality and quantity of the material utilized by the ██████████ again resulting in a financial loss to the United Nations;
- e) in his position as ██████████ endorsed to the ██████████ that ██████████ was satisfactorily executed in compliance with contractual obligations on the basis of information received from ██████████ ██████████ without independently verifying the matter and which was found to be wholly deficient; and
- f) in his position as ██████████ inappropriately completed vouchers as both the ██████████ and ██████████ ██████████ for cement distribution in contravention of the established system requiring separation of those functions.

112. The principal corruption allegations against ██████████ ██████████ concerned the acceptance of kickback payments from ██████████ who received engineering contracts with ██████████ CS1003/07 provided credible, but uncorroborated, evidence regarding ██████████ involvement in corrupt activities. CS1003/07 outlined the circumstances whereby ██████████ arranged for ██████████ to undertake a small construction job at ██████████

for which [REDACTED] paid [REDACTED] [REDACTED] cash for the referral. [REDACTED] provided a blanket denial that [REDACTED] received kickbacks payments for any engineering construction works undertaken at [REDACTED]. The [REDACTED] provided a signed statement, which although not independently corroborated, has on balance been found to be convincing in all of the surrounding circumstances.

113. Another confidential source, CS1002/07, identified [REDACTED] as the prominent figure of a group termed [REDACTED] operating within [REDACTED]. The group allegedly accepts kickback payments from local [REDACTED] [REDACTED] who are regularly awarded [REDACTED] [REDACTED] projects, with the proceeds being shared amongst the participants. [REDACTED] acknowledged that [REDACTED] was aware of the expression [REDACTED] as it was a common phrase in [REDACTED] to represent a 'joint fund' or 'box with money that people share', but [REDACTED] denied its existence at [REDACTED] or [REDACTED] involvement in such a scheme. Although the information regarding the allegation may be plausible, the lack of any corroborating evidence, weighed against the outright denials of all parties alleged to be involved in the group, diminishes the persuasiveness of the assertion.

114. A covert telephone recording of a conversation between [REDACTED] and [REDACTED] two [REDACTED] [REDACTED] links [REDACTED] with the illegal sale of [REDACTED] cement. Both [REDACTED] and [REDACTED] verified the recording as genuine and supporting facts regarding delivery details lend credibility to the matter. Although [REDACTED] emphatically rejected the allegation [REDACTED] was involved in the illegal sale of cement, the examination of the surrounding evidence in its entirety, including [REDACTED] manipulation of the cement distribution system, attributes more credence to the version of events submitted by [REDACTED] and [REDACTED].

115. [REDACTED] did not find any evidence to substantiate the allegations that [REDACTED] was involved in the illegal sale of [REDACTED] [REDACTED] to [REDACTED] [REDACTED] or that [REDACTED] received any kickback payments from [REDACTED] for demolition works [REDACTED] executed at various [REDACTED] positions.

[REDACTED]

116. [REDACTED] failed to perform his duties as a [REDACTED] in the [REDACTED] by not ensuring adequate compliance by the local [REDACTED] with the SoW and BoQ for [REDACTED] [REDACTED] [REDACTED] and [REDACTED] [REDACTED] lack of proper supervision of the [REDACTED] and assessment of the quality of the works, combined with [REDACTED] endorsement of satisfactory performance to [REDACTED] for final certification, contributed to the financial loss suffered by the United Nations.

117. Further, [REDACTED] agreement to sign for the receipt of 300 metric tonnes of cement from [REDACTED] when [REDACTED] did not in fact personally receive the cement, undermines the reliability of the system instituted to protect the interests of the United Nations and account for the distribution of [REDACTED] cement and reflects poorly on [REDACTED] personal integrity.

[REDACTED]

118. [REDACTED] as a [REDACTED] handled 14 out of 16 [REDACTED] projects investigated by [REDACTED]. [REDACTED] admitted that [REDACTED] reviewed the various SoW and BoQ submitted by the [REDACTED] that contained brand specific items without justification clauses; that [REDACTED] did not object to the items; and that [REDACTED] was aware this was in contravention of the United Nations [REDACTED] Manual. [REDACTED] deflecting of blame to more [REDACTED] is of little relevance to the matter at hand and by failing to adhere to the required procedures, [REDACTED] perpetuated poor [REDACTED] practices.

[REDACTED]

119. [REDACTED] as [REDACTED] and [REDACTED] at [REDACTED] failed to perform [REDACTED] duties pursuant to correct [REDACTED] procedures, and by [REDACTED] own admissions, allowed brand specific items to be included in the SoW and BoQ submitted by the [REDACTED] even though [REDACTED] was aware that such specificity in a request is contrary to the generic requirement of goods specified in the [REDACTED] Manual.

120. Further, [REDACTED] inability to produce all of the [REDACTED] Performance Reports for the projects reviewed in this investigation reflects poorly on file management practices within the [REDACTED] of which [REDACTED] was the [REDACTED]. [REDACTED] assertion that the [REDACTED] must not have submitted them is of no consequence, if there is no record of such failure in the respective [REDACTED] files.

[REDACTED]

121. Between [REDACTED] and [REDACTED] [REDACTED] received a total of [REDACTED] for contract work undertaken with [REDACTED]. [REDACTED] voluntarily admitted that [REDACTED] failed to declare [REDACTED] earnings to the appropriate taxation authorities in [REDACTED] contrary to [REDACTED] contractual obligations with the United Nations, which advises all [REDACTED] to comply with local laws and regulations.

[REDACTED]

122. Between [REDACTED] and [REDACTED] [REDACTED] received a total of [REDACTED] for contract work undertaken with [REDACTED]. [REDACTED] partially admitted that [REDACTED] failed to declare [REDACTED] earnings to the appropriate taxation authorities in [REDACTED] contrary to [REDACTED] contractual obligations with the United Nations, which advises all [REDACTED] to comply with local laws and regulations.

[REDACTED]

123. Between [REDACTED] and [REDACTED] [REDACTED] received a total of [REDACTED] for contract work undertaken with [REDACTED]. [REDACTED] claimed to [REDACTED] that [REDACTED] failed to declare [REDACTED] earnings to the appropriate taxation authorities in

█████ but was prepared to pay █████ dues upon request of the █████ government, contrary to █████ contractual obligations with the United Nations, which advises all █████ to comply with local laws and regulations.

124. █████ did not find any evidence to substantiate the allegation that █████ paid █████ as part of a kickback scheme to █████ or █████.

█████

125. █████ did not find any evidence that the █████ convened by █████ to review the complaint made by █████ regarding alleged kickbacks, had an actual or perceived conflict of interest situation during the proceedings or that it was in any way improperly convened.

## VII. CONCLUSIONS

█████

126. █████ has failed to perform █████ management duties in accordance with the highest standards of efficiency and competence expected of an █████ in violation of Staff Regulation 1.2 (b). █████ ongoing failure to provide effective administration, monitoring, evaluation and supervision of █████ projects in compliance with proper █████ procedures, constitutes gross negligence as defined in paragraph 1.3 of ST/AI/2004/3.

127. Pursuant to Financial Rule 105.5, █████ certified for payment █████ contracts without exercising the requisite due care in the utilization of financial resources of the United Nations. The negligent financial certification by █████ for █████ projects is estimated to have caused a loss to the United Nations amounting to █████ Through █████ actions, █████ failed to adopt the principles of effective and efficient financial management in contravention of Financial Rule 101.1 and is thereby in violation of █████ obligations under Financial Rule 101.2.

128. █████ submitted SoW and BoQ to the █████ that contained brand specific items without justification clauses in contravention of paragraphs 8.2.1 and 8.3.1 of the █████ Manual.

129. █████ failed to give due consideration to ensuring that █████ obtained best value for money through effective international competition, when █████ certified the budgetary approval of █████ documentation that was not in compliance with the █████ Manual, and █████ thereby violated Financial Regulation 5.12

██████████

130. On the balance of probabilities, ██████████ has engaged in conduct that amounts to bribery in contravention of Chapter 1 of the ██████████ Penal Code and paragraph 4.3 (2)(a) of the ██████████ Manual, when ██████████ received an illegal payment from CS1003/07 for the awarding of ██████████ contracts.

131. ██████████ has engaged in conduct that implicates ██████████ in the illegal sale of United Nations property, through the fraudulent misappropriation of ██████████ cement, in contravention of Chapter 2 of the ██████████ Penal Code and paragraph 4.3 (2)(c) of the ██████████ Manual.

132. ██████████ requisitioned brand specific items in SoW and BoQ without justification for such items, in contravention of paragraphs 8.2.1 and 8.3.1 of the ██████████ Manual.

133. ██████████ has violated Staff Regulation 1.2 (b) by failing to uphold the highest standards of efficiency, competence and integrity when ██████████

- a) failed to perform ██████████ duties as a ██████████ and ██████████ at ██████████
- b) improperly utilized ██████████ United Nations computer to store and disseminate pornographic material in contravention of section 4.1(a) of ST/SGB/2004/15;
- c) compromised the integrity of the cement distribution system at ██████████
- d) engaged in acts of serious misconduct (bribery - outlined above in paragraphs 70 to 79; and fraud – outlined in paragraphs 84 to 95).

██████████

134. ██████████ failed to provide effective ██████████ for ██████████ ██████████ pursuant to ██████████ Manual obligations in that ██████████ improperly endorsed the receipt of material, therefore, ██████████ compromised the reliability of the cement distribution system in ██████████. As such, ██████████ has failed to uphold the highest standards of efficiency, competence and integrity expected of a United Nations staff member in violation of Staff Regulation 1.2 (b).

██████████

135. ██████████ failed to properly evaluate the SoW and BoQ documentation submitted to the ██████████ that contained brand specific items without justification in contravention of paragraph 9.2 of the ██████████ Manual.

██████████

136. ██████████ authorized the usage of brand specific items listed in the SoW and BoQ documentation submitted by the ██████████ without justification in contravention of paragraph 9.2 of the ██████████ Manual.

137. ██████████ failed to ensure that the requisite ██████████ Performance Reports from all ██████████ have been placed in the ██████████ files in accordance with paragraph 7.11.2 (2) of the ██████████ Manual.

██████████

138. ██████████ failed to disclose all taxable income earned from contracts with ██████████ in violation of Chapter I, Article 2 of ██████████ Law number 25.

██████████

139. ██████████ failed to disclose all taxable income earned from contracts with ██████████ in violation of Chapter I, Article 2 of ██████████ Law number 25.

██████████

140. ██████████ failed to disclose all taxable income earned from contracts with ██████████ in violation of Chapter I, Article 2 of ██████████ Law number 25.

## VIII. RECOMMENDATIONS

141. In view of the preceding findings, ██████████ makes the following recommendations:

**Recommendation 1.** It is recommended that ██████████ take appropriate action against ██████████ for violations of United Nations Staff and Regulations and Rules and ██████████ procedures as described in paragraphs 105 through 109. (ID Rec. No. IV06/492/01)

**Recommendation 2.** It is recommended that ██████████ in consultation with ██████████ seek to recover, in full or in part, from ██████████ the loss (estimated by OIOS to be ██████████) to the Organization caused by ██████████ gross negligence. (ID Rec. No. IV06/492/02)

**Recommendation 3.** It is recommended that ██████████ take appropriate action against ██████████ for the violation of United Nations Staff Regulations and ██████████ procedures as described in paragraphs 110 through 115. (ID Rec. No. IV06/492/03)

**Recommendation 4.** It is recommended that ██████ take appropriate action against ██████ ██████ for the violation of United Nations Staff Regulations as described in paragraphs 116 and 117. (ID Rec. No. IV06/492/04)

**Recommendation 5.** It is recommended that ██████ take appropriate action against ██████ ██████ for the contravention of ██████ procedures as described in paragraph 118. (ID Rec. No. IV06/492/05)

**Recommendation 6.** It is recommended that ██████ take appropriate action against ██████ ██████ for the contravention of ██████ procedures as described in paragraphs 119 and 120. (ID Rec. No. IV06/492/06).

**Recommendation 7.** It is recommended that ██████ in consultation with ██████ consider apprising the appropriate authorities of the ██████ ██████ of the revenues generated from contracts with ██████ by ██████ ██████ and ██████ as described in paragraphs 121 to 123. (ID Rec. No. IV06/492/07)

**Recommendation 8.** It is recommended that ██████ in consultation with the ██████ ██████ give consideration to the status of ██████ ██████ ██████ and ██████ as ██████ registered ██████ given the findings of this investigation. (ID Rec. No. IV06/492/08)

**Recommendation 9.** It is recommended that ██████ ensure that ██████ ██████ ██████ are formally appointed and receive appropriate training as to the proper management of United Nations assets. (ID Rec. No. IV06/492/09)

**Recommendation 10.** It is recommended that ██████ ensure all ██████ ██████ and ██████ engaged in the ██████ process, including ██████ have received comprehensive training of ██████ Manual requirements. (ID Rec. No. IV06/492/10)

**Recommendation 11.** It is recommended that ██████ review all contracts concluded by ██████ since ██████ in light of potential violations of ██████ regulations or local laws. (ID Rec. No. IV06/492/11)

