



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/015

Audit of the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA)

Overall results relating to the effective management of substantive and administrative support operations of BINUCA were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress.

**FINAL OVERALL RATING: PARTIALLY
SATISFACTORY**

**01 March 2013
Assignment No. AP2012/644/01**

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AUDIT REPORT

Audit of the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA)

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. BINUCA was established in January 2010 as an integrated mission designed to ensure the coherence of peacebuilding support activities by the various United Nations entities present in the Central African Republic. BINUCA works with the United Nations Country Team (UNCT) towards peace consolidation, with mandated objectives that include helping consolidate peace and national reconciliation, strengthening democratic institutions and laying the foundations for sustainable peace and development. BINUCA is led by the Department of Political Affairs (DPA) for substantive programmes and supported by the Department of Field Support (DFS) for administrative and logistics operations. In 2012, BINUCA had a staffing strength of 171, including 34 Professional staff, 45 Field Service staff, 87 National staff and 5 United Nations volunteers. BINUCA's approved budgets for the years 2011 and 2012 were \$19,793,600 and \$20,531,700, respectively.
4. Comments provided by DPA, DFS and the Department of Management (DM) are incorporated in italics.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of the BINUCA governance, risk management and control processes in providing reasonable assurance regarding **the effective management of substantive and administrative support operations**.
6. BINUCA was included in the IAD 2012 risk-based work plan as it was requested by DPA due to the concerns over the control environment, human resources management and property management.
7. The key controls tested for the audit were: (a) risk management and strategic planning; (b) performance monitoring; (c) coordinated management; (d) human resources targets and strategies; and (e) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Risk management and strategic planning** - controls that provide reasonable assurance that risks and opportunities relating to BINUCA's activities are identified and appropriate action is taken to mitigate these risks; also that a strategic plan is developed for the implementation of the Mission's mandate.
 - (b) **Performance monitoring** - controls that provide reasonable assurance that metrics are:
 - (i) established and appropriate to enable measurement of the efficiency and effectiveness of

operations; (ii) prepared in compliance with rules and are properly reported on; and (iii) used to manage operations appropriately.

(c) **Coordinated management** - controls that provide reasonable assurance that an effective strategy to coordinate the political, development and humanitarian activities in the country has been established. This includes clear delineation of roles and responsibilities of BINUCA, the UNCT and other actors in the region, and effective consultation while dealing with common issues so as to avoid gaps or duplication in functions.

(d) **Human resources targets and strategies** - controls that provide reasonable assurance that targets and strategies are set to ensure timely recruitment and retention of competent staff.

(e) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of BINUCA in external and internal communication; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

8. The key controls were assessed for the control objectives shown in Table 1.

9. OIOS conducted this audit in June and July 2012. The audit covered the period from 1 January 2010 to 30 June 2012.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The BINUCA governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of substantive and administrative support operations**. OIOS made twelve recommendations to address issues identified in the audit. BINUCA adequately managed its substantive activities and had a work plan that was aligned to mandated objectives; however, work plan implementation was not adequately monitored. BINUCA and the UNCT developed the Integrated Strategic Framework, as well as the enhanced Peace Consolidation and Development Assistance Framework (UNDAF+); however, no joint programmes had been implemented. The control environment needed to improve, with a procedure established locally to enable staff and management to deal with and resolve possible misconduct. Further training and development of welfare programmes were also required, as well as access to staff counseling services. The controls over administrative and logistic functions needed to improve in the areas of aviation safety, property management, procurement, financial and fuel management. There was a need to enhance International Public Sector Accounting Sector (IPSAS) implementation activities.

12. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of seven important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of substantive and administrative support operations	(a) Risk management and strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Performance monitoring	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Coordinated management	Partially satisfactory	Satisfactory	Partially satisfactory	Partially satisfactory
	(d) Human resources targets and strategies	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(e) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Risk management and strategic planning

Monitoring of work plans needed to be improved

13. BINUCA developed a detailed work plan in 2012, which included key tasks and activities to be implemented by the substantive and administrative sections, as well as expected accomplishments. However, implementation of the work plan was not monitored and the plan was not updated to track the status of planned activities. While the Special Representative of the Secretary-General (SRSG) had assigned the development of work plans to the Strategic Planning Unit, the Unit's responsibilities were focused on performance reporting under the Results-based Budgeting (RBB).

(1) BINUCA should ensure that adequate resources are assigned to managing and monitoring the work plan, including the periodic review and tracking of the status of implementation.

BINUCA accepted recommendation 1 and stated that the Strategic Planning Unit, which was assigned the responsibility to provide guidance to substantive sections on work plans, was fully staffed. An RBB monitoring tool had been developed for each substantive section, and focal points were nominated by Management to monitor the results being delivered. Recommendation 1 remains open pending receipt of evidence that work plans are regularly monitored and progress of implementation is being tracked.

An exit strategy needed to be developed

14. The Integrated Strategic Framework for peace building in the Central African Republic, which BINUCA developed in 2010 in consultation with the UNCT, did not consider or include an exit strategy. An exit strategy is an integral component of the strategic planning framework and stipulates the conditions for sustainable peace in the country before drawing down a mission.

(2) BINUCA should, in coordination with DPA, develop an exit strategy, to include: (i) the commitment and transition arrangements with the Government of the Central African Republic; (ii) input of major stakeholders such as civil society, women's organizations, and regional organizations; and (iii) key milestones and indicators of achieving the mandated

objectives.

BINUCA accepted recommendation 2 and stated that it had drafted an exit strategy, which would be discussed with DPA and the UNCT and shared with the Government of the Central African Republic. Recommendation 2 remains open pending receipt of a copy of the final exit strategy.

B. Performance monitoring

There was a need to improve performance monitoring

15. BINUCA did not develop a system for assessing its activities against the indicators stipulated in the RBB. Programme managers were not involved in compiling and consolidating data on indicators of achievement and outputs, mainly due to a lack of staff to manage the portfolio of evidence on an on-going basis. BINUCA did not have the Funds Monitoring Tool system for data and information extraction and for consolidating the required data on RBB outputs.

(3) BINUCA should implement a mechanism to record, analyze and maintain data on the achievement of the Results-based Budget indicators for substantive operations and conduct periodic reviews thereof to measure and report on mandate implementation.

BINUCA accepted recommendation 3 and stated that it had developed an RBB monitoring tool for each substantive section and nominated focal points to monitor results being delivered. RBB training was conducted for the heads of sections in October 2012 to improve their RBB monitoring skills. Recommendation 3 remains open pending receipt of a copy of the periodic reviews conducted on achievement of RBB indicators.

C. Coordinated management

Integration of activities with UNCT needed to be enhanced

16. BINUCA was working with the UNCT in developing peacebuilding and development assistance frameworks, which were aligned with national priorities. To ensure an integrated approach and to enhance coordination, BINUCA and the UNCT jointly developed the Integrated Strategic Framework, as well as the UNDAF+. However, the established Strategic Planning and Coordination Unit was not fully operational, and BINUCA and the UNCT did not have any joint programmes.

(4) BINUCA, in coordination with the United Nations Country Team (UNCT), should enhance integration of political and programme activities of the UNCT through implementing joint programmes.

BINUCA accepted recommendation 4 and stated that areas of further collaboration with the UNCT had been indentified including implementing joint programmes in key areas accompanied by detailed integrated action plans, resource allocation, as well as a monitoring and evaluation framework. Recommendation 4 remains open pending receipt of a copy of the joint programme plan of activities to be implemented jointly by BINUCA and the UNCT.

D. Human resources targets and strategies

Need to improve the working environment

17. There were internal challenges in the working environment in BINUCA, with tensions among staff, personal conflicts and a lack of respect for authority. Action was required by BINUCA management to establish a local procedure to enable staff and management to deal with and resolve possible misconduct. BINUCA advised that in September 2012, an arrangement had been established with the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) to provide assistance in conduct and discipline related issues, and had started providing training to BINUCA staff. Moreover, BINUCA partnered with the United Nations Development Programme (UNDP) to organize ethics workshops, and BINUCA expected to obtain additional training through the Regional Service Centre in Entebbe (RSCE).

(5) BINUCA, in collaboration with DFS and DPA, should improve the working environment for staff through: (i) organizing training on effective communication, teamwork and diversity; and (ii) developing a staff welfare programme.

BINUCA accepted recommendation 5 and stated that it had conducted two training courses in conduct and discipline and established a regular training programme for its staff. In addition, DFS circulated the new edition of the “Guide for managers”, which focuses on the roles and responsibilities of managers in the disciplinary process. Further, BINUCA completed and opened a staff welfare facility and appointed a conduct and discipline focal point. Based on the action taken by BINUCA and DFS, recommendation 5 has been closed.

Need to monitor human resources strategic indicators for timely recruitment and retention of staff

18. Nine posts remained vacant for a considerable period, eight of them for more than seven months and one for 18 months. There was also an extensive use of staff on temporary duty due to delays in filling posts. BINUCA advised that it had difficulties in attracting staff to the Mission, and that RSCE was assisting BINUCA in the recruitment process. Also, BINUCA did not establish a formal training plan to enhance staff skills. BINUCA advised that the training function had been assumed by the RSCE, and training would be received through the Centre.

E. Regulatory framework

Aviation safety measures needed to be enhanced

19. Aviation security measures needed to be enhanced: (a) an Aviation Safety Council had not been established; (b) the Aviation Operational Risk Management policy and conducting of security threat assessments had not been fully implemented; (c) the emergency response plan had not been developed; (d) aviation safety assistance visits and surveys were not conducted; and (e) there were inadequate procedures for screening cargo and passengers boarding the aircraft due to lack of personnel and equipment. Subsequent to the audit, a Mission Aviation Safety Council was established, an aviation safety visit was carried out, and the emergency response plan was up-dated. To address concerns regarding refueling of the aircraft in remote areas, BINUCA in conjunction with DFS, was in the process of assessing the need for a long-range aircraft.

(6) BINUCA should implement the DFS Aviation Operational Risk Management policy, strengthen security measures over loading of cargo and boarding of passengers, and organize training for aviation staff on handling dangerous goods.

BINUCA accepted recommendation 6 and stated that it had promulgated the Operational Risk Management policy in November 2012 and established a contract for offering security services at Bangui International Airport. It further stated that it had identified staff to be trained on handling dangerous goods in 2013. Based on the action taken by BINUCA, recommendation 6 has been closed.

The policy on MEDIVAC needed to be reviewed and clarified

20. ST/AI/2000/10 and ST/IC/2000/70 provided guidance on the administration of medical evacuation (MEDIVAC). However, there was a lack of clarity in this guidance resulting to differing interpretations of conditions for reimbursement of MEDIVAC travel expenses. For example, a staff member who was away from the Mission for 71 days on medical evacuation submitted claims for travel to seven countries and nine cities in addition to the authorized location. The Medical Services Division (MSD), DM initially approved this MEDIVAC case but the Mission questioned the decision due to the travel to several countries.

(7) The Department of Management should revise the policy and guidelines on medical evacuation to clarify the conditions that must be met by staff to be reimbursed for costs incurred during medical evacuation.

DM accepted recommendation 7 and stated that that it was finalizing the revised policy on MEDIVAC evacuation travel. Recommendation 7 remains open pending receipt of a copy of the final revised administrative instruction on MEDIVAC travel.

Asset management and inventory controls needed to improve

21. BINUCA conducted physical inspections of assets on a quarterly basis. However, the coverage of these inspections was insufficient, as only 500 items valued at \$3.6 million (37 per cent of the asset value) were inspected during a two year period. Self-accounting units, responsible and accountable for assets and materials entrusted to them, had not assigned asset management focal points for the day-to-day management of assets. As a result: (a) locations of assets were not recorded in Galileo making the physical inventory verification difficult; (b) there was inventory that had passed life expectancy and not recorded as such; and (c) the Public Information Unit received assets in 2011 directly from vendors without undergoing adequate receiving and inspecting procedures.

(8) BINUCA should improve property and inventory management through ensuring that: (i) comprehensive verification checks are done to assess the condition of items; (ii) Galileo is up-dated in a timely manner; and (ii) goods are properly received and inspected on arrival.

BINUCA accepted recommendation 8 and stated that it had established procedures to improve the asset and inventory management, including achieving 100 per cent assets verification, up-dating Galileo records, monitoring inventory key performance indicators (KPI), and achieving KPI on receiving and inspection time for goods received by the Mission. Based on the action taken by BINUCA, recommendation 8 has been closed.

Action was being taken to dispose of hazardous materials

22. Hazardous materials, including electronic equipment inherited from the previous mission, used and contaminated oil, tires and lead acid batteries were stored in containers in a warehouse, as BINUCA did not have the capacity to dispose of them. However, on advice from the Regional Procurement Office, BINUCA had re-advertised the request for Expression of Interest in the local newspapers to identify a contractor to assist in disposing of the hazardous materials. OIOS was satisfied with the action being taken by the Mission in this regard.

Security Plan was not rehearsed

23. BINUCA had developed country and Mission security plans that were duly approved by the Designated Official and regularly updated. Also, minimum operating security standards and minimum operating residential security standards were updated and approved. The Security Plan had not been tested and BINUCA advised that advocacy efforts were ongoing to better explain to the Government the importance of testing the Plan. OIOS was satisfied with the action being taken by the Mission in this regard.

Non-compliance with procurement policies

24. The Chief Procurement Officer signed six contracts totaling Not-to-Exceed amounts of \$ 951,000 which were above the delegated procurement authority of \$50,000. Performance evaluations were not completed for nine of the 20 contracts that required a vendor performance assessment and a statement of award was not approved at the appropriate management level for 10 contracts. Also, performance bonds were not received for two contracts, with a total Not-to-Exceed amount of CFA99.4 million (\$199,000). In addition, four of eight appointed members of the Local Committee on Contracts (LCC) did not attend mandatory training related to the effective discharge of their duties.

(9) BINUCA should ensure procurement activities are in compliance with the United Nations Procurement Manual and within its delegated procurement authority. Additional training should be provided to staff involved in procurement, including members of the Local Committee on Contracts.

BINUCA accepted recommendation 9 and stated that procedures had been implemented to ensure that the level of delegation of authority was not exceeded. It further stated that all members of the LCC had received basic training on LCC procedures, and procurement staff had been enrolled on the Procurement Division's online training courses. Based on the action taken by BINUCA, recommendation 9 has been closed.

Inadequate procedures for follow-up on long-outstanding receivables

25. There was no procedure to follow-up on long outstanding balances. As of 31 July 2012, accounts receivables totaled \$588,180 of which \$448,518 (76 per cent) were outstanding for six months and longer. Of the \$289,760 receivables from staff members, 48 per cent was outstanding for more than one year, including \$3,300 from six staff members who had left the Mission. Advances were not always cleared prior to issuing new advances, and there were delays by the Finance Section in processing advances due to incomplete documentation. There was also approximately \$190,000 to be recovered from UNCT members under cost sharing arrangements.

(10) BINUCA should implement procedures to ensure that: (i) receivables are regularly reviewed and settled in a timely manner; and (ii) additional advances to staff are not issued until previous advances are cleared.

BINUCA accepted recommendation 10 and stated that finance staff continuously review accounts receivables with the aim to clear them; but would be more rigorous in the future, including the clearance of advances prior to new advances being paid. An administrative circular on this matter would be issued. Recommendation 10 remains open pending receipt of a copy of the administrative circular outlining procedures on receivables to staff, as well as a copy of the receivables report evidencing that long outstanding receivables have been settled.

Procedures over fuel management needed to be improved

26. Controls over the use of fuel were weak. Monthly reports were not reconciled to the daily issues of fuel, there was no evidence that periodic fuel inventory checks were performed, and variances in daily and monthly records were not followed-up and investigated where necessary. Also, there was no oversight over fuel management and recordkeeping functions. Fuel balances verified by OIOS did not agree with inventory records.

(11) BINUCA should ensure that: (i) fuel management and record keeping functions are properly supervised; (ii) all fuel issuances are recorded; and (iii) reconciliations of daily and monthly fuel records with fuel physical inventory balances are performed in a timely manner and variances followed-up and investigated where necessary.

BINUCA accepted recommendation 11 and stated that it had implemented additional measures to record and monitor fuel usage including daily dip-stick recording and reconciliation. Based on the action taken by BINUCA, recommendation 11 has been closed.

Inadequate IPSAS implementation activities

27. BINUCA did not prepare terms of reference for the IPSAS Support Team specifying the authority, responsibility and accountability of the team members as required by DFS. Also, three of the seven members assigned to the team had separated and not been replaced and an alternate team leader had not been selected to ensure continuity during short absences. There was no tracking of IPSAS related training.

28. The real estate data submissions to DFS were incomplete and inaccurate, including: (a) omission of real estate items transferred from the previous mission; (b) inaccurate recording of data pertaining to constructed assets; and (c) incorrect input in data fields of the real estate templates.

(12) BINUCA should improve its preparedness for IPSAS by ensuring that: (i) the IPSAS Support Team develops terms of reference with clearly established responsibilities; (ii) the data for real estate is adequately verified for accuracy and completeness; and (iii) staff receive required training on IPSAS implementation.

BINUCA accepted recommendation 12 and stated that an IPSAS Implementation Team was established and the responsibilities of each member would be defined once the policy framework is finalized by DFS. A system was in place to verify accuracy of real estate data. BINUCA also stated that staff would undertake instructor-led training and regular training on IPSAS as required. Recommendation 12 remains open pending receipt of a copy of the terms of reference of the IPSAS

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of BINUCA, DPA, DFS and DM for the assistance and cooperation extended to the auditors during this assignment.



Mr. David Karja, Assistant Secretary-General
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA)

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1.	BINUCA should ensure that adequate resources are assigned to managing and monitoring the work plan, including the periodic review and tracking of the status of implementation	Important	O	Receipt of evidence that work plans are regularly monitored and progress of implementation is being tracked.	31 March 2013
2.	BINUCA should, in coordination with DPA, develop an exit strategy, to include: (i) the commitment and transition arrangements with the Government of the Central African Republic; (ii) input of major stakeholders such as civil society, women's organizations, and regional organizations; and (iii) key milestones and indicators of achieving the mandated objectives.	Important	O	Receipt of a copy of the final exit strategy	31 December 2013
3.	BINUCA should implement a mechanism to record, analyze and maintain data on the achievement of the Results-based Budget indicators for substantive operations and conduct periodic reviews thereof to measure and report on mandate implementation.	Important	O	Receipt copy of the periodic reviews conducted on achievement of RBB indicators.	30 June 2013
4.	BINUCA, in coordination with the United Nations Country Team (UNCT), should enhance integration of political and programme activities of the UNCT through implementing joint programmes.	Important	O	Receipt of a copy of the joint programme plan of activities to be implemented jointly by BINUCA and the UNCT	30 June 2013

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by DPA and DFS in response to recommendations.

Recom. no.	Recommendation	Critical¹/ Important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
5.	BINUCA, in collaboration with DFS and DPA, should improve the working environment for staff through: (i) organizing training on effective communication, teamwork and diversity; and (ii) developing staff welfare programme.	Important	C	Action taken	Implemented
6.	BINUCA should implement the DFS Aviation Operational Risk Management policy, strengthen security measures over loading of cargo and boarding of passengers, and organize training for aviation staff on handling dangerous goods.	Important	C	Action taken	Implemented
7.	The Department of Management should revise the policy and guidelines on medical evacuation to clarify the conditions that must be met by staff to be reimbursed for costs incurred during medical evacuation.	Important	O	Receipt of a copy of the final revised administrative instruction on MEDIVAC travel	31 March 2013
8.	BINUCA should improve property and inventory management through ensuring that: (i) comprehensive verification checks are done to assess the condition of items; (ii) Galileo is updated in a timely manner; and (ii) goods are properly received and inspected on arrival.	Important	C	Action taken	Implemented
9.	BINUCA should ensure procurement activities are in compliance with the United Nations Procurement Manual and within its delegated procurement authority. Additional training should be provided to staff involved in procurement, including members of the Local Committee on Contracts.	Important	C	Action taken	Implemented
10.	BINUCA should implement procedures to ensure that: (i) receivables are regularly reviewed and settled in a timely manner; and (ii) additional advances to staff are not issued until previous advances are cleared.	Important	O	Receipt of a copy of the administrative circular outlining procedures on receivables to staff, as well as a copy of the receivables report evidencing that long outstanding receivables have been settled.	30 June 2013
11.	BINUCA should ensure that: (i) fuel management and record keeping functions are properly supervised; (ii) all fuel issuances are recorded; and (iii) reconciliations of daily and	Important	C	Action taken	Implemented

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	monthly fuel records with fuel physical inventory balances are performed in a timely manner and variances followed-up and investigated where necessary.				
12.	BINUCA should improve its preparedness for IPSAS by ensuring that: (i) the IPSAS Support Team develops terms of reference with clearly established responsibilities; (ii) the data for real estate is adequately verified for accuracy and completeness; and (iii) staff receive required training on IPSAS implementation.	Important	O	Receipt of a copy of the terms of reference of the IPSAS Implementation Team and the IPSAS training plan.	30 June 2013