



DATE: 28 July 2004

REFERENCE: ITF/04/02(Case# 0216/04)

TO: Mr. Charles Brayshaw  
A: Acting Special Representative of the Secretary-General

THROUGH:  
S/C DE:

FROM: John Todd Senior Investigator  
Investigation Task Force

SUBJECT: **Alleged Violations of Procurement Procedures – Insurance (No. 0216/04)**  
OBJET:

1. In April 2004, the Investigation Task Force (ITF) received information alleging possible violations of UNMIK procurement procedures involving the purchase of insurance cover for the Pristina Airport commencing as of 1 April 2004.

2. This insurance was obtained by UNMIK with the assistance of the Icelandic Civil Aviation Administration (ICAA). An agreement between UNMIK and the ICAA of 1 April 2004 specified the procedures as follows:

*"UNMIK shall, with the assistance of Iceland as described in WPV1-1 of Schedule VI, if requested, obtain and maintain appropriate insurances for the airport, its equipment, facilities, operations, and services from reputable insurers. UNMIK shall, as and when reasonably required by Iceland, provide Iceland with satisfactory evidence of such insurance."*

WPV1-1 reads:

*"ICAA will provide assistance in acquiring liability insurance to cover the operation at Pristina Airport. The ICAA will use results from similar activities for acquiring liability insurance for Icelandic Airports (...). Most of the activities will be performed in Iceland (...)."*

3. The insurance coverage arranged by ICAA commenced on 1 April 2004; however, previously obtained insurance policy for the airport – for the time-frame prior to 1 April 2004 - was not cancelled.

4. The ITF inquired with staff at Pristina Airport dealing with insurance issues, and analyzed correspondence between these staff members and ICAA representatives. The documentation identified that the reason for double-coverage was the lack of a detailed insurance policy for the new coverage. KTA and Airport representatives had contacted ICAA several times for such policy documents and felt uncomfortable canceling the old policy without comprehensive information about the new one.

5. Further, in interviews with the ITF, the Airport personnel did not know whether the ICAA was required to follow UNMIK procurement protocols. However, a KTA Internal Audit Department staff member confirmed that no breaches of KTA rules, UNMIK procurement rules, or the above-mentioned agreement could be

identified in the purchase of the new policy through the ICAA. The ITF further concludes that UNMIK procurement rules were not applicable to the ICAA as the agreement between UNMIK and the ICAA (for the government of Iceland) is prevailing and does not identify such a requirement.

6. There is also no evidence of improper collusion or negotiations during the requisitioning process of the insurance policy, nor is no evidence that the process was corrupted.
7. Finally, the ITF can report that comprehensive policy documents have been provided by the ICAA and the previous insurance policy has been cancelled.
8. If you have any questions or comments regarding this report, please do not hesitate to contact Mr. Mark Gough, Chief, Peacekeeping Investigations Unit, in our Vienna office at +43-1-26060-5406.

Cc: Mr. Jean-Marie Guehenno, USG, DPKO

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