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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE  
OIOS · BSCI

TO: Ms. Louise Arbour, High Commissioner  
A: Office of the High Commissioner for Human Rights

DATE: 2 October 2007

REFERENCE: AUD-IAD: 07-00563

FROM: Dagfinn Knutsen, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AE2007/330/02 - Audit of the Liquidation of the OHCHR**  
OBJET: **Office in Bosnia & Herzegovina**

1. I am pleased to present the report on the above-mentioned audit, which was conducted in May and June 2007. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. In order for us to close the recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.

3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 1, 2 and 5), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

4. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.

## I. INTRODUCTION

5. OIOS conducted an audit of the liquidation of the Office of the High Commissioner for Human Rights office in Bosnia and Herzegovina ("the Sarajevo Office") in May and June 2007. The Office of the High Commissioner for Human Rights (OHCHR) requested this audit, since the office was closing down by 30 June 2007.

6. The Sarajevo Office was established in 1995 under a human rights monitoring mandate stipulated in Annex VI of the General Framework Agreement for Peace (also known as Dayton Accord). The overall objectives of the Sarajevo Office were to ensure:

- Increased and sustainable human rights protection, in particular with regard to economic and social rights of vulnerable groups, non-discrimination, women's rights, impunity and trafficking; and
- Increased capacity of the Government and civil society to comply with treaty body processes, including reporting and follow-up of recommendations.

7. There were six staff members in the Sarajevo Office as of 24 April 2007. The United Nations Office for Project Services (UNOPS) provided the administrative support including recruitment, procurement and salary payment for the Sarajevo Office. In turn, UNOPS entrusted UNDP with providing certain services to the Sarajevo Office on its behalf. The cost plans and the expenditure of the Sarajevo Office are shown below:

**Table 1: Cost plans and expenditure of the Sarajevo Office**  
(Figures in '000 \$)

	2004-2005	2006	2007 <sup>1</sup>
<b>Cost plan approved by OHCHR</b>	<b>1,338</b>	<b>527</b>	<b>394</b>
<b>Total expenditure</b>	<b>917</b>	<b>438</b>	<b>112</b>

Source: IMIS reports

8. The High Commissioner's Strategic Management Plan for 2006 – 2007 (SMP) stated that the Sarajevo Office would be phased out during the next biennium. A team from OHCHR, Geneva visited the Sarajevo Office from 22 to 23 May 2006 and prepared a plan to close it down by 30 June 2007. OIOS was informed that the plan was considered and approved at the inter-branch meeting held on 12 June 2006<sup>2</sup>.

9. The comments made by OHCHR Management are shown in *italics*.

## II. AUDIT OBJECTIVES

10. The major audit objectives of the audit were to:

- (a) Determine if the liquidation of the Sarajevo Office was properly formulated and approved; and
- (b) Evaluate the effectiveness of internal controls to determine whether the liquidation plan was being properly implemented in compliance with relevant United Nations Regulations and Rules, and that resources were being used effectively and economically.

## III. AUDIT SCOPE AND METHODOLOGY

11. The audit focused on the Sarajevo Office's adherence to appropriate procedures and timeliness with focus on financial management, human resources administration, archiving of records and disposal of assets. The methodology included a review of documentation and interviews with OHCHR and UNOPS staff. As the administrative support is outsourced to UNOPS, OIOS limited its review to documents and records of transactions and activities processed by OHCHR.

## IV. OVERALL ASSESSMENT

12. The liquidation of the Sarajevo Office was planned on time, but there was no mechanism to periodically monitor its implementation and no clear guidelines in closing down the Office. As a result, all activities were not completed by the scheduled closing

<sup>1</sup> Revised figures for 2007 cost plan include separation package; 2007 expenditure provided by UNOPS

<sup>2</sup> Minutes of the Inter-branch meeting were not available.

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date of 30 June 2007. OHCHR needs to establish a framework that addresses justification for closing offices, as well as guidelines and procedures to ensure clear definition of the responsibilities of the different offices involved. Furthermore, OHCHR needs to strengthen internal controls over assets in the field offices, including the reporting of vehicle accidents.

## V. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Framework for closing of field offices

13. The SMP and the Project Document (BIH/06/HC-AH/03 dated 23 December 2005) approved for the Sarajevo Office for 2006-2007 did not indicate whether the decision to close the Sarajevo Office was taken because the Office had achieved its objectives or had funding constraints or there were some other reasons. Decisions to close field offices should be based on clear benchmarks and indicators.

#### Recommendation 1

**(1) OHCHR should establish a framework for closing down of field offices that includes a comprehensive assessment of the human rights situation, capacities of various stakeholders, OHCHR's overall country engagement strategy, resources involved, potential impact and value added in the country. The assessment should be based on clear benchmarks and indicators.**

14. *The OHCHR Management accepted recommendation 1.* Recommendation 1 remains open pending receipt of a document outlining the framework established for closing down of field offices.

### B. Delay in implementation of the Liquidation Plan

15. The liquidation plan detailed various activities to be undertaken in several phases to close down the Sarajevo Office by 30 June 2007. OIOS noted that while some activities proceeded as per plan, other activities such as preparation of indemnity package for staff and disposal of some assets were delayed. There was no mechanism in place to periodically monitor the close out plan. As a result, not all liquidation activities required were completed by 30 June 2007.

16. Part of the reason for the delay was the lack of clear guidelines on the specific responsibilities of the Sarajevo Office, Desk Officer, Programme Support and Management Services (PSMS) and other concerned sections at OHCHR. The Administrative Manual for OHCHR and its Field Offices did not include guidelines on liquidation and closing down of offices which would assist the field offices on procedures for closing the Office.

#### Recommendation 2

**(2) OHCHR Programme Support and Management Services should ensure the development and distribution of relevant policies and procedures for liquidation of offices which include procedures for closing an office, an exit strategy, relations with local authorities,**

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**preparation of liquidation plan, asset disposal, the downsizing of human resources, financial liquidation, disposal of IT assets and monitoring progress of the close out plan.**

17. *OHCHR Management accepted recommendation 2 and stated that PSMS is developing an OHCHR Field Administrative Manual. This Manual among other issues will contain chapters providing guidance on the procedures to follow for closing a field office. Recommendation 2 remains open pending receipt of the OHCHR Field Administrative Manual and confirmation that the Manual includes all the relevant guidance.*

### **C. Performance Management**

18. OHCHR Standard Operating Procedure OHCHR/CBB/06/07 requires that performance appraisal (PAS) of staff in field offices be conducted annually. The Sarajevo Office informed that while annual performance appraisal of National Officers was conducted regularly, there was no evaluation of General Service staff. However, copies of the performance appraisal of the National Officers were not available.

#### **Recommendation 3**

**(3) OHCHR Programme Support and Management Services should establish controls to ensure that all field offices conduct an annual performance appraisal of all staff, as required by OHCHR Standard Operating Procedure OHCHR/CBB/06/07.**

19. *OHCHR Management accepted recommendation 3 and stated that OHCHR will ensure that all field office local staff are incorporated into the review of electronic PAS (ePAS) compliance. This has been problematic to date as local staff have not been issued secretariat index numbers and thus have been unable to access the ePAS system on-line. As a result, OHCHR has been unable to track their progress in the system and has had to rely on the local office to ensure that hardcopy PAS were completed. With the recent agreement with United Nations Headquarters to issue index numbers to the local staff, this problem should be solved. Recommendation 3 remains open pending confirmation that OHCHR local staff have access to the ePAS on-line system and that OHCHR has established procedures to track completion of their ePAS.*

### **D. Asset Management**

20. According to the Administrative Manual for OHCHR and its Field Offices, copies of all procurement requests (made through UNDP or UNOPS purchase orders) above \$1,500 and related documentation must be sent to the General Service/Logistics Section at OHCHR for inventory control purposes. This would serve as an additional control over the assets in the field office. However, the Sarajevo Office did not send copies of the purchase orders. The Logistic Property Unit (LPU) confirmed that other field offices did not forward these procurement requests to assist LPU prepare a consolidated list of assets.

#### **Recommendation 4**

**(4) OHCHR Programme Support and Management Services should establish procedures so that copies of all procurement requests**

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**(made through UNDP or UNOPS purchase orders) above \$1,500 and related documentation are sent to General Service/Logistics Section at OHCHR for inventory control purposes. The inventory list prepared by OHCHR Headquarters should be periodically reconciled with the lists maintained by the field offices.**

21. *OHCHR Management accepted recommendation 4 and stated that the administrative staff in the field offices have been reminded to scrupulously follow the directions provided in the guidelines for Procurement, Inventory Control and Logistics. A web-based inventory database for OHCHR is under preparation and will be used for recording the inventory lists from field offices which will be regularly updated and controlled.* Recommendation 4 will remain open pending receipt of evidence that the web-based inventory database has been developed and procedures have been put in place to reconcile the information in the database with the lists maintained by field offices.

#### Accidents not reported to the Property Survey Board

22. There were adequate controls over the inventory in Sarajevo Office. However, accountability for vehicle accidents and damage was not established. On 17 June 2005, the Sarajevo Office vehicle VW Golf III (registration plate SA 81 A 003) was involved in a car accident while being driven by a consultant, and the car was damaged beyond repair. The accident was reported to the local police authorities and a copy of the report was forwarded to OHCHR Geneva Headquarters on 22 June 2005. However, no further action was taken in Geneva to ascertain the reasons why a consultant was authorized to drive the official car. The case for disposal of the vehicle was presented to the UNDP Contracts, Assets and Procurement Committee (CAP) in June 2007, and was approved despite lack of full documentation. The Chief, PSMS informed OIOS that he would investigate the circumstances surrounding the incident and subsequent delay in addressing the disposal of the vehicle. Furthermore, OHCHR will compile a full history of the case and re-submit it to the CAP so that full details may be considered and appropriately documented.

#### **Recommendation 5**

**(5) OHCHR should strengthen procedures to ensure that the loss or damage to OHCHR property at field and headquarters offices is promptly reported to OHCHR Logistics Procurement Unit in order to advise a Property Survey Board. OHCHR may need to reiterate the responsibilities of the Property Records Custodians and the Heads of Office in the field offices.**

23. *OHCHR Management accepted recommendation 5 and stated that PSMS is developing an OHCHR Field Administrative Manual. This Manual among other issues will contain chapters for guidance on the procedures to follow regarding procurement in the field, maintenance of inventory and disposal of assets.* Recommendation 5 remains open pending receipt of the OHCHR Field Administrative Manual that includes procedures that would ensure prompt reporting of losses or damages to OHCHR LPU.

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Guidelines for maintaining files and records

24. Good record management practices contribute to efficiency and economical utilization of resources. OIOS noted that records relating to closure of the Sarajevo Office were not available at the Capacity Building and Field Operation Branch in a consolidated folder. In these circumstances, the records may not be readily available when the concerned staff members are on mission or leave.

**Recommendation 6**

**(6) OHCHR Capacity Building and Field Operation Branch should establish a records management policy to ensure that related documents are maintained in a consolidated folder that would be easily and readily available.**

25. *OHCHR Management accepted recommendation 6 and stated that in the framework of the OHCHR Archiving Committee, a system has been devised and is currently being implemented aimed at a harmonized system for filing hard and soft copies of all correspondence, including documentation related to closure of offices. Recommendation 6 remains open pending receipt of evidence of the establishment of a records management policy that ensures that documents are maintained in a manner that they would be easily and readily available.*

**VI. ACKNOWLEDGEMENT**

26. We wish to express our appreciation to the Management and staff of OHCHR for the assistance and cooperation extended to the auditors during this assignment.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS  
Mr. Anders Hjertstrand, Chief, Geneva Audit Service, OIOS

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	O	Document outlining the framework established for closing down of field offices.	August 2008
2	O	OHCHR Field Administrative Manual and confirmation that the Manual includes all the relevant information in closing a field office.	April 2008
3	O	Confirmation that local staff have access to the ePAS on-line system and that OHCHR has established procedures to track completion of their ePAS.	2007-2008 ePAS cycle
4	O	Evidence that the web- based inventory database has been developed and procedures have been put in place to reconcile the information in the database with the lists maintained by field offices.	December 2007
5	O	OHCHR Field Administrative Manual that includes procedures that would ensure prompt reporting of losses or damages to OHCHR LPU.	April 2008
6	O	Evidence of the establishment of a records management policy that ensures that documents are maintained in a manner that they would be easily and readily available.	March 2008

1. C = closed, O = open

2. Date provided by OHCHR in response to recommendations.

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Liquidation of the OHCHR Office in Bosnia & Herzegovina (AE2007/330/02)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Your overall satisfaction with the conduct of the audit and its results.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

*Thank you for taking the time to fill out this survey. Please send the completed Survey as soon as possible to: Mr. Dagfinn Knutsen, Director, Internal Audit Division, OIOS, Room DC2-518, United Nations, New York, NY 10017. You can also send it via e-mail (knutsen2@un.org) or by fax (+1-212-963-2185).*