



AUD II/00376/05

14 June 2005

TO: Dr. Patricia Lewis, Director
United Nations Institute for Disarmament Research

FROM: Egbert C. Kaltenbach, Director
Internal Audit Division II
Office of Internal Oversight Services

SUBJECT: **OIOS Audit of United Nations Institute for Disarmament Research (UNIDIR) (AE2004/385/01)**

1. I am pleased to submit the final report on the audit of the United Nations Institute for Disarmament Research (UNIDIR), which was conducted between November 2004 and January 2005 in Geneva by Mr. Raja Arumugham and Ms. Sophie Deflorin.
2. A draft of the report was shared with you on 21 April 2005, and your comments, which were received in May 2005, are reflected in this final report.
3. I am pleased to note that all/most of the audit recommendations contained in the final Audit Report have been accepted and that UNIDIR has initiated their implementation. The table in paragraph 33 of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations # 1 and 3, which OIOS considers to be of critical importance. Please note that based on General Assembly resolution A/RES/59/272, any Member State may request that the final Audit Report be made available in its final version.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 30 November 2005. This will facilitate the preparation of the twice-yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly resolution 48/218B.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditors, complete the attached client satisfaction survey form and return it to me under confidential cover.
6. Thank you for your cooperation.

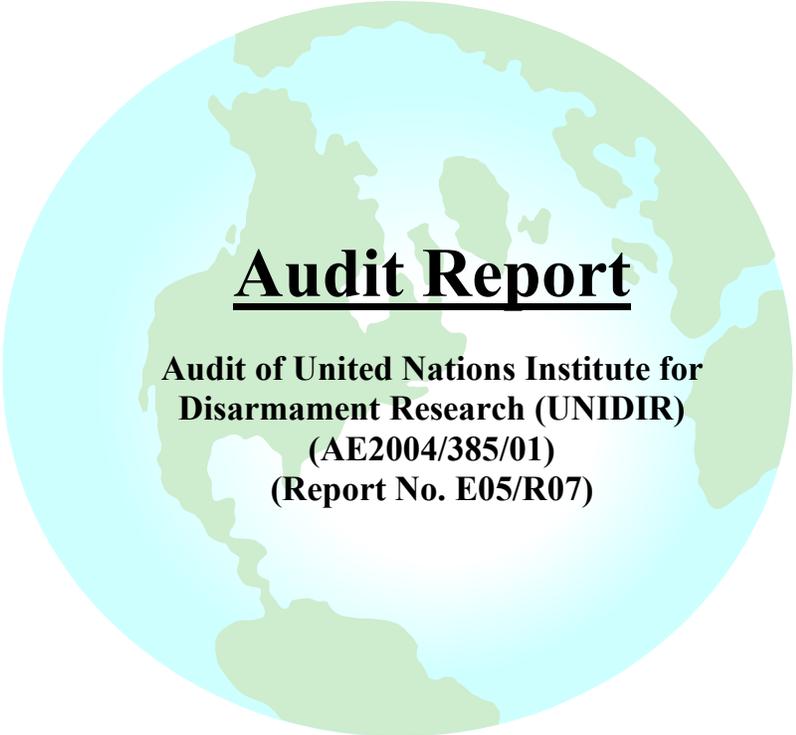
Attachment: Client Satisfaction Survey

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**United Nations
Office of Internal Oversight Services
Internal Audit Division II**

A large, stylized globe graphic with a light blue background and green landmasses is centered on the page. The text of the report title and subject is overlaid on the globe.

Audit Report

**Audit of United Nations Institute for
Disarmament Research (UNIDIR)
(AE2004/385/01)
(Report No. E05/R07)**

- **Report date: 14 June 2005**
- **Auditors: Raja Arumugham
Sophie Deflorin**



**Office of Internal Oversight Services
Internal Audit Division II**

**AUDIT OF THE UNITED NATIONS INSTITUTE FOR DISARMAMENT
RESEARCH (UNIDIR) (AE 2004/385/01)**

EXECUTIVE SUMMARY

From November 2004 to January 2005, OIOS conducted an audit of the United Nations Institute for Disarmament Research (UNIDIR). UNIDIR is mainly funded by voluntary contributions and also receives a subvention from the UN regular budget. The audit covered programmes and activities with a total expenditure of \$4.2 million from January 2002 to October 2004.

Governance issues

- A Board of Trustees governs UNIDIR and serves as the UN Secretary-General's Advisory Board on disarmament matters. The Board, under UNIDIR's management initiative, established a Sub-Committee to examine more closely the work of UNIDIR. The Sub-Committee meets before the Geneva meeting of the Board, discusses UNIDIR's work programme and other activities and reports it to the Board. In OIOS' opinion, the existing governance structure and arrangements, in comparison with the other autonomous UN institutes, are adequate and effective.
- UNIDIR has established an effective linkage with the Department of Disarmament Affairs in terms of joint research projects, publications, expert meetings and conferences. UNIDIR has also established linkages with the United Nations Development Program (UNDP) and the UN regional centers for peace and disarmament. However, UNIDIR's linkages with other agencies and research institutes within the UN system have remained ad hoc. UNIDIR also needs to strengthen its cooperation with other non-UN organizations and institutes that are active in the field of disarmament research. *UNIDIR has a strategy for linking with UN and research organizations.*
- UNIDIR has received a modest subvention of 15 per cent of its total income from the regular budget and relied predominantly on voluntary donations. More than 50 per cent of the donations are earmarked for specific projects or activities. UNIDIR has very little flexibility and has to rely on ad hoc arrangements for hiring staff and undertaking other activities. In OIOS' opinion, the funding source for UNIDIR needs to be expanded and stabilized. UNIDIR with the support of the Board, should seek enhanced financial support from the regular budget and formulate a strategy to increase its funding from more member states and private donors. *Two donor meetings were held in April with selected states as part of a larger fundraising strategy.*

Impact assessment survey results

- An OIOS impact assessment found that, overall, UNIDIR is making a positive impact through its research programs and other activities, yet there are some areas that need attention. UNIDIR was able to make an impact on a wide scale community, which includes: Government

representatives, staff of international organizations, research scholars, NGO activists, researchers, journalists and students.

- A high percentage (95) of the respondents stated that the overall quality of UNIDIR's research publications in terms of topic and analysis is excellent or very good in comparison to publications by peer research institutes. They also attested that the research programmes by UNIDIR were very relevant to the contemporary development debates in the field of disarmament.
- A significant percentage of respondents (76) considered UNIDIR's activities such as research publications and organizing seminars and meetings, as very useful or often useful for the work that they or their organization carry out. Among the government representatives and staff members of UN departments and organizations, 60 per cent of the respondents stated that UNIDIR activities were very useful or often useful for their work.
- A good percentage (63) of the respondents rated the work of UNIDIR as important to the work of their organization. Also 70 per cent of the respondents representing the governments and UN departments stated that UNIDIR's work is important to their organization.
- OIOS observed, however a perceptible gap in the geographical area where UNIDIR's impact was noticed. While the majority of the respondents were from Europe, North America and Australia, the responses from Asia, South America and Africa was minimum. UNIDIR should widen its geographical coverage to further enhance its impact.

Administrative issues.

- UNIDIR's staff members are to be governed by the Staff Regulations and Rules of the UN, subject to such arrangements for special rules or terms of appointment as may be proposed by the Director and approved by the SG. No such special rules have been approved.
- Certain staff members of UNIDIR do not fully enjoy the status as UN staff members. The terms and conditions of their contracts do not fall under any of the three series of the UN Staff Rules. They receive a monthly net salary, which does not fully correspond to any UN salary level and are excluded from participation from the UN Joint Staff Pension Fund, the UN medical insurance scheme and certain entitlements foreseen by the Staff Rules. UNIDIR explained that the cost of granting its staff full UN employment status would exceed its financial capabilities. UNIDIR, in consultation with its Board and cooperation with UNOG HRMS and OHRM, should explore options to gradually apply the UN Staff Regulations and Rules to its staff members. UNIDIR should establish and classify posts prior to recruitment of staff. *UNIDIR shall explore all possible option with the Board and HRMS and OHRM to see how UNIDIR can apply the UN staff rules and regulations to all staff members.*
- UNIDIR has been reimbursing UNOG at the rate of 5 per cent of its income as programme support costs, amounting to some \$107,000, for the 2002-2003 biennium and some \$182,000 for the biennium 2004-2005. However, UNIDIR had no formal memorandum of understanding (MOU) with UNOG, listing the services and support to be provided. UNIDIR has also been incurring expenditure on administrative requirements i.e. publishing, IT support, which in OIOS view could be better serviced by UNOG. *UNIDIR will explore the possibilities with UNOG of making the existing agreement formal.*

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I. INTRODUCTION

1. From November 2004 to January 2005, OIOS conducted an audit of the United Nations Institute for Disarmament Research (UNIDIR). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNIDIR is an autonomous institution within the framework of the United Nations established by the General Assembly for the purpose of undertaking independent research on disarmament and related problems, particularly international security issues. It works in close relationship with the Department of Disarmament Affairs of the UN Secretariat. UNIDIR is governed by a statute established by the GA that came into effect on 1 January 1985.
3. A Board of Trustees, which also serves as the United Nations Secretary-General's Advisory Board on Disarmament Matters, governs UNIDIR. It is mainly funded by voluntary contributions from member states and other public and private donors and receives a subvention from the UN regular budget. UNIDIR's expenditure amounted to some \$2.7 million for the biennium 2002-2003. Currently, UNIDIR has 22 staff members: 4 staff on regular contracts and 17 on personal service contracts.
4. The Board of Auditors (BOA) conducted an audit of UNIDIR in October 2003. This is the first audit conducted by OIOS.
5. A draft of this report was shared with the Director of UNIDIR on 21 April 2005, whose comments have been reflected in the report in italics. *UNIDIR has accepted most of the recommendations made and is in the process of implementing them.*

II. AUDIT OBJECTIVES

6. The main objectives of the audit were to:
 - Review the effectiveness of the current governance structure of UNIDIR;
 - Review the current funding arrangements and its sustainability;
 - Determine the effectiveness of management practices to achieve UNIDIR's programmes/ projects objectives; and
 - Determine the effectiveness of internal controls to ensure economic and efficient use of resources, and their compliance to UN Regulations and Rules.

III. AUDIT SCOPE AND METHODOLOGY

7. Taking into consideration that this was the first OIOS audit of UNIDIR, the audit scope included a comprehensive review of its governance structure, funding arrangements, substantive research and outreach activities, as well as its administrative arrangements. The audit covered the period from January 2002 to October 2004 and covered an expenditure of \$ 4.2 million. The audit focused on the statute, funding resources and its sustainability, various UNIDIR research projects and their outputs and UNIDIR outreach activities. The

audit reviewed UNIDIR submissions to the Board, the minutes of the Board meetings, annual work programmes, annual reports, important research project reports and other relevant documents.

8. The OIOS team interviewed the Director and other key staff members to solicit their views on the functioning of UNIDIR. OIOS reviewed on a sampling basis various programme documents, financial and personnel records. OIOS also undertook a survey and sent out a questionnaire to a list of recipients of UNIDIR's publications. This survey was intended to make an independent impact assessment of UNIDIR's research and outreach activities, to measure how they rated the work of UNIDIR and to collect their comments regarding UNIDIR's research and outreach activities. OIOS also held discussions with human resource officers at UNOG. OIOS utilized the governance structure and other arrangements established by the UN for other similar independent entities like the United Nations System Staff College (UNSSC), the United Nations Interregional Crime and Justice Research Institute (UNICRI) and the United Nations Research Institute for Social Development (UNRISD) as external benchmarks.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Governance Issues

UNIDIR statute

9. The General Assembly, at its first Special Session devoted to Disarmament in 1978, proposed to create a UN Institute for sustained, forward-looking research and study activity in the field of disarmament, and to promote informed participation by all states in arms control and reduction. In October 1980, UNIDIR commenced its operations as an inter-governmental organization within the UN. UNIDIR's Statute came into effect on 1 January 1985.

10. According to Article III of the Statute, a Board of Trustees governs UNIDIR and also serves as the UN Secretary-General's Advisory Board on Disarmament matters. The Board members, knowledgeable in the field of security, arms control and disarmament, were selected by the Secretary-General for an initial 2-year term. The role and the responsibilities of the Board are clearly stipulated in the Statute. There are currently 23 members on the Board who meet twice a year, in New York (usually January) and in Geneva (usually July).

11. Until 2003, the Board discussed UNIDIR activities only as part of its considerations during global issues on disarmament. Thus, the Board only devoted limited time to UNIDIR issues and could not adequately discuss UNIDIR issues. To enhance the effectiveness of its responsibilities, the Board, at UNIDIR's initiative, established a Sub-Committee, to examine more closely issues related to UNIDIR's work programme. The Sub-Committee, consisting of eight members, held its first meeting in July 2003. The Sub-Committee, which reports to the Board, meets before the annual Board meeting that is held in Geneva, to discuss UNIDIR's work programme and other activities. In OIOS' opinion, the existing governance structure and arrangements, in comparison with the other autonomous UN institutes, is adequate and effective.

Linkages with UN and other agencies

12. UNIDIR conducts research on disarmament and security to assist the international community in their disarmament way of thinking, their associated decisions and efforts. In order to make its research activities relevant to the international community, UNIDIR had to establish linkages with the UN Secretariat and other specialized agencies, other organizations, programmes and institutions of the UN system as well as with other organizations and institutes active in the field of disarmament research. Article VI of the Statute emphasizes the need for UNIDIR to develop arrangements for active cooperation with these specific organizations and institutes.

13. OIOS' review of the minutes of the Board meetings, the Director's reports and other project documents indicated that UNIDIR had established an effective linkage with the Department of Disarmament Affairs. There was cooperation in joint research projects, publications, expert meetings and conferences and other disarmament related activities. UNIDIR had also established linkages with the United Nations Development Program (UNDP) and UN regional centers for peace and disarmament. Despite this, UNIDIR's linkages with agencies (e.g. IAEA, CTBTO, OPCW) and research institutions within the UN system remained ad hoc. Similarly, UNIDIR was yet to establish an effective cooperation with other organizations and institutes active in the field of disarmament research. OIOS noted that lack of funding was one factor limiting active cooperation.

14. OIOS recommended that UNIDIR should formulate a strategy to establish clear and well-defined linkages with other UN agencies and research institutions. UNIDIR should also strengthen its cooperation with non-UN organizations and institutes active in the field of disarmament research. *UNIDIR responded that it had a strategy for linking with UN and research organizations. Currently UNIDIR have, for example, research contracts with over 50 research institutes. UNIDIR had carried out a number of research projects and have two MOUs with UNDP as well as long-standing collaboration with DDA. Recently, UNIDIR had executed a cooperative project with UNHCR. UNIDIR further clarified that their strategy is based on their research interests and others' interests. Disarmament is a constantly changing field. Knowledge evolves rapidly and specialists can emerge or become outdated quickly relative to other fields. In order to provide the most relevant and "ahead of the curve" research to Member States, UNIDIR needs to retain flexibility and not be tied into collaboration with one institute.*

B. Funding Arrangements

Funding needs to be secured

15. According to Article VII of the Statute, voluntary contributions from member states and public and private organisations should form the principal source of the financing for UNIDIR. The Article also provides for a subvention from the regular budget of the UN towards meeting the cost of the Director and staff of the Institute. The Article further states that in a given year, the subvention should not exceed an amount equivalent to one half of the assured income of the Institute coming from voluntary sources. The table below indicates the total amount received as voluntary contributions and the subvention provided by the regular budget.

Year	Total income (\$000)	RB subvention (\$000)	Percentage
2002	1,704	219	13
2003	1,040	228	22
2004	2,080	275	13
Total	4,824	722	15

It was evident that UNIDIR received a modest subvention of 15 per cent of its total income from the regular budget. This modest subvention could only meet the cost of employing the Director and part of the salary of one support staff.

16. UNIDIR has relied mainly on voluntary donations from governments and private donors. UNIDIR receives two types of funding: earmarked for specific projects undertaken by UNIDIR and non-earmarked funds for other activities including administrative expenditures. Throughout the review period, about 52 per cent of the contributions is earmarked for UNIDIR specific projects or activities. Therefore, UNIDIR has very little flexibility in terms of non-earmarked funding and has to rely on ad hoc arrangements for hiring staff and undertaking other activities. During the 2002-2003 biennium, voluntary contributions totaled \$2.2 million. The contributions from few member states represented 84 per cent of total voluntary contributions, with France and Japan making the most significant contribution of \$600,000 each. The French contribution is used to fund the post of the Deputy Director and the Japanese contribution is used mainly to fund a 24-month project from 2002-2004. The estimated voluntary contributions for the 2004-2005 biennium amounted to \$3.1 million, including a \$1.8 million contribution from the European Commission for a 20-month project.

17. In OIOS' opinion, UNIDIR needs to expand and stabilize its funding sources to ensure its effective functioning. UNIDIR with the support of the Board should seek enhanced support from the regular budget to meet the costs of employing staff members holding core functions within the Institute. Also, UNIDIR with the involvement of the Board needs to formulate a funding strategy to increase the level of funding from member states and private donors. There was an earlier plan to organize a donor meeting, however, this was not pursued. In OIOS' opinion, periodic donor meetings to present research activities and publications would increase awareness of the work of the Institute and could help to attract more funds.

Recommendation:

- The Director of UNIDIR with the support of the Board should formulate and implement a strategy for enhanced fund raising, including organising donor meetings. UNIDIR also should seek adequate funding from the regular budget to better meet the costs of its core staff (Rec. 01).

18. *UNIDIR agreed and had begun to implement the recommendation. Two donor meetings were held in April with selected states as part of a larger fundraising strategy and*

so far Sweden, New Zealand, Austria and Turkey have responded by donating funds. UNIDIR would look to find ways to seek adequate funding from the regular budget to meet the cost of its core staff better. OIOS will consider this recommendation implemented when it receives a copy of the fund raising strategy and information on its effort to seek adequate funding for its core staff.

C. Impact Assessment Survey Results

Impact Assessment

19. According to Article II of the Statute, UNIDIR's activities are aimed at (i) providing the international community with more diversified and complete data of problems relating to international security to facilitate progress, through negotiations; (ii) promoting informed participation by all States in disarmament efforts; (iii) assisting ongoing negotiations on disarmaments by means of objective and factual studies and analyses; and (iv) carrying out more in-depth and forward looking and long term research on disarmament. UNIDIR had not undertaken any comprehensive in-depth evaluation of its overall achievements. In response to UNIDIR's request, OIOS, as part of the audit, undertook an impact assessment of UNIDIR's work.

20. OIOS' assessment was intended to make an independent and objective evaluation of the impact of UNIDIR's research work and its publications and other activities. UNIDIR has been sending its research papers and publications to various interest groups throughout the world. OIOS developed a questionnaire, which was addressed to the recipients of UNIDIR's publications. The questions varied and focused essentially on the following aspects: quality and relevance of research publications, usefulness of work (publications, research activities, meetings and expert networks) to the activities of the addressees, impact of dissemination efforts, and research areas that had the most relevance.

21. OIOS obtained the mailing lists used by UNIDIR and selected a specific number and categories of addresses from a list of the UN departments and specialised agencies, national governments, universities and their libraries, research scholars and journalists. OIOS selected 700 e-mail addresses and sent the questionnaire by e-mail. The respondents were required to respond either on their own behalf or on behalf of the organization they represented. Based on the responses received, OIOS was able to determine the following:

(i) Overall, UNIDIR's research and other activities are making a positive impact and that there are some areas that need attention:

(ii) UNIDIR was able to make an impact on a wider community. The responses received by OIOS came from varied categories of recipients; government representatives, staff of international organizations, research scholars, NGO activists, researchers, journalists and students.

(iii) A high percentage (95) of the respondents stated that the overall quality of the UNIDIR research publications in terms of topic and analysis were excellent or very good in comparison to the publications from peer research institutes. They also attested that UNIDIR's research programmes were very relevant to the contemporary development debates in the field of disarmament. OIOS noted that global security and disarmament were the areas considered to be the most relevant for the work of the recipients.

(iv) A significant percentage of respondents (76) stated that UNIDIR's activities were either very useful or often useful for the work carried out by them or by their organization. Among the government representatives and staff members of UN departments and organizations, 60 per cent of the respondents said that UNIDIR activities were very useful or often useful for the work carried out by them or their organization.

(v) To the question of how important was UNIDIR's work to the respondent or the organization they represented, a good percentage (63) of them rated the work of UNIDIR as important to the work of their organization. Also, 70 per cent of the respondents representing governments and UN departments stated that UNIDIR's work is important to their organization.

(vi) In terms of creating awareness about UNIDIR and its activities, 70 per cent of the respondents believed that UNIDIR needed to create more awareness. OIOS noted from the responses that UNIDIR's printed publications and its web page were efficient in creating the awareness. However, it was noted that the media coverage of UNIDIR activities was not adequate. UNIDIR needs to formulate an 'outreach strategy' to create more awareness, including media coverage.

(vii) OIOS found a perceptible gap in terms of the geographical area where UNIDIR's impact was noticed. While the majority of the respondents were from Europe, North America and Australia, only a minimal number of responses came from Asia, South America and Africa. UNIDIR needs to increase its impact and create more awareness by covering a wider geographical area. *UNIDIR pointed out that there are fewer individuals and research institutes located in developing countries than in developed countries. UNIDIR sends all its publications to about 300 researchers and institutes based in African countries, 360 in Asia/Pacific, and 300 in Latin America/Caribbean. In percentage terms of total mailing this amounts to: 11.5% for Africa, 16% for Asia/Pacific and 13% for Latin America/Caribbean. UNIDIR always attempts to increase the numbers of partners and recipients in those regions.*

(viii) Most of the respondents have been regularly receiving UNIDIR's publications. A majority of them, between 3 to 5 times in a year, and in certain cases, more than five times. UNIDIR has been regularly and consistently sending its publications and other information, as a significant percentage stated that they had been receiving them for more than a year. OIOS noted that a good percentage of respondents have been receiving them for more than ten years.

(ix) UNIDIR's mailing list needs to be reviewed and updated. A number of e-mails were not functional anymore. Out of the 700 messages sent, 130 (19 per cent) were sent back to OIOS as "undelivered mail return to sender" as their email address was invalid. *UNIDIR explained that it mainly used postal addresses for disseminating its publications and that it constantly updates its mailing list by responding to returned postal mailings and written notification. To ensure email addresses are updated and operational, UNIDIR plans to send regularly a test email to all entries on the list, from which undelivered returns will be deleted and to send a one-page form to all recipients of UNIDIR publications for their updating of postal and email addresses as required.*

Based on the survey results, OIOS makes the following recommendation to increase the impact of UNIDIR's research publications and outreach activities.

Recommendations:

- UNIDIR should develop and implement an effective ‘outreach strategy’ with a more focussed emphasis on media coverage of its activities and publications (Rec. 02).

22. *UNIDIR agreed and stated that the forthcoming annual strategy meeting would in fact focus on UNIDIR’s outreach with specific reference to media coverage of its activities and publications, with a view to enhancing the institute’s profile in the relevant media and interested general public. Improved exposure will be sought to foster broader awareness in international public opinion of UNIDIR’s work in pursuit of disarmament, as well as to assist in eliciting the interest of potential funders. OIOS will consider this recommendation implemented upon receipt of the report of UNIDIR’s annual strategy meeting.*

23. OIOS also suggested that UNIDIR consider widening the geographical coverage of its activities in order to achieve a global impact. *UNIDIR will continue to seek to broaden and enhance the geographical scope of its activities. This will remain a matter of particular priority in the developing world, where there exist far fewer research institutes or academic departments active in UNIDIR’s field than in other regions. Beyond seeking out existing partners and interlocutors in the developing world, UNIDIR will continue to do its best to contribute to actual capacity building in areas where disarmament research is least developed.*

D. Administrative Issues

Personnel Management

24. According to Article IV of the Statute, “the staff of the Institute shall be appointed by the Director under letters of appointment”...” limited to service with the Institute.” The personnel management is governed by the Staff Regulations and Rules of the UN, subject to such arrangements for special rules or terms of appointment as may be proposed by the Director and approved by the SG. However, no such special rules have been so far approved. *UNIDIR stated that the limitation of service to UNIDIR limited career development. UNIDIR would like to see this changed for General Service staff. OIOS concurs that it would be preferable to engage General Service staff through the UNOG staff selection system.*

25. Currently, UNIDIR has four staff members appointed under the 100 series fixed-term contracts for varying periods. The Director is appointed for two years, while the Deputy Director and the specialized secretary are appointed for one year. The Administrative Assistant currently holds a permanent contract. In addition, UNIDIR has been regularly employing six staff members for core functions: a computer systems manager, a research programme manager/conference organizer, an editor in chief, an editor, an assistant editor and a fellowship and internship coordinator. In addition, UNIDIR recruits a number of project managers and researchers depending on the projects implemented at the time. These staff members were issued Letters of Appointment (LOA) by the Director and administered solely by UNIDIR not by UNOG HRMS.

26. OIOS has concerns on the manner in which UNIDIR manages its staff members. (i) The terms and conditions of their contracts do not fall under any of the three series of the Staff Rules. (ii) Although they are considered as staff members, they do not fully enjoy the status as staff members. (iii) These staff members are under a separate remuneration modality,

oriented to some extent to the 200 series salary scale, offering a month net salary, which does not fully correspond to the salary scales or special rates published by the UN. (iv) They are excluded from participation from the UN Joint Staff Pension Fund and are unable to participate in the UN medical insurance scheme. Overall, they are neither governed by UN Staff Rules or by any approved special rules. OIOS noted that these inconsistencies were time and again reviewed by UNIDIR, UNOG Liaison Legal Officer and HRMS and with OHRM. However, their status and compliance to the UN Staff Rules remain to be resolved. UNIDIR explained that given its already difficult funding situation, the application of full entitlements would exceed its financial capabilities.

27. In OIOS' opinion, UNIDIR, in consultation with its Board and cooperation with UNOG HRMS and OHRM, should ensure that the UN Staff Regulations and Rules are systematically applied to all UNIDIR staff members. UNIDIR should establish and classify posts. UNIDIR should also ensure that the conditions of service in the LOAs should correspond to the provisions of the Staff Regulations and Rules. Since the letters of appointment shall be signed by the Director of UNIDIR "in the name of the Secretary General" the appointments should be governed by one of the set of rules admissible for employment in the UN. While OIOS appreciates UNIDIR's difficult financial situation and the additional costs resulting from full application of the Staff Rules, it is difficult to accept that staff members' entitlements and remuneration are driven by the financial situation of an entity. This would undermine the common system.

28. Furthermore, the staff selection and contract extension procedures for these staff members and other consultants were not clear in the personnel files. *UNIDIR clarified that its staff members were competitively selected and that there had been some occasions, for short-term and urgent projects, when UNIDIR had just appointed qualified personnel, as was normal practice in the UN.*

Recommendations:

- UNIDIR, in consultation with its Board and with UNOG HRMS and OHRM, should explore options to gradually apply the UN staff Regulations and Rules to its staff members (Rec. 03).
- UNIDIR in consultation with its Board, should establish specific posts for the core functions and project posts, classify them and ensure that competitive selection is made for these posts (Rec. 04).

29. *UNIDIR confirmed that they would explore all possible options with the Board and HRMS and OHRM to see how UNIDIR could apply the UN Staff Regulations and Rules to all staff members. In that direction UNIDIR intends to establish specific posts for the core functions and project posts and classify them and go through competitive selection procedures.* OIOS retains the recommendations for a follow up on the progress made after a year.

Need to formalize the support with UNOG

30. According to the Statute (Article IX), the SG should provide UNIDIR with the appropriate administrative and other support and UNIDIR should reimburse the costs for such support. UNOG has been providing support to UNIDIR. Based on a memorandum dated 5

March 1984, UN decided to reduce the rate of reimbursement of programme support costs from 13 to 5 per cent and to absorb under the regular budget the cost of miscellaneous services. UNIDIR had paid \$107,200, for the 2002-2003 biennium and estimated \$182,000 of programme support costs for the biennium 2004-2005. However, UNIDIR had not established any formal memorandum of understanding (MOU) with UNOG, listing the services and support to be provided. In addition to the reimbursement to UNOG, UNIDIR has been incurring expenditures on administrative requirements i.e. publishing, IT support etc, which in OIOS' view could be better serviced by UNOG. UNIDIR needs to clearly establish the services and support provided by UNOG.

31. OIOS recommended that UNIDIR should enter into a formal agreement with UNOG listing the services and the support to be provided. *UNIDIR will explore the possibilities with UNOG of making the existing agreement formal.*

Follow-up of the BOA recommendation

32. OIOS followed up on the implementation of recommendations contained in the management letter issued by the Board of Auditors on 12 February 2004. Under recommendation 7, the BOA recommended that UNIDIR establish a formal roster of candidates to provide complete and up-to-date information as envisaged in ST/AI/1999/7. OIOS noticed that UNIDIR only maintained a list of candidates in a database along with the mailing list of the recipients of its publications. UNIDIR should establish a roster containing the list of all the potential candidates with their respective qualification and experience verified and the potential areas of expertise where they can be utilized. *UNIDIR is upgrading the database so as to take account of the credentials, qualifications and experience of the experts. However, UNIDIR stressed the importance of retaining flexibility when it comes to appointing expert consultants and UNIDIR did not wish to be tied to a fixed roster.*

V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS

33. OIOS monitors the implementation of its audit recommendations for reporting to the Secretary-General and to the General Assembly. The responses received on the audit recommendations contained in the draft report have been recorded in our recommendations database. In order to record full implementation, the actions described in the following table are required:

1*	Copy of the fund-raising strategy and information on results of efforts to secure funding for its core Staff.
2	Copy of UNIDIR's report on its annual strategy meeting.
3*	Results of consultation with UNOG HRMS and OHRM in application of UN Staff Regulations and Rules to all UNIDIR Staff members.
4	Copy of classification of posts for the core function and project posts.

* Critical recommendations

VI. ACKNOWLEDGEMENT

34. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the management and staff of UNIDIR.

Egbert C. Kaltenbach, Director
Internal Audit Division II
Office of Internal Oversight Services