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**OIOS AUDIT OF THE UNHCR EMERGENCY OPERATION IN CHAD**

Auditor:

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UNITED NATIONS



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Office of Internal Oversight Services  
UNHCR Audit Service

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**EXECUTIVE SUMMARY**

Between March and June 2004, OIOS conducted an audit of the UNHCR Emergency Operation in Chad. The audit covered activities with a total expenditure of US\$ 8 million in 2003. Audit Observations were shared with the Chief of Mission in May 2004, whose comments were received by June 2004. *The Chief of Mission pointed out that the current management team was not involved in the financial management during the year 2003, and that his comments were based on available documents. The Chief of Mission has accepted most of the recommendations and is in the process of implementing them.*

Overall Assessment

- OIOS assessed the UNHCR operation in Chad as seriously deficient. A lack of the application of internal controls was found to be so widespread as to undermine the overall system of internal control. This failure of the control infrastructure has had or is likely to have, significant implications on the use of UNHCR funds and on the achievement of programme objectives. It should be taken into account, however, that the situation in Chad during 2003 was marked by the emergency nature of the operation. Urgent attention by management and intervention by UNHCR Headquarters is required to implement effective controls.

Programme Management

- For the main partner reviewed, MSF-Belgium, which accounted for over 60 percent of the programme funds, reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreements.
- For Croix Rouge Tchadienne, a local NGO, OIOS assessed that their financial reports could not be relied upon. Funded activities were not carried out, albeit disbursements under those activities were charged to the sub-project; CRT was unable to substantiate expenditures of US\$ 185,000 representing some 50 percent of their budget. CRT cash management, budgetary and expenditure controls were deficient. In the absence of any accounting system, expenditures were not recorded and could not be reconciled to those reported to UNHCR. Significant amounts of cash (up to US\$ 100,000) were withdrawn from the bank and disbursed without adequate controls. *OCM informed that the documentation supporting expenditures of some US\$ 90,000 had now been submitted, leaving some US\$ 95,000 still unsupported.*
- Monitoring of the operations in Chad by the UNHCR Representation in Central African

Republic was less than satisfactory. To provide financial and administrative support to the Chad operation, UNHCR Bangui sent an Associate Protection Officer with no relevant experience in this area and with no expertise to deal with an emergency operation of such magnitude. Many of the problems disclosed by the audit could have been identified and corrective actions taken timely, had proper financial monitoring been carried out.

#### Supply Management

- Procurement activities were marked by serious deficiencies and non-compliance with UNHCR procurement procedures. Purchases of a significant value were made without spending authority. Albeit much of the procurement exceeded the threshold of US\$ 100,000, approval of the Headquarters Committee on Contracts was not sought. *OCM explained that the ERT Leader, in charge of the management of the operations during the period under reviewed had been asked to comments.* OIOS has not yet received those comments.
- The implementing partner MSF levied operating margins of up to 25 percent on international procurement carried out on behalf of UNHCR. OIOS estimated that margins totalling some US\$ 160,000 were thus charged to the project, without a legal basis in the sub-agreement. In the view of OIOS, excessive charges should be recovered from MSF.
- No records were kept of UNHCR's assets with an estimated value of several millions of US dollars; this included light vehicles, trucks, and telecommunication equipment. The AssetTrak system was only recently installed, but was not operational.
- For fuel, OCM paid a 25 percent higher price than other UN agencies, since no exemption from Value Added Tax (VAT) had been arranged. Based on UNHCR's projected needs of fuel in 2004, OIOS estimated that some US\$ 138,000 could be saved yearly if the tax exemption was obtained. *OCM indicated that the VAT exemption had now been obtained.*

#### Security and Safety

- Security matters were not given the necessary attention, and a number of mandatory security requirements were not complied with. *OCM indicated that security measures had now been taken and would be further reinforced.*

#### Administration

- Compliance with regulations, rules and procedures in administration and finance was not satisfactory, and needed improvement. *OCM has adequately addressed most of these issues.*
- During 2003, OCM lost control over expenditures incurred and outstanding obligations, resulting in unrecorded expenditures totalling some US\$ 145,000. To honour these obligations in 2004, OCM would need additional funds. Advances totalling some US\$ 0.5 million were outstanding; there was a need to better monitor the timely settlement of advances.
- The MIP system was not operational, and medical claims had not been processed, nor any reimbursements made. OIOS recommended that immediate attention be given to this issue.

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## I. INTRODUCTION

1. From 24 March to 6 April 2004, OIOS conducted an audit of the UNHCR Emergency Operation in Chad. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors and adopted by the Internal Audit Services of the United Nations Organizations. OIOS reviewed the activities of the Office of the Chief of Mission in N'djamena, its Sub-Office (SO) in Abeche and of two of its implementing partners. OIOS also reviewed, in June 2004, the related monitoring activities of the Representation in Bangui.

2. OIOS' previous audit of UNHCR in Chad was conducted in February 2001. The review focused on 1999 and 2000 project and administrative expenditures totalling US\$ 1.8 million. The main issues pertained to unsatisfactory project monitoring, inability to reconcile SPMRs to partners' books of accounts, and significant unauthorized budgetary overruns. Serious deficiencies were also noted in the area of procurement, which had resulted in a loss of US\$ 80,000 to UNHCR.

3. In early 2003, following the fighting in the Darfur region of Western Sudan and in Central African Republic (CAR), tens of thousands of civilians were displaced in Darfur, while an estimated 110,000 took refuge in neighbouring Chad, living in extremely precarious situations. UNHCR deployed an Emergency Response Team to Chad (under the overall responsibility of the Representation in Bangui) to deal with major influx of refugees, and subsequently re-established its presence in the country. UNHCR focussed its efforts on providing life-saving assistance to vulnerable refugees through a number of implementing partners.

4. The findings and recommendations contained in this report have been discussed with the officials responsible for the audited activities during the exit conference held on 7 April 2004. Audit Observations detailing the audit findings were issued directly to the Office of the Chief of Mission in May 2004. The replies, which were received in June 2004, are reflected in the Audit Report. *The Chief of Mission has accepted most of the audit recommendations made and is in the process of implementing them.*

## II. AUDIT OBJECTIVES

5. The main objectives of the audit were to evaluate the adequacy and effectiveness of controls to ensure:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and,
- Compliance with regulations and rules, Letters of Instruction and Sub-agreements.

### III. AUDIT SCOPE AND METHODOLOGY

6. The audit focused on 2003 programme activities under projects 03/SB/CHD/EM/130 and 03/SB/CHD/EM/133 with expenditure of US\$ 6.4 million. Our review concentrated on the activities implemented by Médecins sans Frontières - Belgium (MSF-B) – expenditure of US\$ 2 million, and Croix Rouge Tchadienne (CRT) – expenditure of US\$ 0.4 million. We also reviewed activities directly implemented by UNHCR with expenditure of US\$ 4 million, including procurement by SMS.

7. The audit reviewed the administration of the Office of the Chief of Mission in N'djamena and its Sub-Office in Abeche with administrative budgets totalling US\$ 1.6 for 2003. No record of the acquisition and current value of the assets purchased and used in the operation was available, an issue addressed in the report. The number of staff working for the UNHCR Operation in Chad was 15. This included staff on regular posts, staff on temporary assistance, United Nations Volunteers and staff on mission.

8. The audit activities included a review and assessment of internal control systems, interviews with staff, analysis of applicable data and a review of the available documents and other relevant records.

### IV. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. Supply Management

##### Procurement

9. Until late in 2003, in the absence of a UNHCR Representation in Chad, the UNHCR Representation in CAR was responsible for the monitoring of the emergency operations (implemented in Chad by an Emergency Relief Team). Therefore, the approval for the procurement of goods or services was to be sought from the LCC in Bangui (or the HCC as appropriate) since no such committee was established in N'djamena.

10. OIOS noted serious deficiencies and non-compliance with UNHCR procurement procedures. Purchases of a significant value were made without any evidence that goods and services were procured competitively, and without due regard to spending authority limits. In effect, much of the procurement exceeded the threshold of US\$ 100,000 and should have been submitted to the Headquarters Committee on Contracts. In some instances, the Representation in Bangui provided specific guidance/instructions, which the Emergency Relief Team (ERT) chose to ignore.

11. For example, in October 2003, the ERT procured buckets at a cost of some US\$ 113,000. Although the procurement exceeded the threshold of US\$ 100,000, approval of the Chairperson of the Headquarters Committee on Contracts was not sought. Instructions from the Representation in Bangui to limit the purchase to less than US\$ 50,000 were disregarded. In another example in August 2003 mats and soaps were procured locally at a cost of some US\$ 127,000, without adherence to procurement procedures. There were numerous other examples of non-compliance.

12. Also, suppliers were selected without ensuring their ability to supply the goods or services at the required deadline. For instance, steel buckets were procured for some US\$ 103,000 from a local supplier, on the basis of three pro forma invoices. The goods, which were supposed to be delivered within 15 days, were actually delivered more than two months later. Given the emergency nature of the operation, adherence to delivery time was essential.

13. In 2003, the Office paid some US\$ 138,000 to a Clearing Agent, who had been selected without competitive bidding. No written contract was awarded, and the amount involved largely exceeded the spending authority, and should have been referred to the HCC. OIOS recommended that the Office issue a tender for clearing services, and ensure that the selection is made on a competitive basis.

14. *OCM explained that the current management team was not involved in the 2003 financial management of the operations. They further indicated that a copy of the Audit Observation had been sent to the former ERT Leader for him to comment on the supply chain system put in place during his management period. So far, OIOS has not received those comments. OCM also explained that clear instructions had now been given to all staff members to adhere to rules and regulations for procurement.*

15. There was no signed lease agreement for the UNHCR office premises in N'djamena, and despite this, OCM undertook additional construction work on the premises, without a written understanding/acceptance from the landlord. OIOS was concerned with the fact that UNHCR's interests had not been protected. *OCM explained that the office lease agreement has now been signed with the landlord, after the endorsement by the Legal Affairs Section at HQs.*

#### Procurement by MSF

16. UNHCR's main implementing partner, MSF-Belgium was not pre-qualified for procurement on behalf of UNHCR, yet they were entrusted with the procurement of goods and services of over US\$ 1.4 million. OIOS did not obtain any evidence that, as an alternative, MSF had made a written commitment to apply UNHCR IP procurement guidelines. Further, most of the items procured internationally (drugs, mosquito nets etc.) were available under UNHCR frame agreements, and could have been directly procured by UNHCR.

17. MSF made their procurement internationally through their subsidiary (called Transfer), with a lead-time of 30 days (except for medical items already in MSF's stocks). OIOS found that MSF levied operating margins ranging from 15 up to 25 percent on their international procurement, while similar Purchasing Centres in Europe only charged between five and 10 percent. For example, 3,200 tents were procured for some US\$ 317,000, while the amount charged to UNHCR was some US\$ 396,000 a margin of US\$ 79,000 (25 percent). Also, medical kits were procured for US\$ 61,000 while the cost to UNHCR came to US\$ 71,500, a margin of US\$ 10,000 (16.5 percent).

18. For 2003, MSF spent a total of some US\$ 804,000 on international procurement. Therefore, OIOS estimated that, at an average operating margin rate of 20 percent, MSF had levied a margin of some US\$ 160,000 on their international procurement. MFS explained that the margin levied was required to cover their procurement costs (bidding process, cost of stocking, transfers etc). In OIOS' view, however, while it is justified to cover such costs, the margin rates applied were by far higher than those charged by similar Purchasing Centres in

Europe, such as GTS in Italy, which charged only between 5 and 10 percent. OIOS therefore considers the cost charged as excessive and not eligible for UNHCR funding.

19. In OIOS' view, written authorisation should have been sought and obtained from UNHCR prior to charging these margins to the SPMRs. Given that these were not foreseen and agreed to in the relevant sub-agreements signed with UNHCR, OIOS recommended that UNHCR negotiate with MSF and reduce the margin level to a mutually acceptable level, with any excess reimbursed to UNHCR. *OCM did not address this issue in their replies.*

**Recommendation:**

- The UNHCR Office of the Chief of Mission, N'djamena, should consult with DOS and SMS, and negotiate ex-post-facto with MSF a mutually acceptable operating margin for the 2003 procurement. Excessive charges estimated at least US\$ 100,000 should be recovered from MSF (Rec. 01).

20. MSF 's procurement procedures in the field were deficient, and the documentation supporting the expenditure was often inadequate. In some instances, the validity of the payments made was questionable, as the receipt of the goods was not evidenced. *MSF acknowledged the weaknesses noted, and explained that this was due to the then prevailing conditions on the field. MSF also indicated that they would ensure in the future, that the documentation supporting the expenditure is kept on file.*

**Asset Management**

21. Considerable work was required from OCM in the area of asset management. OIOS could not find any records of UNHCR's assets, albeit large quantities of assets (including light vehicles/ heavy trucks, office and telecommunication equipment, etc.), estimated at several millions of US dollars, were procured both locally and internationally. Not even an Excel table was maintained to keep track of the assets procured, and no copies of the receiving reports (for incoming shipments from SMS) were available. The AssetTrak system was not installed during 2003, and at the time of OIOS' review in 2004, the system was still not operational, due to the lack of trained staff. OIOS regrets to see such problems recurring in many emergency operations. Also, no records were available for the UNHCR-managed warehouse in N'Djamena, which meant that shortages, if any, could go undetected. Despite the assistance received from a visiting staff member to design and compile an asset database, this task was only partially carried out because of his other priorities.

22. At the time of the review, only one inexperienced Logistics Assistant (on temporary assistance) was trying to cope with tremendous tasks of procurement, warehousing, custom clearance, fleet management, etc. In OIOS' view, such responsibilities would represent a very difficult challenge even for an experienced Logistics Officer, unless he is seconded by an adequate number of logistics staff.

23. *OCM acknowledged the shortcoming, and explained that these were due to the lack of professional staff in the Logistics Unit. They also indicated that the office planned to bring in qualified staff from other offices for assistance.*

**Recommendation:**

- The UNHCR Office of the Chief of Mission, N'djamena, should undertake a comprehensive physical inventory of its assets with an estimated value of several million US dollars, and ensure that the AssetTrak system is fully operational and up-to-date (Rec. 02).

**Fuel management**

24. UNHCR had no formal arrangement with any suppliers, despite its need of significant quantities of fuel. Consequently, higher prices were paid for the purchase of fuel, including value Added Tax (VAT), which UNHCR should have been exempted from. No request for VAT tax exemption had been made. OIOS found that other UN agencies (including UNDP) had requested and obtained the tax-exemption, and were therefore paying at least 25 percent less than UNHCR.

25. In 2003, the total amount of fuel purchased for the programme could not be determined, given that the various payments were recorded under various budget lines (and locations), and that some payments made in the field had not been recorded at all. Under the Administrative Budget, however, UNHCR spent some US\$ 40,000, inclusive of US\$ 10,000 for VAT, which could have been saved. For 2004, UNHCR estimated that some 60,000 litres of diesel would be needed monthly, which meant that if the VAT exemption is obtained, some US\$ 138,000 could be saved yearly.

26. OIOS found that controls were deficient over the management of fuel. OCM procured fuel in the form of fuel booklets (blank forms), validated by the only signature of a new local staff on temporary assistance, with no further verification or supervisory approval. This is a spending authority that should not be delegated to a staff at this level. Further, the average fuel consumption per vehicle was not tracked/monitored, which gives rise to potential misuse.

27. *OCM explained that, due to the lack of professional staff in the Logistics Section, there was a mismanagement of the office assets. They clarified that the situation had now changed, with main tasks and responsibilities given to professional staff newly appointed. Regarding the VAT on fuel, OCM indicated that arrangements had now been made, and that the office was no longer paying the VAT tax. They also explained that fuel coupons were now signed by professional staff.*

**B. Other Programme Issues**

28. Prior to re-establishing the UNHCR office in Chad, UNHCR emergency operations were implemented by an ERT, under the overall monitoring and assistance by the UNHCR Representation in CAR. However, in light of the various shortcomings noted in Chad, OIOS assessed that programme monitoring was less than satisfactory. Many of the problems disclosed by the audit could have been identified and dealt with, had proper financial monitoring been carried out.

29. OIOS found that the staff member sent by the Representation in Bangui to provide financial and administrative support was an Associate Protection Officer, with no proven

expertise to deal with an emergency operation of general scale. *According to the Representation in Bangui, overseeing the operations in Chad was very difficult, due to limited flights, unreliable telecommunication system, lack of security for travel by road, etc.*

### C. Review of Implementing Partners

30. For UNHCR' main partner, Médecins sans Frontières, systems and procedures were in place, and reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreements. For Croix Rouge Tchadienne, OIOS could not reconcile the SPMRs due to the lack of accounting system and records. Therefore, no assurance could be taken that UNHCR funds were properly controlled, managed and reported on.

31. The 2003 audit certificates for both partners were not yet due at the time of the review, but OIOS understands that an external audit of implementing partners will be soon carried out.

#### (a) Croix Rouge Tchadienne

32. OIOS found that CRT, a local implementing partner, had no accounting system in place for the recording and reporting on UNHCR project expenditures. Bank and cash transactions were not tracked, and there was no evidence to show how the expenditures reported onto the SPMRs were arrived at. This practice did not leave any audit trail, and was contrary to sound financial management and to Generally Accepted Accounting Principles. In addition, the SPMRs showed significant unauthorised budgetary overruns both at the budget line level (from 50 to over 480 percent) and at the overall budget level.

33. The review of the expenditure under some selected budget lines disclosed several discrepancies with the SPMR' figures, and more significantly, CRT could not substantiate expenditure totalling some US\$ 185,000, which represented about 50 percent of their 2003 budget. According to CRT, the money was withdrawn from the bank (and sent to the field) for construction activities that had not yet taken place. In OIOS' view, since the expenditure was not incurred, and no payments had taken place at the end of the sub-project liquidation date, the unspent amount should not have been included. OIOS recommended that an effective accounting system be implemented, and that a corrected financial SPMR reflecting actual disbursements be submitted.

34. *OCM explained that CRT admitted the weaknesses noted, and stated that project expenditure and budget monitoring is now being recorded on Excel tables. On the issue of the unjustified expenditure totalling some US\$ 185,000, OCM explained that this amount was budgeted only in December 2003 for the construction of schools, an emergency UNHCR was faced with. They also clarified that the funds were transferred (with some delay) to CRT in order to avoid direct implementation, while at the same time ensuring that the funds allocated for this activity remained available to the 2003 sub-project.*

35. *OCM also indicated that the documentation supporting about half the amount (some US\$ 90,000) had now been received, and that these would be verified.* OIOS takes note of the explanations provided, but wished to stress that final SPMR should only include payments made until the end of the liquidation period. If an activity cannot take place within the agreed implementation period, OCM should consider amending the sub-project to extend its duration,

or alternatively include the activity as part of subsequent year projects.

**Recommendation:**

- The UNHCR Office of the Chief of Mission should obtain from its implementing partner Croix Rouge Tchadienne documentation properly supporting expenditures totalling some US\$ 95,000 and recover any amounts that cannot be accounted for (Rec. 03).

36. Significant amounts of cash (up to US\$ 100,000) were regularly withdrawn from the bank for use in the field. Despite this practice, CRT did not establish any petty cashbook to record cash movements, and cheque counterfoils were not properly filled out, consequently discrepancies were noted with the relevant bank statements. Given the complete lack of accounting records, we could not reconcile the amount of cash in hand, nor could we evidence any supervisory controls. OIOS made a number of recommendations to address the various shortcomings noted.

37. *OCM explained that, on the basis of additional documentation produced by CRT, the bank discrepancies noted had now been reconciled, and that the postings would be further verified. They further stated that actions would be taken to address the weaknesses noted in the internal controls of CRT.*

(b) Médecins sans Frontières-Belgium

38. MSF did not always comply with the sub-agreements signed with UNHCR. Despite being UNHCR' main implementing partner with over US\$ 2 millions of expenditures in 2003, MSF did not prepare and submit any Performance Monitoring Reports. *MSF explained that a narrative report for 2003 was drafted for the activities carried out in the two camps. They also explained that the draft was being finalised at the time of the review, and that it was subsequently submitted to UNHCR in April 2004.* OIOS wished to point out that, according to the sub-agreement, the first Performance Monitoring Report (Part 2 of the SPMR) was due by 10 June 2003, while the final one was to be submitted not later than 15 February 2004. None of these reports had been submitted to UNHCR at the time of our review in April 2004.

39. MSF needed to strengthen their internal controls; incompatible functions were exercised by one person, responsible for authorizing/approving payments, signing Purchase Orders and cheques, recording financial transactions, and preparing bank reconciliations. Also, as MSF did not introduce the use of payment voucher, authorisation and approval of the expenditure could not be evidenced. *In their replies, MSF indicated that the Finance Officer did not issue Purchase Orders but only approved it to certify availability of funds. However, MSF did not comment on other incompatible functions identified.*

**Recommendation:**

- The UNHCR Office of the Chief of Mission, N'djamena should request its implementing partners to submit their Performance Monitoring Reports in accordance with sub-project agreements, and to ensure adequate segregation of duties (Rec. 04)

#### D. Administration

40. In the areas of administration and finance, OCM did often not comply with UNHCR's regulations, rules, policies and procedures. Key financial controls were not functioning. The Medical Insurance Plan was not operational, albeit the system was in place.

##### (a) Delegation of authority chart not available

41. The UNHCR Delegation of Financial Signing Authority, IOM 67/2000 & FOM 69/2000, dated 9 September 2000 had not yet been implemented. OIOS recommended that proper administrative and financial procedures be implemented to strengthen internal controls. *The delegation of authority chart has now been established.*

##### (b) Unrecorded expenditures and commitments

42. OIOS found that the expenditure incurred during 2003 was only partially recorded and reported on, and therefore the Administrative Budget Control Sheet (ABCS) was understated. The unrecorded expenditure amounted to some US\$ 73,000. The ABCS is an important tool for the monitoring of the budget, obligation and disbursement levels, and for ensuring that expenditure does not exceed the obligated amount in the ABOD. According to OCM, the problem arose because the FMIS system was not installed at field offices, and this had created an overwhelming flow of payment documents originating from those offices, which they had been unable to cope with.

43. In addition, the 2003 year-end commitments were understated by over US\$ 72,000, which meant that OCM had lost its overview over commitments entered and outstanding obligations. Further, these obligations/commitments had not been recorded in the FMIS system (using notional vouchers), and could therefore not be reconciled. OCM would need to create and record the 2003 notional vouchers under the new MSRP system. OIOS estimated that OCM would need additional funds totalling some US\$ 145,000 to honour the outstanding obligations. *OCM explained that the 2003 commitments would be charged against the 2004 ABOD, which had been submitted to HQs for revision.*

##### (c) Outstanding receivables (VF)

44. Better monitoring and timely settlement of advances was required. At the time of the audit, advances totalling some US\$ 0.5 million had been outstanding for several months. Many of these receivables pertained to official travel, with the travel claims either not submitted or not processed. In some instances, the advances were made to staff on mission, who had left the country without submitting their travel claims. This was the case, for instance, for two staff members with advances totalling some US\$ 36,000, who had departed Chad without settling their advances.

45. *OCM indicated that many efforts had been made to reconcile all outstanding payable and receivable accounts. They further explained that, for staff members who already left the country, their current duty stations had been contacted, and the amounts due would be recovered immediately.*

(d) Communications

46. In 2003, over US\$ 60,000 was spent for communications. The controls over the usage of telephone equipment were found to be weak. The established logbook was actually not use, and the switchboard was bypassed by direct calls made from any of the five telephone lines, with direct international access. The concerned staff did not maintain any logbook to track their private calls. Despite the fact that, during 2003, telephone bills were periodically circulated to staff so they can identify their private calls, in general, no such calls were identified and refunded.

47. Moreover, staff members were provided with sat phones, but again proper controls over their usage had not been established. Many international calls were made from these phones, but in the absence of appropriate tracking mechanism, private calls, if any, were not identified for recovery. OCM did not even maintain a comprehensive list of the sat phones and the name of the holders, and the whereabouts of most of the sets were unknown to the Office, which made accountability difficult to establish in case of loss or damage.

48. *According to OCM, access to international lines were now restricted to senior staff only, with other staff making their calls from the radio room, and that recovery of previous private calls by staff members on mission was being made through their current duty station. Regarding the inventory of telecom equipment, OCM explained that a Regional Telecom Officer had assisted in carrying out a physical inventory and in implementing proper system for recording them.*

(e) Medical Insurance Plan (MIP)

49. The MIP system was still not operational, albeit the software had been installed several months before. As a result, medical claims submitted by staff members could not be processed nor any reimbursements made, while at the same time contributions to MIP system were deducted from staff's salaries. OIOS recommended that immediate attention be given to this issue. *OCM explained that the computer on which the MIP system was installed was not functioning for sometime, but that the problem has now been fixed, and that the processing of medical claims would soon start. They also indicated that proper control mechanism of medical claims have been put in place.*

Review of Sub-Office, Abeche

50. The Sub-Office generally complied with UNHCR rules and regulations. As the Sub-Office did not operate on a separate ABOD, funds were received from OCM through bank transfers. OIOS noted that the FMIS system was not installed/operated, despite the fact that the office had to cope with a significant level of financial transactions, including those from Field Offices in Adre and Iriba. The expenditure was summarized on Excel tables, and did not allow proper monitoring and accountability of "sub-advances" made by the Sub-Office to the two Field Offices. This situation significantly contributed to the backlog of outstanding operational advances noted at OCM N'Djamena. OIOS recommended that the FMIS be installed to lower the risks associated with the delayed recording of transactions.

51. OIOS found that, for 2003, the Sub-Office still owed Daily Subsistence Allowance (DSA) totalling some US\$ 27,000 to local staff, which had been omitted in the 2003 list of

commitments prepared by OCM. *OCM explained that HQs had approved the installation of the FMIS system, and that the outstanding issues noted by the audit were being solved.*

#### E. Security and Safety

52. Security issues were not given the necessary attention, and a number of mandatory security requirements were not complied with. Only some few international staff had completed the mandatory basic security training. Further, none of the staff interviewed were aware of the existence of, and familiar with the UN Field Security Handbook, nor were they briefed on security matters upon their recruitment. According to IOM/FOM /17/2003 dated 14 March 2003, the security course is mandatory for all UNHCR staff, regardless of their contractual status. Also, the course is to be completed by new staff within one month of their recruitment.

53. OIOS noted that no procedures were in place to evacuate the premises in case of emergency, and that no badges were available to identify staff and visitors. While radio security checks were carried out weekly, most of the UNHCR staff did not have handsets (including the Chief of Mission). Further, compliance by UNHCR with the Minimum Operational Security Standards (MOSS) was only achieved at some 70 percent. *The OCM explained that no report of the assessment was made available to the Office.*

54. The Country Security Plan was drafted and finalised, but not tested. According to the FSO, the designated wardens did not even know which areas they were responsible for. The UNHCR FSA explained, however, that a full operational security plan is available to UNHCR staffs, and that the plan would be incorporated into the more comprehensive country plan at the time when the UNDP FSO is ready.

55. *OCM explained that the improvement of staff and office premises security remained one of their objectives, and that much efforts had been made to respond to UNSECOORD' recommendations on MOSS. They also indicated that security at the office gates had been reinforced, and that the necessary communication equipment had been ordered from HQs. OCM said that security training would be organised for all staff, while the FSO would provide basic security briefing to newly arrived staff, and added that during various meetings with UNDP, the wardens had been informed of their responsibilities and areas of activities.*

#### V. ACKNOWLEDGEMENT

56. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of UNHCR and its implementing partners in Chad.

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