



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

---

AUD: UNEP ( 035/2005)

5 July 2005

TO: Dr. Klaus Töpfer, Executive Director  
United Nations Environment Programme (UNEP)

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

SUBJECT: **Audit of UNEP's Mediterranean Action Plan Coordinating Unit (MEDU)**  
**(AA2005/220/01)**

1. I am pleased to submit the final report on the audit of UNEP's Mediterranean Action Plan Coordinating Unit (MEDU), which was conducted in Athens, Greece in February and March 2005, by Mr. Obin Silungwe and Ms. Jaydene Kana. A draft of the report was shared with the Coordinator, MEDU in May 2005, whose comments, which were received in June 2005, are reflected in the attached final report, in italics. UNEP Office of the Deputy Executive Director also submitted comments in July 2005 to the two recommendations requiring actions from UNEP Headquarters and these comments are also reflected in the attached final report, in italics.

2. I am pleased to note that most of the audit recommendations contained in this final Audit Report have been accepted and that MEDU has initiated their implementation. The table in paragraph 49 of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations 1, 2, 3 4 and 5, which OIOS considers to be of critical importance.

3. I would appreciate if you could provide Mr. C. F. Bagot 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.

4. 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.

5. I would like to take this opportunity to thank you and your staff for the assistance and cooperation extended to the audit team.

Attachment: Final report and Client Satisfaction Survey Form

cc: Mr. P. Mifsud, Coordinator (by e-mail);  
Ms. V. Vandeweerd, Coordinator, GPA (by e-mail)  
Ms. K. Autere, Audit focal point (by e-mail)  
Mr. S. Goolsarran, Executive Secretary, UN Board of Auditors (by e-mail)  
Mr. M. Tapio, Programme Officer, OUSG, OIOS (by e-mail)

Mr. C. F. Bagot, Chief, Nairobi Audit Section, IAD II, OIOS (by e-mail)  
Mr. O. Silungwe, Auditor-in-Charge, IAD II, OIOS (by e-mail)

UNITED NATIONS



NATIONS UNIES

Office of Internal Oversight Services  
Internal Audit Division II

# **Audit Report**

**Audit of UNEP's Mediterranean Action Plan Coordinating Unit  
(AA2005/220/01)**

**Report Date: 5 July 2005**

**Auditors:     Obin Silungwe  
                  Jaydene Kana**



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

**Audit of UNEP's Mediterranean Action Plan Coordinating Unit (AA  
2005/220/01)**

**EXECUTIVE SUMMARY**

Between February and March 2005, at the request of the Coordinator of Mediterranean Action Plan, OIOS conducted an audit of UNEP's administrative arrangements for the Mediterranean Action Plan Coordinating Unit (MEDU) whose approved budget for 2004-2005 was approximately US\$15 million. The main conclusion was that there were adequate arrangements in place to administer the office but there were a number of issues referred to below where greater clarity could improve the effectiveness of operations. OIOS thanks MEDU for positive response to its report and for the prompt action taken in addressing the recommendations raised.

**Monitoring decisions of the contracting parties**

The current mechanism for the implementation, monitoring and follow-up of decisions of Contracting Parties could be improved further by the introduction of a system to formally record and track the status of decisions, to ensure Contracting Parties are kept informed of the most current status of all resolutions.

**Delegated authority**

The delegated authority paper UNEP was working on in 2001 has not yet been released and consequently OIOS found MEDU still had no clear statement on its authority for recruitment of consultants, individual contractors and procurement. The GPA Coordinator had been delegated some responsibilities for some aspects of human resources management including travel, classification, recruitment and contract extensions, but in practice MEDU was dealing directly with UNON. OIOS requested UNEP to complete its paper on delegated authority for Offices Away from UNEP headquarters, to ensure that their roles and responsibilities for administrative matters are clear and the Executive Director has a clear basis on which to hold them accountable for their actions.

**Co-ordination of substantive work**

OIOS has recommended that UNEP clarify responsibility in this area, as neither GPA nor DEC was clear whose responsibility it was.

**Responsibilities not clearly in line with mandate**

OIOS requested clarification on the following functions, which appear not to be within the mandate, and for which no funding had been provided:

- Designated Official for Security;
- Responsibility for the administrative and logistical tasks previously carried out by the UN Information Centre in Athens; and,

- Serving as the UN lead agency in Athens.

#### **Administrative issues**

To strengthen administrative capability, OIOS recommended MEDU consider the following:

- Obtain the UNON staffing table on at least a quarterly basis, reconcile the information with that held by MEDU and advise UNON if there are any discrepancies;
- Undertake a complete review of all job classifications and descriptions to ensure they are up-to-date and reflect the duties currently being carried out by the staff member encumbering each post;
- Develop and implement a formal training plan which should be linked to the training requirements identified in each staff member's PAS;
- Retain the services of the Legal Adviser through entering into a corporate contract instead of a consultancy contract.
- Reporting and monitoring of MEDU and MEDPOL activities could further be improved if a sub account was opened for MEDPOL activities within the MEDU project;
- Removal from contracts all clauses that require the UN to pay for services in advance and ensuring that contracts incorporate standard UN terms and conditions; and
- MEDU needs to standardise email, replacement, and systems development policies that are aligned to UN wide practices in consultation with UNON and also create a small ICT support unit.

**JULY 2005**

## TABLE OF CONTENTS

<b>CHAPTER</b>	<b>Paragraphs</b>
<b>I. INTRODUCTION</b>	1-6
<b>II. AUDIT OBJECTIVES</b>	7
<b>III. AUDIT SCOPE AND METHODOLOGY</b>	8-9
<b>IV. AUDIT FINDINGS AND RECOMMENDATIONS</b>	10-49
A. Monitoring decisions of the contracting parties	10
B. Mandate and mission	11-12
(a) Mandate	11
(b) Mission	12
C. Organisation structure and functions	13-22
(a) Delegation of authority for administration	13-14
(b) Roles and responsibilities for co-ordination of substantive matters	16-17
(c) Roles and responsibilities for handling administration within MEDU	18-19
(e) UN focal point activities	20-22
D. Memorandums of understanding (MOU)	23-24
E. Human resources management	25-34
(a) Staffing table	25
(b) Job classifications and descriptions	26-27
(c) Training	28
(d) E- PAS	29
(e) Legal advisor	30
(f) Remuneration for consultants	31-32
(g) Individual contractors	33-34
E. Financial management	35-41
(a) Programme budgets	35
(b) Certifying and approving function	36

(c) Imprest accounts	37
(d) Petty cash	38-39
(e) Accounts receivable	40-41
F. Procurement	42
G. Asset management	43-44
H. Information and communications technology (ICT)	45--46
I. Security and safety	47-48
<b>V</b> <b>FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS</b>	49
<b>VI.</b> <b>ACKNOWLEDGEMENT</b>	50

## I. INTRODUCTION

1. This report discusses the results of an OIOS audit of the Mediterranean Action Plan Coordinating Unit (MEDU), which was carried out at the request of the Coordinator of MAP, between February and March 2005 in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. MEDU is a UNEP administered Convention whose mandate is derived from the Mediterranean Action Plan (MAP) adopted in 1975 by the Mediterranean countries and the European Community, and the Barcelona Convention for the Protection of the Mediterranean adopted in 1976. The mandate has two components; Coordination of legal instruments (Convention and Protocols) and a technical programme of work. The mandate was expanded in 1995 to include regional sustainable development, biodiversity conservation and the integrated management of the coastal areas. This expansion did not alter the original two components, but added a new function; the Secretariat of the Mediterranean Commission on Sustainable Development.

3. MEDU is responsible for the follow-up and implementation of MAP activities and its programme of work focuses on the sustainable management of natural marine and coastal resources and on integrating the environment into social and economic development and land use policies. The programme of work is based on periodically revised action plans adopted by the Contracting Parties to the MAP.

4. MEDU is headed by D-2 who is supported by 9 Professional staff (P) and 17 General Service (GS) staff.

5. OIOS previously audited MAP in October 2001 (AA2001/02/03). The findings and recommendations were reviewed as part of this audit and any issues, which were still open, are discussed further in the body of the report.

6. A draft of the Report was shared with the Coordinator, MEDU in May 2005, whose comments, which were received in June 2005, are reflected in the attached final report, in italics. UNEP accepted most of the recommendations and OIOS would like to thank MEDU for the prompt action undertaken in addressing the recommendations raised.

## II. AUDIT OBJECTIVES

7. The overall objective of the audit was to advise the Executive Director, UNEP on the adequacy of administrative arrangements for coordinating MEDU activities. This involved assessing:

- (a) Whether the governance framework provided MEDU adequate guidance and support for the definition and execution of its responsibilities;
- (b) Assessing whether MEDU management had established adequate mechanisms to ensure that it understood and was only executing activities in support of its mandate;
- (c) Whether the internal control systems for managing the structure, programme and resources were adequate and were operated in compliance with UN Regulations and Rules.

### **III. AUDIT SCOPE AND METHODOLOGY**

8. The audit covered activities for the period January 2002 to December 2004 (and early 2005 where necessary). It was carried out in Nairobi and Athens and involved staff of UNEP and UNON. The audit activities involved interviewing staff and reviewing available documentation and use of audit interrogation software.

9. The main source of funding is the Mediterranean Trust Fund (TF) to which all MEDU Contracting Parties contribute according to a mutually agreed level in line with the UN assessment scale. Other sources of funding to support specific activities include contributions from the European Union (EU) and the Global Environment Facility (GEF). The contributions pledged to the TF for the Protection of the Mediterranean Sea against Pollution amounted to US\$11 million in 2002-2003 and approximately US\$15 million 2004-2005.

### **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

#### **A. Monitoring decisions of the contracting parties**

10. The current mechanism for the implementation, monitoring and follow-up of decisions of Contracting Parties could be enhanced by the introduction of a system to formally record and track the status of decisions, to ensure Contracting Parties are kept informed of all decisions and their status. *MEDU commented that a system to record and track the status of decisions would be introduced and implemented on a yearly basis starting after the next meeting of the Contracting Parties.* As such, no further action is proposed by OIOS beyond thanking MEDU for the prompt action taken.

#### **B. Mandate and mission**

##### (a) Mandate

11. OIOS was pleased to note that there appeared to be adequate arrangements in place for maintenance of documentation about the mandate and all changes thereto.

##### (b) Mission

12. Whilst there was no formal mission statement for MEDU, the Contracting Parties approve a framework for the programme of work every two years, which identifies the objectives and activities necessary to achieve the mandate.

#### **C. Organisation structure and functions**

##### (a) Delegation of authority for administration

13. The prior OIOS audit (AA/2001/02/3) found that there was no clear statement of delegated authority to MEDU, referring to administration of programme, personnel and other resources and activities. No recommendation was raised because UNEP informed OIOS that it was drafting a document dealing with delegated authority to its units. OIOS was concerned to note that at the time of this audit, i.e. four years later, no statement had yet been issued in respect of delegated authority for

recruitment of consultants, individual contractors and procurement.

14. In June 2003, the Coordinator of the Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities (GPA) requested the UNEP Executive Director for delegation of authority so that Regional Seas would become a sub project under UNEP Division of Environmental Conventions (DEC) and GPA would manage human resources for all Regional Seas. The request was approved and the GPA Coordinator became the reporting officer for the staff of all Regional Seas units and was given delegated authority for the following aspects of human resource matters: travel, classification, recruitment and contract extensions. In practice, however, MEDU is dealing directly with UNON on classifications, recruitment and contract extensions. The value and purpose of the delegation to GPA was therefore unclear to OIOS.

**Recommendation:**

To ensure proper arrangements are in place for ensuring that the Mediterranean Action Plan Coordinating Unit, and all Offices Away from UNEP headquarters, can be held accountable for their administration, the Office of the Executive Director should complete the document on delegated authority, which clarifies respective roles and responsibilities of all UNEP and UNON offices involved with these Offices (Rec. 01).

15. *UNEP commented that it accepted the recommendation.* OIOS notes the response and will close the recommendation upon receipt of a copy of the delegation of authority document, which clarifies respective roles and responsibilities of UNEP offices away from Nairobi and all UNEP, and UNON offices that deal with them. .

(b) **Roles and responsibilities for co-ordination of substantive matters**

16. Whilst GPA had been assigned responsibility for some aspects of administration, they had not been assigned any formal responsibility for co-ordination of substantive matters. This implied that DEC had retained this responsibility, but when approached DEC was not clear on whether this was the fact, resulting in no-one within UNEP being clear on who had responsibility for co-ordination of Regional Seas activities at the time of the audit.

**Recommendation:**

To ensure that roles and responsibilities for oversight and co-ordination of substantive matters are clear for all UNEP Regional Seas Units, the Office of the Executive Director should issue a statement clarifying roles and responsibilities for the coordination of substantive matters (Rec. 02).

17. *UNEP commented that it accepted the recommendation.* OIOS notes the response and will close the recommendation upon receipt of a statement clarifying roles and responsibilities for the coordination of substantive matters for all UNEP Regional Seas Units.

(c) Roles and responsibilities for handling administration within MEDU

18. Whilst overall, OIOS found, that administration was well handled, OIOS felt that efficiency could be further improved if the respective roles and responsibilities of the programme managers and administration, were reviewed and clarified.

**Recommendation:**

To improve efficiency of administration, Mediterranean Action Plan Coordinating Unit, should undertake a review, and clarify the respective roles and responsibilities of programme managers and MEDU administration for administration of their programmes (Rec. 03).

19. *MEDU commented that it would be implemented by the middle of 2006.* OIOS thanks MEDU and will close the recommendation upon receipt of the results of the review to clarify the respective roles and responsibilities of programme managers and MEDU administration for administration of their programmes.

(e) UN focal point activities

20. MEDU has assumed a number of responsibilities which in the opinion of OIOS are not within its mandate and consequently may need to be discussed with the Contracting Parties:

- a) In May 2004 the Under-Secretary-General for Management appointed the MEDU Coordinator as Designated Official for Security in Greece. MEDU has no mandate or funding from its Contracting Parties to carry out such a task and this task has the potential to be a common service shared with other UN agencies in Athens. OIOS is of the opinion that the newly formed Department of Safety and Security (DSS) has assumed this responsibility and MEDU should discuss with DSS what role it envisages for MEDU, how security would be funded and if required, refer the matter to the Contracting Parties for their approval.
- b) In December 2004, the UNEP Executive Director wrote to the Chef de Cabinet, Executive Office of the Secretary-General, New York advising that MEDU would assume responsibility for the administrative and logistical tasks previously carried out by the UN Information Centre in Athens. This activity is not within the mandate of MEDU and is normally funded through Regular Budget. OIOS is of the opinion that MEDU cannot use its extra budgetary funds for this purpose without the approval of the Contracting Parties.
- c) MEDU is the UN lead agency in Athens which carries with it responsibilities in respect of provision of advice to other agencies in Athens, and consideration of common services. It has no funding for this activity, and no authority for this task from the Contracting Parties.

**Recommendations:**

To clarify its responsibility for security and safety

Mediterranean Action Plan Coordinating Unit (MEDU) should seek advice from Department of Safety and Security with respect to its responsibility and funding of security related matters and if required prepare a paper for consideration by its Contracting Parties explaining the role, how it will be funded and the implication for MEDU (Rec. 04).

21. *MEDU commented that the recommendation would be implemented by the end of 2005.* OIOS thanks MEDU and will close the recommendation upon notification of the outcome of the discussions with DSS on responsibility and funding of security related matters and whether a paper is required for consideration by its Contracting Parties explaining the role, how it will be funded and the implication for MEDU.

To ensure the Mediterranean Action Plan Coordinating Unit (MEDU) is able to fulfil its wider responsibilities as a body under the UN umbrella, MEDU should seek advice from the Office of Director-General, UNON on its responsibilities and funding for its United Nations Information Centre and lead agency responsibilities, and if required prepare a paper for consideration by its Contracting Parties explaining the roles, how they will be funded and the implication for MEDU (Rec. 05).

22. *MEDU commented that the recommendation would be implemented by the end of 2005.* OIOS thanks MEDU and will close the recommendation upon notification of the outcome of the discussions with the Office of Director General, UNON on its responsibilities and funding for its United Nations Information Centre and lead agency responsibilities and whether a paper is required for consideration by its Contracting Parties explaining the role, how it will be funded and the implication for MEDU.

#### **D. Memorandums of understanding (MOU)**

23. In connection with its substantive work, MEDU issued more than 100 MOUs worth approximately US\$1 million between January 2002 and December 2004. The audit team reviewed 13 MOUs worth approximately US\$388,000 and confirmed that the MOUs were prepared in compliance with the UNEP Project Manual except that there was no system of tracking the expiry date to ensure that MOUs were amended or extended before the actual expiry date.

#### **Recommendation:**

To improve arrangements for administering and managing of Memorandum of Understandings, Mediterranean Action Plan Coordinating Unit should develop a system to track expiry dates to ensure that services are neither performed nor remunerated after the expiry date (Rec. 06).

24. *MEDU commented that the recommendation would be implemented by the end of 2005.* OIOS thanks MEDU and will close the recommendation upon receipt of details of the system to track expiry dates to ensure that services are neither performed nor remunerated after the expiry date.

## **E. Human resources management**

### **(a) Staffing table**

25. OIOS compared the staffing table information held by MEDU with the information held by UNON and noted discrepancies between the two sets of information regarding the number of vacant posts, the actual number of posts and personnel occupying them. *MEDU commented that UNON would be asked to provide a copy of the staffing table on a monthly basis, from July 2005, which would be reviewed and UNON informed of any changes or discrepancies.* On the basis of this action no further action is proposed by OIOS.

### **(b) Job classifications and descriptions**

26. There was no evidence of a consistent approach to the review and update of job descriptions and when jobs should be submitted for reclassification.

### **Recommendation:**

To ensure a consistent approach to job classifications, the Mediterranean Action Plan Coordinating Unit (MEDU) should request UNON Human Resources Management Section to visit MEDU and undertake a review of all job classifications and descriptions to ensure they are up-to-date and reflect the duties currently being carried out by the staff member encumbering each post (Rec. 07).

27. *MEDU commented that the recommendation would be implemented by the third quarter of 2006.* OIOS notes the response and will close the recommendation upon notification that the review of all job classifications and descriptions to ensure they are up-to-date and reflect the duties currently being carried out by the staff member encumbering each post has taken place.

### **(c) Training**

28. The previous audit (AA2001/02/3/009) noted that MEDU should develop and implement a formal training plan, which should be linked to the training requirements identified in each staff member's PAS. OIOS was pleased to note that MEDU had set aside approximately US\$11,000 per annum for staff training. However, training activities undertaken against this fund were not linked to any formal assessment of personnel or organizational training needs, but were based on staff requests approved by Administration. Consequently, this recommendation is kept open until MEDU develop and implement a formal training plan, which is linked to staff members' PAS.

### **(d) E-PAS**

29. E-PAS was being conducted in accordance with ST/AI/2002/3 (Performance Appraisal System), except, that, Co-ordinator, GPA was the MEDU Coordinator's first and second reporting officer. Management agreed to amend the E-PAS during the current submission and therefore no recommendation was made.

(e) Legal advisor

30. Since 1987, MEDU has repeatedly awarded a consultancy contract to the same individual, sometimes continuously for a year, to serve as a legal advisor. ST/AI/1999/7 (Consultants and Individual Contractors), does not permit the hiring of consultants for such long periods, and ST/AI/1999/7 Section 2 (b) recommends that where consultants are frequently hired for a period of more than one year, the head of department or office should submit proposals, for the establishment of a post. MEDU explained that they did not have sufficient work to justify the establishment of a post, but did require access to legal services at short notice when required. Hiring the lawyer as a consultant, is not appropriate as, according to ST/AI/1999/7 the general principles for the recruitment of consultants is that the assignment is of a temporary nature and the tasks capable of being performed within a limited and specified period of time. OIOS ascertained that MEDU had used this mechanism because they did not realise that other possibilities existed. MEDU agreed to explore retaining the legal services through a different mechanism such as a corporate contract. In view of this, no recommendation is raised.

(f) Remuneration for consultants

31. MEDU has not been determining the remuneration of consultants in accordance with ST/AI/1999/7 and the instructions issued by UNON. At the time of the audit, the remuneration levels were determined by programme managers based on budget levels of the work programme. There was no evidence of application of a detailed formula and policy guidelines as required by the ST/AI/1999/7. Consequently, though they had obtained lower rates it would be difficult for MEDU to serve as the lead agency and advise other agencies of rates to apply, and detailed formula and policy guidelines. Though OIOS appreciates the motivation, the use of the lower rates must be within the context of internal guidelines developed and approved in consultation with UNON, which could be explained to other UN agencies requesting advice from MEDU in its role as the lead UN agency in Athens.

**Recommendation:**

To ensure consistency in the remuneration of consultants, Mediterranean Action Plan Coordinating Unit, in consultation with UNON, should prepare internal guidelines, which should be in line with ST/AI/1999/7 (Rec. 8).

32. *MEDU commented that the recommendation would be implemented by the end of 2005.* OIOS thanks MEDU and will close the recommendation upon receipt of guidelines dealing with remuneration of consultants in line with ST/AI/1999/7.

(g) Individual contractors

33. Between 2002 and 2004 MEDU spent approximately US\$340,000 on 163 contractors. OIOS reviewed 15 Individual Contractors and noted no problems except for the lack of a roster as required by ST/AI/1999/7 Section 4.

**Recommendation:**

To fulfil the provisions of ST/AI/1999/7 Section 4, Mediterranean Action Plan Coordinating Unit should establish a roster of candidates for the Individual Contractors (Rec. 9).

34. MEDU *commented that the recommendation would be implemented by the end of 2005*. OIOS thanks MEDU and will close the recommendation upon notification of the establishment of a roster of candidates for the Individual Contractors in line with ST/AI/1999/7.

## **E. Financial management**

### **(a) Programme budgets**

35. The programme budget for MEDPOL is part of MEDU while the GEF budget is separate. In order to monitor operations of MEDPOL and assess the efficiency and effectiveness of running the MEDPOL and MEDU programmes, OIOS recommended in its prior audit (AA2001/02/3/013) and MEDU agreed, to establish a sub account for MEDPOL activities within the MEDU project. At the time of the audit the recommendation was not implemented and consequently, this recommendation is kept open until MEDU establishes a sub account for MEDPOL activities.

### **(b) Certifying and approving function**

36. Approving and Certifying Officer forms were appropriately signed but the forms had not been updated to reflect compliance with the new Financial Regulations and Rules of the United Nations, ST/SGB/2003/7. MEDU were notified of this during the course of the audit and agreed to rectify the situation so no recommendation was issued.

### **(c) Imprest accounts**

37. The approved replenishment level for MEDU prior to August 2002 was US\$300,000 and was increased to US\$500,000 after August 2002. MEDU had no documentation explaining the basis on which the amount was raised and there was no evidence of a periodic review of the adequacy of the size of the imprest account. (Financial Rule 104.7 states “Remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office’s estimated cash requirements for the next two and a half months.”) However, OIOS noted that MEDU requests UNON for replenishment of funds, on average, every six weeks. MEDU should review the timing and amount of replenishment requests to assess whether the replenishment level needs to be increased to ensure funds are available to meet MEDU’s expenditure requirements. MEDU agreed to review the timing and amount of replenishment and therefore no recommendation was issued.

### **(d) Petty cash**

38. MEDU had properly established a petty cash account in the amount of Euro 600 with the exception of the following items recommended in section 7.061 of the Finance Manual:

- a) The custodian and alternate custodian with the delegation to manage the petty cash;

- b) Guidance for the custodian and MEDU staff members on the types and amounts of expenditures that can be claimed; and
- c) The frequency of surprise cash-counts to be performed to verify the petty cash amount and reconciliation.

39. MEDU agreed to implement the above procedures and therefore no recommendation was issued.

(e) Accounts receivable

40. Arrangements for accounts receivable, which mainly comprise advances to staff members and participants, need to be strengthened by the development of procedures for timely recovering of accounts receivable and ensuring that amounts deemed irrecoverable are written off in accordance with Financial Rule 106.8.

**Recommendation:**

To ensure adequate arrangements are in place for accounts receivables, Mediterranean Action Plan Coordinating Unit should develop formal procedures with respect to recovery of amounts deemed collectable and writing off amounts deemed irrecoverable (Rec. 10).

41. MEDU *commented that the recommendation would be implemented by the end of 2005*. OIOS thanks MEDU and will close the recommendation upon receipt of procedures for accounts receivable with respect to recovery of amounts deemed collectable and writing off amounts deemed irrecoverable.

**F. Procurement**

42. MEDU issued 83 purchase orders between January 2002 and December 2004 worth approximately US\$443,000. OIOS found that there were adequate procedures in place for issuing and processing purchase orders. However OIOS observed some inadequacies with the management and administration of contracts:

- a) UNON Local Committee on Contracts authorised the Administrative Officer to enter into contractual arrangements for provision of a travel services. Although the Coordinator felt that the current travel arrangements needed to be reviewed, OIOS noted that the contract signed was none exclusive and MEDU retained the right to negotiate special fares directly with carriers or suppliers of travel services as and when MEDU considered it necessary. As the contract did not prevent using other travel services if the costs were lower, and MEDU agreed to review the contract at the end of one year no recommendation was issued.
- b) Two contracts signed by MEDU for the provision of internet services and security services did not comply with Financial Rule 105.19 in the sense that paragraph 5.7 of the internet contract and paragraph 1(d) of the security contract require MEDU to pay the service provider three months and one month in advance respectively. MEDU agreed to amend the contracts when they expire and therefore no recommendation was issued.
- c) UN conditions for the procurement of services which should apply to all UN contracts including but not limited to, disputes and consultations arbitration,

and the privileges and immunities of the United Nations were not included in the internet and security contracts signed by MEDU. Management agreed to include standard UN conditions of contract on renewal and therefore no recommendation was issued.

### **G. Asset management**

43. OIOS reviewed the system MEDU utilizes for asset management and noted the following:

- a) No formal procedures regarding periodic physical verification of assets/inventory nor asset maintenance; and
- b) An incomplete inventory listing identified by the annual physical verification exercise and audit work performed.

#### **Recommendation**

To ensure adequate controls over assets, Mediterranean Action Plan Coordinating Unit should develop procedures for the periodic physical verification and asset maintenance (Rec. 11)

44. *MEDU commented that the recommendation would be implemented by the end of October 2005.* OIOS thanks MEDU and will close the recommendation upon receipt of procedures for the periodic physical verification and asset maintenance.

### **H. Information and communications technology (ICT)**

45. MEDU has no written policies and guidelines regarding Information and Communications Technology. The Internet Access is subcontracted to a service provider while the network is internally maintained. Consequently OIOS noted the following:

- a) **E-mail standards.** Lotus Notes is the UN e-mail standard in use. UNEP headquarters has likewise adopted Lotus Notes as email standard. However MEDU has opted to use MS-Exchange and SMTP client compliant system. However management explained that they are moving to Lotus Notes before the end of the year. OIOS was pleased with this development, as it believes that standardizing on Lotus Notes would enable MEDU to attain substantial economies of scale that result in both reduced support costs and improved support levels due to the strengthening of in house expertise.
- b) **Replacement policies.** While OIOS was informed that MEDU practices a 3 to 4 year replacement cycle for desktop computer systems and their components, there was no evidence that the policy was being followed.
- c) **Systems acquisition and development policies.** OIOS noted that MEDU has no systems development policies and procedures. At the time of audit we were informed that Web sites were being developed and were currently hosted in the Regional Centre in Italy but no documentation was available. Similarly in 2003, a telecommunication project involving the purchase and installation of satellite Asynchronous Digital Subscriber Line (ADSL) connection costing approximately Euro 47,000 was found wanting and after six months it was discontinued because of low speed and inability to connect

to other networks. OIOS is of the opinion that if a proper feasibility study had been performed before commissioning the satellite dishes, the inadequacies of the satellite technology could have been identified and the cost incurred could have been avoided.

- d) **IT management support unit.** OIOS noted that Contracting Parties have shown interest in expanding the use of ICT, in information and public awareness. MEDU also confirmed that websites have been developed and are currently being hosted in Italy. There are plans to relocate them to Athens and linking them to regional activity centres. OIOS is therefore of the view that an IT management Support Unit should be established initially with one Professional staff whose responsibilities would be to ensure that ICT policies and procedures are put in place and are aligned to UN wide practices.

### **Recommendation:**

To ensure Mediterranean Action Plan Coordinating Unit has an adequate Information and Communications Technology (ICT) environment to support its programme of work, the Coordinator should create an Information and Communications Technology Management Support Unit through the establishment of an additional post at professional level whose responsibilities would be to ensure that ICT policies and procedures are put in place and are aligned to UN wide practices in consultation with UNON (Rec. 12).

46. *MEDU commented that the recommendation would be implemented by the second half of 2006. However, in order not to increase overhead costs, the professional post would be created against the suppression of the current post of Computer Operations Assistant.* OIOS thanks MEDU and will close the recommendation upon notification of the establishment of an Information and Communications Technology Management Support Unit whose responsibilities would be to ensure that ICT policies and procedures are put in place and are aligned to UN wide practices in consultation with UNON.

## **I. Security and safety**

47. OIOS was pleased to note the enhanced security arrangements with respect to the MEDU office premises, staff members and assets, including the installation of the access control system at the MEDU premises, implementation of an identification card system for all staff members and temporary visitors and full compliance with Minimum Operating Security Standards (MOSS) as indicated by the 9 August 2004 letter from UNSECOORD which states “UNSECOORD hereby endorses the submitted MOSS document as the country MOSS for Greece.”

48. Furthermore, OIOS was also pleased to note that the MEDU Co-ordinator as the Designated Official for Greece has taken steps in co-ordinating meetings of the Security Management Team for the UN Agencies based in Greece.

## **V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS**

49. 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:

Recommendation No.	Action Required
Rec. 01	Receipt of a copy of the delegation of authority document, which clarifies respective roles, and responsibilities of UNEP offices away from Nairobi and all UNEP and UNON offices who deal with them.
Rec. 02	Receipt of a statement clarifying roles and responsibilities for the coordination of substantive matters for all UNEP Regional Seas Units
Rec. 03	Receipt of the results of the review to clarify the respective roles and responsibilities of programme managers and MEDU administration for administration of their programmes.
Rec. 04	Notification of the outcome of the discussions with DSS on responsibility and funding of security related matters and whether a paper is required for consideration by its Contracting Parties explaining the role, how it will be funded and the implication for MEDU.
Rec. 05	Notification of the outcome of the discussions with the Office of Director General, UNON on its responsibilities and funding for its United Nations Information Centre and lead agency responsibilities and whether a paper is required for consideration by its Contracting Parties explaining the role, how it will be funded and the implication for MEDU.
Rec. 06	Receipt of details of the system to track expiry dates to ensure that services are neither performed nor remunerated after the expiry date.
Rec. 07	Notification that the review of all job classifications and descriptions to ensure they are up-to-date and reflect the duties currently being carried out by the staff member encumbering each post has taken place.
Rec. 08	Receipt of guidelines dealing with remuneration of consultants in line with ST/AI/1999/7.
Rec. 09	Notification of the establishment of a roster of candidates for the Individual Contractors in line with ST/AI/1999/7.
Rec. 10	Receipt of procedures for accounts receivable with respect to recovery of amounts deemed collectable and writing off amounts deemed irrecoverable.
Rec. 11	Receipt of procedures for the periodic physical verification and asset maintenance.
Rec. 12	Notification of the establishment of an Information and Communications Technology Management Support Unit whose responsibilities would be to ensure that ICT policies and procedures are put in place and are aligned to UN wide

	practices in consultation with UNON.
--	--------------------------------------

## **VI. ACKNOWLEDGEMENT**

50. I wish to express my appreciation for the assistance and cooperation extended to the audit team by management and staff of MEDU, UNON and UNEP.

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