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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Joachim Rücker
A: Special Representative of the Secretary-General
UNMIK

DATE: 12 February 2007

REFERENCE: AUD-7-5:70 (07-00062)

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

Fatumy

SUBJECT: **OIOS Audit No. AP2006/650/03: Pillar I Administration in UNMIK**
OBJET:

1. I am pleased to present herewith the final report on the above-mentioned audit, which was conducted from April to July 2006.
2. We note from your response to the draft report that UNMIK has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 3, 8, 10, 11, 14, 19 to 21, 26, 28 and 30 in the OIOS recommendations database. In order for us to close out the remaining recommendations, we request that you provide us with additional information as indicated in the text of the report. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., 5, 6, 7, 9, 19, 23 and 24) in its annual report to the General Assembly and semi-annual report to the Secretary-General.
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
4. I take this opportunity to thank the management and staff of UNMIK for the assistance and cooperation provided to the auditors in connection with this assignment

Copy to: Mr. Jean-Marie Guehenno, Under-Secretary-General for Peacekeeping Operations
Mr. Philip Cooper, Director, ASD/DPKO
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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Office of Internal Oversight Services

Internal Audit Division



Pillar I Administration in UNMIK

Audit no: AP2006/650/03
Report date: 12 February 2007
Audit team: Clotilde Toguio, Auditor-in-Charge
Marites Sese, Auditor

EXECUTIVE SUMMARY
Pillar I Administration in UNMIK (Assignment No. AP2006/650/03)

OIOS conducted an audit of the administration of Pillar I of the United Nations Interim Administration Mission in Kosovo (UNMIK) from April to July 2006. The main objectives of the audit were to determine whether: (i) the transfer/transition process of significant administrative competencies to the local government was performed as planned; (ii) human resources in the Department of Justice (DOJ) and Police were managed in accordance with applicable policies and procedures; (iii) communication between Police and the DOJ has ensured the full application of the Provisional Criminal Procedure Code of Kosovo; (iv) DOJ expenditures were properly approved, supported and recorded in accordance with the procedures for the Kosovo Consolidated Budget (KCB); (v) voluntary contributions allocated to DOJ divisions were properly monitored, and expenditures incurred were in accordance with the respective terms of reference; and (vi) training programmes implemented by the DOJ, or in conjunction with other organizations, contributed to the capacity building of the local judicial system.

The main audit findings include the following:

- There was lack of transparency in some promotion and recruitment cases in the DOJ, arising from non-compliance with applicable policies and procedures;
- Lack of robust transfer planning of competencies to the local government contributed to a weak judicial system, as acknowledged in the reports prepared by external entities, as well as the Mission's own assessment;
- Current practices for engaging consultants and gratis personnel by the DOJ violated the provisions of ST/AI/1999/7 and ST/AI/1999/6, respectively;
- Financial management in the Dubrava prison needs significant improvement in terms of conducting bank reconciliations and verifying prisoners' salary sheets with reference to records in the database to confirm the validity of payees;
- Assets purchased by the DOJ from KCB funds since 2003 were yet to be fully accounted for and physically verified;
- There was inadequate segregation of duties between procurement and finance in the processing of vendor invoices. In a number of cases, there was no documentation to show that the goods and services had been satisfactorily received before payments were made to vendors;
- Internal controls need to be established to ensure that KCB funds are utilized in accordance with planned objectives, and that actual expenditures are monitored and controlled;
- Subsidies granted to local non-governmental organizations from KCB funds need to be monitored and followed up with the recipients to ensure that project completion reports are received in a timely manner;
- The quality of training programmes sponsored by the DOJ could be improved through training needs assessment and systematic evaluation of training courses to increase their relevance and usefulness; and
- Communication between the DOJ and Police could be improved through better sharing of information as envisaged in the Criminal Procedure Code of Kosovo.

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ABBREVIATIONS USED

DOJ	Department of Justice
DPKO	Department of Peacekeeping Operations
EAR	European Agency for Reconstruction
ICTY	International Criminal Tribunal for the former Yugoslavia
IJSD	International Judicial Support Division
JDD	Judicial Development Division
KCB	Kosovo Consolidated Budget
KCBA	Kosovo Central Banking Authority
KCF	Kosovo Consolidated Fund
KSPO	Kosovo Special Prosecutor's Office
LPU	Legal Policy Unit
MFE	Ministry of Finance and Economy
MOU	Memorandum of Understanding
NGO	Non-governmental organizations
OLA	Office of Legal Affairs
OMPF	Office on Missing Persons and Forensics
OSCE	Organization for Security and Cooperation in Europe
PISG	Provisional Institutions of Self-Government in Kosovo
PMD	Penal Management Division
PMSS	Personnel Management and Support Service
SOPs	Standard Operating Procedures
SPA	Special Post Allowance
SRSG	Special Representative of the Secretary-General
UNDP	United Nations Development Programme
UNMIK	United Nations Interim Administration Mission in Kosovo
VAAU	Victims Advocacy and Assistance Unit

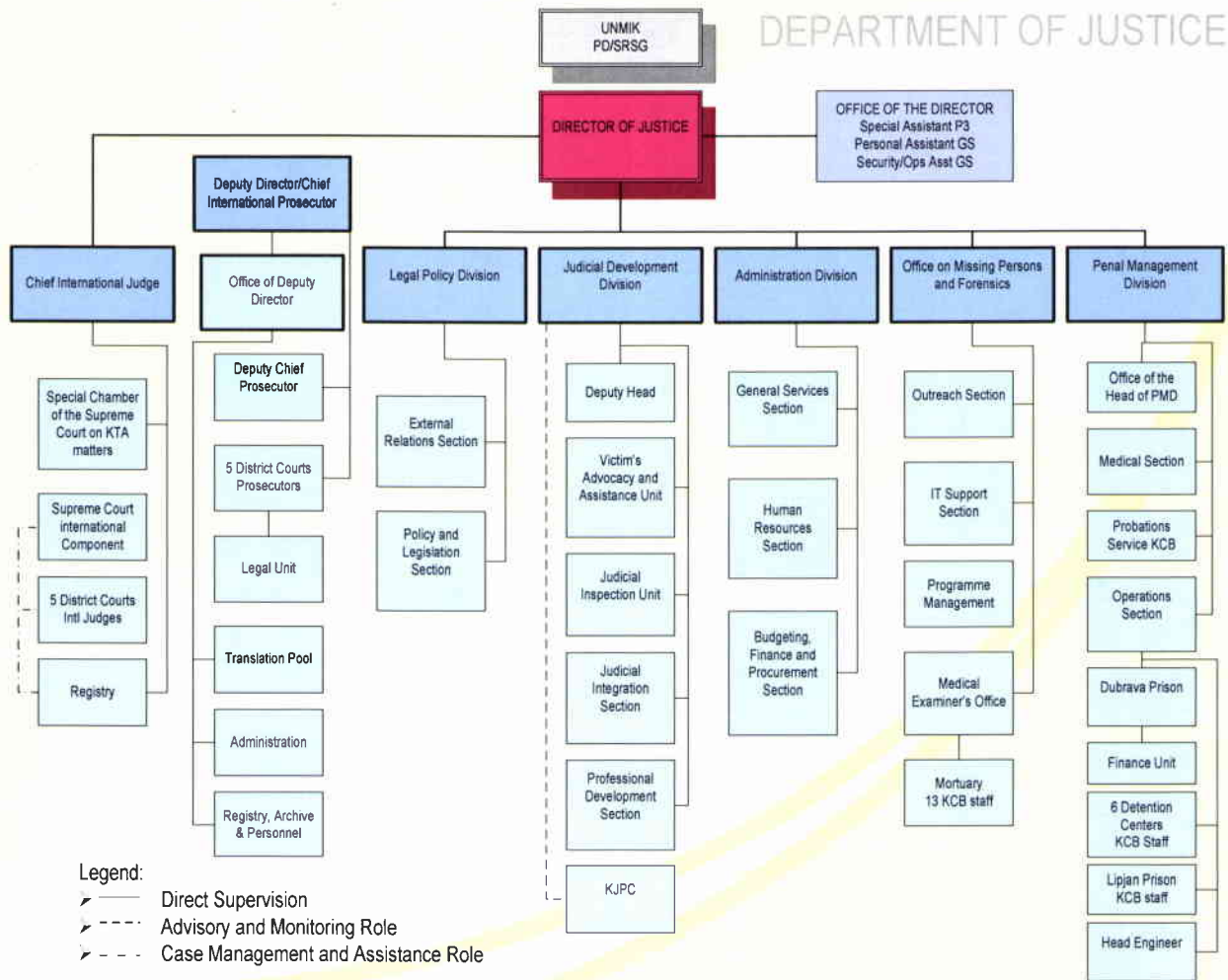
I. INTRODUCTION

1. OIOS conducted an audit of the administration of the former Pillar I in the United Nations Interim Administration Mission in Kosovo (UNMIK) from April to July 2006. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNMIK was established on 10 June 1999 by Security Council Resolution 1244, which authorized the Secretary-General to establish an interim civilian administration led by the United Nations in Kosovo. In the report of the Secretary-General to the Security Council of 12 July 1999 (S/1999/779), a comprehensive framework for the United Nations-led international civil administration operation was set-up. In this report, the need to “build genuine rule of law in Kosovo, including through the immediate re-establishment of an independent, impartial and multi-ethnic judiciary” was acknowledged. Accordingly, a Judicial Affairs Office was created with the following major areas of responsibility: (a) the administration of courts, prosecution services and prisons; (b) the development of legal policies; (c) the review and drafting of legislation, as necessary, for the goals and purposes of UNMIK; and (d) the assessment of the quality of justice in Kosovo, including training requirements. Simultaneously, the Kosovo Police Services (KPS) was created in order to maintain law and order in Kosovo.

3. The Judicial Affairs Office was later re-designated as the Department of Justice (DOJ), which currently comprises the following four main divisions: (a) the Judicial Development Division (JDD), which has the broad mandate of fostering a professional, independent, impartial and multi-ethnic judiciary and prosecution service; (b) the International Judicial Support Division (IJSD), whose current efforts are concentrated on actively tackling organized crime, corruption, terrorism and ethnic violence; (c) the Penal Management Division (PMD), which is responsible for Kosovo's prison system and to re-establish and reform the correctional system in Kosovo in a legal and operational framework that is consistent with international prison standards; and (d) the Office on Missing Persons and Forensics (OMPF), which is responsible for determining to the extent possible the whereabouts of several thousand missing persons as a collaborative effort for the reconciliation process and building confidence between the communities.

4. The DOJ and the Office of the Police Commissioner were part of UNMIK Pillar I until 1 May 2006, when Pillar I ceased to exist due to the transfer of competencies to the Kosovo Provisional Institutions of Self-Government and the creation of Ministries of Internal Affairs and Justice. The DOJ and the Office of the Police Commissioner were then brought within the Office of the UNMIK Special Representative of the Secretary-General (SRSG). Figure 1 shows the current organization chart of the DOJ, after the transfer of some competencies to local institutions.



5. The Police and Justice departments have the following objectives:

- To consolidate a law and order structure that is responsive to peacekeeping and peace-building objectives and will contribute to the promotion of the Rule of Law institutions in Kosovo;
- To maintain effective international control and oversight over police and justice activities during the medium term, so that an effective transition to future management by the Kosovo communities can be implemented;
- To increase the short-term impact of law and order efforts through enhanced coordination of information and work;

- To enable effective police and judicial response against destabilizing serious criminal activity in Kosovo; and
- To establish judicial process through initial international participation and reform of the judicial system.

6. A gradual transfer of responsibilities to Kosovo's provisional institutions has taken place during the past years, however, a range of reserved powers remain in the hands of the SRSG pending the determination of Kosovo's future status. These included full authority over external relations, authority over law enforcement institutions, final authority to approve the Kosovo Consolidated Budget (KCB), and authority to ensure the full protection of minority rights.

7. The Departments of Justice and Police are funded by the KCB, which covers wages and salaries of local staff, goods and services, subsidies and transfers, and capital outlays. International staff is funded by the UNMIK budget.

8. Table 1 details the distribution of the KCB, as approved by the SRSG in Administrative Directive No. 2005/17 of 31 August 2005, for all divisions of Justice, as well as for Police and Penal Management, for the period from 1 January to 31 December 2005.

Table 1: Distribution of the KCB for the period 1 January to 31 December 2005

Organizational Unit	Programme	Number of Staff Funded by UN	Kosovo Consolidated Budget (in Euro)					Total
			Number of Staff	Wages and Salaries	Goods and Services	Subsidies and Transfers	Capital Outlays	
Police Services	Management Planning and Support	1,016			580,624		200,800	781,424
	Operations				1,549,564	250,000	780,020	2,579,584
	Special Operations				336,130		1,792,000	2,128,130
	Investigations				218,179		721,100	939,279
	Administration Services		8,933	24,799,537	926,294	100,000	4,598,982	30,424,813
	Support Services				11,379,971		7,127,539	18,507,510
	Training				705,412		421,000	1,126,412
	Border Police				444,904		999,750	1,444,654
	Sub-total	1,016	8,933	24,799,537	16,141,078	350,000	16,641,191	57,931,806
Justice	Court Administration		2,490	6,937,394	2,891,229		2,353,957	12,182,580
	Victim Advocacy and Assistance Unit	1	49	118,965	297,000	50,000		465,965
	Administration Division		50	103,425	450,950		20,000	574,375
	Office on Missing Persons and Forensics	22	68	171,045	517,241	6,759	1,081,664	1,776,709
	Legislative Policy Unit		26	46,830	50,000			96,830
	Kosovo Judicial and Prosecutorial Council	4	18	32,655	119,000			151,655
	Judicial Inspection Unit	7	31	98,070	56,500			154,570
	Special Chamber		15	41,160	258,000			299,160
Judicial Integration	3	33	72,975	189,000		10,000	271,975	

	Sector							
	Office of the Director	9	11	22,050	22,000			44,050
	Legal Aid	3	37	59,535	219,000			278,535
	External Affairs Unit		21	32,760	55,000			87,760
	Internal Audit		3	7,035	12,000			19,035
	Probation and Parole		76	169,995	209,600			379,595
	Special Prosecutor Office		4	6,195	12,000			18,195
	Judicial Development	4						
	International Judicial Support	83						
	Sub-total	136	2,932	7,920,089	5,358,520	56,759	3,465,621	16,800,989
Prison Services	Penal Management Division	55	1,875	4,630,000	4,390,000	0	2,038,000	11,058,000
	Total	1,207	13,740	37,349,626	25,889,598	406,759	22,144,812	85,790,795

9. The comments made by the Management of UNMIK on the draft audit report have been included in this report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES

10. The objectives of the audit were to determine whether:

- (a) The transfer/transition process of significant administrative competencies to the local government was performed and monitored as planned;
- (b) Human resources in the DOJ and Police were managed in accordance with applicable policies and procedures;
- (c) Communication between Police and the DOJ has ensured the full application of the Provisional Criminal Procedure Code of Kosovo;
- (d) DOJ expenditures were properly approved, supported and recorded in accordance with the procedures for the KCB;
- (e) Voluntary contributions allocated to DOJ divisions were properly monitored, and expenditures incurred were in accordance with the respective Terms of Reference;
- (f) Training programmes implemented by the DOJ, or in conjunction with other organizations, were properly monitored and contributed to the capacity building of the local judicial system; and
- (g) Recommendations made by internal investigations concerning the fraud detected in Dubrava prison were implemented in a timely manner.

III. AUDIT SCOPE AND METHODOLOGY

11. The audit included a review of relevant management processes/procedures, systems, controls and records of the DOJ and Police administration. The review also covered monitoring of the competencies transferred to local institutions, and compliance with the KCB for the DOJ divisions yet to be transferred.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Non-compliance with recruitment policies and procedures

Staff assigned to higher functions without a competitive selection process

12. The Department of Peacekeeping Operations (DPKO) Human Resources handbook provides interim guidelines for the movement of international mission staff to higher level posts. The handbook covers mission staff who apply for vacancies at the same level or one level higher than their current grade. It requires that staff members must serve a cumulative period of two years at their current level before they may be considered for a new post at a higher level.

13. Furthermore, Sections 6 and 7 of UNMIK Standard Operating Procedures (SOPs) on the recruitment of international staff members for Pillars I and II provide that: (a) where Mission exigencies exist, a suitably qualified staff member may be assigned to temporarily fill the vacancy until the position can be advertised and filled in the normal manner; and (b) if the post is the same level as that previously occupied by the staff member and the duties are similar to those the staff member is already performing, the re-assignment can be completed without advertising the post. Where the duties are substantially different and the level of post is higher than the post the temporary assignee presently occupies, the post must be advertised within a period of three months. Reassignment will not, as a norm, change the status or level of the staff member's current contract.

14. OIOS' review of a representative sample of 22 cases pertaining to the assignment of staff to higher level posts showed that three staff members at the P-3 level were assigned to perform duties classified at the P-5 level without a competitive selection process. The three staff members in question stayed in these functions until they gained the required experience for the posts of Senior Adviser, Head of Legal Policy Unit and Head of Judicial Development Division, respectively. As DPKO recruitment policies do not permit the appointment of staff to posts two levels higher, at the suggestion of the Division of Administration, the Pillar I Management downgraded the posts from P-5 to P-4, so that the three staff members in question could be appointed to the downgraded (P-4) posts.

Ineligible staff members were considered for higher level posts

15. In three other cases, staff members who had not served the minimum period of two years at their current level were included in the shortlist for interview and were eventually chosen for the higher level posts by the Principal Officer of Pillar I, even though their names were not included in the list of eligible candidates forwarded by the Staffing Support Unit. These staff members were granted Special Post Allowance (SPA) for serving in the higher level posts, since their appointments to the higher level posts were not approved by the Personnel Management and Support Service (PMSS), DPKO. As a consequence, the posts were re-advertised to validate

a previous recruitment decision that was not made in accordance with existing policies and procedures. These actions created an environment of frustration among staff members of former Pillar I.

Lack of transparency in recruitment

16. OIOS' sample review of recruitment cases also showed the following:

- In one case, the programme manager requested that a certain candidate be recruited for the post, even before the vacancy was announced and the recruitment process started;
- In another case, a candidate who was ranked as the lowest in the roster of candidates was recruited when a similar post became vacant, and higher-ranking candidates were overlooked.

Vacancy announcement not advertised according to guidelines

17. The SOPs for recruitment of internal staff for Pillars I and II require that vacancies are advertised: (a) internally, where it is anticipated that three or more suitably qualified and experienced candidates are eligible and may apply; (b) externally, where it is determined that a sufficient number of internal candidates may not be available for a competitive selection; and (c) internally and externally at the same time, provided that external candidates will be considered only if fully qualified internal candidates are unavailable.

18. The audit found that these requirements were not always complied with. For instance, one vacancy announcement was only advertised through the Mission's network broadcast. Consequently, PMSS did not approve the appointment of a staff member to the post. The Mission had to re-advertise the post and initiate the recruitment process for the post once again.

Recommendations 1 to 4

The UNMIK Department of Justice should ensure that:

- (a) All staff appointments are based on a competitive selection process in accordance with the prescribed policies and procedures for recruitment (AP2006/650/03/01);
- (b) Ineligible staff members are excluded from shortlists for higher level posts (AP2006/650/03/02); and
- (c) Selection decisions are properly documented, clearly indicating the basis on which the candidate is recommended for selection (AP2006/650/03/03).
- (d) The UNMIK Management should strengthen the administrative oversight provided by the Personnel Section to

ensure that the integrity of the recruitment process is maintained (AP2006/650/03/04).

19. *The UNMIK Department of Justice accepted recommendation 1 and stated that all recruitments and movements to a higher grade in DOJ are coordinated through the Recruitment Unit of UNMIK's Personnel Section, Division of Administration, which manages the process. No selection is possible in DOJ without clearance from UNMIK Personnel. The DOJ also made the following clarification:*

(a) *In relation to paragraph 14 of the report and the reference to improper appointment of P3 level staff to act in P5 positions and their subsequent appointment to P4 positions, please note the following clarification.*

(b) *The Head of the Legal Policy Unit (LPU) was always budgeted at the P4 level, not at P5. At no time has the LPU been led by a P5. The first Head was a P4. His replacement was a P3 and the vacant P4 was used to recruit an international prosecutor. The current head of LPU arrived in UNMIK in January 2001 as a P3. Pursuant to the DPKO Handbook on Human Resources she therefore qualified to be considered for a P4 position in January 2003. Her predecessor left the Mission in the summer of 2003 and she was requested to replace her temporarily in an Acting position. The position of Head of LPU was then advertised and the current Head was short listed and interviewed at the end of September/beginning of October 2003. Her letter of appointment as Head of the Legal Policy Division was issued on 31 October 2003, with an effective date of 1 November 2003.*

(c) *With respect to the post of Head of the Judicial Development Division (JDD), pursuant to promotion policy within UNMIK, throughout 2002 (and possibly earlier), a Local Review Panel was responsible for approving recommendations regarding changes of grade, and a number of UNMIK staff, including DOJ staff, were granted movement to higher grades under this system. The staff member who was eventually recruited as Head of the Judicial Development Division was under review for a promotion by the Local Review Panel from September 2002 until May 2003, when Pillar I was informed that PMSS had advised that movement to higher grades were now to be made on the basis of competitive recruitment and that therefore a vacancy announcement should be issued for which the staff member should apply. It should be noted that when the staff member applied for the P-5 post in question, her application was screened and accepted by the UNMIK Personnel Section (a function which was not within the purview of the DOJ) and she was allowed to be short-listed and interviewed for the post. It was only after she was selected for the post that UNMIK Personnel informed DOJ that, as an internal candidate the staff member was not eligible for a post two grades higher than the post she was currently encumbering (whatever her qualifications or years of relevant experience) and that therefore the DOJ should re-advertise.*

20. In OIOS' opinion, the Department of Justice's response does not adequately address the recruitment cases referred to in paragraph 14 of this report and the corresponding recommendation. OIOS requests that UNMIK refer these recruitment cases to PMSS for further review to ensure that staff appointments are based on a competitive selection process. Recommendation 1 remains open pending receipt of documentation from UNMIK showing that the subject recruitment cases have been referred to PMSS.

21. *The UNMIK Department of Justice did not accept recommendation 2, stating that the UNMIK Personnel Section and UNHQ technically clear all DOJ candidates before their applications are submitted to DOJ for consideration. Thus, ineligible DOJ candidates will already have been weeded out. In any event, no selection is possible in DOJ without clearance from the UNMIK Personnel Section. Technical clearance of DOJ candidates is not delegated to the Mission. Once technically cleared by UNHQ, the candidates are considered eligible against the VA they applied to. In OIOS' opinion, the Department of Justice's response does not adequately address the recruitment cases referred to in paragraph 15 of this report and the corresponding recommendation. OIOS requests that UNMIK refer these recruitment cases to PMSS for further review to ensure that ineligible staff members are excluded from shortlists for higher level posts. Recommendation 2 remains open pending receipt of documentation from UNMIK showing that the subject recruitment cases have been referred to PMSS.*

22. *The UNMIK Department of Justice accepted recommendation 3, stating that a staff member from the Recruitment Unit of the UNMIK Personnel Section is part of every selection panel for the DOJ selection process, in an ex-officio capacity. DOJ members of the selection panel then sign off on the final minutes which are presented by the UNMIK Personnel Recruitment Unit which then follows through with the recruitment process. The recent PMSS recruitment guidelines (draft circulated late 2006) call for the filling out of a comparative evaluation form for the interview candidates, in addition to the minutes of the recruitment interview process, which the Mission has consistently followed since 2004. Based on the UNMIK Department of Justice's response, recommendation 3 has been closed.*

23. *The UNMIK Management accepted recommendation 4, stating that the Personnel Section has taken an improved and more defined role in ensuring that the competitive selection process is altogether duly followed and completed when filling vacant posts. The Personnel Section ensures that the list of eligible and technically cleared candidates is properly established. In addition, the Personnel Section does not allow any direct or indirect pressure from the Department of Justice relating to the filling of vacant posts, to maintain the integrity and objectivity of the recruitment process, with the full support of the Director of Administration. Recommendation 4 remains open pending receipt of documentation from UNMIK showing the action taken to strengthen the administrative oversight of the recruitment process.*

B. Lack of robust transfer planning

24. The former Pillar I Administration's transition plan, which establishes the principles and guidelines for the transition of Justice and Police competencies to the Kosovo government, included the following:

- With regard to Justice, the establishment of the Ministry of Justice, the Kosovo Judicial Council, and transfer of the Department of Civil Rights, Medical Examiner's Office, Legislative Affairs and Correctional System; and
- With regard to Police, the establishment of the new Internal Affairs/Public Order Ministry, and appointment of the Assistant Police Commissioner, KPS.

25. However, the transition plan does not include any details on the transfer of several activities of the DOJ, and does not state specifically who is responsible within UNMIK to ensure

that the transfer is properly accomplished. The Penal Management Division (PMD) completed a transfer plan with a timetable, but this plan was never formally approved by the DOJ Director.

26. In order to transfer judicial competencies from international to local prosecutors and build the capacity for the Kosovo judiciary system, a project for the creation of the Kosovo Special Prosecutor's Office (KSPO) was set up and funded by the European Agency for Reconstruction (EAR). The grant amounts to €996,855 and the agreement between EAR and UNMIK was signed in December 2004, with an implementation timeframe of 18 months. In May 2005, the agreement was amended and the starting date was revised to April 2005. The project is now substantially delayed due to several factors such as change of legislation, change of Directors and Heads of department in DOJ, and different opinions on how the project should be implemented. Consequently, the legislation that needs to be in place to implement the project is not yet approved. The DOJ could not provide a clear timeframe for the project's full implementation. EAR consultants in charge of the project were frustrated with the slow pace of events at UNMIK.

27. The lack of robust transfer planning contributed to a weak local judicial system, as acknowledged in the reports prepared by external entities such as the World Bank and the Organization for Security and Cooperation in Europe (OSCE), as well as internal reports such as the one prepared by the Mission's former Principal Deputy SRSG.

Recommendation 5

The UNMIK Department of Justice should properly document a transfer plan for the activities yet to be transferred to local institutions in Kosovo with clear objectives, specific actions to attain those objectives, indicators of achievement, timelines, and the person(s) responsible for the transfer of each activity (AP2006/650/03/05).

28. *The UNMIK Department of Justice accepted recommendation 5, stating that in 2005 UNMIK Pillar 1 negotiated clear terms of reference with the Provisional Institutions of Self-Government in Kosovo (PISG) for the transfer of competencies from DOJ. This transfer was to occur in two stages: (i) in December 2005 and (ii) after a review, in March 2006, as was reflected in UNMIK Regulation Nos., 2005/52, 2005/53, and 2006/26. An administrative direction connected to UNMIK Regulation No. 2006/26 outlines how competencies in prison management and missing persons and forensics will be transferred, and is now under review by OLA. Presently, DOJ is involved in the preparation of the UNMIK Transition and Implementation Plan, which sets out in detail the functions to be transferred from UNMIK to the PISG or successor organization, and the action required to implement that transfer. The plan was approved by the SRSG in November 2006. Recommendation 5 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

C. Non-compliance with procedures for hiring of consultants

29. Approximately 70 consultants work for the various divisions of the DOJ. However, their exact number is not known, and their reporting lines were unclear. OIOS' selective review of a

sample of cases from an unofficial list of consultants compiled by a DOJ manager showed the following shortcomings:

- Signed terms of reference/contracts could not be found for some consultants. In one case, the consultant did not acknowledge the generic terms of reference as a description of the work he was performing;
- Some contracts did not establish a clear timeline for completion of work;
- In some cases, the terms of reference/contracts did not include specific deliverables;
- The selection process was not fully documented, and selection decisions appeared to have been based on personal knowledge, rather than objective assessments as part of a competitive process; and
- International consultants had been working for many years (some since 2000) in the same division, performing work that could have been performed by trained local personnel.

30. These practices were in clear violation of the provisions of ST/AI/1999/7 governing the use of consultants and individual contractors in the United Nations.

Recommendations 6 and 7

The UNMIK Department of Justice should ensure that the provisions of ST/AI/1999/7 on the use of consultants and individual contractors are strictly complied with, particularly with regard to: (a) competitive selection procedures; (b) clear terms of reference, deliverables and performance indicators; and (c) contract duration (AP2006/650/03/06).

The UNMIK Management should strengthen internal controls in the hiring of consultants and individual contractors by: (a) establishing a database to monitor the use of consultants and individual contractors; and (b) reinforcing the role of the Personnel Section in ensuring that programme managers comply with the provisions of ST/AI/1999/7 (AP2006/650/03/07).

31. *The UNMIK Department of Justice accepted recommendation 6, stating that DOJ will ensure that this recommendation is followed for all new contracts for UNMIK consultants and individual contractors. In the past, OMPF relied heavily on consultants due to a lack of UNMIK posts. OMPF secured donor funds to pay for short-term consultants (anthropologists, archaeologist, etc.) to enable the office to carry out its core activities. OMPF hired consultants based on relevant work experience (many consultants had worked for ICTY). DOJ's Criminal Division (CD) notes that the only consultants employed by CD are those currently engaged under the KSPO project. The hiring of KSPO consultants has been implemented after consultation with the DOA, and in accordance with item 10.2 of Annex to the KSPO Grant*

Agreement which determines that “unless otherwise agreed by the parties in writing, the procurement of any goods, works or services...shall be carried out in accordance with the applicable rules and procedures adopted by the Organization.” All KSPO consultants have been selected by means of externally published vacancy announcements which detailed their tasks and the objectives to be achieved. Each position has been filled pursuant to a competency-based interview process. Time sheets are kept in order to document the Consultant’s activities. Project funds are channelled through the Ministry of Finance and Economy and administered pursuant to Kosovo Consolidated Budget procedures.

32. *The UNMIK Department of Justice also pointed out that the audit report may not differentiate between consultants hired by DOJ, on the one hand, and those hired by various aid agencies and made available to DOJ as gratis personnel. Most of the consultants who have worked for DOJ’s Judicial Development Division (JDD), for example, have fallen under the latter category and procurement procedures have not been within DOJ control, although DOJ has been given a chance to choose between individual consultants. In the case of consultants hired by DOJ, it is important to note that, when consultants were paid with KCB funds, DOJ had to follow KCB rules with regard to procurement, etc. (e.g., Victims Advocacy and Assistance Unit (VAAU) Victims Advocate Training Consultant). Recommendation 6 remains open pending receipt of documentation from the UNMIK Department of Justice showing that the provisions of ST/AI/1999/7 on the use of consultants and individual contractors are strictly complied with.*

33. *The UNMIK Management accepted recommendation 7, stating that the database for consultants and individual contractors is now established, and that the Personnel Section will be able to monitor the hiring thereof. In addition, the Personnel Section, with the full support of the Director of Administration, shall ensure that every programme manager is fully aware of the provisions contained in ST/AI/1999/7 and exercise proper work plans in advance. Any request for exception to the rule shall require approval/authorisation by the SRSG. Recommendation 7 remains open pending receipt of documentation from UNMIK showing the action taken to strengthen internal controls in the hiring of consultants and individual contractors.*

Gratis personnel

34. The DOJ’s Office on Missing Persons and Forensics had been extensively using gratis personnel as forensics experts, since such expertise is not available within the Organization. Most of these experts, funded by donors’ grants, received only DSA and reimbursement of travel expenses. The process for engaging these experts lacked transparency, since they were selected from a roster maintained by the department without providing Member States with the opportunity to identify suitable candidates, as required by ST/AI/1999/6 governing the use of gratis personnel.

Recommendation 8

The UNMIK Management should ensure that gratis personnel are used strictly in accordance with the provisions of ST/AI/1999/6 (AP2006/650/03/08).

35. *The UNMIK Management accepted recommendation 8, stating that DOJ notes that gratis personnel, on whom the DOJ has on occasion had to rely rather heavily due to an insufficient number of UNMIK staff, have often been provided by aid agencies (such as CIDA, EAR or*

DFID) and the process of engaging the personnel has been entirely within the control of the donor agency. Based on the Mission's response, recommendation 8 has been closed.

D. Action taken on findings relating to the Dubrava fraud case

36. Upon detecting irregularities in the financial records relating to prisoners' personal cash accounts at Dubrava prison, the DOJ requested the Financial Investigation Unit on 18 March 2006 to conduct an investigation. Based on the investigation's conclusions, the SRSG established a taskforce on 17 May 2006 to oversee and improve the financial management of those accounts. It should be noted, however, that problems concerning Dubrava prisoners' accounts were known to the DOJ's PMD and Administration Division at least since August 2005.

Prisoners' cash reconciliations

37. The taskforce found an amount of €52,829 in cash in the safe at Dubrava. This amount was deposited immediately in a temporary bank account. It was also found that the balances in the prisoners' accounts database did not reconcile with the cash on hand or with the cash book balance.

38. During OIOS' visit to Dubrava at the end of June 2006, we became aware of the existence of three bank accounts through which prisoners' cash was being handled. One of these accounts already existed before the investigation, and Management had decided to freeze it. However, from a bank statement dated 27 June 2006, it appeared that transactions were still taking place – cash receipts from prisoners' family members were being received, and payments/transfers to other Dubrava bank accounts were being processed. Local Finance staff could not provide information regarding who opened the three bank accounts, when, or who had the authority to perform transactions pertaining to those accounts.

39. Furthermore, none of the accounts were being reconciled. As of the date of OIOS' visit, the balance in the cash book was €12,323.20. This had not been reconciled with the amount of €74,830.43 recorded in the prisoners' personal cash database.

Recommendation 9

The UNMIK Department of Justice should ensure that the Finance Unit at Dubrava prison immediately performs bank reconciliations for all bank accounts and properly investigates any unreconciled items (AP2006/650/03/09).

40. *The UNMIK Department of Justice accepted recommendation 9, stating that upon learning of a discrepancy in the prisoner account, the SRSG, on the recommendation of DOJ, convened a Task Force to determine the amount of any losses and to recommend changes in procedures. The bank account has been closed and all funds were transferred to a special Trust Fund account opened in the Kosovo Central Banking Authority (KCBA). The Task Force attempted to reconcile accounts but, due to lost or irretrievable records, it has been unable to do so with absolute precision. Nevertheless, new accounting software has been procured and implemented. Consequently, all bank transactions are now recorded and reconciled in the books of accounts of the facility (Dubrava Prison). DOJ has also initiated criminal investigations with respect to the*

Dubrava accounts. Those criminal investigations are ongoing. Should these investigations uncover previous banking records, reconciliation of past transaction may be possible. Recommendation 9 remains open pending receipt of the results of the investigations from the UNMIK Department of Justice.

Salaries

41. From the review of the February 2006 salary sheets relating to prisoners in Dubrava, OIOS found the following:

- Identical signatures for several prisoners;
- The salary for the month of February was only recorded in the Prisoners' account database on 26 April, 2006. Upon inquiry, the Dubrava Finance staff could not confirm whether the salaries for April and May had been paid, as they did not have access to bank statements; and
- Some of the names in the salary sheet were not exactly the same as the names in the prisoners' database. This posed the risk that not all of the names in the salary sheet may be valid.

Recommendations 10 and 11

The UNMIK Department of Justice should:

- (a) Ensure that the Finance Unit at Dubrava prison verifies the prisoners' salary sheets to confirm the validity of the payees' names with reference to the names in the database, and rectifies any errors or discrepancies (AP2006/650/03/10); and
- (b) Promptly advise the Finance Unit at Dubrava when salaries are paid, so that these can be recorded timely in the prisoners' accounts (AP2006/650/03/11).

42. *The UNMIK Department of Justice accepted recommendation 10, stating that the new accounting system implemented on 1 August 2006 complies with this recommendation, as it does not allow salary payments to a prisoner whose name and registration number do not exist in the database. The system in place automatically verifies the payee's name (prisoner) and other details once the input data are entered in the database. The input data are provided by the supervisor who certifies the list of Prisoners who have worked under his supervision. The Finance Unit also checks the correctness of the data while updating the individual Prisoner Personal Cash (PPC) accounts. Thus, the DOJ believes the possibilities of errors or discrepancies are now minimal.*

43. *Salary payments are processed on a regular basis in the Prison. However, sometimes the actual payments take longer than expected because of processing requirements in the Ministry of Finance and Economy of Kosovo (MFE). The facility has introduced an advance salary payment system for those prisoners who are being released on or before actual salaries are released from*

MFE. So the system ensures that all working prisoners are paid their duly accrued salary when they are released. Based on the UNMIK Department of Justice's response, recommendation 10 has been closed.

44. *The UNMIK Department of Justice accepted recommendation 11, stating that since 1 August 2006, DOJ's Administration Division advises, and will continue to advise, the Dubrava Finance Unit when salaries are paid to prisoners.* Based on the UNMIK Department of Justice's response, recommendation 11 has been closed.

Receiving and payment process at the canteen

45. From a review of the receiving and recording procedures for goods purchased for the prisoners canteen, OIOS noted that:

- Regular counts were not made of the canteen stock, and there were no reconciliations of actual stocks with stock records;
- Stock records were not accurate, as discrepancies were detected between invoices and the database;
- Some invoices did not show evidence that the goods received were counted and checked. Nonetheless, invoices were paid in full.

46. Upon discussion of the above issues pertaining to the financial management of prisoners' accounts and related matters, the Director of the DOJ constituted a Finance Team on 3 July 2006 to establish appropriate procedures and monitor the activities in Dubrava. In OIOS' opinion, the DOJ needs to formalize the Team's terms of reference and oversee its work to ensure that the objectives are met.

Recommendations 12 to 14

The UNMIK Department of Justice should:

- (a) Perform a full stock count of goods relating to the prisoners' canteen and introduce a procedure for periodic stock counts and reconciliation of variances (AP2006/650/03/12);
- (b) Ensure that all goods received are counted at the receiving point and documented in a receiving report, which should form part of the supporting documentation for processing payments to vendors (AP2006/650/03/13); and
- (c) Formalize the terms of reference of the Finance Team in Dubrava and oversee the Team's work (AP2006/650/03/14).

47. *The UNMIK Department of Justice accepted recommendation 12, stating that newly instituted canteen operation procedures generally do not allow the keeping of stock in the canteen store. All the goods that are purchased are based on individual orders of prisoners, and*

are delivered to them once supplies are received. The canteen staff members verify and count the goods received, prepare the goods receiving report, sign the delivery note, and thereafter the payment procedures are initiated. Any goods not delivered to the prisoners constitute the only physical stocks that are kept in the canteen store. The canteen keeps records of the goods that are received, delivered to prisoners and the balance stored. This stocktaking system ensures that the stock will be verified on a periodic basis, until the canteen services are outsourced. As per the recommendation of the task force (TF), a process of outsourcing canteen services is being initiated and should be realized by the first quarter of the next financial year. A Prisoner's Personal Cash (PPC) project team is working to improve the operating system in the Prison regarding the above mentioned matters. Recommendation 12 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.

48. The UNMIK Department of Justice accepted recommendation 13 stating that since January 2006, payments are supported by inspection and delivery reports. In the past, this practice was implemented but not controlled systematically. However, in January 2006 DOJ's Procurement Unit sent an instruction to all DOJ divisions reminding them of the necessity to abide by the Procurement Rule. Recommendation 13 remains open pending receipt of documentation from the UNMIK Department of Justice showing that all payments for goods purchased are supported by receiving reports.

49. The UNMIK Department of Justice accepted recommendation 14, stating that as per the recommendation of the Dubrava Task Force (TF), the duties and responsibilities of the designated officials have been assigned pursuant to written terms of reference. The Cash Custodian, Cashier, Data Entry Clerk, Finance Officer and Auditor are all now performing their duties. Based on the UNMIK Department of Justice's response, recommendation 14 has been closed.

E. Property control

50. Assets in use at the DOJ have been purchased with KCB funds since 2003. However, an asset database was only established in March 2006, and asset records were being reconstructed for earlier periods, dating back to 2003. The DOJ had prepared an Asset Management Manual, but this was yet to be approved. Although this Manual required the physical verification of expendable and non-expendable assets, the DOJ was yet to perform a full asset verification and reconciliation with records. Also, expendable assets stored in four DOJ warehouses located in Pristina were recorded in a database, but only in terms of quantity with no value. In OIOS' opinion, the DOJ needs to strengthen internal controls in property management to reduce the risk of misappropriation and pilferage, and to establish accountability for such losses.

Recommendations 15 to 17

The UNMIK Department of Justice should ensure that its Administration Division:

- (a) Formally promulgates the Asset Management Manual, detailing procedures for the management of expendable and non-expendable assets (AP2006/650/03/15);

(b) Establishes a timetable for completing the process of recording data in the asset database, including the acquisition cost of each asset (AP2006/650/03/16); and

(c) Performs a 100 per cent physical verification of all assets, reconciles the results of the verification with the balances in the asset database, and investigates any discrepancies for appropriate action (AP2006/650/03/17).

51. *The UNMIK Department of Justice accepted recommendation 15, stating that this Manual has been prepared and is under review by the Permanent Secretary of the Ministry of Justice (MOJ). It is expected to be completed by the end of February 2007. Recommendation 15 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

52. *The UNMIK Department of Justice accepted recommendation 16, stating that two databases were developed at the beginning of 2006 and implemented in March 2006. Training sessions were set up for the local staff to provide data entry instruction. The process of recording the data is progressing and will be completed in March 2007. Recommendation 16 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

53. *The UNMIK Department of Justice accepted recommendation 17, stating that the reconciliation and verification of assets started in 2005 and is continuing. An asset database was brought online in March 2006 and several training sessions have been conducted for the local staff. The process of recording the data is progressing and will be completed in March 2007. Recommendation 17 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

F. Payment of vendor invoices

Inadequate segregation of duties

54. Vendor invoices were being received by the Procurement Section, which reviewed and submitted them to the Finance Section along with the delivery note, if available, and a copy of the purchase order. This practice does not provide for adequate segregation of duties. In OIOS' opinion, the invoice processing function should be independent of the Procurement Section, and should be performed by the Finance Section.

Payments towards goods and services

55. In a number of instances, there was no documentary evidence to show that the goods and services ordered had been satisfactorily delivered or rendered before payments were made. This increased the risk that goods and services may not have been delivered or rendered as intended, and any deviations may not be fully documented in order to adjust payments accordingly.

Recommendations 18 and 19

The UNMIK Department of Justice should ensure that its Administration Division:

- (a) Clearly specifies in purchase orders and contract documents that vendors should submit their invoices directly to the Finance Section for payment (AP2006/650/03/18); and
- (b) Advises the Finance Section to process vendor invoices for payment only after obtaining documentation from the receiving divisions confirming that the goods or services ordered have been delivered or rendered as ordered (AP2006/650/03/19).

56. *The UNMIK Department of Justice accepted recommendation 18, stating that this recommendation will be followed, pursuant to the applicable rules and regulations of Kosovo Consolidated Budget (KCB) for all expenditures expended out of the allocations from the Kosovo Consolidated Fund (KCF). Recommendation 18 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

57. *The UNMIK Department of Justice accepted recommendation 19, stating that in the past, this practice was implemented but not controlled systematically. However, in January 2006 DOJ's procurement unit sent an instruction to all DOJ divisions reminding them of the necessity to abide by the procurement law. All payments have since been supported by inspection and delivery reports. Based on the UNMIK Department of Justice's response, recommendation 19 has been closed.*

G. Weaknesses in specifications provided by requisitioners

58. From a review of the requisitions prepared by several DOJ divisions, OIOS found that the specifications were either too generic (such as "computers", "tables", etc.), or the requisitions simply indicated that specifications would be completed by the Procurement Section. The DOJ needs to ensure that requisitioners clearly understand that it is their responsibility to prepare requisitions with clear specifications, which the Procurement Section can process expeditiously without significant additional effort. It should also be made clear to requisitioners that there should be adequate segregation of duties between requisitioning and purchasing entities to maintain the integrity of the procurement process.

59. Furthermore, requisitions pertaining to several items procured for PMD were missing from the respective files. The DOJ needs to ensure the completeness of documentation relating to purchases made for PMD.

Recommendations 20 and 21

The UNMIK Department of Justice should:

- (a) Remind requisitioners of their responsibility to prepare specifications that can be processed expeditiously by the

Procurement Section, and provide necessary training to requisitioners, if necessary (AP2006/650/03/20); and

(b) Ensure that complete documentation is kept of the requisitions initiated by its various divisions (AP2006/650/03/21).

60. *The UNMIK Department of Justice accepted recommendation 20, stating that on 4 December 2006, DOJ's Administration Division issued instructions to requisitioners on how to prepare specifications, together with a training schedule, for all KCB staff performing the requisition function.* Based on the UNMIK Department of Justice's response, recommendation 20 has been closed.

61. *The UNMIK Department of Justice accepted recommendation 21, stating that it is being implemented and that some requisitions from 2004 were not in the standard form, as they were merely in an Excel sheet form. The Department of Justice added that it has remedied this, and all completed documentation of requisitions is now kept in the proper form.* Based on the UNMIK Department of Justice's response, recommendation 21 has been closed.

H. Lack of a budget line variance monitoring process

62. Expenditures pertaining to the DOJ and Police are funded by the KCB. The Administration Division within the DOJ is responsible for monitoring the expenditures of the DOJ. OIOS' review of the final expenditures for 2005 in conjunction with the approved KCB showed that funds amounting to €144,000 were transferred from the "goods and services" category to "subsidies and transfers" and "capital outlays". According to the DOJ's Administration Division, several changes were made to the 2005 budget. However, OIOS was not provided with any documentation approving the changes.

63. Although the budget is distributed by management objects (budget lines), actual expenditures are not monitored against these lines. OIOS was informed by the Administration Division that the Ministry of Finance and Economy is only concerned with total spending by major category such as salaries, goods and services, subsidies and transfers, and capital outlays. For this reason, a variance analysis under each management object was not performed.

64. In OIOS' opinion, internal controls need to be established in order to ensure that the KCB serves as an operating plan with clearly established objectives, and that actual expenditures are monitored and controlled with reference to the planned objectives.

Recommendations 22 and 23

The UNMIK Department of Justice should ensure that its Administration Division:

(a) Advises the Ministry of Finance and Economy of the need to control expenditures against each management object or budget line, and introduces this practice in those units/functions which are still under the Mission's responsibility and are yet to be transferred to local institutions (AP2006/650/03/22); and

- (b) Fully documents the basis and authority for transfers of funds from one budget category to another (AP2006/650/03/23).

65. *The UNMIK Department of Justice did not accept recommendation 22, stating that DOJ is bound by the Ministry of Finance and Economy (MFE) rules with respect to expenditures, and cannot advise MFE of the appropriate procedures. Such advice is within the competence of UNMIK's Fiscal Affairs Office. However, an internal finance/budget management system has been in place in DOJ since 2004. OIOS requests that the DOJ refer this recommendation to the UNMIK's Fiscal Affairs Office for implementation. Recommendation 22 remains open pending receipt from the UNMIK Department of Justice that it has been implemented.*

66. *The UNMIK Department of Justice accepted recommendation 23, stating that this recommendation will be strictly followed, in consultation with MFE. Recommendation 23 remains open pending receipt of documentation from the UNMIK Department of Justice that it has been implemented.*

I. Inadequate follow-up on subsidies granted to non-governmental organizations

67. Subsidies granted to local non-governmental organizations (NGOs) under the KCB were not being properly monitored and followed-up. Project completion reports were not being provided by NGOs, and the Mission was not obtaining signed receipts from NGOs that received the subsidies. Subsidies granted to NGOs during 2005 amounted to €80,715.

68. The Memorandum of Understanding (MOU) signed with the NGOs included a clause indicating the subsidy recipient's responsibility to provide UNMIK with a financial report on its project activities within 30 days after project completion. However, these reports were not available for several projects, and the related MOUs had not been formally amended to reflect the revised timeframes of projects which were behind schedule. These weaknesses increased the risk that subsidies may be granted to projects that do not achieve their intended purpose.

Recommendation 24

The UNMIK Department of Justice should ensure that its Administration Division strengthens internal controls over subsidies by monitoring the projects for which funds are released, including the receipt of project reports in accordance with the MOU, and promptly following up overdue completion reports with the concerned recipient(s) of the subsidies (AP2006/650/03/24).

69. *The UNMIK Department of Justice accepted recommendation 24, stating that a memo has been issued to all DOJ heads of division regarding monitoring of projects for which funds are released. For the transfers and subsidies mentioned in the report relating to the VAAU budget (all of which involved the Anti-Trafficking Campaign), the MOU only required the NGO receiving the funds to submit financial reports 30 days after completion of the project for which the funds were transferred. Reports were received from all but one NGO which still has funds left over and is awaiting instructions from the Ministry of Justice on how to spend the remaining funds. With regard to the monitoring of project implementation, VAAU staff monitored all events organised by the NGOs in question (5 youth day events in 5 regions, training for school children,*

a basketball tournament and a concert). All the events were also either photographed or video recorded. Recommendation 24 remains open pending receipt of documentation from the UNMIK Department of Justice showing that all financial reports have been received and accepted as final.

J. Training programmes

70. One of the areas of responsibility of the DOJ is the assessment of training requirements to build a multi-ethnic, independent, impartial and competent judiciary. To achieve this objective, the DOJ has sponsored training programmes for local staff of the Ministry of Justice, as well as specific training for local judges and prosecutors. Training courses were also organized for the Kosovo Police and Probation Service of Kosovo. Most of these programmes were prepared and provided by entities such as the United Nations Development Programme (UNDP), USAID, the Kosovo Police Service School, and local Kosovo institutes.

71. OIOS' selective review of training programmes sponsored by the several divisions of the DOJ showed that:

- Three of the training programmes were scheduled but never took place;
- Course content (topics covered) was not available for seven courses;
- A signed list of attendees was not available for 11 courses;
- Training attendance was not pre-approved for local KCB staff, and certificates of completion were not readily available in their personnel files; and
- Course evaluations were not available in six cases. Most of the course evaluations could only be obtained from the entities which conducted the courses.

72. From discussions with the manager of one of the entities that provided the training, it was apparent that although the entity informs the DOJ of the training courses it plans to conduct, the training needs of participants were not being discussed in advance with the DOJ. Furthermore, training courses prepared by EAR consultants under the Kosovo Special Prosecutor's Office project were presented to DOJ Management in April 2006. However, no feedback was provided to the consultants.

73. In the absence of follow-up by the DOJ on the training provided to local judiciary staff, judges and prosecutors, there is a risk that training programmes may not be as effective as desired. It was also difficult to ascertain in some cases who was trained, which training programmes took place, and whether the objectives of the training were accomplished.

Recommendations 25 to 27

The UNMIK Department of Justice should:

- (a) Establish a database to record all training courses sponsored by the department, the objectives of each course, the names and titles of participants, and participants' evaluation of the usefulness of the course (AP2006/650/03/25);

(b) Discuss the training needs of participants with the entity providing the training, in order to increase the relevance of the training programmes (AP2006/650/03/26); and

(c) Ensure that the Administration Division implements necessary procedures to: obtain prior approval of the trainees' supervisors for their participation in the training; and place a copy of the course completion certificate in the staff member's personnel file (AP2006/650/03/27).

74. *The UNMIK Department of Justice accepted recommendation 25, stating that KCB Human Resources Division will handle this matter with respect to DOJ/MOJ KCB local staff and that the DOJ will monitor. The DOJ added that the primary responsibility for training judges and prosecutors belongs to OSCE as part of its institution-building mandate. Accordingly, with the establishment of the Kosovo Judicial Institute, judicial training functions have been transferred to the KJI, to be carried out in cooperation with the OSCE.*

75. *DOJ's Criminal Division is engaged in the continuous professional development and capacity building of local staff assigned to the KSPO, the only funded project within the Criminal Division dedicated to the development of the local prosecutorial function. The training material provided by the EAR Consultants was duly evaluated by CD international staff, and their comments were sent back to the Consultant for the required modifications. Additionally, CD organizes on-the-job training activities for its local staff.*

76. *Training activities for KSPO national legal officers has been ongoing since their deployment in August 2006. Additional, specific training for Special Prosecutors will start as soon as the first prosecutors are officially transferred to KSPO. Recommendation 25 remains open pending receipt of documentation from the UNMIK Department of Justice showing that the recommended database has been established.*

77. *The UNMIK Department of Justice accepted recommendation 26, stating that the Human Resources Division of MOJ and DOJ will handle this matter. The DOJ is currently in discussions with the Council of Europe on legal drafting training to the KJC and MOJ in order to ensure that the training is tailored to the most pressing training needs of the KJC and MOJ staff. Based on the UNMIK Department of Justice's response, recommendation 26 has been closed.*

78. *The UNMIK Department of Justice accepted recommendation 27, stating that the Human Resources Division of MOJ and DOJ will handle this matter. Recommendation 27 remains open pending receipt of documentation from the UNMIK Department of Justice showing that it has been implemented.*

K. Insufficient supporting documentation for payments from donors' grants

79. Several divisions of DOJ received grants from various countries and organizations in order to fund their activities. From a summary compiled by the Finance Section, a total amount of approximately €1.4 million had been granted to the Office on Missing Persons and Forensics (OMPF) between 2003 and 2006, €174,000 to the Victim's Advocacy and Assistance Unit, and €997,000 to the Kosovo Special Prosecutor's Office project.

80. From a review of a representative sample of payments made from the donor grants, OIOS found that:

- No time sheets were approved for consultants by the division heads, nor was any other document available to provide evidence that the consultants performed the work requested for the period for which they received remuneration; and
- Most of the travel expenses incurred by the Head of OMPF were not supported with the respective boarding passes.

81. As a result of these shortcomings, there is no assurance that: (a) the consultants performed the work for the period to which their payments relate; and (b) travel tickets purchased were used in accordance with the approved itineraries.

Recommendations 28 and 29

The UNMIK Department of Justice should ensure that its division heads:

- (a) Sign timesheets or a similar document to record the work performed by consultants, which should serve as the basis for payment of their remuneration (AP2006/650/03/28); and
- (b) Submit complete documentation, including boarding passes, in support of their travel claims (AP2006/650/03/29).

82. *The UNMIK Department of Justice accepted recommendation 28, stating that it has been implemented by OMPF since June 2006. For the one consultant that was engaged for a VAAU project, service delivery reports were signed before the consultant was paid. Based on the UNMIK Department of Justice's response, recommendation 28 has been closed.*

83. *The UNMIK Department of Justice accepted recommendation 29, stating that this recommendation is followed as indicated. Recommendation 29 remains open pending receipt of documentation from the UNMIK Department of Justice showing that travel claims submitted by division heads are supported by travel documents such as boarding passes.*

L. Limited communication between Police and DOJ

84. According to Article 200 of the Criminal Procedure Code of Kosovo, it is the duty of the Police to inform the public prosecutor, no later than 24 hours from the receipt of such information, of any suspected criminal offence prosecuted ex-officio either through the filing of a criminal report or other means, and to thereafter provide the prosecutor with further reports and supplementary information as soon as possible. However, from interviews held with DOJ personnel and Police, it was apparent that there was no process in place to ensure that all cases are in fact reported to the DOJ, and that they are communicated within 24 hours.

85. The Kosovo Police Integration System database is used to record all the cases registered at police stations. From this database, it is possible to extract reports by region, type of crime,

date, crime description, actors, whether the crime was referred for prosecution, etc. Although the DOJ receives a daily report with all cases registered by the Police, OIOS found that the report only covered Pristina, and not the other regions in Kosovo.



Recommendation 30

The UNMIK Department of Justice should request that reports from the Kosovo Police Integration System pertaining to all regions of Kosovo be made available to them in an agreed format, in order to ensure that all cases are promptly reported (AP2006/650/03/30).

86. *The UNMIK Department of Justice accepted recommendation 30, stating that Article 200 of the Provisional Criminal Procedure Code of Kosovo requires the Police to notify the Public Prosecutor of the commission of any suspected criminal activity that can be prosecuted ex-officio. DOJ entered into two MOUs with UNMIK Police in August 2006 to further clarify reporting procedures, making clear when the police must notify DOJ. Further, and in order to proactively follow any arising situation which might require the involvement of international prosecutors, we have requested and obtained access to the Kosovo-wide Police Situation Report. Based on the UNMIK Department of Justice's response, recommendation 30 has been closed.*

V. ACKNOWLEDGEMENT

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

 Dagfinn Knutsen, Acting Director
Internal Audit Division, OIOS 

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Pillar I Administration in UNMIK

(AP2006/650/03)

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

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

Name: _____ Title: _____ Date: _____

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