**U.N. Audit Finds 'Lapses' in Managing Food Program Aid to N. Korea**

By George Russell

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*http://www.foxnews.com/world/2010/09/28/unexplained-discrepancies-uns-development-program-relation-north-korea/?test=latestnews*

In an eerie replay of a scandal that enveloped the United Nations Development Program, an internal audit by the U.N.’sWorld Food Program shows significant “lapses,” “anomalies,” and unexplained variations last year in the way the relief agency reported its financial and commodity management in North Korea.

The holes in WFP’s humanitarian reporting raise questions of whether a U.N. agency has allowed money and supplies intended for starving North Koreans to end up in the hands of the country’s brutal communist rulers, who are under international sanctions aimed at halting their aggressive atomic weapons program.

According to WFP itself, in response to questions from Fox News, the confidential audit “highlighted a small number of inconsistencies in commodity accounting that have subsequently been addressed.” All the issues involved have since been “closed,” the agency added.

However, Fox News obtained a copy of a summary of projects undertaken by WFP’s internal watchdog Office of Internal Audit between July and September of last year, which lists the North Korean lapses first among its audit highlights. Among other things, it notes:

--“inconsistent data and unreliable information systems used for reporting [WFP] commodity movements, stock balances and food utilization” in North Korea;

--“lapses…in financial and commodity management processes.”

---“numerous anomalies…in information systems used for reporting commodity movements and food utilization in the CO [WFP local country office].”

The full extent of the management lapses and their consequences cannot be determined without the unexpurgated audit report—and the WFP is not willing to make that public. The agency flatly turned down a request by Fox News for the document.

In fact, WFP has not even supplied a copy of the audit report to nations, including the U.S., that supervise its operations through a 36-member executive board. (The U.S. government gave about $1.76 billion to WFP in 2009, and has so far contributed $959 million this year.)

A Fox News query to the U.S. Mission to the U.N. in Geneva got confirmation that the U.S. government did not have the report, and that “WFP does not currently share its internal audit reports with the WFP Executive Board members.”

By now, however, it was supposed to. A policy that allowed the WFP’s executive director, Josette Sheeran, to give such audit reports to executive board members on demand was up for approval by the board at its last meeting in June. However, it was withdrawn from the board’s agenda; it is now up for consideration at the next Board meeting in November.

Even then, however, the wording of a draft version of the decision underlines that the sunlight provisions “will not be applied retroactively.”

The audit references to lapses in relief aid reporting practices are not the first indicator that the regime of ailing dictator Kim Jong Il might have the opportunity to exploit WFP resources in North Korea.

In June 2009, Fox News got an admission from the relief agency that its food supplies were carried from China to North Korea on vessels owned by the Kim regime. The potential transportation costs for those relief supplies appeared to be enormously high to outside shipping experts asked by Fox News to analyze the agency’s relief program documents. No mention of the regime’s role in transporting WFP goods appeared in the documents or on the agency’s website.

WFP has delivered more than $1 billion worth of food aid to North Korea since 2000, but the amount of donated money available for that effort has dwindled sharply as the Kim regime has exploded two nuclear bombs, threatened neighboring Japan and South Korea with war, and even sunk a South Korean warship on the high seas, according to the best forensic evidence available.

Its current plans call for spending about $91 million for food for about 2.2 million North Koreans this year.

The WFP audit reference to lapsed internal controls in North Korea, and the agency’s pooh-poohing of them, also bears a disturbing resemblance to the early stages of a battle over the role of the United Nations Development Program in North Korea, which led to the closure of UNDP's North Korea office for two years, from 2007 to 2009. The WFP was later named as the U.N.’s lead agency in the country.

In 2006, a whistleblower named Artjon Shkurtaj revealed that UNDP procedures in North Korea had funneled millions of dollars in hard currency to the Kim regime, allowed North Korean government nominees to occupy sensitive UNDP positions in the local country office, kept thousands of U.S. dollars counterfeited by North Korea without informing U.S. authorities, and other transgressions.

All were flatly denied by the U.N. agency, though many of the accusations were later revealed to have been mentioned in internal audit reports — which UNDP refused to make public, on the same grounds currently used by WFP, that they were internal management tools. The existence of the audit criticisms were only made known through an external board of auditors’ investigation in 2007.

A further outside investigation revealed that UNDP’s transgressions were even worse than the auditors had suggested. Not only had UNDP routinely continued to hand over millions in hard currency to the Kim regime, use government nominated officials in sensitive positions, and transfer sensitive equipment with potential for terrorist use or for use in creating weapons of mass destruction, it had done so in violation of U.N. Security Council sanctions in force at the time, and also contravened its own basic financial rules and regulations.

In the midst of the furor over its North Korean activities, UNDP finally agreed to make future internal audit reports public—at least to governments on its executive board, and as long as they applied in writing. Since then, it has also amended its internal procedures and is now relaunching itself in North Korea. (To date, the U.N. has not paid recompense to Shkurtaj that was mandated by its own ethics officer in the wake of the UNDP scandal.)

Is the World Food Program following the unsettling trail blazed by UNDP in North Korea, before it mended its ways?

Without the full internal audits, it is hard to tell—but the stonewalling of those audits looks very familiar.

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