



## INTERNAL AUDIT DIVISION

# AUDIT REPORT

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## Local Property Survey Board in UNMIL

The Local Property Survey Board lacked sufficient capacity to ensure its effectiveness

8 June 2010

Assignment No. AP2009/626/12

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Ms. Ellen Margrethe Løj  
A: Special Representative of the Secretary-General  
United Nations Mission in Liberia

DATE: 8 June 2010

REFERENCE: IAD: 10-

00469

FROM: Fatoumata Ndiaye, Director  
DE: Internal Audit Division, OIOS

*Fatou*

SUBJECT: **Assignment No. AP2009/626/12 - Audit of the Local Property Survey Board in UNMIL**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendation 10 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendation 11) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Hubert Price, Director of Mission Support, UNMIL  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit Secretariat  
Mr. Seth Adza, Chief, Audit Response Team, Department of Field Support  
Ms. Florence Murema, Audit Response Team, Department of Field Support  
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS  
Ms. Eleanor T. Burns, Chief, Peacekeeping Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## EXECUTIVE SUMMARY

### Audit of the Local Property Survey Board in UNMIL

OIOS conducted an audit of the Local Property Survey Board (LPSB) in the United Nations Mission in Liberia (UNMIL). The overall objective of the audit was to assess the effectiveness of the LPSB in reviewing requests to write-off property. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The LPSB was performing its roles, but it lacked sufficient experience to ensure its effectiveness. The following weaknesses were noted:

- There was no evidence showing that the LPSB and/or the Board of Survey reviewed the circumstances that resulted in writing-off a number of assets. In some instances, assets for which there were no records of the assets having been issued to end user were written-off. In other instances; assets were written off within a year or less of their issuance to the end users.
- The LPSB made no recommendations for financial assessment against staff in respect of write-off cases which, in the opinion of the Security Investigation Unit, were attributed to the negligence of the custodians.
- UNMIL sold surplus electronic data processing equipment to the United Nations Development Programme for the use of the Liberian National Election Commission during the 2005 elections without the required prior approval of the Headquarters Property Survey Board and the Controller.

OIOS made several recommendations to address the weaknesses identified by the audit and to improve the operations of the LPSB.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Local Property Survey Board (LPSB) in the United Nations Mission in Liberia (UNMIL). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The LPSB is responsible for: (a) reviewing proposals/requests of self accounting units (SAUs) to write-off assets; (b) determining the cause of the loss, damage or discrepancy; (c) determining the degree of responsibility attributable to UN staff or other parties for the loss, damage or discrepancy; (d) determining relevant methods of disposal; and (e) reporting to the Director of Mission Support (DMS) in respect of its reviews.

3. The DMS is authorized to act directly and finally, without LPSB's review or advice, on Category "AW" and "de minimis" cases; and to act directly and finally on category "A" cases based on LPSB's recommendations. "SB" cases together with LPSB recommendations must be reviewed by the Headquarters Property Survey Board (HPSB). "AW" cases involve expendable property with individual cost below \$3,000 (\$1,500 up to 27 March 2009). "De minimis" cases are those where the residual value of the asset or repair cost is less than \$500 and there is no evidence of gross negligence or repeated violation of administrative instructions. Category "A" cases involves non-expendable property with individual cost above \$3,000 (\$1,500 up to 27 March 2009) but not more than \$25,000. Category "SB" cases include property with individual value in excess of \$25,000; cases that may result in the assessment of Mission personnel; claims against member states providing contingent personnel; gifts, donations or other transfers at nominal price; and cases involving loss or damage by contractor personnel in excess of \$25,000.

4. The LPSB registered 928 property write-off cases valued at \$25.1 million during the two years ended 30 June 2009. \$23 million (or 92 per cent) of these were categories AW and A cases, which were within the DMS delegation of authority.

5. Comments made by UNMIL are shown in *italics*.

## II. AUDIT OBJECTIVES

6. The main objectives of the audit were to assess:

(a) The adequacy and effectiveness of the LPSB as an internal control over Mission property write-offs and disposals; and

(b) The Mission's compliance with the relevant property write-off and disposal procedures.

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### III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered the activities of the LPSB during fiscal years 2007/2008 and 2008/2009.

8. The audit methodology comprised of the review of relevant documents and records, minutes of the LPSB and HPSB, interviews with relevant Mission officials, and analysis of data. The audit reviewed a sample of 93 cases (or 10 per cent of the total cases registered in the period).

### IV. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. LPSB's composition

##### Composition of the LPSB

9. The DMS is authorized to establish the LPSB under a delegation of authority for property management and accountability from the Under Secretary-General, Department of Field Support (DFS). The DMS' authority for property management and the Property Management Manual (the Manual) specify that the LPSB's membership should include a finance officer, an administrative officer, a legal officer or officers with comparable responsibilities as members. Additionally, the membership of the LPSB should include a property control officer and a military/police logistics officer as attendant members and the LPSB's Secretary as an ex-officio member.

10. The LPSB's membership, which was last revised on 18 September 2009, includes the Officer-in-Charge (OIC) of the Property Management Section (PMS) as a voting member. The DMS informed OIOS that the OIC of PMS was intentionally included in the LPSB to provide additional oversight of the property write-off and disposal process. In OIOS' opinion, the inclusion of the OIC of PMS on the LPSB as a voting member presents a potential conflict of interest since the PMS is responsible for advising SAUs, who are responsible for initiating write-off of property on asset management issues.

11. OIOS also observed that although the DMS' authority for property management covers assets allocated to the military and police, the membership of the LPSB does not include representatives of the military or police components as non-voting members. There was thus the risk of ineffective coverage by the LPSB particularly in cases of loss or damage arising from the actions of contingent personnel. UNMIL had a deployed force of 10,395 military and 1,307 police personnel as at 31 August 2009.

#### **Recommendation 1**

**(1) The UNMIL Director of Mission Support should assign the Officer-In-Charge of the Property Management**

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**Section as well as military/police logistic officers to the Local Property Survey Board as non-voting members.**

12. *The UNMIL Office of Mission Support accepted recommendation 1 and stated that the LPSB will be reconstituted in accordance with the delegation of authority for property management. Recommendation 1 remains open pending evidence of the revision to the UNMIL LPSB.*

Members' responsibilities

13. OIOS interviewed six of the seven LPSB's members and alternates to establish their familiarity and experience with the LPSB's functions. Three of the six members interviewed were new and have had no prior LPSB experience. All six members interviewed expressed the need for training to enhance their understanding of the role, function and processes. OIOS notes that the Headquarters Committee on Contracts has developed a training programme for members of local committee on contracts. A similar type of training programme could be considered.

14. The DMS indicated that the LPSB Secretariat always makes an effort to provide new members with copies of the relevant property survey guidelines including the Property Management Manual and the Claims and Property Survey Guidelines.

**Recommendation 2**

**(2) The UNMIL Local Property Survey Board should, in liaison with the Integrated Mission Training Centre, identify suitable training opportunities for its members.**

15. *The UNMIL Office of Mission Support accepted recommendation 2 and stated that the LPSB Secretariat and the Integrated Mission Training Center (IMTC) will develop briefing materials for LPSB members as a short term measure, and include in future training budgets, a provision to enable LPSB Secretariat staff and members to attend training organized by the HPSB. Recommendation 2 remains open pending receipt of evidence that members of the LPSB have been provided appropriate training in order to carry out their functions effectively.*

B. LPSB's operations

Board of Survey

16. Paragraph 6.2 of the Manual empowers the DMS to direct the convening of a Board of Survey (BoS) comprising representatives of the Property Control and Inventory Unit (PCIU), Property Disposal Unit (PDU) or the Claims Unit and the SAU requesting for the write-off. The BoS should be established to support the work of the LPSB as and when required and should be responsible for physically inspecting and reviewing write-off requests and preliminary

condemnation certificates for write-off cases attributable to normal wear and tear, obsolescence or damage.

17. There was no evidence showing that the BoS reviewed the circumstances that resulted in writing-off a number of assets. Table 1 contains a list of assets, based on OIOS' review of sample write-off cases, that were in the warehouse and written-off although there was no record of them ever been issued to any end user. Table 2 contains a list of assets, based on OIOS' review of sample write-off cases, which were written-off within a year or less of their issuance to end users in the Mission. These highlight cases where assets are acquired and stored in the warehouse only to be written-off years later without having been used.

**Table 1: Properties written-off but with no records of having ever been issued to any end user**

Case number and write-off details	Depreciated value-Total (\$)	Write-off reason	Sub-sample Barcode No. and description	Depreciated value-Item (\$)
UNMIL/A/08-000065 59 CITS equipment	110,997	Wear and tear	AET 14907 Modem protection switch	3,402
UNMIL/A/08-000082 1 generator	11,196	Damage	MIL 07914 Medium duty generator	11,197
UNMIL/A/08-000103 12 EDP assets	42,999	Faulty	MIL 32547 Network analyzer	6,451
UNMIL/A/08-000110 2 computer servers	8,209	Faulty	LBB-A-25213 Testing equipment	4,392
UNMIL/A/08-000149 30 CITS assets	56,537	Wear and tear	MIL 35871 Ricoh e-cabinet	4,175
UNMIL/A/08-000156 30 CITS assets	52,419	Wear and tear	MIL 12052 Barrett modem	1,101
UNMIL/A/09-000009 15 notebooks	13,555	Faulty	MIL 44351 Lenovo ThinkPad	1,220
UNMIL/SB/08-000004 4 ID card printers	142,923	Wear and tear	MIL 07908 ID system video printers	16,581
UNMIL/SB/26-2006 21 CITS equipment	252,993	Wear and tear	KOM 06331 Aydin microwave radio	13,510

**Table 2: Properties written-off within one year or less of being issued to end users**

Case number and write-off details	Depreciated value-Total (\$)	Write-off reason	Sub-sample Barcode No. and description	Unit cost (\$)	Period in use (days)
UNMIL/A/07-000055 12 printers	4,672	Excessive use	MIL 34677 HP Laser printer	2,497	126
UNMIL/A/08-000009 30 monitors	2,507	Faulty	MIL 36643 17" Acer monitor	1,950	114
UNMIL/A/08-000037 7 generators	7,640	Wear and tear	MIL 22175 Coelmo generator	2,410	52
UNMIL/A/08-000044 58 desktop computers and 2 printers	29,524	Faulty	MIL 17769 Computer desktop	851	36
UNMIL/A/08-000075 21 generators	52,232	Wear and tear	MIL 15125 Generator	12,310	257
UNMIL/A/08-000079 30 transceivers	38,534	Wear and tear	MIL 09404 HF Transceiver	3,639	85
UNMIL/A/08-000138 18 CITS assets	45,598	Wear and tear	MIL 43493 Terminal digital outdoor unit	7,688	107
UNMIL/A/08-000152 49 tents	31,427	Wear and tear	MIL 17272 Tent and accessories	1,618	196
UNMIL/A/09-000033 4 CITS assets	14,157	Wear and tear	MIL 44983 Network router	11,307	35
UNMIL/SB/45-2007 Ericsson PABX	16,146	Wear and tear	AES 11145 Ericsson PABX system	46,008	17
UNMIL/SB/08-000004 4 ID card printers	142,923	Wear and tear	MIL 07908 ID system video printers	16,581	3

18. The members of the LPSB interviewed, emphasized the lack of technical capacity within the BoS and the LPSB to perform their functions, raising questions regarding the effectiveness of the BoS and the LPSB.

**Recommendation 3 and 4**

**The UNMIL Director of Mission Support should:**

**(3) Ensure that members of the Board of Survey are adequately trained and guided to effectively perform their functions.**

**(4) Reassess the reasons and clarify accountability for writing-off assets: (a) for which there were no records of them ever been issued to any end user; and (b) within a year or less of their issuance to end users in the Mission.**

19. *The UNMIL Office of Mission Support accepted recommendation 3 and stated that there are no formal terms of reference (TORs) for the BoS. DFS has been consulted on the issue and their clarification and guidance is awaited.*

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Recommendation 3 remains open pending receipt of evidence showing that members of the BoS have been trained or provided with detailed TORs.

20. *The UNMIL Office of Mission Support accepted recommendation 4 and stated that they have reassessed the reasons and clarified the accountabilities surrounding asset write-offs. For assets with no records of them ever been issued to end user, UNMIL has taken steps to ensure that lapses in the recording of inventory do not reoccur. SAUs are now provided with standard weekly discrepancy reports by the Property Control and Inventory Unit (PCIU). These reports assist the SAUs to update and reconcile the physical location of assets with system-generated inventory records. In addition, the LPSB currently requires either evidence of issuance history or a sufficiently robust and transparent explanation of the absence of such a history, prior to recommending any assets for write-off. For write-offs, both the BoS and LPSB are now tasked with seeking and obtaining more robust and comprehensive documentation and explanations from relevant parties in order to justify the write-off of assets that have been in service in UNMIL for less than one year. Recommendation 4 remains open pending receipt of evidence showing the accountability measures taken against individuals who are responsible for writing-off assets: (a) for which there were no records of them ever been issued to any end user; and (b) within a year or less of their issuance to end users in the Mission.*

#### Estimated repair cost

21. An SAU can request the DMS to write-off property that is damaged, considered unserviceable, or beyond economic repair. In general, a one time repair cost should not exceed a predetermined percentage of the depreciated value of the underlying property.

22. A review of property written-off due to wear and tear or damage beyond economical repair found instances of inadequate justification for the requests for write-off actions. For example:

- The labor cost component for nine cases of vehicle accidents reviewed ranged from 45 to 76 per cent of related total repair cost. There was no predetermined percentage of the depreciated values of the nine vehicles for purposes of assessing the cost of their repair. Also, there was no evidence showing that the damage was beyond economical repair.
- The repair costs, including parts and labor, for the eleven engineering assets reviewed were not specified in the related asset fault/repair reports prepared by the Material Management Unit of the Engineering Section. Therefore, it was not clear if the damage to the assets met the conditions for writing-off the assets.

23. Inadequate justification for writing-off assets gives scope for fraud and increases the risk of financial loss through unnecessary write-off and replacement costs.

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## Recommendation 5

**(5) The UNMIL self accounting units should establish estimates of repair and reconditioning costs of their assets and maintain adequate supporting documents in support of their requests for write-off.**

24. *The UNMIL Office of Mission Support accepted recommendation 5 and stated that self accounting units will design more comprehensive methods of estimating asset repair or reconditioning costs and submit full documentation and justification to support their write-off requests. In addition, the LPSB will not review cases where such costs have not been adequately documented. Recommendation 5 remains open pending receipt of evidence showing that the SAUs have established verifiable repair and reconditioning cost estimates and the supporting documentation is routinely included in property write-off case submissions.*

### C. Financial assessments and recoveries

#### Responsibility for property loss or damage

25. Section 6.24 of the Manual requires the LPSB to determine the degree of responsibility for, or possible violation of any regulation, rule or administrative instruction by a staff member that results in property loss, damage or other discrepancy and specify assessments to be made against the staff member or any other party. Individuals are responsible for the safe handling and usage of equipment assigned to them, but according to Section 5.33 of the Manual, the heads of SAUs are accountable for and may be held financially responsible for property under their care. LPSB's recommendations for financial assessment are subject to HPSB's review and approval as per Section 6.44 of the Manual.

26. The LPSB made no recommendations for financial assessment for the cases listed in Table 3 because they did not agree with the conclusions of the Security Investigation Unit (SIU). For example, according to the LPSB, no particular staff member had been linked to the cases and the HPSB had not considered any staff member as negligent or grossly negligent in the matters. In OIOS' opinion, the heads of the concerned SAUs should have been held financially responsible in compliance with Section 5.33 of the Manual. However, this was not done.

**Table 3: Property losses and damages due to staff members' negligence**

Case number and brief details	Cost (\$)	Depreciated Value (\$)	SIU conclusion
UNMIL/A/07-000048 Write-off of MIL 16417 (Nissan Patrol) due to theft under unknown circumstance	20,415	9,187	Force Vehicle Inventory Unit (FVIU) staff accountable for failing to secure the vehicle.
UNMIL/A/07-000058 Write-off of 4 UPS units due to inventory discrepancy	6,101	2,075	The custodians CITS management are responsible for the loss.
UNMIL/A/08-000002 Write-off of FOR 20716 (Multi channel digital exchange) due to inventory discrepancy	5,721	2,782	Lack of proper inventory control mechanism by the SAUs at inception of the Mission.
UNMIL/A/08-000005 Write-off of 91 VHF radios due to inventory discrepancy	20,723	9,636	Lack of proper inventory control mechanism by the SAUs at inception of the Mission.
UNMIL/A/08-000142 Write-off of MIK 41106 (Hyundai Minibus) due to theft	12,250	2,446	Contingent personnel who had since rotated and FVIU assigned responsibility for the loss.
UNMIL/A/09-000030 Write-off of 8 CITS assets due to inventory discrepancy	40,044	12,903	Lack of proper inventory control mechanism by the SAUs at inception of the Mission.
UNMIL/A/07-000027 Write-off of MIL 15043 (Nissan Patrol)	19,731	8,879	Staff member liable for damage due to dangerous and reckless driving.
UNMIL/A/07-000041 Write-off of MBH 20286 (Nissan Patrol)	19,286	8,679	Staff member liable due to reckless driving.
UNMIL/A/08-000134 Write-off of MIL 38229 (Toyota Hilux)	15,865	8,924	Staff member liable due to reckless driving while using an expired driving permit.

27. The failure to apply appropriate accountability measures may result in financial losses to the United Nations.

### **Recommendation 6**

**(6) The UNMIL Local Property Survey Board should determine the degree of responsibility attributable to staff members or any other parties for property loss, damage or other discrepancy in accordance with Section 6.24 of the Property Management Manual.**

28. *The UNMIL Office of Mission Support accepted recommendation 6 and stated that the LPSB which has the added advantage of a Legal Advisor, uses established guidelines to determine the degree of responsibility and justification for financial assessment taking into account any mitigating circumstances and other considerations such as duty status, level of responsibility (ordinary or gross negligence). The LPSB may not always agree with SIU conclusions that, in their opinion, are inadequately supported, contradictory or contain misleading*

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*terminology, and SIU attend all LPSB meetings to clarify any issues arising from their reports and get feedback from the LPSB on their investigative information needs. Most property losses occurred due to systemic problems during the Mission start-up phase rendering it neither possible nor fair to assign responsibility and make a financial assessment against any one particular staff member. As underscored in paragraph 18 above, both the LPSB and BoS lacked the technical capacity to perform their functions, raising questions regarding their effectiveness. In this regard, recommendation 6 remains open pending its implementation.*

#### Initiation and follow-up of financial assessments

29. A review of 43 “SB” cases revealed that LPSB does not follow up with the Finance Section to confirm the recovery of assessed amounts or the refund of temporary financial assessments withheld from staff members pending HPSB review. This has resulted in financial losses. For example, a financial assessment of \$2,000 approved by the HPSB in respect of an accident involving UNMIL 1035 (UNMIL /SB/42-2007) was not recovered as the staff member concerned had left the Mission.

#### **Recommendation 7**

**(7) The UNMIL Local Property Survey Board should coordinate with the Finance Section to ensure the full recovery of financial assessments approved by the Headquarters Property Survey Board.**

30. *The UNMIL Office of Mission Support accepted recommendation 7 and stated that the Finance Section will be requested to always provide evidence of recoveries on a routine basis and provide information and justification where recoveries are justifiably not possible or practical. It should be noted however that effort has been made in the past to reconcile LPSB and finance records at the end of the financial year. Recommendation 7 remains open pending receipt of instructions requiring the Finance Section to routinely provide the DMS with evidence showing recoveries and/or justification where recoveries are not practical.*

31. UNMIL’s contracts typically include standard liability and restitution clauses covering acts of theft, fraud or misappropriation by contractor’s employees. Table 5 contains examples of write-off cases where the SIU’s reports attributed losses to contractors’ personnel, but the LPSB did not make the financial assessment and notify the Contracts Management Unit of the Procurement Section to initiate recovery action.

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**Table 5: Property losses involving contractors' personnel**

Case number	Cost (\$)	Book value (\$)	SIU conclusion
UNMIL/A/07-000030 Write-off of MIL 15410 (notebook computer) due to theft	1,756	843	Inter Con Security guards responsible.
UNMIL/A/09-000016 Write-off of MIL 35395 (notebook computer) due to theft	1,933	789	Criminal involvement of staff member of Unique Fumigation & Engineering Services and Inter-Con guard.

32. Failure by LPSB to initiate financial assessment against staff for damage and/or loss of assets entrusted to them and to adequately follow-up with the Finance Section to recover financial assessments, increases the risk of financial loss to the Mission through unrecoverable assessments.

**Recommendation 8**

**(8) The UNMIL Local Property Survey Board should review its database to identify write-off cases attributed to contractors' personnel and notify the Procurement Section to initiate recovery action.**

33. *The UNMIL Office of Mission Support accepted recommendation 8 and stated that the case database will be reviewed and the Procurement Section notified to take the necessary action if feasible. The LPSB has previously recommended such recovery where there were sufficient grounds to do so and used its judgment to recommend absorption of loss by the UN in situations where evidence of culpability was not conclusive or differences in interpretation of case circumstances and conclusions led to LPSB recommendations that were not in tandem with SIU conclusions. Recommendation 8 remains open pending the LPSB's review of its database to identify cases involving contractors' personnel and the recovery of the losses by the Mission.*

D. Disposal and write-off actions

Asset disposal plans

34. Paragraph 3.14 of the Manual states that the write-off and disposal of surplus and unserviceable property should be a continuous task at all stages of the Mission and not left until the liquidation phase. None of the Mission's SAUs have prepared a preliminary asset disposal plan even though the Mission is in drawdown phase.

35. The DMS informed OIOS that projected property disposals and replacements are included in the annual work plan, and that the Property Management Section will play a key role in the overall management of United Nations Owned Equipments (UNOE), including taking the lead in the preparation and execution of an asset disposal plan as the Mission approaches liquidation.

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## **Recommendation 9**

**(9) The UNMIL Property Management Section should initiate the establishment of a preliminary asset disposal plan without further delay.**

36. *The UNMIL Office of Mission Support accepted recommendation 9 and stated that UNMIL will initiate the compilation of the preliminary asset disposal plan in July 2010. Recommendation 9 remains open pending receipt of the preliminary asset disposal plan.*

### Cannibalization policy

37. Paragraph 6.36 of the Manual requires the cannibalization of surplus and unserviceable property if the parts can be economically re-used. Salvaged parts should be recorded in inventory at estimated value and the residual unusable parts disposed of locally as scrap.

38. OIOS found that salvaged parts of 14 cannibalized assets were not accurately recorded in inventory.

## **Recommendation 10**

**(10) The UNMIL self accounting units should record cannibalized parts in inventory at estimated value in compliance with the Property Management Manual.**

39. *The UNMIL Office of Mission Support accepted recommendation 10 and stated that where local disposal by sale is not practical, property is to be declared unserviceable or surplus cannibalized in cases where some parts have further use and/or have some economic value. All such salvaged parts are currently being recorded in the Galileo Asset Tracking System at their estimated value. Based on the action taken by the Mission, recommendation 10 has been closed.*

### Gifts and donations

40. The Mission has a delegation of authority to dispose of vehicles by commercial sale irrespective of their inventory value, but after LPSB's review and DMS' approval with no requirement for a HPSB review. Section 6.27 of the Manual requires the written approval of DFS for the disposal of assets considered as surplus by the Mission. Disposals at nominal prices or as gifts must be approved by the HPSB and the Controller, and donations to a government or government agency requires UN General Assembly approval.

41. Thirty-four computers and other electronic data processing equipment and accessories with an original inventory cost of \$106,039 were installed at the National Election Commission data centre during the 2005 general and presidential elections as part of the United Nations Development Programme

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(UNDP) capacity building support. The equipment was treated as a sale to UNDP without being presented for HPSB and the Controller's approval and UNDP had not paid for the items.

**Recommendation 11**

**(11) The UNMIL Office of Mission Support should regularize the donation of equipment issued to the National Elections Commission through United Nations Development Programme by obtaining the necessary Headquarters approval.**

42. *The UNMIL Office of Mission Support accepted recommendation 11 and stated that they would pursue the matter with Headquarters to obtain the necessary approval to carry out the actions needed to conclude the matter.* Recommendation 11 remains open pending the approval from Headquarters.

V. ACKNOWLEDGEMENT

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

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	The UNMIL Director of Mission Support should consider assigning the Officer-In-Charge of the Property Management Section as well as military/police logistic officers to the Local Property Survey Board as non-voting members.	Compliance	Medium	O	Receipt of an Administrative issuance revising the composition of the UNMIL Local Property Survey Board.	December 2009
2	The UNMIL Local Property Survey Board should, in liaison with the Integrated Mission Training Center, identify suitable training opportunities for its members.	Human Resources	Medium	O	Pending receipt of evidence that LPSB members of the LPSB have been provided appropriate training in order to carry out their functions effectively.	January 2010
3	The UNMIL Director of Mission Support should ensure that members of the Board of Survey are adequately trained and guided to effectively perform their functions.	Human Resources	Medium	O	Pending receipt of evidence showing that members of the BOS have been trained or provided with detailed TORs.	June 2010
4	Reassess the reasons and clarify accountability for writing-off assets: (a) for which there were no records of them ever been issued to any end user (b) within a year or less of their issuance to end users in the Mission.	Operational	Medium	O	Pending receipt of evidence showing the accountability measures taken against individuals who are responsible for writing-off assets: (a) for which there were no records of them ever been issued to any end user; and (b) within a year or less of their issuance to end users in the Mission.	Not provided
5	The UNMIL self accounting units should establish estimates of repair and reconditioning costs of their assets and maintain adequate supporting documents in support of their requests for write-off.	Operational	Medium	O	OIOS confirmation that the SAUs have established verifiable repair and reconditioning cost estimates and the supporting documentation is routinely included in property write-off case submissions.	January 2010
6	The UNMIL Local Property Survey Board should determine the degree of responsibility attributable to staff members or any other parties for property loss,	Financial	Medium	O	Pending implementation of the recommendation	Not provided.

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	damage or other discrepancy in accordance with Section 6.24 of the Property Management Manual.					
7	The UNMIL Local Property Survey Board should coordinate with the Finance Section to ensure the full recovery of financial assessments approved by the Headquarters Property Survey Board.	Financial	Medium	O	Pending receipt of instructions requiring the Finance Section to routinely provide the DMS with evidence showing of recoveries and/or justification where recoveries are not practical	
8	The UNMIL Local Property Survey Board should review its database to identify write-off cases attributed to contractors' personnel and notify Procurement Section to initiate recovery action.	Financial	Medium	O	Pending the LPSB's review of its database to identify cases involving contractors' personnel and the recovery of the losses by the Mission.	January 2010
9	The UNMIL Property Management Section should initiate the establishment of a preliminary asset disposal plan without further delay.	Operational	Medium	O	Receipt of the preliminary asset disposal plan	July 2010
10	The UNMIL self accounting units should record cannibalized parts in inventory at estimated value in compliance with the Property Management Manual.	Compliance	Medium	C	Implemented.	n/a
11	The UNMIL Office of Mission Support should regularize the donation of equipment issued to the National Elections Commission through United Nations Development Programme by obtaining the necessary Headquarters approval.	Compliance	High	O	Receipt of approval from Headquarters.	30 June 2010

1. C = closed, O = open

2. Date provided by UNMIL in response to recommendations.

