



INTERNAL AUDIT DIVISION

REPORT 2015/151

Audit of contingent-owned equipment
in the United Nations Interim Security
Force for Abyei

Overall results relating to the effective
management of contingent-owned equipment
in the United Nations Interim Security Force
for Abyei were initially assessed as partially
satisfactory. Implementation of two
important recommendations remains in
progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

30 November 2015
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AUDIT REPORT

Audit of contingent-owned equipment in the United Nations Interim Security Force for Abyei

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of contingent-owned equipment in the United Nations Interim Security Force for Abyei (UNISFA).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. UNISFA has only one troop-contributing country (TCC), and in accordance with the Memorandum of Understanding (MoU) between United Nations and the TCC, it deployed 13 military units and 1,583 pieces of major equipment to perform peacekeeping tasks. The United Nations reimburses the TCC based on quarterly verification reports prepared by the Mission for serviceable contingent-owned equipment (COE) and deployed self-sustainment capacity.
4. The UNISFA COE Unit within the Property Management Section is responsible for the day-to-day management of the MoU including verification and reporting related to COE and self-sustainment. The COE Unit is headed by an Officer-in-Charge at the Field Service (FS)-4 level and supported by another FS staff and two military staff officers from the TCC. The Head of the COE Unit reports to the Chief of Integrated Support Services. The UNISFA 2014/15 budget for COE and self-sustainment as well as staffing costs was \$43.5 million, representing 13 per cent of the Mission's budget.
5. Comments provided by UNISFA are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNISFA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of COE in UNISFA**.
7. The audit was included in the 2015 risk-based work plan of OIOS because of the operational and financial risks related to COE operations in UNISFA.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of COE activities in UNISFA; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted this audit from June to October 2015. The audit covered the period from 1 January 2013 to 30 June 2015.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. OIOS observed Mission staff conducting one operational readiness inspection and one periodic inspection in Abyei.

III. AUDIT RESULTS

12. The UNISFA governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of COE in UNISFA**. OIOS made two recommendations to address the issues identified. UNISFA properly established a CMMRB, which: reviewed compliance of the TCC with the terms of the MoU; reviewed the results of operational readiness inspections, analysis of shortfalls, surpluses and deficiencies; and made recommendations that were used in amending the MoU in May 2015. UNISFA also implemented adequate controls over: the electronic COE database (eCOE database); operational readiness and periodic inspections of major equipment and self-sustainment capabilities; and quarterly verification and serviceability reporting. However, UNISFA needed to: (a) consult with the Departments of Peacekeeping Operations and Field Support (DPKO/DFS) to adapt the CMMRB to suit the Mission’s environment and establish a timetable and appropriate agenda for the meetings of the CMMRB to enhance the objectivity and effectiveness of the CMMRB; [REDACTED]

13. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of two important recommendations remains in progress.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of COE in UNISFA	Regulatory framework	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

The functioning of the COE/MoU Management Review Board needed improvement

14. The COE Manual requires UNISFA to establish a CMMRB to oversee the COE programme. The CMMRB main functions include: (a) reviewing compliance of the TCC with the terms of the MoU and compliance of the Mission with established COE verification and reporting procedures; (b) identifying optimal utilization of related resources; (c) reviewing UNISFA specific requirements, standards and

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

scales for facilities, equipment and supplies associated with self-sustainment; (d) reviewing the results of operational readiness inspections and analysing shortfalls, surpluses and deficiencies; and (e) recommending remedial actions to the Chief of Mission Support or DPKO/DFS.

15. UNISFA established a CMMRB in September 2012, which convened in March and October 2013, July 2014 and March 2015. A review of the minutes for CMMRB meetings indicated that members: reviewed compliance of the TCC with the terms of the MoU; reviewed the results of operational readiness inspections, analysis of shortfalls, surpluses and deficiencies; and made recommendations for remedial actions to address the acute shortage of COE and self-sustainment capabilities. In May 2015, the United Nations, taking into consideration the recommendations of CMMRB, amended the MoU to increase the COE required to 1,683 pieces. A review of the eCOE database in June 2015 indicated that an additional 106 pieces of COE were deployed.

16. A review of the minutes of CMMRB meetings showed however, that Board members were not adequately: identifying optimal utilization of military and civilian resources and cost-effective support solutions; and reviewing the Mission's specific requirements, standards and scales for facilities, equipment and supplies associated with self-sustainment categories. Additionally, interviews and discussions with senior management officials of UNISFA indicated that although an amendment to the MoU was made, UNISFA was unable to effectively address and resolve the inadequacy of self-sustainment capabilities with respect to accommodations, water treatment facilities and welfare.

17. The above resulted as the CMMRB model being used by UNISFA, which was the standard applied in most peacekeeping operations, was unsuitable as UNISFA had only one TCC, whereas in other missions there were several TCCs and contingents with Force Headquarters, typically unrelated to any one contingent and TCCs, represented on the CMMRB. The lack of review by the CMMRB of other major activities also resulted as the Chief of Mission Support, in cooperation with the Force Commander, had not ensured regular CMMRB meetings to discuss and propose action to optimize resources and address shortfalls in important self-sustainment. The Chairperson of the CMMRB was also not developing comprehensive agendas to ensure all issues under the Board's purview were addressed. As a result, there was a risk that UNISFA COE operations were not cost-effective.

(1) UNISFA should: consult with DPKO/DFS to adapt the Contingent-owned Equipment/Memorandum of Understanding Management Review Board (CMMRB) to suit the UNISFA environment to enhance the objectivity and effectiveness of the CMMRB; and establish a timetable and appropriate agenda for CMMRB meetings.

UNISFA accepted recommendation 1 and stated that it: had established an effective CMMRB since September 2012; was in the process of amending the terms of reference of the CMMRB in line with the new guidelines for field verification and control of COE and MoU; and would convene CMMRB meetings at the end of each quarter in alignment with the completion of the quarterly COE inspection and reporting cycles. Recommendation 1 remains open pending receipt of evidence that UNISFA has a fully functioning and effective CMMRB.

Adequate controls over operational readiness and periodic inspections were in place

18. The COE Manual requires the COE Unit to conduct operational readiness inspections at least once every six months. The COE Implementation Guidelines require the Mission to carry out periodic inspections, supplemented by spot checks, throughout each quarter to ensure that all COE and self-sustainment capabilities are physically verified. The COE Unit is required to prepare inspection schedules in collaboration with military units and establish inspection teams comprising staff of the COE Unit and, where necessary, representatives of the Integrated Support Service and qualified personnel from

Force Headquarters. Inspection teams are expected to use proper tools including worksheets for verification and inspection of all major equipment and self-sustainment capabilities.

19. A review of the operational readiness and periodic inspections reporting process, observation of one operational readiness inspection and one periodic inspection conducted by UNISFA, as well as a review of 12 of the 52 operational readiness inspection reports and 13 of the 65 periodic inspection reports indicated that for the inspections reviewed by OIOS, the COE Unit adequately: (a) planned and prepared the inspections in collaboration with the relevant military units; and (b) established inspection teams comprising staff of the COE Unit, and those staff in the Mission with the technical skills and experiences needed to conduct the inspections.

20. The COE Unit completed 52 of the required 58 operational readiness inspections and 65 periodic inspections against the requirement of 59. The Unit was also conducting inspections to assess the operational readiness of military units in terms of their major equipment and self-sustainment capabilities. The COE Unit was using eCOE-generated inspection worksheets for all major equipment and verifying and establishing the categories, groups, numbers of COE, and the military units' self-sustainment levels to assess the operational capabilities of the military units in accordance with the MoU.

21. OIOS concluded that UNISFA had implemented adequate controls over operational readiness and periodic inspections of major equipment and self-sustainment capabilities.

Adequate controls were in place over the recording of information in the eCOE database and preparation of quarterly verification reports

22. The COE Implementation Guidelines require UNISFA to: (a) accurately record data on major equipment and self-sustainment capabilities from inspection worksheets to the verification reports in the format prescribed in the eCOE database; and (b) prepare COE quarterly verification reports in the format prescribed in the eCOE database and forward them to DFS by mid-February, mid-May, mid-August and the end of October each year. UNISFA standard operating procedures require the Chief of Property Management Section, Chief of Integrated Support Service, Chief of Mission Support and the Force Commander to review and sign the verification reports.

23. A review of 50 out of 234 quarterly verification reports related to major equipment and self-sustainment for UNISFA military units for 2013, 2014 and 2015 indicated that: (a) the COE Unit accurately recorded the eCOE data related to major equipment and self-sustainment capabilities; (b) the Chief of Property Management Section, Chief of Integrated Support Service, CMS and the Force Commander reviewed and signed the verification reports; and (c) the COE Unit promptly prepared the COE quarterly verification reports and forwarded them to DFS according to the prescribed schedule by scanning and uploading them in the eCOE database.

24. OIOS concluded that UNISFA implemented adequate internal controls over the recording of information in the eCOE database and preparation of COE quarterly verification reports.

[REDACTED]

[REDACTED]



The Mission implemented adequate controls over serviceability reporting

28. The COE Implementation Guidelines require military units to submit to the COE Unit monthly serviceability reports of major equipment for use in the continuous monitoring of the status of COE.

29. A review of the monthly serviceability reporting system indicated that the COE Unit had started obtaining these reports only from May 2013. A test-check of five monthly serviceability reports received by the COE Unit from the military unit commanders in January, April, July and October 2014 and January 2015 indicated that the reports described the condition of COE and contained information on operational serviceability and readiness of the equipment.

30. OIOS concluded that UNISFA implemented adequate controls over the reporting of COE serviceability by the military units.

IV. ACKNOWLEDGEMENT

31. OIOS wishes to express its appreciation to the management and staff of UNISFA for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of contingent-owned equipment in the United Nations Interim Security Force for Abyei

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNISFA should: consult with DPKO/DFS to adapt the Contingent-owned Equipment/Memorandum of Understanding Management Review Board (CMMRB) to suit the UNISFA environment to enhance the objectivity and effectiveness of the CMMRB; and establish a timetable and appropriate agenda for CMMRB meetings.	Important	O	Receipt of evidence that UNISFA has a fully functioning and effective CMMRB.	31 December 2015

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNISFA in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of contingent-owned equipment in the United Nations Interim Security Force for Abyei

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNISFA should: consult with DPKO/DFS to adapt the Contingent-owned Equipment/Memorandum of Understanding Management Review Board (CMMRB) to suit the UNISFA environment; and establish a timetable and appropriate agenda for CMMRB meetings.	Important	Yes	Chief COE Unit	Immediate	UNISFA has already established an effective CMMRB since September 2012. The TOR of the CMMRB is being amended in line with the new Guidelines for Field Verification and Control of COE and Management of MOU-2015 to suit the UNISFA environment. As per the guidelines, the CMMRB will also be convened at the end of each quarter in alignment with the completion of the quarterly COE inspection and reporting cycle. A copy of Guidelines for Field Verification and Control of COE and Management of MOU is attached for reference.

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.