



INTERNAL AUDIT DIVISION

REPORT 2024/017

Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

The Liquidation Entity (MINUSMA) needed to finalize the assets disposal plan and strengthen controls over the write-off and disposal processes

16 May 2024

Assignment No. AP2023-641-10

Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The objective of the audit was to assess whether MINUSMA and the Liquidation Entity (MINUSMA) have taken adequate and effective measures for the write-off and disposal process of United Nations-owned assets during the drawdown and liquidation period. The audit covered the period from 1 July 2023 to 31 January 2024 and included the planning, monitoring and implementation of asset write-off and disposal activities during the drawdown and liquidation period of MINUSMA.

MINUSMA conducted timely physical count of assets and a cost-benefit analysis by location and identified asset disposal methods, which served as a basis for developing the Mission liquidation plan and the Preliminary Assets Disposal Plan. The Liquidation Entity (MINUSMA) also issued guidelines for asset disposal and developed a preliminary asset disposal plan.

However, due to the premature closure of 19 of 21 camps, the Liquidation Entity (MINUSMA) could not develop a plan to dispose of non-serialized equipment and consumables and implement its commercial sales plan for assets. Disposal actions were taken without prior review of relevant property survey boards and there was an inadequate mechanism to monitor and address a backlog of 2,828 write-off cases pending review by the Local Property Survey Board. Also, the Liquidation Entity (MINUSMA) did not consistently maintain evidence of destruction of assets and properly record assets abandoned in situ.

OIOS made seven recommendations. To address issues identified in the audit, the Liquidation Entity (MINUSMA) needed to:

- Develop a disposal plan for consumables and non-serialized equipment and revise the timelines for implementing the commercial sales plan.
- Submit all ex post facto property disposal cases, including gifts to the property survey boards for review.
- Seek ways to build the capacity of the Local Property Survey Board members to carry out their required tasks effectively including the monitoring of the backlog.
- Enhance the participation to the invitations-to-bid and ensure that bid abstracts for commercial sales are consistently approved.
- Maintain evidence of the destruction of equipment.
- Seek guidance from the Headquarters Property Survey Board on the write-off and disposal methods to record assets abandoned in situ.
- Finalize the reconciliation of the disposal of assets returned at the end of turnkey contracts and maintain relevant documentation.

The Liquidation Entity (MINUSMA) accepted all recommendations, implemented four of them, and has initiated action to implement the remaining three recommendations. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. AUDIT RESULTS	2-10
A. Planning and monitoring of the disposal of assets	2-6
B. Disposal of assets	6-10
IV. ACKNOWLEDGEMENT	10
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).
2. Security Council, in its resolution S/RES/2690 of 30 June 2023, terminated the mandate of MINUSMA with effect from 01 July 2023 and requested the Mission to immediately start the cessation of its operations, transfer of its tasks, as well as the orderly and safe drawdown and withdrawal of its personnel, to complete this process by 31 December 2023, and enter a technical liquidation starting from 1 January 2024. The technical liquidation activities include asset disposal, closure of financial accounts and closure of human resources accounts.
3. As of 31 December 2023, MINUSMA completed its withdrawal from 19 of 21 camps in Mali, including accelerated withdrawal from five camps, namely Ber, Tessalit, Aguelhok, Kidal and Timbuktu due to a tense and deteriorating security situation.
4. In August 2023, MINUSMA established a property management task force led by the Chief Property Management Section (PMS) to oversee activities of the verification, disposal, transport and safeguarding of the Mission's assets. The asset disposal process includes all the administrative actions required to remove a property from its operations to the derecognition/deactivation in Umoja. The disposal process shall commence when the property is identified as surplus, unserviceable, obsolete, lost, or stolen to enable timely derecognition and/or deactivation of property records. In line with the United Nations Financial Rules and Regulations (UNFRR) 105.23, the Mission technical sections identified the best disposal method for each asset in the interest of the Organization and initiated the disposal of assets during the drawdown and liquidation periods.
5. On 1 January 2024, the Department of Operational Support (DOS) established a Liquidation Entity to implement the liquidation tasks, including assets disposal, closure of financial accounts, and closure of human resources accounts. The Liquidation Entity is responsible for loss prevention, investigations and crisis coordination in the two remaining camps (Bamako and Gao). The Liquidation Entity is led by a Head of Entity at the Assistant Secretary-General level, supported by the Director of the Liquidation Team at the D-2 level. The Liquidation Entity comprises 337 United Nations Guard Units, 432 civilian staff (including 76 staff of PMS) and 181 individual international contractors (of which 131 were earmarked for PMS). The liquidation activities will be carried out in Bamako and Gao from 1 January 2024 to 30 June 2025 and the budget for the liquidation period from 1 January to 30 June 2024 is \$276 million. The total assets for disposal included equipment consisting of 81,078 items with a total depreciated value of \$138.3 million.
6. OIOS used the term MINUSMA for actions taken before 31 December 2023, and the Liquidation Entity (MINUSMA) for actions carried out after 1 January 2024.
7. Comments provided by the Liquidation Entity (MINUSMA) are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess whether MINUSMA and the Liquidation Entity (MINUSMA) have taken adequate and effective measures to plan, implement and monitor the write-off and disposal process of United Nations-owned assets during the drawdown and liquidation period.

9. This audit was included in the 2023 risk-based work plan of OIOS due to operational, financial and reputational risks related to the disposal of assets during drawdown and liquidation of MINUSMA.

10. OIOS conducted this audit from December 2023 to February 2024. The audit covered the period from 01 July 2023 to 31 January 2024. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the planning, monitoring and implementation of asset write-off and disposal activities during the drawdown and liquidation period.

11. The audit methodology included: (a) interviews with key personnel in PMS and the Local Property Survey Board (LPSB); (b) a review of relevant documentation such as preliminary assets disposal plan and minutes of meetings held by the property management task force and property survey boards; (c) analytical review of disposal transactions, business intelligence reports and data in Umoja; (d) sample testing of 1,535 out of 20,025 assets written off, including 749 of 2,890 assets destroyed, to verify compliance with relevant United Nations policies and procedures; and (e) visit of disposal yards and warehouse facilities in Bamako to physically inspect assets for disposal.

12. This audit did not include: (a) the disposal of contingent-owned equipment (COE) which belongs to troop and police contributing countries who are responsible for the disposal of their assets; and (b) the environmental risk of asset disposal as this was included in a separate audit of liquidation planning in MINUSMA.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Planning and monitoring of the disposal of assets

Need to finalize the assets disposal plan of the Liquidation Entity (MINUSMA)

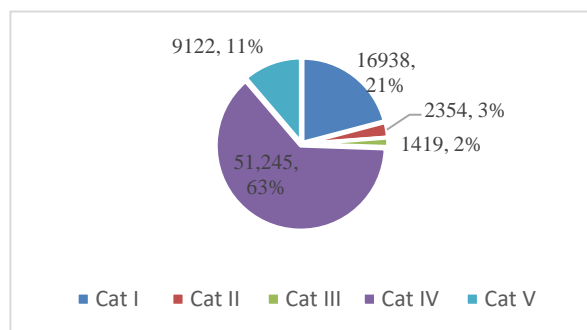
a) A Preliminary disposal plan was developed based on a physical count and a cost-benefit analysis was conducted by location

14. In July 2023, MINUSMA completed the cycle count of its assets and equipment in all camps to determine their existence, condition, location and useful life. MINUSMA also conducted a cost-benefit analysis (CBA) by location and identified asset disposal methods based on demonstrated requirements, retrieval costs, remaining useful potential use, and reputational risks. The CBA included assumptions on costs and feasibility of transport, which were continuously adjusted due to changing conditions such as availability of transportation and security.

15. The results of the physical count of assets and the CBA served as a basis for developing the Mission liquidation plan and the Preliminary Assets Disposal Plan (PADP), which was reviewed and approved in November 2023 by the United Nations Global Service Centre (UNGSC). The PADP categorized the portfolio of equipment consisting of 81,078 items with a depreciated value of \$138.3 million in different

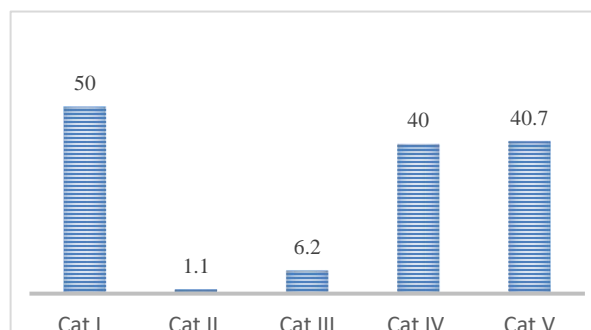
groups/categories¹ in compliance with United Nations Financial Rules and Regulations, as depicted in figures I and II.

Figure I: PADP in quantity



Source: MINUSMA PADP waypoint review (November 2023)

Figure II: PADP in depreciated value (in \$ million)



Source: MINUSMA PADP waypoint review (November 2023)

16. In January 2024, the Liquidation Entity (MINUSMA) started a new physical inventory verification of equipment and assets in its hubs in Bamako and Gao. The verification was necessary because several properties were moved, disposed of, or abandoned during the drawdown period, which resulted in changes to the location, condition, list and categorization of assets included in the PADP. For example, there were still over 650 equipment without functional locations at the time of the audit, which needed to be reconciled.

17. The property management task force monitored and reported on progress toward implementing the PADP to DOS. The monitoring tool included a set of specific performance indicators for the drawdown and liquidation period (including indicators on property management and disposal) that would be completed by 31 March 2025.

18. The CBA conducted by MINUSMA was documented in a Note-to-File, and changes in assumptions, such as availability of transportation and security, were documented through decision briefing notes. However, there was no guidance for developing and documenting the CBA process. As CBA is a good practice to ensure the implementation of optimal asset disposal decisions (such as retrieval for transfer to other missions, commercial sales or destruction of assets in-situ) during downsizing and liquidation of missions, there was a need to collect and document lessons learned for this analysis, including criteria used. The Liquidation Entity (MINUSMA) could document the lessons learned in developing its cost-benefit analysis for the disposal of assets to guide future missions that may undergo a liquidation process.

b) Need to develop a plan for the disposal of consumables and non-serialized equipment, and update the sales plan

19. The Liquidation Entity (MINUSMA) had made plans to dispose of: (i) serialized equipment through the PADP (81,078 items with a depreciated value of \$138.3 million), and (ii) real estate and infrastructure assets (2,338 assets with a depreciated value of \$64.5 million) to be donated to the host government subject to the approval of the United Nations General Assembly. However, there was no plan for the disposal of consumables and non-serialized equipment, which as of 31 January 2024, consisted of

¹ UNFRR regulations 5.14 provides for the disposition of assets in liquidating peacekeeping operations in the following categories: a) redeploy to other peacekeeping missions and place in strategic reserve (Cat I); b) redeploy to other United Nations activities funded from assessed contributions (Cat II); c) sale to United Nations agencies, international or non-governmental organizations (Cat III); d) commercial disposal (Cat IV) and e) provided to the host Government based on prior approval of the United Nations General Assembly (Cat V).

11.3 million items valued at \$96 million (of which \$80 million were consumables such as spare parts and general supplies, and \$16 million were non-serialized equipment).

20. The Liquidation Entity (MINUSMA) developed a plan for the commercial sale of assets during the liquidation period, including a schedule for three rounds of sales in Bamako and two in Gao, expected to be completed by June 2025 and December 2024, respectively. As of February 2024, the first round of sales was delayed by one month as the physical count of inventories had not been finalized. Given the delay in completing the physical count and considering the volume of items to be included in the commercial sales plan (for instance, over 8,500 items with a depreciated value of \$13 million in Bamako and Gao), there was a need to revise the plan for timely monitoring of sales activities.

(1) The Liquidation Entity (MINUSMA) should: (a) develop a plan for the disposal of consumables and non-serialized equipment; and (b) revise the timelines for the implementation of the commercial sales plan.

The Liquidation Entity (MINUSMA) accepted recommendation 1 and stated that it had developed Asset Disposal Plan, including plan for disposition of the inventory of consumables, supplies, and non-serialized equipment. The commercial schedules for Bamako and Gao had been revised and aligned to the liquidation timelines, including three sales in Bamako and two in Gao during the liquidation period.

Need to submit ex post facto² property disposal cases to the property survey boards for review

21. Pursuant to the United Nations framework for delegation of authority (ST/SGB/2019/2), the United Nations Secretary-General delegated to heads of missions the authority to dispose of properties with depreciated value of \$25,000 or less. For properties with a depreciated value exceeding \$25,000, a written advice from the Headquarters Property Survey Board (HPSB) is required.

22. In the Liquidation Entity (MINUSMA), the Head of Entity sub-delegated to the Chief PMS the authority to dispose of assets with a depreciated value of \$3,000 or less, and the Director of Liquidation Team the authority to dispose properties with a depreciated value between \$3,000 and \$25,000 following the review and written advice from the Local Property Survey Board (LPSB). For unplanned disposals (such as loss, theft, and damage, including cases of hostile actions), the Chief of PMS can approve the write-off and disposal of assets following written advice of the relevant Property Survey Board. The heads of missions were also advised to avoid entering into ex post facto cases. However, when ex post facto cases occurred, the cases must be reported to the relevant property survey boards for review within 30 calendar days from occurrence.

23. During the period from 1 July 2023 to 31 January 2024, MINUSMA and the Liquidation Entity (MINUSMA) completed write-off actions for 20,025 equipment with a total depreciated value of \$49.9 million. The review of all 495 items with individual depreciated value above \$3,000 indicated that the write-off of 187 (38 per cent) of these items were approved by the Chief of PMS without the review and written advice of the LPSB. In addition, 136 of the 291 items written off because of loss, theft, or damage were approved by the Chief PMS without the review and written advice of either the LPSB or the HPSB. At the time of the audit, the LPSB had reviewed 292 ex post facto cases.

24. Also, two gift requests for 354 properties were processed without the review and advice of LPSB prior to the approval of the Director of Liquidation Team. These properties included office furniture,

² An “ex post facto” case is one in which final action in respect of United Nations property is taken prior to receipt of advice from a review body.

generators, two vehicles and air conditioners. At the time of the audit, only two of these properties were submitted to LPSB for post facto review.

25. The excessive ex post facto cases were due to the accelerated closure of camps. Also, MINUSMA did not seek advice from the Department of Management Strategy, Policy and Compliance (DMSPC) on handling the surge of property disposals in an emergency situation such as accelerated closure of camps. As the Mission closed the majority of camps (19 of 21), the Liquidation Entity (MINUSMA) could incorporate in its lessons learnt report the need for DMSPC to guide missions in disposing of properties under emergency situations such as accelerated closure of camps.

(2) The Liquidation Entity (MINUSMA) should submit all ex post facto property disposal cases, including gifts to the relevant property survey boards for review.

The Liquidation Entity (MINUSMA) accepted recommendation 2 and stated that it was submitting ex-post facto write-off and disposal approval cases monthly to the Local Property Survey Board for items valued \$25,000 or less, and to the Headquarters Property Survey Board for items valued above \$ 25,000.

Need to address the backlog of write-off cases

26. As of 16 January 2024, the Liquidation Entity (MINUSMA) had 6,937 cases pending write-off, of which 4,022 cases were pending review by the Chief PMS, and 2,818 and 97 cases were pending review by LPSB and HPSB, respectively. From 16 to 23 January 2024, the backlog of cases requiring review of the Chief PMS decreased to 2,699 cases. During the same period, the backlog of cases requiring LPSB review increased slightly to 2,828 cases. This was due to the high turnover of LPSB members and the absence of a functional LPSB at the start of the liquidation period.

27. On 9 January 2024, the Liquidation Entity (MINUSMA) established a new LPSB with 18 members from different sections, including PMS, Finance, Aviation and Procurement. Although the Board met regularly to deliberate on the assets write-off cases, the following issues may affect its effectiveness:

- Twelve members had not yet attended the mandatory property management training, and there was no training plan to date. This may affect their efficiency and effectiveness in providing advice for asset disposal decisions.
- The LPSB did not establish a mechanism with specific milestones to monitor and report on its progress in processing the backlog of write-off cases.

28. The Liquidation Entity (MINUSMA) explained that there were limited resources and time for organizing the training for LPSB members, which requires around 15 hours of study and engagement from the HPSB. In the absence of a capacity-building plan and monitoring mechanism, there was a risk that the LPSB may not be efficient in discharging its advisory roles for property disposals and managing the backlog of cases.

(3) The Liquidation Entity (MINUSMA) should seek ways of building the capacity of members of the Local Property Survey Board to effectively carry out their required tasks including the monitoring of the backlog.

The Liquidation Entity (MINUSMA) accepted recommendation 3 and stated that it was conducting monthly briefings with the members of the Local Property Survey Board, including policy and procedures for implementing the Delegation of Authority for property management.

Outstanding purchase orders were tracked and monitored for appropriate action

29. As of July 2023, there were 475 incoming purchase orders for goods and services with a total net order value of \$78 million. This comprised 133 purchase orders with a net order value of \$4.3 million from national vendors and 342 with a net order value of \$73.7 million from international vendors). In July 2023, the United Nations Global Service Centre (UNGSC) took action on the outstanding purchase orders with international vendors by rerouting some items to other missions or closing purchase orders where applicable or fulfilling based on existing obligations.

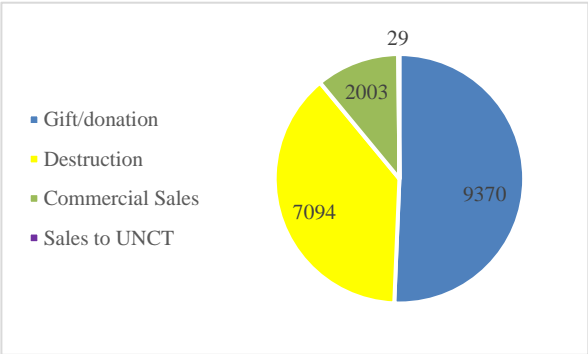
30. The Finance Section of the Liquidation Entity (MINUSMA) also monitored purchase orders with national vendors and issued weekly reports to relevant offices and units for appropriate action. Of the 133 outstanding purchase orders, 38 with a depreciated balance of \$907,000 were related to goods and services for camps that had since been closed. The Liquidation entity was taking action to close purchase orders, which was expected to continue through June 2024.

31. OIOS concluded that the Liquidation Entity (MINUSMA) in coordination with the UNGSC implemented adequate monitoring and reporting mechanisms on outstanding purchase orders.

B. Disposal of assets

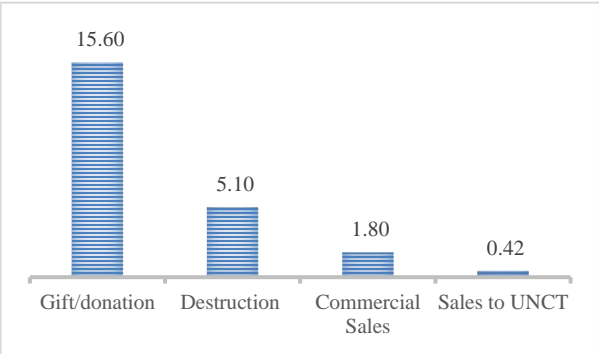
32. As of 31 January 2024, the Liquidation Entity had initiated a write-off for a total of 28,748 equipment (serialized asset) with a depreciated value of \$61.3 million, of which 20,025 equipment (depreciated value of \$49.9 million) was approved and 8,723 (depreciated value of \$19.1 million) was pending approval at the time of the audit. Also, from 01 July 2023 to 31 January 2024, 18,496 items (with a depreciated value of \$22.9 million) were disposed of or in the disposal process using different methods, as depicted in figures III and IV.

Figure III: Quantity of equipment (serialized asset) disposed as of 31 January 2024



Source: Umoja Business Intelligence report

Figure IV: Depreciated value of equipment (serialized asset) disposed as of 31 January 2024 (\$ million)



Source: Umoja Business Intelligence report

33. MINUSMA and the Liquidation Entity (MINUSMA) initiated a number of actions to dispose of these assets as presented below.

The Liquidating Entity was taking action to donate assets to the Government of Mali and adequate process was in place for the transfer of assets, or sale offers to other United Nations entities

34. In line with the provisions of financial regulation 5.14 (e), the Secretary General’s report on “Donation of assets of MINUSMA,” identified the list of properties and equipment to be donated to the Government of Mali (2,338 items with an acquisition value of \$144.6 million and depreciated value \$64.5 million). At the time of the audit, the General Assembly had yet to approve the request. Once approved, the Liquidation Entity (MINUSMA) would hand over the properties to the host government, followed by a handover certificate signed by both parties. The handover certificate and the list of properties would be submitted to the Division of Special Activities in DOS for subsequent review.

35. Following the approval of the PADP in November 2023, UNGSC communicated to all missions the list of assets in categories I and II for expression of interest by the missions. Also, MINUSMA circulated in November 2023 the list of assets in category III to United Nations agencies, funds and programmes (UNAFP) for sale. Following these communications, the Liquidation Entity (MINUSMA) received an expression of interest in 14 missions for 4,422 assets through UNGSC. Also, UNAFP submitted their sale offers to the property management task force of the Liquidation Entity (MINUSMA).

36. At the time of the audit, the Liquidation Entity (MINUSMA) had shipped to other missions 493 containers of items such as spare parts, engineering and information technology equipment, general supplies and medical equipment, and 98 vehicles (with a total value of \$19.2 million). The list of assets to be transferred were reconciled with Umoja records, reviewed and approved by the Chief PMS. Also, the Movement Control Section tracked daily the status of containers in transit to other missions. At the time of the audit, the receiving missions had confirmed and recorded the receipt of items in 356 containers in Umoja. Also, the freight forwarding company had confirmed that the remaining 137 containers and 98 vehicles were still in transit to the receiving missions.

37. The property management task force reviewed sale offers from 15 UNAFPs and recommended approval by the Chief PMS and Director of the Liquidation Team according to their respective delegation of authority. At the time of the audit, 33 sale offers worth \$3.6 million were received from UNAFP, of which payment had been made and items collected for 24 sales totaling \$2.5 million.

38. OIOS concluded that the Liquidation Entity (MINUSMA) had implemented adequate procedures for transfer to other missions or sale of assets to UNAFP.

Need to strengthen commercial sales practices

39. During the downsizing period (July to December 2023), MINUSMA completed three commercial sales exercises in Bamako, Gao and Timbuktu, which generated a total income of \$1.1 million. For each sale, the Mission issued invitations-to-bid, identified sales lots, minimum bid prices, and required mandatory visits to the lots. These requirements were intended to ensure that buyers were familiar with the lots and enhance the opportunity of obtaining a better value for the Organization. OIOS reviewed all three bidding processes, and the following issues were noted:

- There was low participation in response to the solicitation exercises in Gao and Timbuktu: around 65 per cent and 72 per cent of lots in the two locations received only one valid offer compared to Bamako, where four valid offers were received per lot. This was due to the security situation in Gao and Timbuktu, which prevented the participation of a large number of vendors and the absence of formal guidance for the composition of lots to make them attractive for the buyers. Limited participation ultimately prevents the Organization from achieving the best value for sales.

- One of the three bid abstracts was not signed by the evaluation members to ensure transparency and accountability in the sales process. Nevertheless, the Liquidation Entity stated that more caution would be used in the future. The absence of reliable documentation to support the bid award process may negatively impact the integrity of the process.

(4) The Liquidation Entity (MINUSMA) should: (a) take measures to enhance the participation to the invitations-to-bid; and (b) ensure that the bid evaluation members consistently approve bid abstracts for commercial sales.

The Liquidation Entity (MINUSMA) accepted recommendation 4 and stated that it would take measures to ensure that commercial sales are properly advertised locally and would ensure sufficient time for evaluating lots by prospective bidders. Procurement Section would ensure that sufficient and reliable documentation is maintained to support the awards.

Need to retain evidence of the destruction of assets

40. The DMSPC Policy Interpretation and Guidance for the Disposal of Property (2022) requires entities to maintain certificates of destruction and photographic evidence of the destruction of property.

41. On 31 January 2024, 5,274 assets were approved for destruction by the Chief PMS and Director of Liquidation Team in accordance with their respective delegation of authority. At the time of the audit, 2,890 of these assets were destroyed. OIOS reviewed 30 write off cases consisting of 749 assets destroyed in the camps of Gao, Bamako and Mopti, over the period from July 2023 to January 2024 and noted the following:

- In 4 cases comprising of 149 assets, destruction/disposal certificates and pictures were not available;
- In 16 cases comprising of 177 assets, the attached disposal pictures showed the destruction of bulk or mixed items, which made it impossible to identify the specific item that was destroyed;
- In 13 cases comprising of 31 assets, the supporting documentation on the approval of the write-off was not attached in Umoja, although it was marked that the write-off notification was reviewed and approved by the Chief PMS; and
- In 7 cases comprising of 426 assets, the disposal certificate was acknowledged by either one or two signatories, despite the requirement of the standard operating procedures on property management for three signatories from the technical units, Property Disposal Unit and PMS.

42. The above shortcomings occurred due to inadequate supervision by the Chief PMS to maintain evidence for the destruction of assets. Lack of evidence of destruction of property and equipment may result in theft/loss of items for destruction and potential litigation in the event these assets are misused.

(5) The Liquidation Entity (MINUSMA) should strengthen its monitoring mechanism to ensure that adequate evidence of the destruction of assets is maintained.

The Liquidation Entity (MINUSMA) accepted recommendation 5 and stated that it would continue to apply risk-based approach for documenting the disposal of property by destruction. Furthermore, it would document and include as lessons learned the requirement to review and simplify the write-off and disposal procedures during drawdown and liquidation by applying risk-based approach and cost-benefit analysis.

Need to seek guidance for the record of disposal of property and equipment de facto abandoned

43. Due to security considerations, MINUSMA abandoned three camps in Sector North (Tessalit, Aguelhok and Kidal) without agreed-upon handover documents with the local representative of the Government of Mali. On 31 October 2023, MINUSMA issued a note verbale informing the Government of Mali of the withdrawal from the three camps and included the list of the camps' assets that were identified as gifts to the Government (5,734 equipment with a depreciated value of \$12.7 million, and 1.1 million non-serialized items) and a list of assets destroyed (1,425 equipment with depreciated value of \$2.5 million). The Government of Mali did not reply to the note verbale or acknowledge the assets as gifts. In the absence of a handover of assets to the government, OIOS believes these assets were abandoned in situ.

44. However, despite the absence of a handover document, the Liquidation Entity recorded the assets in Umoja as gifts because it was of the opinion this was in line with the intention of providing functional camps to the Government of Mali. However, OIOS is of the opinion that if items abandoned in situ are treated as gifts, this may affect the accuracy, transparency, and completeness of the Organization's financial statements. In addition, considering that the UNFRR does not identify abandonment of assets in-situ as a method of disposal, the Liquidation Entity may not have delegated authority to dispose of these assets as gifts. Hence, the Liquidation Entity needed to seek guidance from the HPSB on how to record assets abandoned in situ.

(6) The Liquidation Entity (MINUSMA) should seek guidance from the Headquarters Property Survey Board on the write-off and disposal methods to record assets de facto abandoned in situ.

The Liquidation Entity (MINUSMA) accepted recommendation 6 and stated that it had documented through a Note-to-File the circumstances and the rationale for the write-off and disposal treatment of the property in Sector North as it was forced abandonment. The modality for transfer of the property had been communicated to the Government through the Note verbales. The disposal approval for high-value assets had been submitted for review and advise by the Headquarters Property Survey Board in line with the provisions of the Delegation of Authority for property management. The submission included full detail of the disposal modality and the Note-to-File on the disposal of property in sector North.

Need to retain complete information on the disposal of assets returned from turnkey contracts

45. MINUSMA had three turnkey contracts for incineration, food and rations, and fuel services and provided various equipment to these contractors. The transfer of the Equipment provided to these contractors (716 items with a depreciated value of around \$10 million) was not recorded in Umoja. During the drawdown of the Mission, the turnkey contractors returned assets to the Mission, and these were recorded by the Mission in notes to file. However, there was no reconciliation of assets returned by the contractors with the list of assets identified in the camps for completeness and accuracy. For example, the notes to file for the camps in Menaka, Douentza, Kidal and Tessalit did not include incinerators received from the turnkey contract with a unit depreciated value of \$13,000. The Liquidation Entity explained that reconciliation for the disposal of turnkey contract equipment was ongoing. Although MINUSMA reported in three notes to file that these assets were disposed of, the disposal process documentation was not completed. For instance, there was no LPSB decision or destruction certificates to support the disposal.

46. Lack of reconciliation and documentation for disposing assets loaned to contractors may increase risk of loss and fraud.

- (7) The Liquidation Entity (MINUSMA) should finalize the reconciliation of the disposal of assets returned at the end of the turnkey contracts and retain complete information to ensure accountability.**

The Liquidation Entity (MINUSMA) accepted recommendation 7 and stated that it had completed the reconciliation of the disposal of assets mobilized through turnkey contracts in closed camps/sectors. The disposal of the assets mobilized under the turnkey contracts in Bamako and Goa is ongoing.

IV. ACKNOWLEDGEMENT

47. OIOS wishes to express its appreciation to the management and staff of MINUSMA and the Liquidation Entity (MINUSMA) for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali]

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	The Liquidation Entity (MINUSMA) should: (a) develop a plan for the disposal of consumables and non-serialized equipment; and (b) revise the timelines for the implementation of the commercial sales plan.	Important	C	Action completed	NA
2	The Liquidation Entity (MINUSMA) should submit all ex post facto property disposal cases, including gifts to the relevant property survey boards for review.	Important	C	Action completed	NA
3	The Liquidation Entity (MINUSMA) should seek ways of building the capacity of members of the Local Property Survey Board to effectively carry out their required tasks including the monitoring of the backlog.	Important	C	Action completed	NA
4	The Liquidation Entity (MINUSMA) should: (a) take measures to enhance the participation to the invitations-to-bid; and (b) ensure that the bid evaluation members consistently approve bid abstracts for commercial sales.	Important	O	Evidence of measures to enhance participation of prospective bidders in sales lots and adequate documentation supporting bid award process.	31 October 2024
5	The Liquidation Entity (MINUSMA) should strengthen its monitoring mechanism to ensure that adequate evidence of the destruction of assets is maintained.	Important	O	Evidence of monitoring mechanisms to ensure maintenance of adequate evidence of disposal of property by destruction.	31 October 2024
6	The Liquidation Entity (MINUSMA) should seek guidance from the Headquarters Property Survey	Important	C	Action completed	NA

³ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁴ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁵ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁶ Date provided by Liquidation Entity (MINUSMA) in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali]

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
	Board on the write-off and disposal methods to record assets de facto abandoned in situ.				
7	The Liquidation Entity (MINUSMA) should finalize the reconciliation of the disposal of assets returned at the end of the turnkey contracts and retain complete information to ensure accountability.	Important	O	Evidence of reconciliation of disposal of assets mobilized under turnkey contracts.	31 December 2024

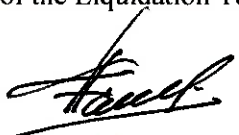


APPENDIX I

Management Response



Date: 10 May 2024

Reference: LE/MINUSMA/ODLT/2024/021

TO: Mr. Byung-Kun Min, Director Internal Audit Division, OIOS	FROM: Anton ANTCHEV Director of the Liquidation Team 
ATTN:	E-MAIL: minusma-mars@un.org
E-MAIL: iad-director@un.org	
SUBJE Liquidation Team MINUSMA response to draft report on an audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali (Assignment No. AP2023-641-10)	
Total number of transmitted pages including this page: 4	
<i>Reference Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali.</i>	
<ol style="list-style-type: none">In reply to the referenced correspondence, please find attached MINUSMA's management response to the OIOS findings and recommendations, as presented in the subject report.Note has been taken of the areas warranting the Mission's attention, and an action plan for implementing the recommendations issued is attached.	
Best regards.	
Drafted by: Jein LOLLIS  Administrative Assistant	Authorized by: Daniela BOZICKOVIC,  OIC SAO

Management Response

Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Liquidation Entity (MINUSMA) should: (a) finalize the asset disposal plan; (b) develop a plan for the disposal of inventory; and (c) revise the timelines for the implementation of the commercial sales plan.	Important	Yes	Chief PMS	Implemented	The Liquidation Entity has developed Asset Disposal Plan (ADP), including plan for disposition of the inventory of consumables, supplies, and not serialized equipment. The ADP undergoes review and approval by the Directors of the Liquidation Team and the UNGSC. The commercial schedules for Bamako and Gao have been revised and aligned to the liquidation timelines, including 3 sales in Bamako and 2 in Gao during the liquidation period.
2	The Liquidation Entity (MINUSMA) should submit all ex post facto property disposal cases including gifts to the relevant property survey boards for review.	Important	Yes	Chief PMS	Implemented	The Liquidation Entity is submitting ex-post facto write-off and disposal approval cases monthly to the Local Property Survey Board (LPSB) for items valued \$25,000 or less, and to the Headquarters Property Survey Board (HPSB) for item valued above \$25,000.
3	The Liquidation Entity (MINUSMA) should seek ways of building the capacity of members of the Local Property Survey Board to effectively carry out their	Important	Yes	Chief PMS	Implemented	The Liquidation Entity is conducting monthly briefings with the members of the LPSB, including policy and procedures for implementing the Delegation of Authority for property management.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	required tasks including the monitoring of the backlog.					
4	The Liquidation Entity (MINUSMA) should: (a) take measures to enhance the participation in response to the invitations-to-bid; and (b) ensure that the bid evaluation members consistently approve bid abstracts for commercial sales.	Important	Yes	Chief Procurement Section	31 October 2024	The Liquidation Entity takes measures to ensure that commercial sales are properly advertised locally and will ensure sufficient time for viewing the lots by prospective bidders. Procurement Section will ensure that sufficient and reliable documentation is maintained to support the awards.
5	The Liquidation Entity (MINUSMA) should strengthen its monitoring mechanism to ensure that adequate evidence of the destruction of assets is maintained.	Important	Yes	Chief PMS	31 October 2024	The Liquidation Entity accepts the recommendation and will continue to apply risk-based approach for documenting the disposal of property by destruction. Furthermore, it will document and include as a lesson learned the requirement to review and simplify the write-off and disposal procedures during drawdown and liquidation by applying risk-based approach and cost-benefit analysis.
6	The Liquidation Entity (MINUSMA) should seek guidance from the Headquarters Property Survey Board on the write-off and disposal methods to record assets de facto abandoned in situ.	Important	Yes	Chief PMS	Implemented	The Liquidation Entity has documented through a Note to File the circumstances and the rationale for the write-off and disposal treatment of the property in Sector North as it was a forced abandonment. The modality for transfer of the property has been communicated to the Government

Management Response

Audit of disposal of assets in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						through <i>Note Verbales</i> . The disposal approval for high-value assets has been submitted for review and advice by the HPSB in line with the provisions of the Delegation of Authority for property management. The submissions include full detail of the disposal modality and the Note to File on the disposal of property in Sector North.
7	The Liquidation Entity (MINUSMA) should finalize the reconciliation of the disposal of assets returned at the end of the turnkey contracts and retain complete information to ensure accountability	Important	Yes	Chief PMS	31 December 2024	The Liquidation Entity has completed the reconciliation of the disposal of assets mobilized through turnkey contracts in closed camps/sectors. The disposal of the assets mobilized under turnkey contracts in Bamako and Gao is ongoing, its reconciliation will be completed by 31 December 2024.