



## **INTERNAL AUDIT DIVISION**

### **AUDIT REPORT 2013/058**

---

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

**Overall results relating to DFS and field missions' preparedness for the implementation of IPSAS for property, plant, equipment and inventory were initially assessed as unsatisfactory. Implementation of eight important recommendations remains in progress**

**FINAL OVERALL RATING: PARTIALLY SATISFACTORY**

**18 July 2013**

**Assignment No. AP2012/615/07**

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-11
A. Change management	3-5
B. Regulatory framework	5-11
IV. ACKNOWLEDGEMENT	11
ANNEX I	Status of audit recommendations - DFS
ANNEX II	Status of audit recommendations - MINUSTAH
ANNEX III	Status of audit recommendations - MONUSCO
ANNEX IV	Status of audit recommendations - UNAMA
ANNEX V	Status of audit recommendations - UNAMI
ANNEX VI	Status of audit recommendations - UNAMID
ANNEX VII	Status of audit recommendations - UNFICYP
ANNEX VIII	Status of audit recommendations - UNIFIL
ANNEX IX	Status of audit recommendations - UNMIL
ANNEX X	Status of audit recommendations - UNMISS
ANNEX XI	Status of audit recommendations - UNOCI
ANNEX XII	Status of audit recommendations - UNSOA
APPENDIX I	Management response

# AUDIT REPORT

## **Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

### **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Department of Field Support (DFS) and field missions' preparedness for the implementation of International Public Sector Accounting Standards (IPSAS) for property, plant, equipment (PPE) and inventory.
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. The General Assembly, in its resolution 60/283, approved the adoption of IPSAS by the United Nations as part of the system-wide effort to move to more robust, internationally recognized financial statements. The United Nations Secretariat established a target for the first set of IPSAS-compliant financial statements for peacekeeping operations to be issued for the period ending 30 June 2014. The Department of Management (DM) issued a United Nations Policy Framework for IPSAS, which included categories and thresholds of PPE to be reported under IPSAS. Under the direction and guidance of DFS, field missions established IPSAS support teams to plan and coordinate pre-IPSAS implementation activities, which included the verification of PPE and inventory for the calculation of financial statement opening balances.
4. As of 31 December 2012, asset holdings of the audited missions included: about 243,000 items of plant and equipment with an acquisition cost of \$2 billion; approximately 159,000 line items of inventory with an acquisition cost of \$380 million; and over 38,000 assets (not valued at the time of the audit) classified as property.
5. Comments provided by the audited entities are incorporated in italics.

### **II. OBJECTIVE AND SCOPE**

6. The audit was conducted to assess the adequacy and effectiveness of DFS and field missions' governance, risk management and control processes in providing reasonable assurance regarding these entities' **preparedness for the implementation of IPSAS for PPE and inventory**.
7. The audit was included in the OIOS 2012 risk-based work plan because the implementation of IPSAS is a significant undertaking by the Organization with substantial financial reporting and reputational risks.
8. The key controls tested for the audit were: (a) change management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Change management** – controls that provide reasonable assurance that there is a systematic approach to deal with the IPSAS reform initiative from the conceptual stage until after the first few years of implementation.

(b) **Regulatory framework** – controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of tasks needed for preparing for IPSAS in the areas of real estate/property, plant, equipment and inventory; (ii) are implemented consistently; and (iii) ensure the relevancy and integrity of financial and operational information.

9. The key controls were assessed for the control objectives shown in Table 1.

10. OIOS conducted this audit from November 2012 to February 2013 in DFS and from October 2012 to April 2013 in eleven field missions: the United Nations Stabilization Mission in Haiti (MINUSTAH); the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO); the United Nations Assistance Mission in Afghanistan (UNAMA); the United Nations Assistance Mission for Iraq (UNAMI); the African Union-United Nations Hybrid Operation in Darfur (UNAMID); the United Nations Peacekeeping Force in Cyprus (UNFICYP); the United Nations Interim Force in Lebanon (UNIFIL); the United Nations Mission in Liberia (UNMIL); the United Nations Mission in the Republic of South Sudan (UNMISS); the United Nations Operation in Côte d'Ivoire (UNOCI); and the United Nations Support Office for the African Union Mission in Somalia (UNSOA). The audits covered the period from July 2011 to February 2013.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. Due to security concerns, OIOS did not perform test checks of PPE: in the Eastern part of the Democratic Republic of the Congo; and in locations outside of the Mogadishu Logistics Base in Somalia.

### III. AUDIT RESULTS

12. The DFS and field missions' governance, risk management and control processes examined were initially assessed as **unsatisfactory** in providing reasonable assurance regarding these entities' **preparedness for the implementation of IPSAS for PPE and inventory**. OIOS made 12 recommendations to address the issues identified. Since the audit, considerable progress was made in determining the IPSAS-compliant opening balances with regard to PPE and inventory. However, the initial real estate registers prepared by field missions, which were required to be prepared during 2012, omitted and misclassified a number of assets. This situation was caused by: (a) the late issuance of adequate guidelines in December 2012 and early 2013; and (b) insufficient resources allocated by field missions for the physical verification of property. For plant and equipment, field missions had well-established procedures for their physical verification; but had not been timely in reconciling differences between the results of physical counts and the records in the Galileo Inventory Management system (Galileo). Missions were also not timely in initiating write-off and disposal actions, resulting in backlogs. For inventory, most missions had not completed their full physical verification by the timelines established by DFS, and many missions needed to significantly improve their inventory management practices.

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

**Table 1: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Preparedness for the implementation of IPSAS for PPE and inventory	(a) Change management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Unsatisfactory	Partially satisfactory	Unsatisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

## **A. Change management**

Field missions made progress in preparing for IPSAS; but missions indicated that additional guidance was needed

14. Progress was made in preparations for IPSAS implementation. Missions formed IPSAS teams, assigned IPSAS focal points and trained staff to provide assistance to Directors/Chiefs of Mission Support (D/CMS) in discharging their IPSAS implementation responsibilities. Focal points also acted as a liaison between the local IPSAS implementation teams, mission staff involved in IPSAS implementation, and the DFS IPSAS teams in New York and Entebbe. For PPE, DFS provided technical support and guidance to field missions, which was initially focused on establishing mechanisms for the compilation of real estate registers and the validation and cleansing of existing registers for PPE and inventory.

15. However, at the time of the OIOS audit, field missions did not have sufficient guidelines on how to account for: (a) donated assets from third parties; (b) in-transit assets between missions; (c) right-to-use assets provided by host governments; and (d) self-constructed assets and leasehold improvements. The lack of these guidelines resulted in field missions omitting, misclassifying or incorrectly accounting for its property, as indicated in the following examples:

- MINUSTAH applied the standard useful life for donated buildings (up to 50 years) in the absence of specific terms of arrangement with the Government. Considering the short-term nature of field missions, further clarity was needed;
- MONUSCO had assets valued at almost \$3 million in-transit and was unclear on how to account for them under IPSAS;
- UNIFIL inconsistently classified property including stairways which were classified as buildings in some locations and as concrete slabs in other locations;
- UNFICYP classified sea containers as buildings at its Headquarters, but as plant and equipment at military positions;
- Many missions had different nomenclatures for the same asset; and
- Assets such as boom gates, perimeter lighting, and wastewater and drainage systems were inconsistently categorized sometimes as property, and in other instances as plant and equipment.

16. Between December 2012 and February 2013, DFS issued guidance on data cleansing that included instructions on recording donated assets, the right-to-use of premises from host governments, assets in-transit, and leasehold improvements. Nonetheless, MINUSTAH and UNIFCYP were of the view that further guidance was necessary as they were still unclear on how to deal with donated right-to-use properties and how to account for major renovations undertaken to property owned by the host government.

**(1) DFS should finalize guidelines on property under construction and leasehold improvements, and also consult with missions to identify any other additional guidelines required for the timely compilation of property, plant, equipment and inventory records for the preparation of IPSAS-compliant financial statements.**

*DFS accepted recommendation 1 and stated that it had issued guidelines by February 2013 to field missions in the critical areas impacted by IPSAS. DFS clarified that self-constructed assets were adequately covered under the real estate related guidance, and further clarified that the IPSAS Policy Framework stated that leasehold improvements would not be recognized for opening balances, with transitional measures being expected to be invoked during the first year of IPSAS implementation. Recommendation 1 remains open pending receipt of evidence that DFS has consulted with missions to identify and provide any additional guidance on PPE and inventory for IPSAS implementation.*

Further support and monitoring was required to ensure the reliability and completeness of property, plant and equipment data

17. Field missions assigned roles and responsibilities for preparing for IPSAS, and implemented important tasks on an on-going basis, albeit with delay.

18. A customized Project Management Tool (PMT), which was an action plan detailing critical tasks to be carried out and target dates for completion, was developed to monitor field missions' progress. Missions were required to submit their PMTs to DFS for consolidation into an overall report on the status of implementation. DFS also provided this consolidated report to the United Nations Secretariat IPSAS Steering Committee. The number of missions submitting their PMT on-time varied considerably over the period reviewed. For example, 81 per cent of field missions submitted their November 2012 PMT on time; but by February 2013, only 22 per cent had submitted them by the due date. Also, there was only limited validation by DFS of the information submitted to assess whether real estate registers were complete and reliable, and whether the reports fairly reflected the status of implementation. DFS indicated that this was mainly due to the limited resources that its IPSAS Team allocated to this activity due to its focus on finalizing the regulatory framework for IPSAS implementation.

19. The results of OIOS field audits identified that additional support and monitoring from DFS was needed. The following actions were initiated to improve support and monitoring in 2013:

- DFS established the Field IPSAS Implementation Monitoring Team in Entebbe to provide increased support to field missions, and to enhance oversight and knowledge of missions' implementation progress. As of the end of February 2013, the Team had conducted monitoring visits to six missions, although the reports on each visit were not finalized.
- The United Nations IPSAS Implementation Team launched an appraisal system, where the D/CMS' were required to submit to DFS monthly personal appraisals of their mission's IPSAS implementation progress.

20. While DFS had implemented additional oversight mechanisms, there was a continued need for DFS to monitor and verify progress made by all field operations, and to finalize and disseminate reports of the Field IPSAS Implementation Monitoring Team.

**(2) DFS should allocate sufficient resources for monitoring and verifying IPSAS implementation progress in missions.**

*DFS accepted recommendation 2 and stated that subject to security considerations, all peacekeeping missions had been visited at least once by the end of April 2013. Follow-on visits had been prioritized in the order of implementation progress and support needs. Also, the draft results of the Field IPSAS Implementation Monitoring Team reviews were shared with mission IPSAS focal points within two weeks of the visit. Moreover, DFS had established a “Situation Room” to monitor and report on a weekly basis the progress of implementation of key management actions for IPSAS opening balances against DFS’ instructions to field missions. Based on the action taken by DFS, recommendation 2 has been closed.*

DFS needed to improve mechanisms for communicating with missions on IPSAS developments

21. In addition to formal training and workshops, DFS used a combination of policy memoranda, video-conferences, site visits and, more recently, visits to missions by the Field IPSAS Implementation Monitoring Team, to facilitate communication and raise awareness of IPSAS implementation requirements.

22. These efforts were not fully effective since the results of OIOS field audits showed that mission staff were not fully conversant with important IPSAS requirements or developments, and did not always know of the mechanisms available for communicating with DFS and obtaining support for resolving IPSAS implementation issues. This was attributed to factors such as staff turnover, and delays in the implementation of DFS action plans related to communication and awareness-raising, such as the development of formal DFS and mission IPSAS communication plans.

**(3) DFS should intensify its communication with missions on issues of common concern relating to IPSAS implementation tasks.**

*DFS accepted recommendation 3 and stated that it had established a framework for monitoring and communicating with field missions on the progress of IPSAS implementation, which included the work of missions, the Field IPSAS Implementation Monitoring Team reports, information submitted in the PMT, CMS/DMS appraisals, video conferences and review of property management key performance indicators. Based on the action taken by DFS, recommendation 3 has been closed.*

## **B. Regulatory framework**

Field missions needed to perform additional work to physically verify property and to up-date real estate registers

23. DFS issued instructions in mid-January 2012 that required field missions to comprehensively verify their real estate holdings, and arrangements under their control as of 31 March 2012, and to submit their real estate registers to DFS. Field missions were also required to submit quarterly reports thereafter that provided up-dates, as well as additional data not captured in previous reports such as results of additional physical verification of real estate. The objective of this exercise was to ensure that there was a complete and reliable register of all field missions’ real estate assets for use in determining property

valuations. Missions submitted their real estate registers to DFS on a regular basis; however, feedback from missions confirmed that although there was guidance from DFS, as referred to above, this was slow in being issued and some of the instructions provided were not sufficiently clear, resulting in misinterpretation on how to classify property.

24. At the time of the field audits, MONUSCO and UNAMA had performed 100 per cent physical verification of their real estate. OIOS was not able to visit the eastern side of the Democratic Republic of Congo to verify assets due to the security situation at the time of the audit. However, from the samples selected from both MONUSCO and UNAMA, OIOS noted only minor discrepancies during test checks.

25. Other missions developed real estate asset registers, which included a number of inaccuracies. This was due to the compilation of registers being assigned, in many cases, to missions' engineering sections that populated the real estate registers by gathering data through desk reviews of available maps and leases, etc. This method of collating data resulted in gaps in information, inadequate identification of certain assets, incorrect measurement of some land and buildings, and insufficient details on the condition of property. At each mission audited, OIOS reviewed a sample of real estate assets to test the accuracy and completeness of missions' real estate registers. The following are examples of the results of this review:

- The review of a UNAMID sample of 740 of the 4,065 assets registered indicated that: (a) a hard-wall building and 15 ablation units could not be found as there was insufficient information on their location; (b) real estate belonging to a contingent was incorrectly included; (c) tents were recorded as real estate; and (d) about 125 assets were included that were in the process of being demolished.
- The review of a MINUSTAH sample of 515 of the 3,710 assets registered indicated that: (a) 63 assets could not be found due to insufficient information on their location; (b) seven pieces of land were omitted; (c) most buildings were recorded as prefabricated accommodation although they were hard-wall constructions; (d) and significant real estate assets were not incorporated including buildings, wastewater systems, bore holes and laundry facilities.
- The review of a UNMISS sample of 250 of the 2,329 assets registered indicated that: (a) 67 assets could not be verified because the register lacked adequate information to locate them; (b) 28 physically verified assets were not recorded in the register; (c) the location for 30 items was marked as 'to be confirmed' and for a further 85 items although the location was correctly recorded, the asset category to be allocated to was also marked as 'to be confirmed'; and (d) 86 prefabricated temporary buildings were recorded as hard-wall buildings.

26. The 5,980 items reported in UNSOA's real estate register were also included in Galileo resulting in double counting.

27. Overall, there were errors in the information recorded in real estate registers and/or insufficient details such as tenancy terms, lease start and expiry dates, and age of assets. In some cases, there was insufficient information to locate and verify the existence of certain recorded real estate. There were misclassifications among real estate and plant and equipment, as well as double counting, particularly for prefabricated units. For example, MINUSTAH included 680 pre-fabricated buildings with a cost of \$12.6 million in both the real estate register and Galileo. Also, the poor conditions of properties observed by OIOS were not recorded in the relevant registers, due to delays in conducting asset impairment reviews. For example, buildings used by UNFICYP were cordoned off for safety reasons; but their poor condition had not been recorded in the real estate register.

28. The above mentioned deficiencies were due to the failure of mission management and responsible heads of sections to ensure that sufficient resources were allocated for the physical verification of real



estate. Mission management also did not ensure that staff assigned the task of gathering data were adequately trained and/or provided with clear procedures and guidelines.

29. Due to the number of omissions and errors identified in accounting for property by field missions, there remained an unmitigated risk that data had not been sufficiently captured to ensure that opening balances were reliable, complete and accurate for applying the valuation methodology and thus for IPSAS implementation.

**(4) MINUSTAH, UNAMI, UNAMID, UNFICYP, UNIFIL, UNMIL, UNMISS, UNOCI and UNSOA should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.**

*MINUSTAH, UNAMI, UNAMID, UNFICYP, UNIFIL, UNMIL, UNMISS, UNOCI and UNSOA accepted recommendation 4. DFS responded that the collection of real estate data started in January 2012 as an iterative process, resulting in improved data after each iteration. Initially field missions had been requested to submit data quarterly; but since January 2013, it was submitted monthly. The latest submissions of data indicated that missions had up-dated real estate registers and the quality of data had significantly improved. DFS had reviewed the real estate registers and provided feedback on specific issues. Based on a review of the up-dated information provided for field missions, recommendation 4 has been closed.*

MINUSTAH and UNFICYP needed to obtain documentation for real estate used under right-to-use arrangements

30. MINUSTAH occupied over 120 buildings donated by the Government of Haiti on a right-to-use basis; however, while written approval had been obtained for use of some of the buildings, formal legal agreements were not available for all real estate as required. Also, UNFICYP did not have official confirmation from the host government authorizing the right-to-use the land, premises and infrastructures of its Headquarters, military camps, observations points and other occupied buildings. There was also no detailed breakdown of maintenance and renovation costs paid by the Government, which was necessary for UNFICYP to estimate and track renovation costs per asset to facilitate the capitalization of the work done. Without a mechanism to obtain and maintain this data, UNFICYP was unable to estimate renovation costs that were needed to facilitate the capitalization of works above \$100,000 as required by IPSAS.

**(5) MINUSTAH and UNFICYP should obtain from their host governments official documentation to support the future recognition and recording of assets, under IPSAS based financial statements, for the category of donated right-to-use land and buildings.**

*MINUSTAH and UNFICYP accepted recommendation 5. MINUSTAH stated that data collection of the existing right-to-use premises had been completed and its Legal Office was in the process of submitting the full list of right-to-use premises to the Government of Haiti for request of official documentation. UNFICYP submitted a Note Verbale to the host government on 19 November 2012 and 10 January 2013 requesting official certification of all its right-to-use premises. A meeting was also held in March 2013 with the Ministry of Foreign Affairs to follow up on the issue. Recommendation 5 remains open for MINUSTAH and UNFICYP pending the receipt of the official certification from their host governments on the right-to-use property.*

**(6) UNFICYP, in consultation with the DFS IPSAS Team, should establish a mechanism for estimating and tracking the cost of renovation works paid by the host government on each**

**asset to facilitate any required capitalization of renovation works in the future.**

*UNFICYP accepted recommendation 6 and stated that it would continue to track the materials and labor provided by the host government to renovate property and to record them as a voluntary contribution. Recommendation 6 remains open pending receipt of evidence that an adequate mechanism has been established to track the cost of renovation works paid by the host government.*

Accounting for plant and equipment was on track; but additional work was required

31. Field missions had well-established procedures for accounting for plant and equipment, which included annual physical counts by the missions' Property Control and Inventory Units (PCIUs). For 2011/12, UNAMI, UNFICYP and UNIFIL, conducted a complete physical verification of plant and equipment, and MINUSTAH, MONUSCO, UNAMA, UNAMID, UNMIL, UNOCI and UNMISS physically verified a significant percentage (between 80 and 97 per cent). UNSOA had not verified the plant and equipment it had in Somalia, where about 65 per cent of items were located, due mainly to security issues. The plant and equipment in Somalia was mostly provided to AMISOM, which had also not been systematically accounted for by AMISOM.

32. The PCIUs in field missions did not systematically correct Galileo in respect of discrepancies identified during the physical verification process. Also, there were delays by asset managers of self-accounting units (SAUs) in following-up and reconciling the differences identified by PCIUs, as shown in the following examples:

- The review of a MINUSTAH sample of 1,270 items, with an acquisition cost of \$32 million, indicated that: 52 assets costing \$1.4 million could not be located as information in Galileo was incorrect, and 55 items issued were incorrectly classified as in stock; and
- The review of a UNAMID sample of 500 items, with an acquisition cost of \$88 million, indicated that: 38 assets costing \$6 million could not be located; and the PCIU did not physically verify 1,434 assets costing \$16 million as the location information was missing.

33. Also, a significant number of items selected from UNAMI, UNMIL, UNMISS, UNOCI and UNSOA for review could not be located due to incorrect information in Galileo.

34. Fewer discrepancies were noted for MONUSCO, UNAMA, UNFICYP and UNIFIL, and generally action was taken in these missions to resolve differences and to up-date Galileo on a timely basis.

35. UNMISS recorded assets that were planned to be donated to the Government of South Sudan as part of the liquidation of the United Nations Mission in Sudan (UNMIS) as a 'reserve' in Galileo. Additionally, assets transferred from UNMIS to UNMISS had been recorded in the UNMISS Galileo without verifying them.

36. Due to delays in up-dating plant and equipment data in Galileo, there remained an unmitigated risk that data on plant and equipment had not been sufficiently captured to ensure opening balances were reliable, complete and accurate for IPSAS implementation.

**(7) MINUSTAH, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.**

*MINUSTAH, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA accepted recommendation 7. MINUSTAH, UNAMID, UNMIL, UNMISS and UNOCI achieved the discrepancy reconciliation target and their respective discrepancy reconciliation rates were within the agreed tolerance level. Based on the action taken by MINUSTAH, UNAMID, UNMIL, UNMISS and UNOCI, recommendation 7 has been closed. UNAMI was taking action to reconcile discrepancies and to implement procedures to ensure that SAUs reconcile them in a timely manner. UNSOA conducted a full physical verification of assets, and was updating Galileo accordingly. Recommendation 7 remains open for UNAMI and UNSOA pending receipt of evidence that adequate procedures have been implemented to ensure that data on plant and equipment in Galileo is kept up-to-date.*

**(8) UNMISS should expedite the completion of the receiving and inspection process for plant and equipment transferred from UNMIS and ensure that these items are accurately reflected in the UNMISS Galileo records.**

*UNMISS accepted recommendation 8 and stated that UNMIS assets would be verified and Galileo records adjusted accordingly. Recommendation 8 remains open pending receipt of evidence that assets transferred to UNMISS are accurately recorded in Galileo.*

There were delays in initiating write-off and disposal actions

37. The majority of field missions had backlogs of assets pending write-off and disposal, with missions not achieving the 90 days timeline (with 30 days tolerance) established by DFS, mainly because the process was not initiated in a timely manner. For example, at the time of the audit, UNAMA was initiating the write-off of three vehicles damaged in October 2010. The following was also noted:

- MINUSTAH, UNAMID and UNOCI had 800, 1,854 and 1,088 assets pending write-off with purchase cost of \$6.2 million, \$9.64 million and \$7.8 million respectively;
- MONUSCO had not taken action relating to 979 damaged assets with a value of \$9 million; and
- UNSOA had not done a review to identify items to be written off.

38. UNIFIL and UNFYCIP did not have a backlog of assets pending write-off.

**(9) MINUSTAH, MONUSCO, UNAMA, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.**

*MINUSTAH, MONUSCO, UNAMA, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA accepted recommendation 9. UNAMA had met its 2012 target for the write-off of PPE, and was proceeding well with the write-off process for 2013. Based on the action taken by UNAMA, recommendation 9 has been closed. MINUSTAH had reduced the number of assets pending write-off for more than one year and continued to work on decreasing the backlog. MONUSCO, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA had identified actions to expedite the write-off process. UNAMI was obtaining approval from the Government to hold commercial sales of those assets identified for disposal. Recommendation 9 remains open pending receipt of evidence from MINUSTAH, MONUSCO, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA that appropriate action has been taken for the timely identification and write-off and disposal of assets.*

### Accounting for inventory needed significant improvement

39. As of March 2013, the definition of the scope of items to be reported under IPSAS as inventory was still being discussed by the Controller's Office and the Board of Auditors. Despite this, as part of the preparation for IPSAS, DFS instructed field missions to conduct a 100 per cent count of inventory by 1 December 2012 to cleanse and enrich data as part of their IPSAS implementation plan.

40. Asset managers in SAUs were assigned the responsibility to account for inventory. Responsible managers in MINUSTAH, MONUSCO, UNAMID, UNMIL and UNMISS developed action plans to physically check inventory, and MINUSTAH established a Tiger Team in 2012 to assist SAUs in the exercise. However, as missions did not complete their physical verifications according to their plans, a full inventory was not done by most missions by December 2012.

41. A review of various samples highlighted a large number of inventory items that could not be located as movements were incorrectly recorded or not up-dated in Galileo. OIOS also observed a lack of good inventory management practices in most missions. The following are examples of the results of this review:

- MINUSTAH had overstated its inventory by about \$2 million due to delays in up-dating inventory records to reflect stock issued, and UNMISS had included inventory valued at \$1.5 million that was no longer in the Mission.
- Field missions had poor storage conditions and methods of stacking inventory, which restricted access to inventory items. As a result, stocks were not being counted, and items that were overstocked or obsolete were not being readily identified. For example: UNAMID inventory was mainly stored in 10,000 containers that did not facilitate easy verification of inventory items; and the containers used by UNMISS to store plant, equipment and inventory were not uniquely identified to allow comparison with the related records in Galileo.
- Field missions did not have adequate controls over inventory management. For example, there was inadequate segregation of duties between those responsible for safeguarding inventory and those physically verifying it. Warehouse staff also had incompatible functions assigned in Galileo, including having access to creating and approving inventory issue vouchers, and other transactions without any restriction. Therefore, in most missions' there were unmitigated risks of inventory losses going undetected.
- Mission management had not provided sufficient instructions and training to concerned staff, resulting in inconsistencies in carrying out physical inventories within the same mission. For example, the UNAMID SAUs only performed sample test counts of inventory instead of the required complete count.
- The SAUs of UNOCI and UNIFIL did not implement adequate controls over medical inventory. For example, UNOCI omitted 94 per cent of medical stocks valued at \$841,000 and included medical equipment in medical inventory records.

42. For UNAMA, UNFYCIP and UNIFIL although OIOS noted some differences during the test checks, these missions were generally on track with regard to completing a 100 per cent physical inventory.

**(10) MINUSTAH, MONUSCO, UNAMA, UNAMI, UNAMID, UNFICYP, UNIFIL, UNMIL, UNMISS, UNOCI and UNSOA should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.**

*MINUSTAH, MONUSCO, UNAMA, UNAMI, UNAMID, UNFICYP, UNIFIL, UNMIL, UNMISS, UNOCI and UNSOA accepted recommendation 10. MINUSTAH, MONUSCO, UNAMID, UNFICYP, UNIFIL, UNMIL, UNMISS, UNOCI and UNSOA achieved the expendable property cycle counts, which were within the established DFS' tolerance level. Being the regular budget missions UNAMA and UNAMI achieved the target for expendable property cycle count at the end of December 2012. Also, UNAMA and UNIFIL had provided training to staff responsible for inventory management. Based on the action taken by UNAMA and UNIFIL, recommendation 10 has been closed. Recommendation 10 remains open for MINUSTAH, MONUSCO, UNAMI, UNAMID, UNFICYP, UNMIL, UNMISS, UNOCI and UNSOA pending receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.*

- (11) MINUSTAH, MONUSCO, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.**

*MINUSTAH, MONUSCO, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA accepted recommendation 11. DFS responded and provided statistics of the inventory cycle counts done, demonstrating that additional resources were allocated to this activity, and the level of counts were within the established DFS' tolerance for conducting physical inventory and data cleansing by 30 June 2013. Based on the evidence provided on the action taken by MINUSTAH, MONUSCO, UNAMI, UNAMID, UNMIL, UNMISS, UNOCI and UNSOA, recommendation 11 for these missions has been closed.*

- (12) UNMISS should uniquely identify all sea containers that are used for storage and use the details to update Galileo to facilitate the physical verification process.**

*UNMISS accepted recommendation 12 and stated that the mission was in progress of identifying the sea containers used as storage units. Recommendation 12 remains open pending receipt of evidence that UNMISS has physically verified plant and equipment stored in sea containers and their details have been properly recorded in Galileo.*

#### **IV. ACKNOWLEDGEMENT**

43. OIOS wishes to express its appreciation to the Management and staff of DFS and the missions reviewed for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* David Kanja  
Assistant Secretary-General for Internal Oversight Services

**STATUS OF AUDIT RECOMMENDATIONS – DEPARTMENT OF FIELD SUPPORT**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
1	DFS should finalize guidelines on property under construction and leasehold improvements, and also consult with missions to identify any other additional guidelines required for the timely compilation of property, plant, equipment and inventory records for the preparation of IPSAS-compliant financial statements.	Important	O	Receipt of evidence that DFS has consulted with missions to identify and provide any additional guidance on PPE and inventory for IPSAS implementation.	30 June 2013
2	DFS should allocate sufficient resources for monitoring and verifying IPSAS implementation progress in missions.	Important	C	Action taken	Implemented
3	DFS should intensify its communication with missions on issues of common concern relating to IPSAS implementation tasks.	Important	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by DFS in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS – MINUSTAH

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	C/ O <sup>7</sup>	Actions needed to close recommendation	Implementation date <sup>8</sup>
4	MINUSTAH should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
5	MINUSTAH should obtain from their host government official documentation to support the future recognition and recording of assets, under IPSAS based financial statements, for the category of donated right-to-use land and buildings.	Important	O	Receipt of the official certification from their host government on the right-to-use property.	31 December 2013 (dependent of external factors)
7	MINUSTAH should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	C	Action taken	Implemented

<sup>5</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>6</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>7</sup> C = closed, O = open

<sup>8</sup> Date provided by MINUSTAH

## STATUS OF AUDIT RECOMMENDATIONS – MINUSTAH

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>9</sup>/ Important<sup>10</sup></b>	<b>C/O<sup>11</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>12</sup></b>
9	MINUSTAH should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Fourth quarter of 2013
10	MINUSTAH should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	MINUSTAH should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>9</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>10</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>11</sup> C = closed, O = open

<sup>12</sup> Date provided by MINUSTAH



## STATUS OF AUDIT RECOMMENDATIONS – MONUSCO

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
9	MONUSCO should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Third quarter of 2013
10	MONUSCO should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	MONUSCO should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by MONUSCO

## STATUS OF AUDIT RECOMMENDATIONS – UNAMA

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
9	UNAMA should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	C	Action taken	Implemented
10	UNAMA should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMA

## STATUS OF AUDIT RECOMMENDATIONS – UNAMI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNAMI should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNAMI should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	O	Receipt of evidence that adequate procedures have been implemented to ensure that data on plant and equipment in Galileo is kept up-to-date.	Fourth quarter of 2013
9	UNAMI should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Fourth quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMI

## STATUS OF AUDIT RECOMMENDATIONS – UNAMI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
10	UNAMI should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNAMI should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMI

## STATUS OF AUDIT RECOMMENDATIONS – UNAMID

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNAMID should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNAMID should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	C	Action taken	Implemented
9	UNAMID should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Second quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMID

## STATUS OF AUDIT RECOMMENDATIONS – UNAMID

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
10	UNAMID should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNAMID should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMID

## STATUS OF AUDIT RECOMMENDATIONS – UNFICYP

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNFICYP should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
5	UNFICYP should obtain from their host governments official documentation to support the future recognition and recording of assets, under IPSAS based financial statements, for the category of donated right-to-use land and buildings	Important	O	Receipt of the official certification from the host government on the right-to-use property.	31 December 2013 (dependent of external factors)
6	UNFICYP, in consultation with the DFS IPSAS Team, should establish a mechanism for estimating and tracking the cost of renovation works paid by the host government on each asset to facilitate any required capitalization of renovation works in the future	Important	O	Receipt of evidence that an adequate mechanism has been established to track the cost of renovation works paid by the host government.	31 December 2013 (dependent of external factors)

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNFICYP

## STATUS OF AUDIT RECOMMENDATIONS – UNFICYP

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
10	UNFICYP should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNFICYP



## STATUS OF AUDIT RECOMMENDATIONS – UNIFIL

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
4	UNIFIL should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
10	UNIFIL should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	C	Action taken.	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNIFIL

## STATUS OF AUDIT RECOMMENDATIONS – UNMIL

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNMIL should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNMIL should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	C	Action taken	Implemented
9	UNMIL should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Third quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNMIL

## STATUS OF AUDIT RECOMMENDATIONS – UNMIL

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
10	UNMIL should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNMIL should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNMIL

## STATUS OF AUDIT RECOMMENDATIONS – UNMISS

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNMISS should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNMISS should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	C	Action taken	Implemented
8	UNMISS should expedite the completion of the receiving and inspection process for plant and equipment transferred from UNMIS and ensure that these items are accurately reflected in the UNMISS Galileo records.	Important	O	Receipt of evidence that assets transferred to UNMISS are accurately recorded in Galileo.	Second quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNMISS

## STATUS OF AUDIT RECOMMENDATIONS – UNMISS

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
9	UNMISS should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Third quarter of 2013
10	UNMISS should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNMISS should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented
12	UNMISS should uniquely identify all sea containers that are used for storage and use the details to update Galileo to facilitate the physical verification process.	Important	O	Receipt of evidence that UNMISS has physically verified plant and equipment stored in sea containers and their details have been properly recorded in Galileo.	Third quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNMISS

## STATUS OF AUDIT RECOMMENDATIONS – UNOCI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
4	UNOCI should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNOCI should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	C	Action taken	Implemented
9	UNOCI should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Third quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNOCI

## STATUS OF AUDIT RECOMMENDATIONS – UNOCI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
10	UNOCI should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNOCI should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNOCI

## STATUS OF AUDIT RECOMMENDATIONS – UNSOA

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
4	UNSOA should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	C	Action taken	Implemented
7	UNSOA should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	O	Receipt of evidence that adequate procedures have been implemented to ensure that data on plant and equipment in Galileo is kept up-to-date.	Third quarter of 2013
9	UNSOA should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	O	Receipt of evidence that appropriate action has been taken for the timely identification and write-off and disposal of assets.	Third quarter of 2013

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNSOA



## STATUS OF AUDIT RECOMMENDATIONS – UNSOA

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
10	UNSOA should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	O	Receipt of evidence that adequate guidelines and training have been provided to staff responsible for conducting physical inventories and warehouse management.	30 June 2013
11	UNSOA should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	C	Action taken	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNSOA

# **APPENDIX I**

## **Management Response**



**CONFIDENTIAL**

**Routine**

TO: Ms. Eleanor Burns, Chief  
A: Peacekeeping Audit Service, Internal Audit Division, OIOS

DATE: JUN 21 2013

REFERENCE: 2013-UNHQ-011966.01

THROUGH:

S/C DE:

FROM: Anthony Banbury, Assistant Secretary-General  
DE: Department of Field Support

A handwritten signature in blue ink, appearing to read 'Anthony Banbury'.

SUBJECT: **AP2013/615/07 - Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

1. I refer to your memorandum dated 23 May 2013, regarding the above-mentioned audit. We note that OIOS has substantially taken into account the comments of DFS and missions provided in March 2013. The Department is providing additional comments on the findings and recommendations in the attached annex and matrix. In formulating our response, we have conferred with the respective officials in DFS and missions and their comments, where appropriate, have been incorporated in this reply.

2. Thank you for the opportunity to comment on the draft report. We stand ready to provide any further information that may be required.

cc: Mr. Paul Aghadjanian  
Ms. Jennifer Boggs  
Mr. Paul Buades  
Mr. Robert Cannon  
Ms. Anna Halasan  
Mr. Amadu Kamara  
Mr. Rakesh Malik

## CONFIDENTIAL

Mr. Rick Martin  
Mr. Hubert Price  
Ms. Stephani Scheer  
Mr. Girish Sinha  
Mr. Guy Siri  
Mr. Nicolas von Ruben  
Mr. Wolfgang Weiszegger,  
Ms. Haseena Yasin

**AP2013/615/07 - Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

**Audit results**

1. DFS is concerned that the overall rating in the report suggests that: “The DFS and field missions’ governance, risk management and control processes examined were unsatisfactory in providing reasonable assurance regarding these entities’ preparedness for the implementation of IPSAS for PPE and inventory.” OIOS’ assessment, which derives primarily from the findings and recommendations in the field mission audits, does not reflect an accurate picture of the current situation.
2. DFS notes that the audits of the eleven field missions on which the rating was based commenced as far back as October 2012. Critical recommendation numbers 4 and 11, on which the unsatisfactory rating was based, related to the allocation of sufficient resources for the physical verification of real estate assets and inventory, as well as data cleansing and enrichment, which missions have implemented.
3. Regarding recommendation number 4, it should be noted that the collection, cleansing and enrichment of real estate data commenced as early as January 2012 as an iterative process, resulting in improved data after each iteration. Peacekeeping missions had been requested to submit their data on a quarterly basis since January 2012 and on a monthly basis since January 2013. The latest submissions indicate that missions now have up to date real estate registers and the quality of data has significantly improved. DFS reviewed the real estate registers/valuation templates and provided feedback on mission specific issues with revised templates due by 20 June 2013. The latest registers were provided to OIOS under a separate cover.
4. Concerning recommendation 11 on inventory cycle count, all missions have achieved the DFS key performance indicators as of 21 June 2013, as shown in figures 10, 11 and 19 of the situation report dated 14 June 2013 and supplementary extracts of the Galileo Inventory Management System that were provided to OIOS under a separate cover.
5. Based on our explanation above, DFS is of the view that the overall assessment of unsatisfactory should be reviewed and amended in the final report.

**A. Change management**

**Paragraph 17**

6. DFS disagrees with the statement that the Department: “...did not issue guidelines in a timely manner”. DFS wishes to clarify that sufficient guidance has been provided to missions in the four areas mentioned in the report, as follows:

- Donated assets from third parties – Section 13.2.16 of the IPSAS Policy Framework promulgated in August 2012 explains the treatment of donated assets

and further guidance was provided as part of the real estate instructions sent to missions in February 2013, a copy of which was provided to OIOS under a separate cover;

- In-transit assets between missions – Section 13.4.11 of the IPSAS Policy Framework provides guidance on in-transit assets. Property, plant and equipment items shall be transferred between United Nations offices and missions on a net book value basis; the point of transfer of control for internal transfers will be the point of shipment of the asset. No additional costs of transport will be capitalized for internal transfers; the receiving office will expense any transportation costs. This has been explained and included in all IPSAS training, IPSAS workshops and automated in the enhanced Galileo Inventory Management System;
- Right-to-use assets provided by host governments – Section 8.4.8 to 8.4.11 of the IPSAS Policy Framework provides guidance on the right-to-use assets, which was also reiterated in the real estate instructions sent to missions in February 2013;
- Self-constructed assets and leasehold improvements – The mission real-estate assets comprising of fixed buildings and infrastructure assets are all by definition self-constructed assets and covered by the real estate related guidance issued to missions. Concerning the leasehold improvements, Section 13.2.12 of the IPSAS Policy Framework states that these improvements will not be recognised for the opening balance for which transitional provisions are expected to be invoked in the first year of IPSAS implementation.

7. Based on the above explanations, we request that this paragraph be deleted from the report.

### **Paragraph 18**

#### **Bullet 1**

8. Concerning the use of standard useful life for buildings in MINUSTAH, DFS wishes to clarify that missions have not been asked to develop useful lives for their assets since standard useful lives will be applied during the central valuation exercise of all mission real estate assets based on a standard valuation methodology. This has been explained in the real estate guidance issued to missions in February 2013.

#### **Bullet 2**

9. Concerning MONUSCO, please refer to our comments on in-transit assets in paragraph 6 above.

#### **Bullet 3 – 6**

10. Concerning the inconsistent classification of property, DFS wishes to clarify that the February 2013 real estate guidance to missions includes a United Nations Secretariat approved codification/catalogue for real estate assets. All missions have conducted major

cleansing of their data based on the catalogue. A copy of this guidance was provided to OIOS under a separate cover.

11. Based on the above explanations, we request that this paragraph be amended accordingly.

**Paragraph 19**

12. DFS clarifies that the right-to-use assets is covered in both the IPSAS Policy Framework and the real estate instructions sent to missions in February 2013. The IPSAS Policy Framework further states that leasehold improvements will not be recognised for the opening balance and instead, transitional provisions will be invoked during the first year of IPSAS implementation. Based on the above explanation, we request that this paragraph be amended accordingly.

**B. Regulatory framework**

**Paragraph 45**

13. DFS recognizes the importance of reconciliation of discrepancies, especially for the “Not Found Yet” items. It should however be noted that assets not found does not necessarily represent a loss or indicate any potential weaknesses in the management of non-expendable property items. In many instances, hostile security conditions on the ground do not always permit easy access to sites where assets are located. Analysis over the years confirmed that most of the items eventually get located. The value of the items that have been written off as actual loss during the financial period represents less than 0.1 per cent (0.093 per cent for 2011/2012 and 0.096 per cent for 2010/2011), which is an indication of effective internal controls, given the peacekeeping operating environment.

**STATUS OF AUDIT RECOMMENDATIONS – DEPARTMENT OF FIELD SUPPORT**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
1.	DFS should finalize guidelines on property under construction and leasehold improvements, and also consult with missions to identify any other additional guidelines that are needed for the timely compilation of property, plant, equipment and inventory records needed for preparation of IPSAS-compliant financial statements.	Important	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 6 of annex I.
2.	DFS should allocate sufficient resources for monitoring and verifying IPSAS implementation progress in missions.	Important	Yes	N/A	Implemented	The recommendation has been implemented. The overall framework for monitoring the progress of IPSAS implementation at the various missions includes Field Team Reports, the Project Management Tool, CMS/DMS Appraisals, Video Conferences, and Property Management Key Performance Indicators (KPI). Subject to security considerations, all peacekeeping missions were visited at least once by the end of April 2013. Follow-on visits have been prioritized in the order of

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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



Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>implementation progress and support needs and draft Field Team reports are shared with the mission IPSAS focal points within two weeks of the Field Team visit. In addition, DFS/LSD has established a “Situation Room” to monitor and report on a weekly basis the progress of implementation of key management actions for IPSAS opening balances regarding plant, equipment and inventory, as set forth in DFS’ instructions to field missions. Figure 1 of the “Situation Report” dated 14 June 2013 indicates that all missions have either achieved or are on track in achieving the DFS performance targets by end of the financial year. Copies of the terms of reference for monitoring real estate assets, the listing of guidance/communication to field missions and the latest “Situation Report” dated 14 June 2013 were provided to OIOS under a separate cover.</p>
3.	DFS should intensify its communication with missions on issues of common concern relating to IPSAS implementation tasks.	Important	Yes	N/A	Implemented	The recommendation has been implemented. Please refer to our comments on recommendation number 2 above.

**STATUS OF AUDIT RECOMMENDATIONS – MINUSTAH**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
4.	MINUSTAH should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
5.	MINUSTAH should obtain from their host governments official documentation to support the future recognition and recording of assets, under IPSAS based financial statements, under the category of donated right-to-use land and buildings.	Important	Yes	Chief, Property Management Section	Second quarter of 2014	Implementation of the recommendation is dependent on external factors. Data collection of the existing right-to-use premises has been completed. The Mission's Legal Office is in the process of submitting the full list of right-to-use premises to the Government of Haiti for request of official documentation.

---

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

7.	MINUSTAH should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	N/A	Implemented	The recommendation has been implemented. DFS' performance monitoring framework indicates that MINUSTAH has met the discrepancy reconciliation target for the financial year. As of 14 June 2013, MINUSTAH achieved an overall discrepancy reconciliation rate of 99.64 per cent, which is within the tolerance level. A copy of the "Situation Report" showing the results on reconciliation of discrepancies in figure 18 was provided to OIOS under a separate cover.
9.	MINUSTAH should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Chief, Integrated Support Services	Fourth quarter of 2013	The Mission's comments are reflected in the draft report. MINUSTAH does not have any further comments.
10.	MINUSTAH should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, MINUSTAH achieved expendable property cycle count of 91.85 per cent, which is within the tolerance level. MONUSCO also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations) as of 19 June 2013. A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.
11.	MINUSTAH should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.

**STATUS OF AUDIT RECOMMENDATIONS – MONUSCO**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
9.	MONUSCO should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Director of Mission Support, MONUSCO	Third quarter of 2013	The Mission's comments are reflected in the draft report. MONUSCO does not have any further comments.
10.	MONUSCO should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, MONUSCO achieved expendable property cycle count of 91.50 per cent, which is within the tolerance level. MONUSCO also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations) as of 19 June 2013. A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.

<sup>5</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>6</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

11.	MONUSCO should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.
-----	---	----------	-----	-----	-------------	---

**STATUS OF AUDIT RECOMMENDATIONS – UNAMA**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
9.	UNAMA should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	N/A	Implemented	The recommendation has been implemented. In the 2012 financial period, UNAMA met its target for the write-off timeline of property, plant and equipment (PPE). As of 12 June 2013, the overall timeline for write-off of PPE has been 53 days compared to the KPI of 90 days. A copy of the 2012 year-end write-off timeline was provided to OIOS under a separate cover.
10.	UNAMA should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. Being a regular budget Mission, UNAMA achieved the target for expendable property cycle count at the end of December 2012. As of May 2013, the Mission has completed the counting of 42 per cent of expendable property items and updated the Galileo system accordingly. Training has also been provided to staff in self accounting units in the areas of cycle counts and setting of maximum, minimum and restock levels.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

## STATUS OF AUDIT RECOMMENDATIONS – UNAMI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical <sup>9</sup> / Important <sup>10</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	UNAMI should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNAMI should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	Chief, General Services Section	Fourth quarter of 2013	The Mission's comments are reflected in the draft report. UNAMI does not have any further comments.

---

<sup>9</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>10</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

9.	UNAMI should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Chief, General Services Section	Fourth quarter of 2013	UNAMI requires approval from government authorities in order to hold commercial sales of its assets, which are often not timely. The Mission will endeavour to obtain government approvals and organize commercial sales at least 2 or 3 times a year.
10	UNAMI should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. Being a regular budget Mission, UNAMI met its KPI target for expendable property cycle count at the end of December 2012. The Mission has allocated sufficient resources for verification of expendable property items. As of 18 June 2013, UNAMI had achieved 94 per cent of expendable property cycle count and updated the Galileo Inventory Management system accordingly. An extract from the Galileo Inventory Management system showing the status of cycle count as of 18 June 2013 was provided to OIOS under a separate cover.
11.	UNAMI should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.



**STATUS OF AUDIT RECOMMENDATIONS – UNAMID**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
4.	UNAMID should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNAMID should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	N/A	Implemented	The Mission is on track in achieving the discrepancy reconciliation target by the end of the financial year. As of 14 June 2013, UNAMID had achieved an overall discrepancy reconciliation rate of 89.57 per cent, which is just below the tolerance level. A copy of the "Situation Report" showing the results on reconciliation of discrepancies in figure 18 was provided to OIOS under a separate cover.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

9.	UNAMID should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Director of Mission Support, UNAMID	Second quarter of 2013	The Mission's comments are reflected in the draft report. UNAMID does not have any further comments.
10.	UNAMID should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNAMID achieved expendable property cycle count of 84.54 per cent, which is within the tolerance level. UNAMID also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations). A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.
11.	UNAMID should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.

## STATUS OF AUDIT RECOMMENDATIONS – UNFICYP

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	UNFICYP should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
5.	UNFICYP should obtain from their host governments official documentation to support the future recognition and recording of assets, under IPSAS based financial statements, under the category of donated right-to-use land and buildings.	Important	Yes	Chief of Mission Support, UNFICYP	Second quarter of 2014	Implementation of the recommendation is dependent on external factors. UNFICYP has submitted a Note Verbale to the Host Government on 19 November 2012 and 10 January 2013 requesting official certification of all its right-to-use premises. A meeting was also held in March 2013 with the Ministry of Foreign Affairs to follow up on the documentation.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

6.	UNFICYP, in consultation with the DFS IPSAS Team, should estimate and track the cost of renovation works by the host government on each asset to facilitate any required capitalization of renovation works.	Important	Yes	Chief Finance Officer	Second quarter of 2014	The Mission's comments are reflected in the draft report. Action is pending receipt of documentation from the Host Government.
10.	UNFICYP should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNFICYP achieved expendable property cycle count of 96.44 per cent, which is within the tolerance level. UNFICYP also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations). A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.

## STATUS OF AUDIT RECOMMENDATIONS – UNIFIL

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	UNIFIL should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
10.	UNIFIL should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNIFIL achieved expendable property cycle count of 98.5 per cent, which is within the tolerance level. UNIFIL also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations). In addition, 97 per cent of the medical inventory has been codified. The Mission has further conducted training of related staff in warehouse management including Business Objects, Galileo and ISO training and essential warehousing and safety training in Brindisi. The Supply Section successfully received ISO 9001:2008 Quality

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Management System certification in 2012. A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.

**STATUS OF AUDIT RECOMMENDATIONS – UNMIL**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
4.	UNMIL should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNMIL should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	N/A	Implemented	The recommendation has been implemented. DFS' performance monitoring framework indicates that UNMIL has met the discrepancy reconciliation target for the financial year. As of 14 June 2013, UNMIL achieved an overall discrepancy reconciliation rate of 98.92 per cent, which is within the tolerance level. A copy of the "Situation Report" showing the results on reconciliation of discrepancies in figure 18 was provided to OIOS under a separate cover.
9.	UNMIL should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Chief, Property Management Section	Third quarter of 2013	The Mission's comments are reflected in the draft report. UNMIL does not have any further comments.

10.	UNMIL should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNMIL achieved expendable property cycle count of 92.47 per cent, which is within the tolerance level. UNMIL also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations). A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.
11.	UNMIL should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.



**STATUS OF AUDIT RECOMMENDATIONS – UNMISS**

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical1/ Important2</b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
4.	UNMISS should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNMISS should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	N/A	Implemented	The recommendation has been implemented. DFS' performance monitoring framework indicates that UNMISS has met the discrepancy reconciliation target for the financial year. As of 14 June 2013, UNMISS achieved an overall discrepancy reconciliation rate of 93.53 per cent, which is within the tolerance level. A copy of the "Situation Report" showing the results on reconciliation of discrepancies in figure 18 was provided to OIOS under a separate cover.
8.	UNMISS should expedite the completion of the receiving and inspection process for plant and	Important	Yes	Chief, Property Management	Second quarter of 2013	The Mission's comments are reflected in the draft report. UNMISS does not have any further comments.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

Rec. no.	Recommendation	Critical/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	equipment transferred from UNMIS and ensure that these items are accurately reflected in the UNMISS Galileo records.			Section		
9.	UNMISS should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Director of Mission Support, UNMISS	Third quarter of 2013	The Mission's comments are reflected in the draft report. UNMISS does not have any further comments.
10.	UNMISS should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNMISS achieved expendable property cycle count of 88.46 per cent, which is within the tolerance level. UNMISS also completed the physical verification of IPSAS compliant financial inventories (including bottled water and rations). A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10), bottled water (figure 11) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.
11.	UNMISS should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.
12.	UNMISS should uniquely identify all sea containers that are used for storage and use the details to update Galileo to facilitate the physical verification process.	Important	Yes	Chief, Information and Analysis Section	Third quarter of 2013	UNMISS is in progress of conducting a Board of Survey for the sea containers used as storage to verify the contents against the records maintained in the Galileo Inventory Management system.

## STATUS OF AUDIT RECOMMENDATIONS – UNOCI

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	UNOCI should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNOCI should implement procedures and assign adequate resources expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition, remaining useful life, etc. is kept current in Galileo.	Important	Yes	N/A	Implemented	The recommendation has been implemented. DFS' performance monitoring framework indicates that UNOCI has met the discrepancy reconciliation target for the financial year. As of 21 June 2013, UNOCI had achieved an overall discrepancy reconciliation rate of 97.71 per cent, which is within the tolerance level. An extract of the Galileo Inventory Management system showing the results on reconciliation of discrepancies as of 21 June 2013 was provided to OIOS under a separate cover.

<sup>3</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>4</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

9.	UNOCI should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Chief of Mission Support, UNOCI	Third quarter of 2013	The Mission's comments are reflected in the draft report. UNOCI does not have any further comments.
10.	UNOCI should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. UNOCI has allocated sufficient resources for the verification of expendable property items. As of 21 June 2013, the Mission had achieved expendable property cycle count of 78.38 per cent which is within the tolerance level. An extract from the Galileo Inventory Management system showing the status of cycle count as of 21 June 2013 was provided to OIOS under a separate cover.
11.	UNOCI should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.

## STATUS OF AUDIT RECOMMENDATIONS – UNSOA

**Audit of the Department of Field Support and field missions' preparedness for the implementation of International Public Sector Accounting Standards for property, plant, equipment and inventory**

Rec. no.	Recommendation	Critical1/ Important2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	UNSOA should allocate sufficient resources to ensure that real estate assets are physically verified, and real estate asset registers are complete, and contain the information needed for the valuation of assets.	Critical	Yes	N/A	Implemented	Please refer to our comments contained in paragraph 3 of annex I.
7.	UNSOA should implement appropriate procedures and assign adequate resources to expedite the process of discrepancies' reconciliation and ensure that details of plant and equipment such as location, condition and remaining useful life is kept current in Galileo.	Important	Yes	Chief, Property Management Section, UNSOA	Third quarter of 2013	The Mission's comments are reflected in the draft report. UNSOA does not have any further comments.

---

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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

9.	UNSOA should improve procedures for identifying property, plant and equipment that should be written-off to ensure that the write-off process is completed within the target timelines established by DFS.	Important	Yes	Chief, Property Management Section, UNSOA	Third quarter of 2013	The Mission's comments are reflected in the draft report. UNSOA does not have any further comments.
10.	UNSOA should implement good inventory management practices by: conducting a 100 per cent inventory, as required by the 2013 DFS Property Management instructions; and providing adequate guidelines and training to the staff responsible for conducting physical inventories and warehouse management.	Important	Yes	N/A	Implemented	The recommendation has been implemented. As of 14 June 2013, UNSOA achieved expendable property cycle count of 99.22 per cent, which is within the tolerance level. UNSOA also completed the physical verification of IPSAS compliant financial inventories. A copy of the "Situation Report" showing the physical verification of the ration packs (figure 10) and cycle count of expendable property (figure 19) was provided to OIOS under a separate cover.
11.	UNSOA should allocate sufficient resources to physically verify inventory and prioritize data cleansing and enrichment as part of missions' IPSAS implementation plans.	Critical	Yes	N/A	Implemented	Please refer to our comments on recommendation number 10 above.