



INTERNAL AUDIT DIVISION

REPORT 2016/138

Audit of contingent-owned equipment
in the United Nations Mission in
Liberia

Controls to manage contingent-owned
equipment were effective

22 November 2016

Assignment No. AP2016/626/05

Audit of contingent-owned equipment in the United Nations Mission in Liberia

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over contingent-owned equipment (COE) in the United Nations Mission in Liberia (UNMIL). The audit covered the period from 1 January 2015 to 30 June 2016 and it included: (i) the effectiveness of the COE and Memorandum of Understanding Management Review Board (CMMRB); (ii) operational readiness inspections, periodic verifications and repatriation inspections; (iii) reporting on COE capabilities; and (iv) authorization of use of ammunition and related expenditure.

UNMIL implemented adequate controls to manage COE. The Mission adhered to the provisions of the COE Manual, UNMIL standard operating procedures on COE, CMMRB terms of reference and other guidelines from the Department of Field Support. The CMMRB was functioning effectively, inspections were conducted as required and the results uploaded to the electronic COE database in a timely manner. Use of ammunition and related expenditure were also properly authorized and recorded.

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Audit of contingent-owned equipment in the United Nations Mission in Liberia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of contingent-owned equipment in the United Nations Mission in Liberia (UNMIL).
2. Contingent-owned equipment (COE) refers to major and minor equipment and consumables deployed by Troop/Police Contributing Countries (T/PCCs) under a memorandum of understanding (MOU) for use by contingents in the performance of peacekeeping operations. The United Nations reimburses T/PCCs for COE and self-sustainment based on verification reports prepared by the COE Unit. Reimbursement to T/PCCs is limited to those items of serviceable major equipment (including associated minor equipment and consumables) specifically agreed to by the United Nations under the MOU and as confirmed by verification reports. As at September 2016, UNMIL had 10 contingents (seven military and three formed police units) from seven countries, with total troop strength of 1,521. The 2014/15 and 2015/16 budgets for COE were \$49 million and \$39 million, respectively.
3. The UNMIL COE Unit within the Property Management Section is responsible for: (i) verifying and reporting on COE and self-sustainment deployed in UNMIL; (ii) overseeing the day-to-day management of the MOU; and (iii) ascertaining that the COE verification and control process, reimbursement principles and reporting functions are conducted in accordance with the Department of Peacekeeping Operations (DPKO)/Department of Field Services (DFS) COE Manual.
4. The COE Unit is headed by a Chief at the Field Service level-6, who is assisted by one international staff, three United Nations volunteers and one national staff.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over COE in UNMIL.
6. The audit was included in the 2016 risk-based work plan of OIOS because of the operational and financial risks to the utilization and management of COE in support of the UNMIL mandate.
7. OIOS conducted the audit in August and September 2016. The audit covered the period from 1 January 2015 to 30 June 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the utilization and management of COE in UNMIL, which included: (i) effectiveness of the COE and MOU Management Review Board (CMMRB); (ii) operational readiness inspections (ORIs), periodic verifications and repatriation inspections; (iii) reporting on COE capabilities; and (iv) authorization of use of ammunition and related expenditure.
8. The audit methodology included: (a) discussions with key staff; (b) verification of selected reports (including ORIs, periodic verifications, serviceability and repatriation); (c) observations of one ORI and four periodic verification visits at contingents' sites; and (d) review of the accuracy and completeness of the electronic COE (e-COE) database.

III. OVERALL CONCLUSION

9. UNMIL implemented adequate controls to manage COE. The Mission adhered to the provisions of the COE Manual, the UNMIL SOP on COE, the CMMRB terms of reference and other DFS Guidelines regarding: (i) functioning of CMMRB; (ii) conduct of ORIs, periodic verifications and repatriation inspections; (iii) accuracy and completeness of the e-COE database; and (iv) authorization of use of ammunition and related expenditure.

IV. AUDIT RESULTS

A. Review of the function of CMMRB

The required frequency of CMMRB meetings was clarified

10. The COE Manual requires UNMIL to establish a CMMRB in accordance with the DPKO/DFS Guidelines for the Field Verification and Control of COE and Management of Memorandum of Understanding (the COE Guidelines). Pursuant to the COE Guidelines, CMMRB is expected to review major and minor equipment holdings and self-sustainment capabilities of contingents and to make recommendations to DPKO/DFS on any corrective actions that may be required to ensure that operational requirements of the mission are met.

11. UNMIL established a CMMRB and issued terms of reference consistent with the COE Guidelines related to its composition, main functions and responsibilities of key Mission staff. For the 18-month period from 1 January 2015 to 30 June 2016, CMMRB convened four times: in August and October 2015, and in January and April 2016. The frequency of these meetings was consistent with the CMMRB terms of reference, but the COE Guidelines and UNMIL standard operating procedures (SOP) for CMMRB specified that the Board was to meet at least every quarter. At the end of the audit, UNMIL updated the CMMRB SOP to align the frequency of meetings with its terms of reference. Therefore, OIOS did not make a recommendation on this issue.

The CMMRB was functioning as required

12. The CMMRB is required to: review compliance of T/PCCs with the terms of their MOUs; review the results of ORIs and periodic verifications, analyze shortfalls, surpluses and deficiencies in COE; and make recommendations to remedy shortcomings in COE and self-sustainment.

13. A review of CMMRB minutes indicated that the above-mentioned issues were discussed during meetings. For example, CMMRB noted shortfalls in major equipment provided by one formed police unit when compared to what was required by the MOU. Since this had been outstanding for some time, UNMIL sent experts to the contingent to evaluate the effect of the shortfall, concluding that it did not have any major impact on the effectiveness of the contingent. Subsequently, CMMRB recommended that the MOU be amended to decrease the required number of major equipment. The Director of Mission Support wrote to DFS seeking an amendment to the MoU.

14. OIOS concluded that UNMIL had implemented adequate controls over proper functioning of the CMMRB.

B. Conduct of inspections and verifications

ORIs and periodic inspections were conducted as required

15. The COE Guidelines and the UNMIL SOP on COE require: ORIs to be carried out at least once every six months and periodic inspections at least quarterly. Inspections may also be conducted more frequently if the Mission believes equipment or services do not meet the required standards. A report detailing the results should be prepared after each inspection or check. The COE Guidelines also specify the composition and required expertise of teams conducting these inspections.

16. OIOS reviewed 25 of the 130 ORIs and periodic inspection reports prepared during the audit period, and also observed one ORI and four periodic inspections conducted by UNMIL. These inspections were conducted in accordance with the required schedule, relevant checklists, forms and templates were used, and the appropriate COE procedures were applied. Any deficiencies in major equipment and self-sustainment were identified and brought to the attention of CMMRB and subsequently reported to DFS. A review of members of all of the inspection teams confirmed that each team included the relevant expertise required by the COE Guidelines.

17. OIOS concluded that UNMIL had implemented adequate controls over ORIs and periodic inspections of major equipment and self-sustainment capabilities.

Repatriation inspections of COE were conducted as required by the COE Guidelines

18. The COE Guidelines and the UNMIL SOP on COE require that repatriation inspections be conducted to verify and account for all major equipment to be repatriated from the mission area by the contingent. The condition of the equipment, including any visible damage, has to be documented. Inspections are also required to confirm that no United Nations-owned equipment (UNOE) is part of the consignment being repatriated. Repatriation inspections are required to be planned and coordinated so that all contingent major equipment being repatriated can be verified and accounted for, and the last day of reimbursement properly determined.

19. Based on a review of the list of contingents repatriated during the period 1 January 2015 to 22 August 2016 and the associated repatriation inspection reports, OIOS determined that the COE Unit conducted inspections for all COE repatriated as required. Also, discussions with the COE Unit confirmed that controls were in place to ensure that UNOE was not included as part of the COE repatriations. This was consistent with the results of a recent audit of property management in UNMIL (Report no. 2016/110), which did not identify any equipment that required to be returned from repatriated contingent personnel.

20. OIOS concluded that UNMIL had implemented adequate controls to ensure that the COE Unit conducted repatriation inspections before any COE left the mission area and that no UNOE was part of any repatriation consignment.

C. Reports on capabilities of COE

The e-COE database properly reflects the results and reports of COE inspections and verifications

21. The COE Guidelines and the UNMIL SOP on COE require results of inspections to be reflected in verification inspection reports and worksheets for major equipment and self-sustainment. All worksheets are to be signed by both the COE inspectors and the contingent representative. Subsequent to

all inspections, the e-COE database (a web-based database intranet application used to support COE operations at United Nations Headquarters and in the field) should be updated in a timely manner.

22. A database manager within the COE Unit prepared entries to the e-COE database based on verification inspection reports and worksheets received from verification inspectors. The Chief of the Unit reviewed and validated the database entries before they were submitted through e-COE to DFS for further verification and approval. OIOS examined the database access rights and confirmed that individuals who are responsible for data entry cannot also validate and approve the entries.

23. OIOS review of 15 out of 268 final COE verification reports obtained from the e-COE database confirmed that verification reports were signed as properly verified, cleared and approved by the required parties. A comparison of the information contained in the e-COE database with the original inspection/verification worksheets, repatriation reports, and monthly equipment serviceability reports also confirmed that the e-COE database was updated regularly and in a timely manner.

24. OIOS therefore concluded that the e-COE database properly reflected the results and reports of COE inspections and verifications.

Monthly contingent serviceability reports were submitted timely

25. The COE Manual and Guidelines require contingents to submit to the COE Unit major equipment serviceability and self-sustainability reports, not later than the fifth day of each month. The reports should also be signed by the COE Unit after updating the e-COE database. These reports are used by mission inspectors to evaluate contingents' major equipment.

26. OIOS reviewed 60 out of 180 contingent serviceability reports and verified that the reports were sent by contingents on time, and listed the required categories of COE. However, the contingent serviceability reports were only signed by Contingent Commanders, and not by the COE Unit. The COE Unit indicated that they did not sign these reports as uploading the data in e-COE meant that they had agreed with the reports' contents. OIOS verified that data in e-COE matched the monthly reports.

27. OIOS therefore concluded that UNMIL had implemented adequate controls to ensure that the monthly serviceability reports were submitted on time.

D. Use of ammunition and related expenditure

Use of ammunition and related expenditure were properly authorized and recorded

28. The COE Manual provides that only the Force Commander/Police Commissioner may authorize the use of ammunition and explosives expended for operational purposes or to meet training standards. The Force Commander/Police Commissioner is required to prepare and co-sign with the Director of Mission Support and Contingent Commanders "Operational Ammunition Expenditure Certificates" which are then forwarded to DFS.

29. An OIOS review of 7 of the 25 Operational Ammunition Expenditure Certificates issued during the audit period verified that they: (i) were properly signed by the Contingent Commander, Force Commander and the Director of Mission Support; (ii) listed the type of ammunition and quantities expended; and (iii) listed the reasons for expenditure.

30. OIOS concluded that UNMIL had implemented adequate controls over recording, approval and reporting of ammunitions expenditure.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

APPENDIX I

Management Response

United Nations
MISSION IN LIBERIA



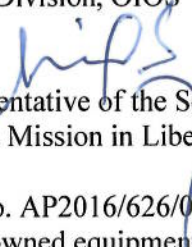
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U N M I L

*Office of the Special Representative of the Secretary-General
And Coordinator of United Nations Operations in Liberia*

Date: 16 November 2016

To: Ms. Muriette Lawrence-Hume
Chief, New York Audit Service
Internal Audit Division, OIOS

From: Farid Zarif 
Special Representative of the Secretary-General
United Nations Mission in Liberia

Subject: Assignment No. AP2016/626/05 – UNMIL’s response to the draft report on the audit
of contingent-owned equipment at the United Nations Mission in Liberia

Thank you for providing us with the opportunity to comment on the above-referenced audit.

The Mission has reviewed the draft audit report and agrees with its conclusions.

Best regards.

Cc: Mr. David Penklis, Director of Mission Support, UNMIL
Ms. Bibi Eng, Chief of Staff, UNMIL
Mr. Erich Ball, Deputy Director, Mission Support, UNMIL
Mr. Robert Hartley, Chief, Supply Chain Management, UNMIL
Mr. Kuldeep Malik, Chief, Service Delivery, UNMIL
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