



INTERNAL AUDIT DIVISION

REPORT 2018/088

Audit of team site closure in the
African Union-United Nations Hybrid
Operation in Darfur

The Mission needed to strengthen its
oversight of verification and recovery of
assets when closing team sites

25 September 2018
Assignment No. AP2017/634/10

Audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to determine whether UNAMID had established adequate measures for closing team sites and that sites were closed in a timely and effective manner. The audit covered the period from July to October 2017, corresponding to closure and handover period of the team sites, and reviewed the timeliness in closing team sites; termination of lease contracts; asset verification and recovery; and environmental clean-up activities.

UNAMID had taken appropriate action to environmentally clean team sites prior to their closure, and closed sites within the established timeline. However, controls over the asset verification and recovery were not effective.

OIOS made two recommendations. To address issues identified in the audit, UNAMID needed to:

- For future closure of team sites and super camps, ensure that the Integrated Planning Team, Mission Support Center and technical units properly carry out their assigned duties of asset verification and recovery; and
- Conduct a physical count of the assets recovered from closed team sites and if any discrepancies and losses are identified take appropriate steps such as write off.

UNAMID accepted the recommendations and has initiated action to implement them.

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1
III. AUDIT RESULTS	2-6
A. Team closure activities	2
B. Verification, gifting and recovery of asset	3-6
IV. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).
2. Security Council resolution 2263 of June 2017 approved the recommendation of the Special Report of the Chairperson of the African Union Commission and the Secretary-General of the United Nations on the strategic review of UNAMID to withdraw and reduce the United Nations uniformed military and police personnel from 11 of the 36 team sites and close the 11 team sites. As of 30 June 2017, UNAMID had 17,055 uniformed military and police personnel. Closure of additional team sites was likely to take place.
3. The Integrated Planning Team (IPT) of the Mission was responsible for planning, coordinating and overseeing the closing activities. Those activities included terminations of lease contracts, decommissioning of facilities, transfer and disposal of assets, environmental clean-up and handing over of the sites to the owners and/or the government in an acceptable condition. IPT was led by the Deputy Director of Mission Support and comprised of 34 personnel, representing all technical units, substantive units and police and military components. IPT had four teams consisting of: (a) asset drawdown task force to recover and transfer assets; (b) negotiation team to hand-over camps; (c) security team; and (d) and environmental team. In addition, the Mission Support Center (MSC) was responsible for assisting IPT to discharge its coordination responsibilities.
4. Comments provided by UNAMID are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to determine whether UNAMID had established adequate measures for closing team sites and that sites were closed in a timely and effective manner.
6. This audit was included in the 2018 risk-based work plan of OIOS due to operational, financial and legal risks relating to closure of team sites.
7. OIOS conducted this audit from April to June 2018. The audit covered the period from July to October 2017 corresponding to closure and handover period of the team sites. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: timeliness in closing the team sites; termination of lease contracts; asset verification and recovery; and environmental clean-up activities.
8. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; and (c) analytical reviews of data and statistics.
9. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Team closure activities

The Mission closed the 11 team sites within three months as required

10. Pursuant to the Security Council resolution 2263 and subsequent instructions by the Joint Special Representative (JSR) in June 2017, the Mission withdrew about 4,100 uniformed personnel from the 11 team sites and closed the sites by 30 September 2017. To guide its personnel, the Mission developed standard operating procedures (SOPs) on the closure of team sites and handover of premises, facilities and lands. In addition, terms of reference for IPT were developed for its role to oversee and coordinate all activities related to the closure of team sites. MSC also developed a logistics support plan outlining tasks, target timelines to complete those tasks and a template to report progress to IPT. IPT met 20 times during the audit period and actively coordinated activities of Mission components. The Mission established appropriate measures for timely closure and was able to close the 11 sites within the three months as required.

Termination of lease agreements for the team sites

11. The SOPs and contracts between the Mission and landowners require the Director of Mission Support (through the Chief Procurement Officer) to inform landowners of the team sites of the Mission's decision to terminate the lease agreements and to provide them with 30 days' notice. All remaining payments due to the landowners were to be promptly settled.

12. Eight of the 11 team sites had been provided by the Government of Sudan (GoS) free of charge, while the remaining 3 sites were commercially leased from private landowners. On 20 July 2017, the JSR issued a letter to the Ministry of Foreign Affairs and the Governors of the various Darfur States informing the Mission's decision to close the 11 team sites in their respective localities. This effectively served as an official notice to GoS. The Mission also paid about \$30,000 to the three landowners to settle rents. While the Chief Procurement Officer did not provide a 30 days' notice to private landowners, the Mission was of the view that the above-mentioned JSR's letter was sufficient notice to formally terminate the leases with private landowners and mitigate any future liability. As a result of the explanations provided, OIOS did not make a recommendation on this issue.

The Mission had adequately addressed environmental issues identified

13. The Departments of Peacekeeping Operations and Field Support (DPKO/DFS) Environment Policy for United Nations Field Missions requires UNAMID to clean all sites occupied by its peacekeepers from any form of hazards before handing back to the government and landlords.

14. A review of the relevant Mission records showed that the Engineering and Environmental Protection Section visited sites and conducted pre-closure assessments to identify potential hazards and environmental issues such as oil contaminated soil around the workshop or generators, and odors from excreta disposal facilities that needed to be addressed. Also, the Mission and GoS set up a Joint Inspection Committee comprising representatives of GoS and UNAMID that were responsible for conducting inspections and agreed on actions to address any identified environmental issues and potential hazards. By December 2017, the Engineering and Environmental Protection Section completed the clean-up of all 11 team sites, and the GoS subsequently issued environmental clearance certificates. Additionally, a team from the United Nations Mine Action Services conducted a battle area clearance survey and formally confirmed

that all 11 sites were free of explosive ordnances. OIOS concluded that UNAMID had undertaken environmental clean-up of the team sites in accordance with established policy and procedures.

B. Verification, gifting and recovery of asset

Controls for asset verification and recovery were not effective

15. The Mission established a joint inspection team to physically verify assets at sites, and to prepare a list of all assets and their details in their inspection reports. The SOPs require the Property Management Section (PMS) and all asset managers of technical units to be part of the joint inspection team. The instructions for physical verification included identifying assets to be: (a) recovered from the sites and transferred to other Mission locations; (b) gifted to GoS and other beneficiaries; and (c) written-off. MSC was responsible for coordinating and monitoring the physical verification and in consolidating and submitting initial and final inspection reports on the status and statistics of assets to IPT.

16. The Mission was unable to provide reliable data on assets at team sites prior to their closure, as adequate asset records were not maintained, an issue that will be dealt with in OIOS on-going audit of the Mission's management of assets. From available information, OIOS roughly estimated that the total purchase value of the assets at the 11 team sites was a minimum of, but substantially above, \$57 million (net book value of \$23 million). Among them, the Mission gifted \$42.7 million (net book value of \$15.3 million) worth of assets to GoS, which was further discussed in the next section of the report.

17. OIOS noted that the Mission did not comply with its procedures in verifying and recovering its assets at team sites, as showed in the following examples:

- Prior to the physical verification, PMS did not prepare a list of assets and expendables, which was required for reconciliation to the physical asset. This was due to challenges in gathering reliable information from Galileo and later Umoja;
- Only the asset manager of the Supply Section physically verified, documented and reconciled its assets prior to closure of the 11 team sites. The Engineering and Environmental Protection Sections prepared hand-written sheets; however, these sheets were mostly illegible and could not be reconciled to the asset records. None of the other asset managers of the Geospatial, Information Technology and Telecommunications (GITTS), Transport, Facilities Management, Security and Welfare and Medical Sections were able to provide to OIOS any documents to evidence that physical verifications were conducted. This was an indicator that these Sections did not conduct a proper physical verification exercise;
- MSC did not follow up with the asset managers to confirm the physical verification was completed and to collect their individual inspection reports. MSC therefore did not produce the required initial and final consolidated inspection reports;
- Of the assets that were recovered and transported to other locations of the Mission, asset managers did not prepare a list of those assets. These assets were placed in containers, in no particular order, and transported without packing lists. The Mission did not conduct a physical count and assessment of the condition of these assets after their arrival at their new location. Thus, the Mission did not have data on the number of recovered assets. OIOS also observed that most of the redeployed assets were left idle, without any safeguards being put in place to mitigate the risk of their loss through theft or damage; and

- Controls to verify and recover expendable items were also lax. This included the items that were serialized and barcoded, as considered valuable and attractive. There had been numerous serialized and barcoded items at the team sites, such as flak jackets, air conditioners, television sets, transport and engineering workshop tools.

18. The above resulted due to the considerable challenges faced by Mission personnel tasked for closing the team sites. Some indicated that the three months given was insufficient to close and liquidate them in an effective and controlled manner. Due to limited time, responsible staff prioritized facilitating the withdrawal of uniformed personnel, negotiating termination of leases and cleaning-up sites to bring them to an acceptable environmental condition prior to handing them over to the Government and landowners. In addition, shortly before site closure, the Mission issued termination notices to the camp managers who were responsible for assisting technical units in asset verification. Therefore, their morale was very low, diminishing their productivity.

19. In addition; however, OIOS was of the view that the lack of adequate management of assets and expendable items during closure of camps was largely attributed to the absence of an updated pre-liquidation plan, which was to ensure the readiness of the Mission at a short notice (see paragraphs 23-25 below). Additionally, although the SOPs assigned relevant duties for asset verification and reporting to PMS and asset managers of technical units, IPT and MSC did not effectively follow up with them to ensure they were fulfilling the assigned duties in a timely manner. Moreover, the SOPs, while focusing on property and equipment, did not provide adequate guidance on how to account for gifting or recovering expendable items that had been serialized and barcoded.

20. As a result, there was a potentially high risk of loss of assets by abandonment or theft. Due to lack of reliable data, it was not possible to calculate the quantity and value of the potential loss. Furthermore, staff perceived a culture of lack of accountability and expressed concern that the similar situation may be repeated in future closure of team sites and super camps.

- (1) UNAMID should, in anticipation of closure of additional team sites and super camps, take steps to: (a) ensure that the Integrated Planning Team, Mission Support Center and technical units properly carry out their assigned duties of asset verification and recovery; and (b) establish a mechanism to account for and recover serialized, barcoded expendable items in good condition.**

UNAMID accepted recommendation 1 and stated that it constituted an asset downsizing task force to coordinate the write-off and disposal of assets and monitor compliance with relevant rules and regulations. The task force reported to IPT and the office of Director of Mission Support on the status of the ongoing physical verification based on a comprehensive asset list. In addition, the Mission's logistics support plan was amended to include the requirement for physically verifying assets, and PMS included new procedures in its revised SOPs to list all the property including serialized, barcoded expendable items of team sites during the initial physical verification, so that PMS could monitor their disposal. Regular meetings led by PMS and Property Control and Inventory Unit were held to plan the initial physical verification of assets at closing team sites to facilitate subsequent accountability of the assets. Recommendation 1 remains open pending receipt of evidence that the verification and recovery of asset, including serialized, barcoded expendable items, were properly conducted for the five team sites that were scheduled to be closed by 31 October 2018.

- (2) UNAMID should conduct a physical count of the assets recovered from the closed team sites to properly account for them, and take appropriate steps, including writes-off, for discrepancies and losses when identified.**

UNAMID accepted recommendation 2 and stated that it conducted physical verification of United Nations-owned equipment in the closed team sites within the context of the overall inspection of the whole inventory of the Mission. For example, assets recovered from two closed team sites were relocated to and verified at El Fasher and Nyala. PMS and Property Control and Inventory Unit addressed all related discrepancies and corrective actions. Write-offs and updating of Umoja records by technical units were on going with regular follow-ups. Recommendation 2 remains open pending receipt of evidence of the physical accounts conducted for all assets recovered from the 11 closed team sites and actions taken to complete writes-off.

Gifts of team sites and assets to the beneficiaries were generally in compliance with agreed procedures

21. The United Nations Financial Regulations and Rules provide that missions may gift assets that are declared surplus, unserviceable or obsolete, after conducting a cost-benefit analysis to demonstrate that recovery of assets is not economical and that their gifting better serves the interest of the Organization. Certain procedures are also required such as approval by the Director of Mission Support or (depending on the threshold) the Assistant-Secretary General of the Office of the Central Support Services, upon an advice of the Local or Headquarters Property Survey Boards. The Certificate of Handover of Gifted United Nations Property agreed by the Mission and the GoS stipulates that by accepting gifts from the Mission, GoS pledge to use the gifts exclusively for civilian purposes benefitting local communities, and not for use by the police or military of GoS.

22. The Mission generally complied with the established procedures in gifting assets with a total purchase price of \$42.7 million and depreciated value of \$15.3 million upon closure of the 11 team sites. The assets were gifted in the presence of local authorities, as well as community leaders, representatives of youths and women groups and the GoS representative. Local authorities also provided the Mission with written confirmations to use the gifts for benefitting the communities such as their schools and health centers. There were indications; however, that local authorities were using the team sites gifted for military

and police purposes. The Mission was advised that local authorities were only doing this as a temporary measure to prevent the team sites from looting and destruction. OIOS acknowledges that this is an external factor beyond the Mission's control, and as the Mission is monitoring this, no recommendation is being made on this issue.

The Mission enhanced its readiness for closure of additional team site closure

23. The DPKO/DFS Liquidation Manual requires UNAMID contingency plan for its liquidation so that the process can be done on a timely manner. Considering UNAMID's drawdown, it requires to regularly update their liquidation contingency plan. The Manual requires missions to establish the Liquidation Planning Working Group (LPWG) comprising staff with the necessary expertise and knowledge who might be retained for the liquidation process. LPWG is required to convene quarterly to define recommend actions and relevant key performance indicators.

24. The Mission's pre-liquidation plan, which was equivalent to a contingency plan for liquidation was last up-dated in June 2012, and no LPWG had been established. This happened as the Mission did not consider that the updating and establishment of a pre-liquidation plan and LPWG as a priority. However, the revised mandate of the Mission, which the Security Council issued in July 2018, focused on its drawdown and repositioning, requiring tasks similar to a liquidation. Such tasks would consist of repatriation of the military, closure of team sites and super camps including asset verification and recovery, right-sizing of the civilian staff and enhanced joint working modalities with the United Nations Country Team.

25. The absence of an updated pre-liquidation plan contributed to the control weaknesses in conducting and monitoring asset verification and recovery for the 11 team sites in 2017. During the audit, the Mission completed, approved and disseminated its pre-liquidation plan. Also, the JSR tasked IPT to fulfill the requirement for LPWG. A review of the pre-liquidation plan and the terms of reference of IPT showed that UNAMID had satisfactorily met the requirements for planning and monitoring pre-liquidation activities. Based on the actions taken, OIOS is not making a recommendation.

IV. ACKNOWLEDGEMENT

26. OIOS wishes to express its appreciation to the management and staff of UNAMID 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

STATUS OF AUDIT RECOMMENDATIONS

Audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMID should, in anticipation of closure of additional team sites and super camps, take steps to: (a) ensure that the Integrated Planning Team, Mission Support Center and technical units properly carry out their assigned duties of asset verification and recovery; and (b) establish a mechanism to account for and recover serialized, barcoded expendable items in good condition	Important	O	Receipt of evidence the verification and recovery of asset, including serialized, barcoded expendable items, were properly conducted for the five team sites that were scheduled to be closed by 31 October 2018.	31 July 2018
2	UNAMID should conduct a physical count of the assets recovered from the closed team sites to properly account for them, and take appropriate steps, including writes-off, for discrepancies and losses when identified	Important	O	Receipt of evidence of the physical accounts conducted for all assets recovered from the 11 closed team sites and actions taken to complete writes-off.	31 July 2018

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

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

³ C = closed, O = open

⁴ Date provided by UNAMID in response to recommendations.

APPENDIX I

Management Response

AFRICAN UNION

الاتحاد الأفريقي



UNAMID



UNITED NATIONS

الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

18 September 2018

To: Mr. Daeyoung Park, Chief
Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Jeremiah Mamabolo, Joint Special Representative
UNAMID

Subject: **Draft report on an audit of team site closure in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2017/634/10)**

1. With reference to your memorandum of 9 September 2018, on the captioned-subject, please find attached UNAMID response (Appendix I) to the draft report for your consideration.

Thank you.

cc: Ms. Anita Kiki Gbeho, Deputy Joint Special Representative, UNAMID
Lieutenant General Leonard Ngondi, Force Commander, UNAMID
Ms. Priscilla Makotose, Police Commissioner, UNAMID
Ms. Victoria Browning, Director Mission Support Division, UNAMID
Mr. Ebrima Ceesay, Deputy Director of Mission Support, UNAMID
Ms. Andrea Charles-Brown, Senior Mission Support Officer, Sector North, UNAMID
Ms. Florence Ndungu, Senior Administrative Officer, ODMS, UNAMID
Mr. Samuel Thiong'O Kiiru, Audit Focal Point, UNAMID
Mr. Alexandre Etocke, Chief Resident Auditor, Internal Audit Division, OIOS, UNAMID
Mr. Arnold Valdez, Chief, Resident Audit Coordination Section, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of team site closure in the
African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should, in anticipation of closure of additional team sites and super camps, take steps to: (a) ensure that the Integrated Planning Team, Mission Support Center and technical units properly carry out their assigned duties of asset verification and recovery; and (b) establish a mechanism to account for and recover serialized, barcoded expendable items in good condition.	Important	Yes	1) Integrated Planning Team 2) Mission Support Center 3) Property Management Section	31 Jul 2018	UNAMID accepts the recommendation. UNAMID has taken steps towards implementing the recommendation as the Integrated Planning Team (IPT), Mission Support Center (MSC) and the Technical Units have ensured that: (a) By directive of the Director Mission Support (DMS) DMS/IOM/2018/137 dated 22 Apr 2018 (attached), the Mission has constituted a Focus Group of the IPT by way of an Asset Downsizing Task Force (ADTF) to coordinate the write off and disposal of the mission's assets and monitor compliance with relevant rules and regulations. The ADTF reports to the IPT and the office of DMS on the status of the ongoing physical verification based on a

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

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

Management Response

[Insert audit title]

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>comprehensive list of mission assets, segregated by location, condition of the asset and status of disposal.</p> <p>(b) Physical verification of assets has been included in the activities of closing team sites (Ref. annex to the Logistics Support Plan (LSP) already provided earlier to OIOS). Per LSP, physical verification is ongoing for closing team sites by, Property Management Section (PMS) and the Technical Sections</p> <p>(c) PMS has included procedures in revised SOP to list all UNAMID property (including serialized / barcoded materials during the initial physical verification of team sites (Ref. Para 10.9 and 10.10 of SOP). PMS has also shared with all stakeholders the list of assets at the team sites to be closed from 11 June 2018 (attached). Regular meetings led by PMS/PCIU are held to plan</p>

Management Response

[Insert audit title]

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						the initial physical verification of assets at the closing team sites to facilitate subsequent accountability of the assets. Attached, find supportive email dated 1 August 2018 in this regard. UNAMID therefore, requests closure of this recommendation.
2	UNAMID should conduct a physical count of the assets recovered from the closed team sites to properly account for them, and take appropriate steps, including write-off, for discrepancies and losses when identified.	Important	Yes	1. Self-Accounting Units (Technical Sections) 2. Property Management Section	31 Jul 2018	UNAMID accepts this recommendation. The physical verification for United Nations-owned Equipment (UNOE) in the closed team sites, including assets recovered, was conducted within the context of the overall inspection of the whole Mission inventory and all related discrepancies and corrective actions have already been addressed by PMS/PCIU to the Technical Sections. Write-offs and updating of Umoja by Technical Sections is ongoing with regular follow-up. Attached, find as examples, the Physical Verification reports for Um Kadada and Tulus that were

Management Response

[Insert audit title]

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>picked up randomly by the auditors as evidence of the physical verification for GITTS assets in these two locations. In this regard, the physical verification for the Mission inventory was concluded with a 99.88% verification rate. These reports show that the assets that were recovered at and relocated to El Fasher and Nyala were verified at the new locations. With the clear progress made in this regard, UNAMID requests closure of this recommendation.</p>