



INTERNAL AUDIT DIVISION

REPORT 2021/047

Audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur

The Mission had developed its liquidation plan and was putting procedures in place to follow up sales transactions to ensure they are completed in a timely manner

30 September 2021

Assignment No. AP2020-634-01

Audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess the adequacy and effectiveness of the liquidation planning process in UNAMID. The audit covered the period from January to August 2021 and reviewed the development of the UNAMID liquidation plan and initial liquidation activities.

The Mission had developed a liquidation plan that incorporated the necessary elements, put in place an effective mechanism for monitoring and reporting of its implementation, developed an asset disposal plan, and fully disposed of small arms ammunition and shelf-explosive ordnance.

Moreover, while the process of selling assets was constrained by conditions imposed by the Government of Sudan, the difficult operating environment and continued security concerns, the Mission could be timeous in raising invoices for those assets already sold and handed over to third parties. Following the audit, UNAMID acted by enhancing its assets sales tracking process, validating sales transactions and following through to ensure that all sales made were appropriately invoiced and collections made.

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Audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).

2. By its resolution 2559 of 22 December 2020, the Security Council decided to terminate the mandate of UNAMID as of 31 December 2020 and authorized the closure and handover of team sites and complete the withdrawal of all uniformed and civilian personnel by 30 June 2021, followed by the Mission liquidation on 1 July 2021, expected to last twelve months to 30 June 2022. The current UNAMID footprint comprises the El Fasher logistics base as its only functional location in Darfur for the conduct of liquidation activities. The Mission maintains a representative presence in Khartoum, within the United Nations Integrated Transition Assistance Mission in Sudan (UNITAMS) complex to liaise with government officials on operational matters and in Port Sudan for asset transfer and logistic operations.

3. The liquidation is governed by the Liquidation Manual, the Property Management Manual for Field Missions of the Department of Operational Support (DOS), the United Nations Financial Regulations and Rules, UNAMID standard operating procedures on closure of camps and team sites, handover of premises, facilities and lands and disposal of assets dated 11 November 2020, and the Guide for Senior Leadership on Field Entity Closure. The framework agreement between the United Nations and the Government of Sudan (GoS) governs the handover of team sites and facilities, which includes a commitment by the GoS that gifted/donated assets would be for the exclusive use of civilians.

4. Major liquidation activities include the transition of the El Fasher camp to designated civilian end-users, disposal of other property holdings, completion of environmental clean-up and restoration, disposal of hazardous materials (including expired ammunition), transfer and disposal of archived paper records, and completion of transactional activities such as claims, closure of contracts, reconciliation and closure of financial records, and settlement of legal and administrative cases.

5. The liquidation team is headed by the Officer-in-Charge of Operations at the D-2 level, who is also the Director of the Liquidation (DoL) and is responsible for planning, implementing and reporting on the liquidation activities, and maintaining active high-level communications with the Government. The Mission was restructured into the office of the DoL and three specialized pillars, i.e., property disposal, administrative closure and operational support. The property pillar, headed by the Chief of Property (D-1), is in charge of overseeing the completion of property disposal activities and management of contingent-owned equipment; the administration pillar, headed by the Chief of Administration (D-1), is in charge of overseeing the completion of administrative and financial activities; and the operations pillar, headed by the Liquidation Coordinator (P-5), is responsible for overseeing planning, establishing liaison mechanisms, monitoring progress and key challenges, as well as providing specialized advice on the entire liquidation process. UNAMID liaises with the Mission's liquidation stakeholders such as DOS, the United Nations Global Service Centre (UNGSC) in Brindisi and the Regional Support Centre Entebbe (RSCE) with which UNAMID had signed specific service level agreements.

6. The security arrangements for the liquidation period comprises a guard unit of two formed police units (each with 180 police officers), two individual police officers and one civilian staff member for coordination. The guard unit is supplemented by the United Nations Security Team of 84 staff members and security forces provided by the GoS.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of the liquidation planning process in UNAMID.

8. This audit was included in the 2021 risk-based work plan of OIOS due to operational and financial risks relating to the liquidation of UNAMID.

9. OIOS conducted this audit from June to August 2021. The audit covered the period from January to August 2021 and reviewed higher and medium risk areas related to the development of the UNAMID liquidation plan and initial liquidation activities.

10. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of data; (d) physical inspection of records and archives; and (e) visits to locations in the El Fasher logistics base camp to observe arms disposal areas, warehouses, the asset disposal yard and environmental clean-up.

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

III. AUDIT RESULTS

A. Planning and oversight

UNAMID had developed and approved its liquidation plan

12. On 1 July 2021, UNAMID in coordination with DOS, completed and approved its liquidation plan, which included the activities to be carried out under different Mission components. The Plan included a detailed list of activities/tasks to be completed by each component, an implementation schedule and quarterly milestones. The plan assumed that residual post-liquidation activities would be transferred to DOS, UNGSC and RSCE.

13. For the liquidation period (1 July 2021 to 30 June 2022), the General Assembly approved a budget of \$82.4 million that included funds for 303 civilian staff (130 international, 155 national staff members, 3 general temporary assistance positions, and 15 United Nations volunteers). UNAMID plans for the civilian component to remain at full strength during the first six months of the liquidation period (to 31 December 2021), with the remaining 60 per cent or 181 civilian staff (80 international, 92 national staff, and 9 United Nations volunteers) and uniformed personnel until 31 March 2022 and thereafter to further reduce to 30 per cent or 90 civilian staff (40 international, 46 national, and 4 United Nations volunteers) with security forces provided by GoS until 30 June 2022.

14. In developing the plan, UNAMID prepared a liquidation enterprise risk analysis of key activities to be undertaken. The risk register, which was dated July 2021, was comprehensive and had adequately categorized risks into very high, high and medium, and established appropriate mitigation measures. Those rated as very high risk comprised: (i) information management, archives and record management; (ii) safety and security of United Nations personnel; and (iii) the impact of the COVID-19 pandemic on the execution of liquidation activities. Those rated as high risk included: (a) the logistics base closure and environment clean-up; (b) continuity of operations due to reduced staff and resources, and external factors; (c) property management and disposal; (d) staff retention and productivity; and (e) the political climate (inadequate support from the GoS at the national and state levels).

15. Following UNAMID’s consultations with DOS, the following priority areas were included in the liquidation plan: destruction of munitions including small arms ammunition; airlifting from Darfur of sensitive documents to be archived, which is safer and faster than transport by road; commitment to ensure the El Fasher camp is subsequently put to the best civilian use possible, and all environmental concerns are addressed.

16. While the liquidation plan did not include a communication strategy on its activities, OIOS noted that the Mission had been active in issuing broadcasts to Mission personnel and held town halls in July, August and September 2021, which allowed UNAMID management to keep personnel informed of the liquidation activities.

17. OIOS concluded that UNAMID had developed an adequate liquidation plan that incorporated the necessary elements and had duly considered risks associated with its implementation.

Mechanisms for monitoring progress of liquidation activities was in place and working effectively

18. In June 2021, UNAMID established the Liquidation Management Team (LMT) comprising heads of components and functions, and held meetings also attended by representatives from UNGSC and RSCE when necessary. Meetings were generally held weekly and were the forum where LMT members updated the DoL on the progress of liquidation activities against the established milestones and performance targets. A matrix of action points coming from meetings was maintained for their implementation to be monitored. The Liquidation Coordination Unit also maintained a tracking matrix and performance dashboard of liquidation activities for ease of monitoring. This included information on progressive reduction of the physical footprint, asset disposal activities, administrative closure activities and support services.

19. OIOS concluded that UNAMID had put in place effective mechanisms for monitoring and reporting of the implementation of the liquidation plan.

B. Status of implementation of main liquidation activities

UNAMID had developed and obtained approval of its asset disposal plan

20. Disposal of the Mission’s assets is based on the asset disposal plan (ADP) and is a critical activity during the liquidation phase, requiring robust planning and coordination. The ADP was approved on 27 August 2021 by the Officer-in-Charge of UNAMID and the Director of UNGSC. The ADP included assets with a total acquisition value of \$102 million (and residual value of \$21 million), which was made up of equipment still in stock, items assigned to technical units and those installed in a functional location. The grouping of these assets by disposal method is presented in Table 1.

Table 1
Asset Disposal Plan as of 25 August 2021
(amounts in thousands of United States dollars)

<i>Group</i>	<i>Category</i>	<i>Quantity</i>	<i>Acquisition value</i>	<i>Residual value</i>
I	Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions	553	11 009	2 724

II	Equipment not required for current or future peacekeeping operations and may be redeployed to other United Nations activities funded from assessed contributions, if requested	5	31	5
III	Equipment not required for current or future peacekeeping operations or other activities funded through contributions, but which may be useful for the operations of other United Nations entities not funded through “assessed” contributions.	129	1 834	315
IV	Equipment or property not falling under Groups I, II or III or in poor condition and proposed for commercial disposal.	9 544	88 995	18 028
V	Assets installed (fixed buildings and infrastructure)	1	28	7
Total		10 232	101 897	21 079

Source: UNAMID

21. However, according to Umoja, the Mission’s total asset holding as of 25 August 2021 was \$359 million (acquisition value). The difference of \$257 million related to: (a) real estate holdings totaling \$103 million; (b) inventory totaling \$25 million; (c) \$8 million in transit to other peacekeeping missions; (d) \$78 million of items to be disposed of, but not yet deactivated in Umoja; and (e) \$43 million for assets submitted for write off. The real estate (\$103 million) and the inventory (\$25 million) were not included in the ADP, but UNAMID confirmed that these will be donated to the GoS.

22. The ADP implementation timeline consisted of two phases:

- Finalize by 30 September 2021 inter-mission transfers of assets to United Nations reserve and other peacekeeping missions (Group I); complete asset transfers to United Nations entities funded by assessed contributions (Group II); sales to other United Nations agencies, funds and programmes (AFPs) and non-governmental organizations (Group III); and commercial sale and disposal of assets in poor condition (Group IV).
- From 1 October 2021, those assets that have not been sold or transferred to the donation package (Group V), including remaining fixed and moveable assets to government institutions and related non-governmental organizations in Sudan, will be submitted to the General Assembly for their approval to be contributed to GoS. The submission will comprise a holistic donation plan in the context of the Government’s national approach for the protection of civilians. The objective is to complete all in situ disposal operations by 31 December 2021 and for UNGSC to finalize any remaining actions.

23. UNAMID indicated that in the event of any significant changes to the ADP due to security and the political environment, the plan will be reviewed and revised in mid-October 2021. Moreover, prior to seeking approval of the General Assembly for those items to be donated, UNAMID is working closely with DOS, UNITAMS, the United Nations Country Team (UNCT) and GoS to collect relevant data and based on this, intends to present the plan to the General Assembly by the end of September 2021. Simultaneously, UNAMID handed over some segments of the El Fasher logistics base such as the Agriculture Research Centre (ARC) to the GoS on 2 August 2021, under temporary possession order pending approval of the donation.

Disposal of assets from the Mission is progressing but not always timely

24. Since the start of the liquidation period (1 July 2021) until 25 August 2021, UNAMID had disposed of assets totaling around \$45 million (acquisition value) mainly through inter-mission transfers, commercial sale and sale to members of the UNCT and GoS. The status of disposal and methods are described in the following paragraphs.

25. Inter-mission transfer representing 159 requests for assets from other missions with an acquisition value of \$34.5 million was in progress, although \$26 million worth of items were still in transit or in UNAMID custody. UNGSC was providing support in finalizing their shipment, including ensuring Umoja records are updated at the time of shipment.

26. On 5 July 2021, GoS authorized assets to be sold through commercial sale following a Sudanese customs committee inspection. The tenders had been published and the process was expected to be completed by 30 September 2021. OIOS visited the commercial sale site and observed that a variety of assets were on sale, including vehicles, heavy-duty equipment, generators and spare parts, which were being exhibited to potential buyers.

27. Since March 2021, the Mission accepted 29 requests from members of the UNCT and GoS for the purchase of assets for a value of \$1.6 million. However, as of August 2021, UNAMID had only received payments totaling \$379,532. This was because: (a) for 16 requests totaling \$993,002, although the assets had been handed over fully or partially between March and May 2021, UNAMID had not issued the related invoices; and (b) four accepted requests for purchase of assets (some since June 2021) with a total value of \$199,162 were still pending and had not yet been collected.

28. While the process of selling assets was constrained by conditions imposed by GoS, the difficult operating environment and continued security concerns, including the presence of former armed groups around the El Fasher logistics base, the Mission could be timeous in raising invoices for those assets already sold and handed over to third parties. Moreover, considering the tight timeline for commercial sales by 30 September 2021, the Mission needed to closely monitor the situation and take necessary actions to ensure the sales proceed as planned.

29. Following the audit, UNAMID enhanced its assets sales tracking process, validated the sale transactions and confirmed offers amounting to \$1,760,104. With the sales of assets expected to be completed by 30 September 2021, the Mission was following through to ensure that all sales made were appropriately invoiced and collections made. Based on the action taken, no recommendation was made.

Small arms ammunition and shelf-explosive ordnance were fully disposed of

30. The total expired ammunition and explosives for destruction at the beginning of the drawdown period was 3,357,865 rounds, broken down as follows: 3,316,476 rounds of small arms ammunition and 41,389 rounds of shelf-explosive ordnance (SEO). The SEO disposal/destruction was completed on 30 June 2021 and small arms ammunition by 7 August 2021. The process was overseen and managed by the United Nations Mine Action Service (UNMAS), which included planning all activities, assigning tasks and monitoring and reporting on actions taken.

31. OIOS observed in mid-July 2021, that the Mission had six special incinerators, operated by a contractor selected by UNMAS, with the capacity to destroy small arms ammunition and endure minor detonations of SEO. OIOS was informed that ammunition such as mortars, rockets, fuses, artillery shells and charges were normally destroyed by high-order detonation or destruction. The incinerators were located separately from the ammunition storage facility, and the incinerators and storage facility were in remote areas of the camp. Access to these locations were limited to authorized personnel for security and safety reasons. At the end of the burning/destruction process, ashes gathered are verified to ensure full destruction of explosive components. The ashes were filled into sandbags and handed over to the UNAMID Environment Section along with the burned brasses and cartridges for their disposal by a specialized service provider.

Regular maintenance of incinerators for disposal of records was being implemented

32. OIOS conducted an audit of records management in 2019/20 (report 2020/016, dated 29 July 2020), which included recommendations for UNAMID to be better prepared for the liquidation. This included assigning focal points in each section/unit and providing records management training to ensure: (a) vital and sensitive records were properly classified and safeguarded prior to transfer to the Archives and Records Management Section (ARMS) in United Nations Headquarters for long-term preservation; and (b) those records to be disposed of locally were identified.

33. At the time of the current audit, work was progressing as planned, and the UNAMID Records Management and Archiving Unit (RMAU) was in the process of disposing of inactive/unwanted paper records for which 902 boxes had been approved for destruction. The Chief of RMAU indicated that activities would continue throughout the liquidation period. There were also 130 out of 580 boxes of paper records to be preserved still waiting shipment to ARMS. RMAU had compiled, in collaboration with ARMS and UNGSC, the final register of all residual official SharePoint and shared drives for transfer to ARMS.

34. For the destruction of documents, the Mission procured two heavy-duty capacity containerized incinerators in June 2020 costing \$369,628. One was exclusively assigned to burning paper materials, while the other was to be used for the destruction of expired medical materials. These incinerators were regularly breaking down resulting in a backlog of items to be destroyed. For instance, as of 31 July 2021, UNAMID had 835 boxes of non-sensitive paper records awaiting destruction. Because the incinerators were not regularly available, RMAU was forced to use medium-sized commercial shredders, and while RMAU had been provided with additional individual contractors to assist, the process was time-consuming and ineffective. To address this, the engineering team in July 2021 initiated weekly preventive maintenance of the heavy-duty capacity containerized incinerators for their optimal operation and ensured adequate stock of spare parts to ensure their timely repair.

Environment clean-up was ongoing

35. The liquidation plan for the El Fasher logistics base included several environmental activities such as solid waste collection, disposal of hazardous chemicals, bioremediation treatment of contaminated soil, segregation and disposal of scrap including electronic waste and ballistic protective equipment, as well as post-liquidation environmental monitoring in conjunction with UNGSC. OIOS visited the chemical treatment area, transfer station of solid waste, the treatment of light bulb crusher, and several sectors of the logistics base that were being cleared for handover. OIOS concluded the environmental clean-up was in progress as planned, but it was still early to make a full assessment.

IV. ACKNOWLEDGEMENT

36. 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

APPENDIX I

Management Response

AFRICAN UNION

الإتحاد الأفريقي



UNITED NATIONS

الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

29 September 2021

To: Ms. Eleanor T. Burns, Director
Internal Audit Division, OIOS

Info: Ms. Fatoumata Ndiaye, Under Secretary-General
for Internal Oversight Services

From: Houston Fergusson
Officer in Charge – UNAMID

Subject: **Draft report on an audit of liquidation planning in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2020-634-01)**

1. With reference to your memorandum dated 29 September 2021 on the captioned subject, we wish to confirm that, except for a mis-referencing of UNHCR on Par 29 of the report, UNAMID has no further comments to the findings and conclusions as contained in the draft report.

2. I take this opportunity to thank the OIOS team for the collaboration and good advice accorded during the execution of this audit.

Best Regards.

cc: Mr. Michael Tarallo, UNAMID
Mr. Khalid Younis, UNAMID
Mr. Kiril Serafimov, UNAMID
Mr. Samuel Kiiru, UNAMID
Mr. Arnold C. Valdez, OIOS
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Ms. Maya Fridman, OIOS