



INTERNAL AUDIT DIVISION

REPORT 2017/062

Audit of oversight and support of property management in field missions by the Department of Field Support

The Department was guiding and monitoring property management activities in field missions but needed to address recurring shortcomings and streamline the process of delegating property management authority

29 June 2017

Assignment No. AP2016/615/05

Audit of oversight and support of property management in field missions by the Department of Field Support

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over effective oversight and support of property management in field missions by the Department of Field Support (DFS). The audit covered the period from January 2015 to December 2016 and it included high and medium risk areas in the oversight and support provided by DFS to field missions regarding plant, equipment and real estate including developing and monitoring compliance with policies and guidelines; monitoring property management performance; issuing delegation of property management authority; and monitoring compliance with requirements relating to the International Public Sector Accounting Standards.

DFS promulgated guidance to clarify processes and procedures in property management and the Property Management Manual was being updated. DFS also implemented a performance management framework and other initiatives to monitor and improve management of property including an Inventory Optimization Project. However, it had not yet developed procedures to address the root causes of recurring shortcomings in property management and it was not providing oversight over real estate operational management. There was also a need to improve the delegation of property management authority process.

OIOS made six recommendations. To address issues identified in the audit, DFS needed to:

- Develop procedures to address the root causes of recurring shortcomings in property management;
- Ensure planned activities of the Inventory Optimization Project are completed and project objectives are achieved;
- Identify and assign to an entity the responsibility for overseeing and monitoring real estate management;
- Establish a comprehensive real estate performance management monitoring system;
- Implement an effective system to process delegations of property management authority expeditiously; and
- Engage with the Department of Management to review the process of issuing delegation of property management authority with a view to basing it on roles and functions rather than on a personal basis to individual staff members.

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

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Audit of oversight and support of property management in field missions by the Department of Field Support

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of oversight and support of property management in field missions by the Department of Field Support (DFS).
2. The net book value of the portfolio of tangible property, plant and equipment as of 31 December 2016 amounted to \$1.2 billion. The portfolio comprised vehicles, communications and information technology equipment, machinery and equipment, furniture and fittings, and prefabricated buildings in United Nations field missions. Real estate assets (land, buildings, infrastructure assets, and assets under construction) were valued at \$819 million, including assets under construction valued at \$70 million, and inventory totaled \$329 million.
3. The Property Management Unit (PMU) in the Contingent-Owned Equipment and Property Management Support Section of the Logistics Support Division (LSD) in DFS oversees and supports property management in field missions. The core functions of the Unit include: (a) developing policy and guidance on property management; (b) overseeing and monitoring performance management; (c) issuing delegation of authority for property management to Directors and Chiefs of Mission Support (D/CMS); and (c) strengthening compliance with the International Public Sector Accounting Standards (IPSAS).
4. PMU coordinates with other offices involved in property management including the Office of Central Support Services (OCSS) and the Office of Programme Planning, Budget and Accounts, (OPPBA) in the Department of Management (DM), and the United Nations Global Service Centre (UNGSC), the Field Personnel Division (FPD) and the Field Budget and Finance Division (FBFD) in DFS.
5. PMU is headed by a chief at the P-4 level, who is supported by two staff members at the professional level, one of whom is on-loan to the Process Owner for Logistics, and three staff members at the general service level.
6. Comments provided by DFS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over effective oversight and support of property management in field missions by DFS.
8. This audit was included in the 2016 risk-based work plan of OIOS due to the operational and financial risks related to, and the criticality of, the management of property to support field mission operations.
9. OIOS conducted this audit from September 2016 to January 2017. The audit covered the period from January 2015 to December 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the oversight and support provided by DFS to field missions regarding plant, equipment and real estate including developing and monitoring compliance with policies and

guidelines; monitoring property management performance; issuing delegation of property management authority; and monitoring compliance with IPSAS requirements.

10. The audit methodology included: (a) interviews of key personnel in DFS and property management partners in DM; (b) reviews of relevant documentation; (c) analytical reviews of data; and (d) sample testing of delegation of authority requests and training certificates for field mission staff using judgmental samples.

III. OVERALL CONCLUSION

11. DFS was participating in a working group that was updating the Property Management Manual and was monitoring field missions' stewardship of plant and equipment through a performance management framework and other initiatives such as the Inventory Optimization Project. However, DFS needed to address recurring shortcomings in property management, including oversight and monitoring of real estate management, and streamline the process of delegating property management authority to D/CMS.

IV. AUDIT RESULTS

A. Policy and guidance development

The property management manual was being updated

12. One of the core functions of PMU is to develop policy and guidance for field missions on property management.

13. Although DFS promulgated several guidance including standard operating procedures to clarify processes and procedures on property management, it did not update the DPKO/DFS Property Management Manual. The Manual was last updated in 2006 and did not reflect current property management processes including those related to the implementation of IPSAS in 2014.

14. DFS explained that it was participating in working groups led by DM that were developing a Secretariat-wide Property Management Manual and Fixed Assets Management Framework Manual. Therefore, DFS did not plan to issue a separate manual for property management but would develop implementation guidelines once the Manuals are finalized. DFS was also coordinating with the Accounts Division in DM in developing instructions and procedures for IPSAS-compliant accounting and reporting on property, equipment and inventory. Therefore, OIOS did not make a recommendation on this issue.

B. Performance management

DFS implemented a comprehensive performance management framework but procedures to address the root causes of recurring shortcomings in property management were needed

15. DFS mandate includes developing and setting global performance benchmarks. In this regard, DFS developed a property management performance monitoring system with 25 key performance indicators (KPIs) to assess accountability and evaluate and make recommendations on the effectiveness of field missions' stewardship of plant and equipment. DFS further developed a property management performance index as a method to aggregate complex information of the Property Performance Management Framework into a simplified performance measure. The agreed performance index target

was 1,800 points, and was included as an indicator of achievement in missions' budget for the 2016/17 financial year and budget submissions for 2017/18. The 2016/17 mid-year scores indicated that more than half of the missions were below the target 1,800 points.

16. As part of its performance monitoring, DFS was reviewing missions' submissions of their property holdings and making relevant recommendations on a quarterly basis and more frequently towards year end. OIOS review of the quarterly performance reports prepared by DFS identified that common shortcomings were in the areas of inventory management including: surplus, obsolete and unserviceable stocks; backlog in write-off and disposal processes; and incomplete data. For the quarter ended 31 December 2016, peacekeeping missions reported in their KPIs that there was a backlog in writing-off 2,351 plant and equipment items with a net book value of \$13 million and delays in disposing of 9,800 items by commercial sale. A total of 8,401 non-expendable property in stock valued at \$60 million had passed their life expectancy, while 1,040 assets valued at \$10 million were being written-off as obsolete. In addition, surplus stock valued at \$13 million were being held, 59 per cent of which were not in good condition.

17. The Board of Auditors as well as prior OIOS reports had identified similar weaknesses in property management, leading to inefficient use of resources.

18. To address recurring shortcomings, the Under-Secretary-General of DFS established an Inventory Optimization Project in June 2016, whose main objective was to strengthen stewardship of United Nations property while gaining efficiencies in property management. DFS prepared project documents including a project brief, project plan and guidelines for the project and constituted a Project Board that was meeting regularly and submitting bi-weekly status reviews. However, the project did not include specific procedures to address the root causes of recurring shortcomings in property management.

19. In addition, a review of the status of the project's seven key activities as at 16 March 2017 indicated that: (a) three were completed with an achievement rate of 97 per cent; (b) one was ongoing with an expected end date of 30 June 2017; and (c) three were delayed as shown in Table 1.

Table 1: Status of Inventory Optimization Project activities as at March 2017

Activity Description	Start Date	End Date	Achievement
Processing write-offs of unaccounted property status "Pending Write-Off"	15 July 2016	15 August 2016	51%
Serviceable and ageing stock holdings review status "Unit Stock"	1 August 2016	15 September 2016	34%
Processing write-offs of unserviceable property status "Pending Write-Off"	1 August 2016	15 November 2016	64%

20. The missions attributed non-achievement of the project milestones to challenges such as inadequate resources, restructuring responsibilities, policy interpretation, outsourcing, multiple locations and access to remote or abandoned sites. Failure to complete the planned activities under the Inventory Optimization Project may result in non-achievement of the project objectives.

(1) DFS should develop procedures to address the root causes of recurring shortcomings in property management such as surplus, obsolete and unserviceable stocks, backlog in write-off and disposals processes, and incompleteness of data.

DFS accepted recommendation 1 and stated that it was taking continuous measures for identifying

underperformance through: the quarterly performance monitoring and reporting regime; identifying root causes and required management actions; promulgating an annual Directive and Work Plan on property management; and developing quarterly performance reports on property management. DFS further stated that the Inventory Optimization Project would: maximize effective and efficient utilization of United Nations assets; optimize property holdings; and increase the accuracy and completeness of property records in support of IPSAS and the Galileo decommissioning project. Recommendation 1 remains open pending receipt of evidence that the root causes for recurring shortcomings in property management have been identified and relevant management actions implemented.

(2) DFS should take action to ensure that the planned activities of the Inventory Optimization Project are completed and the project objectives are achieved by addressing the challenges faced by the missions for not meeting the Inventory Optimization Project milestones.

DFS accepted recommendation 2 and stated that it was addressing the challenges faced by the field missions by implementing key reform initiatives. As of 7 June 2017, two of the three activities that were delayed were over 85 per cent complete, while the review of serviceable and ageing stock holdings was 39 per cent complete. Recommendation 2 remains open pending receipt of evidence of completion of the planned activities of the Inventory Optimization Project.

Need for support and oversight over operational management of real estate

21. A memorandum from the Assistant Secretary-General for OCSS dated 7 March 2014 states that real estate assets should be treated in the same manner as other tangible assets managed by the Organization including establishing similar write-off, partial impairment and de-recognition procedures. DFS in a follow-up memorandum dated 21 March 2014 reiterated that the adoption of IPSAS extended definition of property to include real estate items.

22. As the process owner for property management, OCSS was responsible for developing guidance on methodologies and processes to identify, verify and value real estate assets. DFS, as the custodian of the real estate was required to ascertain the existence of the real estate assets and validate other pertinent information with supporting documentation including ownership documents. However, DFS had not established systems to carry out its stewardship responsibility over real estate assets. For example, DFS did not monitor field activities to ensure that internal control procedures such as inspections were being performed for real estate assets. Also, DFS did not include real estate in its property management framework. OCSS was of the view that an entity needed to be assigned within DFS to oversee and monitor real estate management.

23. DFS stated that oversight and guidance of real estate management had been discussed at a DFS Directors' meeting and was linked to the creation of fixed asset management officer posts in the 2017/18 budget year as well as to the decommissioning of Galileo and consolidation of property, plant and equipment accounting processes in Umoja scheduled for the last quarter of 2017. However, it was unclear who had responsibility for overseeing the stewardship and accountability of real estate.

24. Due to unclear assignment of responsibility, there was no assurance that transactions which may affect the ownership and control of real estate, such as transfers of titles or changes in the conditions of the real estate, were being captured in the records. In addition, failure to implement control activities such as reviews for impairments, physical verification and periodic reporting may affect the reliability of the financial information reported.

(3) DFS should identify and assign to an entity the responsibility for overseeing and monitoring real estate management.

DFS accepted recommendation 3 and stated that it had developed a strategy for fixed assets management that had been presented and endorsed by DFS Directors. The strategy included accounting for self-constructed assets and infrastructure assets in the Umoja Fixed Assets Register and proposed merger of the work streams for real estate and plant and equipment under a single platform, following an assessment of the requirements and establishment of the required capacity. Recommendation 3 remains open pending receipt of evidence that DFS has assigned to an entity responsibility for overseeing and monitoring real estate management.

There was a need to update required data in the Umoja Real Estate Management module

25. The administrative instruction on management of property (ST/AI/2015/4) states that information relating to the control, custody, care, use, maintenance, issuance and financial accounting for United Nations property shall be maintained and monitored throughout their life cycle.

26. Accordingly, the Umoja system includes a Real Estate Management Module, which comprises components of United Nations owned and rented real estate and functional locations. Missions were not updating the Real Estate Management module with details of the real estate portfolio and leases including: components such as buildings, rooms and sites; terms of leases; architectural objects such as physical structures; right to use and rented real estate. In addition, missions were not providing the Umoja team with timely updates of staff members that required user access in the Umoja Real Estate Module. This was because DFS had not yet established a real estate performance monitoring system.

27. DFS informed OIOS that the processes for recording, reporting and managing real estate and assets under construction in Umoja were spread over multiple functional areas. Consequently a comprehensive solution would require inter-departmental effort including collaboration with OCSS, OPPBA and Umoja project managers. For example, to address the inadequate local real estate management process, expert resources in DFS and OCSS would train help-desk personnel in UNGSC.

28. OCSS stated that its monthly Real Estate key performance indicators would be used to monitor and measure DFS performance both in terms of portfolio management and lease administration including cost recovery activities. In addition, OCSS was going to work with DFS to jointly identify the peacekeeping entities/missions that have significant real estate portfolios and/or projected rental income and directly provide end user training for them.

29. Failure to maintain and update the Real Estate Management Module may result in inaccurate IPSAS compliant reporting due to incomplete records of relevant transactions.

(4) DFS should take steps to establish a comprehensive real estate performance management monitoring system to ensure that missions: (a) adequately manage their real estate portfolio; and (b) have the required capacity including appropriate roles in Umoja and required training, to be able to maintain and optimize the use of the Umoja Real Estate module.

DFS accepted recommendation 4 and stated that it had initiated steps to conduct jointly with DM and the Umoja Project team a Property Management Outreach Initiative through a series of workshops, with the objectives to further rationalize the approach to property management, leverage IPSAS and Umoja, build staff capacity to mainstream the newly available property management framework and facilitate the preparations of the field missions for the forthcoming decommissioning of Galileo and

roll-out of the Umoja solution for fixed asset management. DFS further stated that it had established rosters for the role of Fixed Assets Management Officers and requested field missions to establish adequate capacity through re-profiling of existing posts or other posts earmarked for abolishment. Recommendation 4 remains open pending receipt of evidence of the establishment of a real estate performance management monitoring system.

C. Monitoring delegated authority

DFS established initiatives to monitor sub-delegated property management authority

30. The revised delegation of authority for property management to field missions allows D/CMS to sub-delegate authority to property management officers for write-off and disposals without the advice of the Local Property Survey Board, provided the depreciated value of each individual item is \$3,000 or less. This sub-delegation shall be cleared by DFS and is subject to completion of the property management training and certification. Under this revised delegation of authority, property management officers with sub-delegated authority are required to submit to UNGSC quarterly summary reports on write-off and disposal decisions made for monitoring and compliance purposes.

31. Thirteen D/CMSs had sub-delegated the authority for property management to property management officers as of December 2016. However, as of 15 January 2017, only one mission had submitted to UNGSC the December 2016 quarterly report on write-off and disposal decisions by property management officers with sub-delegated authority.

32. To further emphasize the importance of complying with the reporting requirement, PMU incorporated, in its 2017 DFS Property Management Directive and Work Plan, instructions requiring missions to report write-off and disposal decisions made by property management officers with sub-delegated property management authority. DFS also stated it would monitor missions' compliance with this requirement within the Quarterly Performance Reporting regime and also establish a system of periodic monitoring of missions' compliance with approval limits. In light of action taken by DFS to monitor compliance with the reporting requirement regarding sub-delegated property management authority, OIOS did not make a recommendation on this issue.

There was a need to revise the process for delegating property management authority to field missions

33. According to the annual work plans of the Contingent-Owned Equipment and Property Management Support Section, delegation of authority to new D/CMS should be issued within one week of appointment. A newly appointed D/CMS needs to possess a valid designation to be delegated the authority for property management, unless the appointment is for an officer-in-charge for less than three months. Designations were normally granted by the Controller's office after appointment to a position.

34. DFS collaborated with DM in revising the delegation of authority guidelines that were issued to field missions in July 2016 and developed further guidelines to clarify its implementation. PMU was in charge of processing delegation of property management authority for eligible newly appointed D/CMS. PMU needed to liaise with FPD, which had responsibility for following up with DM to confirm designations. However, PMU and FPD had not implemented an effective system to ensure notifications of designations of newly appointed D/CMS were received in a timely manner. There was no single focal point in FPD with whom PMU would liaise regarding designations. Even in the cases where the D/CMS already had a designation or where the appointments were for less than three months, PMU was not advised of this in a timely manner and still contacted FPD for confirmation of the designation.

35. A review of 27 appointments of D/CMS and officers-in-charge made during the period under review identified delays in issuing delegation of authority beyond the one-week timeline in 13 cases as shown in Table 2:

Table 2: Property management delegated authority request and issue timelines

Processing timeline	Number of cases
Less than one week	6
Between one and two weeks	3
Between two and three weeks	2
More than three weeks	8
No delegated authority required	8
Total cases	27

36. There is merit in reviewing the need for the requirement for designation of D/CMS before issuing delegated property management authority. Notably, in April 2016, the Controller issued a new directive regarding functional financial authority which commences upon the date of appointment of the official and expires on the date the official ceases to carry out the function or role to which he or she was appointed. There may be value in establishing a similar framework for delegated property management authority. OCSS stated that it was considering functional delegation of authority on property management.

37. Also, the one week timeline for processing delegation of authority needs to be reviewed as it did not take into account the requirement of having a valid designation before issuing delegated authority. Also, PMU took on average between 7 and 10 business days to process delegations of authority after being notified of the designation.

(5) DFS should implement an effective system to ensure that the Property Management Unit is notified of designations of directors and chiefs of mission support in a timely manner in order to process delegations of property management authority expeditiously.

DFS accepted recommendation 5 and stated that it would establish a single focal point within FPD for communicating the assignments of senior managers in field missions and the status of their designations to organizational units involved in processing various delegations. Recommendation 5 remains open pending receipt of evidence that an effective system for processing delegations of property management including a focal point for designations has been established in DFS.

(6) DFS should engage with DM to review the process of issuing delegation of property management authority with a view to basing it on roles and functions rather than on a personal basis to individual staff members.

DFS accepted recommendation 6 and stated that it continued to be engaged with DM in reviewing the process of issuing delegations of authority for property management. Recommendation 6 remains open pending receipt of the outcome of the review of functional delegation of property management authority in DFS.

D. Monitoring compliance with IPSAS

Plans were underway to prepare for compliance with IPSAS 17 on actual cost recognition

38. IPSAS 17 on property, plant and equipment requires that an item that qualifies for recognition as an asset shall be measured at cost. IPSAS allows organizations adopting the Standards for the first time to opt for a transition period of up to five years before fully complying with the requirements. At the time of adopting IPSAS in 2013, the United Nations decided to use transitional provisions for self-constructed assets and other types of property, plant and equipment whereby standard costs were applied rather than actual costs. The transition period will end with the 2018/19 financial statements after which United Nations property would have to be recognized at actual costs.

39. Discussions with DM and DFS and reviews of correspondence between the two departments identified that measures to ensure preparedness to fully recognize actual costs for real estate, plant and equipment were being considered. They would include establishing a policy on what needs to be captured, identifying the tool that would be used to capture the actual costs and defining the timelines for starting the recognition of actual costs. OIOS concluded that plans were underway for the move towards recognition of assets at actual cost.

V. ACKNOWLEDGEMENT

40. OIOS wishes to express its appreciation to the management and staff of DFS 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 oversight and support of property management in field missions by Department of Field Support

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	DFS should develop procedures to address the root causes of recurring shortcomings in property management such as surplus, obsolete and unserviceable stocks, backlog in write-off and disposals processes, and incompleteness of data	Important	O	Submission of evidence that the root causes for recurring shortcomings in property management have been identified and relevant management actions implemented.	30 September 2018
2	DFS should take action to ensure that the planned activities of the Inventory Optimization Project are completed and the project objectives are achieved by addressing the challenges faced by the missions for not meeting the Inventory Optimization Project milestones	Important	O	Submission of evidence of completion of the planned activities of the Inventory Optimization Project.	31 March 2018
3	DFS should identify and assign to an entity the responsibility for overseeing and monitoring real estate management.	Important	O	Submission of evidence that an entity has been assigned responsibility for monitoring real estate operational management.	30 June 2018
4	DFS should take steps to establish a comprehensive real estate performance management monitoring system to ensure that missions: (a) adequately manage their real estate portfolio; and (b) have the required capacity including appropriate roles in Umoja and required training, to be able to maintain and optimize the use of the Umoja Real Estate module.	Important	O	Submission of evidence of establishment of a real estate performance management monitoring system.	30 September 2018
5	DFS should implement an effective system to ensure that the Property Management Unit is notified of designations of directors and chiefs of mission support in a timely manner in order to process delegations of property management	Important	O	Submission of evidence that an effective system for processing delegations of property management, including a focal point for designations, has been established in DFS.	31 March 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 DFS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of oversight and support of property management in field missions by Department of Field Support

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	authority expeditiously				
6	DFS should engage with DM to review the process of issuing delegation of property management authority with a view to basing it on roles and functions rather than on a personal basis to individual staff members	Important	O	Submission of the outcome of the review of functional delegation of property management authority in DFS.	31 March 2018

APPENDIX I

Management Response



UNCLASSIFIED

Immediate

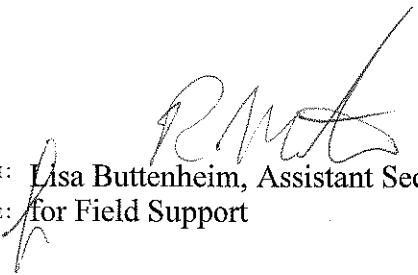
TO: Ms. Lawrence-Hume, Chief, New York Audit Service,
A: Internal Audit Division, OIOS

DATE: JUN 20 2017

THROUGH:

REFERENCE: UNHQ-AR-BOI-Memo-2-
2017-11021

S/C DE:

FROM:  Lisa Buttenheim, Assistant Secretary-General
DE: for Field Support

SUBJECT: **Draft report on an audit of oversight and support of property
management in field missions by the Department of Field Support
(Assignment No. AP2016/615/05)**

1. I refer to your memorandum, dated 5 June 2017, regarding the above-mentioned audit. We note that OIOS has substantially taken into account our comments provided earlier. We have, however, updated Appendix I to reflect our updated comments and the individual responsible for the implementation of the recommendations with the deadline.

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: Ms. Cynthia Avena-Castillo

Management Response

Audit of oversight and support of property management in field missions by Department of Field Support

A Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	DFS should develop procedures to address the root causes of recurring shortcomings in property management such as surplus, obsolete and unserviceable stocks, backlog in write-off and disposals processes, and incompleteness of data.	Important	Yes	Director, LSD	Third quarter of 2018	The Department of Field Support' (DFS) comments are reflected in the report.
2	DFS should take action to ensure that the planned activities of the Inventory Optimization Project are completed and the project objectives are achieved by addressing the challenges faced by the missions for not meeting the Inventory Optimization Project milestones.	Important	Yes	Directors LSD and GSC	First quarter of 2018	DFS' comments are reflected in the report. In addition, DFS would like to provide as per the purview of GSC, an updated status of progress for the Inventory Optimization Project as follows: Completion status as of 7 June 2017: - Processing write-offs of unaccounted property status "Pending Write-Off": 86 per cent; - Serviceable ageing stock holdings pending requirement review: 38.8 per cent; and - Processing write-offs of unserviceable property status "Pending Write-Off": 89.7 per cent.
3	DFS should identify and assign to an entity the responsibility for overseeing and monitoring real estate management.	Important	Yes	Directors FBFD and LSD	Second quarter of 2018	DFS' comments are reflected in the report.

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

Detailed results on an audit of oversight and support of property management in field missions by Department of Field Support

A Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	DFS should take steps to establish a comprehensive real estate performance management monitoring system to ensure that missions: (a) adequately manage their real estate portfolio; and (b) have the required capacity including the appropriate role in Umoja and required training to be able to maintain and optimize the use of the Umoja Real Estate module.	Important	Yes	Director, LSD	Third quarter of 2018	DFS' comments are reflected in the report. However, DFS wishes to further clarify that the process for recording, reporting and management of Real Estate and Assets Under Construction in Umoja is highly fragmented, interactive and spills over multiple functional areas, with very heavy emphasis on finance. Comprehensive solution requires inter-departmental effort, and should be sought in collaboration with key action owners from OCSS, OPPBA, Umoja Project and DFS.
5	DFS should implement an effective system to ensure that the Property Management Unit is notified of designations of directors and chiefs of mission support in a timely manner in order to process delegations of property management authority expeditiously.	Important	Yes	Directors FPD and LSD	First quarter of 2018	DFS' comments are reflected in the report.
6	DFS should engage with DM to review the process of issuing delegation of property management authority with a view to making it to be based on roles and functions rather than on a personal basis to individual staff members.	Important	Yes	Director, LSD and ASG, OCSS	First quarter of 2018	DFS' comments are reflected in the report.