



INTERNAL AUDIT DIVISION

REPORT 2018/086

Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

The Mission revised its replacement and replenishment policy for information and communication technology assets and inventory

25 September 2018
Assignment No. AP2017/672/01

Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of information and communication technology (ICT) assets and inventory in the United Nations Interim Force in Lebanon (UNIFIL) to assess the adequacy and effectiveness of their management. The audit covered the period from 1 July 2016 to 31 January 2018 and included: (i) monitoring of stock levels and replenishment of items; (ii) warehouse maintenance; (iii) physical verification and data reliability; (iv) impairment and write-offs; and (v) cost of mobile data packages.

The Mission's replenishment policy for ICT items was solely based on their expected useful life as determined in the depreciation policy and not the operational condition of the equipment. As a result, the Mission replenished and held in stock considerably more items than the quantities necessary as supported by analyses of the condition of existing assets, stock levels in the warehouse and number of users requiring equipment. In addition, the Mission needed to streamline mobile data usage by its personnel.

OIOS made three recommendations. To address issues identified in the audit, UNIFIL needed to:

- Review its current asset replacement policy and implement a methodology that fully considers all relevant factors such as condition of existing assets, stock levels in the warehouse and staffing levels, and ensure that stocks from the warehouse are issued on a "First in, First Out" basis;
- Enhance its mechanism to regularly review Umoja system roles to confirm that they are appropriately assigned and timely updated; and
- Review and streamline the allocation and monitoring of data-enabled SIM cards to ensure a more effective use of resources.

UNIFIL accepted the recommendations and revised its policy on replacing and replenishing ICT assets. It also initiated action to implement the other recommendations.

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Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of information and communication technology (ICT) assets and inventory in the United Nations Interim Force in Lebanon (UNIFIL).
2. Guidance for property management is provided by the Financial Regulations and Rules of the United Nations, United Nations Policy Framework for International Public Sector Accounting Standards (IPSAS), Centralized Warehousing Manual of the Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS), DPKO Property Management Manual for United Nations Peacekeeping Missions and relevant instructions issued by UNIFIL.
3. The purchase and net value of ICT assets and inventory of UNIFIL as at 31 January 2018 were \$14.1 million and \$3 million respectively, as follows:

Table 1: Information and communication technology asset and inventory as at 31 January 2018

| Details | Audio Visual Equipment | Communication Equipment | IT Equipment | Total |
|--------------------------|------------------------|-------------------------|--------------|--------------|
| Purchase value | 663,909 | 14,160,616 | 7,871,566 | 22,696,091 |
| Accumulated depreciation | (346,361) | (12,180,050) | (4,463,047) | (16,989,457) |
| Net value | 317,548 | 1,980,566 | 3,408,519 | 5,706,633 |

Source: Umoja report as at 31 January 2018.

4. The Regional Information and Communication Technology Services (RICTS) of UNIFIL is responsible for acquiring and managing ICT assets and inventory in the Mission. The Central Warehouse Section receives and stores the ICT items. The Property Management Section is responsible for physically verifying the assets at least once a year. The Property Disposal Unit (PDU), which is part of the Warehouse Management Section, is responsible for organizing and planning the physical disposition of all assets written-off in the Mission. RICTS, headed by a Chief at D-1 level, is composed of 35 international and 52 national staff. The Warehouse Management Section, headed by a Chief at P-4 level, is composed of 8 international and 48 national staff. The Property Management Section, headed by a Chief at Field Service (FS)-7 level, is composed of seven international and nine national staff. The approved staffing costs for the financial year 2017/18 were \$6.1 million, \$2.5 million and \$700,000 for RICTS, the Warehouse Management Section and the Property Management Section respectively.
5. Comments provided by UNIFIL are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of the management of ICT assets and inventory in UNIFIL.
7. This audit was included in the 2017 risk-based work plan of OIOS due to financial and operational risks related to the management of ICT assets and inventory.

8. OIOS conducted this audit from February to June 2018. The audit covered the period from 1 July 2016 to 31 January 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: (i) monitoring of stock levels and replenishment; (ii) warehouse maintenance; (iii) physical verification and data reliability; (iv) impairment and write-offs; and (v) cost of mobile data packages.

9. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) sample testing of ICT asset and inventory information; and (d) observations of relevant facilities and equipment.

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

III. AUDIT RESULTS

A. Monitoring of stock levels and replenishment

UNIFIL needed to review its replenishment and stock issuance methodology of ICT assets and inventory

11. Various directives and guidelines require the Mission to exercise prudence in identifying assets and inventory to be replenished. The Head of Mission's directive on budget formulation and the Standard Cost and Ratio Manual require various factors to be considered when replenishing assets and inventory such as life expectancy of assets, quantity of stock in the warehouse, condition of existing assets and staffing needs. In addition, the Central Warehousing Manual requires issuance of items such as monitors, computers, phones and radios from the warehouse on a "First in, First out" (FIFO) basis and to establish trigger points such as maximum and minimum stock levels and reorder points.

12. RICTS replenished ICT equipment totaling \$3.1 million (1,800 items) and \$1 million (1,200 items) for the financial years 2016/17 and 2017/18, respectively. However, a review of these purchases and stock levels indicated that the Mission bought and held more items than the quantities that were required based on OIOS analyses of expected useful life, conditions of existing items, stock levels in the warehouse and number of staff requiring the equipment. In addition, ICT items were issued mostly based on a "Last in, Last out" (LIFO) basis, instead of FIFO.

a. Staffing levels and number of computers

13. Over the past four years, UNIFIL has kept constant the number of required computers and printers in the Mission at 1,960 and 360, respectively, despite the reduction of staff positions by 154 and an additional 50 vacant positions for national professional officers over the same period. To compensate for the reduction in staff numbers and vacancies, RICTS rebalanced the allocation of computing devices as per Table 2:

Table 2: Rebalancing of the allocation of computing devices to remain at 1,960 and 360

| Details | Computers | | | Printers | | |
|------------------------------|--------------|--------------|--------------|------------|------------|------------|
| | 2015/16 | 2016/17 | 2017/18 | 2015/16 | 2016/17 | 2017/18 |
| Persons | 1,201 | 1,164 | 1,128 | 286 | 285 | 283 |
| Training | 32 | 50 | 50 | 6 | 6 | 6 |
| Internet café | 17 | 15 | 15 | 6 | 6 | 6 |
| Internet connectivity | 389 | 409 | 425 | 27 | 28 | 28 |
| Telephone billing | 4 | 4 | 4 | 2 | 2 | 2 |
| Warehouse stock (spares) | 52 | 58 | 64 | 11 | 11 | 13 |
| Programming | 241 | 241 | 246 | 22 | 22 | 22 |
| On-loan | 18 | 11 | 11 | 0 | 0 | 0 |
| Carlog and computer printers | 6 | 8 | 17 | 7 | 0 | 0 |
| Total | 1,960 | 1,960 | 1,960 | 367 | 360 | 360 |

Source: Mission costing sheets for the 2015/16, 2016/17 and 2017/18 financial years

14. Maintaining the number of computing devices constant over the four years despite reduction in personnel, resulted in the Mission holding higher numbers of idle computing devices in the warehouse. For instance, as at January 2018, the Mission held an excess of 46 computers, costing \$42,000 and 86 printers costing \$215,000, as shown in Table 3.

Table 3: Analysis of computing devices held in excess of benchmark

| Details | Computers | | | Printers | | |
|---|----------------|---------------|---------------|---------------|----------------|----------------|
| | June 16 | June 17 | Jan 18 | June 16 | Jun 17 | Jan 18 |
| A. Devices in warehouse stock (spares): | 196 | 100 | 122 | 62 | 104 | 99 |
| (i) of which in good or fair condition* | 176 | 91 | 110 | 29 | 91 | n/a |
| (ii) of which were within four years | 72 | 91 | 110 | 29 | 54 | 96 |
| B. Benchmark stock | 52 | 58 | 64 | 11 | 11 | 13 |
| Excess of computing devices in warehouse over benchmark [A(i) – B] | 124 | 33 | 46 | 18 | 80 | 86 |
| Estimate cost of devices held in excess (\$) | 113,000 | 30,000 | 42,000 | 45,000 | 200,000 | 215,000 |

*Includes devices beyond four years but still operating satisfactorily

Source: Galileo and Umoja reports

b. Replacing ICT assets before they reached the four-year limit

15. Additionally, as at June 2017, the Mission had 27 computers that were beyond four years and due for replacement based on the lifecycle policy. The Mission also had 437 assets that were in their final year with an average age of 3.37 years. Instead of replacing only 27 computers in financial year 2017/18, the Mission earmarked to purchase 435 computers, costing about \$400,000, making provision for 408 computers that still had close to one year before reaching the four-year limit. On receipt of the computers, the Mission withdrew 435 computers from use, of which 300 had not yet reached the four-year limit (ageing between 3.3 to 3.9 years). These 300 items were kept in the warehouse and subsequently written off and gifted upon reaching the four-year limit in May 2018. The performance and condition of these 300 computers as at June 2017 had been rated as either “good” or “fair.” An additional 164 items valued at \$2 million that had exceeded their lifecycle as at June 2017, were also withdrawn from use despite being rated either “good” or “fair”.

16. RICTS stated that its acquisition plan to replenish the above-mentioned items was based on its policy of using equipment only for the duration of their expected useful life, such as four years for desktop computers. RICTS also stated that it was concerned that aging ICT items could have a significantly negative impact on the overall performance of the technical infrastructure along with a difficulty to maintain and

support it. Also, aging ICT items may not have capacity to receive and operate the latest software updates distributed. Therefore, RICTS preferred LIFO over FIFO to provide newest items to end users. However, RICTS did not adequately demonstrate the potentially negative impact of aging ICT items on the infrastructure.

17. As a result of purchases based on the replenishment policy of RICTS and use of LIFO to issue equipment, the Mission was keeping more and aging quantities of ICT assets in inventory and lost the opportunity to spend scarce financial resources on other operational activities with higher priority.

(1) UNIFIL should: (i) review its current policy of replacing information and communication technology (ICT) assets and ensure that assets are only replaced after they have reached the end of their useful lives; (ii) implement a methodology to replenish inventory that fully considers all relevant factors such as condition of existing assets, stock levels in the warehouse and staffing levels of the Mission; and (iii) take steps to ensure that stocks from the warehouse are issued on the basis of “first in, first out” as required by the established guidelines.

UNIFIL accepted recommendation 1 and stated that the Mission had reviewed the current methodology for replacing aged ICT assets and taken measures to ensure operational capability beyond life cycle. The measures as communicated in an Inter-Office Memorandum dated 10 September 2018 from the Office of Mission Support include: (i) no purchases to replace/replenish computing devices (desktops and laptops) in the 2018/19 fiscal period; and (ii) budgeting for replacement of assets in the fiscal year following the one in which an asset reaches the end of its useful life, taking into account all relevant factors such as condition of existing assets, stock levels, staffing and computer ratio tables as approved by the Advisory Committee on Administrative and Budgetary Questions. As part of the ongoing update of the “Manual for Centralized Warehousing Operations version 2.0”, UNIFIL had submitted comments to the Information and Communication Technology Department in DFS on the benefits LIFO over FIFO for high-technology assets. Meanwhile, UNIFIL would ensure full compliance with the currently approved Manual. Based on the action taken by UNIFIL, recommendation 1 has been closed.

Assignment of system roles needed to be reviewed regularly

18. The Secretary-General’s bulletin on the use of ICT resources and data requires only authorized users to have access to ICT resources and data, aligned with their assigned roles. The access roles should be immediately withdrawn once a user ceases to perform those roles. Umoja guidelines provide details on system roles that could be assigned to a single person to ensure proper segregation of duties.

19. A review of 400 Umoja user records relating to ICT items as at 31 January 2018 showed that three employees who left UNIFIL between October 2015 and January 2018 still had their accounts activated with various access rights. In addition, seven accounts had combined roles that Umoja guidelines indicated as incompatible. This included, for example, combining roles for preventive maintenance planning and the service order releaser approving and executing the preventive maintenance plan.

20. The three cases mentioned above happened due to lack of integration between the checkout process in the Field Support System (FSS) and the Umoja deactivation process. Once the checkout process was completed in FSS, the Help Desk had to manually raise an iNeed request to the responsible RICTS staff to have the accounts deactivated. Due to an oversight, iNeed requests were not raised for the three cases. However, these were isolated events. The assignment of incompatible roles to the seven staff members happened during the deployment of the Cluster 5 of Umoja, which was intended to be temporary but subsequent deactivation was overlooked. Also, UNIFIL did not have a mechanism to regularly review Umoja system roles to confirm that they were appropriately assigned and timely updated.

21. No transactions were performed by the above-mentioned users. However, unauthorized user accounts and inappropriate combinations of system roles may expose the Mission to inappropriate transactions in the future.

(2) UNIFIL should enhance the mechanism to regularly review Umoja system roles to confirm that they are appropriately assigned and timely updated.

UNIFIL accepted recommendation 2 and stated that the Mission would review and enhance the mechanism in place to regularly review Umoja system roles and confirm that they are appropriately assigned and timely updated. Recommendation 2 remains open pending receipt of evidence of implementation.

B. Warehouse maintenance

Storage at warehouse was being improved

22. The Central Warehousing Manual requires ICT equipment and consumables such as monitors, computers, phones and radios to be stored in a dry and secure location, protected from dust and sand. The Manual also requires each storage location to conduct an “ABC” analysis quarterly and establish a formal stock location system so that stock with the highest turnover velocity are positioned in locations where they can be received and shipped with the least amount of travel. To enhance warehouse security, surveillance cameras should be mounted as a deterrent against misappropriation of assets.

23. An observation of the warehouse storing ICT equipment and consumables showed that the warehouse was well secured with reinforced doors. The warehouse was dry and protected the materials from dust and sand. Consumables such as toners were kept in a room that was temperature controlled for stock preservation. While the ICT warehouse management did not undertake quarterly ABC analyses as required, the warehouse was relatively small and 100 per cent verification of assets was conducted quarterly. The stock items were easily identifiable and retrievable, and a stock location system, which uses alphanumeric coordinates, was in place to facilitate efficient location of stock items. Therefore, OIOS is not making a recommendation on undertaking the ABC analysis.

24. However, the upper deck of the warehouse, where items that had been written-off and earmarked for donation and scrap were kept, was hot and did not have any cooling system or protection to keep temperatures lower. In addition, there were only two mounted cameras, and these were on the lower deck, facing the warehouse entrances. There were no mounted cameras in the other areas of the warehouse, including in the rooms containing high-value and attractive items.

25. The high temperatures on the upper deck of the warehouse could impair the condition and capacity of the items earmarked for donation. Further, the lack of sufficient surveillance cameras may compromise deterrence and physical security in the warehouse.

26. The Mission has since undertaken assessments to determine where and how many more surveillance cameras would be installed as part of the ongoing Security project in all warehouses. With regards to the cooling system in the upper deck, the Mission reported that temporary fans had been provided while a long-term solution was being considered. In view of the above actions, OIOS is not making a recommendation.

ICT assets were adequately maintained

27. The DPKO/DFS Property Management Manual requires regular maintenance of properties and equipment. A review of the maintenance records showed that the Mission had adequate maintenance plan for ICT equipment and carried out maintenance activities as indicated in the plan.

C. Physical verification and data reliability

Physical verification of assets was effective

28. The DPKO/DFS Central Warehousing Manual requires field missions to perform 100 per cent physical verification of stock on a yearly basis and record the results in Umoja. The Property Management Section is required to conduct physical verification of all assets in use, prepare count sheets and report on its findings.

29. The Property Management Section conducted year-end physical verifications of all ICT assets as at June 2016 and June 2017. The reports showed that the quantities were generally reconciled against the records and supported by signed count sheets. Approximately 12 per cent (550 items) and 15 per cent (742 items) of ICT items as at June 2017 and June 2016, respectively, were located in places other than those indicated in the records but were eventually traced. Further, OIOS testing of 200 items in the ICT Warehouse showed that they were matched to the records, with minor differences on their locations. OIOS concluded that the controls over physical verification of ICT items were effective.

Inaccurate data migration from Galileo to Umoja system was being addressed

30. The IPSAS Framework requires all items that meet the definition of an asset are capitalized and their details are recorded in the asset master data. The Property Management Section, in collaboration with Central Warehousing Unit and other end-users, are required to preserve the sufficiency, accuracy and integrity of data on assets in the mission. Also, the Property Management Section is required to report on a set of key performance indicators relevant to effective property management.

31. A review of Umoja records and various records showed following inaccuracies:

- As at March 2018, 1,040 UNIFIL assets with a cost of \$8.3 million were not recorded in the asset master data, out of which 583 with a value of \$4.4 million, were ICT assets;
- As at February 2018, 28 product identity codes, with a combined value of \$84,000, were mapped to incorrect general ledger accounts;
- Multiple stock cards in Galileo involving 308 materials with a value of \$1.9 million were mapped to a single Umoja material code thereby misstating inventory holding for other material groups;
- Certain details on asset locations, bar codes and warranty end dates for several assets were missing; and
- Some “old” items, including 76 desktop computers, that were due for write-off were shown with a status of “new” in Umoja.

32. Also, due to the lack of reliable data, the Property Management Section did not report on key performance indicators since data migration from Galileo to Umoja in July 2017.

33. The United Nations Headquarters and UNIFIL were aware of these problems experienced by all missions, which were caused by the system glitches during the migration from Galileo to Umoja, and had started taking measures to address them. Therefore, OIOS did not make a recommendation on this issue.

D. Impairment and write-offs

Annual impairment reviews improved

34. The United Nations Policy Framework for IPSAS 21 requires missions to perform an annual impairment assessment on all individual items with a net book value of \$25,000 or more. Impairment reviews should also be undertaken for assets below \$25,000 if there was evidence of impairment. Where impairment has occurred, the impairment loss should be promptly recognized.

35. As at 30 June 2017, the Mission did not undertake impairment assessments on 19 of 21 ICT items, each of a net book value of \$25,000 or more. The combined net book value of the 19 assets was \$1.1 million. Also, impairment reviews were not conducted, although required, for the items with a cost of \$900,000 that had been in the warehouse for extended periods of time ranging from 1 to 10 years.

36. The above happened because Mission personnel had not received adequate guidance and training on asset impairment. Also, the Mission had not updated its standard operating procedures (SOP) on computing impairment amounts required by IPSAS 21. The procedures were due for review in 2014. As a result, asset balances of UNIFIL may be overstated by the impairment amounts.

37. In response to the detailed audit results, UNIFIL provided results of impairment tests it had conducted as of 30 June 2018, which were much more comprehensive. UNIFIL also undertook to update SOPs on the application of IPSAS 21 and to provide training for staff tasked with undertaking impairment assessments. Therefore, OIOS did not make a recommendation on this issue.

Write-off and disposal processes were effective

38. The DPKO/DFS Property Management Manual requires missions to establish a board of survey, consisting of representatives from self-accounting units, the Property Management Section and the Property Disposal Unit or Claims Unit, to inspect and verify the physical existence and condition of items identified for write-offs. The board of survey is required to submit its recommendation of write-offs to the local property survey board (LPSB) for its endorsement. All assets disposed of, other than assets lost, should have disposal certificates.

39. A total of 1,263 and 366 ICT items were written off and disposed of during the financial years 2016/17 and 2017/18 (up to February 2018), respectively. RICTS, in coordination with the Warehouse Management Section, identified assets due for write-offs and engaged the Board of Survey and LPSB. The Board of Survey and LPSB conducted their reviews as required and their actions were properly documented. Approximately 91 and 41 per cent of write-offs in the financial years 2016/17 and 2017/18 respectively were completed within 180 days. The slower turnaround time in the financial year 2017/18 was largely due to the Mission directive to consolidate write-offs to facilitate one-time donation to receiving entities. OIOS concluded that the controls over write-offs and disposals were effective.

E. Use of mobile data packages

Need to recover excess cost for mobile data packages

40. The UNIFIL administrative circular 2017/016 issued in February 2017 requires its personnel to exercise prudence in mobile data usage and to pay \$64 per additional gigabyte used, stating that any excess use beyond the allotted limit without the approval of RICTS is considered private use. The Director of Mission Support (DMS) is the sole authority for approving the allocation of mobile telephone services to UNIFIL personnel upon recommendation of the Cellular Allocation Committee (CAC), which meets twice a year or as required.

41. UNIFIL issued 464 data-enabled SIM cards for its personnel and allotted three mobile package plans of 1.75, 6 and 10 gigabytes. The SIM cards were part of 807 phone lines that the Mission maintained. The Mission paid \$642,000 for the 20-months period from July 2016 to February 2018 to the vendor providing voice and mobile data service. About \$425,000 of this amount was the cost of allotted free calls and mobile package plans, while the remaining \$217,000 was the charge for excess use of voice and data. An in-depth review of 15 invoices for the 20-months period showed that at least 35 per cent or \$65,000 of the excess charge was due to the usage of mobile data beyond the allotted 1.75, 6 and 10 gigabytes. Chief RICTS and Chief Communication Officer certified the vendor invoices for payments.

42. UNIFIL monitored personal use of voice services and recovered the cost of excess use from its personnel. However, the Mission did not sufficiently recover the cost of extra data usage.

43. The above happened because the Mission did not enforce its administrative circular for its personnel to pay for extra data usage and weaknesses in monitoring usage of mobile data packages. The billing system also allowed users to reclassify charges for extra data usage on their bills to “official” from “private,” without approval of the Chief Communication Officer, as required.

44. To address the above, the Mission in June 2018, issued a broadcast to remind staff that personnel would bear the cost of extra data usage. The Mission also implemented a system change which removed the ability of users to reclassify charges for extra data usage to “official” without RICTS approval. Further, effective June 2018, the Mission upgraded all users who were on 1.75GB to 6GB data limit to reduce instances and charges for extra data usage. The additional cost for the upgrade was about \$1,000 monthly. In light of the actions taken, OIOS is not making a recommendation for the above.

45. Additionally, OIOS noted some gaps in the management of data SIM packages and issuance of phones to staff. The CAC did not meet regularly as required to allocate or approve assignment of data packages or issuance of phones. Some data SIM packages and phones were issued without CAC or DMS approval; RICTS approved the issuance instead. It was also noted that out of 95 SIM cards sampled, 18 registered users were not known, no longer in the Mission, unaware of the size of the data packages they had been allocated or had never used the data feature although the Mission was paying for the data package. This was because RICTS and CAC did not effectively implement the mechanism to regularly review and confirm the allocation of data-enabled SIM cards and mobile phones. On the other hand, the mechanism could stifle requests for mobile services considering that the CAC is designed to meet only twice a year.

46. As a result, fiscal discipline and proper controls over the mobile data charges was not achieved.

(3) UNIFIL should review and streamline the allocation and monitoring of data-enabled SIM cards to ensure a more effective use of resources.

UNIFIL accepted recommendation 3 and stated that the Mission had procedures for allocating data-enabled SIM cards and related monitoring requirements. However, to ensure the guidelines were fully clarified, UNIFIL was developing a new SOP, which would require the allocation of data-enabled SIM cards via the iNeed system with appropriate Section Chief approval. The existing CAC would meet primarily to provide Mission-wide oversight and monitoring of the assets. Recommendation 3 remains open pending receipt of the new SOPs.

IV. ACKNOWLEDGEMENT

47. OIOS wishes to express its appreciation to the management and staff of UNIFIL 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 management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

| Rec. no. | Recommendation | Critical/ Important ² | C/ O ³ | Actions needed to close recommendation | Implementation date ⁴ |
|----------|---|-------------------------------------|----------------------|--|----------------------------------|
| 1 | UNIFIL should: (i) review its current policy of replacing information and communication technology (ICT) assets and ensure that assets are only replaced after they have reached the end of their useful lives; (ii) implement a methodology to replenish inventory that fully considers all relevant factors such as condition of existing assets, stock levels in the warehouse and staffing levels of the Mission; and (iii) take steps to ensure that stocks from the warehouse are issued on the basis of “first in, first out” as required by the established guidelines. | Important | C | Action completed. | 10 September 2018 |
| 2 | UNIFIL should enhance the mechanism to regularly review Umoja system roles to confirm that they are appropriately assigned and timely updated. | Important | O | Receipt of evidence of the mechanism established to regularly monitor appropriateness of assignment of Umoja system roles. | 30 November 2018 |
| 3 | UNIFIL should review and streamline the allocation and monitoring of data-enabled SIM cards to ensure a more effective use of resources. | Important | O | Receipt of the revised SOP on the allocation and monitoring of the use of data-enabled SIM cards. | 30 November 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 UNIFIL in response to recommendations.

APPENDIX I

Management Response

UNITED NATIONS

INTERIM FORCE IN LEBANON



NATIONS UNIES

FORCE INTERIMAIRE AU LIBAN

CONFIDENTIAL

11 September 2018

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

From: Major General Stefano Del Col
Head of Mission and Force Commander, UNIFIL

Subject: **Draft report on an Audit of management of information and communication technology assets and inventory in UNIFIL (Assignment No. AP2017/672/01)**



1. We refer to your memorandum on the above subject, reference No. OIOS-2018-MO0802 dated 29 August 2018. Please find attached, UNIFIL's response to the recommendations contained in the subject Draft Report.

2. In following the usual procedure, copies of any supporting documents will only be provided to MERAO based at UNIFIL HQ and will not be transmitted to you with this Mission's response.

Best regards.

Cc: Mr. Effendi Syukur, Audit Focal Point, UNIFIL
Mr. John Banda, Officer-in-Charge, MERAO, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division,

Management Response

Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|---|---------------------------------------|---------------------------------|---|
| 1 | UNIFIL should (i) review its current policy of replacing information and communication technology (ICT) assets and ensure that assets are only replaced after they have reached the end of their useful lives; (ii) implement a methodology to replenish inventory that fully considers all relevant factors Such as condition -of existing assets, stock levels in the warehouse and staffing levels of the Mission; and (iii) take steps to ensure that stocks from the warehouse are issued on the basis of "first in, first out" as required by the established guidelines | | (i) Yes and closed (ii) Yes and closed (iii) Yes and closed | Chief, Field Technology Section | Fully implemented on 10/09/2018 | <p>This recommendation has been fully implemented through the issuance of an Inter Office Memorandum from Acting DMS to the OiC Field Technology Section dated 10 September 2018 (see attached the IOM).</p> <p>(i) UNIFIL has reviewed the current methodology regarding replacement of aged ICT assets and taken the following measures to ensure operational capability beyond life cycle:</p> <ul style="list-style-type: none"> • there are to be no replacement/replenishment of computing devices (desktops & laptops) purchased in the 18/19 fiscal period. • UNIFIL is to budget for replacement/replenishment stock during the fiscal year following the financial period in which they reach 4-years since EOD-UN, and only after fully considering all relevant |

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

Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|----------------|---|-----------------------|---------------------------------------|------------------------|--|
| | | | | | | <p>factors such as condition of existing assets, stock levels and staffing and computer ratio tables as presented to, and approved by the ACABQ.</p> <p>These steps ensure that assets are only replaced after having reached the end of their useful operating lives and ensure that replacement stock can never arrive before the asset reaches 4-years EOD-UN, and in most cases 5-years and beyond.</p> <p>(ii) Furthermore, full consideration of all relevant factors such as condition of existing assets, stock levels and staffing and computer ratio tables are undertaken.</p> <p>(iii) Due to changes in the Supply Chain Management Strategy (revision of MSD structures and the deployment of the Umoja warehouse module) there is currently an updated "Manual for Centralized Warehousing Operations in the Field, version 2.0" under review with the Policy & Best Practice Service/DPET.</p> <p>UNIFIL have sent in comments for</p> |

Management Response

Audit of management of information and communication technology assets and inventory in the United Nations Interim Force in Lebanon

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
| | | | | | | review, fully endorsed by ICTD/DFS, regarding the benefits of LIFO vs. FIFO relating to high-technology assets in the field mission and are awaiting release of the new Warehouse Manual which will supersede the previous version 1.0, promulgated in January 2017. Until then, UNIFIL will ensure full compliance to whichever warehousing manual is current, particularly in relation to rotation of assets in the warehouse and replacement criteria. |
| 2 | UNIFIL should enhance the mechanism to regularly review Umoja system roles to confirm that they are appropriately assigned and timely updated. | | Yes | Chief, Field Technology Section | 30/11/2018 | UNIFIL will review and enhance the mechanism in place to regularly review Umoja system roles and confirm that they are appropriately assigned and timely updated. |
| 3 | UNIFIL should review and streamline the allocation and monitoring of data-enabled SIM cards to ensure a more effective use of resources. | | Yes | Chief, Field Technology Section | 30/11/2018 | UNIFIL has procedures in place for allocating data-enabled SIM cards and the related monitoring requirements. However, to ensure that these guidelines for procedures are fully clarified, the Mission is in the process of developing an SOP on new guidelines for all staff. This SOP will dictate the allocation of data-enabled SIM cards via the iNeed system with |

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| | | | | | | <p>governance including Section Chief approvals (in order not to delay requests for mobile services). The existing Cellphone Allocation Committee will then meet primarily and periodically to provide Mission-wide oversight and monitoring of the assets.</p> <p>It is important to note that the amount of \$65,000 referred to in Para 41 (and in the Executive Summary), although not forced "private" in the eBilling system, was certified as "official" by the managers of the staff members concerned and was not lost to the organization. This only occurred while UNIFIL was waiting for the necessary change management implementation in the eBilling system, which had been requested earlier. Once that system change occurred, staff members were unable to change excess data to official and send through the manager approval processes.</p> |