



INTERNAL AUDIT DIVISION

REPORT 2021/016

Audit of asset disposal in the African Union-United Nations Operation in Darfur

**The preliminary asset disposal plan
needed to be finalized and disposal of
assets expediated**

21 May 2021

Assignment No. AP2020-634-06

Audit of asset disposal in the African Union-United Nations Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of asset disposal in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess the adequacy and effectiveness of property disposal procedures in preparation for the drawdown and liquidation of UNAMID. The audit covered the period from 1 January 2019 to 31 December 2020 and included a review of the preliminary asset disposal plan and disposal of assets by the recommended disposal method.

UNAMID has been dealing with significant challenges considering the large volume of asset holdings, restrictive Sudan government-related processes for disposals and exports, and comparatively low demand from peacekeeping missions and the United Nations Country Team, which limited asset disposal options available to the Mission.

The preliminary asset disposal plan prepared in July 2019 and periodically revised did not include all property, plant and equipment held by the Mission and estimated timelines for their disposal. UNAMID had also not consistently maintained appropriate and accurate documentation on asset disposals.

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

- Take prompt action to ensure that its preliminary asset disposal plan is complete, up to date, and includes indicative disposal timelines; and
- Ensure accurate and complete recordkeeping for asset disposals in Umoja.

UNAMID accepted the recommendations and initiated actions to implement them.

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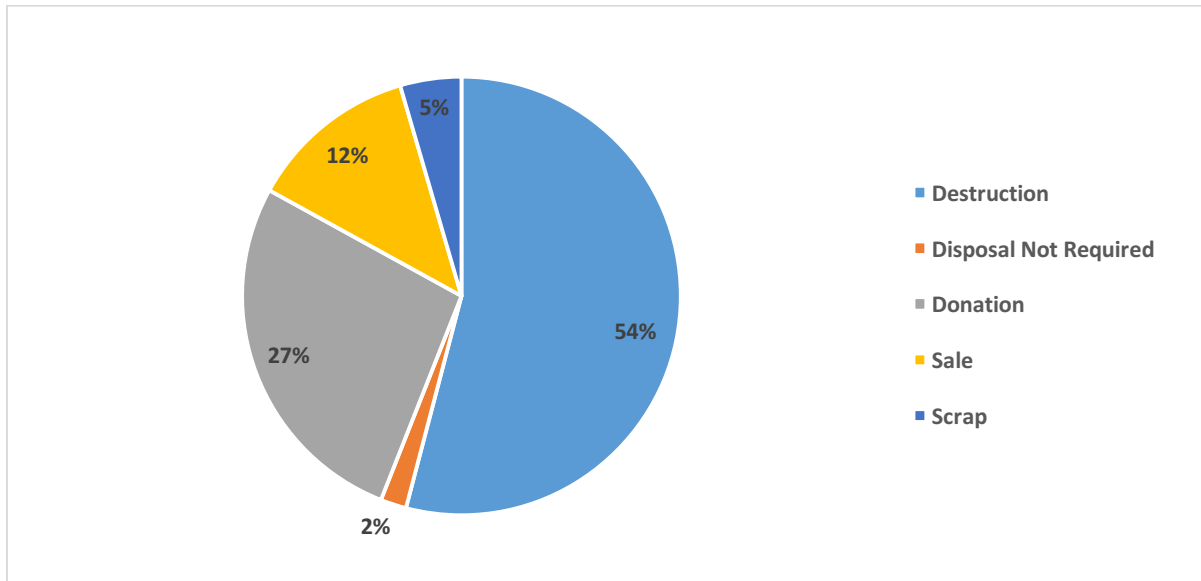
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Audit of asset disposal in the African Union-United Nations Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of asset disposal 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 to start its drawdown and complete the withdrawal of all uniformed and civilian personnel by 30 June 2021 followed by the Mission liquidation on 1 July 2021.
3. Property disposal is governed by the United Nations Financial Regulations and Rules, the Property Management Manual for Field Missions of the Department of Operational Support (DOS) and the Liquidation Manual. The property disposal process includes the write-off of property considered as surplus, unserviceable, obsolete, uneconomical or lost following review by: (a) the Director of Mission Support for those assets with an individual net book value (NBV) of \$3,000 or less; and (b) review and recommendation of the Local Property Survey Board (LPSB) for assets with NBV between \$3,000 and \$25,000. The Mission is also authorized to dispose of items when the NBV exceeds \$25,000 upon written advice of the Headquarters Property Survey Board (HPSB). Asset disposal methods comprise commercial sale, gifting/donations, by nominal sale and destruction or selling as scrap.
4. On 18 January 2021, UNAMID and the Government of Sudan (GoS) held a joint forum to discuss key elements of a framework agreement on the drawdown and liquidation process, including a commitment by GoS that donated/gifted assets would be for the exclusive use of civilians. The framework was signed on 4 March 2021 and governs the repatriation of UNAMID personnel and the handover of team sites and facilities, including those areas and premises used by UNAMID for its operations, such as its headquarters structures, camps, team sites and operating bases.
5. In anticipation of the liquidation, UNAMID has been planning for property disposal and in April 2018, established an Asset Downsizing Task Force (ADTF) to oversee the physical verification, write-off and disposal of assets. The ADTF is chaired by the Chief of the Property Management Section (PMS). The Property Disposal Unit (PDU) under the Integrated Warehouse Unit (IWU) is responsible for arranging the disposal of items upon receipt of L/HPSB approval on the recommended disposal method.
6. During the period from 1 January 2019 to 31 December 2020, UNAMID disposed of about 17,409 assets with the acquisition cost of \$120 million and NBV of \$5.7 million. Disposals were mainly through destruction, followed by donation to GoS and by nominal sale to the United Nations funds and programmes (UNFPs).

Figure 1
Asset disposals from 1 January 2019 to 31 December 2020 by type



7. Comments provided by UNAMID are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of property disposal procedures in preparation for the drawdown and liquidation of UNAMID.

9. This audit was included in the 2020 risk-based work plan of OIOS due to those high risks associated with the efficient and effective disposal of assets in Sudan given the imminent closure of UNAMID. The previous OIOS audit of asset management in UNAMID (report 2018/139, dated 18 September 2018) identified inefficiencies and weaknesses in asset write-off and disposal processes.

10. OIOS conducted this audit from 1 October 2020 to 28 February 2021. The audit covered the period from 1 January 2019 to 31 December 2020. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in asset disposal, which included: a review of the preliminary asset disposal plan (PADP) and disposal of assets by the recommended disposal method. Property write-off, including approval by L/HPSB was covered in the OIOS audit of asset verification and write-off (report 2021/009, dated 9 April 2021).

11. The audit methodology included: (a) interviews with key personnel, (b) analytical reviews of data extracted from Umoja; (c) testing of samples of assets disposed of; and (d) review of relevant documentation.

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

III. AUDIT RESULTS

A. Preliminary asset disposal plan

Need to ensure that PADP is complete and up to date

13. Disposal of the Mission’s assets is based on the asset disposal plan (ADP), and is a critical activity during the liquidation phase, which requires robust planning and coordination. UNAMID is required to utilize the PADP functionality in Umoja as a planning tool in preparation for the final ADP upon approval by the Head of the United Nations Global Service Centre (UNGSC) in Brindisi on liquidation of the Mission, which starts on 1 July 2021.

14. The UNAMID PADP was created in July 2019 and has been periodically revised. Details of various asset holdings and their categories are shown in Table 1.

Table 1
UNAMID PADP as of 31 December 2020
 (Thousands of United States dollars)

Group	Category	Quantity	Acquisition cost	Residual value
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.	4,281	\$26,574	\$8,217
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.	\$64	\$382	\$120
III	Equipment not required for current or future peacekeeping operations or other activities funded through “assessed” contributions, but which may be useful for the operations of other United Nations entities not funded through assessed contributions.	1,765	\$12,228	\$2,944
IV	Equipment or property not falling under Groups I, II or III or in poor condition and proposed for commercial disposal.	25,524	\$208,773	\$46,361,
V	Assets installed (fixed buildings and infrastructure)	1	\$5	-
Not categorized	Categorization awaiting additional information from technical sections	1,370	\$2,456	\$721
	Total	33,005	\$250,418	\$58,363

Source: provided by UNAMID

15. The PADP did not include all property, plant, and equipment (PPE) held by the Mission, as required. While Umoja records showed that as of 31 December 2020, UNAMID held 71,834 PPE with the acquisition cost of \$481 million, the PADP showed 33,005 items of equipment with an acquisition cost of \$250 million. This was because the Mission did not include all items that were in the write-off process. Further, UNAMID had not yet evaluated the categorization of its real estate holdings because they believed

that this should be done only during liquidation. Estimated timelines for disposal of assets which are expected when the PADP becomes ADP were also not indicated. UNAMID explained that it was difficult to keep the PADP up to date due to frequent changes made through observations and results of physical verifications. However, in OIOS view, the lack of an up to date PADP may impact the Mission’s ability to make timely and informed decisions on asset disposals as UNAMID is approaching the drawdown deadline of 30 June 2021.

(1) UNAMID should take prompt action to ensure that its preliminary asset disposal plan is complete, up to date, and includes indicative disposal timelines.

UNAMID accepted recommendation 1 and stated that as of 25 April 2021, some 70,955 PPE were assigned to UNAMID in Umoja. However, 31,348 (44 per cent) have been deactivated and no longer assigned to any technical sections and not in use but remain listed as part of UNAMID assets in Umoja. Another 14,084 assets (20 per cent) are currently undergoing the disposal process. The remaining 25,523 (36 per cent) would be disposed of after the joint physical verification and finalization of the cost-benefit analysis of six team sites. Concerning disposal timelines, UNAMID counts on the successful outcome of negotiations with GoS on viable commercial sale options of property located in El Fasher log base, during the next two months (by end of the drawdown phase). These actions once completed, would produce a more concise PADP in preparation for the ADP. Recommendation 1 remains open pending receipt of the final PADP that will be used to prepare the ADP.

B. Disposal of assets

Critical shortfalls in performance targets

16. When deciding on the asset disposal method, UNAMID is required to perform a diligent cost-benefit analysis. To enable effective property management, UNAMID is required to monitor performance in the write-off and disposal process, identify bottlenecks and undertake measures for expeditious processing of disposal actions.

17. The Strategic Guidance on Property Management Performance Monitoring and Reporting for the financial year 2020 included performance targets related to asset write-off and disposal. The consolidated Property Management Performance Report for peacekeeping missions for the reporting period from 1 July to 31 December 2020 showed critical shortfalls in the UNAMID performance as follows:

Key performance indicator		Target	Actual
KPI 9 Stewardship:	Disposal backlog (excluding commercial sale) greater than 180 days	0%	94.70%
KPI 10 Stewardship:	Backlog disposal by commercial sale greater than 180 days	0%	87.50%
KPI 11 Stewardship:	Disposal by commercial sale - timeline completed	180 days	199 days

18. The above was because in disposing assets, UNAMID was dealing with significant challenges related to a large volume of asset holdings, a comparatively low demand from other peacekeeping missions and from members of the United Nations Country Team for UNAMID assets. The Mission also had to deal with restrictive government-related processes for disposal and export of assets and long lead times associated with commercial sales impacting cost effectiveness of this disposal method. For example:

- During the audit period, with the approval of L/HPSBs, UNAMID disposed of 12 containers of vehicle spare parts with an acquisition cost of \$1.3 million through commercial sale for \$327,310. Although UNAMID used a competitive bidding process overseen by the Procurement Section, vendor participation was restricted by the GoS citing potential for asset misuse if vendors are not pre-approved by the government. As a result, commercial sales were limited to three bidders pre-approved by the GoS.
- UNAMID had accumulated large amounts of scrap, estimated at 1.5 million tons, mainly as the Mission had not continuously disposed of scrap through its life cycle due to challenges faced in disposal, including requests by GoS to leave all non-functioning assets and scrap materials on-site as part of the team site hand-over process. UNAMID attempts to engage with state authorities to lift government restrictions have been unsuccessful. Consequently, as UNAMID is moving quickly to close team sites (six team sites have already been closed as of end of March 2021, with the remaining sites planned to be closed by 31 May 2021), the Mission has decided to suspend the removal of scrap and hand it over with the team site.

19. Based on the information received, and the challenges experienced by UNAMID, OIOS has not made a recommendation.

Need to ensure accurate and complete recordkeeping on asset disposals

20. UNAMID did not consistently maintain appropriate and accurate documentation on asset disposals. For example, during the audit period, UNAMID:

- Disposed of 744 assets with acquisition cost of \$3.2 million (NBV of \$53,045) by nominal sale of \$16,665 to UNFPs in Darfur. A review of a sample of 30 assets noted that while assets were paid for prior to the transfer of ownership, in 4 of the 30 cases, not all the required supporting documents were available. This included handover certificates, certificates of acceptance, sales order confirmation receipts, and in one case, the LPSB minutes recommending the disposal method.
- Disposed of 7,909 assets with acquisition cost of \$20.6 million (NBV of \$112,070) by destruction. These consisted of information and communication technology equipment such as fiber channels, virtual library systems telephone, and transceiver satellite. A review of a sample of 30 assets disposed of noted that: (a) for 29 assets, there was a Board of Survey report confirming the extent of damage; and (b) for 26 assets there were disposal certificates. For three assets destroyed, there were no disposal certificates attached.
- Gifted 4,703 assets with acquisition cost of \$62 million (NBV of \$3.2 million) to GoS. OIOS review of a sample of 30 assets showed that while the disposal method was approved by L/HPSB in line with the delegation of authority for 29 out of 30 assets, there were only copies of a consolidated list of assets handed over and signed by both UNAMID and GoS. In one case, there were no documents attached. The recommended templates of certificate of acceptance and property release certificate where clauses exonerating UNAMID from potential claims or liabilities are already included were not prepared. This was because IWU was of the view that the necessity for such certificates is subsumed by the details in the consolidated list of assets handed over, which is vetted by the Mission's legal office. However, this list only indicates description of assets and the related technical section and did not contain any of the necessary clauses and OIOS did not find any evidence of review by the Mission's legal office.

21. Further, asset disposal methods were not always accurately categorized. For example, nine assets with the acquisition cost of \$699,316 (NBV of \$16,087) were categorized as having been disposed of by nominal sale, whereas they were gifted to GoS. In two other cases, one asset destroyed by fire was categorized as disposed by nominal sale instead of disposal by destruction or disposal not required; while the other asset was incorrectly recorded as disposed by destruction although the asset was stolen during looting.

22. These cases do not appear to be isolated and resulted because PDU was not diligent in properly recording disposal methods in Umoja and did not ensure that they uploaded all the necessary documents in the service notifications functions they created in Umoja for audit trail. Inaccurate recordkeeping of assets disposal impacts effective asset management decisions.

(2) UNAMID should ensure accurate and complete recordkeeping for asset disposals in Umoja.

UNAMID accepted recommendation 2 and stated that corrective actions had been taken by: (a) increasing staff in PDU to nine persons to cope with the increased workload; (b) having all staff involved in the property write-off and disposal process undergo the 28-hour training sessions in Umoja on the subject, highlighting roles and responsibilities of users, lessons learnt in processing high volume write-off and disposal cases and importance of accurate recordkeeping. The write-off process involves some 18 steps and is monitored by four sections to ensure checks and balances before deactivating asset and accurate data in Umoja. OIOS takes note of action taken by UNAMID and will close recommendation 2 upon receipt of evidence that recordkeeping and documentation deficiencies referenced in paragraphs 19-20 of the report have been rectified.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of asset disposal in the African Union-United Nations Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMID should take prompt action to ensure that its preliminary asset disposal plan is complete, up to date, and includes indicative disposal timelines.	Important	O	Receipt of evidence that preliminary asset disposal plan has been completed and is up to date and includes indicative disposal timelines.	30 June 2021
2	UNAMID should ensure accurate and complete recordkeeping for asset disposals in Umoja	Important	O	Receipt of evidence that recordkeeping and documentation deficiencies referenced in paragraphs 19-20 of the report have been rectified.	30 June 2021

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNAMID in response to recommendations.

APPENDIX I

Management Response

AFRICAN UNION

الإتحاد الأفريقي



UNITED NATIONS

الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

Office of the Assistant Secretary-General, UNAMID

10 May 2021

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

From: M'Baye Babacar Cissé
Assistant Secretary-General
UNAMID, Sudan

Subject: **Draft report on an audit of asset disposal in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2020/634/06)**

1. With reference to your memorandum dated 5 May 2021, on the captioned-subject, please find attached UNAMID response (Appendix I) to the draft report for your consideration.

Thank you.

cc: Mr. Houston Fergusson, UNAMID
Mr. Khalid Younis, UNAMID
Mr. Asim Warraich, UNAMID
Mr. Kiril Serafimov, UNAMID
Mr. Leslie Ashie, UNAMID
Mr. Barrington Haynes, UNAMID
Mr. Oluwadare Taylor-Pearce, UNAMID
Ms. Florence Ndungu, UNAMID
Mr. Samuel Kiiru, UNAMID

Management Response

Audit of asset disposal in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should take prompt action to ensure that its preliminary asset disposal plan is complete, up to date, and includes indicative disposal timelines.	Important	Yes	Chief, Property Management Section (C/PMS) & Chief, Integrated Warehouse Section (C/IWS)	30 June 2021	<p>UNAMID affirms that as of 25 April 2021, some 70,955 property, plant, and equipment are assigned to UNAMID in UMOJA. However, 34,499 (49%) have been deactivated and are no longer in UNAMID's books, but still appear in UMOJA. Another 12,933 assets, (19%) are currently undergoing the disposal process.</p> <p>The remaining 22,523 (32%) would be disposed of after the joint physical verification and finalization of the Cost Benefit Analysis of the following six team sites including Nertiti, Tawilla, Kass, Zalingei, Kabkabiya and Shangil Tobaya.</p> <p>Concerning disposal timelines, UNAMID counts on the successful outcome of negotiations with Government of Sudan (GoS) on viable commercial sale options of property located in El Fasher log base, during the next two months (by end of the drawdown phase). These actions once completed, would produce a more concise PADP, in preparation for the Asset Disposal Plan (ADP).</p>
2	UNAMID should ensure accurate and complete recordkeeping for asset disposals in Umoja.	Important	Yes	Chief, Property Management Section (C/PMS)	30 June 2021	<p>UNAMID has taken the following corrective actions which have been instituted to mitigate the deficiencies uncovered:</p> <ul style="list-style-type: none"> The number of staff assigned to the Disposal Unit was increased from 5 to 9 persons within the past 7-months to cope with the increased workload and processing of details required.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of asset disposal in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				& Chief, Integrated Warehouse Section (C/IWS)		<ul style="list-style-type: none"> <li data-bbox="1335 461 1927 911">A 28-hour training session in UMOJA Write-off and Disposal process was conducted remotely by the UMOJA Coordination Services (UCS) Team from Valencia between 2-5 November 2020. The programme was extended to all UNAMID stakeholders in the Write-Off and Disposal (WO&D) process highlighting, roles and responsibilities of each user, the idiosyncrasies of UMOJA Disposal Module, Lessons Learnt in processing high volume WO&D cases as happened in MINUSTAH and, the impact of incomplete records on the final disposal recording. The training had 38 participants. Copy of email invitation/overview of training sessions for the record has been accorded to OIOS/UNAMID. <p data-bbox="1285 951 1927 1094">UNAMID continues the write off process that involves some 18 steps, monitored by four sections to ensure checks and balances before deactivating asset to ensure accurate data in UMOJA. Over 49% of the line items have thus been deactivated.</p>