



## INTERNAL AUDIT DIVISION

### REPORT 2016/162

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Audit of property management in the United Nations Stabilization Mission in Haiti

Controls over property management needed to be strengthened to properly safeguard assets from theft, improve accuracy of financial reporting and implement health and safety measures in all warehouses

15 December 2016  
Assignment No. AP2016/683/01

# **Audit of property management in the United Nations Stabilization Mission in Haiti**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of property in the United Nations Stabilization Mission in Haiti (MINUSTAH). The audit covered the period from 1 July 2014 to 31 December 2015 and it included: (a) safeguarding of assets; (b) physical inventory and financial and operational reporting; and (c) health and safety in warehouses.

MINUSTAH regularly submitted various inventory reports to designated offices as required by the Property Management Manual. It had a functional Local Property Survey Board to review and recommend the write-off of assets as required. However, other controls over property management needed to be strengthened to improve safeguarding of assets, accuracy of financial reporting, and health and safety measures in all warehouses.

OIOS made seven important recommendations. To address issues identified in the audit, MINUSTAH needed to:

- Minimize the risk of loss of property through more enforceable contracts for security services and installation of closed circuit television cameras;
- Ensure that staff do not check out of the Mission until all assets assigned to them are returned;
- Ensure that chiefs of self-accounting units prioritize the resolution of differences noted in discrepancy reports within 30 days of notification and update Galileo records accordingly;
- Improve supervision of inventory management in Cap-Haitian;
- Ensure timely completion of write-off actions including following up with the Headquarters Property Survey Board to get approval of cases submitted to them;
- Provide training and requisite technical expertise to staff of the Property Control and Inventory Unit to enable them to participate in joint annual inspections to assess the condition and service potential of assets qualifying for impairment; and
- Ensure that adequate health and safety measures are in place at all warehouses.

MINUSTAH accepted the recommendations and has initiated steps to implement them.

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# **Audit of property management in the United Nations Stabilization Mission in Haiti**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of property management in the United Nations Stabilization Mission in Haiti (MINUSTAH).
2. As of 31 December 2015, MINUSTAH had 21,175 items of property under the non-expendable category totaling \$152 million (net book value of \$34 million) and 15,195,936 items recorded under the expendable<sup>1</sup> category totaling \$31 million. The Mission maintained its property records in the Galileo inventory management system.
3. Self-accounting units (SAUs), namely Engineering, Communication and Information Technology (CITS), Transport, and Supply Sections are responsible for the day-to-day management and warehousing functions of expendable and non-expendable property in the Mission. The Property Management Section (PMS) is responsible for: (a) physical inspection of all United Nations owned non-expendable property in the Mission; (b) timely reconciliation and follow-up of discrepancies identified during physical inspections; and (c) monitoring and submitting quarterly property performance indicators reports to the Logistics Support Division (LSD) of the Department of Field Support (DFS). PMS is headed by a Chief at the P-4 level and has 13 international and 28 national staff.
4. Comments provided by MINUSTAH are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

5. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of property.
6. This audit was included in the 2016 risk-based work plan of OIOS due to the financial and operational risks associated with property management in MINUSTAH.
7. OIOS conducted this audit from March to July 2016. The audit covered the period from 1 July 2014 to 31 December 2015. Based on an activity-level risk assessment, the audit covered higher and medium risks in the property management in MINUSTAH, which included: (a) safeguarding of assets; (b) physical inventory and financial and operational reporting; and (c) health and safety in warehouses.
8. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of data; and (d) random sampling and testing of controls and physical observation.

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<sup>1</sup> Per Department of Peacekeeping Operations (DPKO)/Department of Field Support (DFS) Property Management Manual, non-expendable property are items whose unit cost is equal to \$1,500 or more with a serviceable life of five years or more, while expendable property are items whose unit cost is less than \$500, as well as items with original cost of \$1,500 or more but with serviceable life of less than five years.

### III. OVERALL CONCLUSION

9. MINUSTAH regularly submitted various inventory reports to designated offices as required by the Property Management Manual. It had a functional Local Property Survey Board (LPSB) to review and recommend the write-off of assets as required. However, other controls over property management needed to be strengthened to improve safeguarding of assets from theft, accuracy of financial reporting and health and safety measures in all warehouses.

### IV. AUDIT RESULTS

#### A. Safeguarding of assets

##### Enhanced security arrangements were needed to protect property from theft

10. DFS guidelines on warehousing for field missions require cameras to be installed in all warehouses and manned 24 hours a day, with camera recordings retained for at least seven days. Access to warehouses should be restricted to warehouse staff and access logs/records should be maintained for future use. As per the terms of a contract between MINUSTAH and a private security company, the contractor is responsible to provide security services to protect United Nations premises and property.

11. Through site visits 15 out of 17 warehouses, OIOS observed that the closed circuit television (CCTV) cameras installed were not all functional, and at three warehouses in one location no CCTV cameras were installed. Video footages of the Port-au-Prince warehouses could only be stored for three days instead of the required seven days due to obsolete equipment.

12. MINUSTAH deployed security personnel to protect its property, personnel and premises at all locations, with some positioned on security watch towers 24 hours a day, checking all incoming and outgoing vehicles. Nevertheless, security controls over certain warehouses were not adequate, and at one of the warehouses no security guard was assigned. The private security guards who were posted at the exit gates and observation posts were not adequately supervised by MINUSTAH security personnel allowing theft of property to occur. MINUSTAH explained that it did not have sufficient manpower to supervise private security guards 24 hours a day and it was not feasible to hire additional security guards in view of the reduced budget of the Mission. As a result, the Security Investigation Unit (SIU) could not determine perpetrators of many thefts in their investigation reports. Also, MINUSTAH could not always hold the private security company accountable for such theft cases due to inadequate provisions in the contract.

13. This increased the risk of theft and pilferages, which resulted in financial loss to the Organization. For example, various items including batteries for solar panels and generators and vehicle spare parts valued at \$253,425 were stolen from various warehouses during the audit period. The Security Section explained that the Mission had arranged to improve security by procuring and installing more sophisticated CCTV cameras, which would be monitored centrally by the Security Section 24 hours a day. However, this alone may not be adequate to safeguard property.

**(1) MINUSTAH should take appropriate action to minimize the risk of loss of property through theft. This should include: (a) incorporating clauses in contracts with private security companies to hold them accountable for theft of property under their charge; and (b) taking prompt action to install/repair closed circuit television cameras in warehouses.**

*MINUSTAH accepted recommendation 1 and stated that the security company was held accountable in cases of theft where accountability could be ascertained. The bidding documents for the ongoing*

*solicitation process for security services incorporate clauses to hold the contractor responsible for failing to safeguard United Nations personnel, assets and premises and/or being implicated in cases of theft. The Mission had also initiated a process to procure a CCTV system with advanced capabilities, including facial recognition, alarming, night vision, recording, storing and advanced forensic processing. Recommendation 1 remains open pending receipt of the new contract for security services that reflects the contractor's liability in theft cases, and installation of a reliable CCTV system.*

#### Controls over check-out process by staff holding mission property needed improvement

14. MINUSTAH Director of Mission Support (DMS) issued a circular on 4 May 2015 specifying roles, processes and documents to be completed during the check-out process of Mission personnel. These include: (a) Property Control and Inventory Unit (PCIU) to provide the staff checking out of the Mission with a list of property assigned; (b) staff member returns property to the concerned SAU and complete a hand-over voucher; and (c) SIU checks whether staff has outstanding property issues such as damage/loss to assigned property.

15. A review of the personnel files of 100 of 652 staff that checked out during the audit period indicated that 7 of them, with assets costing \$31,203, checked out of the Mission without handing the assets over to the concerned SAUs. They included a staff member who checked out without handing over eight items of property costing \$20,903. PMS was yet to locate these items at the time of the audit. Another staff member went on temporary deployment for a year and returned to the Mission without handing over assets costing \$4,319, although these assets were later located by PMS. This was due to the Human Resources Section not ensuring that staff members complete the check-out process before issuing travel tickets to them. Departure of staff member without proper handover of assets may result in inaccurate inventory records and financial loss to the Organization.

**(2) MINUSTAH should introduce procedures to ensure that staff do not check out of the Mission until all assets assigned to them are returned.**

*MINUSTAH accepted recommendation 2 and stated that it would issue a circular to all staff stating that no travel tickets would be issued until confirmation was received from SAUs that all assets assigned to staff had been returned. Recommendation 2 remains open pending receipt of a copy of the circular.*

#### MINUSTAH managed properties recovered from closed offices

16. Mission guidelines on user accountability for United Nations-owned equipment require SAUs to be responsible for distribution and management of all section/unit related assets, ensure efficient and effective use of such assets and manage databases including identifying assets for write-off and initiating disposal of assets.

17. Interviews with SAU management and reviews of records for 200 out of 1,326 Mission assets recovered from 11 closed locations during the audit period indicated that the assets were tracked and updated in Galileo records. For example, 166 assets were retained and in use by the Mission while 30 were written off and 4 pending write-off due to damage beyond economic repair. Also, the assets written off were duly approved. OIOS concluded that the Mission had adequate control over the management of assets recovered from closed locations in accordance with Mission guidelines.

## **B. Physical inventory and operational and financial reporting of assets**

### Reconciliation of discrepancies by SAUs needed improvement

18. Upon completion of asset verifications, the Property Management Manual requires PCIU to forward discrepancy reports to each SAU showing differences between information derived from physical inspections and records in Galileo. The SAU is responsible to follow up and investigate the discrepancies within 30 days.

19. OIOS reviewed discrepancy reports and noted that SAUs did not always promptly reconcile records in Galileo with the results of the verification exercises conducted by PCIU. For example, discrepancies with 389 assets with original cost of \$1,691,610 were identified as at 30 June 2015 out of which, 261 assets with original cost of \$760,239 had not been reconciled in Galileo as at May 2016. The average reconciliation time noted was 342 days.

20. PCIU reviewed items in Galileo monthly and issued memos, through the office of the DMS, reminding the concerned SAUs to rectify/update Galileo records. Supporting documents were attached to the memos clearly indicating the nature of the discrepancy and expected actions to ensure that SAUs promptly initiate reconciliation actions. Despite these efforts, the above discrepancies still remained outstanding.

21. This happened because SAUs did not timely reconcile the discrepancies due to other operational priorities. The timely reconciliation of records in Galileo with physically existing assets is essential to ensure the accuracy and propriety of the Mission's inventory records.

**(3) MINUSTAH should take action to ensure that chiefs of self-accounting units prioritize the resolution of differences noted in discrepancy reports within 30 days of notification and update Galileo records accordingly.**

*MINUSTAH accepted recommendation 3 and stated that it would send a memo to all SAUs reminding them of their responsibility for timely reconciliation of discrepancies noted in discrepancy reports. Recommendation 3 remains open pending receipt of evidence that SAUs reconcile and update Galileo records within 30 days of receiving discrepancy reports from PCIU.*

### Management of expendable property needed improvement

22. The Property Management Manual requires that records and controls should be maintained for expendable property. Chiefs of SAUs have complete control over their expendable property in order to manage inter alia, restocking, maintenance, shelf life and rotation.

23. OIOS conducted physical counts of a sample of unit stocks in warehouses of all four SAUs and noted the following:

#### **(a) Warehouses in Port-au-Prince**

- OIOS physically counted 242 of 16,992 items and found no discrepancies between physical counts and Galileo inventory records. Bin cards were maintained and inventory cycle counts were carried by all SAUs. OIOS concluded that all the SAUs adequately maintained their expendable stock items in Port-au-Prince.

**(b) Warehouses in Cap-Haitian**

- For Supply Section, all 34 out of 334 assets sampled were satisfactorily physically verified and reconciled with Galileo inventory records;
- For Engineering Section, 143 items valued at \$16,545 out of 1,017 items valued at \$46,299 including generator spare parts, refrigerator compressors and hand tools could not be located resulting in discrepancies with Galileo records;
- At the Transport warehouse, OIOS could not physically trace any of the sampled 247 expendable stock items costing \$31,000 due to improper arrangement of the items in two containers with no shelving. The containers used for storage were insufficient to accommodate the items; and
- There was no evidence to indicate that inventory cycle counts of expendable property were carried out in Cap-Haitian during the audit period

24. The above resulted due to inadequate supervision and monitoring of inventory management activities particularly on the provision of adequate storage facilities for stock items and conducting cycle counts in the regional warehouses in Cap-Haitian. This could result in overstocking of items and inadequate control over consumption, rotation and replenishment. OIOS concluded that internal controls for accurate recording of inventory in Cap-Haitian were not adequately carried out to ensure appropriate management of expendable stock items.

**(4) MINUSTAH should take action to improve supervision of inventory management in Cap-Haitian to ensure that: (a) suitable storage and orderly arrangement of stock items are in place; (b) periodical cycle counts of expendable items are conducted; and (c) Galileo inventory records are updated to reflect accurate stock balances.**

*MINUSTAH accepted recommendation 4 and stated that it had taken various steps to improve management of expendable property in Cap-Haitian, including conducting periodic cycle counts, establishing proper material storage facility, and updating Galileo. Recommendation 4 remains open pending the receipt of evidence of these actions.*

MINUSTAH complied with reporting requirements but needed to meet all key performance indicators

25. The Property Management Manual requires PMS to prepare and submit to DFS: (a) monthly inventory reports; (b) quarterly key performance indicator (KPI) reports; and (c) International Public Sector Accounting Standards (IPSAS) financial year end reports.

26. A review of 6 out of 18 monthly reports on inventory, IPSAS financial year end report as of 30 June 2015 and all six quarterly KPI reports during the audit period indicated that MINUSTAH had submitted these reports timely to the Director of United Nations Global Service Centre, Brindisi and Director of LSD/DFS. However, the Mission did not consistently achieve three of the nine KPIs namely: LSD stock ratios, surplus holding and timeliness of write-off process (dealt with later in this report). MINUSTAH needed to put measures in place to meet these KPIs.



MINUSTAH had a functional LPSB

27. The delegation of authority from the Under-Secretary-General, DFS requires the DMS to establish a LPSB to investigate and report on any loss, damage or other irregularity of United Nations property. The LPSB shall comprise members including Finance Officer, Administration Officer, Legal Officer, Property Control Officer, Military/Police Logistics Officer and a Secretary to the board.

28. A review of memoranda issued by the Mission during the audit period on the composition of LPSB indicated that the DMS established the LPSB with the required membership. The LPSB met 15 times during the audit period and reviewed 408 cases involving 23,000 assets with original cost of \$17.5 million for write-off. The minutes indicated that meetings were conducted as and when required, there was a quorum at all meetings and deliberations and discussions were properly held. All minutes were signed, dated, appropriately maintained and recorded. OIOS concluded that MINUSTAH had a functional LPSB.

Assets needed to be written off timely

29. The Property Management Manual requires MINUSTAH SAUs to: (a) promptly initiate write-off actions by reporting to SIU any loss, damage, shortage or discrepancy of United Nations property within 12 months of identifying such discrepancy; (b) report cases investigated by SIU to the LPSB; and (c) complete write-off within 120 days.

30. OIOS reviewed 50 write-off cases involving 987 assets with original cost of \$2 million considered by LPSB during the audit period. The reasons for write-offs included: (a) damaged beyond repair (15 items); (b) reported loss (30 items); (c) items passed seven year life cycle (2 items); (d) surplus items proposed for donation/gift (496 items); (e) theft (434 items); and (f) vehicles that exceeded the mileage limit (10).

31. The review indicated that all cases included a security investigation report where applicable, and all required supporting documentation such as memo from SAUs on the purpose of the write-off and signed LPSB minutes including recommendations to the Headquarters Property Survey Board (HPSB). Case files were properly maintained and “A” and “SB”<sup>2</sup> cases were appropriately categorized for further action.

32. However, none of the write-off actions for the 50 cases reviewed was completed within the required 120 days. Forty-five cases took an average of nearly three years to complete. In 19 cases, the SAUs requested write-off as far back as 2012 and 2013, but LPSB investigation and recommendations were not completed until 2015 as the cases were not timely submitted by the Property Survey Unit, the Unit was understaffed and had increased workload. In addition, five “SB” cases of 34 surplus assets with original cost of \$754,541 and residual value of \$143,783 submitted to HPSB in September 2015 for approval were still pending approval as at 30 July 2016 with an average delay of 317 days. The Mission did not adequately follow up submitted cases with HPSB. Delays in write-off actions could result in overstatement of asset values in the financial records of the Mission.

**(5) MINUSTAH should implement measures to ensure timely completion of write-off actions, including following up with the Headquarters Property Survey Board to get approval of the cases submitted to them.**

<sup>2</sup> Category “A” cases (at the time of the audit) include property with individual values of more than \$1,500 but not exceeding \$25,000, and “SB” cases include individual inventory values in excess of \$25,000.

*MINUSTAH accepted recommendation 5 and stated that it had completed write-off actions for a number of cases, including approval by HPSB, since the end of the audit. It was also addressing current gaps in the expeditious processing of write-offs. Recommendation 5 remains open pending receipt of evidence that property write-off actions are completed within the required timeline.*

Impairment tests and reviews needed to be strengthened

33. The IPSAS Policy Framework requires that all individual items of communications and information technology equipment, vehicles, machinery and equipment, and furniture and fittings with net book value, as of the year-end reporting date, of over \$25,000; and land, buildings and infrastructure assets over \$500,000 must be reviewed for evidence of impairment. Once assets are identified, a joint annual inspection should be conducted by asset managers and PCIU to assess the condition and service potential of qualifying assets.

34. MINUSTAH used LSD guidelines disseminated to missions, dated 31 May 2013 for conducting impairment tests and reviews of plant and equipment. It had not established MINUSTAH-specific procedures or guidelines for conducting impairment tests and reviews. MINUSTAH explained that it was waiting to receive the updated final version of Property Management Manual from Headquarters with clear instructions before establishing a Mission-specific plan and procedures.

35. SAUs conducted impairment tests and reviews for financial years 2014/15 and 2015/16, separately from PCIU's annual inspections. This was because PCIU did not have the technical knowledge or training and staffing capacity to assess the condition and service potential of assets. The absence of joint annual inspections by both PCIU and SAUs could result in insufficient assessment of qualifying assets and inaccurate reporting of impairment tests and reviews. OIOS concluded that the Mission had not sufficiently complied with LSD guidelines on annual impairment reviews.

**(6) MINUSTAH should provide training and requisite technical expertise to staff of the Property Control and Inventory Unit to enable them to participate in joint annual inspections to assess the condition and service potential of assets qualifying for impairment.**

*MINUSTAH accepted recommendation 6 and stated that it had set a deadline of 31 December 2016 for all staff to complete mandatory property management training. Recommendation 6 remains open pending receipt of evidence that all PCIU staff have completed the required training*

## **C. Health and safety in warehouses**

Staff health and safety measures in warehouses needed improvement

36. DFS guidelines on warehousing for field missions require MINUSTAH to train staff to use health and safety related equipment in the warehouse. The guidelines also require that warehouse staff should be properly equipped with basic safety equipment. All walkways should be clearly marked and emergency exit doors available with adequate lighting and no obstructions. The layout and arrangement of the warehouse should make it easy to retrieve and issue items in an efficient and timely manner.

37. OIOS visits to 15 of the 17 warehouses indicated that all warehouses, except for the Transport Section's warehouse in Cap-Haitian, had good lighting, access restrictions, and good layout arrangement of items for ease of timely retrieval. However, the following lapses were identified:

- Health and safety related equipment such as first aid station, eyewash station, and posters on safe lifting and handling were not installed and marked in any of the warehouses and staff were not trained on administering first aid in event of an accident;
- Warehouse staff of Engineering and Transport Sections at all locations and Supply Section in Cap-Haitian were not properly equipped with protective gear such as hard hats, gloves and special clothing;
- Emergency exit doors were not installed in any of the warehouses; and
- Emergency procedures in case of fire or security breach were not clearly indicated.

38. The above happened because the Mission did not always pay adequate attention on the requirements of DFS guidelines on warehousing and prioritize their implementation to ensure health and safety measures. Lack of health and safety measures could lead to injuries and fatalities in the warehouse.

**(7) MINUSTAH should take action to ensure that adequate health and safety measures are in place in all warehouses.**

*MINUSTAH accepted recommendation 7 and stated that it established an interim Occupational Safety and Health Focal Point who would work with SAUs to ensure all safety risks related to incidents/accidents in the workplace would be identified and mitigated. Recommendation 7 remains open pending receipt of evidence that adequate health and safety measures are at place in all warehouses.*

## V. ACKNOWLEDGEMENT

39. OIOS wishes to express its appreciation to the management and staff of MINUSTAH 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 property management in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	MINUSTAH should take appropriate action to minimize the risk of loss of property through theft. This should include: (a) incorporating clauses in contracts with private security companies to hold them accountable for theft of property under their charge; and (b) taking prompt action to install/repair closed circuit television cameras in warehouses.	Important	O	Submission of the new contract for security services that reflects the contractor's liability in theft cases, and installation of a CCTV system with advanced capabilities.	30 June 2017
2	MINUSTAH should introduce procedures to ensure that staff do not check out of the Mission until all assets assigned to them are returned.	Important	O	Submission of copy of the circular stating that no travel tickets would be issued until confirmation is received from SAUs that all assets assigned to staff have been returned.	31 March 2017
3	MINUSTAH should take action to ensure that chiefs of self-accounting units prioritize the resolution of differences noted in discrepancy reports within 30 days of notification and update Galileo records accordingly.	Important	O	Submission of evidence that SAUs reconcile and update Galileo records within 30 days of receiving discrepancy reports from PCIU.	30 June 2017
4	MINUSTAH should take action to improve supervision of inventory management in Cap-Haitian to ensure that: (a) suitable storage and orderly arrangement of stock items are in place; (b) periodical cycle counts of expendable items are conducted; and (c) Galileo inventory records are updated to reflect accurate stock balances.	Important	O	Submission of evidence that periodic cycle counts are conducted, proper material storage facility established and Galileo updated.	30 June 2017
5	MINUSTAH should implement measures to ensure timely completion of write-off actions, including	Important	O	Submission of evidence that property write-off actions are completed within the required	30 June 2017

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> C = closed, O = open

<sup>6</sup> Date provided by MINUSTAH in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of property management in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
	following up with the Headquarters Property Survey Board to get approval of the cases submitted to them.			timeline.	
6	MINUSTAH should provide training and requisite technical expertise to staff of the Property Control and Inventory Unit to enable them to participate in joint annual inspections to assess the condition and service potential of assets qualifying for impairment.	Important	O	Submission of evidence that all PCIU staff have completed training on assessing the condition and service potential of assets qualifying for impairment.	31 March 2017
7	MINUSTAH should take action to ensure that adequate health and safety measures are in place in all warehouses.	Important	O	Submission of evidence that adequate health and safety measures are in place in all warehouses.	30 June 2017

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of property management in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should take appropriate action to minimize the risk of loss of property through theft. This should include: (a) incorporating clauses in contracts with private security companies to hold them accountable for theft of property under their charge; and (b) taking prompt action to install/repair closed circuit television cameras in warehouses.	Important	Yes	Chief Security Advisor Chief CMU	Second quarter of 2017	MINUSTAH comments are reflected in the report.
2	MINUSTAH should introduce procedures to ensure that staff do not check out of the Mission until all assets assigned to them are returned.	Important	Yes	Chief PMS CHRO	First quarter of 2017	To further strengthen the current check-out procedures, a circular will be issued to all staff informing them that travel tickets will not be issued until confirmation has been received that all assets assigned to them are returned.
3	MINUSTAH should take action to ensure that chiefs of self-accounting units prioritize the resolution of differences noted in discrepancy reports within 30 days of notification and update Galileo records accordingly.	Important	Yes	Chief PMS	Second quarter of 2017	MINUSTAH comments are reflected in the report.

<sup>1</sup> 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.

<sup>2</sup> 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.

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	MINUSTAH should take action to improve supervision of inventory management in Cap-Haitian to ensure that: (a) suitable storage and orderly arrangement of stock items with appropriate bin cards are in place; (b) periodical cycle counts of expendable items are conducted; and (c) Galileo inventory records are updated to reflect accurate stock balances.	Important	Yes	Chief Engineering Services Section  Chief Transport Section	Implemented  Implemented  Second quarter of 2017	(a) Proper warehouse/storage facilities and bin card locations have been established in both Engineering and Transport Sections. Supporting evidence has been provided to the audit team. (b) Cycle counts of expendable items have been conducted and supporting documentation has been provided to the audit team. (c) The reconciliation of updated stock balance reports in Galileo is in process.
5	MINUSTAH should implement measures to ensure timely completion of write-off actions, including following up with the Headquarters Property Survey Board to get approval of the cases submitted to them.	Important	Yes	Chief PMS	Second quarter of 2017	Since the completion of this audit, MINUSTAH has completed the write-off of 1270 assets valued at USD 5,397,266.94 of which 13 cases consisting of 46 assets have been approved by the Headquarters Property Survey Board (HPSB). The remainder of the HPSB cases should be deliberated shortly. In addition, a review of the current gaps for the expeditious processing of write-off have been explored and are being addressed. Supporting documentation has been provided to the audit team.
6	MINUSTAH should provide training and requisite technical expertise to staff of the Property Control and Inventory Unit to enable them to participate in joint annual inspections to assess the condition and service potential of assets qualifying for impairment.	Important	Yes	Chief PMS	First quarter of 2017	MINUSTAH comments are reflected in the report.
7	MINUSTAH should take action to ensure that adequate health and safety measures are in place in all warehouses.	Important	Yes	OSH Focal Point	Second quarter of 2017	MINUSTAH comments are reflected in the report.