Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2026/019

Audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

The Office needed to formalize the decentralized property management responsibilities, strengthen monitoring and oversight mechanisms, and address gaps in operational guidance

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Audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime (UNOV/UNODC). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management, and control processes over property management at UNOV/UNODC. The audit covered the period from January 2023 to October 2025 and reviewed: (a) the governance and operational framework; (b) management of property records and data; (c) physical security and verification; (d) management of items purchased for end beneficiaries; and (e) write-offs and disposals.

UNOV/UNODC took several positive measures to improve property management, including decentralization of responsibilities, training, issuance of guidelines, and development of an internal dashboard to monitor data quality. However, roles and responsibilities under the decentralized structure had not been formalized, and there were inadequate controls for completeness and accuracy of records. There were also gaps in guidelines and procedures in key areas, including storage management, physical verification of non-capitalized items, management of items procured for end beneficiaries, processing of property losses and damages, and disposal of surplus stock. In addition, the terms of reference of the Local Property Survey Board had not been formalized and its membership had declined due to staff separations, resulting in insufficient diversity to support timely and effective case reviews

OIOS made eight recommendations. To address issues identified in the audit, UNOV/UNODC needed to:

- Formalize the roles and responsibilities for the Property Management Team and field-based staff responsible for property management to ensure clear accountability, proper oversight, and adequate segregation of duties.
- Strengthen arrangements for monitoring and overseeing the accuracy and completeness of property records.
- Develop and implement entity-wide guidelines for storage and insurance of property as recommended by the Department of Operational Support.
- Strengthen arrangements for the conduct of physical verification exercises.
- Improve guidance and oversight to ensure prompt identification and disposal of surplus stock.
- Strengthen the management of property held for beneficiaries.
- Strengthen the operation of the Local Property Survey Board.
- Strengthen procedures for establishing accountability for property losses and damages.

UNOV/UNODC accepted the recommendations and initiated actions to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime (UNOV/UNODC).

2. Property, plant and equipment items (henceforth referred to collectively as "property") are capitalized if they meet the requirements for recognition as a financial asset in accordance with the applicable accounting standards as shown in table 1:

Table 1: Thresholds for capitalization of assets

Type of property, plant and equipment	Threshold
Vehicles, prefabricated buildings, satellite communication systems, generators and network equipment	$5,000
Other equipment not listed above	$20,000
Buildings, leasehold improvements, infrastructure assets, major upgrades to land and buildings	$100,000
Land	No threshold

3. Property that do not meet the capitalization threshold are recorded in the property records as "non-capitalized" if they meet either of the following conditions: (a) valued at $1,500 or more per unit; or (b) considered a specialty item of aesthetic, cultural, or other significance requiring special control, even if valued at $1,500 or less per unit. All other property that do not meet these conditions or the capitalization criteria are expensed and not tracked in the property records.

4. As of 31 October 2025, the acquisition cost of UNOV/UNODC capitalized property totaled $174 million, with a net book value of $59 million. This balance included buildings, infrastructure, and assets under construction at the Vienna International Centre (VIC) with acquisition costs of $148 million, representing UNOV/UNODC's share of the acquisition costs for the VIC buildings.

Table 2: UNOV/UNODC capitalized property items as at 31 October 2025

Category	Count	Cost $	Netbook value $
Buildings	536	138,588,778	47,245,975
Infrastructure	12	8,839,251	3,323,759
Asset under construction	1	250,822	251,322
Subtotal VIC property	**549**	**147,678,851**	**50,821,056**
Vehicle	231	11,805,959	4,151,785
Construction Equipment	75	2,149,249	1,636,345
IT Equipment	435	9,254,359	1,573,394
Security Equipment	26	1,077,709	586,424
Medical Equipment	13	765,515	257,443
Office Equipment	2	32,904	-
Prefabs	22	818,777	230,743
Furniture	3	98,720	-
Subtotal, UNOV/UNODC managed	**807**	**26,003,192**	**8,436,134**
Overall total	**1,356**	**173,682,043**	**59,257,190**

5. As of 31 October 2025, UNOV/UNODC had 10,941 non-capitalized property items with acquisition costs of $16 million, out of which 80 per cent were computer laptops and equipment. A significant portion of the non-capitalized property was in field locations with 64 per cent of the acquisition value being held at five large field offices as shown in table 3.

Table 3: Offices with the highest value of non-capitalized items

Office	**Count**	**Acquisition value $**
Country Office Pakistan	1,273	1,487,517
Regional Office Colombia	1,380	2,085,917
Regional Office Eastern Africa	667	936,404
Regional Office Middle East and North Africa	660	1,130,324
Regional Office Southeast Asia and the Pacific	769	4,854,789
Subtotal	**4,749**	**10,494,951**
Headquarters and other field offices	**6,192**	**5,953,509**
Overall total	**10,941**	**16,448,460**

6. UNODC regularly purchases property for distribution to project beneficiaries. Such items are recorded in Umoja property records as either capitalized or non-capitalized, as applicable, for tracking purposes, and subsequently deactivated from the records after they are transferred to beneficiaries. Between January 2023 and October 2025, a total of 12,448 items with acquisition value of $30 million was transferred to beneficiaries.

7. Under the United Nations delegation of authority framework (ST/SGB/2019/2), the Secretary-General delegated authority for property management to the UNOV/UNODC Director-General/Executive Director, who sub-delegated it to the Director, Division for Management. The Director sub-delegated the authority for disposal of property with depreciated value of up to $3,000 to two staff members within the Property Management Team (PMT). A Local Property Survey Board (LPSB) is mandated to provide written advice to the Director on the write-off and disposal of property with depreciated values between $3,000 and $25,000, and the Headquarters Property Survey Board (HPSB) on items above $25,000 and all land and buildings. In accordance with the VIC-based organizations' agreement on common services, the VIC property is managed by the United Nations Industrial Development Organization (UNIDO).

8. PMT is headed by a Property Management and Supply Chain Officer at the P-3 level, who reports to the Chief General Support Section, under the Division for Management. Following the abolition of posts in January 2026, PMT is currently composed of six staff positions comprising two regular budget-funded positions (G-6 and G-5), and four extrabudgetary XB-funded positions (P-3, G-5, G-4 and G-3). As of April 2026, the P-3 Head of Team position was vacant.

9. Umoja and Umoja Analytics are the primary platforms for maintaining property records and supporting documentation. The meeting minutes of LPSB were recorded in SharePoint.

10. Comments provided by UNOV/UNODC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

11. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management, and control processes over property management at UNOV/UNODC.[3]

12. This audit was included in the 2025 risk-based work plan of OIOS due to operational and financial risks related to property management at UNOV/UNODC.

13. OIOS conducted this audit from November 2025 to April 2026. The audit covered the period from January 2023 to October 2025 and reviewed: (a) the governance and operational framework; (b) management of property records and data; (c) physical security and verification; (d) management of items purchased for end beneficiaries; and (e) write-offs and disposals. The audit focused on items managed by UNOV/UNODC and did not cover the VIC property managed by UNIDO.

14. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of Umoja reports and data relating to active property, disposals and write-offs; (d) sample testing of data, transfers to end beneficiaries, write-offs, and disposals; (e) physical verification of items; and (f) questionnaires to UNODC field offices focal points for property management.

15. OIOS assessed the reliability of property records in Umoja by: (a) reviewing existing information about the data and related systems; and (b) interviewing personnel knowledgeable of property data. In addition, OIOS traced a random sample of property records to supporting documents and physically verified a sample of items in the records. Based on the assessment, OIOS determined that the data was sufficiently reliable to address the audit objectives. There were shortcomings with the data quality, which have been addressed in the audit results section.

16. The audit was conducted in accordance with the Global Internal Audit Standards.

III. AUDIT RESULTS

A. Governance and operational framework

<u>Property management roles and responsibilities under the decentralized structure had not been formalized</u>

17. UNODC has an extensive network of field presences where a substantial portion of its property is located. To improve efficiency, UNODC decentralized key property management responsibilities to field office focal points in 2024, accompanied by targeted in-person training delivered by PMT. With the decentralization, PMT is expected to focus more on monitoring and oversight. However, the terms of reference (TORs) and work plans of PMT and the field office focal points were not updated to reflect the new decentralization arrangements. Nine out of the 23 focal points who responded to the OIOS questionnaire raised concerns about unclear roles and responsibilities. Moreover, 13 focal points were recruited for project support or information technology (IT) functions with property management assigned as a secondary role, underscoring the need to clearly define their property management duties. Responsibilities of Representatives and other senior field office officials in overseeing property management also needed to be clearly defined to enhance accountability.

18. Additionally, the P-3 Head of PMT position, critical for providing guidance and ensuring compliance with property management requirements, remained vacant for extended periods since its establishment in 2022. The post was only temporarily filled for 20 months and had been vacant for 28 months due to temporary recruitment freezes that were lifted in November 2025. Recruitment for the position was ongoing at the time of the audit.

(1) **UNOV/UNODC should formalize the roles and responsibilities for the Property Management Team and field-based staff responsible for property management to ensure clear accountability, proper oversight, and adequate segregation of duties.** *UNOV/UNODC accepted recommendation 1 and stated that it would review and formalize the respective roles and responsibilities of PMT and field-based focal points, including oversight responsibilities and segregation of duties, taking into consideration operational realities and existing resource constraints.*

<u>The presentation and dissemination of the policy framework could be improved</u>

19. UNOV/UNODC developed internal guidelines and standard operating procedures (SOPs) to operationalize relevant aspects of the United Nations Secretariat policies, as required. Some UNODC field offices also established SOPs on specific topics such as handover of property to end beneficiaries, physical verification exercises, and reporting theft. The PMT intranet page included UNOV/UNODC specific guidance and links to relevant United Nations policies, guidelines, job aids and training materials.

20. However, the information was not presented in a clear or user-friendly manner and was incomplete. Specifically, guidelines for physical verification and reconciliation of capitalized items, the TOR of LPSB that were circulated by email, and SOPs developed by field offices were omitted.

21. Improving the dissemination of the property management policy framework would help to ensure full compliance, particularly considering the high turnover of field personnel, and to support the sharing of good practices among the field offices. UNOV/UNODC indicated that PMT and the Information and Technology Service will review opportunities to improve the structure, accessibility, and visibility of relevant property management guidance materials on the intranet platform.

B. Management of property records and data

<u>There were gaps in completeness and accuracy of property records</u>

22. ST/AI/2015/4 on management of property requires that information relating to the control, custody, care, use, maintenance, issuance and financial accounting for property be maintained in the records and monitored throughout the property's life cycle. Guidance issued by the Global Asset Management Policy Service (GAMPS) in the Department of Management Strategy, Policy and Compliance (DMSPC) further specifies minimum required data elements, such as users, responsible organizational unit, and location. OIOS made the following observations on the management of property records:

(a) Significant number of items not assigned to users and without physical location information

23. As of October 2025, 3,476 property items with acquisition value of $14.8 million, including 343 capitalized items valued at $9.4 million, had not been assigned to accountable users or focal points as required. This represented 30 per cent of the total number of property items and 35 per cent of the total acquisition value. Of the 3,476 items, 2,572 also lacked information on the responsible organizational unit. Additionally, 1,183 property items with acquisition value of $3.2 million had no physical location information recorded in the system.

24. UNOV/UNODC explained that the unassigned property items were either procured for end beneficiaries or were shared property. For items awaiting transfer to beneficiaries, project or other staff

responsible for them should be assigned as focal points, while for shared property, the responsible organizational unit should be indicated, and a designated focal point from the unit assigned. Recording users, focal points, physical locations, and organizational units facilitates physical verification exercises and clarifies accountability in cases of loss or damage.

(b) Items with expired operational useful life

25. While Umoja assigns a standard useful life to all property items, actual useful lives may vary. Umoja allows adjustments to operational useful lives, and entities are required to establish mechanisms to review and update this information in a timely manner. OIOS' analysis showed that UNOV/UNODC had 3,302 items whose useful lives had expired in 2023 or earlier. Of these, 451 were capitalized items with acquisition value of $13.25 million representing 51 per cent of the total acquisition value of capitalized property managed by UNOV/UNODC. PMT indicated that these items were still in use. UNOV/UNODC needs to establish mechanisms for regular review and update of useful life of property, for example, as part of the annual physical verification exercises.

(c) Administrative errors not corrected in a timely manner

26. From January 2023 to October 2025, 133,947 property items were deactivated under the "Administrative Error" category. Ninety-seven per cent of the deactivated items were for UNODC offices in Afghanistan, Bolivia, Southeast Asia and Pacific, and West and Central Africa. The errors were largely due to the selection of incorrect material product identification numbers (IDs), which resulted in the items being incorrectly recorded as either capitalized or non-capitalized property. Out of the 133,947 items, 125,836 non-capitalized property records were corrected over one year after the errors occurred. Such delays affect accuracy of the records and increase the administrative burden associated with the physical verification and reconciliation process. To help in addressing the issue, PMT emphasized the significance of selecting proper product IDs at the acquisition stage in its training to field offices.

27. The gaps noted above highlight the need to improve monitoring and oversight of data quality using existing dashboards. GAMPS maintains a dashboard that covers proper capitalization and serialization of property and completeness of mandatory information and produces a weekly quality report on shopping carts that flags errors in material product IDs and unit prices. To better support the monitoring in decentralized field offices, PMT developed a complementary monthly dashboard in January 2026, and focal points were required to correct inaccurate or incomplete records within seven days of receipt of the dashboard report. However, the PMT dashboard does not cover potential shopping cart errors and therefore this aspect needs to continue to be monitored using the GAMPS dashboard.

(2) UNOV/UNODC should strengthen arrangements for monitoring and overseeing the accuracy and completeness of property records using the established dashboards and ensure errors and gaps identified are addressed in a timely manner.

UNOV/UNODC accepted recommendation 2 and stated that it would continue to strengthen existing dashboards and monitoring mechanisms to improve data quality oversight and timely corrective action by field offices and responsible stakeholders.

C. Physical security and physical verification

Weaknesses were observed in storage management

28. The Department of Operational Support (DOS) issued a memo (DOS-2022-04985) requesting entities to adapt the DOS provisions on inventory management and safeguarding property to their operational needs. At the time of the audit, UNOV/UNODC had not yet developed guidelines on storage management. Additionally, PMT did not monitor the property safeguarding controls in UNODC field offices.

29. OIOS' review of property records showed that items in stock mainly included laptops and computer equipment temporarily stored to be transferred to beneficiaries, and in some cases new laptops not yet assigned to users as well as obsolete and surplus laptops. In the absence of guidance and oversight, UNODC field offices adopted three approaches to storing property: (a) outsourcing storage management services to commercial vendors; (b) storing property centrally in storage rooms; and (c) storing property separately by project in their respective offices.

30. The major risk noted in storage management at field offices was the lack of segregation of duties due to limited staffing resources. It was common practice in many UNODC field offices for the property focal point to hold the key to the storage area, maintain property records, and conduct physical verification exercises. The risk was mitigated when storage management is outsourced to external vendors. However, for offices managing their own storage, inadequate segregation of duties increased the risk of losses and might have contributed to the loss of 170 items with acquisition value of $222,886 during 2023 to 2025.

31. Further, of the missing items, there were no recoveries from insurance except for two missing laptops. Property items, including the large stock held by UNODC Country Office in Mexico (COMEX) and Regional Office for West and Central Africa (ROSEN), were not insured. UNOV/UNODC needed to issue guidance on the insurance of items in storage, particularly those intended for beneficiaries, which are generally new items that have never been used, and their loss directly affect programme results.

(3) UNOV/UNODC should develop and implement entity-wide guidelines for storage and insurance of property as recommended by the Department of Operational Support, considering good practices adopted by some field offices and lessons learned from recent property losses.

UNOV/UNODC accepted recommendation 3 and stated that it would explore the development of entity-wide guidance relating to storage management and insurance arrangements.

There were shortcomings and delays in physical verification and reconciliation exercises

32. UNOV/UNODC developed internal guidelines for the physical verification and reconciliation of capitalized property, which clearly defined the roles and responsibilities and the planning, executing and reconciling requirements. However, the guidelines were not extended to cover non-capitalized property. Further, OIOS' review identified the following gaps that limited the effectiveness of the physical verification exercises as a key control for property management:

(a) Lack of segregation of duties and inadequate supervision

33. OIOS' review of the 2024 and 2025 physical verification exercise showed that it was common practice for field focal points who have direct responsibility for property to perform the physical verification

exercise, reconcile the results, and submit the reports to PMT without adequate supervision or oversight as required by the established guidelines for capitalized items. For example, none of the verification reports had the required header page listing the physical verification team members with their signature and none was signed by the Representatives. The reports were submitted to PMT by the focal points instead of through the Representatives. Further, none of the field offices had done the required sample review of the physical verification results. Such shortcomings increase the risk of property loss or misappropriation occurring and not being identified in a timely manner.

(b) Lack of planning for the physical verification

34. Only 5 of the 18 UNODC field offices reviewed were able to provide OIOS with their plans for the 2025 physical verification exercise. Lack of proper planning contributed to delays in completing the exercise. Although the deadlines for the 2025 physical verification of non-capitalized and capitalized property were 31 May 2025 and 14 November 2025, respectively, PMT could not share the results with OIOS until January 2026. Staff attributed some of the delays to lack of barcode scanners, which were not utilized even in offices with high volume of property. Such limitations need to be factored into planning timelines and/or addressed where funding permits.

(c) Delayed reconciliation of discrepancies and update of records

35. Out of the total unidentified 226 property items in the 2024 physical verification exercise, 146 had not been reconciled by April 2026. Of these, 126 were for UNODC Country Office in Nigeria. The delays were attributed to staffing constraints in managing extensive follow-up on discrepancies. As noted in sections B and D of this report, improving data quality and the timeliness of transfers to beneficiaries and deactivation of related records could reduce discrepancies and related administrative burden. Additionally, 20 capitalized items with acquisition value of $1.35 million and a zero net book value as of December 2024, which were inspected but indicated as obsolete or not in use in 2024, were still active in the system.

(4) UNOV/UNODC should strengthen arrangements for physical verification exercises by: (a) expanding guidance to cover non-capitalized property and planning requirements; and (b) enhancing headquarters oversight and accountability of field offices in ensuring compliance with established guidelines.

UNOV/UNODC accepted recommendation 4 and stated that it would review and expand guidance for physical verification exercises, including oversight arrangements.

Surplus items were not identified during physical verifications and disposed of in a timely manner

36. ST/AI/2015/4 requires timely identification and disposal of items exceeding operational needs. However, there were no established guidelines and mechanisms to ensure the systematic identification and disposal of surplus items during the physical verification exercises. The current annual physical verification template includes a column for offices to indicate whether items are damaged but does not provide a field to indicate surplus items. Delays in the disposal of surplus items increase the administrative burden of storage and the risk of losses. The losses in COMEX and ROSEN discussed later under Section E of the report included surplus items that should have been disposed of earlier.

(5) UNOV/UNODC should improve guidance and oversight to ensure prompt identification and disposal of surplus stock.

UNOV/UNODC accepted recommendation 5 and stated that it would strengthen guidance and oversight relating to identification and disposal of surplus stock.

D. Management of property purchased for end beneficiaries

Controls over the management of property procured for beneficiariess were not adequate

37. The UNODC SOP for property transfer to end beneficiaries lacked explicit instructions for segregating beneficiary-related property in Umoja. Some UNODC field offices adopted various manual practices for indicating property items intended for beneficiaries through adding comments on the purchase order or equipment master records; or marking property for beneficiaries with an "idle" status in Umoja. Others relied on the requisition office or project to manually identify items intended for beneficiaries.

38. The lack of a standard approach in identifying property for beneficiaries in the Umoja property records made it impossible for PMT to track and monitor delays in transferring property to beneficiaries and delays in deactivating property records of items already transferred to beneficiaries. As a result, there were significant delays that were not formally reported and explained. OIOS' review showed that the average time taken between recording and deactivating property items for beneficiaries was 16 months for items deactivated during 2023-2025. Although there were improvements in timelines for items purchased, transferred and deactivated in 2024 and 2025, OIOS noted below cases with significant delays.

(a) As of October 2025, there were 23 capitalized items-in-transit with acquisition value of $524,599. These were prefabricated accommodations procured and shipped to the United Nations Logistics Base (UNLB) in Brindisi between September 2020 and July 2022. Half the value of these items had been depreciated while still in storage.

(b) The UNODC Country Office in Nigeria had 109 non-capitalized property items with acquisition value of $455,300 stored at UNLB pending delivery to beneficiaries. These items were procured and delivered to Brindisi in September 2023. OIOS was informed that due to security challenges and state elections, the donor agreed to extend the implementation period of the project to September 2026. At the time of the audit, the project managers were following up with the beneficiary to determine the shipping destination.

(c) The 2024 physical verification results showed 12 capitalized items with acquisition value of $280,550 that were acquired in 2021 for beneficiaries. These items were still active in Umoja as of the time of the audit. PMT informed OIOS that the delays in transferring the items were due to challenges associated with the operational context in Afghanistan, and limitations in engagement with the beneficiaries. However, there were no accountability mechanisms for projects to formally explain such delays and the actions being taken to address them. Additionally, 264 non-capitalized items transferred to beneficiaries in 2024 or earlier were still active in Umoja. This was mainly due to delays by projects in submitting write-off requests and supporting documents.

39. Delays in transfers and delays in deactivating records increase the overall property management workload due to the increased level of items stored, and level of discrepancies identified during physical verification exercises. Further, when capitalized items that have already been transferred to beneficiaries are not deactivated from the records within the same year, they could lead to overstatement of property values in financial statements. In addition, storing property intended for beneficiaries for extended periods increases the risk of losses as illustrated by the COMEX loss in which 28 new laptops awaiting transfer to beneficiaries were among the missing items.

40. Field focal points attributed the delays mainly to the late submission of required documentation by project staff. OIOS is of the view that the delays in transferring items to beneficiaries also indicate weaknesses in project planning with items being purchased before delivery arrangements and timelines have been established and agreed upon with the end beneficiaries. There is a need for UNODC to clarify project staff accountability in the management of property purchased for beneficiaries throughout the entire cycle from procurement planning to transfer of items to beneficiaries and subsequent deactivation of the items from property records. OIOS noted a good practice in the UNODC Programme Office for Ukraine that could be adopted by other field offices. The Office prepared action plans that specified the implementation period for the transfer of property, the quantity of equipment, and obligations of involved parties. These plans were signed by both the Head of Office and the beneficiary, thereby serving as binding agreement.

(6) UNOV/UNODC should strengthen the management of property held for beneficiaries by: (a) establishing a standard approach for identifying relevant items in Umoja to enable tracking and monitoring from acquisition to deactivation; and (b) clarifying project staff accountability in their management throughout the entire cycle.

UNOV/UNODC accepted recommendation *6 and stated that it would explore tracking mechanisms for property held for end beneficiaries, as well as enhance accountability for programme managers in the field.*

E. Disposals and write-offs

Local Property Survey Board's membership and terms of reference needed strengthening

41. From January 2023 to October 2025, UNOV/UNODC disposed of and wrote off 4,230 property items with total acquisition cost of $6.60 million, including 68 capitalized items with acquisition cost of $1.54 million, as shown in table 4. The five offices with the largest disposal and write-off amounts were UNODC offices in Mexico, Pakistan, Colombia, West and Central Africa, and Afghanistan.

Table 4: Disposals and write-offs by method of Umoja records (January 2023 to October 2025)

Method	Capitalized		Non-Capitalized		Total	
	Count	Acquisition Value	Count	Acquisition Value	Count	Acquisition Value
Losses, damages & discrepancies	12	233,354	996	1,281,256	1,008	1,514,610
Destruction	24	356,074	1,604	2,011,902	1,628	2,367,976
Donation (exclude to beneficiaries)	15	388,991	933	1,183,802	948	1,572,793
Sale	13	455,417	64	94,101	77	549,518
Scrap	1	39,176	559	471,092	560	510,268
Other methods	3	66,816	6	19,537	9	86,353
Total	**68**	**1,539,828**	**4,162**	**5,061,690**	**4,230**	**6,601,518**

42. An email issued by the Director, Division for Management in November 2020, outlines the functions of the LPSB and serves as its TOR. The email sets out a membership structure of 18 staff members, representing diverse functional areas including legal, finance, and programmes to ensure a broad range of expertise. This structure was designed to allow for flexibility needed to convene meetings with the requisite quorum comprising of a Finance Officer, an Administrative Officer, a Legal Officer, and a secretary.

43. However, as of the time of the audit, the membership had decreased to nine due to staff separations. While some members had legal background, the LPSB had no legal officer as a member. Furthermore, the

chair, vice chair, and secretary positions were held by staff from the Budget Section. LPSB members indicated that it had been challenging to attract and retain members. The reduced and less diverse membership base weakened the Board's capacity to draw on the required range of expertise and contributed to delays in convening meetings and reviewing cases. Overall, of the 43 cases submitted to LPSB during the audit period, 27 cases (63 per cent) exceeded the required 30-day review timeframe, and 14 cases (32 per cent) took longer than three months.

44. Further, none of the current LPSB members had undertaken the mandatory training provided by the HPSB secretariat. Two former LPSB members attended the training in 2020, but they left the Board in 2023 and only shared the presentation materials with remaining members. HPSB indicated that the training is offered virtually on an annual basis. Therefore, UNOV/UNODC needs to ensure that all appointed members participate.

45. The LPSB TOR, as detailed in the 17 November 2020 email, appropriately addressed the standard threshold for submitting write-off cases to LPSB, which is between $3,000 to $25,000 of depreciated value. However, it did not address the requirement that write-offs related to losses or damages regardless of value should also be submitted to LPSB to assess negligence and potential financial recovery as stipulated in the DMSPC Guidance for the Disposal of Property. OIOS' review of a sample of 90 write-offs indicated that 16 losses and damages with depreciated values below $3,000 were not submitted to LPSB.

(7) UNOV/UNODC should strengthen the operation of Local Property Survey Board by: (a) updating and disseminating its terms of reference; (b) reconstituting its membership; and (c) ensuring that all members complete the mandatory training.

UNOV/UNODC accepted recommendation *7 and stated that it would review and update the LPSB TOR, make efforts to reconstitute its membership and encourage newly appointed members to complete mandatory trainings.*

<u>There were gaps in the procedures for establishment of the accountability for the losses and damages</u>

46. Between January 2023 and October 2025, LPSB reviewed 43 write-off cases comprising 216 items. These included 154 items related to theft; 37 to losses; 13 to damages and 12 to discrepancies and donations. Most of the cases were for COMEX and ROSEN. COMEX had 136 write-off cases related to theft while ROSEN reported 20 lost items and 7 damaged items. OIOS observed gaps in establishing accountability:

(a) Ineffective reporting and investigation of damage and loss cases

47. According to the DMSPC guidance on the disposal of property, incident, investigation or technical inspection reports are required for damage and loss cases as relevant. The HPSB training presentations also stipulate the types of cases that should be reviewed by the Department of Safety and Security (DSS), including burglaries. The cases should be investigated by supervisors in consultation with property management officials, and the reports should include: (a) the details and acquisition and remaining value of the property; (b) circumstances surrounding the loss and whether it occurred while performing official duties; and (c) degree of negligence on the part of the staff member or official causing the loss.

48. However, the ROSEN case files did not include any technical reports for the damaged items, or incident or investigation reports for the lost items. The ROSEN Property Management Task Force submitted a declaration note indicating that the items were lost and could not be found, which was signed by the Representative and Deputy Representative. The note did not address circumstances surrounding the loss and other required details. For COMEX, the 136 items were IT equipment, including 28 new laptops acquired in 2022 and 2023 awaiting transfer to beneficiaries, 68 laptops assigned to end users, 33 obsolete

equipment used for spare parts, 5 surplus visors, and 2 general use office equipment. The losses were identified in 2024 after the personnel responsible for property management separated from COMEX. There was an incident report describing the circumstances surrounding the loss. There was however no separate investigation, DSS report, police report, or witness statements as expected.

49. Both ROSEN and COMEX implemented additional controls based on lessons learned from the losses noted above. ROSEN introduced several measures, including issuing guidance on official property, applying barcodes to all devices, creating Share Point folders for teams and country offices to improve record-keeping and accountability, and conducting quarterly property-record monitoring. COMEX appointed a compliance officer to oversee controls, including ensuring that physical verification is conducted by two staff members. COMEX also began storing inventory lists on a shared drive and now requires annual staff review of these records.

50. The gaps noted in reporting the losses show the need to improve existing guidance, templates, and checklists for reporting losses and submitting cases to LPSB. These need to be fully aligned with the requirements outlined in the DMSPC guidance and HPSB training materials. In addition, property focal points need to be reminded of their obligation to report cases promptly to DSS and police where applicable.

(b) Inadequate application of accountability measures

51. LPSB is mandated to advise the official with delegated authority on whether property losses or damages resulted from gross negligence and therefore require financial recovery. Gross negligence is defined as a very high degree of willfulness, recklessness, or drunkenness and, in consequence, manifest disregard for the safety of life and property; it involves an extreme and reckless failure to act as a reasonable person would with respect to a reasonably foreseeable risk. While LPSB could recommend accountability measures related to conduct and performance issues, responsibility to impose them lies with the delegated official, which in UNOV/UNODC, is the Director, Division for Management.

52. LPSB did not find gross negligence in any of the loss cases it reviewed from 2023 to 2025 and did not therefore assign financial responsibility to any personnel. No other accountability measures were recommended for property losses except in one case where a staff member lost one laptop and the Board recommended the supervisor mention the underperformance of safeguarding property through e-Performance documentation.

53. In one borderline case, a service contractor used an official laptop for teleworking at a shopping centre and went home with a stranger after some drinks. The laptop was reported lost the following day. LPSB indicated that it conducted extensive inquiries with the concerned office and consulted with UNOV/UNODC legal officer based on which it concluded that the case did not meet the threshold for gross negligence as defined in the guidelines and United Nations Dispute Tribunal rulings. The Director, Division for Management, approved the write-off but requested the development of detailed guidelines for situations involving negligence or non-compliance that do not meet the gross negligence criteria.

54. The extended process to reach a decision in the example noted above underscored the need for LPSB members to complete the mandatory training, which includes a module on assessing gross negligence with practice examples. It also highlights the need for guidance on the use of other administrative accountability measures such as written or oral reprimands allowed under Staff Rule 10.2 (b) (i), in cases where negligence or non-compliance is present but does not rise to the level of gross negligence.

(8) UNOV/UNODC should strengthen procedures for establishing accountability for property losses and damages by: (a) improving incident and investigation report templates and checklists; (b) clarifying guidance on reporting incidents to the Department of Safety and

Security and local law enforcement authorities; and (c) applying administrative accountability measures provided for in the Staff Regulations and Rules and related administrative instructions in cases of negligence and non-compliance with established requirements.

UNOV/UNODC accepted recommendation 8 and stated it would review existing procedures and templates relating to losses and damages to strengthen consistency and clarity across field operations.

IV. ACKNOWLEDGEMENT

55. OIOS wishes to express its appreciation to the management and staff of UNOV/UNODC for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

ANNEX I

STATUS OF AUDIT RECOMMENDATIONS

Audit of property management at United Nations Office at Vienna and the United Nations Office on Drugs and Crime

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNOV/UNODC should formalize the roles and responsibilities for the Property Management Team and field-based staff responsible for property management to ensure clear accountability, proper oversight, and adequate segregation of duties	Important	O	Receipt of evidence that the roles and responsibilities of PMT and field-based focal points for property management have been updated and formalized.	31 December 2027
2	UNOV/UNODC should strengthen arrangements for monitoring and overseeing the accuracy and completeness of property records using the established dashboards and ensure errors and gaps identified are addressed in a timely manner	Important	O	Receipt of details of actions taken to strengthen monitoring and oversight of the accuracy and completeness of property records.	31 December 2027
3	UNOV/UNODC should develop and implement entity-wide guidelines for storage and insurance of property as recommended by the Department of Operational Support, considering good practices adopted by some field offices and lessons learned from recent property losses.	Important	O	Receipt of guidance on storage management.	30 June 2028
4	UNOV/UNODC should strengthen arrangements for physical verification exercises by: (a) expanding guidance to cover non-capitalized property and planning requirements; and (b) enhancing headquarters oversight and accountability of field offices in ensuring compliance with established guidelines	Important	O	Receipt of updated guidance for physical verification exercises.	31 December 2027

[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 UNOV/UNODC in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of property management at United Nations Office at Vienna and the United Nations Office on Drugs and Crime

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
5	UNOV/UNODC should improve guidance and oversight to ensure prompt identification and disposal of surplus stock.	Important	O	Receipt of details of actions taken to improve guidance and oversight relating to identification and disposal of surplus stock.	30 June 2028
6	UNOV/UNODC should strengthen the management of property held for beneficiaries by: (a) establishing a standard approach for identifying relevant items in Umoja to enable tracking and monitoring from acquisition to deactivation; and (b) clarifying project staff accountability in their management throughout the entire cycle	Important	O	Receipt of details of actions taken to strengthen the management of property held for beneficiaries.	30 June 2028
7	UNOV/UNODC should strengthen the operation of Local Property Survey Board by: (a) updating and disseminating its terms of reference; (b) reconstituting its membership; and (c) ensuring that all members complete the mandatory training	Important	O	Receipt of evidence that the LPSB TOR have been updated and disseminated, and members have undertaken the mandatory training.	31 March 2027
8	UNOV/UNODC should strengthen procedures for establishing accountability for property losses and damages by: (a) improving incident and investigation report templates and checklists; (b) clarifying guidance on reporting incidents to the Department of Safety and Security and local law enforcement authorities; and (c) applying administrative accountability measures provided for in the Staff Regulations and Rules and related administrative instructions in cases of negligence and non-compliance with established requirements.	Important	O	Receipt of updated procedures for processing property losses and damages.	30 June 2028

APPENDIX I

Management Response

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Management Response

Audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNOV/UNODC should formalize the roles and responsibilities for the Property Management Team and field-based staff responsible for property management to ensure clear accountability, proper oversight, and adequate segregation of duties.	Important	Yes	UNOV/DM/GSS in collaboration with UNODC divisions	Q4 2027	UNOV/UNODC will review and formalize the respective roles and responsibilities of PMT and field-based focal points, including oversight responsibilities and segregation of duties, taking into consideration operational realities and existing resource constraints
2	UNOV/UNODC should strengthen arrangements for monitoring and overseeing the accuracy and completeness of property records using the established dashboards and ensure errors and gaps identified are addressed in a timely manner.	Important	Yes	UNOV/DM/GSS	Q4 2027	Existing dashboards and monitoring mechanisms will continue to be strengthened to improve data quality oversight and timely corrective action by field offices and responsible stakeholders.
3	UNOV/UNODC should develop and implement entity-wide guidelines for storage and insurance of property as recommended by the Department of Operational Support, considering good practices adopted by some field offices and lessons learned from recent property losses.	Important	Yes	UNOV/DM/GSS in collaboration with UNODC/DO	Q2 2028	UNOV/UNODC will explore the development of entity-wide guidance relating to storage management and insurance arrangements.

[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 property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UNOV/UNODC should strengthen arrangements for physical verification exercises by: (a) expanding guidance to cover non-capitalized property and planning requirements; and (b) enhancing headquarters oversight and accountability of field offices in ensuring compliance with established guidelines.	Important	Yes	UNOV/DM/GSS in collaboration with UNODC/DO	Q4 2027	Guidance for physical verification exercises will be reviewed and expanded accordingly, including oversight arrangements.
5	UNOV/UNODC should improve guidance and oversight to ensure prompt identification and disposal of surplus stock.	Important	Yes	UNOV/DM/GSS	Q2 2028	Guidance and oversight relating to identification and disposal of surplus stock will be strengthened.
6	UNOV/UNODC should strengthen the management of property held for beneficiaries by: a) establishing a standard approach in identifying relevant items in Umoja to enable tracking and monitoring from acquisition to deactivation; and (b) clarifying project staff accountability in the management of property for beneficiaries throughout the entire cycle.	Important	Yes	UNOV/DM/GSS in collaboration with UNODC divisions	Q2 2028	UNOV/UNODC will explore tracking mechanisms for property held for end beneficiaries, as well as enhance accountability for programme managers in the field.
7	UNOV/UNODC should strengthen the operation of Local Property Survey Board by: (a) updating and disseminating its terms of reference; (b) reconstituting its membership; and (c) ensuring that all members complete the mandatory training.	Important	Yes	UNOV/DM/GSS in collaboration with Local Property Survey Board Secretariat	Q1 2027	The terms of reference of the LPSB will be reviewed and updated, efforts will be made to reconstitute membership, and newly appointed members will be encouraged to complete mandatory trainings.

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Audit of property management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
8	UNOV/UNODC should strengthen procedures for establishing accountability for property losses and damages by: (a) improving incident and investigation report templates and checklists; (b) clarifying guidance on reporting incidents to the Department of Safety and Security and local law enforcement authorities; and (c) applying administrative accountability measures provided for in the Staff Regulations and Rules and related administrative instructions in cases of negligence and non-compliance with established requirements.	Important	Yes	UNOV/DM/GSS	Q2 2028	Existing procedures and templates relating to losses and damages will be reviewed with a view to strengthening consistency and clarity across field operations