



INTERNAL AUDIT DIVISION

REPORT 2016/110

Audit of property management at the
United Nations Mission in Liberia

Overall results relating to the effective
management of property were initially
assessed as partially satisfactory.
Implementation of three important
recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

30 September 2016
Assignment No. AP2015/626/01

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AUDIT REPORT

Audit of property management in the United Nations Mission in Liberia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of property management in the United Nations Mission in Liberia (UNMIL).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. United Nations-owned tangible property items are those over which the Organization exercises dominion and control as a result of acquisition, gift or agreement for short or long term use. As at 30 June 2016, UNMIL had 10,261 units of non-expendable property “in use” and “in stock” with purchase and net book values of \$88 million and \$24 million respectively, and 6.4 million items of expendable property valued at \$21 million.
4. The Under-Secretary-General for Field Support has delegated the authority and responsibility for the management of property in UNMIL to the Director of Mission Support (DMS). Under the direction of the DMS, day-to-day management of United Nations property is undertaken by the Supply Chain Management function along with self-accounting units (SAUs) namely Engineering, Geospatial Information and Telecommunications Technology, Transport, and Life Support Sections. The Supply Chain Management function is headed by a Chief at the P-5 level and supported by 22 international and 54 national staff as at 1 July 2016.
5. Property management is governed by the Financial Regulations and Rules of the United Nations, administrative instruction on the management of property (ST/AI/2015/4), Department of Peacekeeping Operations (DPKO)/Department of Field Support (DFS) Guidelines on Warehousing Operations for Field Missions, DPKO/DFS Property Management Manual for United Nations Peacekeeping Missions, DFS Work Plan on Property Management, DFS Standard Operating Procedures (SOP) on Monitoring Key Performance Indicators (KPIs) for Property Management, DFS Directive on Property Management, United Nations policy framework for International Public Sector Accounting Standards (IPSAS), and UNMIL standard operating procedures on asset management.
6. Comments provided by UNMIL are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNMIL governance, risk management and control processes in providing reasonable assurance regarding the **effective management of property in UNMIL**.
8. The audit was included in the 2016 risk-based work plan of OIOS because of the operational risks relating to the utilization and management of United Nations-owned property in support of UNMIL mandate.

9. The key control tested for the audit was regulatory framework. For the purpose of this audit OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of property in UNMIL; (b) are implemented consistently; and (c) ensure reliability and integrity of financial and operational information.

10. The key control was assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit from April to June 2016. The audit covered the period from 1 January 2015 to 30 June 2016.

12. The audit: (i) tested the controls over safeguarding, issue, physical verification, recording and reconciliation of property data in Galileo; (ii) reviewed the activities of the Local Property Survey Board, write-off and disposal of assets; and (iii) reviewed compliance with policies and SOPs governing property management in the Mission.

13. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

14. The UNMIL governance, risk management and control processes examined were initially **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of property in UNMIL**. OIOS made five recommendations to address issues identified in the audit.

15. UNMIL suitably located the integrated warehouse and installed adequate fire protection measures such as fire extinguishers and smoke detection systems. The Mission adhered to the United Nations regulations, rules and policies in the gifting, write-off and disposal of United Nations-owned equipment. Expendable property items assessed to be in excess of Mission requirements were being deployed to other peacekeeping missions. Periodic reports on inventory performance were timely submitted to management, and differences between actual and book quantities of expendable property items identified during periodic stock counts were reconciled. However, UNMIL needed to: (i) improve security and health related measures in the warehouse, asset management practices to avoid stock deterioration or obsolescence, and internal controls over the issuance of items from the warehouse; (ii) ensure that United Nations-owned equipment were not issued/transferred to checked-out staff; and (iii) update location and end-user information of non-expendable items in the Galileo system.

16. The initial overall rating is based on the assessment of key control presented in Table 1. The final overall rating is partially satisfactory as implementation of the three recommendations remains in progress.

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of property in UNMIL	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

The warehouses in Monrovia were suitably located and had fire extinguishers and smoke detection systems

17. DPKO/DFS Guidelines on Warehousing Operations require UNMIL to: (i) take into account relevant environmental factors including risks of flood and other natural occurrences prior to selecting sites for warehouses; and (ii) ensure that all warehouses have adequate fire prevention and detection systems, fire evacuation plans, fire wardens, and are structurally sound so that items are protected against excessive heat or leakage.

18. UNMIL established an integrated warehouse system in line with the United Nations Global Field Support Strategy in July 2015 consisting of two hard wall buildings, one large Rubb hall and some sea containers. OIOS visits and inspection of the three warehouse locations indicated that fire extinguishers and detection systems were installed, fire wardens were assigned to each warehouse location, and fire evacuation plans and drills were prepared and performed. The warehouses were situated on high-level ground not subject to flooding during the rainy season.

19. However, due to normal wear and tear, the roofs of two of the warehouse buildings needed repairs to prevent leakage. UNMIL indicated that considering the cost involved, unavailability of the equipment required to conduct the repairs and the Mission’s impending liquidation, it was not prudent to undertake the repair of the warehouse roofs. UNMIL therefore repositioned the inventory away from the leaking areas and was patching some parts of the damaged roof from inside the warehouse.

20. OIOS did not make a recommendation on this matter as UNMIL was taking action to safeguard the inventory.

There was a need to improve security and health related measures in warehouses

21. DPKO/DFS Guidelines on Warehousing Operations require UNMIL to: (i) ensure that warehouses are adequately secured and monitored; (ii) install health and safety related equipment and provide staff with necessary training to use them; and (iii) provide staff with appropriate protective clothing.

22. OIOS visits to the three warehouses in Monrovia showed that shelves and items were clearly labelled and marked for ease of identification and issue. The vicinity of the warehouses was fenced, well-lit and entry into the integrated warehouse was limited to only staff issued with access passes. A security guard was stationed outside the main perimeter fence of the sites. However, additional security and health

related measures were needed to improve the security of the warehouses and welfare of the staff. For example:

- A third of the close circuit television cameras were not operational and those that were could not capture quality images in low-light conditions. UNMIL explained that the Security Section was acquiring high quality cameras to replace them;
- Interviews with warehouse staff revealed that most of them were not trained on how to use first aid kits because of budgetary constraints; and
- Due to oversight, warehouse staff members were not equipped with appropriate protective clothing thus exposing them to undue danger.

23. The above conditions increased risk of theft and low or non-detection of it, as well as health and security risks relating to staff working in the warehouses.

(1) UNMIL should take action to improve security and health related measures in its warehouses including: (a) equipping staff with appropriate protective clothing; (b) training staff on the use of first aid kits; and (c) procuring cameras that can capture high quality images in low-light conditions.

UNMIL accepted recommendation 1 and stated that it had distributed personal protective equipment to staff and installed close circuit television cameras in the warehouses. First aid emergency training was ongoing. Based on the information provided by UNMIL, recommendation 1 has been closed.

Some asset management practices needed improvement

(a) Some items received in the Mission were never issued

24. The DFS Property Management Directive dated February 2015 requires UNMIL to: (i) put assets into use right after entry into inventory; (ii) closely monitor the levels of never-used items and their judicious deployment and re-distribution; (iii) conduct proper assessment of requirements before undertaking procurement to ensure that items purchased are utilized; and (iv) review mission inventory practices to reduce the number of over-stocked items.

25. A review of UNMIL stocks of non-expendable items as at 30 June 2016 and analysis of Galileo inventory records for the period from 1 January 2015 to 30 June 2016 showed that effective measures and oversight were not instituted to prevent, detect and act on slow/non-moving items. Also, a first-in-first-out system was not applied to issue and deploy assets. As a result, 340 non-expendable items with purchase value of \$3.6 million out of 12,123 items totaling \$107.6 million had been in the warehouses for periods ranging from 1 to 10 years after arrival and not put into use as at 13 June 2016. These items were acquired at various dates between August 2003 and June 2016 and included 29 water pumps, 35 prefab buildings, 12 generator sets, 4 ambulances, 21 barcode readers, 4 light forklifts and 3 electrical panels and magnetic contactors.

26. Furthermore, due to improper planning and assessment of requirements, while these items were in stock, additional items with the same specifications were purchased and added to unit stock. UNMIL explained that: (i) the original generators were not functional because vital parts such as turbo chargers and injection pumps were stolen while in the asset yard hence the need to acquire replacements; (ii)

prefab buildings were reserved for anticipated relocations from the Pan African Plaza building to Starbase logistic center; and (iii) expected upgrades of certain troop accommodations by replacing tents with prefabs. However, the upgrade did not take place due to the Mission’s drawdown of troops.

(b) Key performance indicators on asset life expectancy and condition were not met

27. The DFS Property Management SOPs on monitoring of KPIs and the DFS Property Management Work Plan set KPIs to be utilized by missions to assess equipment utilization efficiency ratios, identify slow-moving items and ageing stock, declare surplus items for re-distribution and/or initiate write-off of obsolete equipment.

28. A review and analysis of UNMIL reports on KPIs on property from 1 January 2015 to 30 June 2016 showed that 2 out of the 26 KPI targets monitored quarterly were not met because of ineffective oversight and measures on inventory management. These are shown in Table 2.

Table 2: UNMIL performance against selected DFS property management KPIs

KPI	Target	Actual (in percentages)					
		31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16
Passed life expectancy in stock	0 per cent with 10 per cent tolerance rate	33	46	45	38	45	40
Operational Stock	100 per cent with 5 per cent tolerance rate	87	81	85	90	87	82

29. As a result of the above, the United Nations did not derive the full benefits of purchased items that were never used and those that may have deteriorated or become obsolete. Additionally, valuable warehouse space and resources were being expended to store these items. This was because UNMIL did not have effective processes to review existing stock holdings before undertaking procurement actions.

(2) UNMIL should develop and implement internal guidelines to ensure proper assessment of existing inventory of expendable and non-expendable property before undertaking procurement actions, to ensure that items purchased are utilized and key performance indicators on life expectancy and operational levels of stock are achieved.

UNMIL accepted recommendation 2 and stated that the Integrated Warehouse Section was assessing the life expectancy, consumption rate and operational needs of assets in order to determine the correct level of stock, while ensuring efficiency and timely response. Updated internal guidelines were being prepared by the Office of the Chief of Supply Chain Management. Recommendation 2 remains open pending receipt of a copy of the internal guidelines.

Non-expendable and expendable property requirements of the Mission were being assessed

30. The United Nations Financial Regulations and Rules require equipment in good condition that is not required for current mission operations to be redeployed to other peacekeeping operations or United Nations activities funded from assessed contributions, or placed in reserve to form start-up kits for use by future missions.

31. At the time of the audit, UNMIL management was planning to undertake an assessment of its current needs and requirements of non-expendable items for the next two years prior to determining surplus assets for re-deployment.

32. OIOS review of the Mission's expendable property holdings as at 30 June 2016 indicated that expendable stock levels were being reduced in view of the drawdown of the Mission. For example, items valued at about \$2.5 million were shipped to other missions in the past two fiscal years while 22 containers of expendable items with an estimated value of \$1.4 million were packed for shipment to the Multidimensional Integrated Stabilization Mission in the Central African Republic.

33. OIOS concluded that action was being taken to ensure overall asset holdings mirror the size and needs of the Mission.

Internal controls over issuance of items from warehouses needed improvement

34. DPKO/DFS Guidelines on Warehousing Operations require incompatible functions such as approval of issue and transfer vouchers, recordkeeping and custody of items to be segregated to ensure checks and balances and prevent fraud and errors.

35. OIOS visits to the three warehouse locations in Monrovia indicated that all of them maintained bin cards for expendable and non-expendable inventory items. However, a review of 66 issue vouchers for non-expendable items out of 1,337 created during the audited period showed lack of segregation of duties. For example; in 44 of the sampled cases, the Transport Section staff member who created issue vouchers for vehicles, spare parts and related products also approved them and recorded their issuance in Galileo. The same staff member was also responsible for conducting physical verifications and making adjustments to correct discrepancies between physical counts and book balances. In one case, the staff member raised an issue voucher, approved it and issued five transport pool vehicles in his name. This was because the Transport Section had not completed the transfer of all warehousing activities to the Integrated Warehouse Unit and adequate supervision and monitoring controls were not put in place following the reduction in staffing capacity due to the drawdown of the Mission.

36. OIOS reviewed a sample of 20 issue vouchers for expendable items out of 250 vouchers individually valued at \$5,000 and above that were created during the audit period. The review indicated that they were duly signed by the end-user as evidence of receipt of the items and were accompanied by approved requests.

37. Inadequate controls over issuance of non-expendable items from the warehouses could result in misappropriation, misuse and thereby financial loss to the Organization.

(3) UNMIL should take action to ensure that the Transport Section expedites the transfer of all warehousing activities to the Integrated Warehouse Unit to improve segregation of duties between various property management functions.

UNMIL accepted recommendation 3 and stated that transport warehousing activities were transferred to the Integrated Warehouse Unit in August 2013. Based on the recommendation, the approving roles to issue vehicles were reassigned to the Chief and Deputy Chief Transport Officers effective 5 September 2016. Based on the information provided by UNMIL, recommendation 3 has been closed.

United Nations owned-equipment were issued/transferred to checked-out staff

38. The DPKO Property Management Manual and UNMIL check-out procedures require end-users to return all assigned United Nations-owned equipment (UNOE) prior to departure from the mission area. The Galileo inventory system operating features require the accounts of checked-out staff to be deactivated and archived to prevent further transactions into such accounts.

39. A review of active end-user accounts in the Galileo inventory system showed that as of 18 May 2016, 162 out of 944 users who had checked-out during the period from 1 January 2015 to 31 March 2016 had active accounts in Galileo. This was due to an oversight to formally assign responsibility for the deactivation of checked-out staff accounts to either the Property Control and Inventory Unit (PCIU) or the Check-Out Unit following the abolishment of the post previously charged with this responsibility.

40. OIOS further review indicated that UNOE were issued or transferred to 6 of the 162 staff after they had checked out due to errors or delays in processing handover vouchers. The assets were later reassigned to the correct end-users after OIOS identified the anomaly.

41. The failure to deactivate and archive accounts of checked-out staff in Galileo increased the risk of assets being inappropriately assigned and could lead to financial loss to the Organization.

(4) UNMIL should clearly designate the Unit charged with the responsibility to ensure that accounts of all checked-out staff are deactivated in the Galileo inventory system.

UNMIL accepted recommendation 4 and stated that the user accounts of the 162 checked-out staff noted by the audit had been closed. Recommendation 4 remains open pending designation of the Unit charged with the responsibility to ensure that user accounts of separated staff are systematically deactivated.

Location and end-user information of non-expendable assets in the Galileo system were not up to date

42. The DPKO Property Manual and the DFS SOPs on Monitoring of KPIs for property management require: (i) PCIU to conduct 100 per cent physical verification of all property, plant and equipment in the Mission at least once a year; (ii) SAUs to follow up and reconcile discrepancies identified during the physical verification within 30 days; and (iii) staff to inform the relevant SAU of transfer and movement of UNOE.

43. A review of reports submitted to DFS showed that PCIU physically verified 100 per cent of all non-expendable items in the 2014/15 and 2015/16 fiscal years. Discrepancies identified were reported to SAUs for updating in Galileo. OIOS independent verification of 59 randomly selected non-expendable items conducted between 16 and 24 June 2016 confirmed that 55 existed and were in the possession of Mission personnel but 4 items were not with the assigned end-users. However, the affected staff members have initiated security incident reports for further action.

44. An analysis of the verification status of non-expendable items in Galileo and comparison with physical verification data showed that movements of assets from one location to another or from one user to another were not promptly updated in Galileo. This was due to lack of awareness of staff members of the requirement to promptly complete transfer vouchers to report movements to the SAUs. As a result, a total of 2,856 of the verified items as at 12 May 2016 with reported discrepancies had not been updated in Galileo and 6 assets were shown in Galileo as located in closed and vacated sites. On average, the discrepancies identified had been outstanding for 160 days.

45. The lack of prompt reconciliation and update of asset movements diminished the reliability of information available in Galileo that is used by Management in making important inventory management decisions to maximize the efficiency of the Organization.

(5) UNMIL should: (i) periodically remind staff of the responsibility to inform the relevant self-accounting unit of all permanent movement of assets; and (ii) ensure that discrepancies are reconciled and Galileo is promptly updated within 30 days of the identification of the discrepancy.

UNMIL accepted recommendation 5 and stated that it issued a broadcast message on 19 August 2016 to remind staff of their responsibilities regarding the relocation of assets, and an administrative instruction on 23 September 2016 on the mandatory usage of UNOE. PCIU would continue to send regular weekly reports on outstanding reconciliation discrepancies. UNMIL also provided a status report on the discrepancies already reconciled as at 23 September 2016. Recommendation 5 remains open pending receipt of evidence that the reconciliation exercise has been completed.

Expendable items were counted and discrepancies reconciled

46. The Guidelines on Cycle Count of Expendable Property and Reconciliation of Discrepancies in Field Missions issued in July 2013 require UNMIL to analyze and rank outgoing expendable stock into A, B, and C classes depending on the frequency of issuance and to count each class at least quarterly, semi-annually and annually, respectively. Also the DFS SOP on Monitoring KPIs of Property Management requires UNMIL to conduct 100 per cent count of expendable items in stock.

47. A review of stock count records and visit to the integrated warehouse showed that expendable items had been categorized into A, B and C classes based on frequency of issuance. PCIU together with the Integrated Warehouse Unit conducted 100 per cent count of expendable property line items during the 2015/16 fiscal year. Any discrepancies identified between the total quantity in the warehouse and in Galileo were corrected through the use of duly approved inventory cycle vouchers.

48. OIOS concluded that adequate controls were established over the count of expendable property items.

Some UNOE were gifted to the Government of Liberia

49. Rule 105.24 of the Financial Regulations and Rules of the United Nations require that any United Nations assets that have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.

50. In the 2015/16 fiscal year, UNMIL identified 603 items of UNOE with a purchase value of \$8.7 million to be gifted to the Government of Liberia. These consisted of prefabricated buildings with the attached fittings, septic tanks, bridges and water treatment plant among others. Of these the United Nations Headquarters Property Survey Board had reviewed and approved 143 items totaling \$1.7 million as at 29 June 2016, while 460 items totaling \$7 million was pending review and approval. Certificates of Temporary Possession Pending Donation were raised for assets identified to be gifted to the Government of Liberia as required by the DPKO/DFS Property Management Manual.

51. OIOS concluded that there were adequate controls in place to ensure that laid down processes and procedures relating to the gifting of UNOE were adhered to.

Procedures for the write-off of non-expendable property were adhered to

52. The DPKO/DFS Property Management Manual requires the Mission's SAUs to promptly: (a) initiate write-off actions by reporting any loss, damage or shortage of UNOE within 12 months of identifying such discrepancy to the Special Investigations Unit; and (b) report cases investigated by Special Investigations Unit to the Local Property Survey Board (LPSB). The DFS Property Management Directive requires LPSB to hold regular meetings to avoid accumulation of write-off backlog.

53. A review of the procedures and activities relating to the write-off of 1,759 bar coded assets during the period from 1 July 2015 to 15 June 2016 indicated that UNMIL adhered to DPKO/DFS policies on write-off of assets and acted within the delegation of authority granted to the DMS.

54. OIOS concluded that there were adequate controls in place to ensure that laid down process and procedures relating to write-off of UNOE were adhered to.

Competitive bidding process was used in the disposal of non-expendable properties

55. The United Nations Financial Regulations and Rules require UNMIL to sell supplies, equipment or other property declared surplus or unserviceable through a competitive bidding process and deliver them only after payment is received.

56. A review of 9 of the 17 case files relating to assets approved for disposal through commercial sales initiated during the audit period indicated that a competitive and transparent bidding process was applied in the selection of winning bidders and the sold assets were released only after all relevant payments including to local customs authorities were made.

Periodic reports on inventory performance were timely submitted to management

57. The DPKO/DFS Property Management Manual requires PCIU to: (i) provide regular managerial reports to the DMS on mission property items; and (ii) prepare and submit monthly non-expendable property reports and fiscal year end IPSAS reports. Additionally, the DFS Property Management Work Plan requires missions to submit quarterly property performance results against set KPIs together with a summary of the mission's main property management activities.

58. A review of the reports submitted during the audit period indicated that all the required property management reports and KPIs were prepared and timely submitted to the DMS and United Nations Global Service Centre, and IPSAS fiscal year end reports to the Controller for the fiscal year 2014/15.

59. OIOS therefore concluded that there was adequate and timely reporting on property management.

IV. ACKNOWLEDGEMENT

60. OIOS wishes to express its appreciation to the management and staff of UNMIL 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 Mission in Liberia

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close the recommendation	Implementation date ⁵
1	UNMIL should take action to improve security and health related measures in its warehouses including: (a) equipping staff with appropriate protective clothing; (b) training staff on the use of first aid kits; and (c) procuring cameras that can capture high quality images in low-light conditions.	Important	C	Action completed.	Implemented
2	UNMIL should develop and implement internal guidelines to ensure proper assessment of existing inventory of expendable and non-expendable property before undertaking procurement actions, to ensure that items purchased are utilized and key performance indicators on life expectancy and operational levels of stock are achieved.	Important	O	Submission of guidelines to ensure proper assessment of existing inventory is conducted before procuring expendable and non-expendable property.	31 December 2016
3	UNMIL should take action to ensure that the Transport Section expedites the transfer of all warehousing activities to the Integrated Warehouse Unit to improve the supervision and monitoring of inventory.	Important	C	Action completed.	Implemented
4	UNMIL should clearly designate the Unit charged with the responsibility to ensure that accounts of all checked-out staff are deactivated in the Galileo inventory system.	Important	O	Notification of the Unit designated with the responsibility to ensure that user accounts of separated staff are systematically deactivated.	30 September 2016
5	UNMIL should: (i) periodically remind staff	Important	O	Submission of evidence that the discrepancies	30 September 2016

² 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.

³ 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.

⁴ C=closed, O=Open

⁵ Date provided by UNMIL

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close the recommendation	Implementation date ⁵
	through broadcast of the responsibility to inform the relevant self-accounting unit of all permanent movements of asset items; and (ii) ensure that discrepancies are reconciled and Galileo is promptly updated within 30 days of the identification of the discrepancy.			noted in Galileo have been reconciled.	

APPENDIX I

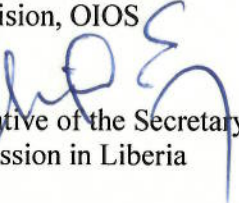
Management Response

U N M I L

*Office of the Special Representative of the Secretary-General
And Coordinator of United Nations Operations in Liberia*

26 September 2016

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

From: Farid Zarif 
Special Representative of the Secretary-General
United Nations Mission in Liberia

Subject: **Assignment No. AP2015/626/01 – UNMIL’s response to the draft report
on the audit of property management at the United Nations Mission in
Liberia**

Thank you for providing us with the opportunity to comment on the above-referenced audit.

Please find attached UNMIL’s comments on the draft report.

Best regards.

Cc: Mr. David Penklis, Director of Mission Support, UNMIL
Ms. Denise Wilman, Chief of Staff, UNMIL
Mr. Erich Ball, Deputy Director of Mission Support, UNMIL
Mr. Robert Hartley, Chief, Supply Chain Management, UNMIL
Mr. Kuldeep Malik, Chief, Service Delivery, UNMIL
Ms. Norma Mwambazi, Chief, Property Management Section, UNMIL
Mr. Andre Rodrigues, Chief, Integrated Warehouse, UNMIL
Ms. Moya Magilligan, Audit Focal Point, UNMIL
Mr. Peterson Kariithi, Officer-in-Charge, Chief Resident Auditor, UNMIL
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit
Division, OIOS

Management Response

Audit of property management in the United Nations Mission in Liberia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMIL should take action to improve security and health related measures in its warehouse including: (a) equipping staff with appropriate protective clothing; (b) training staff on the use of first aid kits; and (c) procuring cameras that can capture high quality images in low-light conditions.	Important	Yes	Integrated Warehouse	Implemented	(a) The Integrated Warehouse Section (IWS) already distributed personal protective equipment (PPE) to all of its members. In addition, IWS is emphasizing the use of PPEs. (POE provided to OIOS.) (b) First Aid Emergency training is currently ongoing at PAKMED, Star Base. Attendance is mandatory for all IWS staff. (POE provided to OIOS.) (c) The installation of closed circuit television cameras has been completed by the Security Section. (POE provided to OIOS.)
2	UNMIL should develop and implement internal guidelines to ensure proper assessment of existing inventory of expendable and non-expendable property before undertaking procurement actions to ensure that items purchased are utilized and key performance indicators on life expectancy and operational levels of stock are achieved.	Important	Yes	O/CSCM	31 December 2016	The current procedure ensures maximum use of inventory. Accordingly, IWS works with an 18-month inventory requirement plan. Anything beyond that time period is either sent to other missions or sold via commercial sale. IWS is assessing the life expectancy, consumption rate and operational needs of assets in order to determine the correct level of stock and ensuring efficiency and timely response. Updated internal guidelines

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of property management in the United Nations Mission in Liberia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						are under preparation by O/CSCM.
3	UNMIL should take action to ensure that the Transport Section expedites the transfer of all warehousing activities to the Integrated Warehouse Unit to improve segregation of duties between various property management functions.	Important	Yes	Transport Section	Implemented	The Transport warehousing activities were transferred to Integrated Warehouse in August 2013. As regards the internal control over issuance of vehicles, the approving roles on issuance of vehicles have been revoked from Transport FVIU staff effective 5 September 2016 based on this recommendation. These roles are now assigned only to the Chief Transport Officer and the Deputy Chief Transport Officer. POE provided to OIOS.
4	UNMIL should clearly designate the Unit charged with the responsibility to ensure that accounts of all checked-out staff are deactivated in the Galileo inventory system.	Important	Yes	O/CSCM	Implemented	The 162 accounts left open after check-out occurred prior to the implementation of the Field Support Suite. Since implementation, staff members and being checked out and accounts deleted. Additionally, the 162 accounts noted by during the audit have also been closed. POE provided to OIOS.
5	UNMIL should: (i) periodically remind staff of the responsibility to inform the relevant self-accounting unit of all permanent movements of assets; and (ii) ensure that discrepancies are reconciled and Galileo is promptly updated within 30 days of the identification of the discrepancy.	Important	Yes	(i) PMS (ii) PCIU /AMU	Implemented	(i) UNMIL Admin broadcasts will continue to be issued periodically to remind staff of their responsibilities regarding the relocation of assets. UNMIL Admin broadcast dated 19 August 2016 is POE provided to OIOS and the Administrative Instruction 2016-018 on "Mandatory

Management Response

Audit of property management in the United Nations Mission in Liberia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>usage of UNOE forms” dated 23 September 2016 is POE provided to OIOS.</p> <p>(ii) The following actions have been taken :</p> <ul style="list-style-type: none"> - PCIU has been briefed not to raise incorrect discrepancies in the system. - PCIU continues to send regular weekly reports to TUs for reconciliation of discrepancies. The email sent to all SAUs, dated 13 September 2016, is POE provided to OIOS. - The discrepancies already reconciled by AMU as at 23 September 2016 are POE provided to OIOS.