



INTERNAL AUDIT DIVISION

REPORT 2016/137

**Audit of contingent-owned equipment in the
United Nations Operation in Côte d'Ivoire**

**Contingent-owned equipment verifications
and inspections were done, but timely action
was not taken to address surplus and
deficient equipment and to comply with
appropriate disposal procedures**

**16 November 2016
Assignment No. AP2016/640/04**

Audit of contingent-owned equipment in the United Nations Operation in Cote d'Ivoire

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 contingent-owned equipment (COE) in the United Nations Operation in Cote d'Ivoire (UNOCI). The audit covered the period from 1 July 2013 to 31 March 2016 and included reviews of: the oversight of the COE programme; physical verification of COE; cost recovery of self-sustainment provided by the Mission; accounting and reporting of spent ammunition; and disposal of COE.

UNOCI had: properly established its COE Unit/Memorandum of Understanding Management Review Board (CMMRB); prepared comprehensive plans for physical verification exercises; conducted arrival inspections of major equipment and self-sustainment categories within established timeframes; conducted timely repatriation inspections; and promptly initiated cost recovery related to self-sustainment support provided to contingent units. However, timely action was not taken to address surplus and deficient equipment and to comply with appropriate disposal procedures.

The Office of Internal Oversight Services made four recommendations. To address issues identified in the audit, UNOCI needed to:

- Ensure that the CMMRB met regularly and reviewed the COE status reports;
- Ensure that the findings of its inspections and related recommendations were timely addressed by the Departments of Peacekeeping Operations and Field Support;
- Improve accounting and reporting of spent ammunition; and
- Comply with COE disposal guidelines.

UNOCI accepted the recommendations and has initiated action to implement them.

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Audit of contingent-owned equipment in the United Nations Operation in Côte d'Ivoire

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of contingent-owned equipment (COE) in the United Nations Operation in Côte d'Ivoire (UNOCI).
2. The United Nations had established memoranda of understanding (MoUs) with troop- and police-contributing countries (T/PCCs) to deploy personnel and equipment to help implement the Mission's mandate. The MoUs also required contingents to be self-sustained for certain support services such as medical, accommodation and communications.
3. Successive resolutions of the Security Council have reduced the authorized strength of UNOCI, which now stands at 2,000 following resolution 2284 (2016) authorizing the closure of the Mission by 30 June 2017. As part of its liquidation, UNOCI is increasingly reducing its troops and related COE. UNOCI budgets for major equipment were \$48.1 million, \$41.1 million and \$31.8 million for 2013/14, 2014/15 and 2015/16, respectively; and \$38 million, \$31.5 million and \$25.7 million for self-sustainment for the respective years.
4. The T/PCCs receive reimbursement for COE and self-sustainment based on rates established by the General Assembly. Reimbursement is dependent upon verification that the equipment and services provided meet the undertaking of the T/PCC in the relevant MoU. The Departments of Peacekeeping Operations and Field Support (DPKO/DFS) are responsible for establishing MoUs and processing reimbursements to T/PCCs based on verification reports prepared by the Mission. The COE/MoU Management Review Board (CMMRB) of UNOCI is responsible for overseeing the management of the COE programme, reviewing the major and minor equipment and self-sustainment capabilities of contingents, and making recommendations to the Mission and DPKO/DFS on corrective actions required.
5. The UNOCI COE Unit is responsible for managing the MoUs including verification and reporting related to major equipment and self-sustainment and updating the COE database with the results of inspections. The Unit was headed by a staff member at the Field Service-6 level and supported by four international staff, two national staff, one United Nations volunteer, three military staff officers and two police officers.
6. Comments provided by UNOCI are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of COE in UNOCI.
8. This audit was included in the 2016 risk-based work plan of OIOS due to the operational and financial risk related to COE during the withdrawal and repatriation of contingent personnel and equipment in response to the reduced Mission mandate towards the liquidation phase.
9. OIOS conducted this audit from May to August 2016. The audit covered the period from 1 July 2013 to 31 March 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management of COE, including: oversight and management of the COE programme;

physical verification of COE; COE serviceability reporting; cost recovery of self-sustainment provided by the Mission; accounting and reporting of spent ammunition; and disposal of COE.

10. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) review of a judgemental sample of verification reports; and (d) observation of periodic, operational readiness and repatriation inspections conducted in Abidjan, Bouake and Daloa sectors.

III. OVERALL CONCLUSION

11. UNOCI had: properly established its COE Unit/Memorandum of Understanding Management Review Board (CMMRB); prepared comprehensive plans for physical verification exercises; conducted arrival inspections of major equipment and self-sustainment categories within established timeframes; conducted timely repatriation inspections; and promptly initiated cost recovery related to self-sustainment support the Mission provided to contingent units. However, UNOCI needed to: ensure that the CMMRB met regularly and reviewed the COE status reports; ensure that the findings of its inspections and related recommendations were timely addressed by DPKO and DFS; improve operational reporting of spent ammunition; and comply with COE disposal guidelines.

IV. AUDIT RESULTS

A. Oversight

Need for an effective CMMRB

12. The COE Manual and Guidelines require UNOCI to establish a CMMRB to oversee the Mission's COE programme and meet quarterly to conduct a mandatory review of the COE quarterly status report. UNOCI had 28 MoUs requiring provision of COE by 31 contingents.

13. UNOCI established a CMMRB on 3 March 2008 and amended its terms of reference in September 2015 to reflect changes in its roles as per the revised COE Manual that became effective 1 September 2015. CMMRB met only once, on 22 September 2015, instead of 11 times during the audit period to discuss the quarterly verification results and COE status reports. Prior to September 2015, the CMMRB met on 21 March 2012 and the Mission followed up its recommendations with DPKO/DFS only on 2 October 2014 and 21 July 2015. Moreover, surpluses, shortfalls and deficiencies identified and reported during physical verification, and addressed by the CMMRB were not timely resolved by DPKO, DFS and T/PCCs. For example:

- One contingent did not deploy ammunition storage containers as required by the MoU and instead stored its ammunition in regular sea containers which did not comply with the United Nations ammunition and explosives storage regulations;
- Three of five contingents had expired ammunition and did not deploy the required riot control equipment; and
- One contingent with 175 personnel deployed two Level 1 hospitals, in accordance with the MoU; however, the CMMRB found this to be too many in comparison with the COE Manual, which requires one Level 1 hospital for a battalion of 300 to 1,000 troops.

14. The above occurred because UNOCI did not: take appropriate actions to ensure that the CMMRB met regularly and reviewed COE status reports; and implement an effective follow-up mechanism to ensure DPKO/DFS addressed the findings of COE inspections and corresponding CMMRB recommendations. As a result, there was a risk that the contingents had limited capacities to implement their mandated tasks.

(1) UNOCI should take appropriate actions to ensure that the Contingent-Owned Equipment/Memorandum of Understanding Management Review Board meets regularly and reviews the contingent-owned equipment quarterly status reports.

UNOCI accepted recommendation 1 and stated that the CMMRB had started having quarterly electronic CMMRB (e-CMMRB) meetings to review unresolved issues and bring them to the attention of the COE Unit at United Nations Headquarters. UNOCI also stated that the CMMRB would continue to meet quarterly and on an ad hoc basis to review emerging issues. Recommendation 1 remains open pending receipt of evidence that the CMMRB has convened quarterly and reviewed COE status reports.

(2) UNOCI should implement an effective follow-up mechanism to ensure that the findings of its inspections and related recommendations are addressed by DPKO and DFS in a timely manner.

UNOCI accepted recommendation 2 and stated that the CMMRB had sent required reports to the COE Unit at United Nations Headquarters and maintained a reporting and follow-up mechanism. UNOCI also stated that most of the contingents with unresolved issues had been repatriated. Recommendation 2 remains open pending receipt of evidence that recurrent issues pertaining to the remaining contingents have been rectified.

B. Physical inspection

Arrival inspections were conducted within established timeframes

15. The COE Manual and Verification Guidelines require the COE Unit to complete the arrival inspection of major equipment within a month and self-sustainment categories within six months of the arrival of the relevant contingents, respectively.

16. Interview of COE Unit staff and review of correspondences and all eight arrival inspection reports indicated that: (a) T/PCCs deployed three new contingent units to UNOCI and DPKO generated three other units from existing contingent capabilities during the audit period; and (b) the COE Unit completed arrival inspections of the major equipment and self-sustainment categories within the required timeframes. T/PCCs had generally deployed COE required by the relevant MoU.

17. OIOS concluded that UNOCI conducted arrival inspections of major equipment and self-sustainment categories within established timeframes.

Periodic and operational readiness inspections were adequately planned and conducted

18. The COE Manual and Verification Guidelines require the COE Unit to: adequately plan for the verification inspections of COE in coordination with contingent representatives and other Mission components; and conduct periodic (quarterly) inspections to ensure the continuous and effective

monitoring of the status of COE, and operational readiness inspections (ORIs) at least once every six months.

19. Reviews of the inspection planning process, correspondences related to physical verification, 63 of 630 quarterly inspection and 24 of 279 ORI reports; observation of two periodic inspections and one ORI in Abidjan, Bouake and Daloa sectors; and interview of relevant mission personnel indicated that the Unit:

- Had prepared comprehensive annual inspection calendars in coordination with contingent representatives and other Mission components to ensure an efficient and effective exercise; and
- Generally complied with the requirements of the COE Manual and Verification Guidelines regarding the frequency of inspections, composition of inspection teams and extent of verification coverage and reporting.

20. OIOS concluded that UNOCI had adequately complied with the relevant requirements for periodic inspections and ORIs.

UNOCI conducted timely repatriation inspections

21. The COE Manual and Verification Guidelines require the COE Unit to conduct repatriation inspections after a contingent ceases operations and before it departs to verify and account for all major equipment to be repatriated, and confirm that no United Nations-owned equipment is included in the consignment being repatriated.

22. During the period 1 July 2013 to 31 March 2016, 15 contingent units ceased operations in UNOCI and the COE Unit conducted and reported on 30 repatriation inspections. Reviews of 11 repatriation inspection reports and related shipment documents; verification sheets for the return of United Nations-owned equipment by five of the contingents repatriated; and observation of two repatriation inspections indicated that: the UNOCI Joint Logistics Operations Centre prepared comprehensive contingent repatriation support plans in coordination with the Mission's technical and support sections; and the COE Unit conducted timely repatriation inspections jointly with asset managers and the Property Control and Inventory Unit to ensure proper accounting procedures for United Nations-owned equipment.

23. OIOS concluded that adequate controls were in place to ensure that repatriation exercises were timely and effectively conducted.

C. Recovery of cost of self-sustainment provided by the Mission

UNOCI promptly recovered the cost of support provided to T/PCCs

24. The COE Manual and Verification Guidelines require UNOCI to recover costs incurred by the Mission in support of contingent self-sustainment categories.

25. During the period under review, the COE Unit submitted 62 cost recovery reports for \$141,000 arising from the commercial lease of refrigerated containers on behalf of eight contingent units and the unauthorized consumption of emergency rations by personnel from seven contingent units. A review of 12 cost recovery vouchers totaling \$36,090 indicated that UNOCI recovered the related costs from T/PCC reimbursements via the United Nations Field Budget and Finance Division.

26. OIOS concluded that adequate procedures were in place to ensure that UNOCI consistently recovered the costs of self-sustainment support provided to contingents.

D. Accounting and reporting of spent ammunition

UNOCI needed to improve ammunition expenditure reporting

27. The COE Manual and Verification Guidelines require the Force Commander and Police Commissioner to authorize the use of ammunition and explosives for operational purposes or special training authorized by the Force Commander. The COE Manual requires: the Organization to reimburse T/PCCs for the authorized use of ammunition and explosives for operational purposes or special training; and identify ammunition used for regular/operational readiness training as a national responsibility covered in the monthly wet lease reimbursement for major equipment or troop cost for personal weapons.

28. A review of the accounting and reporting process for ammunition and explosives and seven Operational Ammunition Expenditure Certificates (OAECs) for the use of 18,593 ammunition and explosives by one contingent indicated that the Force and Police Headquarters, and the Office of Mission Support had authorized the use of ammunition and explosives. However, UNOCI did not distinguish the training ammunition and explosives reported in OAECs between regular and special operations training use. This was because the Mission had not implemented effective accounting and reporting procedures to accurately identify and report the use of ammunition and explosives.

29. The failure to differentiate the type of training in the OAEC increases the risk of the Organization reimbursing T/PCCs for ammunition and explosives used for purposes unrelated to special operations and training. The audit results indicated that 12,700 or 68 per cent of the ammunition covered by OAECs were used for routine firing training purposes and not for special operations and specialized training exercises.

(3) UNOCI should implement adequate and effective accounting and reporting procedures on use of ammunition and explosives.

UNOCI accepted recommendation 3 and stated that the Force Commander would direct contingent commanders to clearly distinguish ammunition and explosives used for routine training from those used for special operational training in OAECs. Recommendation 3 remains open pending receipt of the Force Commander's directives and evidence that contingent commanders have distinguished in OAECs ammunition used for routine training from those used for special operations.

E. Disposal

UNOCI did not fully comply with COE disposal guidelines

30. The COE Manual and Verification Guidelines require: the UNOCI Force Headquarters (FHQ) and Mission Support component to assist/observe and certify contingents' disposal of COE ammunition and explosives; and the Mission to ensure COE disposals comply with host country laws, environmental and waste management policies and procedures.

31. Interview of staff of the Property Disposal Unit (PDU) indicated that they coordinated the disposal and destruction of 5,268 ammunition and explosives by the United Nations Mine Action Service on behalf of one contingent. However, there was no evidence that FHQ and Mission Support

representatives observed or certified the destruction of any other expired/non-serviceable ammunition and explosives. Further, five contingents disposed of COE including scrap containers, water treatment plants, and hazardous waste (e.g. used vehicle batteries and tires) through public auction without involving the Mission Support component.

32. The above resulted because UNOCI had not implemented an effective mechanism to enforce the requirement for FHQ and Mission Support representatives to observe and certify the destruction of COE, ammunition and explosives. As a result, there was a reputation risk that may result from noncompliance with relevant laws and regulations in the disposal of waste.

(4) UNOCI should enforce the requirement for representatives of the Force Headquarters and Mission Support to observe the disposal of contingent-owned equipment or certify the destruction of ammunition and explosives.

UNOCI accepted recommendation 4 and stated that its Mission Support component would coordinate with representatives of the relevant technical sections and ensure their presence during the disposal of COE and destruction of ammunition and explosives. Recommendation 4 remains open pending receipt of evidence that the relevant technical sections of the Mission Support have observed the disposal of COE and certified the destruction of ammunition and explosives.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of contingent-owned equipment in the United Nations Operation in Cote d'Ivoire

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNOCI should take appropriate actions to ensure that the Contingent-Owned Equipment/Memorandum of Understanding Management Review Board meets regularly and reviews the contingent-owned equipment quarterly status reports.	Important	O	Receipt of evidence that the CMMRB has convened quarterly and reviewed COE status reports.	31 December 2016
2	UNOCI should implement an effective follow-up mechanism to ensure that the findings of its inspections and related recommendations are addressed by DPKO and DFS in a timely manner.	Important	O	Receipt of evidence that recurrent issues of the remaining contingents have been rectified.	31 December 2016
3	UNOCI should implement adequate and effective accounting and reporting procedures on use of ammunition and explosives.	Important	O	Receipt of the Force Commander's directives and evidence that contingent commanders have: distinguished ammunitions used for routine training from those used for special operations in their OAECs; and included in their OAECs unserviceable or expired ammunitions.	31 December 2016
4	UNOCI should enforce the requirement for representatives of the Force Headquarters and Mission Support to observe the disposal of contingent-owned equipment or certify the destruction of ammunition and explosives.	Important	O	Receipt of evidence that the relevant technical sections of the Mission Support have observed the disposal of contingent-owned equipment and certified the destruction of ammunition and explosives.	31 December 2016

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

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

³ C = closed, O = open

⁴ Date provided by UNOCI in response to recommendations.

APPENDIX I

Management Response

MANAGEMENT RESPONSE

Audit of contingent-owned equipment in the United Nations Operation in Côte d'Ivoire

Para. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
1	UNOCI should take appropriate actions to ensure that the Contingent-Owned Equipment/Memorandum of Understanding Management Review Board meets regularly and reviews the Contingent Owned Equipment quarterly status report.	Important	This recommendation is accepted (Yes)	Chief COE	31 December 2016	UNOCI Contingent-Owned Equipment/Memorandum of Understanding Management Review Board (CMMRB), chaired by Chief Integrated Support Services organizes quarterly electronic CMMRB (e-CMMRB) meetings to review unresolved issues. These unresolved issues had been raised to the attention of the COE at United Nations HQ. UNOCI CMMRB will continue to organize more regular quarterly meetings and ad-hoc meetings based on emerging issues.
2	UNOCI should implement an effective follow-up mechanism to ensure that the findings of its inspections and related recommendations are addressed by DPKO and DFS in a timely manner.	Important	This recommendation is accepted (Yes)	Chief COE	31 December 2016	UNOCI CMMRB has consistently maintained a reporting and follow-up mechanism to ensure that DPKO/DFS address the findings of the Mission's inspections by sending the reports of the CMMRB to UNHQ. For the unresolved issues, UNOCI CMMRB had followed up with two faxes signed by the Chief of Mission Support and sent to DPKO/DFS on unresolved issues relating to compliance of Contingents-Owned Equipment

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ Please indicate feasibility and realistic timelines for implementation of the recommendation.

MANAGEMENT RESPONSE

Audit of contingent-owned equipment in the United Nations Operation in Côte d'Ivoire

Para. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						(COE)/Memorandum of Understanding. UNOCI COE Unit also includes in every Quarterly Verification Status Report a copy of "CMMRB Issues for Follow up", as part of the report since 2012. The COE Unit has held three Video Teleconferences with Chief of COE under Logistics Support Division at UNHQ within the period under review, and on each occasion, the agenda primarily focused on UNOCI CMMRB unresolved issues. UNOCI also notes that most of the contingents affected by the unresolved issues have since repatriated from the Mission.
3	UNOCI should implement adequate and effective accounting and reporting procedure on use of ammunition and explosives.	Important	This recommendation is accepted (Yes)	Chief of Operations (Force and Police HQ) and Senior Ammunitions Technical Officer.	31 December 2016	UNOCI Force Commander will direct Contingent Commanders to: (a) Clearly distinguish between ammunition and explosives used for routine training or special operational training in the Operational Ammunition Expenditure Certificates; and (b) Include in Operational Ammunition Expenditure Certificates ammunition or explosives that become unserviceable or expire in the Mission area and have been destroyed. Special operational training is conducted on as-needed basis, and

MANAGEMENT RESPONSE

Audit of contingent-owned equipment in the United Nations Operation in Côte d'Ivoire

Para. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						always supported by a written directive from the Force Commander or Police Commissioner, usually a fragmentation order (FRAGO). Routine operational readiness training conducted by contingent units is a contributing country responsibility that is not supported by a fragmentation order.
4	UNOCI should enforce the requirement for representatives of the Force Headquarters and Mission Support to observe the disposal of contingent owned equipment or certify the destruction of ammunition and explosives.	Important	This recommendation is accepted (Yes)	Chief, Property Disposal Unit/Senior Ammunitions Technical Officer/UNMAS	31 December 2016	The UNOCI Mission Support component will coordinate with representatives of the relevant technical sections and ensure the presence of representatives of the Force Commander during the disposal of contingent-owned equipment and destruction of ammunition and explosives.