



INTERNAL AUDIT DIVISION

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

Due to its downsizing, the Mission urgently needed to reduce risks of inefficiencies and losses that have occurred over the years because of inadequate safeguarding of assets, accumulation of unused assets and a deficient maintenance and repair process

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of asset management in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess efficiency and effectiveness of asset management in UNAMID. The audit covered the period from 1 January 2016 to 30 June 2018 and included measures for safeguarding of assets, utilization and maintenance and disposal of assets, records management and Umoja roles.

Due to its downsizing, there was an urgent need for the Mission to establish measures to better manage its assets, to reduce risks of inefficiencies and losses that have occurred over the years because of inadequate safeguarding of assets, accumulation of unused assets due to excess purchasing and an inadequate maintenance and repair process.

OIOS made one critical and five important recommendations. To address issues identified in the audit, UNAMID needed to:

- Take adequate measures to safeguard its assets;
- Assess the level and types of assets required until the end of the Mission's mandate including: deciding on those assets that are cost-effective to repair; extending the use of assets that have exceeded its estimated useful life but are still in good working condition; limiting the procurement of new assets to those that would be needed over the next 18-24 months; and taking appropriate action to timely dispose of or redeploy the large volume of obsolete and excess items; (**critical**)
- Regularly update its preliminary asset disposal plan to guide the optimization and timely disposal of the Mission's assets during drawdown;
- Ensure that all cases submitted to the Local Property Survey Board (LPSB) are adequately supported, that the composition of LPSB is reviewed and made according to the delegation to the Mission, and that its members are trained on the proper evaluation of write-off cases;
- Regularly update Umoja on the location and condition of assets and asset movements; and
- Review Umoja user roles assigned to staff to ensure streamlined and efficient processes, and to the extent necessary terminate all conflicting roles.

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

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

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of asset management in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).
2. Security Council resolution 2429 of July 2018 mandated the reconfiguration and drawdown of UNAMID with an eventual exit by June 2020. The strength of the military component and police was reduced to 11,395 and 2,888 respectively under Security Council resolution 2363 (2017) and to 4,050 and 2,500, respectively over the course of this mandate period as compared to 15,845 military and 1,583 police personnel and 13 formed police units of up to 140 personnel each authorized in 2016. In line with this continuous drawdown, 588 civilian personnel positions were abolished and 11 team sites and 1 community police center (CPC) were closed under Security Council resolution 2363 in 2017 and plans were underway under the current drawdown to abolish 1,183 civilian personnel positions and close 10 team sites, 3 CPCs, and 3 sector headquarters by 30 June 2019.
3. Asset management in UNAMID is governed by the Departments of Peacekeeping Operations and Field Support (DPKO/DFS) Property Management Manual, Financial Regulations and Rules of the United Nations, and relevant DFS directives and standard operating procedures. The Property Management Section, responsible for the oversight of the Mission's assets, has three units: (a) the Property Control and Inventory Unit (PCIU); (b) the Claims and Property Survey Unit; and (c) Contingent-owned Equipment Unit. The Receipt and Inspection (R&I) and Property Disposal Unit are within the Integrated Warehouse Section. The technical units including Geospatial Information and Telecommunication Technology (GITTS), Engineering and Environment Protection, Medical, Supply and Transport sections are responsible and accountable for the assets entrusted to them.
4. The Property Management Section is headed by a Chief at the P-5 level and has 52 authorized posts comprising 22 international and 30 national staff. UNAMID assets include land, buildings, equipment, supplies and vehicles, all of which are essential components of the Mission's capacity to effectively fulfill its mandate. As at 30 June 2016, 2017 and 2018, the acquisition cost of assets held by the Mission was \$556 million, \$533 million and \$487 million respectively.
5. Comments provided by UNAMID are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the efficiency and effectiveness of asset management in UNAMID.
7. This audit was included in the 2018 risk-based work plan of OIOS due to the operational and financial risks related to asset management practices in UNAMID.
8. OIOS conducted this audit from February to July 2018 and covered the period from 1 January 2016 to 30 June 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in asset management, which included: (a) safeguarding of assets; (b) utilization, maintenance and disposal of assets; and (c) records management.

9. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; and (c) physical verification of select assets, covering the following sectors: El Fasher, Nyala, El Geneina, Zalingei, and the Khartoum Liaison Office. Samples were also selected to evaluate write-off cases and included a review of 1,375 assets of 9,258 (or 15 per cent) total assets written off during the audit period.

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

III. AUDIT RESULTS

A. Safeguarding of assets

Inadequate safeguarding of assets increased risk of loss through theft and carelessness of staff

11. UNAMID is responsible for ensuring its assets are properly safeguarded to avoid loss through theft or other irregularities.

12. UNAMID had more than 50,000 assets with an acquisition cost of about \$500 million during the audit period. From 1 January 2016 to 30 June 2017, UNAMID wrote off 1,388 assets costing \$7.9 million with a depreciated value of \$1.8 million. The report generated by the Claims and Property Survey Unit showed that of the \$7.9 million written off, \$3.5 million (depreciated value \$1.4 million) was due to theft and the remaining \$4.4 million (depreciated value \$0.4 million) related to losses reported by staff in technical units or those that could not be located during physical verifications. These write-offs pertained to thefts and losses which happened in earlier periods, which the Mission embarked to clean up and reflect in the database. This issue is dealt with below in paragraph 23.

13. To address the significant level of theft, several Special Investigation Unit (SIU) reports recommended that UNAMID management properly secure office premises having assets and attractive items. OIOS physical inspections noted that some SIU recommendations were not effectively implemented such as securing some of the office premises with cross bars and padlocks; and having a standard operating procedure to guide staff in such areas as custody of keys. This condition continued to expose the Mission to significant losses through theft. For instance, OIOS observed that one of the UNAMID equipment rooms in its Super Camp headquarters was not locked using padlocks, allowing access to attractive and expensive equipment. Some other premises having network switches were not secured with padlocks and cross bars.

14. Additionally, there were numerous unsecured equipment (no longer needed) lying around the Mission. Many of them had been stripped of valuable spare parts such as transceivers, generators and waste water treatment plants. There were no records or log books to account for these cannibalized parts and because of this, it was not known whether they were stolen or used for repair works. During OIOS field visits, OIOS observed around 40 generators in Nyala, which had been stripped of their spare parts prior to write-off and disposal, but the cannibalized items had not been accounted for systematically. On the other hand, after the disposal of generators and other equipment, the records for the cannibalized parts were well maintained. OIOS also observed abandoned water equipment in El Geneina and Nyala that were unsecured as the military and police previously occupying the camps had repatriated. The Mission should identify assets that it should henceforth try to recover and restore, based on a cost-benefit analysis and considering the drawdown.

15. OIOS and United Nations management have established that during a Mission downsizing and liquidation, the risk of loss of assets through theft and or other irregularities increases. Considering the

significant volume of theft already occurring, UNAMID needs to mitigate this risk by strengthening unauthorized access to its assets. The OIOS 2018 audit of UNAMID warehousing operations included a recommendation for the Mission to implement outstanding SIU recommendations regarding safeguarding of warehoused items, which if implemented should be effective in reducing the level of assets (including spare parts from cannibalized equipment) lost through theft.

(1) UNAMID should take adequate measures to safeguard its assets by: (a) enhancing further physical security; and (b) maintaining logs and records for cannibalized items in a more systematic manner.

UNAMID accepted recommendation 1 and stated that the loss of asset by theft was an area of concern but this was less than 1 per cent of its assets book value. Most of the recorded cases of theft and loss of assets occurred few years back but were written off after 2016 as part of data cleansing to ensure successful decommissioning of Galileo. Nonetheless, the Mission had taken many initiatives such as reconstituting the Camp Guard Force, revising the gate pass system, security screening at exits/entrances, fencing of sensitive storage areas, and swift criminal prosecution of culpable individuals which had led to a reduction of incidents and in some cases recovery of stolen assets. The Mission would revisit recommendations made by the SIU to enhance security further. The Mission had maintained records of cannibalization done after disposal and agreed to maintain the records of cannibalization of “in use” assets more systematically. Recommendation 1 remains open pending receipt of evidence that UNAMID has implemented outstanding security assessment recommendations and logs, and records for “in use” cannibalized equipment are systematically maintained.

B. Utilization, maintenance and disposal of assets

Control weaknesses in managing assets have allowed unnecessary levels of assets to accumulate over the years

16. UNAMID is required to assess its asset needs and ensure resources allocated to procuring, maintaining and utilizing assets are used efficiently and effectively.

17. Since the establishment of the Mission, there has been an accumulation of assets that have neither been used nor effectively utilized, some due to: (a) insufficient needs assessment (taking into account inventory levels) prior to procuring new items; (b) lack of timely maintenance and repairs to put equipment into operation; and (c) receiving from liquidating missions items not required.

18. As part of this audit, OIOS observed many excess items stored in warehouses, an issue already reported by OIOS in 2014 (report 2014/138 issued on 15 December 2014) on the audit of warehouse operations. Similar observations have been noted in its current 2018 audit on the same subject, with recommendations to address this issue. In addition, OIOS identified several control weaknesses in UNAMID’s management of its assets, as follows:

- UNAMID recorded a total of 1,799 generators as of 30 June 2017 located throughout its area of operations, including those in stock. OIOS inspected 477 of these generators and noted that 280 (or 59 per cent) were not working, even though there were generator workshops located in many Mission locations. UNAMID advised that the lack of regular and timely maintenance of generators was due to non-availability of spare parts as a result of long delays in the Government of Sudan’s clearance of spare parts shipments, which in some instances took more than 18 months, and lack of adequately skilled manpower to carry out the repairs. At the same time, UNAMID had

490 (or 27 per cent) of the 1,799 generators in stock (with an acquisition cost of \$8.6 million). OIOS also noted that UNAMID, at the height of its operations in 2013/14, had about 1,000 generators in use and the current high number of generators was partly due to synchronization project taken by the Mission. This condition indicated that the Mission did not take effective steps to maintain its generators. OIOS review of maintenance records of 50 generators showed that 45 were overdue for their scheduled maintenance.

- UNAMID recorded that it had 695 wastewater treatment equipment¹ across sectors and Mission headquarters as of 30 June 2017. OIOS inspection of 105 wastewater treatment plants in El Geneina, Nyala and Zalingei noted that 72 (or 69 per cent) were not working. There were no records available for OIOS to substantiate whether any preventive maintenance had been conducted on any of the equipment over the years. UNAMID advised that most of the wastewater treatment plants seen by OIOS had been procured through systems contracts that had subsequently expired and thus there was no provision for the procurement of spare parts. Beginning in early 2018, the Mission has since embarked on a phased replacement of the obsolete plants in line with new United Nations Headquarters contracts, with the procurement of an additional 15 treatment plants in 2017/18 to be installed in the area of operation, and the Mission has initiated the write-off of the old equipment.
- UNAMID had three stone crushers, with an acquisition cost of \$1.1 million each that were procured during the start-up phase of the Mission in 2007/08 in anticipation of major constructions. One of these had been used sparingly while the other two were not used and all three were declared surplus in 2016. Concerns related to the purchase of this equipment was already raised by OIOS in 2008/09. As at the time of the audit, the Mission was working with the United Nations Global Service Centre, Brindisi to identify a best fit solution. UNAMID was hesitant to dispose of the assets locally as it was unlikely to recoup a sum close to the depreciated value.
- Only 9 of 45 heavy transport equipment in Nyala were operational and in use, with the remaining 36 (with a purchase cost of \$6.2 million) in the transport workshop for an average of three years including 3 items of equipment that had been out of use for almost seven years. There were no records to show whether all the 45 assets had been serviced. Management explained that some of these assets were not functioning due to lack of spare parts and harsh weather conditions. This however does not explain the length of time valuable assets were not operational. OIOS observed during the visual inspection that many of the equipment would have become unserviceable because of prolonged inattention and lack of use. The records/files at the transport reception indicated that these assets were taken into the workshop a long time back (average of three years) and since then no job was done on them to repair. The assets included equipment such as forklift, bulldozer, front end loader, road roller, excavator tracked, back-hole loader and skid steer loader. Management indicated that some of these assets were not functional because of lack of spare parts. To ensure that the Mission continued operations, the Transport Section took the decision to remove parts from equipment that was in the workshop and awaiting repairs, thus ensuring a small fleet of operational heavy equipment.
- UNAMID received several unsolicited assets from the United Nations Mission in the Central African Republic and Chad (MINURCAT) and the United Nations Operation in Burundi (ONUB), which had never been put into service since received. Some of these assets were still in sealed containers, while others were kept in workshops without an assessment of their serviceability.

¹ The wastewater treatment plants included: 206 containerized plant modules; 179 lift station modules; 30 portable wastewater plants; 185 septic tank modules; and 95 wastewater analysing equipment.

19. The inability to repair and dispose assets in a timely manner happened as UNAMID had since inception encountered serious difficulties to obtain spare parts, which was compounded by the fact that UNAMID had not taken adequate steps over the years to manage its assets effectively by maintaining and repairing assets in a timely manner to keep them in good working condition and taking action to dispose of any excess and obsolete items in a timely manner. There was also an indication that in the early days of the Mission, goods from downsizing and closing missions may have been received without any identified need or proper justification. OIOS noted that the Mission had embarked on a major data cleansing exercise along with a comprehensive physical verification exercise and constituted an Asset Downsizing Task Force on 18 April 2018 to coordinate write-off and disposal of assets consistent with the policies of the organization.

20. UNAMID needs to assess the level of assets required to implement its mandate until June 2020, taking into consideration its reconfiguration and downsizing and completing liquidation by 31 December 2020. An assessment is also needed to see if it is cost-effective, at this stage in the Mission, to repair the many assets that are not operational or to write off and dispose them. UNAMID should also limit the procurement of new assets, unless, after conducting a thorough needs assessment, it is determined that such assets would be needed for the next 18-24 months. Consideration also needs to be given to extending the use of assets in good working condition such as information technology equipment and vehicles even though on paper they have reached their estimated useful life.

21. In addition, to manage its assets in the last phase of the Mission, UNAMID needed to have an updated and comprehensive preliminary asset disposal plan (PADP) for proactive resource planning and to guide the optimization of its asset portfolio. While a PADP is only required during the liquidation phase, which was announced in Security Council resolution 2429 in July 2018, management was in the process of updating the Mission's PADP. However, at the time of the audit, the Mission's technical units had not completed the review of the condition and grouping of their assets, a prerequisite in developing an accurate and reliable PADP. The Transport and Supply sections had made good efforts in grouping their assets, but the Engineering Section and GITTS had only started the process. At this stage, the absence of an updated and comprehensive PADP that reflects the realities on ground increases the risk that management may not make fully informed decisions about the Mission's asset requirements during the drawdown phase.

Decisions to write off and dispose assets needed to be properly justified and supported

22. Technical units are required to initiate the write-off process for assets as they become unusable or uneconomical to repair. Responsible staff are required to provide the Local Property Survey Board (LPSB) with sufficient information to be able to make informed recommendations about the write-off and disposal of assets. This should include details related to any loss, deficiency, surplus, unserviceable and/or obsolete items, or any other irregularities occurring in property belonging to UNAMID. The LPSB is also responsible for determining the degree of responsibility for any loss, discrepancy or other irregularity.

23. As reported above, assets costing \$4.4 million with a depreciated value of \$0.4 million was written off during the audit period for various reasons, including losses and items not found. OIOS review of 12 of the reported cases of loss showed that many of them related to discrepancies identified by PCIU during physical verification. Review of write-off cases for supply assets based on SIU reports indicated that some of these assets were acknowledged and received in Galileo based on verbal agreements with the Officer-in-Charge of the Supply Section without physically seeing them. The Mission advised that in the initial period of the Mission, assets were received based solely on the shipping document and release voucher and sent directly to technical units without Galileo processing because of the absence of an R&I Unit. For most of these cases it was reported that accountability could not be easily ascertained, as they related to assets with shared responsibility such as containerized ablutions, prefabs and network switches. Inadequacy on the part

of the Mission to update the system and resolve these historical discrepancies within a stipulated time frame led to this condition.

24. OIOS recognizes that establishing accountability was complicated by the high staff turnover and the passage of time, noting that the situations described above took place at the beginning of the Mission as well as the comprehensive physical inventory and data cleansing conducted for the Galileo decommissioning project. However, there were a few cases where staff were held accountable for the losses, and recovery of related costs were recommended by a Board of Inquiry (BOI). However, the Headquarters Property Survey Board (HPSB) did not approve recovery and stated that the facts necessary to establish full liability may have been lost due to the late conduct of the BOI and absence of a follow-up investigation. The HPSB meeting minutes 17-08 of 12 May 2017, while concluding that gross negligence on the part of staff members was not supported, considered that the negligence in the property management function was systemic across the Mission, and recommended the Assistant Secretary-General for the Office of Central Support Services (ASG/OCSS) to request OIOS to undertake a management audit. There was however no subsequent request made by the ASG/OCSS for such an audit.

25. Additionally, a review of 62 cases of assets written off during the period showed that:

- Technical units did not accurately indicate the conditions, technical faults and repair cost of assets in their reports to justify the write-off of assets. For instance, various equipment including generators, wastewater equipment and water purification plants contained similar technical faults and cost of repair. This could be an indicator that technical units did not adequately determine the actual condition of assets and provide a realistic estimated cost of repairs. The ASG/OCSS delegation of authority to the Director of Mission Support on processing write-off required the constitution of LPSB with a representative from the Finance Section. In some cases, the LPSB composition was not made in accordance with the delegation such as no representation from the Finance Section while processing write-offs. Further, LPSB members while processing write-offs needed to evaluate the proposals received from sections and therefore needed to be adequately guided and trained to effectively review these cases.
- Some GITTS equipment with a purchase cost of \$380,000 was written off in March 2016 without being used. The reason provided in the technical report prepared by GITTS staff was that the equipment was stored in containers and became damaged because of extreme heat and adverse conditions. The LPSB determined that there was no negligence by any individual for allowing high-value equipment, known to be easily damaged, to be stored in very poor conditions because at the time, the containers and two prefabs were the only available storage facilities in Nyala.

26. As part of the portfolio of write-off cases, UNAMID wrote off 276 items with an acquisition value of \$1.8 million and depreciated value of \$0.5 million. This was done following the DFS Inventory Optimization Project (IOP), whose objective was to increase the level of accuracy and completeness of property records. UNAMID strictly followed the OCSS/Department of Management and DFS rules, which allowed the Mission to identify and write off damaged or lost United Nations-owned equipment through the LPSB with a simple fact-finding report and without a full investigation. The project started in July 2016 and ended in June 2017. A Project Board comprising the Director of the United Nations Global Service Centre, the Director of Logistics Support Division, the Director of Mission Support of the United Nations Mission in South Sudan and the Chief Management Support of the United Nations Military Observer Group in India and Pakistan was created for overall project management, communication and coordination with all stakeholders. The UNAMID Director of Mission Support was responsible for implementing project activities and technical units were responsible for identifying assets to be disposed.

27. Technical units did not always exercise due diligence to ensure that adequate and sufficient information was submitted to the LPSB. This increased the risk that: the cause of a loss, damage or discrepancy may not be properly determined; and the degree of responsibility of a concerned individual would not be assigned. Such information is also required to ensure that LPSB members discharge their functions competently and effectively.

The write-off process and subsequent disposal of assets needed to be completed in a timely manner

28. Peacekeeping missions are required to meet various asset management key performance indicators as established by DFS including completion of the write-off and disposal processes within 90 days and 180 days respectively.

29. UNAMID took an average of 160 days to complete the asset write-off process, with some assets taking over two years to write off. Once approved for write-off, the average timeline for the disposal process was about eight months, with the disposal of supply and transport assets averaging at about one year. As at 30 June 2018, UNAMID had a backlog of more than 700 assets awaiting disposal with at least 50 per cent comprising vehicles awaiting disposal by commercial sale.

30. UNAMID was experiencing difficulties in disposing of its assets in a cost-effective way, as shown in the following examples:

- Commercial sale of vehicles was done through competitive bidding exercises managed by the Procurement Section. From February to October 2017, the Mission successfully executed and completed six commercial sales for 1,161 vehicles, albeit with minimal proceeds. This was because the Government limited the participation in the bidding to vendors it had approved claiming these assets could be misused by non-approved vendors/individuals, thus limiting the competitive process and amounts received. The Government had expressed security concerns on the vehicles ending up in the hands of rebels and thus triggered this existing requirement. The sales process for last batch of 481 vehicles took more than six months due to a change in the Government procedure for the payment of customs duties and at the time of the audit, 481 sold vehicles were still parked in the yard as they could only be released after the vendors paid the necessary taxes. Since 2017, however, in view of the exit strategy of the Mission and mandated support to local communities and to the United Nations Country Team, the Mission started gifting of assets (including vehicles) at a larger scale, in line with relevant rules.
- For the disposal of spare parts through cannibalization/scrap, the amounts received were very minimal. For instance, scrap rates per kilogram varied from 2 to 17 Sudanese Pounds, depending on the type of scrap. The official exchange rate was 18 Sudanese Pounds to the United States dollar, and therefore barely worth selling, as UNAMID was receiving less than \$1 per kilogram.

31. On the other hand, disposal by gift to the Government was a much quicker process, without any substantial cost, time and effort associated with it. Therefore, in the absence of an open and fair market, and considering the significant efforts UNAMID spent in selling its assets, alternative/more cost-effective options, involving less staff time, for disposal of assets such as to other United Nations entities, non-governmental organizations or the Government needs to be considered as the Mission moves into liquidation.

(2) UNAMID should assess the level and types of assets required until the end of the Mission's mandate including: deciding on those assets that are cost-effective to repair; extending the use of assets that have exceeded its estimated useful life but are still in good working

condition; limiting the procurement of new assets to those that would be needed over the next 18-24 months; and taking appropriate action to timely dispose of or redeploy the large volume of obsolete and excess items.

UNAMID accepted recommendation 2 and stated that the Mission received several unsolicited assets from the then liquidating missions, i.e., MINURCAT and ONUB, and had tried to ensure that its assets were in usable and serviceable condition but had faced challenges in getting spares and had shortage of skilled manpower. The Mission had also faced challenges in disposing assets because of limited local avenues and restrictions imposed by the Government of Sudan. The Mission had initiated an aggressive exercise of identification of all assets, including their serviceability status and assessment of the level of property requirements between now and December 2020 and surplus items that would require disposal in view of probable liquidation by December 2020; this exercise is expected to be completed by March 2019. Recommendation 2 remains open pending receipt of evidence of the completion of assessment exercise and implementation of an action plan for asset utilization and disposal until the Mission's closure.

(3) UNAMID should regularly update its preliminary asset disposal plan to guide the optimization and timely disposal of the Mission's assets during the drawdown period.

UNAMID accepted recommendation 3 and stated that it had completed the first design of the PADP and shared it with the United Nations Global Service Centre, Brindisi. The Mission would update the PADP regularly until December 2019 when it is submitted to the Director of the Logistics Support Division at United Nations Headquarters for approval. Recommendation 3 remains open pending receipt of a copy of the final asset disposal plan.

(4) UNAMID should: (a) instruct technical units to ensure all cases submitted to the Local Property Survey Board (LPSB) are supported; and (b) ensure that the composition of LPSB is reviewed and made according to the delegation to the Mission and its members are trained on the proper evaluation of write-off cases.

UNAMID accepted recommendation 4 and stated that all the technical units would be instructed to submit write-off cases according to regulations and would ensure that the composition of LPSB meetings was in accordance with its delegated authority. Recommendation 4 remains open pending receipt of a copy of instructions issued to technical units on processing write-offs, and evidence of improvement in submitted cases, attendance in LPSB meetings of members in line with its delegated authority and training of LPSB members.

C. Records management and Umoja roles

Records management needed improvement

32. UNAMID did not maintain accurate and reliable records on the condition and status of its assets. OIOS physical verification identified: (a) 74 of 630 engineering assets that had been under maintenance for more than a year and were not in serviceable condition, but Umoja showed the condition of 63 assets as "good" or "fair"; (b) 30 out of 299 transport assets that were recorded in Umoja as in good condition although these assets had not been in serviceable condition for two to five years; and (c) 1,786 of the 65,824 asset records in Umoja that did not have a field location and 506 that did not have a cost center recorded in the system.

33. In addition, Umoja was not promptly updated to reflect physical asset movements. To illustrate, two modem satellites that were shipped from Khartoum to El Fasher in May 2018 had not been recorded in the system two months later. Similarly, a truck drilling rig sent from El Fasher to Golo in June 2018 and network firewalls sent from Khartoum to El Fasher in May 2018 had not been reflected in the system at the time of the audit.

34. The above happened because technical units were not correctly updating equipment status in Umoja after completing the required physical verification of assets under their control. Also, asset managers did not conduct periodic assessments of the condition of assets and had not dedicated adequate efforts to cleaning up relevant data that was migrated from Galileo to Umoja.

35. The Mission indicated that since the migration to Umoja, between July and September 2017, there have been a number of challenges that need to be addressed. For instance, there were no business intelligence reports that the Mission could generate to verify the condition as recorded in Umoja, which required Mission to conduct checks in the system one asset at a time. UNAMID had to meet this requirement while it was embarking on a major drawdown exercise, planning and executing closure of 11 team sites and 1 CPC, related troop repatriations and movements, handover of team sites to formed police units, implementing a civilian staffing review recommendation for a 30 per cent cut in the Mission Support Division, and preparing a revised budget. Meanwhile, the role mapping of staff has been a continuous process since migration to Umoja and this continues to be addressed to date. There was also a concentration on data clean-up as well as updating of records/transactions for activities that were done manually during the blackout period.

36. To ensure that sound decisions relating to asset management are made during the drawdown period, Mission management needs reliable and up-to-date information from Umoja. Otherwise there is an increased risk of poor decisions being made, which may lead to inefficiencies regarding purchasing unnecessary items or retaining large volume of assets that need to be dealt with during liquidation.

(5) UNAMID should: (a) as part of the development and regular update of its preliminary asset disposal plan, instruct responsible staff in technical units and the Property Management Section to regularly update Umoja on the location and condition of its assets and monitor and confirm relevant information; and (b) ensure that asset movement is promptly updated in the system.

UNAMID accepted recommendation 5 and stated that, as part of Physical Inventory Reconciliation and Optimization (PIRO) project, it was reviewing and updating the necessary asset information including location and condition of assets and would issue instructions for the regular and prompt updating of asset movements in Umoja. Recommendation 5 remains open pending receipt of evidence of the completion of the PIRO project and a copy of instructions issued to technical units for updating asset movements promptly and regularly.

Mission needed to assign Umoja user roles adequately

37. UNAMID is required to accurately and timely record all asset movements in Umoja. The Umoja Role Guide governs the assignment of roles to individuals and prohibits assignment of conflicting roles to the same individual.

38. OIOS review of asset management roles in Umoja showed that roles were not properly granted as follows:

- A PCIU staff was assigned two conflicting roles of “master data maintainer local” and “equipment verification planner”. Similarly, a staff in the Transport Section was assigned conflicting roles of “service delivery planner” and “service delivery order releaser”;
- Four staff in the Transport Section at the G-2 level were assigned the role of “master data maintainer local” which provided rights to update and modify master data. This role is significant in the overall context of asset management as individuals that are assigned this role can perform asset movements, change in status and other asset recording functions. As such, the responsibilities of such a role may not be suitable for staff at the G-2 level;
- Some staff in the technical units advised that due to a limited number of trained individuals that could perform certain roles in Umoja, there was sharing of usernames and password during periods of absence of the trained staff.

39. In addition, OIOS review of Umoja access data as in May 2018 indicated that the Mission had not given local access for asset management to staff in the sectors for some sections such as GITTS, Engineering and Supply. In these sections, asset management functions were carried out centrally in El Fasher by the respective section chiefs. For instance, there were no engineering and supply staff in Zalingei and El Geneina that had been assigned the role of “master data maintainer local” although this role was critical for ensuring accurate and timely recording of data in Umoja. Also, asset managers, responsible for utilization, maintenance and recording of assets in Khartoum, El Geneina and Zalingei were not given access to Umoja asset module, which precluded them from updating the system or from confirming whether necessary updates or transactions had been recorded by staff in El Fasher.

40. The above happened because of inadequate review by management of user role assignments in Umoja. Also, some asset management roles were centralized at the Mission’s headquarters due to a lack of trained personnel in the sectors.

(6) UNAMID should review Umoja user roles assigned to staff to ensure streamlined and efficient processes, and to the extent necessary terminate all conflicting roles.

UNAMID accepted recommendation 6 and stated that the review of Umoja user roles was in progress and would continue until the end of the Mission. All conflicting roles would be terminated by 31 December 2018. Recommendation 6 remains open pending receipt of evidence of the review of Umoja user roles and termination of conflicting roles.

IV. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMID should take adequate measures to safeguard its assets by: (a) enhancing further physical security; and (b) maintaining logs and records for cannibalized items in a more systematic manner.	Important	O	Receipt of evidence that UNAMID has implemented outstanding security assessment recommendations and logs, and records for “in use” cannibalized equipment are systematically maintained.	31 March 2019
2	UNAMID should assess the level and types of assets required until the end of the Mission’s mandate including: deciding on those assets that are cost-effective to repair; extending the use of assets that have exceeded its estimated useful life but are still in good working condition; limiting the procurement of new assets to those that would be needed over the next 18-24 months; and taking appropriate action to timely dispose of or redeploy the large volume of obsolete and excess items.	Critical	O	Receipt of evidence of the completion of assessment exercise regarding serviceability status, the level of property requirements and disposal and implementation of action plan for asset utilization and disposal until the Mission’s closure	31 March 2019
3	UNAMID should regularly update its preliminary asset disposal plan to guide the optimization and timely disposal of the Mission’s assets during the drawdown period.	Important	O	Receipt of a copy of the final asset disposal plan.	31 December 2019
4	UNAMID should: (a) instruct technical units to ensure all cases submitted to the Local Property Survey Board (LPSB) are supported; and (b) ensure that the composition of LPSB is reviewed and made according to the delegation to the Mission and its members are trained on the proper evaluation of write-off cases.	Important	O	Receipt of a copy of instructions issued to technical units on processing write-offs, and evidence of improvement in submitted cases, attendance in LPSB meetings of members in line with its delegated authority and training of LPSB members.	31 December 2018

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 UNAMID in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
5	UNAMID should: (a) as part of the development and regular update of its preliminary asset disposal plan, instruct responsible staff in technical units and the Property Management Section to regularly update Umoja on the location and condition of its assets and monitor and confirm relevant information; and (b) ensure that asset movement is promptly updated in the system.	Important	O	Receipt of evidence of the completion of the Physical Inventory Reconciliation and Optimization project and a copy of instructions issued to technical units for updating asset movements promptly and regularly.	30 June 2019
6	UNAMID should review Umoja user roles assigned to staff to ensure streamlined and efficient processes, and to the extent necessary terminate all conflicting roles.	Important	O	Receipt of evidence of the review of Umoja user roles and termination of conflicting roles.	31 December 2018

APPENDIX I

Management Response

AFRICAN UNION
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UNAMID



UNITED NATIONS
الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

16 December 2018

To: Mr. Daeyoung Park, Chief
Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Jeremiah Kingsley Mamabolo, Joint Special Representative
UNAMID

Subject: **Draft report on an audit of asset management in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2017/634/11)**

1. With reference to your memorandum dated 9 December 2018 on the captioned-subject, please find attached UNAMID response (Appendix I) to the draft report for your consideration.

Thank you.

cc: Ms. Victoria Browning, Director of Mission Support Division, UNAMID
Mr. Ebrima Ceesay, Deputy Director, Mission Support Division, UNAMID
Mr. Prem Singh, Chief, Service Delivery Service, UNAMID
Ms. Campbell Bright, Service Chief, Supply Chain Management, UNAMID
Mr. Lamin Demba, Chief, Geospatial Information and Telecommunication Technologies Section, UNAMID
Mr. Yonas Araia, Chief, Engineering Section, UNAMID
Mr. Khalid Younis, Chief, Transport Section, UNAMID
Mr. Robert Forson, Chief, Property Management Section, UNAMID
Mr. Barrington Haynes, OIC, Integrated Warehousing Section, UNAMID
Ms. Florence Ndungu, Senior Administrative Officer, UNAMID
Mr. Samuel Kiiru, Chief, Risk Management and Compliance Unit, UNAMID
Mr. Alexandre Etocke, Chief Resident Auditor, Internal Audit Division, OIOS, UNAMID
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should take adequate measures to safeguard its assets by: (a) enhancing further physical security; and (b) maintaining logs and records for cannibalized items in a more systematic manner.	Important	Yes	Chief Property Management Section and Chief Technical Units	31 March 2019	<p>(a) The mission acknowledges that loss of assets from theft remains an area of concern but not to the extent portrayed and characterised in the report. The financial loss from theft was <1% by overall UNAMID assets book value. Most of the recorded cases originated a few years preceding the audit period for which write offs were processed during the period 2016 as part of the data cleansing to ensure successful and timely implementation of the Galileo Decommissioning Project.</p> <p>The measures taken by management in the reconstitution of Camp Guard Force, revised gate pass system, security screening at exits/entrances, fencing of sensitive storage areas, and swift criminal prosecution of culpable individuals has led to a reduction of incidents and in some cases recovery of stolen assets. For instance, there has been no</p>

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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 asset management in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>loss of mission vehicles from theft since mid-2015 when these measures were introduced.</p> <p>The mission will revisit the security related SIU recommendation and to the extent necessary implement the required security measures as pointed out in the audit report.</p> <p>(b) The mission acknowledges the importance of record keeping for cannibalized items. As attested by the auditor, this practice was already in place in EEPS albeit with some deficiencies. Transport section also maintains records of the spare parts removed from the affected vehicles and updates the spare part requirement for said vehicle.</p> <p>The mission will enhance the current practices on record keeping for cannibalized items thus ensuring that the respective technical units maintain a log of cannibalized items both for assets in use and those written off.</p>
2	UNAMID should assess the level and types of assets required until the end of the Mission's mandate including: deciding on	Critical	Yes	Chief Technical Units	31 March 2019	The mission acknowledges the findings by the auditors but notes the following:

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	those assets that are cost-effective to repair; extending the use of assets that have exceeded its estimated useful life but are still in good working condition; limiting the procurement of new assets to those that would be needed over the next 18-24 months; and taking appropriate action to timely dispose of or redeploy the large volume of obsolete and excess items.					<ul style="list-style-type: none"> • The mission received significant volumes of assets from the liquidating missions MINURCAT and BNUB. The mission did not solicit or request for these assets. Rather the assets were transferred to the mission as it was the easiest location to which the assets could be transported to; • The mission has continuously made effort to ensure that the assets within the mission remain serviceable/usable. However, there have been significant challenges in achieving this including; lack of skilled manpower to execute repairs, delays by GoS in release shipments for spare parts, expiry of systems contracts thus limiting availability of spare parts to effect repairs for some critical equipment, harsh climatic condition which significantly impact the serviceability of assets and equipment, etc. • The mission has also made several attempts to write off and dispose of surplus and unserviceable assets and equipment. However, the mission continues to face significant challenges including

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>restrictions by GoS on available avenues of disposal of certain assets locally.</p> <p>As part of the downsizing process and in view of the possible liquidation of the mission in December 2020, the mission has instituted an aggressive exercise of identification of all assets within the mission, including their serviceability status and assessment of the level of property requirements between now and December 2020, with a view to identify surplus items that will require disposal. This exercise will be concluded in March 2019.</p>
3	UNAMID should regularly update its preliminary asset disposal plan to guide the optimization and timely disposal of the Mission's assets during the drawdown period.	Important	Yes	Chief Property Management Section	31 December 2019	UNAMID has completed the first design of PADP and shared with UNGSC. The PADP will regularly be updated until it is submitted to UNHQ for approval by December 2019.
4	UNAMID should: (a) instruct technical units to ensure all cases submitted to the Local Property Survey Board (LPSB) are supported; and (b) ensure that the composition of LPSB is reviewed and made according to the delegation to the Mission and its members are trained on the proper evaluation of write-off cases.	Important	Yes	Chief Property Management Section	31 December 2018	<p>(a) UNAMID will remind all technical section to comply with existing regulations regarding cases submitted to the LPSB; and</p> <p>(b) UNAMID LPSB composition is in line with the delegation but the UNAMID will review the constitution of meetings of the LPSB to ensure that the membership is in accordance with the delegation of authority of the</p>

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Mission. Implementation target date for both recommendations is 31 December 2018.
5	UNAMID should: (a) as part of the development and its regular updates of its Preliminary Asset Disposal Plan, instruct responsible staff in technical units and the Property Management Section to regularly update Umoja on the location and condition of its assets and monitor and confirm relevant information; and (b) ensure that asset movement is promptly updated in the system.	Important	Yes	Chief Property Management Section and Chief Technical Units	30 June 2019	As part of the Physical Inventory Reconciliation and Optimization (PIRO) project, UNAMID is currently reviewing and updating the necessary asset information including the location and condition of the asset. This project will be completed by 30 June 2019. Mission management will however also remind the responsible technical units and the Property Management Section to continuously update all necessary information of the assets and ensure that any movements are also recorded in Umoja promptly.
6	UNAMID should review Umoja user roles assigned to staff to ensure streamlined and efficient processes, and to the extent necessary terminate all conflicting roles.	Important	Yes	Chief Property Management Section and Chief Technical Units	31 December 2018	The review of Umoja user roles is in progress and will continue until end of the mission depending on the turnover rate of the mission staff. All conflicting roles will be terminated by 31 December 2018.