

United Nations  Nations Unies  
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION - I  
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. William Lacy Swing  
A: Special Representative of the Secretary General  
MONUC

DATE: 5 October 2004

REFERENCE: AUD-7-5:7 (0805/04)

FROM: Patricia Azarias, Director  
DE: Internal Audit Division I, OIOS

*P. Azarias*

SUBJECT: **Audit of Asset management in MONUC**

OBJET:

1. I am pleased to present our final report on the subject audit, which was conducted in by the Office of the Chief Resident Auditor in MONUC. The auditors conducted the work in various locations in the mission area including Kinshasa, Kisangani, Kindu and Bunia.

2. We note from your response to the draft report that MONUC has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 3, 6, 7, 9 and 10 in the OIOS recommendation database. In order for us to close out the remaining recommendations (recommendations 1, 4, 5, and 8), we request that you provide us with additional information as indicated in the text of the report and a time schedule for implementing each of the recommendations. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. Recommendation 2 has been withdrawn based on the Mission's response.

3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.

4. I take this opportunity to thank the management and staff of MONUC for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations  
Ms. Hazel Scott, Director, ASD/DPKO  
Mr. Marcel Savard, Director of Administration, MONUC  
UN Board of Auditors  
Programme Officer, OIOS  
Mr. Muhammad Akram Khan, Chief Resident Auditor, MONUC

# Office of Internal Oversight Services

## Internal Audit Division I



### Audit of Asset management in MONUC

---

**Audit no:** AP2004/620/12  
**Report date:** 5 October 2004  
**Audit team:** Parmanand Chhana, Auditor-in-Charge  
Margaret Gichui, Audit Assistant

**EXECUTIVE SUMMARY**  
**Audit of Asset management in MONUC**

OIOS conducted an audit of asset management in MONUC in February and March 2004. United Nations-owned equipment (UNOE) is currently located in 72 locations in the six MONUC sectors. The Mission has recorded an inventory of approximately 43,400 items valued at \$154 million as at the end of March 2004.

The objectives of the audit were to ascertain whether (i) proper controls are in place for the receipt and inspection of all UNOE entering MONUC and (ii) adequate controls exist to ensure the accurate and timely recording, tracking and accountability of UNOE.

Key findings were as follows:

- Military contingents and individual contractors, to whom UNOE is issued for discharging their duties, are not required to follow the checkout procedures established by the Mission. This weakens accountability for the assets issued to them.
- The staff complement of the Property Control and Inspection Unit (PCIU) is considered excessive based on their responsibilities and workload.
- MONUC is in the process of acquiring weapons and ammunition for the Security Unit and for the close protection of senior Mission management. Staff members to whom weapons are issued need to be properly trained and receive the required licenses.
- A partial payment of \$124,850 had been made by MONUC in May 2003 for goods received by the Mission that were damaged and certain parts missing. As of the date of this report, the equipment had not been repaired by the supplier.
- MONUC received seven hangars in April 2002 valued at \$2.4 million, which have not yet been put to use. Plans are only now in place to have them installed by consultants.

OIOS made a number of recommendations, including the following:

- MONUC should develop a checkout procedure for all contingents and contractors leaving the Mission.
- Weapons and ammunition should be stored securely, with proper accounting records for the usage of ammunition. There should also be a complete record of the weapons qualification of all the staff members issued weapons together with their training records.
- The Mission should ensure that no partial payments are made for damaged or missing goods received.
- MONUC should ensure proper planning and coordination with Headquarters before procuring high value assets. Such assets should be supported by justification for their need, as well as an action plan for their use.

*MONUC generally accepted the recommendations and has initiated necessary steps for their implementation.*

## TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 4
II. AUDIT OBJECTIVES	5
III. AUDIT SCOPE AND METHODOLOGY	6 – 7
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Check-out procedure	8 - 11
B. Property Control and Inventory Unit staffing	12 - 19
C. Weapons and ammunition	20 - 26
D. Payment for damaged and missing goods	27 - 31
E. Security of UNOE	32 - 37
F. Reconciliation of asset records in FACS	38 - 41
G. Inefficient use of UNOE	42 - 47
H. UNOE sent to another mission not inspected by PCIU	48 - 50
I. Missing and lost items not reported timely	51 - 55
V. SUMMARY OF FURTHER ACTIONS REQUIRED ON AUDIT RECOMMENDATIONS	56
VI. ACKNOWLEDGEMENT	57

## **I. INTRODUCTION**

1. To improve asset records and accountability for United Nations property, it is critical to ensure that effective controls are in place for property management and inventory functions. The Field Asset Control System (FACS) is a tool that provides a basis for good maintenance of inventory records and accountability. However, the quality and comprehensiveness of information in FACS is determined by the reliability and integrity of data recorded in the system.
2. MONUC Administrative Circular no. 2000/017 of 23 August 2000 identifies the controls and responsibilities for recording and accountability for United Nations-owned equipment (UNOE). Administrative Instruction ST/AI/374 of 16 January 1992 defines non-expendable property, and the control, maintenance and accountability thereof. MONUC Administrative Circular no. 031/2003 issued on 16 December 2003 reminds all staff of the existing local procedures regarding the accounting for property, supplies and equipment within the Mission.
3. There are currently 72 locations in the 6 MONUC sectors in which UNOE is located. The Mission has recorded an inventory of approximately 43,400 items of assets valued at \$154 million at the end of March 2004, which is controlled by the Property Control and Inspection Unit (PCIU).
4. OIOS conducted an audit of asset management in MONUC in February and March 2004. The audit was carried out in accordance with the standards for the professional practice of internal auditing in United Nations organizations and included such tests as the auditor considered necessary.

## **II. AUDIT OBJECTIVES**

5. The primary objectives of this audit were to:
  - (a) Ascertain whether proper controls are in place for the receipt and inspection of all UNOE entering MONUC; and
  - (b) Determine whether adequate controls exist to ensure the accurate and timely recording, tracking and accountability of UNOE.

## **III. AUDIT SCOPE AND METHODOLOGY**

6. The scope of the audit covered the maintenance of proper inventory records, internal controls, and accountability of UNOE for the period 1 January 2002 to 31 January 2004.
7. OIOS interviewed key Mission personnel, reviewed relevant documentation and databases, and also conducted physical inspections of selected asset items in Kinshasa, Kisangani, Kindu and Bunia. A sample of PCIU monthly reports was reviewed to determine their accuracy and timely processing.

## IV. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Check-out procedure

8. The personnel in the Mission are categorized as follows:

- i. International civilian staff
- ii. Local civilian staff
- iii. UN Volunteers
- iv. Military Observers (MILOBS)
- v. Civilian Police (CIVPOL)
- vi. Military contingents
- vii. Contractors

9. The check-out procedure established by the Mission requires clearance by the respective Self-Accounting Units (evidenced by their signing the relevant column on the mission check-out form) that no assets are outstanding in the name of the staff member who is leaving the Mission. However, Military contingents and contractors' personnel are not required to follow this checkout procedure. The table below identifies the number and value of UNOE issued to personnel in Kindu who are not authorized to have assets issued to them.

Issued To	Number of assets	Value (US\$)
Contingents based in Kindu	262	155, 916
Moroccan Contingent	223	718, 541
Contractors	70	151, 264
<b>Total</b>	<b>555</b>	<b>\$1, 021, 721</b>

10 The Joint Logistics Operations Center (JLOC) and the Integrated Support Services have assisted Check-in Check-out Unit (CICO) to compile a list of two members per contingent as the officials who will be responsible for all UNOE issued to that particular contingent. This will address the issue of having a designated contingent member accountable for UNOE used by the respective contingent. There still exists the issue of CICO not being promptly notified when these designated contingent members leave the Mission. When the designated contingent member leaves the Mission without proper hand over of UNOE is completed, there is a lack of accountability for the UNOE issued in his/her name.

#### **Recommendation 1**

The MONUC Administration should adopt a check-out policy that includes the military contingents and contractors, whereby all asset managers will be required to clear the asset holders to ensure a proper handover of UNOE to their successors. Contingent and contractor personnel should also be cleared by the Communications and General Services Sections for outstanding telephone bills and outstanding claims, respectively (AP2004/620/12/01).

11. *The MONUC Administration accepted the recommendation and stated that the Administrative Services are currently reviewing and working on ways to improve the check-in, check-out procedures. Following the review, policy guidance will be issued to all MONUC personnel, contractors and contingents. OIOS will close the recommendation once the check-in check-out policy is developed by the Administration to include contractors and contingents.*

**B. Property Control and Inventory Unit staffing**

12. There are currently approximately 43,400 non-expendable items in the Mission valued at \$154 million. PCIU is responsible for managing the FACS database as well as planning and conducting an annual 100 per cent physical verification of non-expendable and ‘special’ items.

13. Other responsibilities and activities of PCIU include:

- Following up with Receipt and Inspection Unit (R&I) for the physical check of newly arrived items through joint inspections;
- Monitoring the accuracy of FACS data, clearing errors and restoring data;
- Maintaining an audit trail of all UNOE from acquisition to final disposition;
- Preparation of Monthly Report for submission to Headquarters, New York;
- Preparation and submission of Year-End Non-Expendable Property Report;
- Printing listing of assets for staff members checking out;
- Check-out of staff, ensuring that all UNOE issued to the staff have been returned and accounted for; and
- Serving as a member of the Local Property Survey Board.

14. PCIU is currently staffed with 14 members made up as follows:

<b>Sector / Location</b>	<b>International</b>	<b>UNVs</b>	<b>National</b>	<b>Total</b>
Kinshasa	2	3	1	<b>6</b>
Bunia	0	1	0	<b>1</b>
Kisangani	1	0	1	<b>2</b>
Kananga	1	0	1	<b>2</b>
Kindu	1	0	1	<b>2</b>
Mbandaka	1	0	0	<b>1</b>
<b>Total</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>14</b>

15. The national staff members in Kananga and Kindu do not have access to the FACS system, which makes it difficult for them to complete their duties and responsibilities in an efficient manner. The staff members in Kananga and Kindu respectively joined PCIU in April and July 2003, and were given training on FACS. However, they are not competent to work on FACS at present due to the time that has elapsed since their training.

16. PCIU is responsible for carrying out a 100 per cent physical inspection on an annual basis. However, during the course of the year, individual asset managers cannot rely on PCIU to identify errors in their respective UNOE. Each asset manager is therefore required to carry out a monthly 10 per cent physical inspection of their assets, which would identify and correct errors on a timely basis.

17. In OIOS' opinion, the PCIU could operate efficiently with a complement of 10 staff members distributed as follows:

Sector / Location	International	UNVs	National	Total
Kinshasa	2	2	1	5
Bunia	1	0	1	2
Kisangani	0	0	0	0
Kananga	1	1	1	3
Kindu	0	0	0	0
Mbandaka	0	0	0	0
<b>Total</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>10</b>

18. The PCIU team in Bunia could service Kisangani, as the Bunia sector is expanding and Kisangani is relatively stable. The team in Kananga could service Kindu and Mbandaka.

### **Recommendation 2**

The MONUC Administration should review the staff complement of PCIU which, in OIOS' opinion, could operate efficiently with a maximum of 10 staff members (AP2004/620/12/02).

19. *MONUC did not accept this recommendation. The Mission stated that national staff had been terminated and PCIU international staff redeployed from downsizing sectors (Kananga and Mbandaka) to support sectors in the Eastern regions. These sectors cover a number of team sites that are far distant from each other and difficult to access but still require PCIU monitoring. Currently there are 70 team sites in the Mission excluding Uganda, which has approximately 700 assets. The number of assets will increase in future considering the proposal for deploying additional troops. The presence of a permanent PCIU representative will be required if the proposal for additional troops is accepted by the Security Council. Based on the comments and explanations provided by the Mission, OIOS has withdrawn this recommendation.*

### **C. Weapons and ammunition**

20. The UN Security and Safety Service establishes the policies for all weapons and ammunition obtained for, and used by UN Security and Safety Sections in peacekeeping missions, and manages the weapons inventory. In missions, Police Commissioners, together with the UN Security Coordinator, establish mission policy for the day-to-day control of weapons. All weapons purchased from peacekeeping funds are entered in FACS, and ammunition is entered in FESS – the Field Expendables Supply System.

21. Apart from military contingents, no formal arrangements exist for the inspection of UN-owned ammunition. Wherever possible, missions should utilize military forces' ammunition specialists to undertake ammunition inspection through arrangements made by the Force Commander.

22. A joint DPKO-UNSECOORD assessment on security at MONUC had been conducted annually since 2001 through 2003. The last two reports clearly concluded that the security management system in place within MONUC was weak. The team identified a number of issues with respect to the qualification and level of training of close protection personnel, the requirement



for personal security arrangements for the Special Representative of the Secretary-General (SRSG) and the Deputy SRSG, and the issuance of weapons and protection-related equipment.

23. Several requests were made by senior management of MONUC to DPKO Headquarters for the acquisition of weapons and ammunition for the MONUC Security Officers and the SRSG's close protection officers to effectively fulfill their tasks.

24. The weapons that the mission is in the process of acquiring are:

- Pistols (71): Glock Model 19 Semi-automatic Pistols, caliber 9mm.
- Sub-machine Guns (5): Heckler Kock MP5K-PDW, Caliber 9mm.
- Heckler and Kock G36C Rifles (5): caliber 5.56mm x 45 NATO,
- Related ammunition (80,000 rounds), magazines and accessories.

25. The extremely dangerous nature of these assets warrants special procedures for ensuring full accountability for their secure storage, issuance and use. Moreover, the Mission needs to ensure that the Security and close protection staff members are trained and qualified in the use of the weapons, and that proper records to this effect are maintained. Un-issued weapons and ammunition should be stored in a lockable safe with access limited to only authorized Security Section personnel. The responsible official should maintain a complete record of ammunition in stock, clearly identifying the ammunition in the possession of each staff member, and the date and purpose of all ammunition used.

### **Recommendation 3**

The MONUC Administration, in consultation with the UN Security and Safety Service, should issue written guidelines on the security, storage and use of the weapons and ammunition. Staff members to whom these weapons will be issued should be adequately trained and obtain the required qualifications before the weapons and ammunition are issued to them (AP2004/620/12/03).

26. *The MONUC Administration accepted this recommendation and stated that guidelines on the security, storage and handling of weapons and ammunition were distributed to all security officers. The security section in Kinshasa and the sectors have been provided with iron safes to keep the weapons. The training team from New York arrived in MONUC in April 2004 and provided firing practice and practical training on routine handling of the weapons including maintenance. Based on the actions taken by the Mission, OIOS has closed this recommendation in its database.*

### **D. Payment for damaged and missing goods**

27. During the inspection of the R&I warehouse, OIOS reviewed various items that were rejected at the inspection stage and segregated from other new items received by the Mission. MONUC received one particular item of equipment "Short Wave Broadcast Transmitter" procured from a vendor named as "TDP" from Belgium on 7 March 2003. The Communications Officer and Chief of the Communications Unit inspected and signed a discrepancy report on 13 March 2003, which clearly identifies that there were "missing parts and damaged parts". They recorded instructions in the remarks section clearly stating that the "item has been rejected by the requisitioner".

28. The former Chief of Procurement Section had sent numerous e-mails and made telephone contacts with the vendor between March and May 2003. This resulted in the Chief of Procurement Section agreeing with the supplier to make a partial payment of 75 per cent of the total value of the equipment and the full transport cost, which amounted to an actual payment of \$124,850 made on 7 May 2003, against the total invoice amount of \$162,800. This amount was based on a verbal undertaking by the supplier to send a technician to the mission with the required parts to repair the damaged equipment.

29. Nearly a year after the receipt of the damaged equipment, the vendor has not sent the technician to repair the equipment as promised. On 13 January 2004, the Procurement Section received a letter from the attorneys of the supplier demanding the balance of the payment of \$37,950. The Procurement Section has not taken any action to recover the payment or to get the supplier to repair the damaged equipment.

30. This is clearly a case where a large payment was made to a vendor without proper authorization. OIOS found that there was another payment of \$78,008 made to the same vendor for other equipment purchased and received in good order on 18 July 2003. OIOS is of the view that this payment could have been held back until the damaged equipment was repaired as agreed by the vendor.

#### **Recommendation 4**

The MONUC Administration should ensure that no payments are made for goods received by the Mission that have been rejected by the R&I Unit, and the Chief of Procurement should not recommend partial payment for any damaged or missing goods received (AP2004/620/12/04).

31. *The MONUC Administration accepted recommendation 4 and commented that the Finance Section will not settle any invoices that are not supported by an R & I report and will not accept requests from the Chief Procurement Officer for partial payment for damaged or missing goods. The Chief of Procurement also informed that as per normal procedures, no payment should be made for damaged or missing goods. Any deviation from these procedures, if necessitated by extraordinary circumstances, would be properly justified and documented.* OIOS will close recommendation 4 after the Mission confirms that remedial action has been taken to recover the amount paid to the vendor, or the equipment in question has been replaced by the vendor.

#### **E. Security of UNOE**

32. Each asset manager is responsible for the security of all assets under his/her respective unit. According to the Information Circular 2000/017 on FACS-Management of Assets, each asset manager should establish proper accountability and designate the staff responsible for securing appropriate warehousing conditions and ensuring that UNOE is tracked and issued correctly to users.

33. When completing the physical inspection of the Engineering Section at Kindu, OIOS verified a number of high value equipment items including a hangar valued at \$396,560 stored in a container near the airport area. The audit disclosed that there was a theft of some 22 poles, which was reported to the Security Unit on 18 December 2003. Discussions with the Engineering Section staff indicated that since some of the stolen poles make up the curved frame of the hangar, they

could not be fabricated locally. Therefore, it was not possible to install the hangar. The cause of this theft could also be attributed to the fact that the hangar was not used for nearly two years after it arrived in the Mission (see Section G below). The asset manager needs to ensure that the remaining 4 containers with the materials that make up the hangar are moved to a safe and secure area.

### **Recommendation 5**

The MONUC Administration should ensure that Asset Managers store all UNOE in a safe and secure location, including within a warehouse or container that is adequately protected against theft and the elements (AP2004/620/12/05).

34. *The MONUC Administration accepted this recommendation and stated that in consultation with the Chief Security Officer, MONUC Engineering Section has embarked on a security upgrading programme. MONUC stores are also subject to regular facilities maintenance and development so that UNOE is protected according to best practice. OIOS acknowledges Management's efforts to embark on a security upgrading programme and will close recommendation 5 upon completion of the security upgrading programme.*

35. In the Medical Section, there was a theft of schedule I classified drugs from the medical warehouse in December 2003. The Security Investigation Unit investigated the case and identified one of the local staff members as being responsible for the theft. The Personnel Section has sent a memorandum to the Director of Administration and a facsimile to DPKO in New York recommending summary dismissal of the staff member in question.

36. The Communications and Information Technology Section installed a security surveillance system with video cameras in strategic places in the warehouse in October 2003, which has resulted in no identified missing items since that time. The Medical Section should consider installing a similar security system in the medical warehouse.

### **Recommendation 6**

The MONUC Medical Section should ensure that the medical warehouse is adequately secured and that all schedule I classified drugs are properly secured under lock and key at all times (AP2004/620/12/06).

37. *The MONUC Administration accepted this recommendation and stated that the Medical Section warehouse is adequately secured and all classified drugs are properly secured under lock and key at all times. OIOS has closed recommendation 6 based on the comments provided by the Mission.*

## **F. Reconciliation of asset records in FACS**

38. Reconciliation of inventory records is critical for the establishment of an accurate asset register. PCIU reports to asset managers any discrepancies or anomalies found during verification of data, and asset managers are responsible for effecting the reconciliation.

39. PCIU verifies the accuracy of issuance information (name of person items are issued to, region/location, section/unit) subsequent to the physical verification. Physical verification data is

recorded on the Mission Assets document, which provides a basis for comparison of issuance information recorded by asset managers.

40. OIOS identified through a sample physical inspection that the user, location and status information in FACS did not accurately reflect what was in operation. A comparison of the data recorded by PCIU on the Mission Assets document and the issuance information recorded by asset managers found that the reconciliation of inventory records were not made accurately and timely.

**Recommendation 7**

The MONUC Administration should ensure that asset managers update changes in FACS when identified by PCIU, such as incorrect user, incorrect location, on a timely basis when the UNOE is issued to a user (AP2004/62/02/07).

41. *The MONUC Administration accepted this recommendation and stated that Section Chiefs have been instructed to ensure that the data recorded by PCIU on mission assets document be accurately recorded and updated in the FACS. The Mission has issued a memorandum to further emphasize the importance of accurately and timely updating the FACS system. Based on the action taken by the Mission, OIOS has closed this recommendation.*

**G. Inefficient use of UNOE**

42. OIOS found that a number of major UNOE had been procured but not put to use for a long period of time. The particularly high value items are the hangars procured by Headquarters, New York for sheltering fixed wing aircraft and helicopters. A total of nine hangars cost \$2.9 million. Five of them arrived in April 2002 and two more in June 2002; the remaining 2 hangars were delivered to UNLB in May 2002 and transported to the Mission in March 2004.

43. As of March 2004, i.e. nearly 2-years later, all of these items were still not in use. This indicates a lack of planning and coordination between Headquarters and the Mission on the need for and use of this expensive and specialized UNOE.

44. The table below identifies the hangars purchased by the mission.

<b>Barcode</b>	<b>Date of arrival at UNLB Trans-shipment</b>	<b>Date of arrival in MONUC</b>	<b>Item Description</b>	<b>Value</b>
NUC 10169		04/04/2002	Hangar Type A	\$ 396, 560
NUC 10170		04/04/2002	Hangar Type A	\$ 396, 560
NUC 10171		04/04/2002	Hangar Type A	\$ 396, 560
NUC 10172		04/04/2002	Hangar Type A	\$ 396, 560
NUC 11132		04/04/2002	Hangar Type A	\$ 396, 560
NUC 11325		03/06/2002	Hangar Type B	\$ 233, 760
NUC 11326		03/06/2002	Hangar Type B	\$ 233, 760
LBB-Z-01566	07/05/2002	02/03/2004	Hangar Type B	\$ 233, 760
LBB-Z-01567	07/05/2002	02/03/2004	Hangar Type B	\$ 233, 760
<b>Total</b>				<b>\$2,917, 840</b>

45. The Engineering Section informed OIOS that plans were in place for the supplier's consultants to start erecting three type A hangars in coordination with consultants from Germany to provide technical advice on the construction of the proper flooring. These consultants were

scheduled to arrive in MONUC during April and May 2004 to commence the erection and construction process. The consultants did arrive but went back after making an initial assessment of the work. However, the Engineering Section has selected a team from MONUC to commence the erection and installation by late September 2004 with the assistance and close supervision from the consultants from the supplier (All Points International).

### **Recommendation 8**

The MONUC Administration should ensure that there is proper planning and coordination between the Mission and Headquarters before procuring specialized items. Justification for major equipment should be documented along with an action plan for their use with detailed milestones before the assets are procured (AP2004/62/02/08).

46. *The MONUC Administration accepted this recommendation and stated that due to the nature of peacekeeping operations, it will quite often be difficult to have a clear vision of future operational requirements and the necessary lead-time to acquire the precise asset for the task. In order to support the operational requirement, it is necessary for major equipment such as bridges and hangars to be acquired against an operational concept even before the particular task is identified.*

47. *The hangars were acquired expecting requirements to support Aviation and to erect at Kinshasa, Kisangani, Mbandaka, Goma and Kananga. The action plan with milestones was also in place in 2002 but circumstances soon changed along with the Mission operational requirements. In 2004, the operational requirement has shifted to sites in Bunia, Entebbe and Goma. OIOS will close recommendation 8 upon the erection and installation of hangars in the Mission's operational sites, as planned.*

### **H. UNOE sent to another mission not inspected by PCIU**

48. A sample review of UNOE shipped to other missions showed that a specific shipment of communication and information technology equipment (consisting of 85 items valued at \$44,189) sent to the UN mission in Ivory Coast was not inspected by PCIU. All UNOE leaving the Mission and shipped to another mission need to be inspected by PCIU and the relevant packing list signed and dated, in order to ensure proper control of assets leaving the Mission.

49. PCIU's inspection of all UNOE leaving the Mission ensures that the condition, barcode, serial number, make and model of the item shipped is the same as recorded in FACS. PCIU is also responsible to ensure that the item inspected is sealed in their presence and ready for shipment. The success of property control and accountability for assets depends upon the cooperation between the Mission's asset managers and PCIU.

### **Recommendation 9**

The MONUC Administration should ensure that PCIU conducts inspections of all items leaving the Mission (AP2004/620/12/09).

50. *The MONUC Administration accepted this recommendation and stated that a memorandum was issued by the Director of Administration on 20 July 2004 on UNOE procedures clearly*

identifying the need for PCIU to inspect all UNOE leaving the mission. Based on the action taken by MONUC, OIOS has closed this recommendation.

#### **I. Missing and lost items not reported timely**

51. The overall responsibility for the management, distribution and accountability of UN property, and for the accuracy of inventory records rests with asset managers. Loss or damage to property should be reported promptly, whatever the cause, by the respective asset manager for conducting property survey actions (i.e. referral to the Local Property Survey Board – LPSB). Write-off action needs to be initiated through LPSB to adjust the Mission’s inventory records.

52. Incorrect indication of disposition status, recording items as “In Use” or “Stock” when items are no longer available for utilization, misrepresents the asset register and mission holdings for operational and budgetary purposes.

53. OIOS’ physical inspection of a sample of assets identified one particular item (NUC 25538) valued at \$2,314 that could not be located. FACS indicated that this item was in “Unit Stock,” however in reality it was in use by the contingent responsible for the repair of the taxiway at Bunia airport. The equipment was missing since December 2003 and only in April 2004 a security report was filed based on OIOS’ request for documentation pertaining to the missing equipment.

54. The information circular on management of assets clearly states that assets managers are responsible for the distribution and issuance of UNOE to users and implementing established accountability procedures. Asset managers should not assign UNOE to users without processing issue vouchers through FACS and obtaining user signature to ensure that control and accountability is maintained.

#### **Recommendation 10**

The MONUC Administration should ensure that all UNOE assigned to users are recorded accurately and timely in FACS, duly obtaining users’ signatures to confirm that asset control and accountability is maintained (AP2004/620/12/10).

55. *MONUC accepted this recommendation and stated Section Chiefs have been instructed to ensure that all UNOE assigned to users are recorded accurately and timely in FACS in compliance with procedures prescribed in Administration circular no. 031/2003.* Based on the actions taken by the Mission, OIOS has closed recommendation 10.

#### **V. SUMMARY OF FURTHER ACTIONS REQUIRED ON AUDIT RECOMMENDATIONS**

56. MONUC’s responses to the audit recommendations contained in this report have been recorded in OIOS’ recommendation database for monitoring and reporting purposes. Please note that the recommendation shown below remains open pending the provision by MONUC of evidence that they have been implemented as described in the following table.

Recommendation No.	Required evidence of implementation
AP2004/620/12/01	Documentation evidencing the development of check in/out policy that includes the military contingents and contractors.
AP2004/620/12/04	Documentation evidencing recovery of the payment made or inspection of the replaced equipment.
AP2004/620/12/05	Review of documentation evidencing security upgrading programme by the Engineering Section.
AP2004/620/12/08	Inspection of the completed installation of the hangars in the elected operational sites.

## VI. ACKNOWLEDGEMENT

57. I would like to express my appreciation to MONUC for the assistance and cooperation extended to the auditors during this audit.



Patricia Azarias, Director  
Internal Audit Division I  
Office of Internal Oversight Services