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INTERNAL AUDIT DIVISION I  
OFFICE OF INTERNAL OVERSIGHT SERVICES

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16 May 2006

To: Mr. Christopher Burnham, Under-Secretary-General  
for Management

Mr. Jean-Marie Guehenno, Under-Secretary-General  
for Peacekeeping Operations

From: Dagfinn Knutsen, Acting Director  
Internal Audit Division I, OIOS

A handwritten signature in blue ink, appearing to read 'Dagfinn Knutsen', is placed over the typed name of the sender.

Subject: **OIOS Audit No. AH2005/513/03: Audit of Assets Disposal**

1. I am pleased to present herewith the final report on the subject audit, which was conducted from April-June 2005. The report takes into account preliminary comments obtained from your respective departments during the exit conferences of 22 and 24 September 2005 and written comments provided by DM on 22 March 2006 and DPKO on 15 February 2006.

2. OIOS issued 23 recommendations and based on your comments, 21 recommendations were accepted (recommendations 1-3, 5-12, 19-23). One recommendation (recommendation 4) was not accepted and one recommendation (recommendation 13) was withdrawn. However, recommendation 4 is reiterated by OIOS. In light of the explanations provided, recommendations 3, 11, 12, and 22 are considered implemented and closed. A summary of the status of recommendations is enclosed (Annex V) and we would appreciate your returning this annex to us with the respective implementation dates.

3. Please note that under General Assembly resolution A/RES/272, a Member State may request for a copy of the final audit report.

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

Copy to:  
J. Lute  
W. Sach  
F. Eppert  
Board of Auditors  
Planning Officer, OIOS

# Office of Internal Oversight Services

## Internal Audit Division I



### Audit of Disposal of Assets

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**Audit no:** AH2005/513/03  
**Report date:** 16 May 2006  
**Audit Team:** Paolo Ferraro, Auditor-in-Charge  
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## Audit of Disposal of Assets (AH2005/513/03)

### Executive Summary

OIOS carried out an audit of disposal of assets during April-June 2005. The objective of the audit was to assess whether asset disposal policies and guidelines were adequate to maximize the benefits of disposal for the Organization. The audit focused on the delegation of authority for the disposal of UN assets; assets life-cycle monitoring and forecasting mechanisms; identification of assets to be disposed; investigations and Property Survey Board's recommendation; assets rotation policy; and security access to asset management tools.

As of December 2004, historical costs of assets at Headquarters and peacekeeping missions were about \$102 million and \$960 million respectively. The costs of assets written off during 2004 were about \$6 million and \$45 million for Headquarters and peacekeeping missions respectively.

OIOS' major findings are as follows:

- The Department of Management has not sufficiently developed, and standardized among Headquarters, regional commissions and peacekeeping missions, the delegation of authority for disposal of assets, the categorization of assets for disposal purposes, the definition of non-expendable property and the asset life expectancy criteria.
- In-stock assets represented around a third of total properties for peacekeeping missions, or about \$313 million. Data available in the Galileo system showed that MONUC and UNMIK had assets in stock for over 12 months with a combined historical value of \$25 million. The costs of holding \$313 million in stocks are high, and the risks of waste are also significant because acquisition of unnecessary items of stock may continue to occur. Furthermore, experience so far has shown that the disposal of UN stocks does not generate significant sale revenues.
- Recent efforts to speed up the write off process for peacekeeping missions have produced positive results in general. However, 2004 recorded a sharp increase in asset acquisition (plus 61 percent as compared with 2003), which will generate a sharp rise in write off at the expiration of the life-cycle of new assets. Adequate strategy and procedures were not in place to ensure effective and efficient disposal and write off of peacekeeping missions' assets in the coming years.
- Disposal of IT assets at Headquarters could be made more efficient if managed centrally by ITSD. Also, there was a need to ensure that assets are bar-coded before their disposal, in order to not only to identify their origin but also to record disposal operations accurately and comprehensively.

- The Headquarters Property Survey Board (HPSB) did not have sufficient tools for adequately discharging its responsibilities. It had no access to the Galileo/FACS and the Procure Plus databases – the two systems which record disposal of assets at HQ and peacekeeping missions, respectively – and could therefore not identify assets submitted to its review. Furthermore, the HPSB did not receive minutes from Local Property Survey Boards (LPSB) consistently and its methodology for review of disposal cases differed from that of the LPSBs. The HPSB had not shared with LPSBs its own guidelines for processing property survey board cases. The lack of monitoring and guidance by the HPSB created inconsistencies in the resolution of the cases.

- The time lag for review of property survey board cases was long. A review of 58 cases finalized by the HPSB in 2004-2005 showed that it took an average of 169 days to review the cases. The HPSB and Headquarters Committee on Contracts share the same permanent resources, and these resources are mostly used for the HCC, as a matter of priority. Not enough attention has been given by management to making the HPSB fully functional.

OIOS made a number of recommendations to improve the disposal of assets, which the Departments of Management and Peacekeeping Operations generally accepted.

**Abbreviations:**

CYEIR	Calendar Year End Inventory Reports
DPKO	Department of Peacekeeping Operations
FMS	Facilities Management Service
HPSB	Headquarters Property Survey Board
ITSD	Information Technology Services Division
LPSB	Local Property Survey Board
MONUC	UN Mission in the Democratic Republic of Congo
OAH	Offices away from Headquarters
OCSS	Office of Central Support Services
ONUB	UN Operation in Burundi
ONUCI	UN Operation in Ivory Coast
UNAMSIL	UN Mission in Sierra Leone
UNDOF	UN Disengagement Observers Force
UNIFIL	UN Interim Force in Lebanon
UNMEE	UN Mission in Eritrea and Ethiopia
UNMIK	UN Mission in Kosovo
UNMIL	UN Mission in Liberia

## TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION.....	1 - 3
II. AUDIT OBJECTIVES.....	4 - 5
III. AUDIT FINDINGS AND RECOMMENDATIONS.....	6 - 66
A. Delegation of Authority .....	6 - 15
B. Definition of Non-Expendable Property .....	16 - 19
C. Life Cycle of Assets.....	20 - 32
D. Disposal of Assets at Headquarters.....	33 - 42
E. Disposal of Assets in Peacekeeping missions .....	43 - 49
F. Functioning of the Headquarters Property Survey Board...	50 - 66
IV. ACKNOWLEDGMENT.....	67
ANNEXES.....	I, II, III, IV & V

## I. INTRODUCTION

1. In April–June 2005, OIOS conducted an audit of the disposal of assets at Headquarters and Peacekeeping and Political Peacekeeping missions (peacekeeping missions). Financial Rule 105.20 stipulates that the Under-Secretary-General for Management is responsible for the management of the property of the United Nations, including all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions. The Under-Secretary-General for Management has delegated authority for sale and disposal of property to the Assistant Secretary-General for Central Support Services (ASG/OCSS), and authority for writing off losses of property to the Controller.

2. Heads of departments and offices at Headquarters, and heads of administration in peacekeeping missions are delegated responsibility for managing assigned properties. Headquarters and Local Property Survey Boards (HPSB and LPSB respectively), which have been constituted at Headquarters and major peacekeeping missions, render their advice to the Under-Secretary-General for Management or to the head of administration respectively, in matters regarding loss, damage and other discrepancy relative to properties of the United Nations. The HPSB and LPSB also recommend the most efficient disposal method for supplies, equipment or other properties declared surplus or unserviceable.

3. The Organization tracks non-expendable properties using two main databases: Procure Plus for assets located at Headquarters and Galileo for those located in peacekeeping missions. As of December 2004, assets at Headquarters were worth \$102.5 million at historical cost. During the year, assets with an historical cost of \$6 million were written off. Cash was collected on the sales of seven vehicles (\$40 thousand in total). Other assets were either donated or disposed of as scrap. The 2004 Calendar Year End Inventory Reports (CYEIR) of DPKO and DPKO-administered peacekeeping missions showed total assets worth \$963 million. Write off in the same period was \$44.7 million, as shown in Table 1 below:

Table 1: Purchase value of assets written off in peacekeeping missions (\$ at historical value)

CYEIR	Total written off	Sold		Donated		Disposed by other means*	
2004	\$44,734,509	\$15,557,016	35%	\$9,328,585	21%	\$19,848,908	44%
2003	\$62,261,395	\$30,313,966	49%	\$41,618	0%	\$31,905,810	51%
2002	\$55,931,696	\$27,592,483	50%	\$8,485,833	15%	\$19,853,380	36%

*Source: CYEIR for years 2002, 2003 and 2004<sup>1</sup>*

\* Assets that do not require disposal or assets disposed by other means than sale or donation.

<sup>1</sup> Peacekeeping missions included: BONUCA, MINUCI, MINUGUA, MINURSO, MINUSTAH, MONUC, ONUCI, UNAMA, UNAMI, UNAMIS, UNAMSIL, UNDOF, UNFICYP, UNIFIL, UNLB, UNMEE, UNMIK, UNMIL, UNMISSET, UNMISUD, UNMOGIP, UNOMIG, UNSCO, UNTOP and UNTSO

## II. AUDIT OBJECTIVE AND SCOPE

4. The objective of the audit was to assess whether asset disposal policies and guidelines were adequate to maximize the benefits of disposal for the Organization, and were effectively implemented. In particular, the following areas were assessed:

- Delegation of authority for the disposal of UN assets;
- Assets life-cycle monitoring and forecasting mechanisms;
- Identification of assets to be disposed of;
- Investigations and Property Survey Boards' recommendations;
- Assets rotation policy; and
- Security access to asset management tools.

5. The audit reviewed the disposal process for assets located at Headquarters and in peacekeeping missions, for the period 2002 to 2005.

## III. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Delegation of Authority

6. At Headquarters, heads of department or office are responsible for creating, maintaining and updating property and inventory control records, monitoring the movement of property, recommending the disposal of obsolete and unserviceable property and conducting periodic physical inventories<sup>2</sup>. Assets to be disposed of are identified by the property custodians of each department or office. Disposal of group inventory items is delegated to the OCSS Facilities Management Service (FMS). The OCSS Information Technology Services Division (ITSD) is responsible for assessing IT equipment identified for disposal.

7. Due to the large amount of small value items to be written off at Headquarters, cases for disposal of such items are accumulated by FMS and ITSD. *The Department of Management informed that action for cumulative disposal of IT equipments is pre-approved over the course of the biennium as part of a disposal action plan and subsequently reported to the HPSB with supporting documentation for its review. Disposal may take the form of donation, sale or discarding. Cumulative disposal lots can be very large; for example, the last lot disposed of by ITSD was 5,000 units. The current procedure forced accumulation of unserviceable stocks for months.*

8. For write off purposes, cases originated in offices away from headquarters such as regional commissions and peacekeeping missions are generally divided into three main categories: AW, A and SB. The categorization of cases is outlined in each field mission's delegation of authority and depends on factors such as inventory value, asset type (e.g., vehicles), disposal method and financial assessment. OIOS observed that AW cases are generally defined as cases involving

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<sup>2</sup> ST/AI/2003/5



property with an individual inventory value of less than \$1,500, provided the case is not covered by the definitions of categories A or SB.

9. Category A cases concern property with an individual inventory value of more than \$1,500 but not exceeding \$20,000 or \$25,000, depending on the organization's delegation of authority. They generally involve loss or damage to UN property by contractor personnel, write off of assets already approved for donation by the General Assembly and cases involving the write off of United Nations vehicles (other than by donation, gift, other free transfer or sale at nominal price), regardless of value. Category SB cases generally include property with an individual inventory value in excess of \$20,000 or \$25,000; cases involving instances of loss or damage that might result in the financial assessment of UN personnel; cases involving gift, donation, other free transfer or sale at nominal price; and cases involving loss or damage of UN property by contractor personnel with property individual value in excess of above limits.

10. Regional commissions and peacekeeping missions have a fast track procedure for the administrative write off of AW cases (i.e. removal of the item from the property records). The procedure allows the head of administration to act directly and finally on administrative write off without having to submit the case to the LPSB. OIOS estimated that AW cases represented 15 percent in value but 64 percent in number of all properties owned by peacekeeping missions. This fast track procedure therefore represented significant savings in terms of time and effort. In OIOS' opinion, this procedure should be introduced at HQ also in order to reduce the HPSB's workload.

### **Recommendations 1-2**

The Assistant Secretary-General, Office of Central Support Services (OCSS), in coordination with the Controller, should introduce at Headquarters the AW categorization of cases (assets with inventory value of less than \$1,500) for write off purposes (AH2005/513/03/01).

The Controller should delegate to Facilities Management Service (FMS) and Information Technology Services Division (ITSD), OCSS authority to act directly and finally on administrative write off of cases referred to them as category AW. As part of this delegation, the Controller should instruct departments and offices to transfer to FMS or ITSD (depending on the type of asset) the ownership of assets identified for disposal as AW cases (AH2005/513/03/02).

11. *Concerning recommendation 1, the Department of Management responded that consideration will be given to the proposed level (\$1,500), associated risk in using the AW approach at Headquarters, and types of equipment involved. In the context of the delegation of authority, the office of Programme Planning Budget and Accounts will review this recommendation.* Recommendation 1 will remain open as accepted pending implementation in OIOS' recommendations' database.

12. *Concerning recommendation 2, the Department of Management responded that it does not see this recommendation as being necessary since currently procedures under ST/AI/2001/4 appears to work fairly well. The Department of management underlined that permitting the programme manager for IT or FMS to have full control over disposal of a very large number of IT items is very risky. The Office of Programme Planning, Budget and Account will review this recommendation as it relates to both Headquarters, Offices away from Headquarters and Peacekeeping operations.* In OIOS' view, the process identified in recommendation 2 will increase transparency in property control since the physical transfer of an asset to ITSD or FMS for disposal purposes will be reflected in relevant records as ITSD or FMS being the asset owners. OIOS will keep recommendation 2 open pending its review by the Office of Programme Planning, Budget and Account, as indicated by the Department of Management.

13. OIOS reviewed 16 delegations of authority to peacekeeping missions and regional commissions for property management authority and inventory control and found that these delegations were not uniform. Some identified the upper limit for category A cases as \$25,000, others as \$20,000, and most included in category A all vehicles regardless of their value. Delegations of authority were generally issued to the heads of administration in their functional capacity; however, those issued after 2004 were personal delegations (i.e. in name). In OIOS view, the delegation of authority should be uniform unless exceptional requirements or conditions exist.

14. OIOS noted that in October 2004 the Logistics Support Division, Department of Peacekeeping Operations (DPKO) submitted a draft standard template for the delegation of property management authority to peacekeeping missions. However, the template review was not finalized until the time of the audit.

### **Recommendation 3**

The Department of Management and Department of Peacekeeping Operations should expedite the approval of a standard delegation of authority to peacekeeping missions for property management and inventory control. The new delegation should replace existing delegations in peacekeeping missions (AH2005/513/03/03).

15. *The Department of Management responded that by memorandum dated 16 February 2005, the ASG for Peacekeeping was delegated responsibility for property management and inventory control in Peacekeeping missions. The Department of Peacekeeping Operations informed that starting December 2005 it has issued the new standardized delegation of authority for property management and accountability to all DPKO missions.* OIOS is satisfied with this response and has closed recommendation 3.

### **B. Definition of Non-Expendable Property**

16. United Nations properties are identified as expendable or non-expendable. Financial Rule 105.20 (b) requires that "a summary statement of non-expendable United Nations property shall be provided to the Board of Auditors not later than three months following the end of the

financial period”. The definition of non-expendable property adopted at Headquarters as indicated in ST/AI/2003/5 includes three asset categories: (a) property or equipment valued at \$1,500 or more per unit at the time of purchase and having a service life of at least five years (e.g., generators, kitchen equipment, major equipment and vehicles); (b) special items, which are property items considered to be of an attractive nature and easily removable from the premises because of their size, costing \$500 or more per unit at the time of purchase and with a serviceable life of three years or more (e.g., computers, cameras, televisions, facsimile machines and tape recorders); (c) group inventory items (e.g., furniture and modular workstations) with a serviceable life of five years or more, irrespective of value. DPKO adopts the definition of non-expendable property included in ST/AI/374: attractive and special items must have a serviceable life of five years and group inventory items are not included.

17. DPKO developed a property threshold database to identify non-expendable assets that must be included in the assets management software (Galileo/FACS). OCSS did not develop a similar list for headquarters, nor did it clearly define the notion of special items. For example, while peacekeeping missions include among non-expendable assets all telephone cellular sets and monitors (regardless of their value), headquarters departments adopt ad-hoc approaches.

18. In line with market evolution, the Organization is increasingly purchasing sophisticated and attractive electronic devices that cost less than \$500, such as blackberries, cellular phones, flat screens. These items are not officially tracked at Headquarters. OIOS noted that property custodians and OCSS itself do not precisely know what should be included among non-expendable assets. In OIOS’ opinion, OCSS should promote standard treatment of assets at Headquarters.

#### **Recommendation 4**

The Office of Central Support Services should develop guidelines for property custodians, clearly identifying non-expendable assets and the notion of special items. In the meantime, the current DPKO property threshold database should be adopted as the reference (AH2005/513/03/04).

19. *The Department of Management did not accept the recommendation, stating that the procedure was already in place. The definition of special items is outlined in the property management manual and ST/AI/2003/5. FMS organizes also training courses.* In OIOS’ view, the audit showed that there is a need for further clarification by OCSS of the definition of special items and for developing a property threshold database to allow identification of all non-expendable assets. OIOS therefore reiterates recommendation 4.

#### **C. Life Cycle of Assets**

20. The primary aim of disposing surplus assets in a timely manner is to achieve best return for the Organization in terms of efficiency, monetary value, or reutilization of the assets. Achieving an efficient life cycle of assets (from procurement to disposal) requires establishing guidelines on useful economic life cycle and then monitoring the cycle. For this purpose, in May

2005, the General Assembly requested DPKO to ensure that all peacekeeping missions implement an assets replacement programme in a cost-effective manner and in strict compliance with the guidelines for life expectancy of assets<sup>3</sup>.

21. At Headquarters, FMS is responsible for planning, allocating, managing, maintaining and operating the existing physical facilities of the Organization. In peacekeeping missions, the heads of administration are responsible for the management of property. Both Headquarters and peacekeeping missions use asset management software for the administration and monitoring of properties.

22. While a useful life criterion is available for most assets located in the peacekeeping missions, OIOS noted that at Headquarters this information is available only for vehicles and IT equipment. DPKO however adopts general guidelines for the useful economic life of assets. For instance, all property included in the telecommunication asset category have an expected economic life of seven years; IT assets have a four-year life cycle, etc. The Communication and Information Technology Service in DPKO explained to OIOS that these criteria are often too general, i.e. the life expectancy for cellular telephones and that of satellite stations or facsimile machines (which all belong to the same technical area) should not necessarily be the same. In fact, OIOS observed that life expectancy is not generally indicated for cellular phones.

23. DPKO Support Services Section concurred with OIOS that specific guidelines for the useful economic life of assets would provide the Organization with more accurate information and therefore enhance its planning capacity. DPKO however indicated that it would need extra resources in order to fulfill such a task.

24. OIOS reviewed the information included in the Galileo/FACS asset management software for two peacekeeping missions and found that expected economic life was not indicated for 12 to 16 percent of recorded assets (see annex 1). OIOS also found from its review of Procure Plus, the asset management system in use at Headquarters, that useful economic life or residual value was not indicated for any of the assets at headquarters, and this despite the fact that in 2001 OCSS accepted the OIOS recommendation to stipulate useful economic life for major types of assets and adopt these criteria as reference in asset disposal and replacement (Recommendation AH2001/45/3/04).

25. OIOS further estimated that 28,418 assets included in the Galileo/FACS outlived, sometimes by more than eight years, their established life expectancy (see annex 2). DPKO explained that the decision to utilize assets beyond their expected life cycle is taken by field asset managers based on their knowledge of the specific assets; once asset life expectancy is established it is not updated.

26. In OIOS' opinion, the current procedure does not allow property custodians and overseeing units to monitor the use of properties, their life-cycle and to use the information for purposes of forecasting requirements.

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<sup>3</sup> A/C.5/59/L.53

## Recommendations 5 to 6

The Facilities Management Service, Office of Central Support Services should develop guidelines indicating expected life of major categories of assets (AH2005/513/03/05).

The Facilities Management Service, Office of Central Support Services and Logistics Support Division, Department of Peacekeeping Operations should ensure that all properties included in the assets tracking software indicate life expectancy. Properties which are not required to have specific life expectancy should indicate the alternative treatment applied (AH2005/513/03/06).

27. Concerning both recommendations, the Department of Management responded that the implementation of IPSAS -International Public Sector Accounting Standards - (subject to the General Assembly's approval) would require the establishment of an appropriate depreciation policy, capitalization threshold and life-cycle estimates. OPPBA and OCSS will be collaborating on this project. The Department of Peacekeeping Operations concurred with recommendation 6, stating that it expects to complete the determination of life expectancy for the remaining items by August 2006. OIOS will keep recommendations 5 and 6 open pending communication by the Department of Management and the Department of Peacekeeping Operations of completed action. In the meantime, OIOS requests the Department of Management to submit the work plan for the implementation of the IPSAS with expected deadlines for the development of guidelines indicating expected life of major categories of assets and their inclusion in the asset tracking software.

28. OIOS found that while there were virtually no stocks at headquarters, in-stock assets represented 29 percent of total properties tracked in Galileo/FACS for peacekeeping missions.

Table 2: Assets status in peacekeeping and political missions – April 2005

Asset status	\$ Aggregated historical value	% of total assets
In Use	705,038,632	66.11
Maintenance	20,613,774	1.93
Pending Write Off	27,542,458	2.58
In Stock	313,197,873	29.37
Total	1,066,392,737	100.00

Source: PMU data elaboration of Galileo/FACS inventory information on 24 April 2005

29. Further analysis showed that communication and engineering assets represented the major categories of stock (32 and 26 percent respectively), as shown in annex 3. OIOS reviewed the average stoppage of assets (i.e. length of time an asset remains in stock) for MONUC and UNMIK and found that assets with a stoppage of over 12 months were respectively 5,000 and 1,300 units for a combined historical value of \$25 million. OIOS could not perform similar analysis for other peacekeeping missions for lack of related data in Galileo.

30. In April 2004, Property Management Unit (PMU), LSD<sup>4</sup> recommended that peacekeeping missions identify which assets were in stock for at least six months and provide PMU with justification for those held in stock for more than 12 months. No feedback was received from the peacekeeping missions, which prompted PMU in March 2005 to prepare, based on Galileo/FACS data, a status of surplus assets for five peacekeeping missions<sup>5</sup> which it sent to those peacekeeping missions for reconciliation with actual stocks. Although OIOS did not estimate the holding cost of stocks with high stoppage, this cost is likely to be high. The risks of wastage are also significant and highly probable because acquisition of unnecessary items of stock may continue to occur if assets are not adequately managed in future. Furthermore, experience so far has shown that the disposal of UN stocks does not generate significant sales revenues.

### Recommendations 7 to 8

The Department of Peacekeeping Operations should:

- (i) Request peacekeeping missions to periodically justify the accumulation of excessive and old stocks and identify corrective actions (AH2005/513/03/07).
- (ii) Initiate an independent, comprehensive assessment of stocks in peacekeeping missions with a view to identifying the causes for over stoppage of stocks and initiating corrective actions. The review should recommend suitable disposal methods for obsolete stocks and appropriate stock levels for main categories of assets depending on peacekeeping mission location (AH2005/513/03/08).

31. *Concerning recommendation 7, the Department of Peacekeeping Operations informed that all five DPKO missions with the highest ratio of assets in stock have produced detailed plans to correct the situation and ensure that surplus stock on hold are reduced. OIOS will keep recommendation 7 open pending the submission of the detailed plans and confirmation of completed implementation.*

32. *Concerning recommendation 8, the Department of Peacekeeping Operations informed that DPKO has initiated appropriate corrective actions for over stoppage of stocks. DPKO has launched two pilot projects. The first to identify appropriate stock levels for main categories of assets in UNMIK is expected to be completed by August 2006; the second focusing on disposal methods for obsolete stocks in ONUB is expected to be completed by November 2006. OIOS will keep recommendation 8 open pending communication by DPKO on the final results of the two pilot projects and subsequent actions to be taken to correct the over stoppage of stocks.*

<sup>4</sup> "Notes on Property Write off and Disposal"

<sup>5</sup> Assets in Unit Stock for over 12 months

Mission	MONUC	UNAMA	UNAMI	UNMIK	UNMOGIP
Quantity of assets	5,021	250	443	1,425	70
Million \$ value of assets	20.1	1.0	1.6	4.3	0.2

## D. Disposal of Assets at Headquarters

### IT Equipment

33. In 2004, 91 percent of disposed assets at Headquarters were IT items. The disposal of IT equipment at Headquarters is currently decentralized to the departments and offices, which are responsible for filing cases with the HPSB and arranging necessary steps for trade-in or sale options. ITSD is only responsible for advising Departments on disposal method and for submitting cases to HPSB for equipment suitable for donation to UN Permanent Missions. FMS picks up and discards the IT equipment recommended for disposal. In practice, sales or trade-in options have not been implemented since 2002 when 553 items were sold for \$14,000. Most of the IT equipment was donated and it has been the practice that ITSD, pursuant to prior approval from the Assistant Secretary-General for Central Support Services and the Controller, submits cumulative supportive documentation of disposed cases to the HPSB on a post-facto basis. OIOS however noted that occasionally also FMS collects and disposes IT assets. In OIOS' opinion, disposal of IT equipment should be managed centrally by ITSD. After the ITSD technical assessment is prepared, departments and offices at Headquarters should transfer all disposable IT equipment to ITSD, which should in turn follow necessary procedures to ensure adequate and timely disposal.

34. OIOS noted that in 2004 a total of 420 donated IT units (17 percent of total donations) went to not-for-profit organizations that didn't have consultative status with the Economic and Social Council and were not associated with the Department of Public Information, as prescribed in ST/AI/2001/4. OIOS also observed that most registered non-governmental organizations are located outside the host country and would therefore probably be excluded from donation for cost reasons. In most cases, the residual value of four- to five- year-old IT equipment is very low. Headquarters' space constraints require high rotation of used equipment and the restrictive approach to donation adopted in ST/AI/2001/4 would be extremely burdensome if fully implemented. OIOS believes that donations should be allowed to all non-governmental or not-for-profit organizations that meet minimal criteria to be determined, and ST/AI/2001/4 should be adapted in line with Financial Rule 105.22.

35. OIOS inspected the five ITSD locations in the Secretariat building where IT equipment is stocked and found that most of the monitors stocked in the garage area were not bar-coded. OIOS also noted that 27 brand-new Compaq S700 monitors purchased in 1999 and 25 Compaq V55 monitors purchased in 1998 for a total historic value of \$19,000 had never been used and were ready for transfer to ECLAC. *The Department of Management informed that the equipment in question came from ITSD reserve stock kept for emergency purposes and DGACM surplus.* In total, 35 laptops were not bar-coded and 25 percent of the 39 sampled CPUs and printers stocked in rooms SB340 (ITSD premises) were still included in the inventory of the departments of origin. OIOS noted that the ITSD list of assets submitted to HPSB for review didn't indicate for all assets the standard bar-code which uniquely identifies each asset. ITSD explained that some assets are not bar-coded when received and therefore the ownership is not transferred in Procure Plus. Instead, ITSD uses a separate tracking system (Service-Center), which is not integrated with Procure Plus.

## Recommendations 9 to 11

The Assistant Secretary-General, Office of Central Support Services should review ST/AI/2001/4 in order to:

- (i) Delegate the disposal of all IT equipment to the Information Technology Services Division, Office of Central Support Services, regardless of the approved disposal method (AH2005/513/03/09).
- (ii) Allow a less restrictive approach for donations to non-governmental organizations and establish minimal criteria for the identification of suitable donors (AH2005/513/03/10).
- (iii) Have the Information Technology Services Division, Office of Central Support Services ensure that all non-expendable assets received for disposal or recycling purposes are bar-coded and their status in Procure Plus is updated (AH2005/513/03/11).

36. *Concerning recommendation 9, the Department of Management responded that ITSD and FMS will assess the feasibility of its implementation. The assessment will be completed by the end of second quarter of 2006. OIOS will keep recommendation 9 open pending submission of the feasibility study.*

37. *The Department of Management accepted recommendation 10, stating that by second quarter of 2006 it will establish minimal criteria for the identification of suitable donors. OIOS will keep recommendation 10 open pending submission by DM of these criteria.*

38. *Concerning recommendation 11, the Department of Management responded that ITSD has initiated the bar-coding of equipment received without appropriate bar code label and updates Procure Plus before disposal. OIOS is satisfied with this response and has closed recommendation 11.*

### Other property

39. The Property Management and Inventory Control Unit (PMICU), OCSS explained that group inventory assets (mainly furniture) are recycled to the extent possible and finally disposed of as scrap. OIOS inspected PMICU facilities where assets are stocked and reviewed assets on holding for disposal. On 29 May 2005, OIOS observed that eight bar-coded chairs and one typewriting machine had been abandoned in the elevator bank on floor 2B of the Secretariat building and found that moving services had not been requested of the FMS Disposal Unit while the chairs were still officially in use. Two bar-coded chairs, one kitchen cutter and one refrigerator had been abandoned in the Receiving and Inspection area (floor 3B) of the Secretariat building. The Disposal Unit informed OIOS that Departments and Offices regularly abandon assets on floor 2B and 3B. This practice weakens the inventory efficiency and may generate security problems. During the audit, OIOS suggested that PMICU distribute instructions



to all property custodians regarding this issue. OCSS informed the auditors that it concluded an information campaign during the 2005 physical inventory of non-expendable assets at UNHQ.

### **Recommendation 12**

The Office of Central Support Services should report to the Department of Safety and Security and to the responsible Department heads when assets are inappropriately abandoned by property custodians, for appropriate follow-up (AH2005/513/03/12).

40. *The Department of Management responded that in the future FMS will notify Department heads in compliance with recommendation 12.* OIOS is satisfied with this response and has closed recommendation 12.

41. Access to the Procure Plus database is managed by the Procurement Service, OCSS. OIOS noted that each property custodian with access to Procure Plus can change the asset status of property under his/her responsibility to “dispose” or “lost”. In OIOS’ opinion, this practice represents a weak internal control over the management of assets and requires immediate remedial action. Although the system has an audit track system in place for the change of status, OIOS believes that property custodians should be only allowed to transfer property, while access to modify other status, e.g. ‘dispose’ or ‘lost’, should be centrally managed by FMS or ITSD depending on the type of asset.

### **Recommendation 13**

For write off purposes, the Office of Central Support Services should restrict access to the change status function in Procure Plus to Information Technology Services Division and Facilities Management Service. Property custodian should not be authorized to update asset status to “dispose” or “lost” (AH2005/513/03/13).

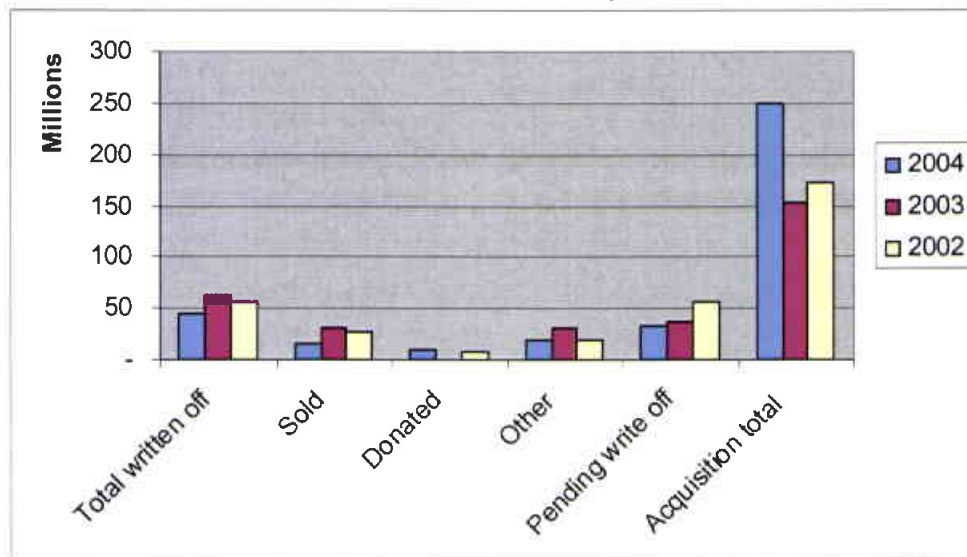
42. *The Department of Management responded that given the fact that Procurement Service is in the process of moving to another procurement management system, it does not recommend to use resources to enhance the technical capacity of the Procure Plus. The Department of Management added that Procure Plus has an integrated audit tracking system for changes.* OIOS confirmed that the audit tracking system exists in Procure Plus and withdraws recommendation 13. However, an assessment of the use of the system will be included in future audits of asset management.

## **E. Disposal of Assets in Peacekeeping missions**

43. OIOS reviewed the pending write off trend in peacekeeping missions and found that recent efforts to speed-up the write off process have produced positive results. In 2003 and 2004, the total values of assets pending write off were significantly lower than the total value of assets written off for the same years respectively. Only UNMIK and MONUC showed an increased number of write off cases pending. OIOS also noted that 2004 recorded a sharp increase in the

acquisition of assets (plus 61 percent as compared with 2003). Normally, increased acquisition will generate a cascade effect in the write off process as soon as the natural life-cycle of new assets expires. OIOS believes that policies, guidelines and best practices must be developed and tested as soon as possible to ensure a smooth write off process in the coming years.

**Figure 1:** Disposal and Acquisition Trends in Peacekeeping and Political Peacekeeping missions.



Source: *CYEIR for years 2002-2003-2004.*

44. Guidelines for the management of property in peacekeeping and political missions are included in the Financial Rules and Regulations, in the procurement and liquidation manuals and relevant administrative instructions. Between 2003 and 2004, Property Management Unit (PMU), LSD drafted the “Property management in UN Peacekeeping operations manual”. The manual outlines policies and procedures for property management in peacekeeping missions. It provides guidance, best practices and standard procedures for the administration of the entire assets life cycle, except for procurement and warehouse. OIOS was informed that as of end of June 2005, only the first of eight chapters had been issued. In OIOS’ opinion, the approval of the entire manual should be expedited.

45. In 2004, PMU took the lead to establish sales efficiency trends<sup>6</sup>, comparing sales revenues with assets residual values for selected peacekeeping missions and asset types. It was noted that the sale value is frequently much lower than the estimated residual value. Financial Rule 105.22 requires the relevant PSB to provide advice on the most appropriate disposal method for surplus property. LPSB can use the depreciated asset value as the initial criterion to select the best disposal method; however this criterion is often insufficient for an appropriate decision. Best practices and local market knowledge should also be taken into consideration by the LPSB and Disposal Unit. Sales results should be regularly monitored and best practices and trend analysis be developed. OIOS noted that the information to generate analysis of sales efficiency trend in the Galileo/FACS database was deficient. OIOS also observed that often sale values were incorrectly reported. OIOS believes that LSD should request peacekeeping missions

<sup>6</sup> LSD/OMS/DPKO fax of 05/04/2004. Subject: Property write off and disposal actions.

to record the individual asset sale value in Galileo/FACS and, in line with its mandate to guide peacekeeping missions in the management of assets, periodically monitor sale results, providing peacekeeping missions with best practices and analysis to facilitate the LPSB determination of the most efficient disposal method.

### **Recommendations 14 to 15**

The Department of Peacekeeping Operations should:

- (i) Expedite the approval and distribution of the “Property management in UN Peacekeeping operations manual” (AH2005/513/03/14).
- (i) Ensure that all peacekeeping missions report correctly sale values in the Galileo/FACS database and develop best practices to guide LPSB determination of most efficient disposal method (AH2005/513/03/15).

46. *Concerning recommendation 14, the Department of Peacekeeping Operations replied that it expects the “Property Management in UN Peacekeeping Organization Manual” to be finalized in March 2006. OIOS will keep recommendation 14 open pending submission by DPKO of a copy of the approved manual.*

47. *In respect of recommendation 15, the Department of Peacekeeping Operations replied that in September 2005 DPKO issued an instruction to all missions to report sale values of non-expendable property in Galileo. DPKO was also implementing a pilot project in ONUB to identify good practices for the sale of assets and expected that the closure of UNMISSET and UNAMSIL would enrich the available database on sale revenues. OIOS will keep recommendation 15 open pending submission of the result of the ONUB pilot project.*

48. From the review of information contained in Galileo/FACS as of 22 April 2005, OIOS noted that the United Nations Office in Angola and United Nations Observer Mission in Angola reported assets worth \$600,000. Most of these assets were indicated as in use, in stock, shipped or pending LPSB decision. The two peacekeeping missions were liquidated in August 2002 and June 2003 respectively. The Liquidation Unit in DPKO informed OIOS that liquidated peacekeeping missions should report no assets except for those pending HPSB decision. Consequently, the Unit was in the process of finalizing the Final Disposition Asset Report of the United Nations Observer Mission in Angola, a prerequisite step to explain the current status of assets included in both missions’ inventories.

### **Recommendation 16**

The Department of Peacekeeping Operations should expedite the Final Disposition Asset Report of the United Nations Observer Mission in Angola and inform OIOS on current position of assets included in the

United Nations Office in Angola and United Nations Observer Mission  
in Angola inventories (AH2005/513/03/16).

49. *The Department of Peacekeeping Operations responded that FMSS is working in close cooperation with LSD to archive all outstanding UNMA items in FACS/Galileo. OIOS will keep recommendation 16 open pending submission of copy of the Final Disposition Asset Report.*

**F. Functioning of the Headquarters Property Survey Board**

Monitoring of LPSB functioning

50. The current delegation of authority requires heads of administration in peacekeeping missions to submit copies of all approved LPSB meeting minutes to the HPSB for monitoring and compliance purposes. OIOS reviewed the HPSB archived LPSB correspondence and found that this requirement was not systematically complied with. In 2004, the HPSB received meeting minutes from five LPSBs only and in 2003, from seven LPSBs only, whereas OIOS noted that 18 peacekeeping missions have written off assets in 2004 and 2003.

51. The HPSB has no access to the Galileo/FACS or the Procure Plus database, and it accepts cases which do not indicate the corresponding asset bar-code, which is necessary to identify the assets in the system. Both Galileo and Procure Plus include disposal modules, but the HPSB cannot access them. DPKO informed OIOS that it is designing a new disposal module in Galileo which will require interaction with the HPSB. The new disposal module was expected to be implemented by 2006 but there is no deadline for the implementation date. OCSS informed OIOS that it will work in coordination with the Procurement Service to provide Procure Plus access to the HPSB.

52. OIOS also compared the list of pending HPSB cases maintained by DPKO Property Management Unit with the list maintained by HPSB. On 15 June 2004, 34 cases submitted by peacekeeping missions were listed by PMU but were not included in the HPSB database. The HPSB informed OIOS that similar discrepancies have occurred in the past and in most cases were due to communication problems between peacekeeping missions and headquarters.

**Recommendations 17 to 19**

The Headquarters Property Survey Board should:

(i) Develop a tracking log-book to ensure that all Local Property Survey Boards submit their meeting minutes as required by the delegation of authority (AH2005/513/03/17).

(ii) Enforce the bar-code requirement for all non-expendable assets included in Headquarters Property Survey Board cases (AH2005/513/03/18).

(iii) The Office of Central Support Services and Department of Peacekeeping Operations should authorize Headquarters Property Survey Board access to Procure Plus and Galileo respectively for the updating of disposal modules (AH2005/513/03/19).

53. *The Department of Management accepted recommendation 17, indicating that it would be implemented within three months. OIOS will keep recommendation 17 open pending verification of its implementation.*

54. *The Department of Management also accepted recommendation 18, however subject to the HPSB obtaining access to Procure Plus and Galileo. The Department of Management was also of the view that DPKO needed to comment on the recommendation and to advise Peacekeeping Missions to enforce the bar-code requirement prior to case submissions. The Department of Management expressed concern about the reliability of information captured in FACS and Galileo. OIOS will keep recommendation 18 open pending notification from the Department of Management that access to Procure Plus and Galileo has been granted to the HPSB. Also, as suggested by DM, OIOS is requesting DPKO to provide comments on recommendation 18.*

55. *Concerning recommendation 19, the Department of Management commented that FMS agreed to grant access to Procure Plus to the HPSB Secretariat. The Department of Peacekeeping Operations replied that it had begun a project that would eventually link HPSB with the Galileo inventory management system. The project was expected to be concluded by November 2006. OIOS will keep recommendation 19 open pending the completion of the project to link HPSB with Galileo.*

56. PSBs are delegated the responsibility to investigate and report on the causes for shortages and overages of and damage to, UN property<sup>7</sup>. OIOS reviewed 58 HPSB cases and attended one HPSB meeting. OIOS observed that LPSBs and HPSB tend to apply different criteria for the determination of degree of responsibility of staff involved in cases of loss, damage or discrepancy of property. Often LPSBs' decisions on staff degree of responsibility and assessments were fully rejected by the HPSB on the basis of policies and practices that the HPSB developed over the years. The HPSB drafted the "Guidelines for Processing Property Survey Boards cases in the UN", which provide instructions to determine degree of responsibility and surcharge rates for staff responsible for gross negligence or wilful misconduct. The guidelines, which are still in the draft form, although used by the HPSB, have not been approved and distributed to LPSBs. It must be noted that members of LPSB are not required to have legal background and there is no formal training or mechanism for the sharing of best practices and relevant jurisprudence among boards.

57. In June 2005, UNMEE informed OIOS that it is experiencing problems in the interpretation of gross negligence. The Mission was facing frequent loss of attractive items of small value. As prescribed in the "de minimus" policy, cases involving loss of or damage to UN-

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<sup>7</sup> Staff negligence has been defined in ST/AI/2004/3: "Negligence of a very high degree involving an extreme and willful or reckless failure to act as a reasonable person in applying or in failing to apply the regulations and rules of the Organization"

owned equipment, caused by UN personnel, do not qualify for financial recovery unless the residual value or the repair cost is more than \$500 and gross negligence or repetitive violation of administrative instruction is proven. The policy aims to expedite the processing of low value cases and reduce the backlog of property survey cases. OIOS agreed with UNMEE that guiding criteria should be centrally developed and shared with all LPSBs in order to promote standardization.

58. Financial Rule 105.21 requires the USG for Management to establish PSB composition and terms of reference, including procedures for determining causes of loss, damage or other discrepancy, disposal actions to be taken and degree of responsibility attached to any official of the United Nations or other party for such loss, damage or other discrepancy. No such terms of reference have been approved so far. In OIOS' view, the USG for Management should expedite the review, approval and distribution of terms of reference for the processing of property survey cases. The HPSB should also coordinate knowledge-sharing training sessions with LPSB members to discuss and review relevant jurisprudence, best practice and interpretation of property management rules and principles. LPSBs and heads of administration experiencing difficulties interpreting relevant rules and procedures in property management must seek clarification with the HPSB.

### **Recommendations 20 to 22**

The Under-Secretary-General for Management should expedite the review, approval and distribution to all Boards of terms of reference and guidelines for processing Property Survey Boards (AH2005/513/03/20).

The Headquarters Property Survey Board should:

- (i) Coordinate regular knowledge-sharing training sessions with Local Property Survey Boards to discuss and review relevant jurisprudence, best practice and interpretation of property management rules and principles (AH2005/513/03/21).
- (ii) Act as the focal point for interpretation of property survey definitions and policies (AH2005/513/03/22).

59. *The Department of Management accepted recommendation 20, which it would implement in six months.* OIOS will keep recommendation 20 open pending notification of its implementation.

60. *The Department of Management also accepted recommendation 21, subject to availability of human and financial resources to conduct the training sessions.* OIOS will keep recommendation 21 open pending notification of its implementation.

61. OIOS reworded recommendation 22 as suggested by DPKO. *The Department of Management replied that the action de facto already takes place. The Department of*

*Peacekeeping Operations concurred that the HPSB will have to remain the focal point for interpretation of property survey procedures.* OIOS is satisfied with these responses and has closed recommendation 22.

### Time for Write off of Assets

62. OIOS reviewed the time required for the write off of assets of three peacekeeping missions and estimated that the process (from the date on the property condemnation certificate or the write off voucher, to write off date) took between 82 and 205 days.

Table 3: Average time required for write off of assets

	MONUC Write off period: 03/2001-02/2005		UNMEE Write off period: 08/2001-05/2004		UNMIK Write off period: 02/2000-03/2005	
	Average days	Number of assets	Average days	Number of assets	Average days	Number of assets
COM	89	606	111	136	187	522
EDP	118	1064	70	175	199	178
ENG	375	29	23	38	265	24
SUP	94	236	80	41	226	198
TPT	167	37	132	13	354	33
All assets average days	111		82		205	

*Source: PMU data elaboration 24 April 2005*

63. OIOS reviewed a sample of 58 cases finalized by the HPSB between 2004 and 2005 and found that the HPSB took an average of 169 days for the review of pending cases. For the same cases, the relevant LPSB took an average of 191 days to issue its recommendations. For instance, OIOS found that case number UNMIK/SB/208 01/10/2004 was initiated by UNMIK on 15 May 2002 to request the sale of 517 engineering assets worth \$1 million at historical cost. On 30 July 2004, almost two years later, the Controller approved the sale and DPKO requested UNMIK to follow the United Nations Guidelines on Property Survey/Disposal/Liquidation and write off of assets. UNMIK LPSB met on October 2004 and the case was still pending HPSB decision at the time of the audit. DPKO was of the view that such delays are particularly serious when the case either involves staff assessment or delays the mission liquidation phase. OIOS believes that such cases should jump the queue and be treated first by the HPSB.

64. As of 15 June 2005, the HPSB had 264 pending cases. Most of them were received in 2004. In the first four months of 2005, the HPSB received a total of 74 cases. In 2004, it received 336 cases (59 percent from peacekeeping missions) and in 2003, 278 cases (64 percent from peacekeeping missions). The HPSB met twice between January and April 2005, eight times in 2004 and 15 times in 2003. On average the HPSB finalized 29 cases per session. In 2003 the HPSB took on average 56 days to finalize its cases, while in 2004 the average was 178 days. Therefore, while in 2003 the HPSB succeeded in reducing the backlog of pending HPSB cases, in 2004 and 2005 the caseload started to accumulate again.

65. The HBSB Chairman, who is also the Headquarters Committee on Contracts Chairman (HCC), informed OIOS that in 2004 and 2005 most of the HPSB's resources were dedicated to

the HCC meetings because the latter were given priority. OIOS observed that in 2004 the HCC met more than once a week on average and reviewed 753 cases (30 percent more than in 2003). Between 2002 and 2004 the dollar amount of contracts reviewed by the HCC increased from \$866 million to \$2,739 million. OIOS estimates that the increasing acquisition of assets will lead to an increasing number of cases that will require the HPSB review as soon as the natural life-cycle of assets approaches its end. In OIOS' view, it is therefore urgent that the DM develop a strategy to eliminate the current HPSB case backlog in the short term and ensure that it has the necessary capacity for properly addressing the increasing caseload in the longer term.

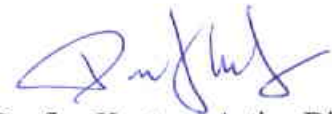
### **Recommendation 23**

The Department of Management should develop a strategy for the Headquarters Property Survey Board to (a) eliminate current backlog of pending Headquarters Property Survey Board cases, giving priority to those cases with staff assessment implications and those pertaining to missions in the process of liquidation and (b) properly address increasing caseload in the future (AH2005/513/03/23).

66. *The Department of Management accepted recommendation 23 pending availability of human and financial resources.* OIOS will keep recommendation 23 open pending notification of its implementation by the Department of Management.

## **IV. ACKNOWLEDGEMENT**

67. We wish to express our appreciation for the assistance and cooperation extended to the auditors by staff of OCSS, FMS, ITSD and HPSB.



Dagfinn Knutsen, Acting Director  
Internal Audit Division 1, OIOS



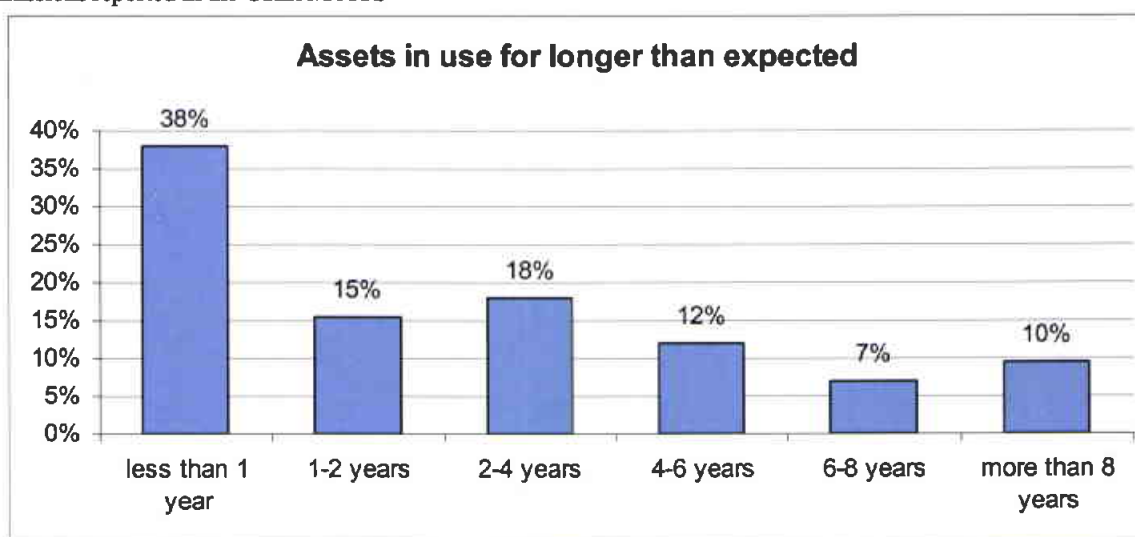
## ANNEXES

### Annex I: Assets with no indication of life-expectancy by asset category management

Mission	Average	COM (Communication Section)	EDP(Electronic Data Processing Section)	ENG (Engineering Section)	SUP (Supply Section)	TPT (Transport Section)	MED (Medical Section)
ONUB	16.4%	15.9%	14.6%	13.5%	20.3%	13.8%	15.4%
UNMEE	11.89%	4.0%	1.3%	29.1%	23.29%	7.6%	8.3%

Source: Business Object report extracted on 28/6/2005 by PMU. OIOS recomputed the data manually for the two Peacekeeping missions.

### Annex II: Assets in use for longer than expected based on "expected life" criteria indicated for all Peacekeeping missions reported in the Galileo/FACS



Source: Galileo and FACS data provided by PMU on 22 April 2005

### Annex III: Assets in stock as percentage of all assets located in the mission (% is calculated on the basis of number of assets)

Asset category/ Mission	COM (Communication Section)	EDP(Electronic Data Processing Section)	ENG (Engineering Section)	TPT (Transport Section)	MED (Medical Section)	AVERAGE
MONUC	27.1	10.6	33.6	9.6	46.5	23.7
ONUB	42.6	30.2	56.2	13.1		38.1
ONUCI	42.8	37.3	50.8	23.5	0.0	40.9
UNAMSIL	50.1	21.0	17.5	27.2		30.9
UNDOF	16.8	20.7	9.2	5.8	1.2	14.4
UNIFIL	16.0	16.4	11.4	4.0	9.0	13.4
UNMEE	22.4	19.0	18.5	23.8		20.3
UNMIK	25.4	17.0	11.5	6.0		18.7
UNMIL	42.0	27.9	33.5	15.8		34.2
AVERAGE	32.0	20.1	26.0	12.4	26.4	

Source: PMU data elaboration of Galileo/FACS inventory information on 22 April 2005.

Annex IV: Assets pending HPSB decision included in DPKO peacekeeping missions list and not recorded in the HPSB log-book.

<b>MISSION</b>	<b>CASE NO</b>	<b>DATE SENT TO HPSB</b>
UNTAET	UNTAET/SB/70	March 2002
	UNTAET/SB/71	March 2002
	UNTAET/SB/77	April 2002
UNMIK	UNMIK/SB/236	October 2004
	UNMIK/SB/128	February 2004
	UNMIK/SB/235	October 2004
	UNMIK/SB/237	June 2004
	UNMIK/SB/238	October 2004
	UNMIK/SB/239	October 2004
	UNMIK/SB/240	October 2004
	UNMIK/SB/241	October 2004
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	UNMIK/SB/249	February 2005
	UNMIK/SB/251	February 2005
	UNMIK/SB/252	February 2005
	UNMIK/SB/253	April 2005
	UNMIK/SB/254	April 2005
	UNMIK/SB/255	April 2005
MONUC	MONUC/SB/52/04	December 2004
	MONUC/SB/67/04	January 2005
UNAMI	UNAMI/SB/1-HPSB 1	October 2004
UNAMIS	UNAMIS/SB-1	October 2004
UNDOF	UNDOF/SB/438	July 2004
	UNDOF/SB/439	July 2004
	UNDOF/SB/440	July 2004
UNMIL	UNMIL/SB/01/04	September 2004
	UNMIL/SB/03/04	December 2004
	UNMIL/SB/04/04	January 2005

*Source: HPSB pending case list submitted on 16/6/2005 and PMU/LSD list of pending HPSB cases submitted on 15/6/2005.*

## CLIENT RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS

### Assignment No. AH2005/513/03 – Audit of Disposal of Assets

No.	Recommendation/No.	Accepted (Yes/No)	Implement Date	Client Comments
001	The Assistant Secretary-General, Office of Central Support Services (OCSS), in coordination with the Controller, should introduce at Headquarters the AW categorization of cases (assets with inventory value of less than \$1,500) for write off purposes (AH2005/513/03/01).	Yes	To be indicated	<i>The Department of Management responded that consideration will be given to the proposed level (\$1,500), associated risk in using the AW approach at Headquarters, and types of equipment involved. In the contest of the delegation of authority, the office of Programme Planning Budget and Accounts will review this recommendation.</i>
002	The Controller should delegate to Facilities Management Service (FMS) and Information Technology Services Division (ITSD), OCSS authority to act directly and finally on administrative write off of cases referred to them as category AW. As part of this delegation, the Controller should instruct departments and offices to transfer to FMS or ITSD (depending on the type of asset) the ownership of assets identified for disposal as AW cases (AH2005/513/03/02).	Yes	To be indicated	<i>The Department of Management responded that it does not see this recommendation as being necessary since currently procedures under ST/AI/2001/4 appears to work fairly well. The Department of management underlined that permitting the programme manager for IT or FMS to have full control over disposal of a very large number of IT items is very risky. The Office of Programme Planning, Budget and Account however will review this recommendation as it relates to both Headquarters, Offices away from Headquarters and Peacekeeping operations.</i>
003	The Department of Management and Department of Peacekeeping Operations should expedite the approval of a standard delegation of authority to peacekeeping missions for property management and inventory control. The new delegation should replace existing delegations in peacekeeping missions (AH2005/513/03/03).	Yes	Implemented	<i>The Department of Management responded that by memorandum dated 16 February 2005 the ASG for Peacekeeping was delegated responsibility for property management and inventory control in Peacekeeping missions. The Department of Peacekeeping Operations informed that starting December 2005 it has issued the new standardized delegation of authority for property management and accountability to all DPKO missions.</i>
004	The Office of Central Support Services should develop guidelines for property custodians, clearly identifying non-expendable assets and the notion of special items. In the meantime, the current DPKO property threshold database should be adopted as the reference (AH2005/513/03/04).	No		<i>The Department of Management did not accept the recommendation, stating that the procedure was already in place. The definition of special items is outlined in the property management manual and ST/AI/2003/5. FMS organizes also training courses. In OIOS' view, the audit showed that there is a need for further clarification by OCSS of the definition of special items and for developing a property threshold database to allow identification of all non-expendable assets. OIOS therefore reiterates recommendation 4.</i>
005	The Facilities Management Service, Office of Central Support Services should develop guidelines indicating expected life of major categories of assets (AH2005/513/03/05).	Yes	To be indicated	<i>Concerning both recommendations, AH2005/513/05 and AH2005/513/06, the Department of Management responded that the implementation of IPSAS - International Public Sector Accounting Standards - (subject to the General Assembly's approval) would require the establishment of an appropriate</i>

No.	Recommendation/No.	Accepted (Yes/No)	Implement Date	Client Comments
				<i>depreciation policy, capitalization threshold and life-cycle estimates. OPPBA and OCSS will be collaborating on this project.</i>
006	The Facilities Management Service, Office of Central Support Services and Logistics Support Division, Department of Peacekeeping Operations should ensure that all properties included in the assets tracking software indicate life expectancy. Properties which are not required to have specific life expectancy should indicate the alternative treatment applied (AH2005/513/03/06).	Yes	DPKO: expects to complete the determination by August 2006.  DM: To be indicated	<i>Concerning both recommendations, AH2005/513/05 and AH2005/513/06, the Department of Management responded that the implementation of IPSAS - International Public Sector Accounting Standards - (subject to the General Assembly's approval) would require the establishment of an appropriate depreciation policy, capitalization threshold and life-cycle estimates. OPPBA and OCSS will be collaborating on this project. The Department of Peacekeeping Operations concurred with recommendation 6, stating that it expects to complete the determination of life expectancy for the remaining items by August 2006.</i>
007	Request peacekeeping missions to periodically justify the accumulation of excessive and old stocks and identify corrective actions (AH2005/513/03/07).	Yes	To be indicated	<i>Concerning recommendation 7, the Department of Peacekeeping Operations informed that all five DPKO missions with the highest ratio of assets in stock have produced detailed plans to correct the situation and ensure that surplus stock on hold are reduced.</i>
008	Initiate an independent, comprehensive assessment of stocks in peacekeeping missions with a view to identifying the causes for over stoppage of stocks and initiating corrective actions. The review should recommend suitable disposal methods for obsolete stocks and appropriate stock levels for main categories of assets depending on peacekeeping mission location (AH2005/513/03/08).	Yes	First pilot project to be implemented by August 2006.  Second pilot project to be implemented by November 2006.	<i>Concerning recommendation 8, the Department of Peacekeeping Operations informed that DPKO has initiated appropriate corrective actions for over stoppage of stocks. DPKO has launched two pilot projects. The first to identify appropriate stock levels for main categories of assets in UNMIK and is expected to be completed by August 2006; the second focusing on disposal methods for obsolete stocks in ONUB and is expected to be completed by November 2006.</i>
009	Delegate the disposal of all IT equipment to the Information Technology Services Division, Office of Central Support Services, regardless of the approved disposal method (AH2005/513/03/09).	Yes	July 2006	<i>Concerning recommendation 9, the Department of Management responded that ITSD and FMS will assess the feasibility of its implementation. The assessment will be completed by the end of second quarter of 2006</i>
010	Allow a less restrictive approach for donations to non-governmental organizations and establish minimal criteria for the identification of suitable donors (AH2005/513/03/10).	Yes	July 2006	<i>The Department of Management accepted recommendation 10, stating that by second quarter of 2006 it will establish minimal criteria for the identification of suitable donors</i>
011	The Information Technology Services Division, Office of Central Support Services should ensure that all non-expendable assets received for disposal or recycling purposes are bar-coded and their status in Procure Plus is updated (AH2005/513/03/11).	Yes	Implemented	<i>Concerning recommendation 11, the Department of Management responded that ITSD has initiated the bar-coding of equipment received without appropriate bar code label and updates Procure Plus before disposal.</i>
012	The Office of Central Support Services should report to the Department of Safety and Security and to the responsible Department heads when	Yes	Implemented	<i>The Department of Management responded that in the future FMS will notify Department heads in compliance with recommendation 12.</i>

No.	Recommendation/No.	Accepted (Yes/No)	Implement Date	Client Comments
	assets are inappropriately abandoned by property custodians, for appropriate follow-up (AH2005/513/03/12).			
013	For write off purposes, the Office of Central Support Services should restrict access to the change status function in Procure Plus to Information Technology Services Division and Facilities Management Service. Property custodian should not be authorized to update asset status to "dispose" or "lost" (AH2005/513/03/13).	Withdrawn		<i>The Department of Management responded that given the fact that Procurement Service is in the process of moving to another procurement management system, it does not recommend to use resources to enhance the technical capacity of the Procure Plus. The Department of Management added that Procure Plus has an integrated audit tracking system for changes.</i>
014	Expedite the approval and distribution of the "Property management in UN Peacekeeping operations manual" (AH2005/513/03/14).	Yes	March 2006	<i>Concerning recommendation 14, the Department of Peacekeeping Operations replied that it expects the "Property Management in UN Peacekeeping Organization Manual" to be finalized in March 2006.</i>
015	Ensure that all peacekeeping missions report correctly sale values in the Galileo/FACS database and develop best practices to guide LPSB determination of most efficient disposal method (AH2005/513/03/15).	Yes	To be indicated	<i>In respect of recommendation 15, the Department of Peacekeeping Operations replied that in September 2005 DPKO issued an instruction to all missions to report sale values of non-expendable property in Galileo. DPKO was also implementing a pilot project in ONUB to identify good practices for the sale of assets and expected that the closure of UNMISSET and UNAMSIL would enrich the available database on sale revenues.</i>
016	The Department of Peacekeeping Operations should expedite the Final Disposition Asset Report of the United Nations Observer Mission in Angola and inform OIOS on current position of assets included in the United Nations Office in Angola and United Nations Observer Mission in Angola inventories (AH2005/513/03/16).	Yes	To be indicated	<i>The Department of Peacekeeping Operations responded that FMSS is working in close cooperation with LSD to archive all outstanding UNMA items in FACS/Galileo</i>
017	Develop a tracking log-book to ensure that all Local Property Survey Boards submit their meeting minutes as required by the delegation of authority (AH2005/513/03/17).	Yes	July 2006	<i>The Department of Management accepted recommendation 17, indicating that it would be implemented within three months.</i>
018	Enforce the bar-code requirement for all non-expendable assets included in Headquarters Property Survey Board cases (AH2005/513/03/18).	Yes	To be indicated	<i>The Department of Management also accepted recommendation 18, however subject to the HPSB obtaining access to Procure Plus and Galileo. The Department of Management was also of the view that DPKO needed to comment on the recommendation and to advise Peacekeeping Missions to enforce the bar-code requirement prior to case submissions. The Department of Management expressed concern about the reliability of information captured in FACS and Galileo.</i>
019	The Office of Central Support Services	Yes	DPKO: project	<i>Concerning recommendation 19, the Department of</i>

No.	Recommendation/No.	Accepted (Yes/No)	Implement Date	Client Comments
	and Department of Peacekeeping Operations should authorize Headquarters Property Survey Board access to Procure Plus and Galileo respectively for the updating of disposal modules (AH2005/513/03/19).		to be concluded by November 2006;  DM: Implemented	<i>Management commented that FMS agreed to grant access to Procure Plus to the HPSB Secretariat. The Department of Peacekeeping Operations replied that it had begun a project that would eventually link HPSB with the Galileo inventory management system. The project was expected to be concluded by November 2006.</i>
020	The Under-Secretary-General for Management should expedite the review, approval and distribution to all Boards of terms of reference and guidelines for processing Property Survey Boards (AH2005/513/03/20).	Yes	October 2006	<i>The Department of Management accepted recommendation 20, which it would implement in six months.</i>
021	The Headquarters Property Survey Board should coordinate regular knowledge-sharing-training sessions with Local Property Survey Boards to discuss and review relevant jurisprudence, best practice and interpretation of property management rules and principles (AH2005/513/03/21).	Yes	To be indicated	<i>The Department of Management also accepted recommendation 21, subject to availability of human and financial resources to conduct the training sessions.</i>
022	The Headquarters Property Survey Board should act as the focal point for interpretation of property survey definitions and policies (AH2005/513/03/22).	Yes	Implemented	<i>The Department of Management replied that the action de facto already takes place. The Department of Peacekeeping Operations concurred that the HPSB will have to remain the focal point for interpretation of property survey procedures.</i>
023	The Department of Management should develop a strategy for the Headquarters Property Survey Board to (a) eliminate current backlog of pending Headquarters Property Survey Board cases, giving priority to those cases with staff assessment implications and those pertaining to missions in the process of liquidation and (b) properly address increasing caseload in the future (AH2005/513/03/23).	Yes	To be indicated	<i>The Department of Management accepted recommendation 23 pending availability of human and financial resources.</i>

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Assets Disposal

(AH2005/513/03)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Your overall satisfaction with the conduct of the audit and its results.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

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*Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:  
 Director, Internal Audit Division-1, OIOS  
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA  
 By fax : (212) 963-3388  
 By E-mail: iad1support@un.org*