



## **INTERNAL AUDIT DIVISION**

**OFFICE OF INTERNAL OVERSIGHT SERVICES**

# **AUDIT REPORT**

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## **Audit of ICTR Property Management**

**9 January 2008**

**Assignment No. AA2007/260/01**

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United Nations  Nations Unies  
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE  
OIOS · BSCI

TO: Mr. Adama Dieng, Registrar  
A: International Criminal Tribunal for Rwanda (ICTR)

DATE: 9 January 2008

REFERENCE: AUD-File no. (07-<sup>TAD:08-00853</sup>)

FROM: Dagfinn Knutsen, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AA2007/260/01 - Audit of ICTR Property Management**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit, which was conducted from May to September 2007.

2. Based on your comments, we are pleased to inform you that we will close recommendations 2, 7, 8, 11, 14, 15, 19 and 23 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.

3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 1, 5, 10, 13 and 18), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. S. Kilemi, Chief, Division of Administrative Support Services, ICTR  
Mr. F. Eppert, Chairman, Headquarters Property Survey Board  
Mr. S. Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. J. Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. B. K. Min, Programme Officer, OIOS  
Mr. C. F. Bagot, Acting Chief, Nairobi Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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### CONTACT INFORMATION

**DIRECTOR:**

Dagfinn Knutsen, Tel: +1.212.963.5650, Fax: +1.212.963.2185,  
e-mail: [knutsen2@un.org](mailto:knutsen2@un.org)

**DEPUTY DIRECTOR:**

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,  
e-mail: [ndiaye@un.org](mailto:ndiaye@un.org)

**ACTING CHIEF, NAIROBI AUDIT SERVICE:**

Christopher Bagot: Tel: +254.20.762.4097, Fax: +254.20.762.4125,  
e-mail: [christopher.bagot@unon.org](mailto:christopher.bagot@unon.org)

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## **EXECUTIVE SUMMARY**

### **Property Management at ICTR**

OIOS conducted an audit of property management at the International Criminal Tribunal for Rwanda (ICTR) from May to September 2007. The overall objective of the audit was to assess the efficiency and effectiveness of arrangements for property management. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The audit covered activities occurring in the period January 2004 to August 2007. As at the end of 2006, ICTR records showed a balance of \$18.9 million for non-expendable property.

The overall conclusion is that while property management is being conducted in compliance with United Nations regulations and rules, insufficient attention is paid to ensuring the accuracy and completeness of data in the asset database and internal controls needed to be strengthened especially in the area of accountability for follow-up on missing assets. There is also scope to improve the effectiveness of operations, particularly with respect to timeliness of asset disposal. To address these issues OIOS raised the following recommendations and ICTR has initiated implementation action in all areas identified:

- Widening the scope of existing risk assessment to include an assessment of the risks associated with the final disposal of inventory/assets;
- Undertaking an exercise to review the accuracy and completeness of inventory data in the Field Assets Control System and producing a discrepancy report so that action could be taken for items not accounted for;
- Establishing timelines for reporting losses and completion of investigations;
- Establishing timeframes for the disposal of items once approved by the Local Property Survey Board;
- Collecting information on the condition, age and useful life of assets and using this information to create an asset disposal strategy and plan covering the remaining life of ICTR; and,
- Strengthening controls over property movements.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of property management at the International Criminal Tribunal for Rwanda (ICTR) from May to September 2007. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The ICTR Division of Administrative Support Services (DASS) has overall responsibility for property management. Within DASS, the General Services and Support Section (GSSS) has direct oversight over the Asset Management Services Unit (AMSU) which is responsible for property management and stores control.
3. United Nations property is characterized as non-expendable and expendable. Non-expendable property consists of property that has a useful life of five years or more and is valued at \$1,500 or more per item/unit. This category also includes special attractive items which are property or equipment (such as cameras, mobile phones, calculators, televisions, computers and so forth) that cost a minimum of \$500 and with a serviceable life of more than three years. Also included in this category are group inventory items such as furniture regardless of value. Expendable property is property that costs less than \$1,500, irrespective of its anticipated useful life, or costs \$1,500 or more and has a useful life of less than five years.
4. Table 1 represents the non-expendable property balances over the previous four years:

**Table 1: Non-expendable property balances (in dollars)**

	2003	2004	2005	2006
Inventory balance at the beginning of the year	14,800,741	14,474,592	16,478,530	17,161,460
Acquisitions	987,296	2,752,479	827,355	1,978,191
Dispositions	(1,313,445)	(748,541)	(144,425)	(521,785)
Adjustments	-	-	-	323,615
<b>Balance at year end</b>	<b>14,474,592</b>	<b>16,478,530</b>	<b>17,161,460</b>	<b>18,941,481</b>

5. Comments made by ICTR are shown in *italics*.

## II. AUDIT OBJECTIVES

6. The overall objective of the audit was to assess the efficiency and effectiveness of arrangements for property management. This included:
    - (a) Evaluating the adequacy, effectiveness and efficiency of internal controls;
    - (b) Determining the reliability and integrity of the data available in the assets databases;
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- (c) Assessing compliance with the United Nations Regulations and Rules, and Administrative Instructions;
  - (d) Assessing effectiveness and efficiency of operations; and
  - (e) Examining whether ICTR had adequate procedures for the write-off, sale, or disposal of property (especially in view of its imminent closure) as well as procedures for lost, stolen or damaged items.

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

7. The audit covered activities occurring in the period January 2004 to August 2007. The audit included an assessment of property management internal control systems based on interviews with staff, analyses of applicable data and reviews of relevant documentation available at the time of the audit.

## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Governance**

#### Corporate plans, property management and risk assessment

8. Each section under GSSS has identified surplus and obsolete assets to be written-off or transferred from the Kigali office in line with the closure of the Kigali office as part of the ICTR completion strategy. There was however no evidence of an ICTR-wide liquidation plan for items on its inventory.

9. ICTR conducted a risk assessment of GSSS during 2007 but this exercise did not include asset disposal activities, which OIOS considers as a critical risk area given the fact that ICTR is nearing the completion of its mandate.

#### **Recommendations 1 and 2**

##### **The ICTR Administration should:**

- (1) Develop a liquidation plan for property on its inventory; and**
- (2) Widen the scope of its existing risk assessment of the General Services and Support Section to include an assessment of the risks associated with the final disposal of inventory/assets.**

10. *The ICTR Administration accepted recommendation 1 and stated that consultations are underway with all Self Accounting Units (SAUs) for a proposed*

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*liquidation plan of their inventory items. Recommendation 1 remains open pending receipt of a copy of the liquidation plan.*

11. *The ICTR Administration accepted recommendation 2 and stated that the Property Disposal Unit was established in June 2007 and disposal guidelines/instructions have been issued to further widen the scope of risk management to cover areas like disposal of assets, not-located items, missing items, security reports etc. Based on the action taken by ICTR recommendation 2 has been closed.*

## **B. Organizational Structure**

### Segregation of duties – Kigali Office

12. There was inadequate segregation of duties in the Kigali office because the person who performed the functions of control and monitoring in the Property Control and Inventory Unit (PCIU) within AMSU, was also the asset custodian for GSSS and performed the Property Disposal Unit functions, made arrangements for the disposal of items approved for write-off, maintained the stores records, was responsible for overseeing the monthly physical checks, and approved issues of supplies to GSSS staff.

### **Recommendation 3**

**(3) The ICTR Administration should review staffing arrangements in the Kigali Property Control and Inventory Unit to ensure that different staff perform the role of asset custodian and the functions of the Property Disposal Unit.**

13. *The ICTR Administration accepted recommendation 3 and stated that the requirement of staffing the GSSS Kigali has been addressed to the Chief Recruitment Unit, Human Resources and Planning Section (HRPS)/Personnel Officer Kigali and Administration. The lines of reporting will be streamlined to avoid conflict of interest in functions. Recommendation 3 remains open pending receipt of copy of documentation setting out the revised arrangements for asset management in Kigali.*

## **C. Monitoring and Reporting**

14. The PCIU assistant post in Arusha was vacant from March 2005 to May 2006. The impact of this was inadequate review and control of assets during this period with no evidence of regular reporting and monitoring of assets. This resulted in a number of errors such as duplicated bar code labels and incorrect description and location of items in the Field Assets Control System (FACS). Significant improvements were made in 2006 after the new PCIU assistant was recruited.

15. OIOS confirmed that the discrepancy reports produced in 2006 documented a number of differences which were followed-up with the SAUs. While the discrepancy reports were useful for monitoring purposes at the PCIU



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and SAU level, they may be too detailed for senior management review. The use of exception reports focusing on problem areas such as non-compliance with timeframes for certain activities would enhance the effectiveness of management monitoring. The number of exceptions reported could also be used as performance indicators.

#### **Recommendation 4**

**(4) The ICTR Administration should establish deadlines and timeframes for monitoring asset movements and prepare regular exception reports for senior management focusing on problem areas.**

16. *The ICTR Administration accepted recommendation 4 and stated that the guidelines/instructions as received from UN Headquarters were distributed to all SAUs and related offices for guidance and adherence to for asset/records management purposes and inventory control. Management reports are provided as and when required. While acknowledging the additional information, recommendation 4 remains open pending receipt of details of the inventory exception reports that will be provided to ICTR management.*

#### **D. Issues and Returns of Property**

17. The issue and return of non-expendable, attractive or special items to staff members should be recorded on issue/return vouchers and entered in the asset database. Each SAU is responsible for maintaining proper records of issues and returns of its assets. OIOS found that the SAUs, in particular, the Electronic Data Processing/Management Information Systems (EDP/MIS) Unit and the Telecommunications Unit, Arusha did not maintain proper records of issues and returns of assets by staff members. OIOS identified over 50 staff members that had separated from ICTR in the period 2005 to 2006 that still had assets in their names in the database, FACS. OIOS also reviewed 15 out of 44 staff members who joined ICTR in 2007 and found that 10 of them did not have any assets shown as allocated to them. OIOS confirmed with two of the staff members that they had EDP/MIS items in use but had never signed issue vouchers for them.

18. As adequate instructions and guidelines have been issued to the SAUs, the problem is one of inadequate supervisory control which could be attributed to poor performance by the asset custodians and/or lack of effective monitoring by the SAU Chiefs.

19. As ICTR nears the end of its mandate, it is expected that staff turnover will increase. There is therefore an urgent need for the SAUs, in particular, EDP/MIS and Telecommunications, to review and ensure the completeness of their records and ensure issue vouchers are signed by staff members.

#### **Recommendations 5 and 6**

**The ICTR Administration should:**

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**(5) Undertake an exercise to review the accuracy and completeness of the inventory data in the Field Assets Control System. A discrepancy report should be produced and action identified for all items which cannot be accounted for; and**

**(6) Strengthen existing inventory controls by introducing regular documented reviews to confirm the accuracy and completeness of inventory records maintained by Self Accounting Units. These reviews should include verification that staff members have signed for items and asset custodians have performed their duties.**

20. *The ICTR Administration accepted recommendation 5 and stated that the 2006 Physical Verification Report was addressed to SAUs for corrective action. During the 2007 physical inventory exercise, strict timeframes on discrepancy resolution by SAUs will be implemented. Recommendation 5 remains open pending receipt of documentation demonstrating the action undertaken to ensure the completeness and accuracy of the inventory database.*

21. *The ICTR Administration accepted recommendation 6 and stated that during the 2006 verification exercise, PCIU on a daily basis addressed discrepancy reports to respective SAUs for corrective action. Further, additional guidance was recently provided to Chiefs of SAUs, and Information Circulars issued to all staff members highlighting their responsibility and obligations with regards to UN property issued to individuals and offices. OIOS acknowledges the prompt and comprehensive action taken to address the issue and will close recommendation 6 upon receipt of details of controls ICTR has put in place to confirm and ensure that that its circulars are being implemented as intended.*

## **E. Local Property Survey Board (LPSB)**

### Composition of LPSB and compliance with delegation of authority

22. ICTR's Registrar, in a circular dated 18 April 2007, informed staff of the composition of the LPSB. The LPSB is comprised of the Chairperson, three members and four alternate members. Guidelines on the operations of the LPSB were issued in November 2003. OIOS interviewed two of the members and was satisfied that they were aware of the roles and responsibilities of the LPSB.

23. Two of the LPSB members are from SAUs and are involved in approving write-offs of items from their sections. While OIOS reviewed 30 cases and did not find any evidence of the decisions being adversely affected, there could be a conflict of interest when these members review cases from their sections. For transparency, this issue should be highlighted to the Headquarters Property Survey Board (HPSB) when the list of members is sent to them.

24. Although the LPSB operations complied with most of the requirements stipulated in the delegation of authority from the Controller dated 29 September 2005, OIOS noted the following exceptions:

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- i. Changes in membership were not communicated to the Chairman of the HPSB; and
  - ii. Write-off of items was not in compliance with the delegation of authority in some cases. Non-expendable items below \$1,500 were presented to the LPSB for approval even though the delegated authority from the Controller allows the Chief, DASS to approve such cases. OIOS found that the error was because the claims assistant did not have a copy of the current delegation of authority but this has now been made available.

### **Recommendations 7 and 8**

#### **The ICTR Administration should:**

**(7) Comply with the authority delegated by the Controller and send to the Headquarters Property Survey Board the current list of members and alternates appointed to the Local Property Survey Board and highlight the fact that two of the members are from Self Accounting Units and are involved in approving write-offs in their units; and**

**(8) Ensure that all disposal cases below \$1,500 are approved by the Chief, Division of Administrative Support Services in accordance with the delegated authority from the Controller.**

25. *The ICTR Administration accepted recommendation 7 and stated that a copy of Administrative Circular No.7 dated 18 April 2007 on the Members and Alternate Members of LPSB was sent to HPSB. Meanwhile the Claims Office will notify HPSB of the two members from SAU; the Chief, Information Technology Service Section who approves but does not initiate communications items for write-off and the Transport Assistant who initiates transport items for write-off but does not approve. Based on the action taken by ICTR recommendation 7 has been closed.*

26. *The ICTR Administration accepted recommendation 8 and stated that cases below \$1,500 due to theft/damage/accident/loss with Security Investigation Reports were sent for LPSB approval. However all such future cases with Provisional Condemnation Certificates/Board of Survey reports will be included in the administrative write-off process. Based on the action taken by ICTR recommendation 8 has been closed.*

#### Delays in investigating missing items

27. There were around 348 missing items with a purchase value of approximately \$300,000 whose write-off were initiated between 2001 and 2006 and are pending presentation to the LPSB.

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28. OIOS was informed that the delays in finalizing most of these cases were due to the reluctance of the Security and Safety Services Section (SSSS) to investigate losses that were not reported promptly and involve staff who may have left ICTR. OIOS was concerned that staff members failed to report losses promptly and that SSSS neither followed-up to establish why losses were reported late or to establish why the losses had occurred. SSSS should initiate such investigations as staff members who have left ICTR may still be within the UN system and, if required, appropriate action may still be possible. The Chief, DASS or the LPSB, depending on the values of the individual items, would then review the outcomes of the investigations and make appropriate determinations. In addition, timelines for reporting losses and completing investigations should be established and monitored.

### **Recommendations 9 and 10**

#### **The ICTR Administration should:**

**(9) Undertake a review to establish why losses were not reported promptly and were not investigated, and produce a report to the Registrar on what action needs to be taken against individuals concerned if these delays have resulted in avoidable losses; and**

**(10) Establish timelines for reporting losses and completing investigations and issue a circular to staff and asset managers explaining to them their responsibilities.**

29. *The ICTR Administration accepted recommendation 9 and stated that Chiefs of SAUs will be directed to submit such a report to Chief, DASS for consideration. Recommendation 9 remains open pending receipt of a copy of the report dealing with delays in reporting losses.*

30. *The ICTR Administration accepted recommendation 10 and referred to a number of Information Circulars that had been issued to all staff members and the Security Section. A revised Information Circular will be issued by December 2007. Recommendation 10 remains open pending receipt of a copy of the revised circular.*

#### **Financial surcharges**

31. Guidelines on financial surcharges to be imposed on loss of assets are included in the Guidelines of LPSB operations that were issued in November 2003. However, OIOS found a lack of consistency in the determination of financial surcharges made against staff members. For example differing surcharges were made in four cases that involved local drivers who were found to be grossly negligent.

32. As stated in Chapter 6.44.2 of the Property Manual, while each case shall be reviewed on its own merits, consideration should always be given to the

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decisions and circumstances of previous cases to ensure consistency and equality in treatment.

#### **Recommendation 11**

**(11) The ICTR Administration should compile a summary of cases involving financial surcharges on staff that were made by the Local Property Survey Board over the last three years and this should be made available to the members when reviewing new cases.**

33. *The ICTR Administration accepted recommendation 11 and stated that the Claims Office has compiled a summary of all such cases as recommended and it will be distributed to the members of LPSB. Based on the action taken by ICTR recommendation 11 has been closed.*

#### Follow-up mechanism for LPSB decisions

34. The LPSB occasionally makes recommendations to improve internal controls pertaining to inventory management or requests additional information to assist in decision-making. OIOS found that there was no mechanism in place for the follow-up of such recommendations and requests. Consequently, some of the recommendations and requests for additional information were not implemented.

#### **Recommendation 12**

**(12) The ICTR Administration should develop a mechanism for the review, approval, assignment of responsibility, implementation, follow-up and closure of recommendations made by the Local Property Survey Board.**

35. *The ICTR Administration accepted recommendation 12 and stated that minutes of the LPSB are submitted to the respective SAUs for implementation of the Board's recommendations. The Secretary of the LPSB will follow-up the implementation status of recommendations with the SAUs. OIOS will close recommendation 12 upon receipt of details of a mechanism to implement and close recommendations made by the LPSB.*

### **F. Asset Disposal**

#### Asset disposal strategy and plan

36. There was no asset disposal strategy or plan to ensure timely and effective disposal of assets in line with the ICTR completion strategy. The basic information to support the creation of such a plan was also missing. There was no ageing analysis of the assets and there appeared to be no systematic reporting or review to identify assets reaching the end of their useful lives. The collection of this information and creation of an asset disposal strategy and plan would enable

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early identification of assets which might require replacement before closure of ICTR to enable consideration on whether to extend the life of an asset or consider alternative options such as leasing. This is also necessary because the disposal process of items that require approval by the HPSB may take over one year.

### **Recommendation 13**

**(13) The ICTR Administration should put in place arrangements to collect information on the condition, age and useful life of assets. It should then use this information to develop an asset disposal strategy and plan covering the remaining life of ICTR.**

37. *The ICTR Administration accepted recommendation 13 and stated that SAUs can access such information in FACS whereby life span and usefulness of equipments by category is available.* OIOS will close the recommendation 13 upon receipt of an asset disposal strategy and plan.

### Disposal of items approved by LPSB

38. Approvals for the disposal of property should be implemented as soon as practical after receipt of the relevant approval. The Property Management Manual recommends six months.

39. There have been long delays in the disposal of assets that had been approved by the LPSB/HPSB. As at April 2007, ICTR had over 600 items with an acquisition value of over \$1 million that had been approved for write-off but were pending disposal. About 270 of these items were approved for write-off between 2002 and 2005. Some of the items pending disposal have been reported missing and some computer equipment parts have been removed and used as spare parts. The long delays also affect the ability to sell some items, in particular, computer equipment as they become obsolete.

40. Prior to June 2007 each SAU was responsible for arranging the disposal of its own assets. There was no mechanism in place to monitor the disposal of items approved for write off and no timeframes had been set for their disposal. ICTR recognized the need to strengthen this area and in June 2007 GSSS established a Property Disposal Unit and developed new asset disposal procedures that clearly stipulate the responsibilities of the Property Disposal Unit, the SAUs and the Procurement Unit. OIOS believes that to facilitate the efficient clearance of the back log items, procedures need to be in place governing the timeframe for the disposal of property and to ensure procedures are followed.

### **Recommendation 14**

**(14) The ICTR Administration should establish procedures outlining the timeframe for the disposal of items once disposal action has been approved by the Local Property Survey Board. These procedures should also**



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**outline a monitoring mechanism to identify items not disposed of within the established timeframe.**

41. *The ICTR Administration accepted recommendation 14 and stated that further guidelines have been provided to incorporate timelines and additional internal control measures. Based on the action taken by ICTR recommendation 14 has been closed.*

#### Disposal records

42. At the time of the audit, a file was not maintained for each disposal case comprising key documents such as the advertisement, bid abstract, bid of sale, gate pass and receipts, as the Procurement Unit, PCIU and Claims Office each maintained their own records. A complete audit trail for each disposal case was therefore not available making it difficult to trace and demonstrate that all required actions had been followed.

#### **Recommendation 15**

**(15) The ICTR Administration should put in place procedures requiring the Property Disposal Unit to maintain a file for each disposal case containing all key documents such as advertisements, bid abstracts, bid of sale, receipts and gate passes.**

43. *The ICTR Administration accepted recommendation 15 and stated that internal guidelines have been issued. Based on the action taken by ICTR recommendation 15 has been closed.*

#### Compliance with the Procurement Manual

44. OIOS reviewed a sample of 20 LPSB cases relating to property with a residual value of approximately \$262,000 that were approved for disposal by sale and noted the following weaknesses and areas of non compliance with the Procurement Manual:

- The description of items in the advertisements was not complete and their condition was not stated;
- Reference to the relevant LPSB recommendation was not always included; and,
- In three out of six advertisements reviewed, there was no requirement for a certified cheque of ten per cent of the bid value. Consequently in two of the cases reviewed, the bidder did not take the items they had bid for and they had to be re-advertised. There were also several cases in Arusha where the bidders requested for a grace period to settle the amounts.

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45. In addition, no decision was taken on assets that were advertised but not sold. Some of these items were below \$2,500 and ICTR could consider other options of sale such as “spot sales” that are allowed for low value items.

### **Recommendations 16 and 17**

#### **The ICTR Administration should:**

**(16) Strengthen arrangements for ensuring that the Procurement Unit complies with the guidelines on the development of solicitation documents as outlined in Chapter 16.3.1 of the Procurement Manual and the requirement for a ten per cent deposit as stated in Chapter 16.4; and**

**(17) Provide an alternative method of sale of assets advertised but not sold and revise current procedures to include the option of negotiation or “spot sales” when the sales value is expected to be under \$2,500 (Chapter 16.3.4 Procurement Manual).**

46. *The ICTR Administration accepted recommendation 16 and stated that the guidelines for the development of solicitation documents for disposal of property through sales are followed. The solicitation process has two arms; one is the advertisement placed in the local newspapers, and the other the detailed description of items distributed to interested parties coming to view the items. The 10 per cent deposit has not been found to be practical for items of value less than \$1,000 because the vast majority of items are sold for a very low value, around TZS100,000 which is equivalent to approximately \$100. For such items a 10 per cent deposit is not requested. For items above \$1,000 a deposit is requested and information included in the solicitation documents. OIOS takes note of the additional information. However, the guidelines on the development of solicitation documents and the requirement for a 10 per cent deposit were not complied with in some cases. Recommendation 16 will remain open pending confirmation from the Procurement Unit of compliance with the guidelines in the Procurement Manual on the disposal of property.*

47. *The ICTR Administration accepted recommendation 17 and explained that it has avoided selling assets based on negotiations due to possible difficulties with the transparency aspects of the sale. Assets not sold through advertisements are re-advertised in order to reach interested parties who may not have been aware of the earlier sales. It should be noted that Arusha has a relatively limited community of interested parties bidding for assets and advertisements are placed in an effort to reach all interested parties. OIOS acknowledges the additional information provided but found that there was no response to some advertisements and in such cases, spot sales might be more effective disposal method. Recommendation 17 will remain open pending notification of management’s review and decision regarding alternative sales methods for assets under \$2,500.*



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### Wrong delivery of assets

48. OIOS noted one case in which 33 information technology related items with an original purchase price of approximately US\$27,000 and an estimated depreciated value of approximately US\$7,000 that were sold at Arusha were issued to the wrong buyer. The EDP/MIS unit then issued the buyer with other items to replace those that could not be located. In discussion with ICTR, OIOS established that this was an error because of poor controls in particular, the gate passes did not have full identification details such as bar code reference and serial numbers of the items being sold.

#### **Recommendations 18 and 19**

##### **The ICTR Administration should:**

**(18) Investigate the case of the 33 information technology related items at Arusha that were issued to the wrong buyer and submit a report to the Registrar for appropriate action to be taken; and**

**(19) Strengthen controls over property movements and amend current procedures to ensure that the bill of sale, receipts and gate passes contain sufficient identification details and the gate security officers properly match identification numbers against all documents before items are allowed out of the ICTR compound.**

49. *The ICTR Administration accepted recommendation 18 and stated that the AMSU will conduct preliminary enquiries in cooperation with EDP prior to requesting for official investigations. Recommendation 18 remains open pending notification of the outcome of the internal enquiry into equipment given to the wrong buyer.*

50. *The ICTR Administration accepted recommendation 19 and stated an internal guideline has been issued. Based on the action taken Recommendation 19 has been closed.*

### **G. Information Technology and Asset Database**

#### Access rights

51. OIOS reviewed the access rights to the FACS database and noted several staff had access to areas that are not within their responsibilities. Access rights for staff transferred to other sections such as the previous EDP/MIS asset custodian had not been amended to reflect their current duties. In addition, the EDP/MIS asset custodian and the PCIU assistant were also FACS administrators which in the opinion of OIOS, could be considered as a conflict of interest and inadequate separation of duties.

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## **Recommendation 20**

**(20) The ICTR Administration should amend current procedures to ensure that there is a regular review and update of access rights in the Field Assets Control System, in consultation with the Self Accounting Units.**

52. *The ICTR Administration accepted recommendation 20 and stated that the FACS Administrator from EDP will continue to coordinate with Chiefs of SAUs in reviewing and streamlining access rights in FACS. OIOS will close recommendation 20 upon receipt of a copy of amended procedures explaining the process for ensuring that review and update of the access rights to FACS takes place.*

### Training

53. The control weaknesses identified in this report suggest that there is a need for additional training to be given to the Kigali PCIU and the staff of the SAUs. The Chief, GSSS has informed OIOS that training will be offered to Kigali staff early in 2008. No further recommendation is therefore proposed.

## **H. Stores Control**

### Planning

54. Stock in the stores included stationery, general supplies such as toners and spare parts for the photocopiers. The budget for stores supplies was based on the prior year's consumption. The procedures for requesting stationery and other stores items were found to be satisfactory.

### Record-keeping

55. Record keeping arrangements were weak increasing the risk of items being lost or stolen without the knowledge of ICTR. OIOS reviewed a sample of 15 items in the stock records in Arusha and found that for 13 of them, the records did not agree with the physical count. The physical check performed by ICTR in June 2007 also revealed significant discrepancies that have not been resolved. The discrepancies were attributed to system errors in recording expendable supply items in FACS. EDP/MIS was assisting in developing reports for each item in the supply warehouse to help in resolving the discrepancies.

56. OIOS is concerned that while a review of the discrepancies is ongoing there is no control in place to detect new discrepancies or errors and additional differences were not identified and appropriate action taken. The manual stock cards were also not consistently updated. The information contained on these cards could not therefore be considered reliable.

57. In the Kigali office there was no database of the stores stock other than the individual stock cards which were summarized monthly into a report. No

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errors were noted in the items recorded on the stock cards but in the opinion of OIOS, regular independent checks should be carried out.

### **Recommendations 21 to 23**

#### **The ICTR Administration should ensure:**

**(21) The accuracy of the stores database in Arusha. The differences arising from the most current discrepancy report should be reviewed, analyzed, the net effect quantified and the process of investigating and writing-off differences should be initiated;**

**(22) That the stores records in the Kigali office are maintained in the Field Assets Control System database and a mechanism put in place to ensure prompt and accurate recordkeeping; and**

**(23) That an independent person should at least once every quarter attend the monthly physical checks at Kigali.**

58. *The ICTR Administration accepted recommendation 21 and stated that FACS is a joint database for both Arusha and Kigali for expendable and non-expendable property. EDP is supporting the stores to facilitate generating appropriate monitoring reports. Discrepancy reports on items reported as missing are forwarded to SSSS for investigation. Expendable items which are no longer useful are quantified and the process of write-off is initiated. Mechanisms to ensure prompt and accurate recordkeeping have been put in place by PCIU by introducing Monthly Inventory Reports since December 2006. PCIU is also assisting SAUs to review and analyze the differences in their databases and to initiate write-offs. OIOS will close recommendation 21 on receipt of the procedures in place for resolving discrepancies and ensuring the accuracy of the stores database in Arusha.*

59. *The ICTR Administration accepted recommendation 22 and stated that arrangements are underway to ensure additional training in FACS for staff in Kigali by end of February 2008, to avoid manual record keeping of expendable property. Recommendation 22 remains open pending receipt of documentation demonstrating the action taken to ensure the prompt and accurate recordkeeping of the stores in the Kigali office in FACS.*

60. *The ICTR Administration accepted recommendation 23 and stated that physical inventory exercises in Kigali will be attended by staff from PCIU Arusha as recommended. Based on action taken recommendation 23 has been closed.*

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## **I. Physical Control**

### Resolution of discrepancies from physical checks

61. According to the Property Management Manual a reasonable time should be permitted for reconciliation of discrepancies after which the SAU must report the discrepancy to the SSSS for investigation. As a general rule, items being investigated should not remain unresolved for more than 12 months.

62. OIOS found that there was no evidence of effective follow-up of the discrepancies arising from the 2004 and 2005 physical verification exercises, since the 2006 report still included items that had not been located since 2004. There was an improvement in 2006, but at the time of the audit, ten months after the physical check exercise some of the discrepancies had not yet been resolved.

63. The Chief, GSSS and the Chief, DASS have been involved in regular monitoring of the discrepancies from the 2006 exercise and a significant number of the discrepancies had been resolved. However there is need for the establishment of timelines within which discrepancies must be resolved or appropriate action taken. This situation further emphasizes the need for the timely resolution of discrepancies and investigations recommended in recommendation 10 above.

### **Recommendation 24**

**(24) The ICTR Administration should establish deadlines for the resolution of discrepancies prior to forwarding reports to the Security and Safety Services Section for investigation.**

64. *The ICTR Administration accepted recommendation 24 and stated that upon completion of 2006 inventory exercise by PCIU, all SAUs were provided with discrepancy reports of items not located, items not in FACS, etc. for corrective action. Additionally several meetings were held with SAUs to further remind them of their responsibilities. After the 2007 physical verification exercise, SAUs will be given a maximum period of three months by March 2008 to locate and present to PCIU all items not located, and after this period, the reports will be forwarded to Security for investigation and appropriate action. OIOS will close recommendation 24 upon receipt of documentation establishing deadlines for the resolution of discrepancies prior to submission to the SSSS for investigation.*

## **V. ACKNOWLEDGEMENT**

65. We wish to express our appreciation to the Management and staff of ICTR for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1.	O	Receipt of a copy of the liquidation plan of items on its inventory	March 2008
2.	C	Action completed	
3.	O	Receipt of copy of documentation setting out the revised arrangements for asset management in Kigali	December 2007
4.	O	Receipt of details of the inventory exception reports that will be provided to ICTR management	Not provided
5.	O	Receipt of documentation demonstrating the action undertaken to ensure the completeness and accuracy of the inventory database	Not provided
6.	O	Receipt of details of controls ICTR has put in place to confirm and ensure that that its circulars are being implemented as intended	Not provided
7.	C	Action completed	
8.	C	Action completed	
9.	O	Receipt of a copy of the report dealing with delays in reporting losses	January 2008
10.	O	Receipt of a copy of the revised circular	December 2007
11.	C	Action completed	
12.	O	Receipt of details of mechanism for approval, assignment and closure of recommendations made by the LPSB	January 2008
13.	O	Receipt of an asset disposal strategy and plan	February 2008
14.	C	Action completed	
15.	C	Action completed	
16.	O	Confirmation from the Procurement Unit of compliance with the guidelines in the Procurement Manual on the disposal of property	January 2008
17.	O	Notification of management's review and decision regarding alternative sales methods for assets under \$2,500	January 2008
18.	O	Notification of the outcome of the internal enquiry into equipment given to the wrong buyer	January 2008
19.	C	Action completed	
20.	O	Receipt of a copy of amended procedures explaining the process for ensuring that review and update of the FACS access list takes place	January 2008
21.	O	Receipt of the procedures in place for resolving discrepancies and ensuring the accuracy of the stores database in Arusha	January 2008
22.	O	Receipt of documentation demonstrating the action taken to ensure the prompt and accurate recordkeeping of the stores in the Kigali office in the FACS	March 2008
23.	C	Action completed	
24.	O	Receipt of documentation establishing deadlines for the resolutions of discrepancies prior to submission to SSSS for investigation	January 2008

1. C = closed, O = open

2. Date provided by ICTR in response to recommendations.