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INTEROFFICE MEMORANDUM

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OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

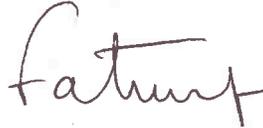
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Major General Alberto Asarta Cuevas  
A: Force Commander and Head of Mission  
United Nations Interim Force in Lebanon

DATE: 13 September 2011

REFERENCE: IAD: 11- 00572

FROM: Fatoumata Ndiaye, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2011/672/01 – Audit of the management of contingent-owned equipment in UNIFIL**  
OBJET: **UNIFIL**

**Overall results relating to UNIFIL's effective management of contingent-owned equipment were satisfactory**

1. Attached please find the final report on the above-mentioned audit.
2. The audit identified a number of opportunities for improvement (see Annex). While OIOS will not report on the implementation of these opportunities, we encourage you to implement them to improve the efficiency and effectiveness of your operations. OIOS will review their implementation as part of future audits.
3. Please note that under General Assembly resolution 59/272, a Member State may request that the final report be made available. Also note that pursuant to General Assembly resolution 64/263, OIOS has included the complete management response as an appendix to the present report.
4. We wish to express our appreciation to the Management and staff of UNIFIL for the assistance and cooperation extended to the auditors during this assignment.

Mr. Girish Sinha, Director of Mission Support, UNIFIL  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Seth Adza, Chief, Audit Response Team, Department of Field Support  
Mr. Moses Bamuwamye, Executive Secretary, IAAC  
Mr. Zachary Ikiara, Chief, Oversight Support and Coordination Unit, DM  
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS  
Ms. Eleanor T. Burns, Chief, Peacekeeping Audit Service, OIOS  
Ms. Amy Wong, Programme Officer, Internal Audit Division, OIOS

# **AUDIT REPORT**

## **Audit of the management of contingent-owned equipment in UNIFIL**

### **BACKGROUND**

The Troop Contributing Countries (TCCs) and the Maritime Contributing Countries (MCCs) contribute troops and related equipment to the United Nations peacekeeping missions to accomplish their assigned military tasks. The United Nations reimburses TCCs and MCCs for the use of contingent-owned equipment (COE) and for the provision of logistical support as stipulated in their respective Memorandum of Understanding (MoU).

As of 30 April 2011, UNIFIL had deployed 21 TCCs comprised of 15,000 authorized troop strength, equipped with 7,603 items of major equipment and supported with 52 signed MoUs. The Mission's annual budget for reimbursements to TCCs in the fiscal years 2008/09, 2009/10 and 2010/11 were \$155 million, \$149 million and \$129 million, respectively.

This audit was included in the 2011 OIOS' risk-based work plan due to the high impact of COE on UNIFIL's operations, as well as its significant budget.

### **OBJECTIVE AND SCOPE**

The audit was conducted to assess the adequacy and effectiveness of UNIFIL's risk management, control and governance processes in providing reasonable assurance regarding its effective management of COE. The key controls tested for this audit included those related to: (a) regulatory framework; and (b) oversight mechanisms. The audit covered UNIFIL's COE activities related to the two key controls for the period from 1 July 2009 to 31 March 2011.

### **AUDIT RESULTS**

In OIOS' opinion, UNIFIL's risk management, control and governance processes examined were **satisfactory** to provide reasonable assurance regarding the effective management of COE in the Mission. UNIFIL had implemented verification and control procedures and had conducted COE inspections within timelines specified in the COE Manual. Furthermore, the Mission had established a COE / MoU Management Review Board (CMMRB) to assist the Head of Mission in monitoring and reviewing the use of COE and in managing MoUs with TCCs.

#### **Contingent-owned equipment inspections**

COE inspections were conducted within the timelines stipulated in the COE Manual and in compliance with procedures and relevant guidelines. Inspections were not done of self-sustainment categories of Marine Task Forces (MTF) due to the cost of flying inspection teams to vessels at sea. It was OIOS' view that periodic inspections could be done when vessels are docked at Beirut Port. *UNIFIL is developing procedures to include inspections of all MTF vessels during induction training in Naqoura and at MTF commanding officers' conferences in Beirut.*

#### **Mission-provided accommodation facilities for contingents**

TCCs had not made necessary repairs to their accommodations, and the poor conditions of some of them were not reported in COE inspections. The repairs were not done, as contingent thought it was the

responsibility of UNIFIL, whereas it is their responsibility to carry out repairs as they receive reimbursement for minor engineering self-sustainment. *UNIFIL stated that it will report on condition of accommodations, and if provision of support outside MoU obligations are required, the associated cost will be raised and submitted to Headquarters for appropriate recovery.*

### **Oversight by the COE/Memorandum of Understanding Management Review Board**

UNIFIL implemented adequate oversight mechanisms for managing its COE. UNIFIL had established a CMMRB, chaired by the Director of Mission Support, and a Working Group, which was convened regularly to provide support to the CMMRB. Considering the current phase of UNIFIL, utilization reports of COE could be submitted to the CMMRB for review to better monitor and assess the need for certain types of COE required for UNIFIL's operations. It will also ensure that surplus items and shortfalls are identified and dealt with expeditiously. *UNIFIL stated that utilization of COE will be included in future CMMRB meetings and their recommendations will be communicated to Headquarters.*

### **Implementation of recommendations on COE management**

During the audit period, CMMRB made seven recommendations to improve the management of COE. However, the CMMRB did not systematically follow up on the status of the outstanding recommendations. As of April 2011, out of the seven recommendations made in September 2010, four were in progress and three were still pending action. *UNIFIL stated that a tracking matrix of recommendations by the CMMRB and its Working Group has been developed and regular follow up will be conducted.*

### **ACKNOWLEDGEMENT**

OIOS wishes to express its appreciation to the Management and staff of UNIFIL for the assistance and cooperation extended to the auditors during this assignment.