



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/030

Audit of the management of contingent-owned equipment in peacekeeping operations

Overall results relating to the effective management of contingent-owned equipment were initially assessed as partially satisfactory. Implementation of twelve important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

25 March 2013

Assignment No. 2012/615/06

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AUDIT REPORT

Audit of the management of contingent-owned equipment in peacekeeping operations

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of contingent-owned equipment (COE) in peacekeeping operations.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. The Manual on Policies and Procedures Concerning the Reimbursement and Control of COE of Troop/Police Contributing Countries (T/PCCs) Participating in Peacekeeping Missions (the Manual) details the procedures authorized by the General Assembly. The Guidelines for Field Verification and Control of COE and Management of Memoranda of Understanding (the Guidelines) elaborates on the management of memoranda of understanding (MOUs), COE verification, control activities, and reporting procedures. The roles and responsibilities for the management of COE are with the Departments of Peacekeeping and Field Support (DPKO and DFS), specifically the Office of Military Affairs (OMA), the Police Division, the Logistics Support Division (LSD), the Field Budget and Finance Division (FBFD) and peacekeeping missions. The T/PCCs are reimbursed for COE based on quarterly Verification Reports prepared by the various missions and submitted to the MOU and Claims Management Section (MCMS) of FBFD in DFS for claims processing. Reimbursements to T/PCCs are limited to those items of serviceable major equipment specifically agreed to by the United Nations.
4. Under an African Union Mission in Somalia (AMISOM) support agreement between the United Nations and the African Union (AU), the United Nations reimbursed T/PCCs in respect of COE. Reimbursements for COE were made from a trust fund established by the United Nations for the United Nations Support Office for AMISOM (UNSOA) on 16 January 2009. Pursuant to Security Council resolution 2036, the United Nations commenced reimbursing AMISOM T/PCCs from the assessed budget of COE effective 22 February 2012.
5. For the financial years 2010/11 and 2011/12, 64 countries provided COE and self-sustainment to 16 missions under 333 MOUs. There were 2,548 claims certified during 2010/11 and 2011/12 totaling \$957 million.
6. Comments provided by the audited entities are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of Headquarters and field missions' governance, risk management and control processes in providing reasonable assurance regarding the **effective management of COE**.

8. The audit was included in the OIOS 2012 work plan considering the importance of DPKO and DFS functions in managing COE and an identified risk of unclear roles and responsibilities in this area. Also, this area, which had a significant budget, was not previously audited at Headquarters.

9. The key controls tested for the audit were: (a) regulatory framework; (b) coordinated management; and (c) Information Technology (IT) support systems. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of COE; (ii) are implemented consistently; and (iii) ensure the relevancy and integrity of financial and operational information.

(b) **Coordinated management** - controls that provide reasonable assurance that potential overlaps in the COE management processes are mitigated, and that issues affecting or involving other United Nations partners and actors are identified, discussed and resolved timely and at the appropriate forum.

(c) **IT support systems** - controls that provide reasonable assurance that information and communication technology systems to support the COE management processes exist and address the processes needs.

10. The key controls were assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit from August to October 2012 in DPKO and DFS Headquarters in New York and in April and May 2012 in eight field operations: the United Nations Stabilization Mission in Haiti (MINUSTAH); the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO); the African Union-United Nations Hybrid Operation in Darfur (UNAMID); the United Nations Force in Lebanon (UNIFIL); the United Nations Mission in Liberia (UNMIL); the United Nations Mission in the Republic of South Sudan (UNMISS); the United Nations Operation in Cote d'Ivoire (UNOCI); and UNSOA. The audit covered the period from July 2010 to October 2012.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. DPKO, DFS and the field missions' governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding the **effective management of COE**. OIOS made 17 recommendations to address issues identified. DFS and field missions accepted and were in the process of implementing the audit recommendations. Policies and procedures existed to guide staff involved in the management of COE. Reimbursements for COE were properly calculated by the automated module of the Government Claims Management System (GCMS). However, the following control weaknesses were identified: (a) policies and procedures did not always provide sufficient detail, and were not all finalized and approved; (b) some missions did not comply with the Guidelines when conducting inspections; (c) the COE and MOU Management Review Boards (CMMRB) were not established and functioning in some missions; (d) there was no coordination function and no documented roles and responsibilities on the management of COE at the Headquarters working-level; and (e) IT applications to support the management of COE were not integrated.

14. The overall rating is based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of twelve recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of COE	(a) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Coordinated management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) IT support systems	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

Policies and procedures were available for the management of COE but needed to be finalized

15. Policies and procedures including the Manual and other guidelines were established. However, the 2008 Guidelines currently in use and the 2011 revision thereof were both provisional. Additionally, the five standard operating procedures (SOPs) on claims processing, which were developed by MCMS, had not been finalized. Three of these SOPs had been under revision since June 2011. The COE and Property Management Support Section (COE/PMSS) advised that the Guidelines were not finalized due to a lack of resources in the Section.

(1) DFS should finalize the Guidelines for Field Verification and Control of Contingent-Owned Equipment and Management of Memoranda of Understanding and standard operating procedures.

DFS accepted recommendation 1 and stated that it would finalize the Guidelines and SOPs in the third quarter of 2013. Recommendation 1 remains open pending receipt of copies of the finalized Guidelines and SOPs.

Further clarity and guidance were needed in current policies and procedures

16. Several areas regarding the management of COE were not covered in sufficient detail in the Manual and the Guidelines. For example, there was a need to:

- Further clarify in the Manual and the Guidelines the use of the Operational Readiness and Periodic Inspection Reports prepared for COE verification;
- Provide sufficient detail in the Manual regarding the roles and responsibilities of contingents and missions on the disposal of COE;

- Clarify in the Guidelines that a draft MOU may be used as the basis for conducting arrival inspections of COE;
- Make clear in the Guidelines the frequency and reporting deadlines (i.e., within a certain number of days for the Arrival, Periodic, Operational Readiness and Repatriation Inspection Reports prepared for COE verification); and
- Further explain in the Manual the requirement for the completion of the monthly Major Equipment Serviceability Report (MESR) using a standard format. The procedures to follow also need to be detailed in the Guidelines.

(2) DFS should propose to the Contingent-Owned Equipment (COE) Working Group of Member States to revise the Manual and clarify the Guidelines to provide additional guidance on: (a) the use of the Operational Readiness and Periodic Inspection Reports; (b) the roles and responsibilities of contingents and missions in disposing of COE; (c) the use of a draft MOU to conduct arrival inspections of COE; (d) the frequency and reporting deadlines for the Arrival, Periodic, Operational Readiness and Repatriation Inspection Reports; and (e) the completion of monthly Major Equipment Serviceability Reports.

DFS accepted recommendation 2 and stated that it would include clarifications in the Guidelines and further stated that an issue paper would be developed for consideration by the 2014 COE Working Group. Recommendation 2 remains open pending receipt of evidence that clarifications in the Guidelines have been made and/or an issue paper has been presented by DFS to the 2014 COE Working Group.

Pre-deployment visits were conducted as required

17. OIOS reviewed eight sampled Pre-Deployment Visit Reports (four of 14 visits led by OMA and all four led by the Police Division) and concluded that the visits were done in compliance with the related SOPs with regard to the length of the visit, composition of teams and inclusion of required key elements in the related report. The reports were finalized in a timely manner. OIOS concluded that adequate procedures were in place and working effectively.

Follow-up on the finalization of MOUs was effective

18. The status of draft MOUs were monitored by MCMS through periodic meetings held with its unit chiefs and desk officers. Available information was updated by the desk officers on at least a monthly basis. Of 333 active MOUs, 13 were in draft at the time of the audit. While some of these had been outstanding for several years, MCMS had been actively following-up, and there were on-going discussions with permanent missions of T/PCCs. OIOS concluded that procedures for finalizing MOUs were in place and working effectively.

Claims processing was done effectively

19. The MCMS used the GCMS, the respective MOUs and the Verification Reports provided by the missions to calculate the amounts to be reimbursed to T/PCCs for COE. The status of the equipment (i.e., existence and details of operational serviceability), as indicated in the Verification Reports, was entered into the GCMS by MCMS, and it automatically calculated the reimbursements.

20. To determine whether amounts for reimbursement were properly calculated, OIOS reviewed seven major equipment claims certified by MCMS during financial years 2010/11 and 2011/12. The supporting documentation was complete and well organized. The claims were all supported by the Verification

Reports prepared by related field missions, signed by the appropriate individuals (i.e. Director/Chief of Missions Support, Force Commander, inspectors and the contingent Commanding Officer) and properly calculated. OIOS concluded that adequate and effective procedures were in place and the application used to calculate reimbursement was working as intended.

Certificates were properly completed for ammunition expended

21. According to the Manual, T/PCCs may be reimbursed for ammunition expended on operations or during specifically authorized operational training beyond accepted United Nations readiness standards as directed by the force or police commander. In all six missions where ammunition was expended on operations or during training, the required Operational Ammunition Expenditure Certificates were appropriately completed. The certificates were signed by the appropriate commanding officers and the force/police commander. Additionally, they were certified by the respective chief administrative officers and forwarded on a quarterly basis to LSD. OIOS concluded that adequate procedures were in place and working effectively.

Missions needed to ensure compliance with the Manual and the Guidelines when conducting inspections

22. OIOS reviewed the missions' compliance with the Guidelines and respective mission SOPs when conducting inspections. Generally, inspections were conducted in accordance with policies and procedures established in the Guidelines and in the respective mission SOPs. The following exceptions were noted:

- Three of six arrival inspections in MINUSTAH were delayed by 10 to 90 days. The submission to Headquarters of 39 verification reports (18 per cent) for periodic and operational readiness inspections (ORIs) were delayed by up to 35 days. However, improvements were evidenced over the audit period. MINUSTAH advised that some of the arrival inspections were delayed due to operational reasons on the part of the TCC, which were outside the direct control of the Mission.
- MONUSCO only began conducting ORIs in January 2012. However, the COE Unit developed and was implementing a plan to conduct the required inspections of all contingents by 30 June 2013. As of 12 June 2012, 43 of the 61 required ORIs had been completed. Although four of seven arrival inspections conducted were delayed by 17 to 26 days, new procedures were implemented. As a result, there had been no delays in recent inspections. However, during OIOS' observation of an ORI, it was noted that medical equipment of a formed police unit and drugs/medicines in the storeroom were not tested as required.
- Twelve of the ORIs conducted (11 per cent) in UNMIL were delayed exceeding the period of six months after the previous ORI had been done. UNMIL advised that these delays were due to changes to troop rotation schedules and inadequate staffing and logistics assigned to the COE Unit. Additionally, 34 of 238 verification reports were not submitted by UNMIL to Headquarters within the required 45 days after the end of the quarter. COE inspectors did not always complete the serviceability status, the period of non-serviceability and the odometer reading of major equipment and self-sustainment items. Additionally, OIOS reviewed 30 ORI worksheets and observed during an inspection that there was no documented evidence that inspectors verified whether equipment was properly used and that the contingent had an adequate maintenance capability, as required under a wet lease agreement¹.

¹ According to the Manual, a wet lease is a COE reimbursement system where the T/PCC assumes responsibility for maintaining and supporting major and minor items of equipment deployed; and, the T/PCC is therefore entitled to reimbursement for providing this maintenance support.

- In UNSOA, a verification contractor was hired to conduct COE inspections due to the security situation in Somalia. According to the contract, the contractor's personnel were to be qualified, reliable, competent, properly trained and fully licensed and certified. However, UNSOA did not consistently verify or maintain records showing that personnel assigned to perform inspections had the relevant qualifications and experience.

- (3) MONUSCO should ensure that all contingent-owned equipment, including medical equipment and drugs/medicines are inspected and tested in compliance with standard operating procedures.**

MONUSCO accepted recommendation 3 and stated that the procedures for inspection of medical equipment and medicines were discussed and coordinated at the CMMRB and were subsequently implemented during Phase III and IV of COE inspections in September 2012. Based on the evidence provided by MONUSCO on the action taken, recommendation 3 is closed.

- (4) UNMIL should ensure that inspections are conducted and their reports are submitted to Headquarters in a timely manner, in compliance with the Guidelines.**

UNMIL accepted recommendation 4 and stated that the ORIs were now being planned based on a six-month period after troop rotation and the verification reports for quarterly reporting periods were on schedule. Based on the evidence provided by UNMIL on the action taken, recommendation 4 is closed.

- (5) UNMIL should ensure that an assessment of maintenance capabilities of contingents and the proper utilization of contingent-owned equipment is systematically done as part of operational readiness inspections, with results documented, in compliance with the Manual and the Mission's standard operating procedures.**

UNMIL accepted recommendation 5 and stated that an assessment of maintenance capabilities of contingents was regularly carried out during ORIs. Additionally, the COE team leader briefed the teams before inspections were conducted and reviewed the worksheets after the inspections, clarifying all identified issues with the inspector and the contingent. The UNMIL COE Unit provided OIOS with evidence that maintenance and spare parts were being verified during inspections. However, no supporting documents were provided to demonstrate that UNMIL COE was properly utilized. Recommendation 5 remains open pending receipt of evidence that COE is properly utilized.

- (6) UNSOA should verify and maintain records showing that the personnel assigned by the verification contractor to conduct inspections of contingent-owned equipment have the required skills and experience.**

UNSOA accepted recommendation 6 and stated that they had stopped using contractors and had conducted training for the assigned AMISOM personnel and continued to provide on-the-job training. Also, quarterly inspections had been done by the team since July 2012. Based on the evidence provided by UNSOA on the action taken, recommendation 6 is closed.

MESRs needed to be properly completed and submitted timely by the contingents

23. According to the Manual, contingents were required to perform and submit monthly standard operational reports or MESRs to the COE Unit to ensure continuous monitoring of the status of COE by

gathering and analyzing information on operational serviceability and readiness of equipment between the major inspections. However, in MINUSTAH, UNAMID, UNMIL and UNMISS the reports were not prepared properly and were incomplete (e.g., serviceability status of equipment was not provided, non-operational dates for equipment declared as unserviceable were not available, etc.).

(7) MINUSTAH, UNAMID, UNMIL and UNMISS should establish procedures to ensure that monthly Major Equipment Serviceability Reports are completed by the contingents using the standard form and include all required information.

MINUSTAH, UNAMID, UNMIL and UNMISS accepted recommendation 7. MINUSTAH, UNAMID and UNMIL introduced a standardized format and a new system for completing monthly MESRs. Based on the evidence provided on the action taken, recommendation 7 is closed for MINUSTAH, UNAMID and UNMIL. UNMISS stated that they had advised contingents to submit the MESR as per the UNMISS standards. Recommendation 7 remains open for UNMISS pending receipt of evidence that MESRs were completed by contingents using the standard form and include all required information.

UNSOA needed to account for the use of spare parts and maintenance of COE

24. Pursuant to the Security Council mandate to support AMISOM, UNSOA gave spare parts to a third party contractor to maintain equipment in Mogadishu, Somalia that had been provided by the United Nations, AU and other donors. During the 12-month period, ended 31 March 2012, spare parts estimated at \$2.5 million were purchased to maintain equipment in Mogadishu. However, UNSOA did not establish procedures, through work orders or another mechanism, to track the use of these spare parts. As a result, some of the parts may have been issued to maintain COE covered under wet lease agreements for which the TCCs were required to maintain the COE at no extra cost to the United Nations. There was thus a risk of financial loss to the Organization resulting from AMISOM incorrectly using UNSOA spare parts to maintain COE and failing to report on their use. In addition, 19 COE that were maintained at a cost of \$13,000 from July 2010 to April 2012 were not reported or followed up by UNSOA for recovery.

(8) UNSOA should establish a procedure to account for the use of spare parts used by the African Union Mission in Somalia and recover the associated cost of spare parts and maintenance of contingent-owned equipment under wet lease agreements.

UNSOA accepted recommendation 8 and stated that the cost recovery action had been implemented. Based on the evidence provided by UNSOA on the action taken, recommendation 8 is closed.

COE issues raised at the field mission level needed further review by DFS

25. The audit of COE in UNOCI noted that contingents, which were fully supported with contingent self-sustainment medical facilities, were extensively using the United Nations clinics. However, no cost recovery from TCCs had been made for these services as no system was in place to track the cases.

(9) DFS, in coordination with field missions, should assess the volume of medical services provided by United Nations clinics to contingents that are self-sustained with medical facilities with the aim to implement a system to track these services.

DFS accepted recommendation 9 and stated that they would assess the volume of medical services provided by United Nations clinics to contingents, which are self-sustained, and take action as

appropriate. However, there were instances where the necessary medical care was not available from the contingents' facilities. Recommendation 9 remains open pending receipt of evidence that the volume of medical services provided by United Nations clinics to contingents have been assessed.

26. In five missions audited, OIOS identified that fuel was provided to COE vehicles that had been determined as operationally unserviceable but continued to be operated by the contingents. Providing fuel to vehicles classed as unserviceable may result in the United Nations being held liable in event of an accident.

(10) DFS, in coordination with field missions, should assess the impact of contingents operating vehicles which have been classed as operationally unserviceable by the mission. The results, if substantial, should be submitted to the Contingent-Owned Equipment Working Group of the Members States for consideration.

DFS accepted recommendation 10 and stated that they would review the use of unserviceable vehicles with missions. Recommendation 10 remains open pending receipt of evidence that the impact of contingents operating vehicles which have been identified as operationally unserviceable have been assessed, and raised to the COE Working Group for review and discussion if appropriate.

DFS needed to track activities/use of specialized teams and their equipment

27. In 2010, UNIFIL established the requirement for an excavator to be deployed by a TCC together with a mechanical demining team. The Mechanical Mine Clearance Team (18 members) arrived in November 2010; however, the excavator arrived in an unusable condition as it was missing some parts. The equipment became operational in May 2011, and the team commenced its work in August 2011 following completion of the necessary training and accreditation required for using the equipment. OIOS estimated that the cost associated with this team was approximately \$253,000 during the eight-month period in which the team was not able to conduct the work it was deployed for. There were conflicting reports as to what the team did during this period.

(11) DFS should ensure that the activities/use of specialized teams and their equipment in the missions are tracked for potential adjustment to the reimbursement made to the troop/police-contributing countries in the event where contingent-owned equipment was not used.

DFS accepted recommendation 11 and stated that a Senior Advisory Group recommended that related reimbursements should be linked to the serviceability/availability of COE. In addition, a Secretariat Working Group had been established to prepare proposals for consideration by the General Assembly. Recommendation 11 remains open pending receipt of evidence that the issue of reimbursing specialized teams and their equipment when they have not been utilized has been addressed.

Further training on COE management was required

28. Training was provided to the staff of MCMS in January and February of 2011, mainly on issues related to changes to the Manual, the United Nations Umoja project and processing self-sustainment claims. Also, COE/PMSS provided training to its staff and field missions on the COE programme. A

COE workshop was held annually, attended by the chiefs of COE Units from the missions, and training was provided to mission staff implementing the new eCOE application.

29. However, due to budget constraints, COE/PMSS was unable to visit missions to provide necessary training to relevant mission staff on the COE programme. Additional training would have been beneficial, as Verification Reports were prepared to different levels of detail by the missions. The lack of training may affect the calculation of the reimbursed amounts resulting in overstatement or understatement. Also, in one case selected by OIOS, the criterion chosen for classifying a vehicle as operationally unserviceable did not conform to the Guidelines. Nevertheless, MCMS identified and corrected the error. Further training and review by COE/PMSS would also have reduced the risk of errors in preparing Verification Reports and lead to improvements in the accuracy, consistency and completeness of the reports. COE/PMSS advised that a training programme and additional material were not developed to support field operations mainly due to a lack of resources in the Section.

(12) DFS should ensure that sufficient training is provided to all staff involved in the management of contingent-owned equipment. Taking into account budgetary constraints, training through webcasting and other similar options should be considered.

DFS accepted recommendation 12 and stated that substantive training had been provided to COE staff. Based on the evidence provided by DFS on the action taken, recommendation 12 is closed.

Need for a P-5 post required review

30. Since 2009, the Chief of COE/PMSS in DFS had been an Officer-in-Charge. The staff member remained on his original P-4 post (from the same Section); however, he had been performing the function of Head of COE/PMSS at a P-5 level for the last three and a half years. This post was included in the approved staffing tables for 2009/10, 2010/11, 2011/12 and 2012/13, but not used for COE/PMSS. The COE/PMSS advised that the loss of this post adversely impacted the Section's ability to effectively perform its functions (i.e., finalizing the Guidelines and developing a training programme).

(13) DFS should review the need for a P-5 post for the Chief of the Contingent-Owned Equipment and Property Management Support Section as it has not been filled since 2009.

DFS accepted recommendation 13 and stated that the DFS was in the process of developing a new strategic concept for an integrated supply chain process for field operations. This approach requires DFS to re-profile some positions at the United Nations Headquarters, the Global Service Centre and field operations. The need for a P-5 post for the Chief of COE/PMSS was being reviewed as part of the developing this concept. Recommendation 13 remains open pending receipt of evidence that a review has been conducted of the continued need for a P-5 post for COE/PMSS, and appropriate action has been subsequently taken.

B. Coordinated management

There was a need to enhance the coordination mechanism at Headquarters

31. A CMMRB, which should be established in missions, was the main mechanism used to identify and elevate COE issues to Headquarters for corrective action. The Secretary-General's Bulletin on DFS (ST/SGB/2010/2) stated that one of the core functions of the Operational Support Service (OSS) of LSD was to "identify, in consultation with FBFD, OMA, the Police Division, the Mine Action Service and field operations, shortfalls in logistics-related self-sustainment categories and major equipment, and

following up with T/PCCs and field operations to ensure that corrective actions are taken, where required.” However, instead of channeling COE issues through OSS, field missions often depended on their networking systems, with issues also raised directly with COE/PMSS and MCMS. Also, in practice, OMA and the Police Division were following up with T/PCCs as required by the Manual instead of OSS as stated in the Secretary-General’s Bulletin. No central focal point was assigned the responsibility for coordinating and following up with each partner’s respective focal point to ensure effective oversight of issues regarding COE.

(14) DFS, in consultation with DPKO, should establish a coordination function to lead and coordinate the work of the contingent-owned equipment partners.

DFS accepted recommendation 14 and stated that action would be taken. Recommendation 14 remains open pending receipt of evidence that a coordination function to lead and coordinate the work of the COE partners has been established.

Functioning of CMMRBs needed to improve

32. The CMMRB was established in seven of the eight missions but was not functioning as intended in three of these missions. As a result, issues regarding capabilities of contingents and their major equipment holdings, which were needed to meet operational requirements, were not always identified and communicated in a timely matter for resolution. For example, in MINUSTAH, one of the missions where the CMMRB was not functioning, 16 patrol boats were deployed with the envisaged usage estimated at six hours per boat, at sea five days per week. Usage of the patrol boats over the years 2010 and 2011 never reached or exceeded 10 per cent of the estimated usage. This issue was not raised to Headquarters in a timely manner for review and resolution.

(15) MINUSTAH, UNMISS, UNOCI and UNSOA should ensure a Contingent-Owned Equipment and Memorandum for Understanding Management Review Board is established and functioning in accordance with the Manual and Guidelines.

MINUSTAH, UNMISS, UNOCI and UNSOA accepted recommendation 15 and stated that they would take corrective action. Recommendation 15 remains open pending receipt of evidence that a CMMRB is established and functioning in MINUSTAH, UNMISS, UNOCI and UNSOA in accordance with the Manual and Guidelines.

Roles and responsibilities on COE management were not defined at the operational level

33. General roles and responsibilities on COE management were only defined at the senior level; but not at the operational level. As a result, the responsibilities of parties involved in the management of COE were not always clear. For example, in MINUSTAH, a turnkey fuel contract was procured at Headquarters whereby LSD was the requisitioner. Although the contract was effective March 2012, no analysis was conducted to identify possible excess or redundant contingent-owned fuel equipment. Additionally, no instructions were issued to MINUSTAH to perform such analysis, and there was no amendment of the MOU to adjust requirements. Responsibilities, on an operational level, regarding such an analysis were not defined. There were 164 fuel carrying and storage COE in MINUSTAH. OIOS physically verified the use of 57 of these during the site visits, of which 39 were no longer in use as a result of the turnkey contract. According to LSD, 15 field missions were provided with fuel under turnkey fuel contracts.

(16) DFS, in consultation with DPKO, should define and document the operational-level roles and responsibilities of the parties involved in the management of contingent-owned equipment at Headquarters.

DFS accepted recommendation 16 and stated that once the coordination mechanism was established, DPKO and DFS would document the operational-level roles and responsibilities. Recommendation 16 remains open pending receipt of the documented working-level roles and responsibilities of the parties involved in the management of COE at the Headquarters.

C. IT support systems

Information technology systems were not integrated

34. The GCMS application was accessible to and used by MCMS, while the eCOE application and Lotus Notes databases (COE_VR and COE_ME) were accessible to and used by COE/PMSS and the missions. As identified in 2007 in the audit of information technology systems supporting COE at DFS (AT2007/600/01), COE operations continued to be supported by several applications that were not integrated. Applications and databases used were still not integrated. As a result, the details of the various MOUs with Member States and their respective Verification Reports required manual entry multiple times which was inefficient. Although no significant errors or discrepancies were identified, there was an increase in the workload of staff involved in the management of COE. In addition, the use of different applications for managing COE exposed the Organization to the risk of data duplication, multiple reconciliations, fragmented information and a lack of consolidated reporting. However, given that the COE functionality is within the scope of the Umoja Project, and its replacement was scheduled with the deployment of the second phase of Umoja Extension (UE2), OIOS did not make a recommendation on integration of currently used COE applications.

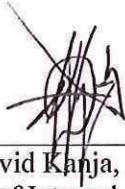
35. The schedule of deployment of the Umoja Foundation indicated that the supply chain functionality, which supports the logistics execution, would be released by the end of 2014. Also, the Foundation Process List, as of 26 October 2012, included the process of determining the formalization and management of the MOU with a Member State for those items covered by the Manual. However, it was unclear whether the release of the Umoja Foundation would replace those applications currently in use.

(17) DFS should follow-up on the extent to which the Umoja Foundation will replace the Global Claims Management System and eCOE applications currently in use and the schedule of the release.

DFS accepted recommendation 17 and stated that the current plan would replace GCMS with the Defense Force Public Security module of Umoja, a portion of the Umoja extension slated for 2016. Recommendation 17 remains open pending receipt of information regarding when and to what extent the eCOE application will be replaced by Umoja.

IV. ACKNOWLEDGEMENT

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



Mr. David Kanja, Assistant Secretary-General
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS - DFS

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	DFS should finalize the Guidelines for Field Verification and Control of Contingent-Owned Equipment and Management of Memoranda of Understanding and the standard operating procedures.	Important	O	Receipt of copies of the finalized Guidelines and SOPs.	30 September 2013
2	DFS should propose to the Contingent-Owned Equipment (COE) Working Group of Member States to revise the Manual and clarify the Guidelines to provide additional guidance on: (a) the use of the Operational Readiness and Periodic Inspection Reports; (b) the roles and responsibilities of the contingents and missions in disposing of COE; (c) the use of a draft MOU to conduct arrival inspections of COE; (d) the frequency and reporting deadlines for the Arrival, Periodic, Operational Readiness and Repatriation Inspection Reports; and (e) the completion of monthly Major Equipment Serviceability Reports.	Important	O	Receipt of evidence that clarifications in the Guidelines have been made and/or an issue paper has been presented by DFS to the 2014 COE Working Group.	30 June 2014
9	DFS, in coordination with field missions, should assess the volume of medical services provided by United Nations clinics	Important	O	Receipt of evidence that the volume of medical services provided by United Nations clinics to contingents have been	30 June 2014

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by DFS.

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
10	to contingents that are self-sustained with medical facilities with the aim to implement a system to track these services. DFS, in coordination with field missions, should assess the impact of contingents operating vehicles which have been classed as operationally unserviceable by the mission. The results, if substantial, should be submitted to the Contingent-Owned Equipment Working Group of the Member States for consideration.	Important	O	Receipt of evidence that the impact of contingents operating vehicles which have been identified as operationally unserviceable have been assessed. Additionally, if the results are substantial, the issues are to be raised to the COE Working Group for review and discussion.	30 September 2014
11	DFS should ensure that the activities/use of specialized teams and their equipment in the missions are tracked for potential adjustment to the reimbursement made to the troop/police-contributing countries in the event where contingent-owned equipment was not used.	Important	O	Receipt of evidence that the issue of reimbursing specialized teams and their equipment when they have not been utilized has been addressed.	30 June 2014
12	DFS should ensure that sufficient training is provided to all staff involved in the management of contingent-owned equipment. Taking into account budgetary constraints, training through webcasting and other similar options should be considered.	Important	C	Action taken	Implemented
13	DFS should review the need for a P-5 post for the Chief of the Contingent-Owned Equipment and Property Management Support Section as it has not been filled since 2009.	Important	O	Receipt of evidence that a review has been conducted and appropriate action has been subsequently taken.	31 December 2013
14	DFS, in consultation with DPKO, should establish a coordination function to lead and coordinate the work of the contingent-owned equipment partners.	Important	O	Receipt of evidence that a coordination function to lead and coordinate the work of the COE partners has been established.	30 June 2014
16	DFS, in consultation with DPKO, should define and document the operational-level roles and responsibilities of the parties involved in the management of contingent-	Important	O	Receipt of the documented working-level roles and responsibilities of the parties involved in the management of COE at the Headquarters.	30 June 2014

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
17	owned equipment at Headquarters. DFS should follow-up on the extent to which the Umoja Foundation will replace the Global Claims Management System and eCOE applications currently in use and the schedule of the release.	Important	O	Receipt of information regarding when and to what extent the eCOE application will be replaced by Umoja.	31 March 2017

STATUS OF AUDIT RECOMMENDATIONS - MINUSTAH

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ important ²	C/ ³ O ³	Actions needed to close recommendation	Implementation date ⁴
7	MINUSTAH should establish procedures to ensure that monthly Major Equipment Serviceability Reports are completed by the contingents using the standard form and include all required information.	Important	C	Action taken	Implemented
15	MINUSTAH should ensure a Contingent-Owned Equipment and Memorandum for Understanding Management Review Board is established and functioning in accordance with the Manual and Guidelines.	Important	O	Receipt of evidence that a CMMRB is established and functioning in MINUSTAH, UNMISS, UNOCI and UNSOA in accordance with the Manual and Guidelines.	1 March 2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by MINUSTAH.

STATUS OF AUDIT RECOMMENDATIONS - MONUSCO

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
3	MONUSCO should ensure that all contingent-owned equipment, including medical equipment and drugs/medicines are inspected and tested in compliance with standard operating procedures.	Important	C	Action taken	Implemented

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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3 C = closed, O = open

4 Date provided by MONUSCO.

ANNEX IV

STATUS OF AUDIT RECOMMENDATIONS - UNAMID

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
7	UNAMID should establish procedures to ensure that monthly Major Equipment Serviceability Reports are completed by the contingents using the standard form and include all required information.	Important	C	Action taken	Implemented

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by UNAMID.

STATUS OF AUDIT RECOMMENDATIONS - UNMIL

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
4	UNMIL should ensure that inspections are conducted and their reports are submitted to Headquarters in a timely manner, in compliance with the Guidelines.	Important	C	Action taken	Implemented
5	UNMIL should ensure that an assessment of maintenance capabilities of contingents and the proper utilization of contingent-owned equipment is systematically done as part of operational readiness inspections, with results documented, in compliance with the Manual and the Mission's standard operating procedures.	Important	C	Action taken	Implemented
7	UNMIL should establish procedures to ensure that monthly Major Equipment Serviceability Reports are completed by the contingents using the standard form and include all required information.	Important	C	Action taken	Implemented

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

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3 C = closed, O = open

4 Date provided by UNMIL.

STATUS OF AUDIT RECOMMENDATIONS - UNMISS

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
7	UNMISS should establish procedures to ensure that monthly Major Equipment Serviceability Reports are completed by the contingents using the standard form and include all required information.	Important	O	Receipt of evidence that MESRs were completed by contingents using the standard form and include all required information.	1 January 2013
15	UNMISS should ensure a Contingent-Owned Equipment and Memorandum for Understanding Management Review Board is established and functioning in accordance with the Manual and Guidelines.	Important	O	Receipt of evidence that a CMMRB is established and functioning in UNMISS in accordance with the Manual and Guidelines.	15 March 2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by UNMISS.

STATUS OF AUDIT RECOMMENDATIONS - UNOCI

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
15	UNOCI should ensure a Contingent-Owned Equipment and Memorandum for Understanding Management Review Board is established and functioning in accordance with the Manual and Guidelines.	Important	O	Receipt of evidence that a CMMRB is established and functioning in UNOCI in accordance with the Manual and Guidelines.	30 March 2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by UNOCI.

STATUS OF AUDIT RECOMMENDATIONS - UNSOA

Audit of the management of contingent-owned equipment in peacekeeping operations

Recom. no.	Recommendation	Critical/ ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
6	UNSOA should verify and maintain records showing that the personnel assigned by the verification contractor to conduct inspections of contingent-owned equipment have the required skills and experience.	Important	C	Action taken	Implemented
8	UNSOA should establish a procedure to account for the use of spare parts used by the African Union Mission in Somalia and recover the associated cost of spare parts and maintenance of contingent-owned equipment under wet lease agreements.	Important	C	Action taken	Implemented
15	UNSOA should ensure a Contingent-Owned Equipment and Memorandum for Understanding Management Review Board is established and functioning in accordance with the Manual and Guidelines.	Important	O	Pending formal establishment of CMMRB	April 2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

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4 Date provided by UNSOA.