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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION I
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Kiplin Perkins
A: Chief Administrative Officer, UNAMSIL

DATE: 16 February 2006

REFERENCE: AUD-7-5:73(00099/06)

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

P. Azarias

SUBJECT: **OIOS Audit No. AP2005/622/07: Inventory Management in UNAMSIL**
OBJET:

1. I am pleased to present herewith our final report on the audit of the above subject, which was conducted during August to October 2005.

2. We note from your response to the draft report that UNAMSIL has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 3, 13, 14, 15, 16, 18, 19, 20, 23, 25, 26, 27 and 28 in the OIOS recommendations database, and recommendations 12 and 24 have been withdrawn. In order for us to close out the remaining recommendations (i.e., recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 17, 21 and 22, we request that you provide us with additional information as indicated in the text of the report and a time schedule for implementing each of the recommendations. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. Please note that OIOS will report on the progress made in implementing its recommendations, particularly those designated as critical, in its annual report to the General Assembly and semi-annual report to the Secretary-General.

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

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

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations
Mr. Philip Cooper, OIC, ASD/DPKO
UN Board of Auditors
Programme Officer, OIOS
Mr. Bolton Tarleh Nyema, Chief Resident Auditor, UNAMSIL

Office of Internal Oversight Services

Internal Audit Division I

Inventory Management in UNAMSIL

Audit no:	AP2005/622/07
Report date:	16 February 2006
Audit team:	Bolton Tarleh Nyema, Chief Resident Auditor Iswari Bhattarai, Resident Auditor Niagara Chandra, Resident Auditor Zdenka Komackova, Audit Assistant Fatmata Sera Kargbo, Administrative Assistant

EXECUTIVE SUMMARY
Inventory Management in UNAMSIL (Assignment No. AP2005/622/07)

OIOS conducted an audit of inventory management in the United Nations Assistance Mission in Sierra Leone (UNAMSIL) from August to October 2005. The main objective of the audit was to determine if existing internal controls were adequate and effective to ensure the proper safeguarding and efficient use of the Mission's assets. The audit covered both categories of the Mission's inventories – i.e. non-expendable and expendable items including fuel.

In response to persistent fuel fraud, the Mission implemented improved internal controls from May 2005. Apparently, these controls have helped in reducing fuel costs. Diesel fuel consumption fell from 839,000 litters in May to 550,500 litters in June and to 389,000 litters in July 2005. However, in our view, the new controls need to be reassessed in terms of their efficiency and sustainability. We also found that the Mission missed the opportunity to conduct a timely, comprehensive review aimed at strengthening internal controls over fuel. Previous Board of Auditors' and OIOS' audits provided specific recommendations. However, some recommended measures such as the need for a car log system that was recommended by the Board of Auditors in 2002 and reiterated by OIOS in March 2003 have not been implemented. In our view, the Mission now needs a fuel policy specifying safety stock levels based on risk assessment. Since there is no fuel policy, replenishment of fuel has been based on estimates that cannot be verified. In our view, proper fuel policy will help ensure the smooth operation of the Mission during any future fuel crisis. Proper fuel policy will also help prevent and/or detect fuel fraud in a timely manner.

The Mission needs a consolidated, well-coordinated fuel management strategy with standard operating procedures (SOPs). In August 2003, the Supply Section prepared detailed fuel SOPs. However, the effective implementation of the SOPs has been impeded by the lack of cooperation of the self-accounting units (SAUs). The SAUs need to accumulate appropriate fuel consumption statistics that could be used for monitoring and controlling fuel distribution. The Security Section also needed to take more preventive measures to prevent fraud. In order to ensure their commitment to fuel management procedures, all concerned SAUs and the Security Section need to actively participate in the preparation of a fuel management strategy. The Mission also needs more effective analyses of already available data in order to properly identify anomalies in fuel consumption. In our view, effective analysis of fuel consumption requires trained personnel that were apparently not available in UNAMSIL. Such individuals should ideally be organizationally independent of the units acquiring, distributing and responsible for the fuel consuming equipment.

OIOS also identified a number of weaknesses regarding the effectiveness of the General Services Section and SAUs in ensuring the accuracy of property records and the implementation of proper accountability procedures. The General Services Section could not provide evidence of any annual physical inventories for the period 2000 -2004 and the current mission-wide physical inventory for the current year 2005, started in February, had not been completed yet. Comprehensive annual physical inventories and periodic inventory checks by individual SAUs are needed and inventory records need to be updated promptly and accurately to reflect the findings of the physical inventory checks. In our view, physical inventory check conducted during the budget period could achieve the twin objectives of ensuring the accuracy of inventory records and of the reliability of cost estimates for additional items. Some SAUs need to use actual, verifiable historical consumption rates and stock levels to determine the cost estimates for the replenishment of properties in their commodity groups. The Engineering Section needs to maintain air conditioners and generators on schedule and/or keep accurate records of its maintenance jobs. The

Communications and Information Technology Section (CITS) needs to prepare work orders to ensure that the issuance of spare parts and supplies are properly justified and the Transport Section needs to comply with approved vehicle-to-staff ratios for the Mission. The Supply Section needs to consistently obtain the prior approval of UNHQ before transferring assets to other missions. There was also a need for both the CITS and the Supply sections to ensure that assets are issued and handed over only to staff entitled to them.

There is also a need for a post-implementation review of the new inventory management system, Galileo, and for training based on the findings of the post-implementation review. We were informed that Galileo was implemented in October 2004 without any real planning and training of the staff and acceptance by the end users. As a result, the Mission's liquidation task has been complicated and has led to much dissatisfaction among the Mission's end users.

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I. INTRODUCTION

1. OIOS conducted an audit of inventory management in UNAMSIL from August to October 2005. The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations' organizations.

2. There are two inventory categories– non-expendable items and expendable items. A non-expendable item has a purchase value greater than $1,500 and/or serviceable life greater than five years. Conversely, an expendable item is one that has a purchase value less than $1,500 and/or has a serviceable life less than five years. Some expendable items are also referred to as "special attractive items". Self-accounting units (SAUs) are responsible for the acquisition, management and distribution of all properties (expendable and non-expendable) in their respective commodity groups and for the accuracy and integrity of inventory records. The Mission has four SAUs including the Transport, Supply, Engineering, and Communications and Information Technology sections. The General Services Section is responsible for inspecting both expendable and non-expendable items arriving in the Mission and for providing independent oversight of non-expendable items and special attractive items held.

3. As of 22 August 2005, the Mission had a stock of over 18,000 non-expendable items valued at approximately $59.7 million. More than 30 per cent of the non-expendable items were in unit stock. The Mission also had a stock of approximately 7.39 million expendable items valued at approximately $17.1 million. Table 1 below contains a summary (excluding fuel) of the Mission's inventory.

Table 1: Composition of UNAMSIL's inventory as of 22 August 2005

SAU	Unit Stock				Non-expendable in Use	
	Non-Expendable		Expendable			
	Qty	Cost (in US $)	Qty	Cost (in US $)	Qty	Cost (in US $)
CITS	3,779	7,390,191	83,459	2,684,929	6,210	12,039,051
SUP	674	899,531	6,117,613	6,233,688	2,208	3,288,166
TPT	256	5,482,584	464,558	5,580,937	605	13,836,605
ENG	823	3,353,238	783,397	2,659,349	3,555	13,403,292
Total	**5,532**	**17,125,544**	**7,449,027**	**17,158,903**	**12,578**	**42,567,114**

4. The Mission consumes large quantities of fuel. The Supply Section is responsible for the acquisition and distribution of fuel and the management of reserve fuel in dispensaries under its control. Sizable quantities of fuel stock are also retained in large tanks connected to generators used to supply electricity to UNAMSIL's headquarters and the Transport workshop. Despite the recent audits of fuel management, fuel continues to be a subject of alleged theft in the Mission. UNAMSIL is therefore rightfully concerned about the effectiveness of existing controls over fuel management.

5. On 1 July 2005, UNAMSIL officially entered a six-month transitional period, which commenced with the downsizing of the both the military and civilian components during the 2004 - 2005 budget year. The Mission entered its liquidation phase on 1 January 2006.

6. The comments made by the Management of UNAMSIL on the draft audit report have been included in the report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES

7. The main objective of the audit was to determine if existing internal controls were adequate and effective to ensure the proper safeguarding and efficient use of the Mission's assets.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period 1 July 2004 to August 2005. It included asset management activities implemented by the four self-accounting units and the General Services Section. The audit involved the evaluation and testing of existing internal controls, physical inventory checks, and the follow-up of previous OIOS and Board of Audit recommendations pertaining to asset management.

IV. OVERALL ASSESSMENT

9. Internal controls over asset management need to be strengthened and in some instances, established controls need to be implemented. In response to persistent fuel fraud, UNAMSIL implemented improved internal controls starting in May 2005. Apparently, these controls have helped, at least for now, in reducing fuel costs. Diesel fuel consumption fell from 839,000 litters in May to 550,460 litters in June and to 389,000 litters in July 2005. However, OIOS identified areas where some improvements could be made. In particular, there is a need for: (a) a formal fuel policy, (b) a consolidated, coordinated fuel management strategy and procedures, and (c) for some of the recently introduced procedures to be reassessed in terms of their efficiency and sustainability. OIOS also identified a number of weaknesses regarding the effectiveness of the Property Control and Inventory Unit (PCIU) and SAUs in ensuring that accurate, up-to-date information on property records is maintained and that established property controls and accountability procedures are implemented. More frequent physical inventory checks are needed and inventory records need to be updated promptly and accurately to reflect the findings of the inventory checks. This can be achieved by the issuance of annual instructions for a Mission-wide physical inventory check ideally during the budget period by UNAMSIL management. There is also need for a post-implementation review of the new inventory management system, Galileo, and the training, taking into consideration the findings of the post-implementation review, of the Mission's staff.

V. AUDIT FINDINGS AND RECOMMENDATIONS

A. Fuel controls need further improvement

10. Diesel fuel is used for UNAMSIL's vehicle fleet and for most generators and Jet A-1 fuel is used for the Mission's leased aircraft and some engineering equipment. Until February 2005, a large quantity of petrol was consumed by the Ukrainian troops. The supplier (SAFECON) delivers diesel and petrol and Mobil delivers Jet A-1 fuel, in bulk, to UNAMSIL's fuel points that are further away from Freetown. The fuel delivered in bulk to fuel points is in turn issued in smaller quantities, mainly to generators, vehicles, and aircraft and in mid-sized quantities to military contingents and observers. On a daily basis, the Supply Section uplifts fuel from SAFECON and Mobile and delivers it to powerhouses, generators, and fuel points in and around Freetown. In July 2005, SAFECON delivered approximately 162,000 litters of diesel and petrol fuel to a total of seven fuel points and the Supply Section uplifted and delivered an additional 235,000 litters of diesel and petrol to two powerhouses, 14 generators, and two fuel points. During financial year 2004/2005, the Mission procured a total of 9,142,000 litters of Jet A-1 fuel. Approximately 85 per cent of the Jet A-

1 fuel was uplifted by the Supply Section and delivered to fuel points. It is to be noted that the risk of loss passes to the Mission from the time fuel is uplifted at a supplier's place of business or received at UNAMSIL's fuel point.

11. OIOS evaluated and tested the internal controls surrounding the management of fuel in the Mission. In particular, we evaluated and tested the controls relating to: (a) the determination of fuel requirements; (b) the uplifting of fuel from suppliers' places of business and the transporting and delivering of the fuel to fuel points; (c) the receiving of bulk fuel at fuel points; (d) the issuance by fuel points of fuel to vehicles, aircraft, military contingents, and military observers; (e) the physical security of fuel points; and (f), the monitoring of fuel consumption. In general, the reviewed controls appear to be adequate and effective. The Mission recently implemented improved internal controls. Diesel fuel consumption fell from 839,000 litters in May to 550,460 litters in June and to 389,000 litters in July 2005. However, we identified areas where some improvements could be made. In particular, there is a need for: (a) a comprehensive fuel policy, (b) consolidated, well coordinated fuel management procedures, and (c) a need for reassessment of some of the recently introduced procedures in terms of their efficiency and sustainability.

Internal control environment needs to be strengthened

12. A strong internal control environment representing a combination of policy and strategic direction is essential in safeguarding resources. Such an environment creates the framework for effective management of resources. OIOS is of the view that UNMASIL missed the opportunity to conduct a comprehensive review aimed at strengthening its internal controls over fuel. Previous Board of Audit (BOA) and OIOS audits including OIOS' Audit on "Irregularities in issuing fuel at Kenema" (AP2003/61/16) provided such opportunities. However, some recommended measures such as the need for a car log system that was recommended by the BOA in 2002 and reiterated by OIOS in March 2003 have not been implemented. OIOS believes UNAMSIL needs a formal fuel policy specifying safety stock levels, based on risk assessment, and enhanced procedures for adjusting such stock levels for each fuel point, powerhouse and storage facility. As of the date of the audit, the safety stock levels maintained at powerhouse and fuel points were based on estimates that cannot be substantiated. It appears therefore, that the Mission holds excessive stocks of fuel. In this regard, OIOS noted that the amount of fuel supplied to the Mammy Yoko Powerhouse has been occasionally adjusted by the Fuel Cell without any verifiable justification or of the apparent danger to the power supply to the UNAMSIL headquarters. In the view of OIOS, a proper fuel policy will help ensure the smooth operation of the Mission during any future fuel crisis and would prevent and/or detect fuel fraud.

Recommendation 1

UNAMSIL should promulgate an enhanced fuel policy, based on risk assessments, that would specify safety stock levels to include procedures for adjusting stock levels for each fuel point, powerhouse and storage facility (AP2005/622/07/01).

13. *UNAMSIL accepted recommendation 1 indicating that as a supplement to existing SOP, and to address the issues raised in this audit, a Fuel Policy is being developed.* Recommendation 1 remains open pending receipt of a copy of the fuel policy developed by the Mission.

Improved monitoring of fuel consumption needed

14. As indicated above, UNAMSIL recently implemented improved internal controls over fuel. These controls include military patrols of fuel points and powerhouses, the increased presence of international staff during the uplifting and receipt of bulk fuel at some fuel points, the provision of military escorts to mobile fuel bowsers and the use of pad locks on the fuel tanks of minivans and other vehicles with large fuel capacities. These controls were put in place in response to the recently identified fuel fraud at the Mammy Yoko Powerhouse. Although these measures have helped in reducing fuel theft, some of them appear to be excessive and may therefore not be sustained by the new follow-on mission, UNIOSIL. After the peacekeepers leave, the new mission will not be able to provide military escorts for fuel bowsers and patrol fuel points. International staffing will be reduced and will likely not be present during the uplifting and delivery of fuel. Planning for more efficient and equally effective measures should take place. For example, improved supervisory reviews, frequent and unannounced spot checks, and prompt administrative actions against individuals committing fuel fraud should be considered. Supervisory staff responsible for the control of fuel should be held accountable should they fail to perform effective procedures to prevent or promptly detect fuel fraud.

15. In August 2004, the UNAMSIL's Fuel Cell issued standard operation procedures (SOPs) on the handling and accounting of petrol, oil, lubricants (POL). If fully implemented, the SOPs might have helped in reducing fuel fraud and thus in reducing fuel costs in the Mission. However, OIOS found that the implementation of some critical monitoring procedures was inhibited by the lack of cooperation from some of the self-accounting units. As of the date of this audit, the Engineering Section had not commenced providing to the Supply Section the required statistics on the actual quantities of fuel consumed by generators and other equipment under its control. Such statistics are required to adjust fuel deliveries to powerhouses and generators. However, the Engineering Section only commenced, while this audit was in progress, accumulating generator run hours and the procuring of diesel flow meters and calibrators needed for the accurate determination of fuel consumption of generators. The Transport Section commenced analyzing data from vehicle trip tickets early 2005. The analyses now provide critical information that is used by the Transport Section as the basis to launch security investigations. As of the date of the audit, the Security Section continues to focus more on detective work – i.e. investigating matters brought to its attention by the Transport and Supply Sections. There is not yet any visible presence of UNAMSIL international security personnel at fuel facilities. In the view of OIOS, the Mission needs consolidated, well-coordinated internal control procedures for the management of fuel. In order to ensure their commitment to these procedures, all concerned self-accounting units which utilize fuel-consuming equipment should actively participate in the preparation of internal controls.

Recommendation 2

> UNAMSIL should ensure the development of well-coordinated internal control procedures clearly identifying and allocating responsibility and accountability for fuel at all critical points– from acquisition to final consumption including the physical security of all fuel facilities (AP2005/622/07/02).

16. *UNAMSIL accepted recommendation 2 indicating that a supplementary Fuel Policy, currently being developed will address this recommendation, specifically with respect to accountability, the use of Galileo in the fuel receiving and issuing process, and the security*

arrangements. Recommendation 2 remains open pending receipt of a copy of the Fuel Policy being developed by the Mission.

17. With regard to record-keeping, there was a need for more effective analyses of already available data. OIOS noted that some obvious anomalies were not always identified and referred for investigation by the Fuel Cell. Our review of the summary sheets prepared by the Fuel Cell for the financial year 2004/2005 found that diesel consumption for generators exceeded the average monthly consumption by about 200,000 litters in the month of July 2004. Similarly, consumption of diesel by vehicles exceeded the average by about 100,000 litters in July 2004. Apparently, these particular anomalies were not promptly flagged and referred for investigation by the Fuel Cell. In other instances, the Fuel Cell did not fully use the data available to it. The Fuel Cell receives daily reports electronically from fuel points showing the quantities of opening fuel stock, fuel received, fuel issued, and closing stock. These reports could have been used to establish expected consumption patterns against which the Fuel Cell could compare actual fuel consumption reported by the fuel points. The Fuel Cell could have also estimated historical consumption patterns, using opening and closing stock levels and the actual quantities of fuel issued and compared such the estimated historical consumption levels to the actual quantities of fuel consumed (i.e. changes in fuel levels) by powerhouses and generators. Proper analysis of fuel consumption and the identification and reporting of anomalies required sufficient analytical skills that were apparently not available within the Fuel Cell. Also, as an internal control measure, the individual performing this analysis should be organizationally independent of the Supply Section which is responsible for the acquisition and delivery of fuel and the self-accounting units which consume fuel itself.

Recommendation 3

UNAMSIL should ensure that a post within the Fuel Cell is transferred to the CAO's office for analysis and preparation of periodic fuel usage reports (AP2005/622/07/03).

18. *UNAMSIL accepted recommendation 3 but indicated that this is currently not practical due to staffing restrictions related to the ongoing Mission liquidation. As an alternative, the Mission will ensure regular reporting of fuel consumption, using MEFAS, to the CAO.* Based on the Mission's response, OIOS has closed recommendation 3.

Accounting for receipt of fuel

19. The General Services Section, which is organizationally independent of the self-accounting units, performs the receiving and inspection function. The General Services Section is also responsible for maintaining accurate inventory records. This ensures proper segregation of duties and thus enhances safeguarding of assets since the self-accounting units are responsible for the management including the accuracy of inventory records and distribution of its assets. As of 22 August 2005, the Mission's inventory management system, Galileo showed fuel stocks totaling $4.3 million (see Table 2 below). OIOS sought to verify the physical existence of the stock but were informed that the stock was not verifiable. UNAMSIL indicated that the stock had been recorded by the General Services Section in the Mission's procurement system, Mercury, which also supports Galileo. However, UNAMSIL uses a different system, MEFAS, for accounting for the issuance of fuel. MEFAS is not linked to Mercury and/or Galileo and the General Services Section does not record fuel receipts in MEFAS. On advice of Galileo administrators, the Fuel Cell has commenced deleting fuel stock from Galileo. The Fuel Cell could not provide evidence indicating that fuel had

also been recorded in MEFAS. Therefore, by deleting the stock from Galileo, the Fuel Cell is accountable for fuel management and distribution. In such situations, write-off action should have been initiated to determine if in fact the fuel had been consumed by the Mission. However, this was not done.

Table2. Fuel stock recorded in Galileo as of 22 August 2005

Description	Quantity	Unit price	Total Cost
Aviation fuel (Jet A-1)	2,547,300	$1	$ 2,547,300
Automatic fluid (in litters)	115	6.42	738
Diesel	117,157	1	117,157
Gas Oil (Diesel Oil)	1,424,037	1	1,424,037
Kerosene	22,992	1	22,992
Liquid petroleum gas (LPG)	41,935	1	41,935
Petrol (gasoline)	189,070	1	189,070
Total			**$ 4,343,229**

Recommendation 4

UNAMSIL's Supply Section should retroactively initiate a Board of Survey for the proper disposal of the items believed to have been recorded erroneously in Galileo (AP2005/622/07/04).

20. *UNAMSIL accepted recommendation 4 and indicated that it will develop procedures that will incorporate the use of Galileo in fuel receipt and issuance.* Recommendation 4 remains open pending receipt of documentation from the Mission confirming that it has been implemented.

21. At the time of the audit, the General Services Section continued to record fuel receipts in Mercury. Due to the upcoming UNAMSIL liquidation, it will not be efficient to transfer this responsibility to MEFAS. In the view of OIOS, the General Services Section could use both Galileo and MEFAS to record fuel receipts. Once the payment is made, the Inventory Cycle Voucher could than be used to delete the entries from Galileo. A periodic reconciliation between MEFAS and the Galileo should be performed by a fuel analyst to ensure that all fuel receipts have been accounted in both systems and that fuel suppliers have been paid only for fuel received in MEFAS – the recognized system for the management and distribution of fuel in the Mission.

Recommendation 5

UNAMSIL should promulgate proper procedures, pending the full adaptation of MEFAS in the procurement cycle, for fuel accounting using the Galileo and MEFAS (AP2005/622/07/05).

22. *UNAMSIL accepted recommendation 5 indicating that it would develop procedures, to be included in the Fuel Policy, for the use of Galileo in fuel receipt and issuance of fuel.* Recommendation 5 remains open pending receipt of a copy of the Fuel Policy.

Fuel receipt and inspection

23. According to the Fuel SOPs, the delivery of a substantial quantity of bulk fuel must always be witnessed (and signed for) by an international staff member of the Fuel Cell or a commissioned military officer. However, as indicated in Table 3, we found many instances when the delivery of large quantities of fuel was not witnessed by international staff. For the past few months, international staff have witnessed and signed for the delivery of fuel at fuel points at Manny Yoko and Hastings. However, this is not done at the fuel points further away from Freetown. The Supply Section explained that on many occasions, the presence of international staff during the delivery of fuel was not always possible due to staff shortages. We noted that all fuel points further from Freetown will be closed, in line with the ongoing drawdown of the Mission, by 31 December 2005. Nevertheless, this should serve as a lesson-learned for UNAMSIL's follow-on mission.

Table 3: List of some fuel deliveries not witnessed by international staff

Fuel Point	Number of Observed Deliveries	Max Qty Of Fuel Received	Months of Observed Deliveries
Mammy Yoko Powerhouse	10	16,000	January 2005
	20	16,000	October 2004
Lunge	3	4,900	February 2005
Hastings	7	8,000	October 2004

B. Inadequate planning for Galileo implementation

24. The new inventory management system, Galileo, was implemented in the Mission from July to October 2004. Galileo replaced FACS that was used from the inception of the Mission in 1999. OIOS was informed that Galileo implementation was rushed and not timely since the closure of the Mission was imminent. The Mission was not prepared for the new system and self-accounting units were not given enough time to prepare their data for migration. In the case of the Transport Section, OIOS was informed that the implementation team used data that had been modified and needed to be re-verified. During the implementation, there was no formal user acceptance and the training provided to end users was inadequate resulting additional training. Difficulties of data migration forced the PCIU to spend substantial resources investigating and correcting more than 670 discrepancies. It was also noted that Galileo did not have a disposal module which is critical to the forthcoming UNAMSIL liquidation. At the time when the Mission should be preparing assets for disposal, it is now facing difficulty in performing essential tasks. Self-accounting units continue to complain about how the new system has complicated their jobs. In the view of OIOS, a post-implementation review of Galileo is needed to clearly identify the problems faced by end users and to provide training.

Recommendation 6

UNAMSIL should request Galileo administrators for a post-implementation review and training to address the problems identified by Mission users (AP2005/622/07/06).

25. *UNAMSIL accepted recommendation 6 but indicated that due to ongoing liquidation of the Mission, it will not be practical to implement this recommendation. Rather, the recommendation*

will be shared with the follow-on mission, UNIOSIL. Recommendation 6 remains open pending receipt of documentation from UNAMSIL confirming that the recommendation has been referred to UNIOSIL for implementation.

C. Cost estimates for replenishment of items not verifiable

26. Self-accounting units (SAUs) generally use more than 95 per cent of their approved budgets for the replenishment of items in their respective commodity groups. In order to ensure the reliability and integrity of the SAU's budgets and to prevent excessive inventory carrying costs, cost estimates supporting the budgets must take into consideration actual stock levels, consumption rates based on verifiable historical data, and DPKO guidelines. Percentages of non-expendable items in unit stock as of 22 August 2005 are noted below in Table 5. In the view of OIOS, stocks of non-expendable items appear to be excessive. Non-expendable items should have been issued to individuals and organizational units to support their official functions and expendable items must be consumed, in timely manner, in the repairs and maintenance of non-expendable items. The SAUs also appeared to have held excessive amount of expendable items. As of August 2005, the Mission had not begun receiving items procured under the 2005/2006 budget which became effective on 1 July 2005. However, as indicated in Table 4, the stock of expendable items totaled more than $17 million.

Table 4: Summary of UNAMSIL inventory by category

SAU	Non-Expendable Items			Expendable Items	
	Qty	Cost ($)	Qty in unit stock	Qty	Cost ($)
CITS	9,989	19,429,242	38 %	83,459	2,684,929
SUP	2,882	4,187,697	23 %	6,117,613	6,233,688
TPT	861	19,319,189	30 %	464,558	5,580,937
ENG	4,388	16,756,530	19 %	783,397	2,659,349
Total	**18,120**	**59,692,658**		**7,449,027**	**17,158,903**

27. The SAUs explained that some items had been returned to stock from closed team sites. They also explained that some items had been delivered to UNAMSIL from closed missions without a requisition by the Mission for them. Many of these items appeared not to have been issued and/or used at all since the Mission acquired them. We also sought to ascertain reliability and integrity of cost estimates prepared by the SAUs. In general, we could not verify the accuracy of the historical experiences believed to have guided the SAUs in preparing their cost estimates for the 2004/2005 budget. We also found that rather than using verifiable historical consumption rates taking into consideration existing stock levels, some SAUs relied on DPKO standard ratios to prepare their cost estimates.

Recommendations 7 and 8

UNAMSIL Administration should ensure that Self Accounting Units:

Consistently use verifiable, historical consumption rates especially where the DPKO standard ratios are higher in the preparation of cost estimates (AP2005/622/07/07) and,

Retain historical records supporting its cost estimates from prior budgetary exercises (AP2005/622/07/08).

28. *UNAMSIL accepted recommendations 7 and 8 but indicated that due to the ongoing liquidation of the Mission, it will not be practical to implement these recommendations. However, the recommendations will be shared with the follow-on mission, UNIOSIL.* Recommendations 7 and 8 remain open pending receipt of documentation confirming that the recommendations have been referred to UNIOSIL for implementation.

Supply commodity group

29. Our review of the cost estimates for the 2004-2005 financial year found that the cost estimates for two items (a) stationary/office supplies/sanitation and cleaning materials ($229,000) and (b) rations ($7.6 million) were based on DPKO standard ratios. In the view of OIOS, the cost estimates for these items should have been based on the Mission's verifiable past experience. The cost estimates for three other sampled items (i.e. maintenance supplies, POL facilities, and other facilities) at a total cost of $873,000 were based on the mission's past experience. While OIOS is pleased that the Mission's experience had been used in these cases, we were not provided with historical data used for these estimates. For other commodity groups, i.e. POL for ground transportation ($1 million), POL for air transportation ($3 million), medical supplies ($150,000) and other assets ($194,000), it was not evident from the documents provided if the DPKO standard ratios or the Mission's past experience was used to determine requirements.

Recommendation 9

UNAMSIL's Supply Section should develop realistic safe stock levels based on past usage that could be used in estimating the additional items that should be budgeted for (AP2005/622/07/09).

30. *UNAMSIL accepted recommendation 9 but indicated that due to ongoing liquidation of the Mission, it will not be practical to implement this recommendation. Rather, the recommendation will be shared with the follow-on mission, UNIOSIL.* Recommendation 9 remains open pending receipt of documentation confirming that the recommendation has been referred to UNIOSIL for implementation.

Engineering commodity group

31. According to DPKO's standard ratios, the stock of materials for maintenance of United Nations' constructed buildings should not exceed 2.5 per cent of the cost of the building and the stock of materials for maintenance of leased accommodations 10 per cent of the annual lease amount of the accommodations. As of August 2005, the cost of building (containers) constructed by the Mission totaled $12 million and the amount for accommodations totaled $1 million. Therefore the stock of materials should be $0.4 million. However, the value of the stock of materials for buildings and accommodation totaled $2 million or $1.6 million more than the Mission should hold. OIOS also found that the Mission unit stock for generator spare parts exceeded the DPKO limit by $0.6 million.

Recommendation 10

UNAMSIL's Engineering Section should, as part of the liquidation process, reduce its stock levels, in line with verifiable past experience, which should fall below the DPKO standard ratios (AP2005/622/07/10).

32. *UNAMSIL accepted recommendation 10 indicating that it will be implemented by 31 March 2006.* Recommendation 10 remains open pending receipt of documentation from UNAMSIL showing that it has been implemented.

CITS commodity group

33. Our review of the cost estimates for the 2004/2005 financial year found that the cost estimates for two categories aggregating $1.6 million – i.e. communications spare parts and communications equipment were based on the Mission's experience. However, there were no records available to document estimates. CITS could also not provide a list of written-off and faulty communications equipment nor the consumption rate of spare parts supported by verifiable historical data. In the absence of standard ratios, CITS should develop its own estimates of additional items required in line with standard ratios as a benchmark.

Recommendation 11

UNAMSIL's CITS should develop a realistic estimate of safe stock levels that could be used in estimating the additional items that should be budgeted for (AP2005/622/07/11).

34. *UNAMSIL accepted recommendation 11 indicating that CITS can ascertain the stocks levels of daily consumables such as toner cartridges, floppy disks and CDs only. For items such as network cards, UTP cables, connectors and numerous spares for hundreds of communication and IT equipment, estimates are based on experience.* CITS could not provide to OIOS a verifiable list of the actual quantities of communications spare parts consumed and communications equipment written-off prior to the cost estimates for the 2004/2005 financial year. Therefore, recommendation 11 remains open pending receipt of a verifiable record of past experience used by CITS in preparing the cost estimates referred to above.

Transport commodity group

35. The Transport Section appeared to have held more spare parts than it should when compared to the DPKO standard ratios. During some months, excess stock of spare parts totaled $2 million. At the time of the audit, some $3.7 million worth of spare parts had been identified as obsolete. The Transport Section's budget submission provided an additional $894,566 for spare parts. OIOS believes that UNAMSIL needs to investigate the build-up of obsolete spare parts worth approximately $3.7 million in order to determine the reasons for accumulating the stocks and assign responsibility for any lapses.

Recommendation 12

UNAMSIL Administration should investigate the circumstances in which obsolete spare parts valued at $3.7 million were accumulated and assign responsibility for any lapses (AP2005/622/07/12).

36. *UNAMSIL clarified that the large majority of vehicle spare parts will be used to support the vehicle fleet in UNIOSIL and other missions. Obsolete spare parts only amounted to $669,539.* Based on the Mission's explanation, OIOS has withdrawn recommendation 12.

D. Inaccurate inventory records

37. The General Service Section's Property Control and Inventory Unit (PCIU) should provide independent oversight of non-expendable United Nations owned equipment (UNOE) and special attractive items held in the Mission. PCIU should perform, at minimum, a yearly 100 per cent inventory check and execute a systematic monitoring and reporting function for the verification of inventory records of UNOE maintained in Galileo. Self-accounting units are accountable for the management and distribution of assets in their respective commodity groups and for the accuracy and integrity of inventory records. Regular, periodic physical inventory checks and prompt, accurate updating of inventory records with respect to such checks should help ensure the accuracy and integrity of inventory records. UNAMSIL has four SAUs including the Transport, Supply, Engineering, and Communications and Information Technology sections.

38. The PCIU could not provide us with any evidence of its physical inventory checks during period 2000 to 2004 thus the integrity of the UNAMSIL's internal control of non-expendable property was seriously at risk. We noted that the PCIU commenced physical inventory check in February 2005. However, as of 25 October 2005, the date of this report, the exercise had not been completed. The PCIU had checked 15,000 items out of a total of 20,000 items (or about 75 per cent of the Mission's inventory of non-expendable items). This is equivalent to 75 items per day. It was also noted found that as of the date of this audit, the PCIU had not corrected inventory records of the Transport commodity group with respect to the several discrepancies identified during their physical inventory check of flat racks in February 2005. Apparently, the PCIU had been advised by the Transport Section since April 2005 to correct the inventory records. These conditions were generally attributed to staffing constraints. However, we noted that the PCIU had lost many staff mainly in connection to the impending liquidation of the Mission. In our view, if the General Services Section had prepared a verifiable plan of action and implemented monitoring mechanisms for its physical inventory checks, it would have succeeded in providing effective oversight, as required, over UNOE.

Recommendation 13

UNAMSIL should complete its 2005 physical inventory and ensure proper handover of assets to the United Nations Integrated Office in Sierra Leone (AP2005/622/07/13).

39. *UNAMSIL accepted recommendation 13 and stated that 87 per cent of the physical verification had already been completed in 2005, and plans were in place to achieve 100 per cent*

verification by UNIOSIL. OIOS is satisfied with the action taken by UNAMSIL and has accordingly closed recommendation 13.

40. We sought to ascertain if the SAUs had performed regular, periodic physical inventory checks and if inventory records had been corrected to reflect the results of the checks. We also sought to ascertain if assets records had been promptly updated with respect to spare parts consumed in the repairs and maintenance of non-expendable items. We found that, in general, the physical inventory checks of three of the SAUs were not effective resulting in several discrepancies between inventory records and the results of inventory checks performed by OIOS. The physical inventory checks were not timely and inventory records were not accurately updated to reflect results of the physical inventory checks. One SAU did not promptly update inventory records with respect to issued spare parts. In order to ensure regular, periodic inventory checks and timely, accurate updating of inventory records, the Chief Administrative Officer needs to issue, on an annual basis, instructions for Mission-wide physical inventory checks. In our view, physical inventory checks conducted in connection with the annual budget process could achieve the twin objectives of ensuring the accuracy of inventory records and of the reliability and integrity of cost estimates for additional items. We are also of the view that by conducting physical inventory check during the same period, a pool of inventory staff can be created from all SAUs and deployed in areas, depending on need and when necessary, unrelated to their parent SAUs.

Recommendation 14

UNAMSIL's PCIU should consider the recommendation of the Transport Section to correct inventory records with respect to the discrepancy of flat racks and take appropriate action without further delay (AP2005/622/07/14).

41. *UNAMSIL accepted recommendation 12 stating that the assets are movable, however they have been located and data was updated in November 2005.* OIOS is satisfied with the action taken by the Mission and has closed recommendation 14.

42. The Supply Section conducted its own physical inventory checks, albeit at irregular intervals, during each of the past four years. The findings of these physical inventory checks had resulted in corrections to inventory records. However, during our own physical inventory check of sample items, we found several discrepancies. Around 12 per cent of the 10,000 supply items physically checked by OIOS contained discrepancies in terms of existence, location, and accuracy of the inventory records. We also noted that all non-expendable unit stock items were kept in containers without parking lists. In the inventory management system, the locations of these items were simply identified as "Hastings" or "Hastings Logistic Base". Supply Section explained that the items had been brought to the warehouse from closed team sites and that it needed time to update the records. In our view, the items should have been counted and inventoried as part of the handover process and the inventory list resulting from the handover process should have than been displayed on the containers.

43. The Engineering Section conducted, during 2003 and 2004, two physical inventory checks – one in February 2003 and the other in November/December 2004. As of the date of this audit, the report of the physical inventory checks had not been completed. Therefore, the inventory records had not been updated to reflect the results of the physical inventory exercise. OIOS conducted its own physical inventory checks of a sample of 60 items at the Wellington warehouse. We found

several discrepancies – i.e. 40 per cent of the sampled items were not found at the locations specified in the inventory records (Galileo) and the quantities specified in Galileo for 22 per cent of the sampled items did not tally with the results of our physical inventory check. The Engineering Section did not have a verifiable plan of action and monitoring mechanisms for its physical inventory checks.

44. The CITS has SOPs that state a minimum 10 per cent physical inventory check of assets in its warehouses should be conducted every month. However, we found that this was not done. Although the Mission was established in 1999, CITS informed us that it conducted its first physical inventory in July 2005 while moving its warehouse from Lumley to Wellington. We were not provided with the plan and formal report of the physical inventory check. Therefore, we could not assess its adequacy and if any discrepancies identified by the exercise have been properly resolved. We were provided with a list of 35 non-expendable items that were issued to staff who reported them as stolen or lost. OIOS could not ascertain how and when this list was compiled. In addition, , the required investigation had not been launched with respect to 13 missing items. Our own physical inventory check of the warehouse in Wellington and the transit store at Mammy Yoko found many discrepancies. In several instances, the quantities (mainly zero balances) reported in the inventory records did not tally with our physical inventory check. CITS attributed the discrepancies to the move from Lumley warehouse to Wellington and shortage of staff. However, in our view, CITS needed to improve the management of its inventory and needs to perform periodic, physical inventory and ensure the prompt update of asset records in accordance with its mandate as a SAU.

Recommendation 15

UNAMSIL's CITS should launch an investigation into the 13 missing non-expendable items without further delay (AP2005/622/07/15).

45. *UNAMSIL accepted recommendation 15 and clarified that the 13 missing items were reported to Security Section, which has taken action.* OIOS is satisfied with the action taken by the Mission and has closed recommendation 15.

46. The Transport Section prepared an annual work plan indicating that it would perform physical inventory checks. The planned physical inventory checks had been conducted, albeit not in a timely manner. As of the date of the audit, the physical inventory check of the spare parts stores had not been completed. We conducted our own physical inventory check, on sample basis, of the spare parts store. We found only two discrepancies which, considering the large quantity of spare parts held by the SAUs, are immaterial. However, we found that the Transport Section needed to promptly close its work orders in order to further enhance the accuracy of its inventory records. The Transport Section explained that this was sometimes caused by staff shortage and network problem. In our view, the workshop needed to properly supervise its staff to ensure the prompt closure of work orders.

Recommendation 16

UNAMSIL's Transport Section should ensure the prompt closure of work orders (AP2005/622/07/16).

47. *UNAMSIL accepted recommendation 16 stating that the closure of work orders in a timely manner has been hampered by the adoption of Galileo in UNAMSIL. This web-based system requires more time to close work orders, often causing considerable delays.* Based on the Mission's response, OIOS has closed recommendation 16.

E. Intermission transfer of assets not properly approved

48. DPKO policy allows the transfer of assets from one mission to another. The transferring mission (i.e. UNAMSIL) should first obtain the approval of DPKO. OIOS reviewed all 18 of the intermission transfers made with respect to items from the Supply Commodity Group during fiscal year 2004-2005. We were provided with evidence of DPKO's approval for only one of the 18 intermissions transfers. OIOS also found three instances where the actual shipment of items to other mission predated the release vouchers for those shipments.

Recommendations 17 and 18

UNAMSIL should request the retroactive approval of DPKO for each of the 17 intermission transfers made during fiscal year 2004-2005 without further delay (AP2005/622/07/17) and,.

UNAMSIL's R & I unit should not clear any intermission transfer that is not supported by the prior approval of DPKO (AP2005/622/07/18).

49. *UNAMSIL accepted recommendations 17 and 18. Regarding recommendation 17, the Mission stated that the SAUs involved will seek retroactive approval from DPKO of their respective inter-mission transfers. Concerning recommendation 18, UNAMSIL stated that the cases referred to in audit report are exceptional that the R & I Unit ensures that all proper documentation is physically available prior to the inspection.* OIOS is satisfied with the Mission's explanation and has closed recommendation 18. Recommendation 17 remains open pending receipt from the Mission a copy of DPKO's approval of inter-mission transfers referred to in paragraph 48 above.

F. Intermission transfer of assets not acknowledged

50. UNAMSIL should promptly acknowledgment receipt from other United Nations' missions with respect to items shipped. The acknowledgment should provide the basis for updating UNAMSIL's asset records. As indicated in tables 6 and 7 and Annex II, acknowledgements for the receipt of some items shipped to missions had not been received by UNAMSIL. The status of these shipments was therefore not clear.

Table 5: General supply commodity group

Release voucher Number	Type of assets	Date	Receiving Mission	Value of items Shipped (US$)
SUP/RLV/SL/IL-05-000010	Expendable	03/5/05	ONUCI	677,174
SUP/RLV/SL/IL-05-000013	Expendable	25/7/05	ONUCI	5,162
SUP/RLV/SL/IL-05-000015	Non-expendable	12/8/05	UNMIL	7,190

Table 6: CITS commodity group

Release voucher Number	Type of assets	Date	Receiving Mission	Value of items Shipped (US$)
EDP/RLV/SL/IL-005-000010	Expendable	8/3/05	UNMIL	18,959
EDP/RLV/SL/IL-005-000015	Expendable	21/3/05	UNMIL	17,510
EDP/RLV/SL/IL-005-000017	Expendable	10/5/05	UNMIL	5,600
EDP/RLV/SL/IL-005-000017	Expendable	11/5/05	UNMIL	591
EDP/RLV/SL/IL-005-000018	Expendable	11/5/05	UNMIL	2,534
COM/RLV/SL/IL-005-000018	Expendable	27/5/05	UNMIL	262
EDP/RLV/SL/IL-005-000020	Expendable	27/5/05	ONUB	64
EDP/RLV/SL/IL-005-000021	Expendable	31/5/05	UNHQ	55
EDP/RLV/SL/IL-005-000022	Expendable	8/6/05	UNMIL	43,448

51. We found that shipment follow-up to ensure delivery and the updating of inventory records was not centralized. We were informed that the General Services Section should obtain acknowledgment of receipt with respect to non-expendable items and the concerned SAU should obtain similar acknowledgment with respect to expendables shipped to them by UNAMSIL. Meanwhile, as indicated in Table 6 above, some shipments include a combination of expendable and non-expendable items. To ensure effective and efficient follow-up of items shipped to other missions, UNAMSIL should delegate the follow-up task to the General Services Section. In this regards, it noted that the General Services Section already plays a critical function in the receiving and inspection and in the donation of all items. Therefore the requirement to follow-up shipment is within its authority and should help ensure the integrity of intermission transfer of assets. In this regard, we took note of 25 items of CITS equipment valued at $89338.33 (detailed in Annex II) sent to UNOCI and not acknowledged received by the mission. UNAMSIL should ensure that this equipment is cleared from inventory records and UNOCI should be reminded of the "open" status of this item.

Recommendations 19, 20 and 21

UNAMSIL should delegate responsibility to the General Services Section to follow-up all shipments to other United Nations missions (AP2005/622/07/19);

UNAMSIL should send formal communications to beneficiary missions of shipments listed in Tables 5 and 6 above requesting acknowledgement of the receipt of items (AP2005/622/07/20); and

UNAMSIL should launch an investigation of items listed in Annex II believed to have been shipped to UNOCI in 2004 but have not been received as of the date of the audit (AP2005/622/07/21).

52. *UNAMSIL accepted recommendations 19, 20, and 21 and indicated that they were being implemented.* OIOS is satisfied with the actions taken by the Mission regarding recommendations 19 and 20, and has closed these recommendations. Recommendation 21 remains open pending receipt from UNAMSIL of a copy of acknowledgement from UNOCI indicating that the remaining six items have been received.

G. Maintenance of air conditioners and generators not timely

53. Air conditioners and generators should be maintained regularly in accordance with approved schedules. The maintenance records should be accurately updated to ensure compliance with maintenance schedules. We noted that the Engineering Section did not have approved maintenance schedules for air conditioners and generators. In addition, the Engineering Section did not comply with its own informal requirement to maintain each air conditioner every 6 months and each generator after 250 hours of operation. OIOS reviewed the maintenance records of 10 air conditioners installed at UNAMSIL's headquarters (Mammy Yoko) and 37 (22 in Freetown and 15 in Kenema) out of total of 90 generators. Records indicated that sixty per cent of the air conditioners were not maintained during the period April 2004 to May 2005 and more than 50 per cent of the sampled generators had been operated for more than 300 hours from June to September 2005 without maintenance. The Engineering Section explained that equipments were maintained on schedule but that the records were not appropriately updated. In our view, the Engineering Section needs formal maintenance schedules and effective supervisory function to ensure compliance with schedules and to accurately maintain records of maintenance performed.

Recommendation 22

> UNAMSIL's Engineering Section should establish and comply with formal maintenance schedules for generators and air conditioners (AP2005/622/07/22).

54. *UNAMSIL accepted recommendation 22 indicating that it will be stressed during the transition to follow-on mission, UNIOSIL.* Recommendation 22 remains open pending receipt of documentation confirming that the recommendation has been referred to UNIOSIL for implementation.

H. Unjustified CITS stock issuances

55. Large quantities of inventory items including valuable computer spare parts, such as turner cartridges, floppy disk drivers, etc are used in repairing and maintaining non-expendable CITS equipments. Spare parts must be properly controlled particularly in view of the persistent theft in the Mission. Items can be stolen and sold to local vendors and/or repair shops in Freetown. Essential control over inventory, in such situations, is the use of work orders. The work orders must be approved by authorized individuals and used as the basis for the issuance of items that should be used in performing the specified tasks. We reviewed a sample of 60 issue vouchers containing items used in repairs and maintenance. Approximately, 80 percent of the sample of issue vouchers was made without work order.

56. We were informed that CITS typically uses work orders when an end user reports faulty equipment. In other instances, technicians are allowed to obtain expendable items, without work order, to perform their assigned tasks. We noted that the CITS had not established criteria for the

use of work orders. Therefore, there was a high risk of pilferage of computer accessories used in repairs and maintenance.

Recommendation 23

UNAMSIL's CITS should modify its SOP to reflect the need for work orders in repairs and maintenance (AP2005/622/07/23).

57. UNAMSIL accepted recommendation 23 stating that *work orders will be raised in the Galileo system for UNIOSIL*. Based on the Mission's response, OIOS has closed recommendation 23.

I. Segregation of duties needed

58. Proper segregation of duties helps in safeguarding assets and in enhancing the integrity of inventory records. However, there was no proper segregation of the incompatible duties of physical custody of spare parts, authorization for the issuance of items and computer inventory operations. In the Engineering stores, computer operations in this case include data entry and the validation (approval) of the entries resulting in updating of the inventory records. The Warehouse Supervisor and the Logistics/Material Management Unit Supervisor had the capability to issue items from the warehouse and update the inventory records (Galileo) with respect to items issued. Similarly, in the Transport stores, computer operations in this case include data entry and the validation (approval) of the entries resulting in updating of the inventory records. The Fleet Maintenance/Repairs Supervisor and the Spare Parts Stores Supervisor had the capability to issue spare part from the stores and update the inventory records (Galileo) with respect to items issued.

59. We were informed that staffing constraints made it difficult for the SAU to achieve proper segregation of duties. However, we noted that the SAUs had a sizable number of local staff in the stores that could have been trained in performing data entry tasks. An international staff (e.g. the warehouse supervisor and the logistics/material management unit supervisor in the Engineering store or the maintenance/repairs supervisor of the transport spare parts stores) could then electronically approve entries made by the local staff.

Recommendation 24

UNAMSIL's Engineering and Transport Sections should segregate the incompatible functions of issuing items/spare parts and updating the inventory records with respect to the issued items/spare parts (AP2005/622/07/24).

60. *UNAMSIL stated that the roles as established in Galileo do not allow for segregation of the identified incompatible functions. All stores staff members have a basic set of stores functions that include updating inventory after parts are issued. Staff may be employed solely in spare parts issuance role; however these staff would not have access to Galileo and would therefore be limited in other functions. In a small mission such as UNIOSIL with a very limited staffing table, this arrangement may not be possible, as staff will need to be multi tasked and versatile to meet workplace needs*. Based on the Mission's response, OIOS has withdrawn recommendation 24.

J. Handovers of items not properly approved

61. Assets must be issued to individuals who are entitled to them. The recipient's section chief should approve issue vouchers and the recipients should sign the voucher to indicate transfer of accountability for the asset. However, our review of a sample issue vouchers relating to the Supply Section found (see Table 8 below) that handover vouchers were not approved by section chiefs. In other instances, the handover vouchers were not signed by the recipient or the individual handing over the items. The general supply items exchanged between staff members including electrical appliances, audio-visual equipment including cameras, televisions, VCRs, and furniture. Similarly, our review of a vouchers relating to CITS found that handover vouchers were not approved by the recipient's section chief. Approximately 80 per cent of the 90 issue/handover vouchers relating to CITS reviewed by us were not signed off by the section chief.

Table 7: Supply Section – Handover vouchers not approved

Inventory Type	Sample Size	Number of Exception	Causes of exception
Non- expendable	19	14	• No approval of section chief of recipient for 10 handovers. • Signature of recipient lacking on 2 handover vouchers. • Signature of person handing over lacking on 2 handovers.
Expendable	16	0	n/a
Total	**35**	**14**	

62. Since the handover vouchers were not approved by the section chief and in some instances, not signed by the recipients and individual handing over the items, we could not ascertain if staff members had been issued the items. We noted that the CAO issued a circular on 1 October 2005 indicating that hand-over of UNOE from one user to another in the same section will no longer be accepted during the transitional phase of UNAMSIL. However, it is expected that the new mission will reintroduced the practice of exchanging items between staff, consistent with the practice in other peacekeeping missions.

Recommendations 25 and 26

UNAMSIL should require the signature of the Section Chief of the recipient to evidence that the recipient is entitled to the items handed over (AP2005/622/07/25); and

UNAMSIL should require the signature of an authorized officer of the self-accounting unit to indicate that the voucher has been reviewed for completeness and authenticity (AP2005/622/07/26).

63. *UNAMSIL accepted recommendation 25 and stated that it has been implemented.* Based on the Mission's response, OIOS has closed recommendation 25. *With regard to recommendation 26, UNAMSIL clarified that non-expendable items are issued only on approval of the SAU Section Chief who will use the items, and recipients of assets must sign for all receipts in line with Galileo and*

material accounting procedures. Based on the Mission's response, recommendation 26 has been closed.

K. Actual vehicle-to-staff ratios excessive

64. As done in other missions, UNAMSIL is provided funding for the purchase and maintenance of vehicles based on the number and types of staff/personnel. In general, the Mission allowed one passenger type vehicle for each 2.5 international staff (or UNV). UNAMSIL has a Vehicle Establishment Committee (VEC), which reviews the Mission's vehicle requirements and approves revision, given its own specific circumstances, to the DPKO approved ratio of 2.5 international staff per vehicle. In January 2004, the VEC approved the Mission's vehicle ratios, taking into consideration the operational needs of the Mission. We noted that the VEC-approved ratios are in some instances more generous compared to the DPKO-established ratios and should therefore be complied with. Heads of sections/units should submit formal requests to the Office of the Chief Transport Office (CTO), who in his/her capacity as Secretary of the VEC, should request the convening of committee meeting to consider the requests. In our view, the VEC needs a timetable for its meetings.

65. OIOS reviewed the actual vehicle ratios of the Mission against the VEC-approved ratios. It was found that the VEC-approved ratios had been exceeded in many instances. In August 2005, the approved ratio was exceeded by 73 vehicles. The actual staff-to-vehicle rates were substantially high (ranging from 5 to 15 vehicles) with respect to 8 of the 25 units/sections of the Mission. We were provided with several emails between section/unit heads and the CTO on the need for these sections/units to be allocated vehicles over and above their authorized limits. In our view, the Secretary of the VEC needs to consistently ensure that approved change request forms are used. We were also informed that the CTO has held discussions with the CAO on a regular basis. However, we not provided with any approval of the VEC for the additional vehicles allocated to the sections/units. Therefore, OIOS could not ascertain the operational necessity of vehicles allocated to some sections/units.

Recommendations 27 and 28

> UNAMSIL should convene a meeting of the VEC to review the current vehicle-to-staff ratio and to approve new ratios that should apply during the liquidation phase of UNAMSIL and that of the follow-on mission, UNIOSIL (AP2005/622/07/27); and
>
> UNAMSIL should ensure that the VEC establish a timetable of meetings and comply with such timetable (AP2005/622/07/28).

66. *UNAMSIL accepted recommendations 27 and 28 and indicated that they had been implemented.* OIOS is satisfied with the actions taken by the Mission and has closed recommendations 27 and 28.

VI. ACKNOWLEDGEMENT

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

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