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Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2011

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2011 (A/66/5 (Vol. II), chap. II), and its observations and recommendations thereon are contained in section II below. During its consideration of the report, the Committee met with the members of the Audit Operations Committee of the Board of Auditors. The Advisory Committee also discussed the Board's findings with representatives of the Secretary-General in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/66/693).

II. Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2011

A. General observations and recommendations

2. The Board of Auditors reviewed the operations and audited the accounts of United Nations peacekeeping operations for the period ended 30 June 2011 through visits to United Nations Headquarters and to 14 active field missions as well as an examination of the accounts of 27 completed missions and the 4 special purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy (UNLB), and the after-service health insurance programme for peacekeeping.

3. The Board stated that the audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as with the International Standards on Auditing. It is further stated that the audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly presented the financial position of the United Nations peacekeeping operations as at 30 June 2011 and the results of operations and cash flows for the financial period then ended, in accordance with the United Nations system accounting standards. The audit also included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. **The Advisory Committee commends the Board of Auditors for the continued high quality of its report and also welcomes its timely submission, which enabled its consideration during the early part of the Committee's session. The Committee considers that the observations and recommendations of the Board provide important insights in terms of resource and management issues pertaining to peacekeeping operations. In this regard, the Committee continues to draw on the Board's findings to inform its consideration of the respective budget proposals of the individual peacekeeping operations and of cross-cutting issues. The Committee also commends the timely submission of the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors.**

5. In his report on the implementation of the recommendations of the Board of Auditors, the Secretary-General indicated that the root causes of most of the recurring audit recommendations included: high vacancy levels, obsolete systems, transition to new accounting standards and to new processes and procedures, interpretation of procedures and guidelines, and training issues (see A/66/693, para. 11). The Advisory Committee notes that the causes cited mirror those in the Secretary-General's previous report (A/65/719, para 11). **The Advisory Committee remains concerned at the level of financial risk to which the Organization is exposed as a result of the managerial weaknesses noted by the Board of Auditors. Although recognizing that the issues highlighted by the Secretary-General have a bearing on peacekeeping operations, the Committee reiterates its view that they are within the purview of the Administration to address (see A/65/782, para 11). The Committee is also of the view that, if planned and**

implemented effectively, a transition to new accounting standards or to new processes and procedures should not lead to recurring audit recommendations. Moreover, the Committee considers that the deficiencies noted by the Board must also be seen, at least in part, as being reflective of managerial weaknesses as well as shortcomings in internal controls and oversight. The Committee reiterates its view that ensuring that appropriate action is taken in respect of such weaknesses is an integral component of an effective accountability framework. The Committee has commented further on the issue of accountability in its report on the implementation of General Assembly resolution 64/259 (A/66/738).

B. Audit opinion

6. In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2011 and the results of operations and cash flows for the year then ended and have been properly prepared in accordance with United Nations system accounting standards.

7. The Board noted that its previous report for the financial period 2009/10 (A/65/5 (Vol. II)) included an "Other matters" paragraph in its opinion to highlight weaknesses in the management of assets (non-expendable property and expendable property). The Board indicated, however, that for the 2010/11 financial period, in view of the improvements that continued to be made and given the programmes that were under way to address the management of assets, specifically in the context of plans to implement the International Accounting Public Sector Accounting Standards (IPSAS), it was considered appropriate to remove this "Other matters" paragraph. The Board stated, however, that the management of assets remained critical and could affect the Board's future reports. **While the Advisory Committee remains concerned at the ongoing deficiencies with respect to asset management as reflected in the report of the Board of Auditors, the Committee notes the reported improvements in this area and expects that this trend will be maintained in forthcoming financial periods (see also paras. 19 and 20 below).**

C. Main findings and recommendations of the Board of Auditors

8. While the Board of Auditors issued an unqualified opinion, its report highlights a number of issues which, although not affecting the fair presentation of the financial statements, should, in its opinion, be brought to the attention of the General Assembly. In this regard, a total of 40 recommendations to the Administration and/or individual peacekeeping missions are highlighted, including 16 main recommendations which are detailed in the summary section of the Board's report.

9. During its hearing, the Committee was informed by the Audit Operations Committee that it considered four of those recommendations to be of particular importance. They were: (a) a potential overestimation of $68 million in the budget proposals of peacekeeping operations for 2010/11; (b) a high risk of asset waste and loss due to assets remaining in stock for over one year without use; (c) weaknesses in the management of construction or "self constructed" projects; and (d) weaknesses in the restructuring of the Department of Peacekeeping Operations

and the implementation of the Global Field Support Strategy owing to a failure to establish clear targeted benchmarks and baselines at the outset of the reform process.

10. The Advisory Committee notes that a number of the observations of the Board of Auditors reflect deficiencies which were found in individual missions or pertained primarily to a small number of missions. For example, with regard to the high risk of asset waste and loss owing to assets remaining in stock for over a year, the information provided indicates that 75 per cent of the assets found to be in that category were in either the African Union-United Nations Hybrid Operation in Darfur (UNAMID) or the United Nations Mission in the Sudan (UNMIS) (A/66/5 (Vol. II), para. 61, table II.5). **While reiterating the need for all recommendations of the Board to be implemented within the time frames set out by the Secretary-General, the Advisory Committee stresses that action to address deficiencies which are systemic in nature needs to be given the highest priority. The Committee considers that the Board plays an important role in identifying systemic issues.** In this regard, the Committee was informed, upon inquiry, that, in general, recommendations were addressed to the Administration as a whole when the Board found that an issue affected three or more missions, or where a finding was considered significant enough to merit that it be addressed to the Administration rather than just to the mission concerned.

11. The Advisory Committee was informed that the Board, in its present report, addresses management areas which, based on its risk assessment and professional judgement, were deemed important. **The Advisory Committee welcomes the strategic focus of the Board and trusts that the Board's reports will continue to focus on those areas it considers carry the greatest risk to the Organization.**

Financial overview and management

12. For the financial year ended 30 June 2011, the Board stated that total income decreased from $8.10 billion in the previous period to $7.84 billion, while expenditure decreased from $7.62 billion to $7.57 billion. As a result, there was excess income over expenditure of $266 million compared with an excess of $483 million for the previous financial period. The Advisory Committee will review the underlying circumstances leading to the reported excess of income over expenditure in the context of its consideration of the performance reports of individual peacekeeping operations. In this regard, the Committee notes, however, that the figure is primarily the result of income over expenditure in the amount of $245.6 million in UNAMID (ibid., chap. V, statement XVI) and addresses this matter further in its report on the proposed budget of UNAMID for 2012/13 and the performance report for the period 2010/11.

Unliquidated obligations

13. With regard to unliquidated obligations, which represent a charge against expenditure and a liability for which the related goods or services have yet to be received or delivered, the Board, although noting improvements, continued to observe deficiencies in this area. In particular, the Board found continued high cancellation rates of obligations, noting that $242.3 million of prior-period obligations were cancelled during 2010/11, which represents an increase of 29 per cent over the previous financial period. The Board also highlighted the number of

obligations which were raised during the last month of the financial period which, it indicated, might reflect inadequate in-year budget management and the risk that missions might incorrectly create obligations to reserve funds for application in the next financial period (A/66/5 (Vol. II), paras. 16-24).

14. The Advisory Committee notes that for peacekeeping operations as a whole the level of unliquidated obligations amounted to $1.15 billion, or 15.2 per cent of total expenditure as of 30 June 2011. That represents a decrease when compared to the status at the end of the prior period, at which point unliquidated obligations amounted to $1.38 billion or 18 per cent of expenditure. **While noting the positive trend in the overall level of unliquidated obligations, the Advisory Committee shares the concern expressed by the Board of Auditors with respect to the extent of cancellation of prior-period obligations and the continued high level of obligations raised during the last month of the financial period. The Committee recalls paragraphs 12 and 13 of General Assembly resolution 65/243 B and reiterates the need to ensure that the creation of obligations strictly adheres to the criteria set out in the Financial Regulations and Rules.**

Budget formulation and management

15. The Board examined the area of budget formulation and management and found a number of areas where it considered improvements were necessary, including: (a) the need for further refinement of budget assumptions and ensuring that such assumptions were consistently applied; (b) improvement in computation methods; and (c) more thorough managerial and Headquarters review of cost estimates (A/66/5 (Vol. II), paras. 28-49). The Board stressed that the assumptions used in budget formulation should take into account both historical trends and foreseeable factors that might have an impact on the budget and that, when the assumptions applied differed from historical trends, adequate justification should be provided.

16. In its review, the Board examined the delayed deployment factor or vacancy rates used in the formulation of the 2010/11 budgets and compared them to actual deployment rates during the period, noting a number of instances where the delayed deployment factor during budget preparation was lower than actual average deployment, thereby leading to possible budget overestimation (ibid., para. 31). The Board also noted that the delayed deployment factor used was not consistent across all budget classes, with different factors being applied in various contingent-owned equipment self-sustainment categories (ibid., paras. 36 and 37). In addition, the Board noted a number of deficiencies in the budget computation methods (ibid. paras. 35 and 36). Based on those findings, the Board calculated that, overall, there was a possible budget overestimation of some $68.4 million (ibid., para. 39, table II.4). While emphasizing that historical trends should be balanced against operational judgement, the Administration accepted the recommendations of the Board in this area and indicated that more stringent reviews of the delayed deployment factors and vacancy factors was being undertaken in the context of the 2012/13 budget proposals. With regard to the inconsistent application of delayed deployment factors in respect of contingent-owned equipment self-sustainment categories, the Administration stated, upon inquiry, that that was done, on occasion, to take into account historical trends with respect to the provision of self-sustainment capability by troop-contributing countries in the mission concerned. It

was further stated that to do otherwise could, in the Administration's view, lead to overbudgeting in certain instances.

17. **The Advisory Committee shares the view of the Board of Auditors that budget proposals should be based on fully justified budgetary assumptions which take into account both historical data and foreseeable factors. As such, the Committee emphasizes the need for clear justification to be provided in budget documents for the delayed deployment factors or vacancy rates used and, in particular, when they differ from those applied in the prior financial period, or where they are not consistently applied to all expenditure categories. The Committee intends to further address this matter in its report on cross-cutting issues related to peacekeeping operations (A/66/718), and, as appropriate, in the context of the budget proposals of specific peacekeeping missions.**

18. With respect to the redeployment of funds during the financial period, the Board expressed the view that the number and extent of redeployments made could be indicative of deficiencies in both budget formulation and management. In particular, the Board noted instances of ex post facto approval of redeployments, their frequent use in a number of missions and some high-value redeployments (A/66/5 (Vol. II), paras 45-49). **While recognizing that the dynamic operational environment may, on occasion, necessitate the readjustment of operational plans and, as such, a requirement for budgetary redeployments, the Advisory Committee reiterates its expectation that proposals for redeployment will continue to be scrutinized to ensure that the authorizations given are limited to what is necessary to meet changing priority requirements which were not possible to anticipate (see A/65/743, para. 22).**

Asset management

19. As noted in paragraph 7 above, the Board stated that improvements continued to be made in the area of asset management. However, the Board also indicated that it continued to observe weakness in a number of areas. These included: (a) a high risk of loss/wastage in respect of non-expendable property remaining, unused, in stock for more than one year; (b) a risk of unnecessary procurement due to insufficient account being taken of assets in stock prior to new purchases; (c) insufficient physical count of expendable property; (d) lack of timely reconciliation of discrepancies in "not found yet" assets; (e) assets retained under the name of users who had repatriated; (f) deficiencies in the write-off and disposal of non-expendable and expendable property; and (g) deficiencies in the key performance indicators used in respect of stock control of assets (A/66/5 (Vol. II), paras. 60-93).

20. With regard to the physical verification of assets, the Advisory Committee recalls that the Board of Auditors, in its previous report, had recommended that all missions carry out full and complete physical verifications of non-expendable property (A/65/5 (Vol. II), para. 130). The Administration did not, however, accept that recommendation, stating that owing to the operational and security conditions on the ground, a risk tolerance rate of 10 per cent had been established (see A/65/719, para. 39). For the 2010/11 period, the Committee was informed that an average of 97 per cent physical verification of non-expendable property was achieved for peacekeeping operations as a whole, with all missions reaching

100 per cent physical verification except for the United Nations Stabilization Mission in Haiti (MINUSTAH) (89 per cent) and the United Nations Operation in Côte d'Ivoire (ONUCI) (87 per cent). That reflects an improvement on the results during 2008/09 (90 per cent) and 2009/10 (91 per cent). The Committee was further informed, however, that although the Department of Field Support continued to apply the target of 100 per cent physical verification, a 10 per cent tolerance rate was still used as a mechanism to identify critical shortfalls that might require senior management intervention and as a trigger for the development of corrective measures in a timely manner. **The Advisory Committee notes the improved rate of physical verification of non-expendable property but reiterates its view that assets should be fully accounted for (see A/65/782, para. 14).**

21. The Administration accepted that weaknesses existed in the global management of assets, which, it stated, were being addressed through a number of initiatives. The Advisory Committee was informed that those included the establishment of the Resource Efficiency Group in the Department of Field Support, the implementation of a revised delegation of authority for property management, quarterly reporting by missions to Headquarters and the revision of recommended stock ratios. **The Advisory Committee remains concerned at the continued shortcomings highlighted by the Board of Auditors in the area of asset management. The Committee underscores the need for rigorous action to strengthen the full cycle of supply chain management within peacekeeping operations, including increased scrutiny of procurement by field missions and the proper management and accounting of all assets.**

Procurement and contract management

22. In paragraphs 94 to 116 of its report (A/66/5 (Vol. II)), the Board of Auditors highlighted a number of deficiencies found in the area of procurement and contract management. They included: (a) failure to take into account vendors' performance evaluations when awarding contracts; (b) inadequate consideration of the availability of strategic deployment stocks prior to requisition of new items; and (c) inappropriate use of ex post facto approvals, approval on an exigency basis and the splitting of contracts to avoid review by the missions' Local Committee on Contracts. The Board noted, for example, that at UNSOA, the United Nations Support Office for AMISOM (African Union Mission in Somalia), a short-term contract for shipment services was deliberately valued at $999,999, one dollar under the threshold requiring approval by the Headquarters Committee on Contracts. The contract was subsequently extended six times on an ex post facto basis with the total value rising to $9.04 million before a long-term contract was approved by Headquarters. **The Advisory Committee remains concerned about the recurrence of observations of the Board of Auditors related to weaknesses or deficiencies in the area of procurement and contract management in peacekeeping operations. The Committee reiterates the need for strict adherence to the provisions of the Procurement Manual and other procurement rules and procedures. The Committee also underscores the importance of the effective monitoring and oversight of field procurement activities by Headquarters to ensure such compliance.**

23. The Board also highlighted a number of deficiencies with regard to the construction of mission subsistence allowance accommodation in UNAMID (ibid., paras. 95-101). Recalling that it had made a number of observations in

respect of the procurement processes related to the project in its previous report (A/65/5 (Vol. II)), the Board indicated that it had focused on the governance and management of the project and, in that regard, noted a number of significant deficiencies. The Board noted that adjustments had been made to the project plan which, although leading to an estimated saving of $1.8 million, approximately 2 per cent of the total project cost, reduced the accommodation capacity built by 420 personnel or approximately 20 per cent. The plan had been further adjusted, without approval by Headquarters, to provide for the building of a one-person cluster for the Joint Special Representative at a cost of $613,614. Given the high value of the project, the Board indicated that the mission should have sought approval for major changes to the project plan from Headquarters. The Board also highlighted the need for a clear governance framework to be established by Headquarters for all large-scale construction projects. **The Advisory Committee shares the view expressed by the Board of the need for greater oversight of construction projects by United Nations Headquarters and addresses this matter in its report on cross-cutting issues (A/66/718). The Advisory Committee intends to also address the Board's observations in respect of the construction in UNAMID in the context of its consideration of the proposed budget for the mission.**

Human resources management

24. In respect of human resources management, the Board of Auditors noted, inter alia, that during the period 2010/11 less than half the selections made were of candidates on the rosters and recommended that missions be required to justify cases where the roster was not used. The Administration indicated that efforts had been ongoing since the introduction of the Field Central Review Boards in 2009 to populate the rosters with qualified candidates and that, since the audit, the ratio of selection made from the rosters had reached approximately 90 per cent. The Board further noted the abolition or nationalization by the end of June 2011 of some 660 posts throughout peacekeeping operations, primarily those which had been vacant for long periods, in order to absorb the cost of the implementation of harmonized conditions of service. However, the Board indicated that it identified 61 international staff posts which had been vacant for at least two years and which, in the Board's view, should also be considered for abolition or nationalization. In the United Nations Integrated Mission in Timor-Leste (UNMIT), the Board also noted that supporting documentation related to the selection and recruitment of national staff and individual contractors was not maintained in all cases.

25. **The Advisory Committee is of the view that the reforms approved by the General Assembly in the area of human resources management, including with respect to roster-based recruitment and the approval of a number of recommendations of the International Civil Service Commission relating to the harmonization of the conditions of staff, should begin to have a demonstrable effect on the overall level of vacancies throughout peacekeeping operations.**

26. **With regard to the observations of the Board of Auditors for the period 2010/11, the Advisory Committee expects that given the availability of pre-cleared candidates, maximum use will be made of the roster for the recruitment of personnel for peacekeeping operations. The Committee also concurs with the Board of Auditors about the importance of retaining documentation related to recruitment and expects that measures will be taken to ensure that that is done in all peacekeeping operations. The Committee also**

reiterates its view that posts which are vacant for long periods should be reviewed on an ongoing basis to determine if they remain necessary. The Committee comments further on human resources management in peacekeeping operations in its report on cross-cutting issues (A/66/718).

Implementation of the International Public Sector Accounting Standards

27. With regard to the implementation of the International Public Sector Accounting Standards (IPSAS), the Board acknowledged that progress had been made by the Administration but noted that there was an absence of dedicated resources for IPSAS implementation teams both at Headquarters and in peacekeeping missions. In addition, the Board noted the lack of a detailed implementation plan for peacekeeping operations as a whole, and of individual plans for each mission (A/66/5 (Vol. II), paras. 135-151). In response, the Administration confirmed that, following an instruction issued in October 2011, IPSAS implementation teams had been established in missions while the target date for the completion of detailed implementation plans was the first quarter of 2012 (A/66/693, para 73). In addition, the Board expressed concern about the possibility that the Secretariat could eventually invoke the transitional provision for property, plant and equipment under IPSAS, which, it stated, would further postpone the realization of the full benefits of implementing the new standards (A/66/5 (Vol. II), paras 152-156). **The Advisory Committee recognizes that the implementation of International Public Sector Accounting Standards in peacekeeping raises particular challenges, given the dynamic operational environment in which many missions operate. As such, the Committee stresses the importance of the necessary level of senior management commitment and focus to ensure timely and full IPSAS implementation throughout peacekeeping. In this regard, and given the perennial audit findings regarding the management of non-expendable property, the Committee reiterates the need for every effort to be made to avoid the necessity of invoking transitional provisions in respect of property, plant and equipment which would, as noted by the Board, delay the realization of the full benefits of the proposed change in accounting standards.**

28. **The Advisory Committee recalls paragraph 18 of General Assembly resolution 65/243 B, in which the Assembly stressed that the leadership and commitment of senior managers to the implementation strategy of the enterprise resource planning project would be critical to the successful adoption of the International Public Sector Accounting Standards. As such, the Committee reiterates the need for the revised implementation approach for the system to be delivered according to plan (see A/66/7/Add.1, para. 11). In this regard, the Committee further recalls paragraphs 78 to 93 of General Assembly resolution 66/246 and urges the expeditious implementation of its provisions, including with respect to the governance of the project (see also A/66/738, para. 29).**

Mission exit and liquidation

29. The Board of Auditors reviewed arrangements for the exit and liquidation of the United Nations Mission in the Central African Republic and Chad (MINURCAT) and UNMIS during the financial period and, while recognizing that both missions faced difficult operational circumstances and that their mandates terminated at short notice, the Board is of the view that the experience of those

missions should be taken into account in the development of mission liquidation plans (A/66/5 (Vol. II), paras. 157-182). Specifically, the Board noted that: (a) formalized, structured risk identification and management procedures were not embedded in the liquidation plans; (b) there were weaknesses in the control and management of purchase orders and undelivered goods; (c) some arrangements for the separation of staff were inappropriate and led to additional expenditures by UNMIS; and (d) value for money could not always be demonstrated in the liquidation of mission assets. **The Advisory Committee expects that lessons learned will be drawn from experiences of UNMIS and MINURCAT and is of the view that all active missions should develop contingency liquidation plans (see also A/66/718/Add.3, para. 12).**

Restructuring of the Department of Peacekeeping Operations

30. The Board examined the restructuring of the Department of Peacekeeping Operations in 2007, which had led to the establishment of the Department of Field Support. While noting that the Secretary-General, in his comprehensive report (A/65/624), had outlined the results and impact of the restructuring, the Board stated that it was unable to objectively assess the success of the restructuring as clear targets and benchmarks had not been established at the beginning of the reform process. In addition, the Board noted an over-reliance on qualitative indicators of achievement and a lack of baselines for quantitative results. As such, the Board stated that it was difficult to determine whether the achievements indicated in the Secretary-General's report resulted from the restructuring or from other management initiatives. The Board recommended that lessons learned be applied to future business transformation and change management activities to enable monitoring of the realization of the planned benefits of such initiatives (A/66/5 (Vol. II), paras. 183-196). While recognizing the benefit of establishing key performance indicators to measure the impact of reforms such as the restructuring of the Department of Peacekeeping Operations, the Administration cautioned against the use of one model to measure the achievement of goals and the impact of reforms, particularly as such restructurings were an iterative process, guided by Member States (A/66/693, para. 85). **The Advisory Committee concurs with the Board of Auditors that reform initiatives should include clear goals and, to the extent possible, establish at the outset clear benchmarks and baselines to facilitate monitoring of the achievement of those goals.**

Global Field Support Strategy

31. With respect to the Global Field Support Strategy, the Board focused on the issue of the management of benefits realization from project (A/66/5 (Vol. II), paras. 197- 213). In this regard, the Board noted the absence of a five-year plan for each pillar of the Strategy which laid down the key activities, milestones and project deliverables for each, and recommended that such plans be developed. The Board further observed that key performance indicators were not yet fully developed for the modularization, human resources framework and global service centres, nor was there a system in place to track and report on the achievement of key performance indicators, and it recommended that key performance indicators be established for all four pillars of the Strategy. While the Administration indicated that the plans for the Global Field Support Strategy were presented in a number of reports of the Secretary-General, the Board stated that it remained of the view that there was a

need for greater detail and clarity in the planning and progress of monitoring the Strategy (ibid., para. 204). In addition, the Board noted that the cost-benefit analysis carried out in respect of the transfer of functions to the Regional Service Centre in Entebbe had failed to take into account some start-up and operational costs which could lead to a potential overstatement of the benefits deriving from such transfers (ibid., paras. 210-213). The Advisory Committee was informed that the Administration accepted the recommendations of the Board of Auditors with respect to the Global Field Support Strategy, as is reflected in the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/66/693, paras. 86-91). The Advisory Committee intends to address the observations and recommendations of the Board of Auditors in this area in the context of its consideration of the Secretary-General's second progress report on the implementation of the Global Field Support Strategy (A/66/591).

Vehicle fleet management

32. For the financial period under review, the Board indicated that it focused on the reasonability of light vehicles held by missions and the economy and efficiency with which they were utilized. The Board noted that vehicle holdings were primarily calculated based on ratios outlined in the Standard Ratio and Cost Manual. The Board observed, however, that the holdings of light vehicles in the United Nations Interim Force in Lebanon (UNIFIL) and UNSOA exceeded what their holdings would be if based on the application of the relevant ratios. In addition, the Board noted that vehicle holdings were determined based on the full authorized staffing of a mission and did not take into account vacancy rates or delayed deployment factors. Given the recurring nature of the deficiencies noted, the Board recommended that a thorough review be carried out by the Department of Field Support of mission vehicle entitlement (A/66/5 (Vol. II), paras. 214-222). The Administration noted that while the missions' proposed budgets for ground transportation for the 2010/11 period were prepared in accordance with established procedures at the time, missions had been requested to take the delayed deployment factor/vacancy rates into account in the preparation of their proposed budgets for 2012/13.

33. With regard to vehicle utilization, the Board stated that it had reviewed management practices in a number of missions and noted deficiencies with respect to their use in UNIFIL and the United Nations Mission in Liberia (UNMIL). In UNIFIL, the Board observed a significant number of light passenger vehicles which were being used primarily to commute from Tyre to the mission headquarters in Naqoura. The Board also noted that almost half the vehicles in the UNIFIL car pool had not been used during the month under review. In UNMIL, the Board observed that staff were not being charged for liberty usage of vehicles after working hours. Given those deficiencies, the Board highlighted the need to strengthen monitoring of vehicle utilization in field missions, including with regard to liberty usage (ibid., paras. 218-222). **The Advisory Committee is concerned at the findings of the Board of Auditors with respect to the management of ground transportation and shares its view that a comprehensive review of vehicle holdings and utilization across peacekeeping operations should be carried out.** The Committee comments further on this issue in its report on cross-cutting issues and, as appropriate, its reports on the proposed budgets of the missions concerned.

Other issues

34. With respect to the MINUSTAH Liaison and Support Centre in Santo Domingo, the Board noted that there did not appear to be a strategic plan for the continued use of the office after the earthquake relief efforts and recommended that a strategic review be carried out on its establishment and functioning, with a strategic plan being presented to the governing body for approval (A/66/5 (Vol. II), paras. 223-228). **The Advisory Committee recalls that in its review of the proposed budget for MINUSTAH for 2011/12, it had noted the benefits of the Centre as explained by the Secretary-General and had expressed the opinion that the Secretary-General should examine the long-term necessity of maintaining the Centre and report to the General Assembly in the context of the next proposed budget (A/65/743/Add.15, para. 47). The Committee will consider the issue of the Santo Domingo Liaison and Support Centre in the context of its consideration of the proposed budget for MINUSTAH for the 2012/13 financial period.**

Implementation of previous recommendations

35. With regard to its previous recommendations, the Board notes that of the 52 recommendations made for 2009/10, 23 (44 per cent) had been fully implemented and 29 (56 per cent) were partially implemented in the period under review. That compared to the previous period, 2008/09, where 44 per cent had been fully implemented, 45 per cent partially implemented and the remaining 11 per cent not implemented. The Board also noted that the Administration had improved its monitoring of the implementation of the Board's recommendations and reinforced the guidance to the missions on issues concerned. Of the 29 partially implemented recommendations, the Board stated that most of them were in the process of implementation, had clear target dates for implementation and were showing a positive trend in terms of progress. The Board stated that it had no major overall concern with respect to those cases. The Board did note, however, that despite earlier recommendations, deficiencies in other areas were recurring in some missions. In this regard, the Board stated that it continued to discuss with the Administration how to improve the rate of implementation of its recommendations and to address the underlying root causes (A/66/5 (Vol. II), paras. 10-13).

36. The Advisory Committee recalls paragraph 15 of General Assembly resolution 65/243 B, in which the Secretary-General was requested to reinforce his efforts to ensure that managers were effectively held accountable for the implementation of the recommendations of the Board of Auditors. The Committee notes the increased implementation rate of the recommendations of the Board of Auditors for the period under review, as well as the improvements made with respect to the monitoring of their implementation. **The Advisory Committee expects that this positive trend will continue in future periods.**

37. In his report on the implementation of the recommendations of the Board, the Secretary-General stated that their successful implementation was dependent on how recommendations were formulated (A/66/693, para. 6). It was stated that if there was no clearly distinguishable action, no target date could be set, and it was therefore unclear as to when the recommendation could be considered as having been closed. The Secretary-General indicated, however, that discussions would continue with the Board with a view to reaching agreement on the specific measures

necessary to ensure that recommendations were fully implemented. During its hearing, however, the Committee was informed by the Audit Operations Committee that although the Board would highlight the need to rectify weaknesses in certain areas, it would not be appropriate for its recommendations to be prescriptive, in all cases, as to the actions management should take to remedy such deficiencies. **The Advisory Committee concurs with the position of the Board of Auditors and welcomes the ongoing dialogue between the Administration and the Board, which should facilitate the establishment of target dates for the implementation of recommendations presently categorized as "ongoing".**

Cooperation with other oversight bodies

38. The Advisory Committee notes that the Board of Auditors meets on a regular basis with the Office of Internal Oversight Services and the Joint Inspection Unit on the planning of audits in order to avoid duplication of efforts. The results of this coordination are reflected, for example, in the Board's review of the Global Field Support Strategy, which focused on the management of benefits realization for the project, given that the Office of Internal Oversight Services was conducting a comprehensive audit of the project (A/66/5 (Vol. II), para. 200). The Committee was further informed that during the conduct of those audits, the Board and the Office of Internal Oversight Services had held joint interviews with the Administration to avoid any duplication of effort. **The Advisory Committee welcomes this cooperation.**