



## INTERNAL AUDIT DIVISION

# REPORT 2015/150

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Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Overall results relating to the effective management of rations were initially assessed as unsatisfactory. Implementation of two critical and four important recommendations remains in progress

**FINAL OVERALL RATING: UNSATISFACTORY**

30 November 2015

Assignment No. AP2015/637/04

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# AUDIT REPORT

## Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The provision of rations to 9,900 military contingents and formed police units in MINUSCA is governed by General Assembly resolution 65/289 and an 18-month turnkey systems contract which became operational on 24 July 2014. The not-to-exceed amount of the contract is \$38.2 million. From September 2014 to June 2015, the contractor supplied rations valued at \$13.8 million to 9,900 troops at 149 delivery points.
4. The MINUSCA Rations Unit is responsible for managing the rations contract to ensure that the contractor effectively fulfilled food orders received from contingents. The Contracts Management Section is responsible for monitoring the contract to ensure adherence to the terms of the contract. The Rations Unit is headed by a staff at the P-3 level who reports to the Chief, Supply Section at the P-4 level. The 2014/15 authorized staffing level for the Unit was 15, comprising six international staff, four national staff, two United Nations volunteers and three military staff officers. The Contracts Management Section is headed by the Chief of Contracts Management, at the P-4 level, and the authorized staffing for the Section is six, comprising four international staff and two national professional officers. The 2014/15 budget for rations was \$38.4 million.
5. Comments provided by MINUSCA are incorporated in italics.

### II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSCA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of rations in MINUSCA**.
7. The audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks related to the provision of rations to MINUSCA contingents.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of rations in MINUSCA; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.

10. OIOS conducted the audit from April to June 2015. The audit covered the period from 15 September 2014 to 30 June 2015. The audit team visited the contractor’s warehouse in Bangui and six contingent locations in Bangui and the sectors.

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

### III. AUDIT RESULTS

12. The MINUSCA governance, risk management and control processes examined were initially assessed as **unsatisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of rations in MINUSCA**. OIOS made eight recommendations to address the issues identified. Contingents submitted their food orders in a timely manner and complied with the prescribed ceiling man-day rate and maximum calorie value. However, MINUSCA needed to: (a) enforce the provision of the rations contract and recover liquidated damages from the rations contractor; (b) establish appropriate arrangements for future deliveries of composite ration packs; (c) identify appropriate methods for the disposal of large quantities of rejected food in accordance with local environmental laws and regulations; (d) ensure that all rations imported duty-free by the contractor are used solely for the benefit of MINUSCA; (e) ensure that contingents comply with the requirements for inspection, storage, accounting and reporting of rations; (f) convene a performance meeting with the contractor after every delivery cycle; and (g) prepare contractor’s performance reports and submit them to the Department of Field Support (DFS) on a quarterly basis.

13. The initial overall rating was based on the assessment of the key control presented in Table 1. The final overall rating is **unsatisfactory** as implementation of two critical and four important recommendations remains in progress.

**Table 1: Assessment of key control**

| Business objective                          | Key control          | Control objectives                 |  |                        |   |
|---|----------------------|------------------------------------|--|------------------------|---|
|   |                      | Efficient and effective operations | Accurate financial and operational reporting | Safeguarding of assets | Compliance with mandates, regulations and rules |
| Effective management of rations in MINUSCA  | Regulatory framework | Unsatisfactory                     | Partially satisfactory                       | Partially satisfactory | Unsatisfactory                                  |
| <b>FINAL OVERALL RATING: UNSATISFACTORY</b> |                      |                                    |  |                        |   |

<sup>1</sup> A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

## Regulatory framework

### Recovery of amounts was required for delays in mobilization by the contractor

14. The rations contract contains a schedule for the payment of mobilization fee of €1.5 million (\$1.6 million) subject to certification by MINUSCA of the contractor's achievement of two milestones: (a) establishment of physical warehouse facilities, commencement of ration deliveries and compliance with reporting requirements specified in the statement of work; and (b) implementation of the quality control programme and importation of sufficient quantities of rations to meet the contractual requirement of 100 per cent stock levels by 21 November 2014. MINUSCA is required to pay the contractor 50 per cent of the \$1.6 million, after completion of each milestone, less liquidated damages equivalent to 5 per cent of the mobilization fee for every 10 days of delay in completing the mobilization.

15. A review of correspondences and the records on MINUSCA monitoring of the mobilization by the contractor indicated that: (a) the contractor delayed achieving the first milestone by 69 days; (b) MINUSCA promptly certified the contractor's achievement of the first milestone on 8 January 2015; and (c) in March 2015, MINUSCA paid the contractor €599,293, the equivalent of 50 per cent of the mobilization fee less liquidated damages totaling €149,823 due to delays in the mobilization that could have been avoided by the contractor. However, the contractor did not achieve the second milestone to implement a quality control programme and import sufficient quantities of rations to meet the contractual requirement of 100 per cent stock levels. As at 30 June 2015, the contractor was delayed in achieving the second milestone by 221 days and MINUSCA had not coordinated with the Procurement Division to enforce the provision of the contract on the assessment of liquidated damages.

**(1) MINUSCA should coordinate with the Procurement Division to enforce the provision of the rations contract and recover the remaining liquidated damages from the rations contractor.**

*MINUSCA accepted recommendation 1 and stated that it requested the Procurement Division to enforce the provision of the contract regarding liquidated damages. On 16 November 2015, the Logistics Support Division of DFS advised MINUSCA that it would remind the Procurement Division to take action. Recommendation 1 remains open pending the recovery of liquidated damages from the rations contractor.*

### Need for arrangement for transportation of composite ration packs

16. MINUSCA standard operating procedures require MINUSCA to maintain 14 days stock of composite ration packs. Composite ration packs are required to complement the normal supply of food rations in case of emergency conditions or when normal supplies are interrupted.

17. A review of transactions from September 2014 to June 2015 indicated that, as at 31 May 2015, MINUSCA had 23,713 composite ration packs in stock. This was equivalent to 2 days of supply against the requirement for 14 days of supply. This was due to the absence of a freight forwarder to transport 138,000 composite ration packs valued at \$2.1 million that were purchased by MINUSCA in September 2014. MINUSCA was unsuccessful in establishing a freight forwarding contract due to delays in initiating the procurement process and the lack of technically qualified vendors among the bidders to the solicitation launched in November 2014. As of November 2014, the composite ration packs were at the contracted location in Valencia, Spain and ready for shipment to Bangui.

18. In February 2015, due to the acute shortage of composite ration packs, MINUSCA requested the assistance of the Procurement Division to establish a freight forwarding contract. The Procurement Division conducted a new solicitation and established a freight forwarding contract in May 2015 for a one-time airfreight of the ration packs at a cost of \$816,000. This was 39 per cent of the cost of the composite ration packs and 118 per cent more than the Mission's freight budget of \$373,599. The 138,000 ration packs were delivered to the Mission on 24 June 2015. However, at the time of the audit, the Mission had not initiated action to establish appropriate arrangements for future deliveries of composite ration packs and thus may incur these high airfreight costs if the assistance of the Procurement Division is required again in the future.

19. The lack of composite ration packs negatively impacted the provision of rations needed for long-distance patrols, convoys or other operational requirements. Moreover, there was an unmitigated risk of insufficient food supplies in the event of an emergency or interruptions in the normal supply of food rations.

**(2) MINUSCA should establish appropriate arrangements to ensure that future deliveries of composite ration packs are completed in a timely and cost-effective manner.**

*MINUSCA accepted recommendation 2 and stated that it rectified the procurement issues that previously delayed the delivery of composite ration packs. It started ordering ration packs in a timely manner to avoid stock outs and another delivery was expected in December 2015. Based on the action taken by MINUSCA, recommendation 2 has been closed.*

#### Need for appropriate disposal of rejected food items

20. The rations contract requires the contractor to promptly dispose of rejected food items in accordance with local environmental laws and regulations. MINUSCA is required to witness and verify in writing all disposal actions by the contractor.

21. A review of correspondence and records indicated that in April and May 2015, the Mission rejected 179 tons of meat products valued at \$745,246 due to serious temperature fluctuations during the inbound transportation. The rations contract required the contractor to remedy such defects at its own expense, so the Mission did not pay for the rejected food items. As at 30 June 2015, the contractor had not disposed of the rejected rations and kept them in containers. This was because the contractor had not identified appropriate methods to dispose of large quantities for food items.

22. As a result, there was an unmitigated risk that these rejected food items could be released for consumption. This could pose serious health risks to the affected population.

**(3) MINUSCA should identify appropriate methods for the disposal of large quantities of rejected food items to ensure that the disposal of such items is done in accordance with local environmental laws and regulations.**

*MINUSCA accepted recommendation 3 and stated that it took steps to improve the destruction of rejected food items in compliance with local laws. Rejected food items would be destroyed in the presence of government officials, and these officials would sign a certificate of destruction certifying that local laws were complied with. Recommendation 3 remains open pending receipt of evidence that MINUSCA has disposed of the 179 tons of meat products that were rejected in accordance with local environmental laws and regulations.*

Need to accurately account for all rations imported duty-free for the sole use of the Mission

23. The rations contract requires the contractor to provide MINUSCA with all shipping documents, including the original bills of lading, itemized packing lists, certificates of origin and inspection certificates prior to the arrival of each shipment of food rations at the relevant ports of entry. The Status of Forces Agreement between the Government of the Central African Republic and MINUSCA exempts from custom duties and charges rations imported by the contractor for the sole use of the Mission. MINUSCA is responsible for implementing mechanisms to ensure that rations imported duty-free for the sole use of the Mission are accurately accounted for.

24. A review of shipping documents for 13 of the 265 shipments made from September 2014 to June 2015 indicated that the contractor submitted the required shipping documents to the Mission. However, MINUSCA had not implemented adequate controls to accurately account for all rations imported duty-free by the contractor for the sole use of the Mission. Therefore, the Mission was not independently verifying and reconciling quantities on tax exemption certificates with actual quantities received at the contractor's warehouse and subsequently delivered to contingents.

25. As a result, there was a risk that rations brought into the country duty-free for the Mission may not have been used for the intended purpose.

**(4) MINUSCA should implement adequate controls to ensure that all rations imported duty-free by the contractor for the sole use of the Mission are accurately accounted for.**

*MINUSCA accepted recommendation 4 and stated that it implemented stringent controls to ensure accurate accountability of rations delivered by the contractor including: matching of quantities received against quantities declared on import documents; and review of weekly inventory reports submitted by the contractor. Recommendation 4 remains open pending OIOS verification that MINUSCA has implemented adequate controls to ensure that all rations imported duty-free by the contractor for the sole use of the Mission are accurately accounted for.*

Need for improved accounting and reporting of rations by contingents

26. MINUSCA standard operating procedures require contingents to submit their food orders, using the United Nations rations scale, 100 days in advance of each 28-day consumption period. The Rations Unit is required to ensure that contingent food orders: (a) comply with the prescribed ceiling man-day rate and maximum calorie value; (b) are based on the actual deployed troop strength; and (c) include adjustments for rations stock held by contingents as per their weekly stock balance reports and stock registers.

27. A review of 53 of the 157 food orders made during the 28-day consumption period from 30 March to 26 April 2015 indicated that, with the exception of three isolated cases, contingents submitted their food orders in a timely manner and complied with the prescribed ceiling man-day rate and maximum calorie value. However:

- Food orders did not include adjustments for rations held in stock by contingents since stock balance reports were only available for 8 of the 53 contingent delivery locations. This was because contingents did not always submit these reports. Visits to three contingent locations also indicated that stock registers and stock balance reports were not up-to-date as contingents were not fully conversant with the record keeping process; and

- In 37 cases, it was not possible to verify that food orders were based on actual deployed troop strength because contingents either did not submit approved troop strength reports or the reports submitted were not approved by the designated logistics officers.

28. The above resulted because the Rations Unit did not consistently enforce the reporting requirements for rations delivered to contingents and provide training to contingents on the maintenance of records and stock balance reporting. As a result, there was a risk of financial loss due to excess stock holdings by contingents as the Rations Unit was not provided sufficient information to adjust deliveries.

**(5) MINUSCA should issue instructions to commanding officers and implement measures, including training, to ensure that contingents comply with the requirement for accounting and reporting of rations stock and troop strength details.**

*MINUSCA accepted recommendation 5 and stated that it: issued instructions to all contingents on the need for troops to properly account for rations; and provided training on rations accounting procedures to contingent logistics staff once every three months.. Recommendation 5 remains open pending receipt of evidence that: (a) instructions have been issued to contingent commanding officers; and (b) adequate training has been provided to contingents on the requirement for accounting and reporting of rations stock and troop strength details.*

Controls over receipt and inspection of rations needed improvement

29. The rations contract requires the contractor to deliver food rations to contingents on specified dates and in accordance with final food orders submitted by the Mission. The Mission’s standard operating procedures require contingents to inspect the following and indicate results thereof on the delivery note: (a) temperature of vehicle freezer and refrigerator log; and (b) quantity and product specification of each food item for conformance with the final food order. The Rations Unit is required to deduct from the contractor’s monthly invoices the cost of damaged rations and non-delivery or other discrepancies as noted on delivery notes.

30. A review of the records for all 266 deliveries for 2 of 11 consumption periods from September 2014 to June 2015 indicated that:

- Contingents did not indicate in 111 cases the actual quantities of food items received or whether there were any discrepancies in items delivered by the contractor;
- Contingents did not indicate in 115 cases the temperature of vehicle freezers or refrigerator logs. For the remaining 151 cases, contingents were not required to verify vehicle freezers and refrigerator logs as these contingents were based in Bangui and contingents used their own delivery trucks to collect rations from the contractor’s warehouse; and
- The Rations Unit did not make appropriate adjustments/deductions from the contractor’s invoices in 12 cases in which the contingents identified discrepancies between the items ordered and the items delivered. In one of these cases, the contingent officer indicated, in the comments section, that only 1 of 48 ambient items were delivered. In another case, the contingent officer indicated that several items were either “not seen” or “not good”. In all 12 cases, the value of line items with discrepancies totaled about \$5,500.

31. The above resulted because contingents’ comments were not always clear and overlooked by the Rations Unit. Moreover, the Rations Unit had not trained contingent food officers on the receipt and



inspection of rations and recording of discrepancies. As a result, there was a risk that the Mission paid the contractor for items not delivered or not in full compliance with specifications.

**(6) MINUSCA should provide training to contingent food officers on the receipt and inspection of food rations and implement procedures to hold the contractor accountable for all discrepancies observed by contingent food officers.**

*MINUSCA accepted recommendation 6 and stated that it provided training to contingent food officers. Contingents were required to submit a complaint form to the Rations Unit for all damaged and rejected items and this would count against the contractor's accepted performance level. Based on the action taken by MINUSCA, recommendation 6 has been closed.*

#### Storage and handling of rations by contingents needed to improve

32. MINUSCA standard operating procedures for rations management require commanding officers to ensure that food rations are kept in a secure, safe and appropriate manner to minimize food spoilage, growth of microorganisms and transfer of food-borne disease during storage and handling by the military contingents at their locations.

33. Visits to six contingent locations indicated the following instances of inadequate storage practices and poor hygienic conditions:

- Contingents were controlling temperatures and separating food items; however, they were not maintaining temperature log sheets to record temperatures of storage refrigerators, freezers and containers at least twice a day;
- Contingents did not conduct regular pest controls. As a result, the storage as well as cooking and dining areas of some contingents were infested with insects, pests and other animals; and
- Contingents did not always store rations at the proper temperature due to insufficient storage facilities. For example, cases of yogurt were kept inside the living accommodation at one contingent camp. At another contingent camp, the refrigerated container provided by the contractor was not functioning correctly.

34. The above resulted because the commanding officers did not enforce the relevant standard as they were not always aware of the requirement to maintain adequate hygienic conditions in respect of food rations and related facilities. Also, MINUSCA had not implemented procedures for routine inspections of contingent facilities due to other operational priorities related to the implementation of the electronic rations management system and the contractor's mobilization activities.

**(7) MINUSCA should implement procedures on routine inspections of contingent facilities to ensure compliance with storage, hygienic and other food safety standards.**

*MINUSCA accepted recommendation 7 and stated that it established a team to inspect contingent facilities for compliance with storage, hygienic and other food safety standards with due respect and sensitivity to contingents' cultural practices. Recommendation 7 remains open pending receipt of evidence that MINUSCA has implemented procedures on routine inspection of contingent facilities to ensure compliance with storage, hygienic and other food safety standards.*

There was a need for improved management of contractor's performance

35. The guidelines on rations management require MINUSCA to: assess the contractor's performance against specific requirements in the statement of work to ensure timely deliveries of quality rations as ordered; and prepare and submit quarterly contractor performance reports to the Logistics Support Division of DFS. The rations contract requires MINUSCA to convene a performance meeting after every delivery cycle (i.e., approximately monthly) to measure and evaluate the contractor's performance against the indicators specified in the contract.

36. A review of the performance evaluation process and interviews with staff of the Rations Unit indicated that the Mission did not: convene four performance meetings with the contractor between September 2014 and June 2015; and prepare and submit quarterly contractor performance reports to DFS. This was because the performance reporting database previously used by the Mission was no longer available due to a change in systems, and Mission management did not devote sufficient time and attention to contractor performance meetings. As a result, the Mission was precluded from identifying performance issues of the contractor and taking prompt corrective actions.

**(8) MINUSCA should devote sufficient time and attention to contractor's performance management by: (a) preparing the performance reports for the rations contractor and submitting them on a quarterly basis to DFS; and (b) convening a performance meeting after every delivery cycle.**

*MINUSCA accepted recommendation 8 and stated that it was conducting monthly performance meetings with the contractor and submitted quarterly performance report to DFS. Recommendation 8 remains open pending receipt of evidence that MINUSCA has conducted the required contractor performance meetings and submitted contractor's performance reports to DFS on a quarterly basis.*

Invoices were paid in a timely manner

37. The rations contract entitles MINUSCA to a 1 per cent discount on all payments made within 30 days from receipt of invoice and supporting documentation.

38. A review of payments to the contractor from 15 September 2014 to 30 June 2015 for rations invoices totalling \$12.5 million indicated that MINUSCA made all payments within the 30-day period and received early payment discounts totalling \$125,387. MINUSCA had developed specific standard operating procedures with invoice processing timelines to ensure that invoices were processed within 30 days. OIOS concluded that MINUSCA had adequate controls in place to ensure that rations invoices were paid in a timely manner.

#### **IV. ACKNOWLEDGEMENT**

39. OIOS wishes to express its appreciation to the management and staff of MINUSCA for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Recom. no. | Recommendation  | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation   | Implementation date <sup>4</sup> |
|------------|---|---|----------------------|--|----------------------------------|
| 1          | MINUSCA should coordinate with the Procurement Division to enforce the provision of the rations contract and recover the remaining liquidated damages from the rations contractor.  | Important   | O                    | Receipt of evidence showing the recovery of liquidated damages from the rations contractor.  | 30 November 2015                 |
| 2          | MINUSCA should establish appropriate arrangements to ensure that future deliveries of composite ration packs are completed in a timely and cost-effective manner.   | Critical  | C                    | Action taken.  | Implemented                      |
| 3          | MINUSCA should identify appropriate methods for the disposal of large quantities of rejected food items to ensure the disposal of such items in accordance with local environmental laws and regulations.                             | Critical  | O                    | Receipt of evidence that MINUSCA has disposed of the 179 tons of meat products that were rejected in accordance with local environmental laws and regulations.   | 30 November 2015                 |
| 4          | MINUSCA should implement adequate controls to ensure that all rations imported duty-free by the contractor for the sole use of the Mission are accurately accounted for.  | Critical  | O                    | OIOS verification that MINUSCA has implemented adequate controls to ensure that all rations imported duty-free by the contractor for the sole use of the Mission are accurately accounted for.   | 30 November 2015                 |
| 5          | MINUSCA should issue instructions to commanding officers and implement measures, including training, to ensure that contingents comply with the requirement for accounting and reporting of rations stock and troop strength details. | Important   | O                    | Receipt of evidence that: (a) instructions have been issued to contingent commanding officers; and (b) adequate training has been provided to contingents on the requirement for accounting and reporting of rations stock and troop strength details. | 1 October 2015                   |
| 6          | MINUSCA should provide training to contingent food officers on the receipt and inspection of food rations and implement procedures to hold the  | Important   | C                    | Action taken.  | Implemented                      |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by MINUSCA in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Recom. no. | Recommendation  | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation  | Implementation date <sup>4</sup> |
|------------|---|---|----------------------|---|----------------------------------|
|            | contractor accountable for all discrepancies observed by contingent food officers.  |   |                      |   |                                  |
| 7          | MINUSCA should implement procedures on routine inspection of contingent facilities to ensure compliance with storage, hygienic and other food safety standards.   | Important   | O                    | Receipt of evidence that MINUSCA has implemented procedures on routine inspection of contingent facilities to ensure compliance with storage, hygienic and other food safety standards. | 30 November 2015                 |
| 8          | MINUSCA should devote sufficient time and attention to contractor's performance management by: (a) manually preparing the performance reports for the rations contractor and submitting them on a quarterly basis to DFS; and (b) convening a performance meeting after every delivery cycle. | Important   | O                    | Receipt of evidence that MINUSCA has conducted the required contractor performance meetings and submitted to DFS on a quarterly basis.  | 30 November 2015                 |

# **APPENDIX I**

## **Management Response**



Office of the Special Representative of the Secretary General

20 November 2015

**To :** Ms. Eleanor T. Burns,  
Director Internal Audit Division, OIOS

**From :** Parfait Onanga-Anyanga,  
Special Representative of the Secretary General  
MINUSCA

**Subject:** Draft report of an audit of management of rations in the United Nations  
Multidimensional Integrated Stabilization Mission in the Central African  
Republic (Assignment No. AP2015/637/04)

1. With reference to your memorandum dated 6<sup>th</sup> of November 2015, on the captioned-subject matter, please find attached MINUSCA's response (Annex I) to the draft report for your consideration and records.
2. All related annexes as mentioned in the response will be sent via email.

Best regards.

cc: Mr. Milan Trojanović, Director of Mission Support, MINUSCA  
Mr. Elijah Karambizi, Deputy Director of Mission Support, MINUSCA  
Mr. Gerard Buckley, Chief of Supply Chain, MINUSCA  
Mr. Okay Mabhena, Chief of Contracts Management, MINUSCA  
Mr. Sebi Jose, Chief of Rations Unit, MINUSCA  
Mr. Daniel Liviu Curea, Audit Focal Point, MINUSCA  
Mr. Bolton Tarleh Nyema, Chief, Peacekeeping Audit Service, Internal Audit Division, OIOS  
Mr. Ibrahim Bah, Chief Resident Auditor, Internal Audit Division, OIOS  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

**Management Response**

**Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)**

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual                    | Implementation<br>date | Client comments  |
|----------|--|---|-----------------------|--|------------------------|--|
| 1        | MINUSCA should coordinate with the Procurement Division to enforce the provision of the rations contract and recover the remaining liquidated damages from the rations contractor. | Important   | Yes                   | UNPD   | 30 Nov 2015            | On 16 September 2015, MINUSCA sent a fax (Attachment #1) to UNPD requesting enforcement of Article 15 of the contract. During a VTC with UNHQ held on 16 Nov 2015, LSD/RU agreed to remind UNPD to action MINUSCA's request.                                 |
| 2        | MINUSCA should establish appropriate arrangements to ensure that future deliveries of composite ration packs are completed in a timely and cost effective manner.                  | Critical  | Yes                   | Chief Rations Unit/CMS/SCM and Chief Procurement Section | Ongoing                | MINUSCA rectified the procurement issues that previously caused a delay of the delivery of composite rations. Rations are now ordered timely so as to avoid stock outs. An order for composite rations was placed on 30 June 2015 with a delivery date of 14 |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

*J* 20/11/15

Management Response

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)

| Rec. no. | Recommendation  | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments  |
|----------|---|---|-----------------------|---------------------------------------|------------------------|--|
|          |   |   |                       |                                       |                        | December 2015 (see Attachment #2A and #2B). We understand the consignment will arrive in Douala on 28 November 2015. MINUSCA hopes that these rations will arrive in Bangui on time despite the challenges caused by the security situation and repeated strikes by Cameroonian truck drivers.<br><br>MINUSCA requests closure of this recommendation. |
| 3        | MINUSCA should identify appropriate methods for the disposal of large quantities of rejected food items to ensure the disposal of such items in accordance with local environmental laws and regulations. | Critical  | Yes                   | Chief Rations Unit/CMS/SCM            | Ongoing                | MINUSCA has taken steps to improve the destruction of rejected food in compliance with local laws and regulations. The rejected food is now destroyed in the presence of the following GoCAR officials:  |



**Management Response**

**Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)**

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments   |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
|          |  |   |                       |                                       |                        | <ul style="list-style-type: none"> <li>• Ministry of Commerce.</li> <li>• Ministry of Health.</li> <li>• Ministry of Justice.</li> <li>• Ministry of Internal Trade.</li> <li>• Department of Customs.</li> <li>• Department of Economic Affairs.</li> <li>• Police.</li> </ul> <p>These officials sign a certificate of destruction (see Attachment #3) certifying that CAR laws were complied with.</p> <p>MINUSCA requests closure of this recommendation.</p> |
| 4        | MINUSCA should implement adequate controls to ensure that all rations imported duty-free by the contractor for the sole use of the Mission are accurately accounted for. | Critical  | Yes                   | Chief Rations Unit/CMS/SCM            | Ongoing                | MINUSCA implements stringent controls which ensure accurate accountability for the rations delivered through this contract. The   |

*20/1/15*

Management Response

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)

| Rec. no. | Recommendation | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments   |
|----------|----------------|---|-----------------------|---------------------------------------|------------------------|---|
|          |                |   |                       |                                       |                        | <p>measures include the following:</p> <ul style="list-style-type: none"> <li>• MINUSCA staff are present during the off loading of all incoming rations to ensure that the quantities declared in import documents match what is off loaded from the containers.</li> <li>• Upon completion of off loading, the contractor's stock is updated and an updated Weekly Stock Inventory Report (see Attachment #4) is submitted to the Rations Unit.               <ul style="list-style-type: none"> <li>○ The Weekly Stock Inventory Report includes rations on hold that may, after due processing, be added to the inventory or rejected.</li> </ul> </li> </ul> |

**Management Response**

**Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)**

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|          |   |   |                       |   |                        | <ul style="list-style-type: none"> <li>○ Rejected rations are either destroyed (see # 3 above) or exported by the contractor with documentation assistance from MINUSCA</li> <li>● All rations issued to units are recorded and deducted from the Weekly Stock Inventory Report to indicate the physical stock on hand at any one time.</li> </ul> <p>MINUSCA requests closure of this recommendation.</p> |
| 5        | MINUSCA should issue instructions to commanding officers and implement measures, including training, to ensure that contingents comply with the requirement | Important   | Yes                   | Force HQ and Chief Rations Unit/CMS/SCM | 01 Oct 2015            | As part of the control and accountability regime, MSD, issued instructions through the Force Commander and the Police Commissioner, to all   |

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|          | for accounting and reporting of rations stock and troop strength details. |   |                       |                                       |                        | <p>contingent commanders and their logistics staff on the need for the troops to properly store, utilize, and account for rations they receive from MINUSCA (see Attachment #5). It is understood that the Force Commander and the Police Commissioner have issued those instructions.</p> <p>All rations issued by the contractor are documented and necessary adjustments are made to the Weekly Stock Inventory Report. A receiving unit signs a Delivery Note (see Attachment #6) to confirm receipt of the rations.</p> <p>MINUSCA conducts training of the contingents' logistics staff once every three months. The training</p> |

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|----------|----------------|---|-----------------------|---------------------------------------|------------------------|--|
|          |                |   |                       |                                       |                        | <p>is designed to provide contingents with knowledge of correct accounting procedures for rations they receive from MINUSCA. The training covers preparation and placement of ration orders, troop strength reports, inspection of arriving rations, completing the Delivery Note, reporting on damaged or rejected rations, proper storage of rations, reporting of monthly rations stock, channeling of complaints, and feed back to the Rations Unit. The trainees are given a copy of the draft SOPs for Rations Procedures.</p> <p>We request closure of this recommendation.</p> |

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|----------|---|---|-----------------------|---------------------------------------|------------------------|---|
| 6        | MINUSCA should provide training to contingent food officers on the receipt and inspection of food rations and implement procedures to hold the Contractor accountable for all discrepancies observed by contingent food officers. | Important   | Yes                   | Chief Rations Unit/CMS/SCM            | Ongoing                | <p>Contingent training is done as per #5 above (see Attachment #7 for latest list of trainees).</p> <p>Contingents send a copy of the Delivery Note to the Rations Unit indicating the accepted and or rejected items. In addition they fill in a Complaint Form with supporting photographs and submit it to the Rations Unit. The damaged/rejected rations are not accepted.</p> <p>Upon receiving a Complaint Form and Delivery Note, the Rations Unit contacts the contractor and arranges a delivery of replacements for the rejected items.</p> |

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|          |   |   |                       |                                       |                        | <p>Rejected or non-delivered items count against the contractor's Accepted Performance Level.</p> <p>MINUSCA requests closure of this recommendation.</p>  |
| 7        | MINUSCA should implement procedures on routine inspection of contingent facilities to ensure compliance with storage, hygienic and other food safety standards. | Important   | Yes                   | UNHQ                                  | Ongoing                | <p>MINUSCA has established a team of inspectors comprising MSD staff, uniformed forces logistics staff, and the Force Medical Officer's staff. The team will inspect units' facilities for compliance with storage, hygienic, and other food safety standards with due respect and sensitivity to the unit's cultural practices.</p> <p>It should be noted that the non-compliant contingents are former MISCA troops who still have shortfalls of</p> |

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Management Response

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|----------|--|---|-----------------------|---------------------------------------|------------------------|--|
|          |  |   |                       |                                       |                        | essential COE of which UNHQ is aware. These contingents will not be able to comply with UN standards until they are properly equipped with appropriate COE. In this regard, MINUSCA requests UNHQ to once again urge the TCCs to rectify the COE deficiencies.   |
| 8        | MINUSCA should devote sufficient time and attention to contractor's performance management by: (a) manually preparing the performance reports for the rations contractor and submitting them on a quarterly basis to the Logistic Support Division of the Department of Field Support; and (b) convening a performance meeting after every delivery cycle. | Important   | Yes                   | Chief Rations Unit/CMS/SCM            | Ongoing                | MINUSCA holds minuted Performance Review Meetings every month with the rations contractor. In addition quarterly performance reports are submitted to UNHQ. The quarterly report for the third quarter of 2015 was delayed due to security issues in Bangui but is being finalized and is expected to be submitted |



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|----------|----------------|---|-----------------------|---------------------------------------|------------------------|---|
|          |                |   |                       |                                       |                        | before the end of<br>November 2015.<br><br>MINUSCA requests<br>closure of this<br>recommendation. |