



INTERNAL AUDIT DIVISION

REPORT 2015/184

Audit of rations management in the United Nations Support Office in Somalia

Overall results relating to the effective management of rations in the United Nations Support Office in Somalia were initially assessed as unsatisfactory. Implementation of three critical and five important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

18 December 2015
Assignment No. AP2014/638/08

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	
Regulatory framework	2-8
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of rations management in the United Nations Support Office in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of rations management in the United Nations Support Office in Somalia (UNSOS).
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. Security Council resolution 1863 (2009) requested the United Nations to provide a logistical support package to the African Union Mission in Somalia (AMISOM) with a troop strength of 9,000. Resolution 2124 (2013) increased the troop strength to 22,126, and required UNSOA to also provide support to 10,900 Somali National Army personnel. During the audit period, UNSOS acquired rations from: (a) two turnkey contracts for fresh, chilled and frozen food items, i.e., food rations totaling \$8.9 million under the previous contract for the period July 2012 to October 2012 and food rations totaling \$82 million over 29 consumption cycles for the period October 2012 to December 2014; and (b) 250,800 combat ration packs valued at \$3.4 million from the United Nations Headquarters systems contract between July 2012 and December 2014.
4. The Rations Unit located in the Supply Section is responsible for the administration of rations contracts. The Unit is headed by the Rations Contract Administrator at the P-3 level who reported to the Head of Somalia Support, at the D-1 level, on operational matters and to the Chief Supply Officer, at the P-5 level, on strategic matters. The 2014/15 approved staffing for the Unit comprised 10 posts: one international, seven field service and two general service posts. The Contracts Management Section was responsible for monitoring contractor performance. The cumulative budget for rations for the period 1 July 2013 to 30 June 2015 was \$164.5 million.
5. Comments provided by UNSOS are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNSOS governance, risk management and control processes in providing reasonable assurance regarding the **effective management of rations in UNSOS**.
7. The audit was included in the 2014 risk-based work plan of OIOS because of the operational and financial risks related to UNSOS providing rations to AMISOM and the Somali National Army.
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 management of rations in UNSOS; (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 March to September 2015. The audit covered the period from 1 July 2012 to 31 December 2014.

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 UNSOS governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of rations in UNSOS**. OIOS made nine recommendations to address the issues identified. UNSOS implemented adequate controls over quality assurance and monitoring of rations; and prepared and submitted food orders to contractors in a timely manner. However, UNSOS needed to: (a) clarify the overall responsibility for managing the rations contract; (b) obtain specimen signatures for contingent food officers authorized to endorse rations orders; (c) determine the projected number of absent troops when submitting food orders; (d) discontinue substituting rations for cash, or obtain formal approval from the Department of Field Support (DFS) to continue the practice; (e) determine and recover performance credits and penalties from the contractor; (f) ensure the availability of sufficient number of combat ration pack reserves; (g) expand storage facilities for ration reserves; and (h) ensure the contractor maintained the required level of strategic and operational reserves.

13. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **unsatisfactory** as implementation of three critical and five 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 UNSOS	Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

Regulatory framework

Need to clarify overall responsibility for management and administration of the rations contract

14. The DFS Rations Management Manual requires UNSOS to designate an official to serve as the focal point with overall responsibility for management of the rations contract, assigning tasks and supervising staff.

¹ 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.

15. A review of contract management documents showed that in August 2012, UNSOS designated the Chief Supply Officer as the Officer responsible for managing the rations contract. In December 2012, UNSOS implemented a new structure that required the Head of Somalia Support, assisted by the Chief of Operations in Somalia, to oversee the activities of the Rations Unit in Somalia. However, the overall responsibility for the management of the rations contract and supervision of staff of the Rations Unit was not clearly defined in the new structure. As a result, neither the Head of Somalia Support, nor the Chief of Operations, nor the Chief Supply Officer assumed overall responsibility for the assignment of tasks to the Rations Unit in Somalia and the supervision of staff.

16. As a result, there was: a risk that the Rations Unit lacked adequate and effective guidance to perform its tasks; and unclear accountability for its overall functioning. For example, UNSOS had not established and implemented standard operating procedures to guide staff in the storage, accounting and maintenance of reserves.

(1) UNSOS should clarify the overall responsibility for the management of the rations contract.

UNSOS accepted recommendation 1 and stated that the Chief Supply Officer was deployed to Mogadishu in July 2015 to oversee the Rations Unit, and was supervised by the Head of Somalia Support in Somalia. Based on the action taken by UNSOS and OIOS verification of the evidence provided, recommendation 1 has been closed.

Need for formal designation of contingent food officers

17. The DFS Rations Management Manual and the United Nations Rations Scale require UNSOS to obtain from AMISOM formal communication of the names of designated officers responsible for preparing and endorsing rations orders, as well as specimen signatures for verification purposes.

18. A review of 33 food orders valued at \$5.5 million, out of 1,060 orders valued at \$82 million processed during the audit period, indicated that UNSOS did not obtain formal communication and specimen signatures of designated officers from AMISOM. UNSOS advised that AMISOM informally introduced their designated officers but due to the frequent rotation of contingent food officers it was not practical to obtain formal communication of their assignment to these functions. However, audit results indicated that the Rations Unit experienced difficulty in obtaining specimen signatures and had not proactively engaged AMISOM to obtain formal communication of new food officers and their specimen signatures in line with troop rotation schedules. As a result, there was a risk that UNSOS supplied rations based on orders prepared and endorsed by unauthorized individuals, increasing the risk of waste and fraud and reduced accountability for rations by AMISOM.

(2) UNSOS should proactively engage the African Union Mission in Somalia to obtain specimen signatures of contingent food officers authorized to endorse rations orders.

UNSOS accepted recommendation 2 and stated that it was engaging with AMISOM to obtain formal communication of the new food officers and their specimen signatures in line with the troop rotation schedules and would establish standard operating procedures for obtaining sample signatures. Recommendation 2 remains open pending receipt of evidence that UNSOS has consistently obtained specimen signatures of designated contingent food officers authorized to endorse rations orders.

Need for adequate review of contingents' food orders

19. The DFS Rations Management Manual requires UNSOS to prepare each ration order for a 28-day period that includes: (a) no more than 4,500 calories per person per day; (b) the deployed troop strength, excluding a projected number of absentees; (c) adjustment for at least a two-day reserve of combat ration packs; and (d) quantity, price, delivery points and dates. Also, following Security Council resolution 2124, UNSOS established a ceiling man-day rate of \$2 dollars for rations for the Somali National Army.

20. Analyses of 33 food orders totaling \$5.5 million provided to AMISOM troops and costs totaling \$1.7 million related to rations for the Somali National Army for 11 consumption cycles indicated that UNSOS prepared each rations order in line with the requirements, except for adjustments to the AMISOM troop strength. UNSOS did not determine and exclude the projected number of absentees from the troop strength used in preparing food orders.

21. The above resulted as UNSOS did not establish an effective mechanism for AMISOM to estimate the number of absentees for each consumption cycle. As a result, UNSOS supplied troops with more rations than they needed, increasing the risk of waste and financial loss.

(3) UNSOS should implement an effective mechanism to enforce the requirement for the African Union Mission in Somalia to provide the projected number of absent troops when submitting food orders.

UNSOS accepted recommendation 3 and stated that it would engage with AMISOM to obtain accurate information on the number of absentees for each consumption cycle, which would be cross-checked and certified prior to validation of food orders. Recommendation 3 remains open pending receipt of evidence that UNSOS has implemented an effective mechanism to enforce the requirement for AMISOM to provide the projected number of absent troops when submitting food orders.

UNSOS needed to discontinue substituting rations for cash or obtain formal approval from DFS to continue with this exceptional practice

22. The DFS Rations Management Manual requires UNSOS to supply AMISOM troops with fresh, frozen, chilled, dried, canned and combat ration packs as per the United Nations Rations Scale. The Memorandum of Understanding between the United Nations and the African Union requires UNSOS to provide to AMISOM contingents goods such as rations, but not cash.

23. A review of contingent rations orders and contractual arrangements indicated that UNSOS supplied AMISOM troops with rations in accordance with the United Nations Rations Scale. However, to one contingent, UNSOS provided both rations (delivered by the contractor) and \$45,000 monthly to procure fresh rations locally. The rations supplied plus the cash was equivalent to the United Nations Rations Scale and the estimated \$45,000 per month was reimbursed based on claims from the contingent's government, which were to be supported by invoices related to the locally purchased food. UNSOS advised that the cash paid was not a substitute for rations, but an extension of their self-sustainment provisions, as the contingent, when first deployed, provided rations directly to its troops. A review of claims for reimbursement received from the contingent's government relating to the cost of locally procured fresh rations showed a total of \$1.6 million for the 36 months covered by the audit. UNSOS had not; however, reconciled the government's claims against the rations supplied by the contractor to ensure there was no double counting whereby reimbursements are made for similar food items provided under the contract.

24. Further, a review of correspondence between UNSOS and DFS on the reimbursement for locally procured rations by the contingent indicated that DFS recommended that all rations for AMISOM be procured by the contractor to eliminate the inherent food and safety risks in Somalia.

25. The above conditions resulted mainly due to pressure from top leadership of the troop-contributing country to continue to purchase certain local produce because the local Somali food was similar to their own dietary requirements. The contingent was also of the view that it would help them build the confidence of the local population as they were located in a vibrant food-producing sector in Somalia. UNSOS also mentioned that the United Nations rations vendor was unable to deliver rations by road to the contingent's location due to insecurity and poor road conditions, and as a result, rations were being transported by air. In the view of UNSOS, savings could be realized by reducing the volume of rations transported by air; but UNSOS had not yet quantified these potential savings.

26. The UNSOS practice was not in accord with the requirements of the Memorandum of Understanding between the United Nations and the African Union where cash should not be substituted for provision of goods such as rations. This practice resulted in an increased safety and security risk as pointed out by DFS.

(4) UNSOS, in coordination with DFS, should discontinue substituting rations for cash, or request DFS to approve the process on an exceptional basis.

UNSOS accepted recommendation 4 and reiterated that it did not substitute rations for cash, but reimbursed the contingent for partial self-sustainment in certain categories of rations in the overall best interest of the Organization. UNSOS also stated that on 7 December 2015, it sent a facsimile to DFS requesting for authorization for continued partial self-sustainment and local procurement of rations by the contingent. Recommendation 4 remains open pending receipt of evidence that UNSOS has discontinued the substitution of rations for cash or obtained formal approval from DFS to continue the practice.

Controls over the preparation and submission of food orders to the contractors were adequate

27. The rations contract requires the Rations Unit to submit preliminary bulk food orders and final food orders to the contractor 84 days and 14 days, respectively, prior to the start of the consumption cycle. A review of 33 food orders totaling \$5.5 million indicated that UNSOS delayed submitting three preliminary orders to the contractor by an average of only two days, and submitted all 33 final orders on time. OIOS concluded that UNSOS implemented adequate controls over the preparation and submission of food orders to the contractors.

Delivery of rations was delayed

28. The DFS Rations Management Manual requires the rations contractor to: (a) deliver rations against authorized orders to delivery points and on the dates specified in the Rations Unit delivery schedule; and (b) present signed delivery notes and copies of the relevant orders to UNSOS. The contract allows short deliveries up to 5 per cent of an order without a penalty.

29. A review of 33 food orders indicated that the contractor delivered rations to prescribed delivery points and presented signed delivery notes and copies of the relevant orders to UNSOS, with quantity for 14 of the 33 orders within the 5 per cent acceptable discrepancy range. However, the contractor: (a) did not deliver an average of 14 per cent of the quantity ordered on 19 of the 33 food orders, with discrepancies ranging from 6 to 50 per cent; and (b) delayed the delivery of rations by an average of 6 days, based on the dates the delivery notes were signed by contingents. UNSOS advised; however, that

contingents typically signed delivery notes days after they received the rations, which made it difficult to determine actual delivery dates.

30. The above resulted as UNSOS did not implement procedures to accurately document and report on delivery dates. As a result, there was a risk: (a) that UNSOS would not be able to properly assign responsibility for delays to the contractor and invoke the penalty clause for late deliveries; and (b) of financial losses related to the use of special flights to deliver rations to contingents. For example, UNSOS tasked 28 special flights to airlift rations in response to urgent requests for rations due to delays and piece-meal deliveries of rations by the contractor.

(5) UNSOS should implement procedures to accurately document and report delivery dates and invoke the penalty provision for late delivery of rations, where applicable.

UNSOS accepted recommendation 5 and stated that it requested individuals responsible for collecting delivery notes to verify the correctness of the dates of these notes. Recommendation 5 remains open pending receipt of evidence that UNSOS has accurately documented and reported delivery dates and invoked the penalty provision for late delivery of rations, where applicable.

Need for timely preparation of receiving and inspection reports and recovery of performance credits

31. The DFS Rations Management Manual requires UNSOS to prepare receiving and inspection reports for rations delivered by the contractor to contingents based on signed delivery notes, and use the receiving and inspection reports in processing the contractor's invoices for payment. The rations contract requires UNSOS to deduct from payments to the contractor the value of faulty items and short deliveries, and penalties related to other performance credits ranging from 3 to 5 per cent, depending on the type of deficiency.

32. A review of 33 final orders indicated that UNSOS did not prepare receiving and inspection reports for the first 25 consumption cycles. UNSOS instead paid the contractor in full for rations valued at \$69.7 million based on invoices supported by delivery notes. Therefore, UNSOS had not determined the level of applicable performance credits and penalties to be imposed related to faulty food items and food substitutions above the acceptable level, as well as short deliveries.

33. Interviews with UNSOS and discussions with DFS also indicated that the contractor submitted reimbursement claims for conducting tasks beyond the initial contractual agreement. This however should not have stopped UNSOS from calculating performance credits for deficiencies in rations delivered for the first 25 consumption cycles to offset these penalties against the claims submitted by the contractor. For consumption cycle periods 26 to 30 (September 2014 to January 2015), UNSOS prepared receiving and inspection reports and implemented the DFS goods received reporting tool to compute under-performance penalties. For example, for these consumption cycles, UNSOS calculated penalties totalling \$1.3 million. A review of the calculation confirmed that adequate controls were in place for this consumption period. However, UNSOS was delayed in calculating under-performance penalties as at the time of the audit, UNSOS had not yet finalised calculations for periods 31 to 35 (February to June 2015).

34. The above resulted as the Rations Unit did not have adequate staffing resources due to its 60 per cent vacancy rate during the audit period. While at the end of the audit period, UNSOS filled most of the vacant positions, it still needed to allocate adequate resources to calculate performance credits due for the first 25 consumption periods. UNSOS also needed to implement a mechanism to ensure performance credits were calculated regularly.

35. Inadequate and delayed calculation of performance credits due to UNSOS increased the risk of financial loss to the Organization. For example, analysis of 33 out of 1,060 final orders processed in the audit period indicated that UNSOS did not deduct approximately \$630,000 in penalties and credits for delayed and short deliveries.

(6) UNSOS should: assign resources to calculate applicable performance credits related to the first 25 consumption cycles to determine amounts to be offset against reimbursement claims submitted by the contractor and to recover any remaining amounts due to UNSOS; and implement a mechanism to ensure performance credits are calculated in a timely manner and invoices are adjusted accordingly.

UNSOA accepted recommendation 6 and that it had reviewed all periods up to period 23. Recommendation 6 remains open pending OIOS verification UNSOS has calculated performance credits up to period 25, determined and recovered any amounts due to UNSOS and evidence that performance credits are calculated in a timely manner and invoices are adjusted accordingly.

Need to maintain the required combat ration pack reserves

36. The DFS Rations Management Manual requires UNSOS to maintain combat ration pack reserves for a 14-day period.

37. A review of inventory records on 19 May 2015, indicated that UNSOS did not maintain 70 per cent of the required 462,000 combat ration packs that would last for 14 days. UNSOS advised that this resulted because of difficulties in obtaining a shipping contract for ration packs. The audit results indicated; however, that the Rations Unit had not implemented effective monitoring procedures to ensure that combat ration packs were procured and delivered in a timely manner. As a result, there was a risk that UNSOS would not be able to fulfil the operational and urgent requirements of AMISOM troops.

(7) UNSOA should implement effective monitoring procedures to ensure combat ration packs are procured and received in a timely manner.

UNSOA accepted recommendation 7 and stated that it complied with the 14-day reserve requirement for the 22,126 AMISOM troops and 510 United Nations Guard Unit, and held a total of 316,904 combat rations packs. Recommendation 7 remains open pending receipt of evidence that UNSOS has implemented effective monitoring procedures to ensure they systematically maintain the required level of combat ration packs.

Quality assurance and monitoring of rations was adequate

38. The DFS Rations Management Manual requires the contractor to manage warehousing facilities by maintaining proper hygiene standards and adequate pest control. The rations contract requires the contractor to implement quality assurance procedures and the Manual requires UNSOS to inspect warehouses and storage facilities to ensure that they are safe and hygienic.

38. A review of 5 of the 30 monthly quality inspection reports and visits to the two contractor's premises indicated that UNSOS regularly inspected ration warehouses and storage facilities, and submitted the required reports to the contractor. The contractor also properly managed its warehousing facilities with adequate pest control measures and hygiene standards. OIOS concluded that UNSOS implemented adequate controls over quality assurance and monitoring of rations.

Need to maintain the required level of operational and strategic reserves

39. The DFS Rations Management Manual requires the contractor to: (a) maintain adequate operational and strategic reserves for 28 days and regularly report these reserves to UNSOS; and (b) establish adequate storage facilities for United Nations reserve stock, operating stock and combat ration packs.

40. A review of stock reports for 6 of 29 consumption cycles prepared by the contractor and visits to two contractor's premises indicated that the contractor did not maintain the required quantities for some line items of strategic and operational reserves. For example, the contractor did not have an average of 55 per cent of the required operational and strategic reserves for 17 of 23 major line items reviewed from the April 2015 stock report. Physical verification of another 23 of 223 line items of operational and strategic reserves indicated that the contractor did not have 17 per cent of the items. The contractor also did not establish adequate facilities to store strategic and operational reserves and combat ration packs as the contractor had a storage capacity only for 12,000 troops and not for 33,026 troops. The contractor also stored 134,460 combat ration packs valued at \$1.8 million in 65 unrefrigerated containers in locations where the temperature was sometimes 40 degrees centigrade, which exposed the combat rations packs to conditions that could render it unsafe for consumption.

41. The above resulted because UNSOS did not implement effective monitoring procedures such as regular review of stock balance reports and spot checks to ensure the contractor maintained the required reserves. As a result, there was a risk: that UNSOS would be unable to support the troops in the event of emergencies; and of financial losses related to combat ration packs stored in unrefrigerated containers. On 28 May 2015, the United Nations Procurement Division amended the rations contract with a plan for the completion of additional storage facilities by 28 September 2015.

(8) UNSOS should take action to expand storage facilities for ration reserves.

UNSOS accepted recommendation 8 and stated that contract amendment number 3 signed in June 2015 included the required warehouse expansion. Recommendation 8 remains open pending receipt of evidence of completion of the expansion of the storage facilities.

(9) UNSOS should implement effective monitoring procedures such as regular review of stock balance reports and spot checks to ensure the contractor maintains the required reserves.

UNSOS accepted recommendation 9 and stated that the contractor achieved 100 per cent required stock levels in October 2015 for Mombasa and Mogadishu. UNSOS deducted \$635,057 in penalties from the contractor for not maintaining the required stock levels and would deduct an additional \$961,798 in liquidated damages from payment to the contractor for delaying the achievement of 100 per cent stock compliance. Recommendation 9 remains open pending receipt of evidence that UNSOS has implemented effective procedures to ensure the contractor consistently maintains the required levels of strategic and operational reserves.

IV. ACKNOWLEDGEMENT

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

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of rations management in the United Nations Support Office in Somalia

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNSOS should clarify overall responsibility for the management of the rations contract.	Important	C	Action taken.	Implemented
2	UNSOS should proactively engage the African Union Mission in Somalia to obtain specimen signatures of contingent food officers authorized to endorse rations orders.	Important	O	Receipt of evidence that UNSOS has consistently obtained specimen signatures of designated contingent food officers authorized to endorse rations orders.	31 March 2016
3	UNSOS should implement an effective mechanism to enforce the requirement for the African Union Mission in Somalia to provide the projected number of absent troops when submitting food orders.	Important	O	Receipt of evidence that UNSOS has implemented an effective mechanism to enforce the requirement for AMISOM to provide the projected number of absent troops when submitting food orders.	31 March 2016
4	UNSOS should discontinue substituting rations for cash, or obtain formal approval from the Department of Field Support to continue with this practice.	Critical	O	Receipt of evidence that UNSOS has discontinued the substitution of rations for cash or obtained formal approval from DFS to continue the practice.	31 March 2016
5	UNSOS should implement procedures to accurately document and report delivery dates and invoke the penalty provision for late delivery of rations, where applicable.	Important	O	Receipt of evidence that UNSOS has accurately documented and reported delivery dates and invoked the penalty provision for late delivery of rations, where applicable.	December 2015
6	UNSOS should: assign resources to calculate applicable performance credits related to the first 25 consumption cycles to determine amounts to be offset against reimbursement claims submitted by the contractor and to recover any remaining amounts due to UNSOS; and implement a mechanism to ensure performance credits are calculated in a timely manner and invoices are adjusted accordingly.	Critical	O	OIOS verification UNSOS has calculated performance credits up to period 25, determined and recovered any amounts due to UNSOS and evidence that performance credits are calculated in a timely manner and invoices are adjusted accordingly.	December 2015

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by UNSOS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of rations management in the United Nations Support Office in Somalia

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
7	UNSOS should implement effective monitoring procedures to ensure combat ration packs are procured and received in a timely manner.	Important	O	Receipt of evidence that UNSOS has implemented effective monitoring procedures to ensure they systematically maintain the required level of combat ration packs.	December 2015
8	UNSOS should take action to expand storage facilities for ration reserves.	Critical	O	Receipt of evidence of completion of the expansion of the storage facilities.	December 2015
9	UNSOS should implement effective monitoring procedures such as regular review of stock balance reports and spot checks to ensure the contractor maintained the required reserves.	Important	O	Receipt of evidence that UNSOS has implemented effective procedures to ensure the contractor consistently maintains the required levels of strategic and operational reserves.	December 2015

APPENDIX I

Management Response



United Nations Support Office in Somalia (UNSOS)

Interoffice Memorandum

To: Mr. Bolton Tarleh Nyema, Chief
Peacekeeping Audit Service
Internal Audit Division, OIOS

Date: 17 December 2015

From: Amadu Kamara, Director

A handwritten signature in blue ink, appearing to read 'Amadu', is written over the name 'Amadu Kamara, Director'.

Subject: Response to draft report on audit of rations management in UNSOA
(Assignment No. AP2014/638/08)

1. Further to your memorandum of 8 December 2015 on the above subject, please find appended the UNSOS response to the draft report in the provided format.
2. We thank you for your continuing support to the work of UNSOA.

cc: Mr. Harjit Dhindsa, Deputy Director, UNSOA
Mr. Robert Kirkwood, Head of Somalia Support, UNSOA
Mr. Alexander Kasatkin, Chief Supply Officer, UNSOA
Mr. Dolapo Kuteyi, Senior Administrative Officer, UNSOA
Mr. Bolton Tarleh Nyema, Chief, Peacekeeping Audit Service, Internal Audit Division, OIOS
Ms. Andrea Charles-Browne, Chief Resident Auditor, IAD, UNSOA
Ms. Cynthia Avena-Castillo, Professional Practices Section, IAD, OIOS

Management Response

Audit of rations management in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should clarify overall responsibility for the management of the rations contract.	Important	Yes	HSS/Chief Supply	Implemented	UNSOS management has implemented this recommendation. The Chief Supply Officer was deployed to Mogadishu in July 2015 to oversee the Rations Unit. He is supervised by the Head of Somalia Support who has always been in Somalia. Management requests closure of this recommendation.
2	UNSOS should proactively engage the African Union Mission in Somalia to obtain specimen signatures of contingent food officers authorized to endorse rations orders.	Important	Yes	Chief Rations Unit	31 March 2016	UNSOS management is engaging with AMISOM to obtain formal communication of the new food officers and their specimen signatures in line with the troop rotation schedules. The relevant SOP will be adapted to include the procedure for obtaining sample signatures and will not honour rations orders without valid signatures.
3	UNSOS should implement an effective mechanism to enforce the requirement for the African Union Mission in Somalia to provide the projected number of absent troops when submitting food orders.	Important	Yes	Chief Rations Unit	31 March 2016	UNSOS management will engage with AMISOM to obtain accurate information on the number of absentees for each consumption cycle which will be cross-checked and certified prior to validation of food orders.
4	UNSOS should discontinue substituting rations for cash, or obtain formal approval from the Department of Field Support to continue with this practice.	Critical	Yes	Director UNSOS	1 st quarter 2016	Management seeks to reiterate to the auditors that UNSOS did not substitute rations for cash, but reimbursed the contingent for partial self-sustainment in certain categories of rations in the overall

¹ 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.

² 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.

Management Response

Audit of rations management in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						best interest of the Organization. On 7 December 2015, UNSOS sent a facsimile to ASG/DFS requesting authorization for continued partial self-sustainment and local procurement of rations by the AMISOM Djibouti battalion in sector 4.
5	UNSOS should implement procedures to accurately document and report delivery dates and invoke the penalty provision for late delivery of rations, where applicable.	Important	Yes	Chief Rations Unit	Implemented	UNSOS management reiterates the response to the detailed audit report to the effect that the individuals responsible for collecting delivery notes have been requested verify that the correct dates were reflected. Management requests the auditors to confirm implementation and close the recommendation.
6	UNSOS should: assign resources to calculate applicable performance credits and penalties related to the first 25 consumption cycles to determine amounts to be offset against reimbursement claims submitted by the contractor and to recover any remaining amounts due to UNSOS; and implement a mechanism to ensure performance credits and penalties are calculated in a timely manner and invoices are adjusted accordingly.	Critical	Yes	UNSOS/CMS /HQPD/LSD	Implementation	UNSOS management has implemented this recommendation, currently all periods are reviewed up to period 23. We request OIOS to verify in order to close this recommendation.
7	UNSOS should implement effective monitoring procedures to ensure combat ration packs are procured and received in a timely manner.	Important	Yes	Chief Procurement/ Chief Rations Unit	Implemented	Management again reiterates that UNSOS has complied with the 14 day reserve requirement for the 22,126 AMISOM troops and 510 UNGU troops and holds a total of 316,904 CRPs. Management requests closure of this recommendation.
8	UNSOS should take action to expand storage facilities for ration reserves.	Critical	Yes	Contractor/ CMS/Chief	Implemented	UNSOS management has implemented the recommendation and requests closure.

Management Response

Audit of rations management in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Rations Unit		Contract amendment number 3 signed in June 2015 included the required warehouse expansion.
9	UNSOS should implement effective monitoring procedures such as regular review of stock balance reports and spot checks to ensure the contractor maintained the required reserves.	Important	Yes	Chief Rations Unit	Implemented	<p>Management seeks to inform the auditors that the Contractor achieved 100% required stock levels as of 8 October for Mombasa and 28 October for Mogadishu.</p> <p>UNSOS has deducted US \$635,057 in penalties from the Contractor for not having contractual stock levels and US \$961,798 in liquidated damages will be deducted from the mobilization fee for delayed achievement of 100% stock compliance. Management requests closure of this recommendation.</p>