



## **INTERNAL AUDIT DIVISION**

### **REPORT 2018/148**

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**Audit of warehouse operations in the  
United Nations Multidimensional  
Integrated Stabilization Mission in the  
Central African Republic**

**Poor warehouse facilities and lack of regular  
physical verification of inventory increased  
the risk of loss through theft and waste**

**28 December 2018  
Assignment No. AP2017/637/09**

# **Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The objective of the audit was to assess the effectiveness of the management of warehousing operations. The audit covered the period from 1 January 2016 to 30 June 2018 and reviewed warehouse operations including: (a) warehousing facilities; (b) warehouse operations; and (c) implementation of centralized warehouse and property management directives.

MINUSCA had initiated a plan to conduct a full physical verification of inventory in its warehouses by 31 March 2019, and the Department of Field Support had established a physical inventory reconciliation and optimization project to assist MINUSCA in addressing various data accuracy issues. Nonetheless, to address the risk of reoccurrence of inaccurate inventory balances and to mitigate the current high-risk of theft and wastage of inventory, MINUSCA needed to significantly improve its warehouse facilities, and address control weaknesses over its inventory management practices.

OIOS made one critical and eight important recommendations. To address the issues identified in the audit, MINUSCA needed to:

- Develop a comprehensive plan that includes timelines and target dates for construction of adequate centralized warehouse facilities that safeguards the Mission's inventory; and implement the required security measures recommended by the Safety and Security Section to mitigate risk of loss of assets through theft (**critical**);
- MINUSCA should complete its physical verification of all inventory items as planned, and take action on the reconciliation of discrepancies found during the exercise including conducting investigations and convening when necessary the Local Property Survey Board in order for the Mission to determine cause and responsibility for identified differences and take appropriate action.
- Conduct fire safety inspections in its warehouses on a regular basis and install fire detection and mitigating measures; and establish health and safety plans that include conducting health and safety briefings to staff and inspections of the warehouses;
- Conduct a training needs assessment and develop and implement a training plan for all its warehouse staff;
- Strengthen supervision and enforcement over the issuance of items from the warehouse including: (a) maintaining adequate original documentation for the issuance of items, and (b) obtaining sectors' staff acknowledgement of receipt of items issued;
- Take steps to: (a) enforce the requirements for technical units to establish stock levels; and (b) review all inventory balances and analyze inventory movements to identify slow/non-moving and obsolete items, as well as excessive amounts and initiate action to transfer to other missions or obtain approval for write-off;

- Take action to: (a) regularly identify assets that are in need of write off and disposal, (b) train technical units' staff to expedite the process of initiating write-off and completing disposal, and (c) develop an asset disposal strategy factoring in mission-specific and local market conditions to ensure expedited processing of commercial sales;
- Take corrective actions to: (a) limit cases of granting staff with incompatible Umoja access rights; (b) ensure approval of the Director of Mission Support, in writing for exceptional cases, and (c) implement adequate supervisory controls if incompatible access rights have been given for a temporary period; and
- Establish and implement a performance management system for its warehousing operations, including the identification of required data, procedures for collecting and analyzing the data, and the frequency of evaluations and take prompt corrective actions to ensure efficiency and effectiveness of warehousing operations.

MINUSCA accepted the recommendations and has initiated action to implement them.

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# **Audit of warehouse operations 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 warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. The Department of Field Support (DFS) initiated a central warehousing project in 2015 to align global, regional and Mission-specific centralized warehousing processes, and improve core warehousing activities to make them more cohesive, integrated and effective. As part of that project, MINUSCA reconfigured its supply chain processes and established an Integrated Warehouse Section within the Supply Chain Management (SCM) Service.
3. The objective of the Integrated Warehouse Section was to streamline supply chain activities by centralizing the Mission's management of the receipt, storage, issuance, recovery and write-off of expendables and non-expendables to achieve greater efficiency and effectiveness. The Section was responsible for all core warehousing activities including: (a) receiving and inspection of goods; (b) storage, issuance and distribution of goods; and (c) disposal of written-off materials and equipment. The Section, headed by a Chief at the P-5 level, consisted of 62 staff, including 35 international staff, 26 national staff and one United Nations Volunteer.
4. Technical units are accountable for the assets and inventory entrusted to them. These units included the Engineering, Transport, Supply and Medical Sections and the Geospatial Information Technology and Technical Section (GITTS). The Property Control and Inventory Unit (PCIU) is responsible for physically verifying the existence of all non-expendable property and reviewing and reporting on the completion of 100 per cent physical count of expendable items with a value of \$5,000 or more at least once in a year. The Local Property Survey Board (LPSB) is responsible for advising the Director of Mission Support (DMS) for reviewing loss, damage and other discrepancies relating to assets and inventory and subsequent write-off cases, once submitted by technical units.
5. In September 2017, peacekeeping missions, including MINUSCA, decommissioned Galileo as the property management system and the data was migrated to Umoja. The migration to Umoja allows the Mission to conduct inventory, warehouse, logistics, property, and equipment management processes and equipment maintenance in one system and link these processes with finance and procurement modules to enhance transparency and efficiency.
6. As of 9 June 2018, Umoja records indicated that the Mission had \$29.4<sup>1</sup> million worth of warehouse-related expendable line items and \$25.6 million worth of assets and equipment line items in stock.
7. Comments provided by MINUSCA are incorporated in italics.

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<sup>1</sup> All amounts herein refer to acquisition value unless otherwise indicated.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the effectiveness of the management of warehousing operations.
9. This audit was included in the 2018 risk-based work plan of OIOS due to the operational and financial risks related to the management of warehouse operations in MINUSCA
10. OIOS conducted this audit from February to June 2018. The audit covered the period from 1 January 2016 to 30 June 2018. Based on an activity-level risk assessment, the audit covered higher and medium risks in warehouse operations, which included: (a) warehousing facilities; (b) warehouse operations; and (c) implementation of centralized warehousing and property management directives.
11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; (d) physical inspection of all four warehouse facilities in Bangui; and (e) sample testing of records of assets and inventory.
12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Warehousing facilities**

#### Poorly managed and inadequate warehousing facilities exposed the Mission to high risk of theft and waste

13. MINUSCA is required, after undertaking an assessment of needs and security surveys, to establish an appropriate number of warehouses to handle its inventory requirements. MINUSCA had requested and was provided funding in 2014/15 to construct warehouses, but due to other priorities, these warehouses were not constructed. Currently therefore, MINUSCA's main warehousing operations, which are in Bangui, are housed in four leased premises containing two hangers and about 1,800 sea containers.
14. OIOS physical inspection of warehouses and hangers noted that they were in very poor condition, and badly maintained. They were dirty and discarded cartons were littered throughout the premises. There was also inadequate shelving and ventilation to ensure inventory was maintained in good condition. Ninety per cent of inventory stored in sea containers were exposed to excessive heat and unsuitable for some of the Mission's inventory such as paints, cement, information communication and technology equipment and timber, resulting in their deterioration. From the containers inspected by OIOS, in some cases inventory was generally inaccessible, there was no shelving and stock was not well organized, making it difficult to identify and physically verify the inventory.
15. The Mission also did not have material handling equipment such as an electric pallet jack, loading dock and telescopic top loader for moving items from containers and within the premises. Those forklifts available were neither sufficient nor appropriate to lift items such as a water purification plant and pallets of concertina wires.
16. The MINUSCA Safety and Security Section had conducted safety and security assessments in each of the four warehouse locations in Bangui. The recommendations to safeguard and secure stock had not been fully implemented. These recommendations included the installation or construction of: (a) closed-

circuit television cameras, sufficient lighting, sprinklers, X-ray machines and handheld scanners; (b) barbed wire and exterior lighting on the perimeter fence; and (c) sufficient hard-standing areas for loading and unloading inventory.

17. Mission management informed OIOS that it had developed a plan to construct warehouse facilities costing about \$5 million. OIOS noted that funding for these warehouses, which qualify as a major construction project, had not been specifically identified in the Mission's 2018/19 budget. The Mission had also not made any provision for addressing its warehousing needs at sector headquarters.

18. Inadequate and insecure warehousing facilities resulted as management had not used the funds made available at the start-up phase of the Mission to construct adequate warehousing facilities. As a result, its large inventory and asset balances, which as of mid-June 2018 were estimated to be over \$50 million, were stored in poor conditions increasing the risk of financial loss due to deterioration of stock and loss through theft. For example, for the period 2015 to 2017, the Special Investigations Unit reported thefts and/or inventory discrepancies totaling at least \$5 million, and during the audit, further losses were reported. Additionally, although Mission management has initiated action, the current condition of its warehouse conditions impacted on the ability of the Mission to manage and control its inventory and service its customers in a timely manner. For instance, the lack of accessibility of stock resulted in delays in fulfilling customer requests as warehouse staff had to painstakingly go through containers to locate stock, and often having to work in very hot and humid conditions.

**(1) MINUSCA should (a) develop a comprehensive plan that includes timelines and target dates for construction of adequate centralized warehouse facilities that safeguards the Mission's inventory; and (b) implement the required security measures recommended by the Safety and Security Section to mitigate risk of loss of assets through theft.**

*MINUSCA accepted recommendation 1 and stated that the Mission has already completed the statement of works for construction of an integrated warehouse in M'Poko, Bangui and the statement of works was currently being reviewed by the United Nations Global Service Centre in Brindisi for a technical clearance. It was expected that the construction of the warehouse would be completed within nine months upon award of a contract. Recommendation 1 remains open pending construction of the warehouse and receipt of evidence that adequate security measures recommended by the Safety and Security Section have been implemented.*

## **B. Warehouse Operations**

Inventory was becoming unmanageable due to failure to undertake physical count and update the records

19. MINUSCA is required to implement procedures to manage its inventory in an effective and efficient manner. This includes implementing controls such as conducting physical verification of non-expendable and expendable items and reconciling the results of the physical counts to records in the Inventory Management System (Galileo and then Umoja). This was an important process that was required before migrating data from Galileo to Umoja to ensure completeness and accuracy of the data migrated. MINUSCA is also responsible for taking timely and appropriate action when discrepancies are identified.

(a) Discrepancies related to migration of data from Galileo to Umoja

20. An analysis of the overall data provided by MINUSCA showed that in 65 instances, due to inaccurate material master catalogue details, materials with different specifications and unit prices were allocated the same Product Identification Number and price, resulting in the wrong values being assigned

to them. Additionally, stock values of some items in Umoja appear significantly inflated, which was acknowledged by the relevant technical units. For instance, the relevant technical units noted that the following examples were unrealistic: (a) three prefabricated modules were recorded as costing \$0.6 million, \$2.9 million and \$6.9 million, respectively; (b) a trans-receiver ultra-high frequency hand-held was recorded as costing \$1 million; (c) a 250 KVA generator set costing \$379,724; (d) a containerized generator workshop-type B costing \$207,803; and (e) containerized ablution units costing \$1 million.

21. The above happened as the material master catalogue was not appropriately set up resulting in misclassification of inventory and making it extremely difficult to locate specific inventory items, as some items had been generically labelled in the system. In March 2018, MINUSCA established a taskforce led by the Acting Chief SCM to undertake a “massive clean-up exercise” to review and update the material master catalogue. As the clean-up exercise was ongoing, OIOS did not make a recommendation on this issue.

(b) Records of non-expendables (assets/equipment) in Umoja

22. OIOS analysis of MINUSCA fixed assets/equipment records as of 9 June 2018 noted that 17,125 (94 per cent by quantity) inventory line items valued at \$23.7 million were incorrectly classified as fixed assets/equipment (instead of expendables) out of a total of 18,127 items valued at \$49.3 million. OIOS physical verification of a sample of 93 fixed assets/equipment totaling \$2 million identified discrepancies in 57 (61 per cent) cases (values based on acquisition costs), as follows:

- Four items including a badly damaged vehicle, two faulty telephones, and a satellite modem totaling \$85,791 were included in the Mission’s records even though they were due for write-off;
- Five items could not be located including: a tipper truck costing \$6,567; a refrigerated container costing \$30,395; a radio interface modem costing \$3,150; a satellite transceiver costing \$15,477; and a high capacity virtual private network gateway costing \$17,800;
- Twenty-three items that had been issued from the warehouse were still recorded as in stock. These included an anesthesia machine costing \$18,297, and 22 items (40 modules) of prefab accommodation costing a total of \$190,324; and
- Twenty-five items, although recorded as received, were not physically received in MINUSCA but were delivered to the United Nations Logistics Base in Brindisi as per the terms of the contract and paid for by the Mission between September 2016 and June 2017. The Mission did not subsequently receive the items, as the Director of Mission Support agreed that the items be transferred to another Mission. However, the associated costs were not recovered by MINUSCA. These included: two hybrid telephones costing \$6,376; one containerized generator workshop costing \$75,135; and 22 items (108 modules) of prefab accommodation costing \$786,577.

(c) Records of expendables (inventory) in Umoja

23. A physical verification of a sample of 60 expendables (inventory) line items indicated the following discrepancies:

- The total number of items in Umoja (19,453 items) did not match the number of items for 52 inventory line items verified by OIOS. Umoja had 12,168 more items than those verified;

- For 5 line items, the bin locations per Umoja did not match their physical location;
- For 19 line items, OIOS could not verify them either due to: the inaccessibility of the containers in which they were presumed stored; or the generic descriptive information in Umoja. For example, the items did not contain specific information such as part number, make/brand, model, size and color; and
- For 4 items, they were incorrectly classified as expendable inventory line items instead of non-expendable assets in stock.

24. MINUSCA was of the view that its poor inventory management was due to the lack of adequate storage space preventing staff from fully performing their tasks. Despite poor warehouse facilities, OIOS is of the view that additional attention could have been given by management to ensure staff assigned responsibilities fulfilled their functions. For instance, while the environment made their task difficult, MINUSCA could have still conducted the necessary physical verification to confirm available stock levels and take action on inventory not found, damaged or recorded in the wrong location. This should have also included taking action to initiate the write-off process after submission and review by the Local Property Survey Board (LPSB). Although some physical verification exercises were done, the Mission had not conducted a complete count of all assets and inventory in its warehouses since 2015.

25. Failure to conduct a complete stock count since 2015, compounded by the poor warehouse facilities, resulted in a high risk of: (a) loss of stock due to theft and damage; (b) financial loss through purchasing items already in storage due to the unreliability of the available stock balances; (c) shortages in important stock items impacting the effectiveness of operations; and (d) excess and obsolete stock not being identified in order to implement appropriate action.

26. To address the above issues, MINUSCA management had already on 1 February 2018 instructed its technical units to conduct a full physical verification of all expendable and non-expendable items in the warehouse, and set an ambitious target for this exercise to be completed by 31 March 2018. This was not achieved, and therefore, MINUSCA established a team under the supervision of the Acting Chief SCM for the full physical verification to be completed by 31 March 2019. MINUSCA also prepared a draft plan to guide the work of the team. By the end of October 2018, inventory worth \$12.3 million had been processed and MINUSCA provided to OIOS a summary of the processed inventory. OIOS takes note of this positive action, as well as the plan to complete a full physical verification by 31 March 2019.

27. A review of the information provided of the physical verification completed as of October 2018 showed that 9,000 discrepancies (between physical and book records) were noted, with 2,000 of them already followed up and investigated. Similar work will be expected on the remaining 7,000 discrepancies (and any other discrepancies noted by the time the full physical verification is completed) to ensure all inventory discrepancies are investigated and presented to the Local Property Survey Board, and/or the Headquarters Property Survey Board to determine the cause of the discrepancy and to assign responsibility, if required. MINUSCA informed OIOS that it was awaiting assistance from New York Headquarters to determine the course of action to be taken in this regard. The Logistics Support Division of DFS had also established in October 2018, a physical inventory reconciliation and optimization project to address various data accuracies with inventory and equipment.

**(2) MINUSCA should complete its physical verification of all inventory items as planned, and take action on the reconciliation of discrepancies found during the exercise including conducting investigations and convening when necessary the Local Property Survey Board**

**in order for the Mission to determine cause and responsibility for identified differences and take appropriate action.**

*MINUSCA accepted recommendation 2 and stated that the Mission has developed a comprehensive plan for physical inventory reconciliation and optimization which was on-going with an estimated completion date of 31 March 2019. The report on stock differences has been automatically reported to the Property Management Unit and Finance Senior User, and not directly to LPSB. Recommendation 2 remains open pending receipt of evidence of completion of the physical verification and results of investigations of identified differences including the determination of cause, responsibility and accountability for any losses by the appropriate roles.*

There was a need to improve fire, health and safety standards in the warehouses

28. MINUSCA, in order to safeguard its inventory and mitigate the impact of fire and safety risks to its staff and premises, is required to implement various fire safety procedures and measures as outlined in the DPKO/DFS Centralized Warehousing Operations Manual.

29. MINUSCA had conducted fire safety risk assessments and developed fire safety and emergency evacuation plans but had not conducted any fire safety inspections at its warehouse locations. It had trained and assigned fire wardens and installed fire extinguishers at warehouse locations in Bangui and developed an action plan to conduct annual fire drills. However, the Mission had not installed fire detection systems or fire alarms and signages prohibiting smoking in warehouses.

30. MINUSCA conducted monthly health and safety briefings for the warehouse personnel. The Mission's health and safety focal points provided personal protective equipment to some staff, but it was not available to all staff, and therefore important safety gear such as hard hats, boots and riggers' gloves were not being used consistently. Additionally, as most operations involved the inventory stored in sea containers, staff were required to work for long periods under excessive heat. First aid kits and eye-washing stations were not available, and there was no signages on the safe lifting and handling of inventory. Although fumigation was conducted on a bi-weekly basis, rodents and reptiles such as rats and snakes were seen in two of the four warehouses.

31. The above resulted as MINUSCA had not prioritized the need to conduct fire safety inspections at the warehouses and allocated resources to install fire detection systems, signage prohibiting smoking and emergency fire exits. As a result, there was an increased health and safety risk to its staff, as well as risk of loss of inventory in the event of fire. In April 2018, MINUSCA recruited a Health and Safety Officer who will take action to mitigate some of the risk identified in the audit.

**(3) MINUSCA should: (a) conduct fire safety inspections in its warehouses on a regular basis and install fire detection and mitigating measures; and (b) establish a health and safety plan for warehouse operations.**

*MINUSCA accepted recommendation 3 and stated that the Mission Fire Safety Unit was conducting monthly fire inspections in the Bangui area of responsibility including at the warehouse facilities. Detection system has been installed in Bangui including warehouses. The warehouses were equipped with fire extinguishers. The entire Bangui area of responsibility was covered by a written fire safety plan and emergency evacuation plan and fire drills were regularly conducted. Staff were also receiving fire awareness training as part of the Safe and Secure Approaches in Field Environment training programme. Recommendation 3 remains open pending receipt of the fire safety and emergency evacuation plans and evidence of drills conducted in the warehouses.*

## **C. Implementation of centralized warehousing and property management directives**

### Centralized warehousing guidelines were not properly implemented

32. MINUSCA is required to implement a centralized warehousing concept for an integrated operation managed centrally with managers responsible for a broad range of commodities. This is an important DFS strategy, with the need to implement the requirements of the DFS Manual repeatedly emphasized by DFS. The purpose of this is to align global, regional and mission centralized warehousing processes to allow all core warehousing activities to be cohesive, integrated and effective.

33. The Mission's warehouse structure and operations did not fully adhere to the requirements of the DPKO/DFS Centralized Warehousing Operations Manual. Since 31 October 2016, the Mission transferred the Supply Unit to the Integrated Warehouse Section of the Supply Chain Management pillar, instead of the Service Delivery pillar as required by the DFS Manual. This weakened the internal control mechanism, as staff were performing incompatible functions such as raising and approving reservations, raising and approving requests for general supply items and also approving transfer orders for release of items, increasing the risk of mismanagement of inventory.

34. In addition, action had not yet been taken to update its standard operating procedures to reflect the revised processes required due to the implementation of Umoja. Accordingly, commodity managers continued to be assigned to manage specific types of commodities and storage areas were designated by type of commodity, instead of being physically integrated and centralized, as required by the DFS Manual.

35. The above resulted as the Mission was of the view that the positioning of the Supply Unit within the Service Delivery pillar was not optimal for MINUSCA. The Mission stated that effective 20 August 2018, the Supply Unit reported directly to the Acting Chief SCM. To reinforce the need for segregation and prevent any conflict of interest or mismanagement, the Acting Chief SCM has also physically relocated the Unit from the Integrated Warehouse to the Logbase. Additionally, the DMS informed OIOS that he sought and obtained approval from the Under-Secretary-General of DFS to implement the current structure. However, the DMS and DFS were unable to provide a copy of the approval. MINUSCA had also not dedicated resources to update and implement its standard operating procedures on warehousing operations in line with the DFS Manual, and to incorporate the requirements of Umoja.

36. In the view of OIOS, non-implementation of the DFS guidance may impact on the ability of DFS to establish a synchronized global approach to its supply chain management activities, which is intended to maximize efficiency and effectiveness in warehousing operations. However, in view of the assurances provided by the DMS that DFS was fully aware and approved the actions, no recommendation was made.

### A training needs assessment needed to be conducted and adequate training provided to staff

37. MINUSCA is required to adequately train and build capacity of its staff on general warehousing principles and in Umoja warehousing modules. For 2016/17 and 2017/18, MINUSCA had a combined budget of \$50,634 for the Galileo Decommissioning Project (GDP) and for centralized warehousing training.

38. Staff had received training in GDP cycles 1 and 2. However, additional training was necessary as 19 (44 per cent) national staff neither attended GDP 1 nor GDP 2 cycle training over the last few years.

39. MINUSCA had not provided training on best practices in areas of cycle-counting, inventory management and control, the use of health and safety equipment and basic first aid treatment. Warehouse staff had also not conducted annual assessments for manual handling lifting techniques, as required. Managers of the Integrated Warehouse Section informed OIOS that some on-the-job training on operations had been provided; but confirmed that training on general warehouse principles and best practices had not yet been provided to all warehouse staff. Commodity managers informed OIOS that their units needed additional training on the process of identifying correct product identification numbers when raising reservations. The Section also needed training on the process of running inventory and warehouse related Business Intelligence reports in Umoja.

40. MINUSCA had not conducted a needs assessment to identify capacity gaps in order to develop and implement a training plan. As a result, some warehouse staff did not have sufficient skills to ensure efficient and effective warehouse operations. For example, lack of training had led to inaccurate asset classification and non-standardization of bin location names, causing difficulties in locating inventory items.

**(4) MINUSCA should conduct a training needs assessment and develop and implement a training plan for all its warehouse staff.**

*MINUSCA accepted recommendation 4 and stated that all warehouse staff have been provided with adequate end-to-end training on Umoja Warehouse Galileo Decommissioning Project 1 and 2, and certified in Inspira. Several refresher trainings have been conducted for warehouse management. Recommendation 4 remains open pending receipt of evidence that all staff have been provided the required training.*

Need for timely completion of the receiving and inspection process and maintenance of adequate records

41. In order to streamline the supply chain processes and for these to be more efficient and effective, MINUSCA is required to coordinate incoming deliveries, conduct inspections of received goods within 20 days, and report any discrepancies in quantities or quality to the Procurement Section.

42. OIOS noted that the receiving and inspection (R&I) process was not always completed within 20 days instead taking an average of 36 days for a sample of 71 of 383 incoming shipments. Additionally, a review of available data noted that: (a) due to an oversight by R&I staff, a consignment of spare parts and equipment totaling \$1.4 million, received on 5 January 2018, was still pending inspection; (b) various medical equipment and accessories acquired at \$112,881 at the end of December 2016 took eight months to clear the process due to inadequate supervision; and (c) changes in delivery instructions in 2015/16 led to inspections of items such as prefabs taking over a year from receipt until recorded in inventory.

43. While some progress in the process had been made with the passage of time, there was a need to strengthen controls over the R&I process to make it more efficient and effective. The audit also identified that: (a) the R&I register was not up-to-date; (b) files were not properly organized and important documents were absent, including hand-over notes from the Movement Control Unit to R&I Unit; and (c) in 6 of the 71 cases sampled, R&I Unit did not provide the discrepancy reports to the responsible technical units for certification and approval before submitting to the Procurement Section, as these reports were only signed by R&I representatives.

44. The Mission recently made significant improvement in the R&I function. The average processing time for virtual and normal R&Is were now 16 and 8 days, respectively. All records had been documented in Umoja, eliminating manual records. All discrepancy reports were now signed by both R&I and the technical units. In view of the actions taken, OIOS did not make a recommendation.

Need to enhance controls over the issuance of inventory

45. MINUSCA personnel are required to follow established procedures for issuance of inventory from its warehouses, such as documentation for transfer issue slips, transfer orders, gate passes, customers' signatures and security personnel's signatures to acknowledge movement of items from the warehouse.

46. A review of 93 transfer orders and relevant supporting documentation for the issuance of items amounting to \$320,551, indicated the following weaknesses:

- Supporting documentation for transfer orders were missing for 4 of the 93 sampled items. Nine of the 93 transfer orders totaling \$47,576 were not supported by valid gate passes. In 16 transfer orders, staff signatures acknowledging receipt of goods or authority to take the goods from the warehouse were missing. These included items such as a laptop and vehicle spare parts totaling \$28,467. MINUSCA explained that not all transfer orders were linked to gate passes as they were doing corrective transactions to rectify inventory records without physical movement of inventory;
- In 60 transfer orders for different commodities costing \$219,231, there were no signatures of security personnel on gate passes to confirm that items have been taken out of the warehouse; and in 36 transfer orders for general supplies amounting to \$89,109, warehouse staff approved the related reservations; a process that should have been done by the technical unit staff. Concurrently, the same warehouse staff approved the related transfer orders. Some items were also issued based on scanned copies of signatures rather than original signatures. Staff explained that this was sometimes done to expedite the transactions.

47. Moreover, a review of 337 gate passes showed that: (a) for 116 cases, gate passes were issued without indicating the related transfer order number; and (b) for 28 cases, items were issued to warehouse staff for delivery to the sectors without acknowledgement from the sectors to confirm the receipt of goods shipped by the warehouse.

48. The above resulted due to inadequate supervision and enforcement of standard procedures prior to the issuance of items, including the requirement to maintain adequate original documentation for all items issued, as well as obtaining acknowledgement of receipt of items from sector staff. This had resulted in increased risk of theft of items and financial loss to the United Nations and contributed to the reported thefts and/or inventory discrepancies totaling at least \$5 million indicated earlier in this report.

**(5) MINUSCA should strengthen supervision to ensure appropriate controls are in place over the issuance of items from warehouses/containers including: (a) maintaining adequate original documentation for those items issued; and (b) obtaining staff acknowledgement of receipt of items issued.**

*MINUSCA accepted recommendation 5 and stated that it has established procedures for enforcement of issuance of items through Umoja extension 2 (UE2) workflow, reservation, goods issue and transfer orders. All customers were signing off the issue slips at the point where goods were issued or handed over from the Integrated Warehouse Section. Based on the action taken by MINUSCA, recommendation 5 has been closed.*

Stock levels were not adequately monitored and there were \$44 million worth of slow/non-moving items

49. MINUSCA is required to establish minimum and maximum stock levels, and to periodically review stock levels to avoid stock-outs and excess stock holdings. Also, MINUSCA is required to use the established DPKO/DFS key performance indicators (KPIs) to assess equipment utilization efficiency ratios,

identify slow-moving items and ageing stock, and declare surplus for re-distribution to other missions. Attention must be given to identification of slow-moving equipment that have not been used or issued for a period of one year or longer.

50. None of the five technical units in the Service Delivery pillar established minimum and maximum stock levels, re-order points and quantities of their respective inventory line items in the warehouses. In addition, established KPIs, as noted later in this report, were not used to assess equipment utilization efficiency ratios, identify slow-moving items and ageing stock, and declare surplus for re-distribution to other missions, as required. An analysis of MINUSCA inventory records as at 31 July 2017 (figures for 2018 were not yet available) identified 2,307 expendable inventory line items (including a total of 223,780 items) valued at \$5.6 million and 4,666 non-expendable line items with value of \$38.4 million with no movements for more than one year as reflected in Table 1.

**Table 1: Slow/non-moving inventory as of 31 July 2017**

Responsible Unit	Expendable items		Non-expendable items	
	Number of items	Total value	Number of items	Total value
Communications	10,300	794,760	2,968	6,243,005
EDP	2,079	268,670	316	1,133,051
Engineering	121,279	1,493,217	629	26,128,250
Medical	17,404	116,645	23	48,584
Supply	45,931	557,650	679	2,422,466
Transport	26,787	2,363,127	51	2,416,702
<b>Total</b>	<b>223,780</b>	<b>\$5,594,068</b>	<b>4,666</b>	<b>\$38,392,058</b>

Source: MINUSCA Galileo system

51. MINUSCA did not take steps to: (a) enforce the requirements for technical units to establish stock levels; and (b) review all inventory balances and analyze inventory movements to identify slow/non-moving and obsolete items, as well as excessive amounts and initiate action to transfer to other missions or obtain approval for write-off. This was also a consequence of inadequate physical inventory counts, as referred to earlier in the report.

52. As a result, the existing limited warehouse space was being used to store items that were possibly obsolete or not needed by the Mission. Also, there was a missed opportunity to save costs by identifying and re-distributing surplus items to other missions.

**(6) MINUSCA should take steps to: (a) enforce the requirements for technical units to establish stock levels; and (b) review all inventory balances and analyze inventory movements to identify slow/non-moving and obsolete items, as well as surplus items and initiate action to transfer to other missions or obtain approval for write-off.**

*MINUSCA accepted recommendation 6 and stated that a fax from the Logistics Support Division of United Nations Headquarters regarding the stock coverage analysis and optimizing inventory holdings clearly stated that Umoja provided tools to all stakeholders to monitor their stock holdings and analyze the balances as well as to identify life cycle and condition of the assets for declaring write-offs. These tasks were the responsibility of Inventory Senior Users and Material Data Maintainers in the technical units and were performed regularly. Recommendation 6 remains open pending receipt of evidence that the Inventory Senior Users and Material Data Maintainers in the technical units under the Mission Support Division have established the stock levels, reviewed all inventory balances and analyzed inventory movements to identify slow/non-moving, obsolete and surplus items, and initiated action for write-off or transfer to other missions.*

### Need for expedited write-off and disposal actions

53. Good inventory management practices require: (a) periodic identification of assets no longer needed, damaged or obsolete for write-off and/or disposal and submission to LPSB for review and approval; (b) that the disposal process of cases is completed within 90 days after initiation of the write-off requests.

54. Galileo reports on write-offs and disposals as at 30 June 2017 and records in Umoja since then indicated the following:

- As of the audit date, MINUSCA had initiated and processed only 293 write-off/disposal cases totaling \$7.1 million (net book value (NBV) of \$1.7 million) relating to fiscal year 2016/17, although many technical units such as GITTS, Engineering, Transport, and Medical had indicated that many assets in their respective inventories were either obsolete or no longer useful. However, technical units had not initiated write-off action recommendations to LPSB. For instance, the Medical Warehouse had identified 152 pharmaceutical line items costing \$165,423 that had expired, but no action was taken by the Medical Section to initiate the write-off process. This was partly because this process had to be completed in Umoja, and the staff had not been given adequate training. These items were still reflected in Umoja and kept in three of the Medical Section containerized storage in the warehouse;
- 50 of 293 inventory items totaling \$320,995 (NBV of \$127,443) were still pending write-off although the write-off requests were initiated in July 2017; and
- 37 of 293 inventory items totaling \$613,129 (NBV of \$16,429) were written-off between January and March 2017, and were to be disposed-off through donation and commercial sale, but their disposals were still pending as at 31 July 2018.

55. In addition, an analysis of 35 (12 per cent) out of 293 write-off/disposal cases completed by MINUSCA during fiscal year 2016/17 showed that they were duly approved. However, the following were noted:

- 11 (31 per cent) cases totaling \$205,431 (NBV of \$74,490) were not completed within the DFS established KPI period of 90 days. These 11 write-off/disposal cases were completed on average 160 days after the respective write-off actions had been initiated; and
- Write-off requests for 32 write-off/disposal cases reviewed were approved by individuals without the appropriate authority. For instance, three write-off requests for medical equipment and three write-off requests for engineering equipment were approved by the Chief Integrated Warehouse and Supply Section Officer instead of the respective technical unit chiefs.

56. The above occurred because MINUSCA did not take appropriate actions to: (a) regularly identify assets that were in need of write off and disposal; (b) train technical units' staff to expedite the process of initiating write-off and completing disposal; and (c) develop an asset disposal strategy factoring in mission-specific and local market conditions to ensure expedited processing of commercial sales.

57. The delay in the write-off and disposal processes overstated MINUSCA inventory and negatively impacted the accuracy of its financial statements.

**(7) MINUSCA should take action to: (a) regularly identify assets to be written off and disposed of; (b) train technical units' staff in order to expedite the process of initiating**

**write-off and disposal, and (c) develop an asset disposal strategy factoring in mission-specific and local market conditions to ensure expedited processing of commercial sales.**

*MINUSCA accepted recommendation 7 and stated that the identification of obsolete assets for write-off was the responsibility of technical units and accurate information can be obtained through Umoja Enterprise Core Component. Technical staff were properly trained on write-off processes. Recommendation 7 remains open pending receipt of evidence that the technical units under the Mission Support Division regularly identify assets to be written-off and disposed of, and receipt of the Mission's asset disposal strategy.*

Need to adequately segregate responsibilities

58. The Umoja roles guide, issued in August 2017, requires MINUSCA to segregate the inventory and warehouse management functions, including segregating duties at the transactional level. This is to be done by ensuring that the same staff does not initiate and approve the same transaction. Umoja warehousing roles for staff in the technical units need to be restricted to their respective storage location of the technical unit. Supervisory controls are to be implemented in cases where incompatible access is unavoidable.

59. OIOS identified several instances of incompatible access where the creator of reservations of items in Umoja was also the approver. For example, the Medical Section had total reservations valued at about \$1 million, out of which one staff member was responsible for creating and approving items valued at \$637,000. This action by the staff member deprived some of the United Nations-owned clinics from accessing necessary medicines and equipment since once items are reserved, they are taken off the stock and cannot be seen by other users. Additionally, from a review of Umoja access records, OIOS noted that: (a) two warehouse staff had incompatible access rights, and were concurrently performing both inventory and warehouse approval roles for 1,255 reservations (43 per cent) totaling \$2.6 million relating to general supply; (b) three staff were incorrectly granted inventory senior user roles in two storage locations; and (c) one staff was granted inventory user role in all five storage locations.

60. Mission personnel interviewed indicated that incompatible access rights had been granted to some staff temporarily for the data cleansing exercise, and in some cases to provide support to units with inadequate staffing. However, for the instances noted above no justification was provided, and no evidence could be provided that these temporary incompatible access rights had been approved by the DMS, as required when controls were being overridden, leading to a weakened internal control mechanism. As a result, there was an increased risk of fraud.

**(8) MINUSCA should take corrective actions to: (a) limit cases of granting staff with incompatible Umoja access rights; (b) ensure approval of the Director of Mission Support, in writing for exceptional cases; and (c) implement adequate supervisory controls if incompatible access rights have been given for a temporary period.**

*MINUSCA accepted recommendation 8 and stated that the Mission has reviewed all specific cases of conflicting roles and adequate measures have been taken to revoke conflicting roles. There were three cases remaining where such roles were provided for Physical Inventory Reconciliation & Optimization project members in order to complete specific transactions in a controlled manner. Recommendation 8 remains open pending receipt of evidence of review and revocation of all conflicting roles including a review and validation of all transactions completed by physical inventory reconciliation and optimization project members.*

Need to develop key performance indicators to monitor the effectiveness of warehousing operations

61. MINUSCA needs to implement measures to monitor the performance of its warehouses in the following areas: inventory accuracy, efficiency of warehouse operations, storage space utilization, satisfaction of customer service, adequacy of procedures to mitigate health and safety risks, and ensuring environmental issues are properly considered.

62. MINUSCA compiled and provided data on a quarterly basis on key performance indicators related to its property management. However, these key performance indicators did not measure the performance of the Mission's warehouse operations. For example, the indicators being used such as stock ratio; disposal backlog greater than 180 days; and accumulated depreciation to historical cost ratio for property and equipment were all more suited to property management than inventory.

63. MINUSCA had not taken action to establish and implement a performance management system for its warehousing operations, including the identification of the required data, procedures for collecting and analyzing the data, and the frequency of evaluations. As a result, there was an increased risk that the Mission's warehousing operations were not efficient, effective, economical and environmentally friendly.

**(9) MINUSCA should establish and implement a performance management system for its warehousing operations, including the identification of required data, procedures for collecting and analyzing the data, and the frequency of evaluations and take prompt corrective actions to ensure efficiency and effectiveness of warehousing operations.**

*MINUSCA accepted recommendation 9 and stated that a fax from the Logistics Support Division of United Nations Headquarters regarding the stock coverage analysis and optimizing inventory holdings clearly stated that Umoja provides tools to all stakeholders to monitor their stock holdings and analyze the balances as well as to identify life cycle and condition of the assets for declaring write-offs. These tasks were the responsibility of Inventory Senior users and Material Data Maintainers in the Technical Sections and were performed regularly. Recommendation 9 remains open pending receipt of evidence that the technical units are using performance management indicators that are relevant to warehousing operations.*

#### IV. ACKNOWLEDGEMENT

64. 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) Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission  
in the Central African Republic**

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	MINUSCA should (a) develop a comprehensive plan that includes timelines and target dates for construction of adequate centralized warehouse facilities that safeguards the Mission's inventory; and (b) implement the required security measures recommended by the Safety and Security Section to mitigate risk of loss of assets through theft.	Critical	O	Construction of the warehouse and receipt of evidence that adequate security measures recommended by the Safety and Security Section have been implemented.	31 December 2019
2	MINUSCA should complete its physical verification of all inventory items as planned, and take action on the reconciliation of discrepancies found during the exercise including conducting investigations and convening when necessary the Local Property Survey Board in order for the Mission to determine cause and responsibility for identified differences and take appropriate action.	Important	O	Receipt of evidence of completion of the physical verification and results of investigations of identified differences including the determination of cause, responsibility and accountability for any losses, by the appropriate roles.	31 March 2019
3	MINUSCA should: (a) conduct fire safety inspections in its warehouses on a regular basis and install fire detection and mitigating measures; and (b) establish a health and safety plan for warehouse operations	Important	O	Receipt of the fire safety and emergency evacuation plans and evidence of drills conducted in the warehouses.	31 March 2019
4	MINUSCA should conduct a training needs assessment and develop and implement a training plan for all its warehouse staff.	Important	O	Receipt of evidence that all staff have been provided the required training.	31 March 2019
5	MINUSCA should strengthen supervision to ensure appropriate controls are in place over the issuance of items from warehouses/containers including: (a)	Important	C	Action completed.	Implemented

<sup>2</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>3</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>4</sup> C = closed, O = open

<sup>5</sup> Date provided by MINUSCA in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission  
in the Central African Republic**

	maintaining adequate original documentation for those items issued; and (b) obtaining staff acknowledgement of receipt of items issued.				
6	MINUSCA should take steps to: (a) enforce the requirements for technical units to establish stock levels; and (b) review all inventory balances and analyze inventory movements to identify slow/non-moving and obsolete items, as well as surplus items and initiate action to transfer to other missions or obtain approval for write-off.	Important	O	Receipt of evidence that the Inventory Senior Users and Material Data Maintainers in the technical units under the Mission Support Division have established the stock levels, reviewed all inventory balances and analyzed inventory movements to identify slow/non-moving, obsolete and surplus items, and initiated action for write-off or transfer to other missions.	30 June 2019
7	MINUSCA should take action to: (a) regularly identify assets to be written off and disposed of; (b) train technical units' staff in order to expedite the process of initiating write-off and disposal, and (c) develop an asset disposal strategy factoring in mission-specific and local market conditions to ensure expedited processing of commercial sales.	Important	O	Receipt of evidence that the technical units under the Mission Support Division regularly identify assets to be written-off and disposed of and receipt of the Mission's asset disposal strategy.	30 June 2019
8	MINUSCA should take corrective actions to: (a) limit cases of granting staff with incompatible Umoja access rights; (b) ensure approval of the Director of Mission Support, in writing for exceptional cases, and (c) implement adequate supervisory controls if incompatible access rights have been given for a temporary period.	Important	O	Receipt of evidence of review and revocation of all conflicting roles including a review and validation of all transactions completed by physical inventory reconciliation and optimization project members.	30 June 2019
9	MINUSCA should establish and implement a performance management system for its warehousing operations, including the identification of required data, procedures for collecting and analyzing the data, and the frequency of evaluations and take prompt corrective actions to ensure efficiency and effectiveness of warehousing operations.	Important	O	Receipt of evidence that the technical units are using performance management indicators that are relevant to warehousing operations.	30 June 2019

# **APPENDIX I**

## **Management Response**

**United Nations**

United Nations Multidimensional Integrated  
Stabilization Mission in the Central African Republic



**MINUSCA**

**Nations Unies**

Mission Multidimensionnelle Intégrée des Nations Unies  
pour la Stabilisation en République centrafricaine

**INTEROFFICE MEMORANDUM**

**MEMORANDUM INTERIEUR**

TO: Mr. Daeyoung Park, Chief  
A: Peacekeeping Audit Service  
Internal Audit Division, OIOS

DATE: 27 December 2018

FROM: X Milan Trojanovic,  
DE: Director of Mission Support

REFERENCE: DMS-3700

SUBJECT: **Detailed results of an audit of warehouse operations in the United Nations Multidimensional**  
OBJET: **Integrated Stabilization Mission in the Central African Republic**  
**(Assignment No. AP2018/637/09)**

1. Reference is made to your memorandum (OIOS:2018-637-09-04) dated 4 December 2018, on the above captioned subject-matter. Please find attached herewith MINUSCA's response and action plan (Appendix 1) to the recommendations for your consideration.

Regards,

Attachments: (1) Appendix 1 Management response

cc: Mr. Laud Botchwey, Chief Resident Auditor for MINUSCA  
Mr. Arnold Valdez, Chief, Resident Audit Coordination Section, IAD-OIOS  
Ms. Cynthia Avena-Castillo, Internal Audit Division, OIOS

## Management Response

## Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSCA should (a) develop a comprehensive plan that includes timelines and target dates for construction of adequate centralized warehouse facilities that safeguards the Mission's inventory; and (b) implement the required security measures recommended by the Safety and Security Section to mitigate risk of loss of assets through theft.	Critical	Yes	Chief Engineer	Nine months from award of contract	The mission has already completed the statement of works (SOW) for construction of an Integrated Warehouse in M'Poko, Bangui and the SOW is currently under Technical Clearance review by United Nations Global Service Centre (UNGSC). It is expected that the construction of the warehouse will be completed within nine months upon award of a contract.
2	MINUSCA should complete its physical verification of all inventory items as planned, and take action on the reconciliation of discrepancies found during the exercise including conducting investigations and convening when necessary the Local Property Survey Board in order for the Mission to determine cause and responsibility for identified differences and take appropriate action.	Important	Yes	Office of Chief of Supply Chain Management (O/CSCM)	31 March 2019	MINUSCA has developed a comprehensive plan for Physical Inventory Reconciliation Optimization, which is ongoing with an estimated date of completion of 31 March 2019. The report on stock differences has been automatically reported to Property Management Unit (PMU) RD.02 and Finance Senior User (FA.16), and not directly to Local Property Survey Board (LPSB).
3	MINUSCA should: (a) conduct fire safety inspections in its warehouses on a regular basis and install fire detection and	Important	Yes	Fire Safety Officer and	Ongoing	MINUSCA Security Fire Unit is conducting monthly fire inspections in Bangui MINUSCA Area of

<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.

## Management Response

## Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	mitigating measures; and (b) establish health and safety plan for warehouse operation.			Safety and Security Section		Responsibility (AOR) including at the warehouse facilities. Detection system has been installed in Bangui AOR including warehouses (which is also a mitigation measure). The warehouses are equipped with fire extinguishers (50 KG wheeled ABC dry powders) and with 9kg and 6kg ABC Fire Extinguishers. All MINUSCA AOR Bangui has a written Fire Safety Plan and Emergency Evacuation plan and fire drills are regularly conducted (the purpose of the drill is to test the readiness of staff members, as well as to familiarize them with fire evacuation procedures, routes, and to prevent injury in the event of actual emergencies). Staff are receiving Fire Awareness training as part of the Safe and Secure Approaches in Field Environments (SSAFE) training programme.
4	MINUSCA should conduct a training needs assessment and develop and implement a training plan for all its warehouse staff.	Important	Yes	O/CSCM	Implemented	All MINUSCA warehouse staff have been provided with adequate training on Umoja Warehouse (WH) Galileo Decommissioning Project (GDP 1) and (GDP2) end-to-end training, and all staff are certified in Inspira. Thereafter several refreshing trainings have been conducted for warehouse management.

## Management Response

## Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	MINUSCA should take steps to reduce delays in the receiving and inspection function by adequately supervising and monitoring the process to ensure: (a) adequate records are maintained and filed in a timely manner; and (b) discrepancy reports are provided to the technical units for certification and approval.	Important	No		Implemented	MINUSCA already took actions and significantly improved the Receiving & Inspection (R&I) Key Performance Indicators (KPI). For Virtual R&I is 16 (KPI=20) and for normal R&I is 8 (KPI=20) as the Supply Chain Management Quarter 1 (Q1) report is showing. All records are recorded, and all supporting documents are uploaded in Umoja and they are all visible to all stakeholders, hence, no need for maintaining any kind of manual records and to keep the hard copies in the files. Discrepancy reports are signed by both R&I and the technical sections.
6	MINUSCA should strengthen supervision to ensure appropriate controls are in place over the issuance of items from warehouses/containers including: (a) maintaining adequate original documentation for those items issued; and (b) obtaining staff acknowledgement of receipt of items issued.	Important	Yes	Official-in-Charge, Integrated Warehouse Section	Implemented	MINUSCA established procedures and enforcement of issuance of Items through Umoja Extension (UE2) workflow, reservation, goods issue and Transfer Orders. All customers (individuals, Technical Section's staff or Movement Control Section) are signing off the issue slips at the point of the receipt of goods issued/handed over from the Integrated Warehouse Section (IWS).
7	MINUSCA should take steps to: (a) enforce the requirements for technical units to establish stock levels; and (b) review all inventory balances and analyze	Important	Yes	O/CSCM	30 June 2018	Reference to the fax 2018.United Nations Headquarters (UNHQ) Logistics Support Division (LSD) FAX.139534.1 from LSD Director

## Management Response

## Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	inventory movements to identify slow/non-moving and obsolete items, as well as surplus items and initiate action to transfer to other missions or obtain approval for write-off.					regarding the stock coverage analysis and optimizing inventory holdings, which clearly states that Umoja provides tools to all stakeholders to monitor their stock holdings and analyze the balances as well as to identify life cycle and condition of the assets for declaring write-offs. These tasks are the responsibility of Inventory Senior users and Material Data Maintainers in the Technical Sections and performed regularly.
8	MINUSCA should take action to: (a) regularly identify assets to be written off and disposed of; (b) train technical units' staff in order to expedite the process of initiating write-off and disposal, and (c) develop an asset disposal strategy factoring in mission-specific and local market conditions to ensure expedited processing of commercial sales.	Important	Yes	Chief, Property Management Unit	30 June 2018	As mentioned in Recommendation 7 (above), the identification of obsolete assets for write-off is the responsibility of Technical Sections and accurate information can be obtained through Umoja Enterprise Core Component (ECC). Technical Staff are properly trained on write-off processes.
9	MINUSCA should take corrective actions to: (a) limit cases of granting staff with incompatible Umoja access rights; (b) ensure approval of the Director of Mission Support, in writing for exceptional cases, and (c) implement adequate supervisory controls if incompatible access rights have been given for a temporary period.	Important	Yes	O/CSCM		MINUSCA reviewed all specific cases of conflicting roles and adequate measures have been taken to revoke conflicting roles. There are three cases remaining where such roles were provided for Physical Inventory Reconciliation & Optimization (PIRO) project members in order to complete

## Management Response

**Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						specific transactions in a controlled manner.
10	MINUSCA should establish and implement a performance management system for its warehousing operations, including the identification of required data, procedures for collecting and analyzing the data, and the frequency of evaluations and take prompt corrective actions to ensure efficiency and effectiveness of warehousing operations.	Important	Yes	O/CSCM		Please refer to the response in Recommendation 7. Reference to the fax 2018. United Nations Headquarters (UNHQ), Logistics Support Division (LSD) .FAX.139534.1