



INTERNAL AUDIT DIVISION

REPORT 2016/131

Audit of movement control operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Control processes over planning and approval of cargo movements needed improvement

8 November 2016

Assignment No. AP2016/637/03

Audit of movement control operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over movement control operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The audit covered the period from 15 September 2014 to 30 June 2016 and included: (a) planning of cargo movement; (b) passenger and cargo movement controls; (c) management of vendors' performance and processing of invoices; and (d) training of movement control personnel.

The Office of Internal Oversight Services (OIOS) made three recommendations. To address issues identified in the audit, MINUSCA needed to:

- Take measures to fill all vacancies in the Movement Control Section;
- Implement the electronic version of the cargo movement request form for all categories of personnel; and
- Take appropriate action to provide the value of shipments to freight forwarders for insurance purposes.

MINUSCA accepted two recommendations and have initiated action to implement them. MINUSCA did not accept one recommendation, but in the meantime, took action to address the control weakness identified during the audit.

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Audit of movement control 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 movement control operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. The MINUSCA Movement Control (MovCon) Section is responsible for planning, managing and controlling the movement of passengers and cargo for MINUSCA. The Section's activities are governed by the Movement Control Manual promulgated by the Departments of Peacekeeping Operations (DPKO) and Field Support (DFS). The Section is headed by a Chief at the P-4 level and has an authorized staffing table comprising 1 professional, 23 field service, 26 national and 3 United Nations volunteer posts. During the period from 1 September 2014 to June 2016, the Section transported 36,782 passengers and 23,557 tons of cargo. MINUSCA movement control budgets for 2014/15 and 2015/16 were \$48.2 million and \$29.8 million, respectively.
3. Comments provided by MINUSCA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

4. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over movement control operations in MINUSCA
5. This audit was included in the 2016 risk-based work plan of OIOS due to operational, reputational and financial risks related to movement control operations.
6. OIOS conducted this audit from April to June 2016. The audit covered the period from 15 September 2014 to 30 June 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the movement control operations, which included: (a) planning of cargo movement; (b) passenger and cargo movement controls; (c) management of vendors' performance and processing of invoices; and (d) training of movement control personnel.
7. The audit methodology included (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical reviews of data, (d) random sample testing of transactions; and (e) physical observation.

III. OVERALL CONCLUSION

8. MINUSCA implemented adequate procedures for passenger booking and troop deployment and rotation operations. However, MINUSCA needed to: (a) fill all vacancies in the Movement Control Section to ensure adequate planning of its activities, including implementation of effective arrangements for movement of containers within the Mission; (b) implement the electronic version of the cargo movement request form to all categories of personnel; and (c) provide the value of shipments to its freight forwarder for use by the freight forwarder in calculating insurance charges.

IV. AUDIT RESULTS

A. Planning of cargo movement

Need to improve the planning of cargo movements

9. The DPKO/DFS Movement Control Manual (MovCon Manual) requires the MovCon Section to adequately plan the Mission's MovCon operations by assessing requirements and prioritizing them in coordination with relevant sections/units. The Manual also requires the MovCon Section to have at its disposal sufficient transportation resources for effective and efficient movement of cargo.

10. A review of the planning process for MINUSCA movement activities indicated that the MovCon Section held weekly coordination meetings with key stakeholders to set weekly priorities for the movement of cargo. However, the Section did not prepare detailed plans reflecting the priorities and transportation options agreed in these meetings and there was no evidence that the achievements of previously agreed priority movements were assessed in these meetings.

11. A review of MINUSCA transportation resources for container freight indicated that the Mission had a letter of assist, which was able to handle 25 of the Mission's 40 container freight (60 per cent). However, the Mission also routinely hired commercial services using short-term purchase orders. While the Mission advised that these arrangements were adequate for its requirements, there was a persistent backlog of containers requiring shipment. For example, between August 2015 and May 2016, while five purchase orders were issued with a performance period of three months each, the cargo backlog in Bangui for shipments destined for the sectors had accumulated to about 190 containers.

12. The above occurred because the MovCon Section did not have sufficient staff to adequately plan movement control activities and implement effective measures to ensure timely movement of goods. For example, the MovCon Section had a vacancy rate of 50 per cent compared to the overall vacancy rate of 25 per cent for the Mission. The vacant posts were 11 international posts at the field service level and 16 national staff posts. The recruitment for seven posts was at the vacancy announcement stage; and four at the interview stage and eight at the appointment stage. The recruitment actions for eight other posts (including the vacancies for three sector heads) had not commenced. The Mission also experienced challenges in identifying suitably qualified candidates to fill national posts in the sectors.

13. Due to ineffective planning and coordination of cargo movements, Mission shipments were not delivered to their final destinations in a timely manner. For example, the backlog of transportation of the 190 containers in Bangui, referred to above, were delayed for periods ranging from 2 to 18 months.

(1) MINUSCA should take measures to fill all vacancies in the Movement Control Section to ensure adequate planning of movement control activities.

MINUSCA accepted recommendation 1 and stated that the recruitment for the remaining three international posts, all posts of United Nations volunteers added in 2016/17 and all national staff posts was ongoing. Recommendation 1 remains open pending receipt of evidence that MINUSCA has filled the vacant positions in the MovCon Section.

B. Personnel and cargo movement controls

Need for approval and tracking of all cargo movement requests

14. The MovCon Manual requires a user of MovCon services to complete a cargo movement request form (CMR) and submit it to the MovCon Section to initiate the movement of cargo by air and by road. The Manual further requires: (a) the head of the requesting section/unit to approve the CMR; and (b) the Chief of MovCon or his designated official to endorse the CMR.

15. OIOS review of 191(88 electronic and 103 manual) out of 1,155 CMRs selected from the Field Support Suite database (FSS) and the register of manual CMRs indicated that all 88 electronic CMRs were properly completed by the requestors, duly approved by the respective section chiefs, and endorsed by MovCon Section staff. However, 93 (90 per cent) of the 103 manual CMRs were not approved by the section chief and/or endorsed by MovCon Section staff. Furthermore, 48 manual CMRs (47 per cent) were not signed by the requestor and 90 (87 per cent) did not contain the identification or index numbers of the requestors.

16. The above occurred because MINUSCA did not implement the electronic version of the cargo movement request form for all uniform personnel and; even though the Mission had rolled out the electronic version CMR for civilian staff, it had not discontinued the manual system. Since the Mission had not consistently enforced the approval process for CMRs, there was an unmitigated risk of the Mission's cargo services being inappropriately used for the transportation of prohibited goods.

(2) MINUSCA should implement the electronic version of the cargo movement request form to all categories of personnel, including uniformed personnel, and discontinue the use of manual cargo movement request form.

MINUSCA accepted recommendation 2 and stated that it had trained dedicated uniform personnel and provided them access to FSS. However, a review of cargo manifest for the week ended 27 October 2016 indicated that manual CMRs were still in use. Recommendation 2 remains open pending receipt of evidence that MINUSCA has trained and provided dedicated uniformed personnel with access to FSS and implemented procedures to ensure that all CMRs are properly completed, approved and endorsed.

There were adequate controls to ensure that only duly authorized passengers boarded Nations passengers flights

17. The MovCon Manual required MINUSCA to ensure timely movement of passengers transiting through all of the Mission's airports. Only passengers with approved and authorized movement of personnel (MOP) forms should be allowed onboard United Nations flights.

18. MINUSCA had implemented the electronic MOP system (eMOP) for personnel with access to FSS and manual MOPs for personnel, mainly uniformed ones that did not have access to FSS. A review of MOPs for 262 out of 36,782 passengers transported during the period (156 eMOPs and 106 manual MOPs) indicated that the forms were properly completed and approved by the Section Chief and authorized by the Director of Mission Support or the assigned delegate. OIOS concluded that MINUSCA had implemented adequate controls to ensure that duly authorized passengers boarded United Nations flights.

Deployment and rotation of military and police units was adequately managed

19. The MovCon Manual requires the MovCon Section to: (a) compile and update a contingent mission rotation plan; (b) issue a movement order to the contingent detailing the modalities for the movement; and (c) prepare a movement completion report to assess the effectiveness and efficiency of procedures and institute remedial solutions to any challenges encountered. During the period September 2014 to June 2016, the MovCon Section facilitated 122 movements (deployments and rotations) covering 23,464 troops.

20. A review of 20 movements involving 5,029 soldiers indicated that the MovCon Section had: (a) compiled and updated a contingent mission rotation plan which contained all relevant information including contingent strengths, past and proposed rotation dates and contingent contact details; (b) issued a movement order to the contingent, which provided the movement transportation and instruction necessary to undertake the move; and (c) prepared a movement completion report in a timely manner, which included the challenges encountered and remedial solutions for managing and executing future deployments and rotations based on lessons learned. OIOS concluded that MINUSCA had implemented adequate controls over the deployment and rotation of troops.

There was an adequate within-mission cargo tracking system

21. The MovCon Manual requires the MovCon Section to ensure timely clearance of the Mission's goods from customs and the Mission requires its customs clearing agents to complete the clearance process within 15 business days of a shipment arriving at the customs-bonded warehouse in Bangui.

22. A review of 36 out of 300 inbound shipment transactions during the audit period indicated that 19 shipments were cleared from customs within 15 business days of their arrival and 17 were cleared within periods ranging 18 and 156 business days. For instance: (a) two containers containing communication equipment needed for new sites were delivered at port of discharge in December 2014 were cleared and delivered to MINUSCA warehouse only on 28 May 2015; and (b) as at 30 June 2016, 11 cargo shipments valued at over \$600,000 were still pending customs clearance with delays averaging 33 days.

23. This occurred because, although the Mission had a within-mission cargo tracking system, it had not implemented an effective system for obtaining shipping documents from suppliers well in advance of their arrival to facilitate customs clearance and to track its progress. Due to delays in clearing goods from customs, the Mission incurred \$250,000 in demurrage and storage charges from September 2014 to June 2016.

24. At the end of the audit process, the MovCon Section enhanced its tracking system to include requirements for tracking the customs clearance process and to monitor and follow up with customs clearing agents to expedite the clearance process and reduce demurrage and storage costs. Based on the action taken by MINUSCA and verification of the new controls put in place, OIOS did not make a recommendation on this matter.

Adequate records of cargo movement activities were maintained

25. The MovCon Manual requires the MovCon Section to maintain adequate records of all cargo movements (inbound and outbound).

26. A review of customs clearance case files for 36 out of 300 shipments indicated that some files did not contain one or more of the required documents. For example, 21 files did not have copies of purchase

orders, 8 did not have the tax exemption forms and 12 did not have delivery notes. This was because the MovCon Section had not implemented an effective mechanism to ensure that customs clearance files were complete and well-organized. Individual staff members maintained official records on their computers in the absence of a common repository platform. As a result, there was an increased risk of loss of important documents to support the customs clearance process and the Mission may be unable to re-export its assets or transfer them to other peacekeeping missions.

27. At the end of the audit process, the MovCon Section implemented a mechanism to enforce the requirement to maintain up-to-date and complete customs clearance case files, including a checklist to ensure complete documentation. Based on the action taken by MINUSCA and verification of the new practice, OIOS did not make a recommendation on this matter.

There were standard operating procedures for MovCon operations

28. The MovCon Manual requires MINUSCA to develop specific Standard Operating Procedures (SOPs), which reflect the particular nature of the mission environment.

29. The MovCon Section had developed SOPs, which were in draft form and waiting approval by MINUSCA management prior to being promulgated. In the interim, the MovCon Section used the Movement Control Manual requirements for guidance and key staff had many years of experience managing movement control operations in peacekeeping missions. As a result, OIOS did not make a recommendation on this issue.

C. Vendors performance management and invoice processing

There were adequate controls over execution of contracts for movement control operations

30. The MovCon Manual requires the MovCon Section to: (a) review and certify invoices for movement control operations; and (b) evaluate the performance of each contractor with regards to quality, delivery, timeliness as well as other performance indicators regarding promised goods, services or works.

31. MINUSCA had engaged six contractors for customs clearance, freight forwarding and terminal handling services in Bangui. During the audit period, a total of 11 purchase orders valued at \$1.9 million were issued to contractors. A review of a sample of invoices related to the 11 purchase orders and MINUSCA performance management process indicated that the MovCon Section had: (a) reviewed and certified all invoices; and (b) regularly evaluated the performance of each contractor with regards to quality, delivery, timeliness as well as other performance indicators regarding promised goods, services or works.

32. OIOS concluded that MINUSCA had implemented adequate controls over the execution of contracts for movement control operations.

Need to provide the value of shipments to a freight forwarder

33. MINUSCA had contracted a freight forwarder for in-mission road cargo movement. The purchase order stipulates that the price for services provided will include insurance charges at a rate of 0.15 per cent of the value of the goods transported for a 20-foot container.

34. A review of all six invoices related to a freight forwarder from January to March 2016 indicated that, for all 24 containers transported, the freight forwarder did not calculate the insurance charges as per

the contracts. Instead, the freight forwarder charged the Organization a flat rate of \$2,000 for each container transported and MINUSCA paid \$48,000 in insurance charges for the 24 containers. OIOS analysis of payment related to 9 of 24 containers transported by the contractor indicated that the insurance charges would have been \$891 instead of \$18,000 had the contractor invoiced the Mission based on rates in the contract. This occurred because MINUSCA did not provide the freight forwarder with the value of the goods transported.

35. Since MINUSCA did not ensure compliance with the provisions of the contracts, there was a financial loss of \$17,109 related to the 24 containers.

(3) MINUSCA should take appropriate action to provide the value of shipments to freight forwarders for insurance purposes.

MINUSCA did not accept recommendation 3 and stated that only about 10 per cent of the cargo was transported through third-party freight forwarding agents and acknowledged that the requirement for insurance was included in the contract. MINUSCA also stated; however, that it had taken action and implemented procedures and checks that ensure the value of shipments would be provided to the freight forwarder in the Task Order going forward. OIOS notes that, even though MINUSCA did not accept the recommendation, it has initiated procedures to provide the value of shipments to the freight forwarders for insurance purposes. Based on the action taken by MINUSCA to address the control weakness identified, recommendation 3 has been closed.

D. Training of movement control personnel

Movement control staff were trained on the handling of dangerous goods

36. The MovCon Manual required movement control staff handling dangerous goods to complete the International Air Transport Association's dangerous Goods Regulations Course.

37. During the period from September 2014 to December 2015, only two staff members had the required dangerous goods certification. However, in May 2016, a total of 21 out of the 25 movement control staff participated in the training session on dangerous goods that was held in Bangui. OIOS concluded that MINUSCA had established adequate controls over the training of staff on the handling of dangerous goods.

V. ACKNOWLEDGEMENT

38. 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 movement control operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSCA should take measures to fill all vacancies in the Movement Control Section to ensure adequate planning of movement control activities.	Important	O	Receipt of evidence OIOS that MINUSCA has filled the vacant positions in the MovCon Section.	31 March 2017
2	MINUSCA should implement the electronic version of the cargo movement request form to all categories of personnel, including uniformed personnel, and discontinue the use of manual cargo movement request form.	Important	O	Receipt of evidence that MINUSCA has trained and provided dedicated uniform personnel with access to FSS and implemented procedures to ensure that manual CMRs are discontinued.	October 2016
3	MINUSCA should take appropriate action to provide the value of shipments to freight forwarders for insurance purposes.	Important	C	Action has been taken to address the control weaknesses identified during the audit.	Implemented

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 MINUSCA in response to recommendations.

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

DATE: 20 October 2016

REFERENCE: OSRSG/046/2016

FROM: Parfait Onanga-Anyanga
DE: Special Representative of the Secretary-General
And Head of MINUSCA

SUBJECT: Draft report on an audit of movement control operations in the United Nations
OBJET: Multidimensional Integrated Stabilization Mission in the Central African Republic
(Assignment No. AP2016/637/03)

1. With reference to your memorandum dated 5 October 2016, on the captioned-subject matter, please find attached MINUSCA's response (Appendix I) to the draft report for your consideration and records.

Attachments: 1

cc: Mr. Milan Trojanović, Director of Mission Support, MINUSCA
Mr. Gerard Buckley, Chief of Supply Chain Management, MINUSCA
Mr. Jacques Heynen, Chief of Movement Control Section, MINUSCA
Mr. Daniel Liviu Curea, Audit Focal Point, MINUSCA
Ms. Eleanor Burns, Director, Internal Audit Division, OIOS
Mr. Ibrahim Bah, Chief Resident Auditor, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	MINUSCA should take urgent measures to fill all vacancies in the Movement Control Section to ensure adequate planning of movement control activities.	Important	Yes	(CMOVCON), (DCMOVCON)	To be completed by March 31 2017	Only 3 International remain pending for recruitment. All International UNV and National UNV posts (added in 16/17 FY) are on-going, candidates Interviews in progress. All National posts recruitments, inclusive National Officers, are on-going.
2.	MINUSCA should implement the electronic version of the cargo movement request form to all categories of personnel, including uniform and discontinue the use of manual cargo movement request form.	Important	Yes	(DCMOVCON)	Completed	This process similar to eMOP has been implemented in FSS. Dedicated Mil. & Pol. Officers have been trained and granted access for their pillar.
3.	MINUSCA should take appropriate action to provide the value of shipments to freight forwarders for insurance purposes.	Important	No	(OIC JMCC)	Completed	The mission handles two types of contracts, the first NOT issued by the mission (intermission, UNHQ) represent the bulk of the assets delivered into the Mission area, do not allow for MovCon's intervention until the assets are received at end destination; the second are Internal shipment of assets which are moved by either UNOE or Military Mission enablers (a TCC Transport Coy.)

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 movement control operations in the
United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>and are already insured by the organization under the general Insurance program; Those shipment represent the Bulk of MovCon’s surface movements or about 90% of the assets being transported. Only the remaining (10% or less) is handed-over to a contracted party. This only takes place during the Rainy season (5 months) for destinations our transport assets are unable to reach due to road conditions. The Procurement contract issued includes provisions for insurance of the transported assets as per standard transport contracts. Movcon/JMCC has implemented procedures and checks that ensure that when contracted/outsourced assets are tasked to carry MINUSCA cargo, a breakdown of the value of each container is provided in the Task Order (TO).</p>