



## INTERNAL AUDIT DIVISION

### REPORT 2017/072

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Audit of warehouse management in  
the United Nations Organization  
Stabilization Mission in the  
Democratic Republic of the Congo

The Mission needed to improve warehouse  
management and inventory controls,  
enhance health, safety and security  
practices in warehouses, and implement a  
performance management system for  
warehousing operations

3 August 2017  
Assignment No. AP2017/620/09

# **Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over management of warehouse operations in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). The audit covered the period from 1 January 2016 to 31 March 2017 and included review of: establishment of integrated warehouses; warehouse management and inventory control; health, safety and security practices in warehouses; and warehouse performance management.

MONUSCO implemented effective controls to ensure that it assessed sites for its warehouses for proper storage of inventories. However, there was a need for the Mission to improve warehouse management and inventory controls, enhance health, safety and security practices in warehouses, and implement a performance management system for warehousing operations.

OIOS made eight recommendations. To address issues identified in the audit, MONUSCO needed to:

- Enforce the requirement on the segregation of incompatible functions such as the preparation and approval of issue vouchers and establish procedures to promptly update the inventory information management system with respect to manual issue vouchers used to move assets;
- Take effective actions to provide warehouses with staff that possess relevant qualifications and supervisory experience;
- Conduct a training needs assessment, develop a training plan and provide the required training to its warehouse staff;
- Establish maximum and minimum stock levels and reorder points for all inventory line items, and ensure that they are monitored and adhered to;
- Assess the condition of all Rubb Halls used for warehousing and establish and implement a plan to replace worn-out ones;
- Develop and implement an occupational health and safety plan for its warehouses; provide warehouse staff with the required personal protective equipment; and enforce their use in the warehouses;
- Ensure that all warehouses have functional fire detection and prevention equipment, evacuation plans and properly marked exit routes, fire wardens, and adequate water supply to fight fire; 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.

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

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# **Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).
2. In July 2015, MONUSCO created the Integrated Warehouse Section within the Supply Chain Management pillar to centralize warehousing activities that were previously managed by self-accounting units. The objective of the Section is to allow more accurate inventory management through better integration of basic warehousing activities such as receiving and inspection, care and storage of materials, picking required stock, packing, and shipping. The Section is thus responsible for planning, organizing and managing every aspect of warehouse operations in MONUSCO. At the time of the audit, the Mission had fully centralized one integrated warehouse at Entebbe and was in the process of centralizing four others in Goma, Kinshasa, Bukavu and Bunia. MONUSCO was moving its inventory items from warehouses previously operated by self-accounting units to the established integrated warehouses and expected to complete it by August 2017.
3. The Integrated Warehouse Section is headed by a staff at the P-5 level and has 240 authorized posts consisting of 6 professional staff, 30 field service staff, 8 national professional officers, 157 general service staff and 39 United Nations volunteers.
4. As at December 2016, the Mission had 26.5 million items of property valued at \$75.2 million in its warehouses located in Goma, Entebbe, Kinshasa, Bukavu and Bunia.
5. Comments provided by MONUSCO are incorporated in italics.

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

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over management of warehouse operations in MONUSCO.
7. This audit was included in the OIOS 2017 risk-based work plan due to the operational and financial risks related to warehouse management in MONUSCO.
8. OIOS conducted this audit from February to April 2017. The audit covered the period from 1 January 2016 to 31 March 2017. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in warehouse operations, which included: establishment of integrated warehouses; warehouse management and inventory control; health, safety and security practices in warehouses; and warehouse performance management.
9. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data, (d) stratified judgmental sample testing of property to test accuracy of inventory records in Galileo inventory management system and their existence, and (e) testing of all issue and transfer vouchers from 1 January 2016 to 31 March 2017. The audit team inspected and physically observed operations at warehouses in Goma and Entebbe where the Mission maintained the majority of its inventory.

### **III. OVERALL CONCLUSION**

10. MONUSCO implemented effective controls to ensure that it assessed sites for its warehouses for proper storage of inventories. However, there was a need for the Mission to improve warehouse management and inventory controls, enhance health, safety and security practices in warehouses, and implement a performance management system for warehousing operations.

### **IV. AUDIT RESULTS**

#### **A. Establishment of integrated warehouses**

##### MONUSCO assessed sites for the establishment of its warehouses

11. The Departments of Peacekeeping Operations and Field Support (DPKO/DFS) Warehousing Manual requires MONUSCO to select locations of its warehouses after conducting security surveys to identify risks and establish necessary mitigating measures. The Manual also requires MONUSCO to take into account environmental conditions and conduct a storage requirement analysis to identify key storage and handling requirements for various inventories held.

12. Visits to the integrated warehouses in Goma and Entebbe, review of security assessments and environmental reports, and interviews with the security and environment section staff indicated that all the integrated warehouses were assessed for security and environmental risks prior to approval of the warehouse constructions. Four out of five integrated warehouses were established in locations that already had warehouses prior to the introduction of integrated warehousing and one of the five integrated warehouses was established in a newly constructed site in Goma.

13. Additionally, MONUSCO stored its inventory in Rubb Halls and sea containers based on the type of inventory being stored in the respective warehouses. The items stored in the sea containers were construction materials such as sand bags, concertina wires, twisted bars, sanitary ware and plumbing materials. By the time of the audit, the areas for storage of dangerous goods, a yard for property disposal in Goma, and the container yard in Bukavu were still under construction. MONUSCO planned to complete construction of these areas by August 2017. The Mission meanwhile safely stored its dangerous goods in Goma at designated locations with the self-accounting units.

14. OIOS concluded that MONUSCO had implemented effective controls to ensure that it assessed sites for its integrated warehouses for proper storage of inventories.

#### **B. Warehouse management and inventory control**

##### Need to improve controls over the movement of assets in the warehouses

15. The DPKO/DFS Warehousing Manual requires MONUSCO to use vouchers and gate passes to control the movement of items. The Manual also requires MONUSCO to segregate incompatible functions including requesting and approving the issuance of stock to ensure appropriate checks and balances and prevent fraud, theft and errors. MONUSCO has designated staff in the Integrated Warehouse Section to authorize the issuance of items from the warehouses based on the commodity managers' request.

16. A review and analysis of 6,900 issue vouchers in Galileo inventory management system showed that: (a) 2,538 were prepared and approved by the same individuals; (b) 132 had not been approved in Galileo for an average of more than 200 days even though the related assets had been issued by the warehouses; and (c) recipients did not promptly acknowledge receipt of items issued to them as 6 of the 21 within-the-Mission transfer vouchers reviewed had been pending confirmation of receipt in Galileo for periods ranging from 66 to 309 days. This occurred because the Integrated Warehouse Section: (a) did not enforce the requirement on the segregation of incompatible functions including the preparation and approval of issue vouchers; (b) in some instances, used manual issue vouchers but did not take actions to timely update Galileo; and (c) did not enforce the requirement for end users to acknowledge receipt of items issued to them by signing the transfer voucher when taking possession of the assets. As a result, there was an unmitigated risk of loss of assets.

**(1) MONUSCO should enforce the requirement on the segregation of incompatible functions such as the preparation and approval of issue vouchers and establish procedures to ensure prompt updating of the inventory management system with respect to manual issue vouchers used to move assets.**

*MONUSCO accepted recommendation 1 and stated that it completed a review of warehouse functions as per Umoja user access mapping for implementation of Umoja Extension 2 and would review procedures to update the new inventory management system with respect to manual issue vouchers and update its standard operating procedures for the integrated warehouses. Recommendation 1 remains open pending receipt of evidence that the Mission has segregated incompatible warehousing functions, such as preparing and approving issue vouchers, and established procedures to timely update the inventory management system with respect to manual issue vouchers.*

#### Need to address staffing needs for the warehouses

17. The DPKO/DFS Warehousing Manual requires: a Centralized Warehousing Section to be created by centralizing inventory management and the staff of self-accounting units that were previously responsible for their own warehousing activities; and the Mission to employ experienced personnel in its warehouses.

18. The Mission's 2016/17 approved budget included 240 posts to be transferred from various self-accounting units for the establishment of the Integrated Warehouse Section. However, the Section had only 187 posts as targeted posts had not been transferred as planned. Additionally, staff with no supervisory experience and expertise on warehouse operations were transferred as self-accounting units instead released junior staff. For example, the self-accounting units retained six of the eight national professional officers with relevant expertise and transferred general service staff that did not have the necessary skills. Moreover, only three of the five international professional staff transferred to the Integrated Warehouse Section were fully dedicated to their assigned functions as they had to take on responsibilities of: the Chief of the Integrated Warehouse Section who was away from the Mission for eight months; and the Officer-in-Charge of the Supply Chain Management pillar for one year, since April 2016. As a result of the staffing composition in the integrated warehouses, operations were not as effective as expected, resulting in delays in the delivery of mandated tasks; inadequate segregation of duties in warehouses; and delays in updating transactions in the Galileo/Umoja inventory management system as noted in this report.

19. The above occurred because Mission management did not take action to ensure all the required qualified supervisory staff in warehousing management were transferred from various self-accounting units in establishing the Integrated Warehouse Section.

**(2) MONUSCO should reassess the staffing needs of its warehouses and take effective actions to provide these warehouses with staff that possess the relevant qualifications and supervisory experience.**

*MONUSCO accepted recommendation 2 and stated that it would conduct a staffing assessment prior to the 2018/19 budget formulation. Recommendation 2 remains open pending receipt of evidence that the Mission has assessed the staffing requirements of its warehouses and taken action to provide the warehouses with staff that possess the relevant qualifications and supervisory experience.*

Need to assess training needs of warehouse staff

20. The DPKO/DFS Warehousing Manual requires MONUSCO to train its warehouse staff on the use of Umoja, general warehousing principles including health and safety, inventory management and control, movement of dangerous goods, operating material handling equipment, and safe lifting.

21. Interviews with warehouse staff and the Mission's health and safety officer indicated that the Mission had not provided training to staff on health and safety principles, movement of dangerous goods, basic first aid, operating material handling equipment, and safe lifting. This occurred because the Mission had not taken action to assess the training needs of its integrated warehousing staff and develop an appropriate training plan. As a result, there was an increased risk of injuries and inefficient and ineffective warehouse operations.

**(3) MONUSCO should conduct a training needs assessment, develop a training plan and provide the required training to its warehouse staff.**

*MONUSCO accepted recommendation 3 and stated that training was ongoing in line with Umoja Extension 2 and would be completed for all staff before 1 September 2017. Recommendation 3 remains open pending receipt of evidence that a training needs assessment has been conducted and the required training, not only on the use of Umoja but on health and safety principles and practices in warehouses, movement of dangerous goods, basic first aid, operating material handling equipment, and safe lifting, has been provided to all concerned staff.*

Need to improve accuracy of inventory records

22. The DPKO/DFS Warehousing Manual requires MONUSCO to: update and reconcile inventory records after physical verification of inventory items to ensure the accuracy of the inventory information; and conduct periodic warehouse location surveys to ensure the physical location and quantity of inventory in the warehouse are accurately reflected in the inventory management system.

23. Data analysis of Galileo inventory records Mission-wide and physical verification of warehouses in Goma and Entebbe indicated that the Mission used the Galileo system to track and monitor the movement of inventory. Physical verification of 873,676 inventory items (expendable and non-expendable) valued at \$8.3 million out of 2,858,381 inventory items valued at \$25.5 million in the warehouses in Goma showed that the inventory management system (Galileo) did not contain accurate inventory records. There were discrepancies between the physical location and quantity of inventory items and the data recorded in the system. Specifically, out of the 873,676 inventory items sampled: 39,335 inventory items valued at \$2.8 million were found in different locations than those indicated in the system; and 322,382 inventory items valued at \$2.4 million could not be located. Some 511,959 inventory items with a value of \$3 million were found with no discrepancies.

24. The above resulted because responsible staff did not conduct physical verifications and cycle counts of inventories on a regular basis, and did not update the Galileo system on a timely basis to reflect issuance and transfers of inventory. As a result, the inventory shown in the Galileo system was inaccurate, which may affect the reliability of information transferred to Umoja after Galileo is decommissioned in September 2017. OIOS had noted the above issues in the audit of asset management in MONUSCO in 2016 and recommended that MONUSCO implement an effective cycle count programme to identify data inaccuracies, slow-moving and surplus assets, and take corrective actions and report on the related key performance indicators. The Mission had not yet fully implemented the recommendation and therefore OIOS will continue to monitor its implementation.

Need to establish maximum and minimum stock levels and reorder points for all inventory line items

25. The DPKO/DFS Warehousing Manual requires MONUSCO to determine stock levels for all its inventory items. These include the maximum and minimum stock levels, and reorder points.

26. A review of Galileo reports on inventory holdings, visit to 14 Rubb Halls used as warehouses in Entebbe and Goma and interviews with the Supply Chain Management staff indicated that MONUSCO had not established stock levels for its inventory items. This was because the Mission did not prioritize establishment of stock levels prior to the implementation of the integrated warehousing concept. Before the introduction of integrated warehouses, each self-accounting unit raised requisitions for inventory items based on past consumption patterns and expected requirements. Upon implementation of the integrated warehousing concept, MONUSCO planned to establish an Acquisition Planning Unit to centrally determine inventory requirements in coordination with the self-accounting units and the integrated warehouses.

27. As a result of lack of establishment of optimal stock levels and their monitoring, warehouses held excess inventories. As of February 2017, the Mission had \$17.5 million in excess stock including assets valued at \$9.1 million that had been in stock for over a year without any movement. In addition to being wasteful, the excess inventory took up space, which affected proper arrangement and storage of inventory items. For example, OIOS noted that the quantity of inventory had exceeded the capacity of 12 out of the 14 Rubb Halls in Goma and Entebbe, and inventory items were strewn on floors, aisles and designated emergency escape routes in 10 of them.

**(4) MONUSCO should establish maximum and minimum stock levels and reorder points for each inventory item, and ensure that they are monitored and adhered to.**

*MONUSCO accepted recommendation 4 and stated that: the newly formed Acquisition Planning Unit would coordinate with the commodity managers the control and replenishment of inventory; the functionalities in Umoja Extension 2 would capture maximum and minimum stock levels; and reorder points would be established for suitable commodities. Recommendation 4 remains open pending receipt of evidence that the Mission has established and implemented maximum and minimum stock levels and reorder points for all inventory items and are monitoring them.*

Need to develop and implement a replacement plan for Rubb Halls used as warehouses

28. The DPKO/DFS Warehousing Manual requires MONUSCO to: (a) fence and secure warehouses with check points at entrance and exit points; (b) provide adequate lighting inside and areas surrounding the warehouses; (c) make sure that warehouses are structurally sound; and (d) install closed-circuit television cameras (CCTVs) and recording equipment in and around the warehouses.

29. MONUSCO used sea containers and Rubb Halls for storing inventory in Goma and Entebbe, which were considered adequate by mission standards. Premises were properly fenced and sufficiently lit in and



around the warehouses. Check points and security guards were available at entrances and exit points. However, the Mission had CCTVs in only 2 of the 14 Rubb Halls that OIOS visited in Goma and Entebbe, although MONUSCO had initiated a project to equip all the Rubb Halls with CCTVs.

30. However, while all the five Rubb Halls in Goma were new; the nine in Entebbe were worn-out as they had exceeded their life expectancy by over five years, were frayed and in some instances, damaged resulting in leaks when it rained. This occurred because the Mission had not regularly assessed the condition of the Rubb Halls and established and implemented a replacement plan. As a result, there was a risk of financial loss that could result from damage to assets and theft. For example, from January 2016 to May 2017, the Special Investigations Unit had investigated 396 cases of theft and losses of assets in MONUSCO compounds including warehouses.

**(5) MONUSCO should assess the condition of all Rubb Halls used for warehousing and establish and implement a plan to replace worn-out ones.**

*MONUSCO accepted recommendation 5 and stated that it: planned to modernize the storage facilities in Entebbe and other locations and replace torn and worn-out Rubb Halls; and would conduct a review and put in place a replacement plan depending on budgetary approvals and mission priorities. Recommendation 5 remains open pending receipt of evidence that MONUSCO has assessed the condition of all Rubb Halls and put in place a plan to replace worn-out ones.*

### **C. Health, safety and security practices in warehouses**

#### Need to improve health and safety standards in the warehouses

31. The DPKO/DFS Warehousing Manual requires MONUSCO to install health and safety related equipment in warehouses, and provide relevant staff with basic personal protective equipment.

32. Inspection of warehouses in Goma and Entebbe showed that the Mission had not installed all the required health and safety related equipment such as first aid kits and eye washing stations. Additionally, there were no signage on safe lifting and handling, and warehouse staff were not always provided with personal protective equipment such as hard hats, boots and riggers' gloves until February 2017. The Mission had also not conducted occupational health and safety inspections of the warehousing operations.

33. The above resulted because MONUSCO had not taken action to effectively address the occupational health and safety needs in its warehouses. The health and safety function was established only in 2016, and the responsible officer was still in the process of addressing the Mission's occupational health and safety needs. As a result, there was increased risk of injuries at warehouses.

**(6) MONUSCO should take effective steps to: (a) develop and implement an occupational health and safety plan for its warehouses; (b) provide warehouse staff with the required personal protective equipment; and (c) enforce the use of personal protective equipment in the warehouses.**

*MONUSCO accepted recommendation 6 and stated that: standard operating procedures would be drafted to ensure compliance with the use of personal protective equipment; staff would be provided with personal protective equipment and signs placed in warehouses on the use of safety gear; internal training on warehouse safety would be conducted; and managers would enforce the use of personal protective equipment. Recommendation 6 remains open pending receipt of evidence that MONUSCO has: developed and implemented an occupational safety and health plan for its warehouses; provided*

staff with the required personal protective equipment; and enforced the use of the personal protective equipment in the warehouses.

#### Need for enhanced fire safety measures at warehouses

34. The DPKO/DFS Warehousing Manual requires MONUSCO to: (a) install a fire detection system in each warehouse with appropriate signage prohibiting smoking; and (b) regularly inspect fire extinguishers, put in place fire evacuation plans, assign fire wardens, properly mark fire exit routes, and regularly conduct fire safety inspections.

35. In Entebbe, the Mission had: a fire evacuation plan; inspected fire extinguishers monthly; fire wardens; performed fire drills at least annually; properly marked fire exit routes; installed signage prohibiting smoking inside warehouses; conducted fire safety inspections; and water supply available through fire hydrants. However, the water pressure was too weak as it required more than 30 minutes to fill up a 5,000-litre fire truck. In August 2016, the Fire Unit requested the Engineering Section to address the water supply issue but no action had been taken. For the remaining four centralized warehouses, the Mission did not: (a) have fire detection and safety equipment, fire evacuation plans and fire wardens; (b) adequate water supply to fight fire; and (c) properly mark fire exit routes and install signage prohibiting smoking, and conduct regular fire inspections.

36. The above occurred: due to ineffective coordination between the Engineering Section, Fire Unit and Supply Chain Management pillar to ensure that the warehouses had functional fire detection and safety equipment; and because the Mission had not dedicated resources to develop fire evacuation plans, and acted to ensure the assignment of fire wardens, availability of adequate water supply to fight fire, and to properly mark fire exit routes and install signage prohibiting smoking. As a result, there was a risk of financial loss and injuries in the event of fire.

**(7) MONUSCO should take action to ensure that all warehouses have functional fire detection and prevention equipment, evacuation plans and properly marked exit routes, fire wardens, and adequate water supply to fight fire.**

*MONUSCO accepted recommendation 7 and stated that it established evacuation plans for warehouses and would: develop standard operating procedures to address the recommendations; equip warehouses with fire detection and prevention equipment; mark warehouse exits; and designate fire wardens. Recommendation 7 remains open pending receipt of fire evacuation plans for all the centralized warehouses and evidence that MONUSCO has: installed in all warehouses functional fire detection and prevention equipment; properly marked exit routes; designated fire wardens; and provided adequate water supply to fight fire.*

## **D. Warehouse performance management**

#### Need to implement a performance management system for warehouse operations

37. The DPKO/DFS Warehousing Manual requires the Mission to manage the performance of its warehouses in six areas, i.e., inventory accuracy, efficiency, storage space utilization, customer service, health and safety, and environment.

38. MONUSCO was not managing the performance of its warehouses in any of these areas. As a result, there was an increased risk that the Mission's warehousing operations were not efficient, effective and economical. This occurred because the Mission had not taken action to establish and implement a

performance management system including the identification of required data, procedures for collecting and analyzing the data, and the frequency of evaluations.

**(8) MONUSCO should 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.**

*MONUSCO accepted recommendation 8 and stated that it would develop key performance indicators for warehouse operations in line with the corporate blueprint and fully implement them after the roll out of Umoja Extension 2 on 1 September 2017. Recommendation 8 remains open pending receipt of evidence that the Mission has established and implemented a performance management system for its warehousing operations.*

## V. ACKNOWLEDGEMENT

39. OIOS wishes to express its appreciation to the management and staff of MONUSCO 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 management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	MONUSCO should enforce the requirement on the segregation of incompatible functions such as the preparation and approval of issue vouchers and establish procedures to ensure prompt updating of the inventory management system with respect to manual issue vouchers used to move assets.	Important	O	Receipt of evidence that the Mission has segregated incompatible warehousing functions such as preparing and approving issue vouchers, and established procedures to time update the inventory management system with respect to manual issue vouchers used to move assets.	31 March 2018
2	MONUSCO should reassess the staffing needs of its warehouses and take effective actions to provide these warehouses with staff that possess the relevant qualifications and supervisory experience.	Important	O	Receipt of evidence that the Mission has assessed the staffing requirements of its warehouses and taken action to provide these warehouses with staff that possess the relevant qualifications and supervisory experience.	30 June 2018
3	MONUSCO should conduct a training needs assessment, develop a training plan and provide the required training to its warehouse staff.	Important	O	Receipt of evidence that a training needs assessment has been conducted and the required training, not only on the use of Umoja, has been provided to all concerned staff.	31 March 2018
4	MONUSCO should establish maximum and minimum stock levels and reorder points for each inventory item, and ensure that they are monitored and adhered to.	Important	O	Receipt of evidence that the Mission has established and implemented maximum and minimum stock levels and reorder points for all inventory items and are monitoring them.	31 March 2018
5	MONUSCO should assess the condition of all Rubb Halls used for warehousing and establish and implement a plan to replace worn-out ones.	Important	O	Receipt of evidence that MONUSCO has assessed the condition of all Rubb Halls and put in place a plan to replace worn-out ones.	30 June 2018
6	MONUSCO should take effective steps to: (a) develop and implement an occupational health and safety plan for its warehouses; (b) provide warehouse staff with the required personal	Important	O	Receipt of evidence that MONUSCO has: developed and implemented an occupational safety and health plan for its warehouses; provided staff with the required personal	31 March 2018

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

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

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

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

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical/ Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	protective equipment; and (c) enforce the use of personal protective equipment in the warehouses.			protective equipment; and enforced the use of the personal protective equipment in the warehouses.	
7	MONUSCO should take action to ensure that all warehouses have functional fire detection and prevention equipment, evacuation plans and properly marked exit routes, fire wardens, and adequate water supply to fight fire.	Important	O	Receipt of fire evacuation plans for all the centralized warehouses and evidence that MONUSCO has: installed in all warehouses functional fire detection and prevention equipment; properly marked exit routes; designated fire wardens; and provided adequate water supply to fight fire.	31 March 2018
8	MONUSCO should 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 Mission has established and implemented a performance management system for its warehousing operations.	31 March 2018

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MONUSCO should enforce the requirement on the segregation of incompatible functions such as the preparation and approval of issue vouchers and establish procedures to ensure prompt updating of the inventory management system with respect to manual issue vouchers used to move assets.	Important	Yes	OIC Integrated Warehouse	31 <sup>st</sup> March 2018	Review of warehouse functions completed as per Umoja user access mapping (UAM) for implementation of Umoja Extension 2 (UE 2). Segregation of warehouse functions will be strictly adhered to until Galileo is decommissioned. The procedure for updating the new inventory management system with respect to manual issue vouchers will be reviewed and the Standard Operating Procedures (SOP) for Integrated Warehouse updated accordingly.
2	MONUSCO should reassess the staffing needs of its warehouses and take effective actions to provide these warehouses with staff that possess the relevant qualifications and supervisory experience.	Important	Yes	OIC Integrated Warehouse	30 <sup>th</sup> June 2018	An assessment was completed based on the civilian staffing review and the mission budget for 17/18. However the assessment was not approved at budgetary level. Further assessment will be conducted prior to 2018/19 budget formulation.
3	MONUSCO should conduct a training needs assessment, develop a training plan and provide the required training to its warehouse staff.	Important	Yes	OIC Integrated Warehouse	31 <sup>st</sup> March 2018	Umoja warehouse training on warehouse operations is ongoing. Training plan will be completed for all staff before the implementation of Umoja Extension 2 (UE 2) on 01 September 2017, with a one month of follow-up during the ramp-up period.

<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 management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Examples of trainings that will be provided:</p> <ul style="list-style-type: none"> <li>• In class training (ILT) Umoja Integrated Warehouse operations for end users</li> <li>• Department of Field Support (DFS) Umoja Galileo Decommissioning Project Cycle 01</li> <li>• Department of Field Support (DFS) UMOJA Galileo Decommissioning Project Cycle 2</li> <li>• Second phase Umoja training for Supply Chain Management hub trainers “train-the-trainer”</li> <li>• Galileo Decommissioning Project for Inventory and Warehouse Management.</li> <li>• Radio Frequency Identification System (RFID)</li> </ul>
4	MONUSCO should establish maximum and minimum stock levels and reorder points for each inventory item, and ensure that they are monitored and adhered to.	Important	Yes	OIC Integrated Warehouse and Service Delivery Section Chiefs	31 <sup>st</sup> March 2018	Ongoing project to be coordinated with newly formed Acquisition Planning unit and Commodity managers. Umoja functionalities, as part of the Umoja Extension 2 (UE 2) implementation, will capture maximum and minimum stock levels and re-order points will be established for suitable commodities.
5	MONUSCO should assess the condition of all Rubb Halls used for warehousing and establish and implement a plan to replace worn-out ones.	Important	Yes	Chief United Nations Entebbe Support Base	30 <sup>th</sup> June 2018	Supply Chain management plans to modernize the storage facilities in Entebbe and other locations with replacement of torn and worn-out



## Management Response

## Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						rubb-halls. A review will be conducted and a replacement plan put in place depending on budgetary approvals and mission priorities.
6	MONUSCO should take effective steps to: (a) develop and implement an occupational health and safety plan for its warehouses; (b) provide warehouse staff with the required personal protective equipment; and (c) enforce the use of personal protective equipment in the warehouses.	Important	Yes	OIC Integrated Warehouse	31 <sup>st</sup> March 2018	Implementation of this recommendation has started. A Standard Operating Procedures (SOP) to ensure the compliance with use of personal protective equipment will be drafted and approved for guidance. Staff will be provided with personal protective equipment and signs have been placed in warehouses on use of safety gear. Internal training on warehouse safety will also be conducted and managers will enforce use of personal protective equipment.
7	MONUSCO should take action to ensure that all warehouses have functional fire detection and prevention equipment, evacuation plans and properly marked exit routes, fire wardens, and adequate water supply to fight fire.	Important	Yes	OIC Integrated Warehouse	31 <sup>st</sup> March 2018	Implementation of this recommendation has started. Standard Operating Procedures (SOPs) will be developed in conjunction with Engineering Section and Fire Unit to address these recommendations. Warehouses will be equipped with fire detection and prevention equipment, evacuation plans have been established for warehousing, exits will be marked and fire wardens designated.
8	MONUSCO should implement a performance management system for its warehousing operations including the	Important	Yes	OIC Integrated Warehouse	31 <sup>st</sup> March 2018	KPIs for warehouse operations will be developed in line with corporate blueprint, and implemented fully after

**Management Response**

**Audit of warehouse management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	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.					the roll out of Umoja Extension 2 (UE 2) on 01 September 2017.