OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2018/123

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Insufficient security measures resulted in high level of theft of inventories and there were erroneous inventory data, incomplete physical stock verification and obsolete and excess stock items

11 December 2018
Assignment No. AP2017/634/06

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess the efficiency and effectiveness of UNAMID warehousing operations. The audit covered the period from 1 January 2016 to 31 March 2018 and included: measures for safeguarding inventory, warehouse management and inventory control, warehouse performance monitoring, and health and safety practices.

Insufficient security measures resulted in high level of theft of inventories and there were erroneous inventory data, incomplete physical stock verification and obsolete and excess stock items.

OIOS made six recommendations. To address issues identified in the audit, UNAMID needed to:

- Review and implement outstanding security recommendations to reduce unauthorized access to warehouse yards and to mitigate the risk of theft of inventories;

- Expedite the validation and cleansing of erroneous inventory data in Umoja, which occurred during the migration from Galileo;

- Process backlog of manual stock receipts, transfers and issue vouchers in Umoja and ensure sufficient number of staff in the Integrated Warehouse Section and technical units are trained and have relevant access to the inventory module in Umoja;

- Take action to: (a) expedite 100 per cent physical count of inventories and take appropriate actions for the discrepancies identified such as investigation, write-off and disposal; and (b) ensure 100 per cent physical count of non-expendable items at least once a year and regular cycle count and location surveys of inventory items;

- Expedite the review of inventory items to identify obsolete and surplus stock and take appropriate action to write off and dispose of items that would not be needed before the closure of the Mission, scheduled for June 2020; and

- Provide warehouse staff with requisite personal protective equipment and enforce the use of such equipment in the warehouses; improve the terms of references and enhance supervision of warehouse occupational health and safety monitors; and ensure that Mission components work collaboratively to resolve outstanding recommendations of the Fire Safety Unit.

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

CONTENTS

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).

2.   In November 2013, UNAMID, adopting the integrated warehousing concept in its Supply Chain Pillar, created the Integrated Warehouse Section. The Section is responsible for all core warehousing activities, including receipt, storage and safeguarding of inventory, as well as its issuance upon approval of the technical units. Previously, technical units had their own warehouses and carried out these activities. The technical units remained responsible for the control and oversight of inventory and stock level management by monitoring demands and deliveries.

3.   The Integrated Warehouse Section activities are governed by the 2017 Centralised Warehousing Operations Manual for Field Mission (the Warehouse Manual), promulgated by the Departments of Peacekeeping Operations and Field Support (DPKO/DFS). The Warehouse Manual was complemented by the Mission's standard operating procedures on integrated warehousing operations.

4.   As at 31 March 2018, UNAMID had 24 million inventory items valued at $80 million in its warehouses located in El Fasher, El Daien, El Geneina, Nyala, Zalingei and Khartoum.

5.   The Integrated Warehouse Section was headed by an Acting Chief at the P-4 level reporting to the Service Chief - Supply Chain Management Pillar. In fiscal year 2017/18, the Section had 75 authorized posts consisting of 23 international staff, 39 national staff and 13 United Nations volunteers.

6.   Comments provided by UNAMID are incorporated in italics.

II.   AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7.   The objective of the audit was to assess the efficiency and effectiveness of UNAMID warehousing operations.

8.   This audit was included in the 2018 risk-based work plan of OIOS due to operational and financial risks related to the management and operations of warehouses in UNAMID.

9.   OIOS conducted this audit from March to June 2018. The audit covered the period from 1 January 2016 to 31 March 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in warehousing operations, which included: measures for safeguarding inventory, warehouse management and inventory control, warehouse performance monitoring, and health and safety practices.

10.   The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of data extracted from Galileo and after migration in July 2017 from Umoja; and (d) visits to warehouse facilities in El Fasher, El Geneina, Khartoum, Nyala and Zalingei.

11.   The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Security arrangements and storage condition of warehouses

<u>There was a need to strengthen security to reduce unauthorized access to warehouses and improve storage conditions at warehouses</u>

12.   UNAMID is required to establish facilities suitable for efficient and effective warehouse operations and implement adequate measures to safeguard its inventory against theft and loss by putting in place sufficient security measures to avoid unauthorized access. These security measures include the need for warehouses to be fenced off and it is also recommended that closed-circuit television (CCTV) cameras are installed in and around warehouse premises.

13.   The Integrated Warehouse Section used sea containers, prefabricated offices and soft-walled structures for storing inventory in its five super camps. OIOS visit to five of six warehouse locations noted that warehouses were well arranged with clear labeling for easy identification, stock items were well arranged for easy counting and warehouses provided easy access for warehouse clients.

14.   However, OIOS noted that there were no security guards stationed at all warehouse facilities during the night when most of the reported break-ins occurred. This may account for the high number of break-ins/thefts at various facilities in the super camps, which according to the Special Investigation Unit reports were 35 in Nyala and 28 in El Fasher from 1 January 2017 to 31 May 2018. The security measures at warehouse facilities were weak, as shown in the following examples:

- In Nyala, there were several points where the fence surrounding the engineering warehouse had been cut open to gain unauthorized entry into the warehouse area, and the solar security lights had been removed at several points. There were also no concertina wires to reinforce the chain-link wire around the supply warehouse. The Integrated Warehouse Section used sea containers as security barriers at the engineering warehouse, but there were gaps between the sea containers that, according to the Special Investigation Unit, the thieves used to gain access to the warehouse area;

- In Zalingei and El Geneina, sea containers containing attractive engineering items such as solar panels, power inverters and electrical items were neither stored in a fenced off area nor secured with padlocks; and

- There were no CCTV cameras installed at the medical, engineering, transport and supply warehouse facilities. Only the communication and information technology warehouses had CCTV cameras installed.

15.   The conditions of some warehouses were also poor and did not always ensure that inventory was protected against excessive heat or water leakage. For example, some inventory items such as influenza vaccines in El Fasher valued at $3 million and composite ration packs in Zalengei valued at $52,920 were not kept in climate-controlled warehouses as required. Further, the composite ration packs in Zalengei were kept in the supply warehouse that was also used to keep cleaning chemicals and other general supply materials. Additionally, items with polythene materials such as plumbing products, generators/vehicle spares, batteries, television sets and sand bags were stored in sea containers and were exposed to excessive heat allowing such materials to deteriorate. After the audit, UNAMID took action to ensure that the vaccines and the composite ration packs were stored in climate-controlled storage and completed the construction of four warehouses in El Fasher and Nyala for items that are not suitable to be kept in sea containers for a prolonged period. OIOS therefore did not make recommendations.

16.   The Special Investigation Unit conducted three security assessments of warehouses in February 2016 relating to the high number of break-ins and thefts. The results of the assessments included recommendations relating to: deploying security guards, erecting 25 prefabricated steel warehouse structures, securing sea containers with padlocks and installing grills on prefabricated offices used as warehouses. The Mission in November 2018 completed the assembling of four rigid prefabricated steel warehouses in El Fasher and Nyala to store some items that were not suitable for prolonged storage in sea containers; however, more was needed to adequately safeguard UNAMID inventory until the end of its mandate.

17.   The lack of adequate mitigating measures to safeguard inventory against high levels of theft resulted in continued losses by the Mission.

> **(1) UNAMID should review and implement outstanding security recommendations to reduce the number of break-ins to warehouse yards and theft of inventory items.**
>
> *UNAMID accepted recommendation 1 and stated that its Security Section is actively pursuing measures to reduce break-ins specifically in Nyala, where almost all incidents have occurred. Nighttime patrols around warehouse areas and facilities has been introduced with some effectiveness. Across the Mission, security improvements implemented in recent years will be re-evaluated to ensure further improvements.* Recommendation 1 remains open pending receipt of evidence that UNAMID has fully implemented outstanding security assessment recommendations.

B.   Warehouse management and inventory control

Need to take corrective action on erroneous inventory data migrated from Galileo to Umoja

18.   DPKO/DFS decommissioned the Galileo system effective 31 July 2017 and migrated inventory data into Umoja which went live on 1 September 2017. UNAMID local process experts were tasked with validating and cleaning up data before and after migration to ensure data accuracy.

19.   There was inadequate cleanup and validation of Galileo data by local process experts prior to migration. As a result, an analysis of all Umoja records as at 31 March 2018 showed irregularities in the data migrated from Galileo including: (a) inventory items with no unit or total cost; (b) issue vouchers for items totaling $5.3 million recorded as "initiated" but with no indication that the transactions were completed or valid; (c) transfers of 138 inventory items valued at $1.3 million from one warehouse to another were not completed in the system; and (d) several items of office furniture, spare parts and cleaning chemicals totaling $137,328 found in warehouses, but not recorded in Umoja.

20.   The above happened because of inadequate oversight of local process experts by the UNAMID Umoja Deployment Committee and lack of effective measures in place to make up for the departure of Umoja local process experts to other missions without passing their skills to other staff to identify and resolve the errors. The Mission stated that it was seeking help from process experts from United Nations Headquarters and other missions. Without reliable data, the Mission could not effectively monitor its inventory and make necessary decisions to ensure optimal stockholding to support Mission operations.

> **(2) UNAMID should expedite the validation and cleansing of erroneous inventory data in Umoja which occurred during the migration from Galileo.**
>
> *UNAMID accepted recommendation 2 and stated that a comprehensive framework for Umoja data cleanup has been initiated by United Nations Headquarters in recognition of systemic data issues*

> *across the Organization. This complements ongoing progress at Mission level which commenced in July 2018. The Mission also sought expert support from the Umoja Project Team of United Nations Headquarters in the on-going efforts to resolve data errors.* Recommendation 2 remains open pending receipt of evidence that Umoja data errors that occurred during migration from Galileo have been resolved.

Need for periodic physical verification of inventory and to process backlog of manual issue vouchers

21.   UNAMID is required to conduct 100 per cent physical verification of inventory every year and promptly update Umoja with inventory movements to ensure complete and accurate inventory data. UNAMID is also required to conduct periodic warehouse location surveys to ensure that the physical location and quantity of inventory in the warehouse are accurately reflected in the inventory management system.

22.   UNAMID had about 24 million items valued at $80 million at its six warehouse locations. OIOS inquires with warehouse team leaders and review of issue voucher files showed that there were a large backlog of manual stock receipts, transfers and issue vouchers, as the majority of transactions undertaken between July 2017 and March 2018 had not been processed in Umoja at the time of the audit. OIOS review of records relating to 2 million (9 per cent) inventory items valued at $29 million (36 per cent) at five warehouse locations confirmed this. Engineering items purchased at a cost of $4.6 million that were received and inspected at the warehouse between July 2017 and March 2018 had not been recorded, and some of these items, such as generator spare parts were subsequently issued to technical units using manual issue vouchers before they were recorded in Umoja. Additionally, about 563,000 inventory items valued at $7.2 million could not be located as some items had been issued from warehouses to end users and other items valued around $2.5 million were transferred to other missions using manual issue vouchers that had not been processed in Umoja. Also, 196,231 influenza vaccines valued at $3 million and 3,780 ration packs valued at $52,920 were not recorded in Umoja. Cycle counts and location surveys had not been conducted since July 2017. As a result, there were items such as construction materials, generator and transport spare parts valued at $920,000 found in different bin locations than those indicated in Umoja.

23.   Furthermore, warehouse staff had only completed about 50 per cent of the required 100 per cent physical count of non-expendable items during fiscal year 2017/18. Some 93 per cent of expendables were counted, but the remaining 7 per cent of expendables had not been physically verified since 2015.

24.   The Mission attributed the delay in conducting the 100 per cent physical count and not updating stock receipts in Umoja to missing product identification codes and a backlog of manual issue vouchers transactions that occurred during the blackout period following the transition from Galileo to Umoja. In the view of OIOS, the above conditions were partly due to inadequate supervision of warehouse staff and the impact of the Mission's downsizing exercises which had resulted in a 25 per cent reduction of staff in 2016. Also, there was insufficient staff adequately trained in Umoja. Although staff were trained in July and August 2017 on the use of Umoja, staff were only given user access in April and May 2018 and still lacked familiarity with the issue voucher processing and stock count functionalities in Umoja.

25.   Inaccurate and incomplete inventory records precluded the Mission from effective and efficient management of its warehouse operations. It also resulted in risks of: (a) stock discrepancies through theft and damage not being identified in a timely manner; (b) financial loss through purchasing items already in storage due to the unreliability of the available stock balances; (c) possible 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.

> **(3) UNAMID should strengthen supervision of warehouse staff to process the backlog of manual stock receipts, transfers and issue vouchers in Umoja, and ensure that sufficient staff in the Integrated Warehouse Section and technical units are trained and have relevant access to the inventory module in Umoja.**
>
> *UNAMID accepted recommendation 3 and stated that the backlog of transactions has been updated, and open transfer orders are monitored. The Mission further stated that 80 per cent of all qualifying warehouse staff have Umoja user rights. The remainder are staff whose job functions have no relationship with Umoja activity, and computer-based training with hands-on coaching by advanced peer users is being used. Technical units are also training their staff in inventory user functions.* Recommendation 3 remains open pending receipt of evidence that all backlog manual vouchers have been processed in Umoja and training and user access have been provided to relevant staff of technical units.
>
> **(4) UNAMID should take action to: (a) expedite 100 per cent physical count of inventory items and take appropriate actions for the discrepancies identified such as investigation, write-off and disposal; and (b) ensure 100 per cent physical count of non-expendable items at least once a year and regular cycle count and location surveys of inventory items.**
>
> *UNAMID accepted recommendation 4 and stated that a cycle count schedule to reach 100 per cent count to address all discrepancies within the fiscal year 2018/19 had been developed.* Recommendation 4 remains open pending receipt of evidence that UNAMID has accounted for inventory discrepancies identified during the audit, taken necessary follow-up actions and has achieved 100 per cent physical count of its inventory in the fiscal year 2018/19.

<u>There was a need to reduce excess/obsolete stock items</u>

26.   As at 30 June 2017, $56.4 million (or 90 per cent) of $62.3 million of expendable stock had been in the warehouse for over two years and considered as dead/slow-moving stock. This included $4.3 million that had been declared as surplus.

27.   UNAMID is required to ensure efficient and effective management of inventory, and to establish maximum and minimum stock levels and reorder points for all inventory items. The stock levels should take into account expected demand, projected lead-time and established level of safety stock to avoid holding excess stock and wastage. UNAMID, when using the Galileo system, had only established maximum and minimum stock levels for 12,240 (or 39 per cent) of 30,714 expendable inventory line items as resources had not been dedicated to conducting this exercise. For those with an established maximum stock level, 1,527 inventory line items exceeded the threshold by 130 per cent resulting in overstocking by $1.1 million. There was also a practical difficulty because the decommissioned Galileo required minimum and maximum stock levels to be determined manually, which was time consuming and therefore not seen as a priority. UNAMID also had difficulties in accurately determining minimum and maximum stock levels because of the uncertainties of the dynamic and constantly changing operations, coupled with the delays in customs clearance of procured items at Port of Sudan. Under Umoja, UNAMID had not established maximum and minimum stock levels for any inventory items because the Mission was in the process of reviewing stockholding and Mission management was of the view that establishing maximum and minimum stock levels would not add much value, considering its pending liquidation in 2020. Based on the management' explanation, OIOS is not making a recommendation on the need to determine minimum and maximum stock levels.

28.   Also, despite the high levels of dead/slow-moving stock and excess stock, UNAMID continued to procure items such as cement, gravel, sand and aggregates which were already in stock valued at about $10

million. For example, the Umoja purchase order report for the period 1 January 2016 to 30 June 2018 showed that UNAMID had five orders for 32,500 bags of cement (50 kilograms each bag) valued at $459,600; 12 orders for 41,350 cubic metres of gravel, sand and aggregate valued at $487,636; two orders for 5,224 pieces of timber valued at $76,674, and one order for 5,000 concrete blocks valued at $11,750.

29. The UNAMID Acquisition Planning Unit explained that it did not consistently check stock balances in Galileo prior to approving shopping carts because the system did not prompt the verification of stock balances before proceeding with a procurement action, resulting in the procurement of items that were already in stock. This has improved with Umoja as it has a built-in control for the Acquisition Planning Unit to verify stock balances prior to approving shopping carts for the procurement of items. The Mission further stated that some part of the high stock level was due to the items recently released to the Mission after being held at Port Sudan by the local authorities since 2014.

30. Lack of monitoring of stock levels resulted in excess inventory items especially engineering items. In addition to being wasteful, excess inventory took up space and inventory management resources impacting the effectiveness of the inventory management process considering the ongoing Mission reconfiguration and downsizing toward the Mission closure scheduled in June 2020.

> **(5) UNAMID should expedite the review of inventory items to identify obsolete and surplus stock and take appropriate action to write off and dispose of items that would not be needed before the closure of the Mission, scheduled for June 2020.**
>
> *UNAMID accepted recommendation 5 and stated that a comprehensive plan to review and reduce the Mission's inventory was initiated in August 2018 with various benchmarks. With the December finalization of the 2018 Team Site closures, Integrated Warehouse Section and Technical Sections will increase their efforts to identify and take action on surplus stock.* Recommendation 5 remains open pending receipt of evidence that a review of inventory has been done and necessary action taken on excess and obsolete stock.

Need to improve controls to ensure segregation of roles for issuance of items from warehouses

31. The August 2017 Umoja roles guide requires UNAMID to ensure segregation of incompatible roles of requesting and approving stock issuance to ensure appropriate checks and balances and prevent fraud, theft and errors. Supervisory controls are to be implemented in cases where incompatible access is unavoidable. UNAMID further requires warehouse staff to issue inventory items from the warehouses based on the technical managers' approval.

32. OIOS review of user role mapping in Umoja showed 12 warehouse staff had incompatible roles of "warehouse user", "warehouse senior user", 'inventory senior user" and "inventory user" as senior user roles had approving responsibilities. The Umoja roles guide prohibits the same staff to have incompatible roles of user and senior user roles from using both roles in respect of the same transaction.

33. The Mission explained that they approved some staff to have incompatible roles in warehouse and inventory management due to the limited number of staff at warehouse locations. The Mission issued reminders to concerned staff to avoid using conflicting roles in the same transactions, which however was not a sufficiently effective control, as the Mission did not periodically monitor inventory transactions executed and approved by the same staff. OIOS will further review the issue of conflicting Umoja user roles assigned to staff and potential training needs in the ongoing audit of asset management and is not making a recommendation in this report.

34. The Warehousing Manual requires UNAMID to implement and report on key performance indicators (KPIs) to effectively manage and monitor warehousing activities relating to inventory accuracy, warehouse efficiency and productivity such as time taken to complete processing of a request and number of requests processed in a day, adequate utilization of equipment and storage space, satisfaction of customers in adequately meeting their requests in a timely manner, reduction of health and safety, and environment pollution incidences. The Manual requires UNAMID to regularly report several KPIs, such as inventory to total asset value ratios, and inventory write-off timelines to DFS. UNAMID is also required to establish mission-specific KPIs of its warehouse operations for areas where the KPIs have not been determined in the Manual.

35. The UNAMID Integrated Warehouse Section was not reporting on the required KPIs to management and DFS, and had not developed any mission-specific KPIs, even though UNAMID had a position of Client Support/Database and KPI Monitor that should have been responsible for tracking warehouse performance management. The staff member was assigned to other duties due to staff shortages in the Section. Therefore, performance reporting on warehouse operations was limited to UNAMID's monthly property management reports showing asset management aspects of inventory such as stock ratios, asset disposal timelines and receiving and inspection processing time as required in the Property Management work plan.

36. In June 2018, DFS initiated a review of KPIs for missions and developed draft reporting templates and supplementary guidance for supply chain self-assessment and performance monitoring. However, UNAMID was challenged in using the templates and producing the necessary KPIs, as they advised that they lacked the information extracting tool from Umoja because the Business Intelligence module had not been rolled out.

37. As progress is being made to improve warehouse performance reporting templates and UNAMID has to wait for the deployment of the Umoja Business Intelligence module, OIOS did not make a recommendation on this issue at this time.

C. Health and fire safety practices in warehouses

38. UNAMID, in order to safeguard its inventory and mitigate the impact of fire and safety risks to its staff, is required to implement various fire safety measures as well as those health and safety measures outlined in the DPKO/DFS Centralized Warehousing Operations Manual.

39. The UNAMID Fire Safety Unit conducted regular inspections and fire hazard/risk assessments of the Mission's warehouses and made nine recommendations for improvements. However, the most important recommendations to have requisite warehouse signage, install a fire detection system, display emergency phone numbers at warehouse facilities and install a booster water pump to compliment firefighting equipment in the event of a fire were not properly implemented.

40. OIOS visits to the warehouses in El Fasher, El Geneina, Nyala and Zalingei and review of nine fire hazard/risk assessment reports prepared by the Fire Safety Unit showed that warehouses had a sufficient number of fire extinguishers that were regularly inspected and maintained. There were also designated fire wardens and occupational health and safety focal points to monitor and recommend health and safety

improvements. UNAMID had also developed a fire evacuation plan that was rehearsed twice a year at warehouse facilities.

41.   OIOS observed that some warehouses did not have first aid kits and eye washing stations, signage prohibiting smoking, and safe lifting of inventory items to avoid personal injury. Also, staff were not using personal protective equipment such as hard hats, safety boots and overalls although UNAMID had personal protective equipment items in stock at the time of the audit. Further, the water bladder with booster pump for firefighting was not installed in the El Fasher engineering yard because Supply Chain had not yet requested the Engineering Section to undertake the works. The fire detection system had been ordered and was received at Port Sudan in March 2017; however, the Mission had misplaced the original bill of lading and consequently the customs authorities had not released the fire detection system. The Mission was following up with the vendor to obtain necessary documents to secure the release of the fire safety equipment by the customs authorities.

42.   The above resulted because warehouse managers did not give sufficient priority to address health and safety matters. Also, the Mission did not ensure that warehouse health and safety monitors regularly conducted health and safety inspections. In addition, the terms of reference for the monitors did not indicate all the specific areas that they should monitor to ensure implementation of the health and safety programme. Also, coordination between the Engineering Section, Supply Chain pillar and other components to implement the recommendations by the Fire Safety Unit was not always effective. As a result, there was increased health and safety risks to UNAMID staff, as well as risk of loss of inventory in the event of fire.

---

(6) UNAMID should: (a) provide warehouse staff with requisite personal protective equipment and enforce the use of such equipment in warehouses; (b) improve the terms of references and enhance supervision of warehouse occupational health and safety monitors; and (c) ensure that Mission components work collaboratively to resolve outstanding recommendations of the Fire Safety Unit.

UNAMID accepted recommendation 6 and stated that w*arehouse supervisors have been encouraged and empowered to enforce the compulsory wearing of personal protective equipment. Further, terms of reference for appointed warehouse safety monitors will be reviewed to ensure synergy with the Fire Safety Unit and other stakeholders. Warehouse safety monitors has been advised to increase unannounced safety spot checks and scheduled mandatory safety review days and Integrated Warehouse Section will be working collaboratively with other sections to ensure all recommendations are addressed.* Recommendation 6 remains open pending receipt of improved terms of reference for warehouse health and safety monitors, evidence of enforcement of health and safety practices and implementation of the fire safety recommendations.

IV.   ACKNOWLEDGEMENT

43.   OIOS wishes to express its appreciation to the management and staff of UNAMID 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 warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNAMID should review and implement outstanding security recommendations to reduce the number of break-ins to warehouse yards and theft of inventory items.	Important	O	Receipt of evidence that UNAMID has fully implemented outstanding security assessment recommendations.	31 March 2019
2	UNAMID should expedite the validation and cleansing of erroneous inventory data in Umoja which occurred during the migration from Galileo.	Important	O	Receipt of evidence that Umoja data errors that occurred during migration from Galileo have been resolved	31 March 2019
3	UNAMID should strengthen supervision of warehouse staff to process the backlog of manual stock receipts, transfers and issue vouchers in Umoja, and ensure that sufficient staff in the Integrated Warehouse Section and technical units are trained and have relevant access to the inventory module in Umoja.	Important	O	Receipt of evidence that all backlog manual vouchers have been processed in Umoja and training and user access have been provided to relevant staff of technical units.	31 January 2019
4	UNAMID should take action to: (a) expedite 100 per cent physical count of inventory items and take appropriate actions for the discrepancies identified such as investigation, write-off and disposal; and (b) ensure 100 per cent physical count of non-expendable items at least once a year and regular cycle count and location surveys of inventory items.	Important	O	Receipt of evidence that UNAMID has accounted for inventory discrepancies identified during the audit, taken necessary follow-up actions and has achieved 100 per cent physical count of its inventory in the 2018/19 fiscal year.	30 June 2019
5	UNAMID should expedite the review of inventory items to identify obsolete and surplus stock and take appropriate action to write off and dispose of items that would not be needed before the closure of the Mission scheduled for June 2020.	Important	O	Receipt of evidence that a review of inventory has been done and necessary action taken on excess and obsolete stock.	30 June 2019

---

[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 UNAMID in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
6	UNAMID should: (a) provide warehouse staff with requisite personal protective equipment and enforce the use of such equipment in the warehouses; (b) improve the terms of references and enhance supervision of warehouse occupational health and safety monitors; and (c) ensure that the mission components work collaboratively to resolve outstanding recommendations of the Fire Safety Unit.	Important	O	Receipt of improved terms of reference for warehouse health and safety monitors, evidence of enforcement of health and safety practices and implementation of the fire safety recommendations.	31 March 2019

APPENDIX I

Management Response

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

6 December 2018

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

From: Jeremiah Kingsley Mamabolo
        Joint Special Representative
        UNAMID

Subject: <u>Draft report on an audit of warehouse operations in the African Union-United
            Nations Hybrid Operation in Darfur (Assignment No. AP2017/634/06)</u>

1.   With reference to your memorandum of 28 November 2018, on the captioned-subject, please
find attached UNAMID response (Appendix I) to the draft report for your consideration.

2.   I further confirm the factual accuracy of the draft report.

Thank you.

cc: Ms. Victoria Browning, Director, Mission Support Division, UNAMID
        Ms. Campbell Bright, Service Chief, Supply Chain Management, UNAMID
        Mr. Barrington Haynes, Acting Chief, Integrated Warehousing Section, UNAMID
        Ms. Florence Ndungu, Senior Administrative Officer, ODMS, UNAMID
        Mr. Samuel Kiiru, Chief, Risk Management and Compliance Unit, UNAMID
        Mr. Alexandre Etocke, Chief Resident Auditor, Internal Audit Division, OIOS, UNAMID
        Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should review and implement outstanding security recommendations to reduce the number of break-ins to warehouse yards and theft of inventory items.	Important	Yes	Chief Security Advisor/ Chief Integrated Warehouse Section	31 March 2019	UNDSS is actively pursuing measures to reduce break-ins specifically in Nyala, where almost all incidents have occurred. Nighttime patrols around warehouse areas and facilities have been introduced with some effectiveness. Across the Mission, security improvements implemented in recent years will be re-evaluated along with additional recommendations for further improvements.
2	UNAMID should expediate the validation and cleansing of erroneous inventory data in Umoja which occurred during the migration from Galileo.	Important	Yes	Chief Integrated Warehouse Section	31 March 2019	A comprehensive corporate framework for Umoja data cleanup has been initiated by United Nations Headquarters in recognition of systemic data issues across the organization. This complements ongoing progress at Mission level, which commenced in July 2018. Expert support is being provided by United Nations Headquarters Umoja Project Team.
3	UNAMID should strengthen supervision of warehouse staff to process the backlog of manual stock receipts, transfers and issue vouchers in Umoja, and ensure that sufficient staff in the Integrated Warehouse Section and technical units are trained and	Important	Yes	Chief Integrated Warehouse Section	31 January 2019	The use of manual stock transactions has been prohibited (with the exception of emergency cases approved by the Section Chief or designated staff). The backlog of

---

[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 warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	have relevant access to the inventory module in Umoja.					transactions has been updated, and open transfer orders are monitored. Eighty percent of all qualifying warehouse staff have Umoja user rights. The remainder are staff whose job functions have no relationship with Umoja activity. Computer-based training with hands-on coaching by advanced peer users is the preferred teaching method. Technical Sections are conducting their own training assessment for Inventory user functions.
4	UNAMID should take action to: (a) expedite 100 per cent physical count of inventory items and take appropriate actions for the discrepancies identified such as investigation, write-off and disposal; and (b) ensure 100 per cent physical count of non-expendable items at least once a year and regular cycle count and location surveys of expendable inventory items.	Important	Yes	Chief Integrated Warehouse Section	30 June 2019	UNAMID developed a cycle count schedule in order to reach 100% count and address all discrepancies within the 18/19 fiscal year.
5	UNAMID should expediate the review of inventory items to identify obsolete and surplus stock and take appropriate action to write off and dispose of items that would not be needed before the closure of the Mission scheduled for June 2020.	Important	Yes	Chief Integrated Warehouse Section	30 June 2019	A comprehensive plan to review and reduce the Mission's inventory was initiated in August 2018 and continues, with various benchmarks. With the December finalization of the 2018 Team Site closures, Integrated Warehouse Section and Technical Sections are increasing their attention to identifying and taking action on surplus stock.

Management Response

Audit of warehousing operations in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	UNAMID should: (a) provide warehouse staff with requisite personal protective equipment and enforce the use of such equipment in the warehouses; (b) improve the terms of references and enhance supervision of warehouse occupational health and safety monitors; and (c) ensure that the mission components work collaboratively to resolve outstanding recommendations of the Fire Safety Unit.	Important	Yes	Chief Integrated Warehouse Section	31 March 2019	(a) Warehouse supervisors have been encouraged and empowered to enforce the compulsory wearing of personal protective equipment. (b) Terms of Reference for appointed Warehouse Safety monitors are to be reviewed to ensure synergy with Fire Safety Unit and other stakeholders. Increased unannounced safety spot checks and scheduled mandatory safety review days are to be included. (c) The Mission is working collaboratively to ensure all recommendations are addressed.