



## **INTERNAL AUDIT DIVISION**

### **REPORT 2022/091**

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

**MONUSCO needed to improve warehouse  
security, reconciliation and recording in  
Umoja of stock discrepancy, and warehouse  
health and fire safety measures**

**29 December 2022**

**Assignment No. AP2022-620-05**

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

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). The objective of the audit was to assess the effectiveness and efficiency of warehouse operations in MONUSCO. The audit covered the period from 1 January 2020 to 30 June 2022 and included warehouse security and location, receiving and inspection, warehouse operations, health and safety, property disposal and performance management.

MONUSCO was taking action to identify and reduce excess/obsolete stock items. The Mission had established an asset downsizing task force chaired by the Chief of Supply Chain Management to coordinate the reduction of stock levels. However, MONUSCO still needed to improve warehouse security and stock discrepancy reconciliation and recording in Umoja.

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

- Strengthen security measures to reduce the risk of loss through theft by installing closed-circuit television cameras in all warehouses.
- Complete the construction of the planned Beni warehouse as soon as the security situation permits.
- Review and address the current provisioning of incompatible Umoja user roles to ensure adequate segregation of functions and train responsible staff of the technical sections on the stock reservations approval process in Umoja.
- Strengthen the review over physical verification of inventory in all warehouses and reconcile and investigate discrepancies noted, assign the missing product identity number to stock items, and update Umoja records on movements and location.
- Develop a time-bound action plan to implement the recommendations in the health and safety and the Bukavu fire Joint Assessment Team reports.

MONUSCO accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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

## I. BACKGROUND

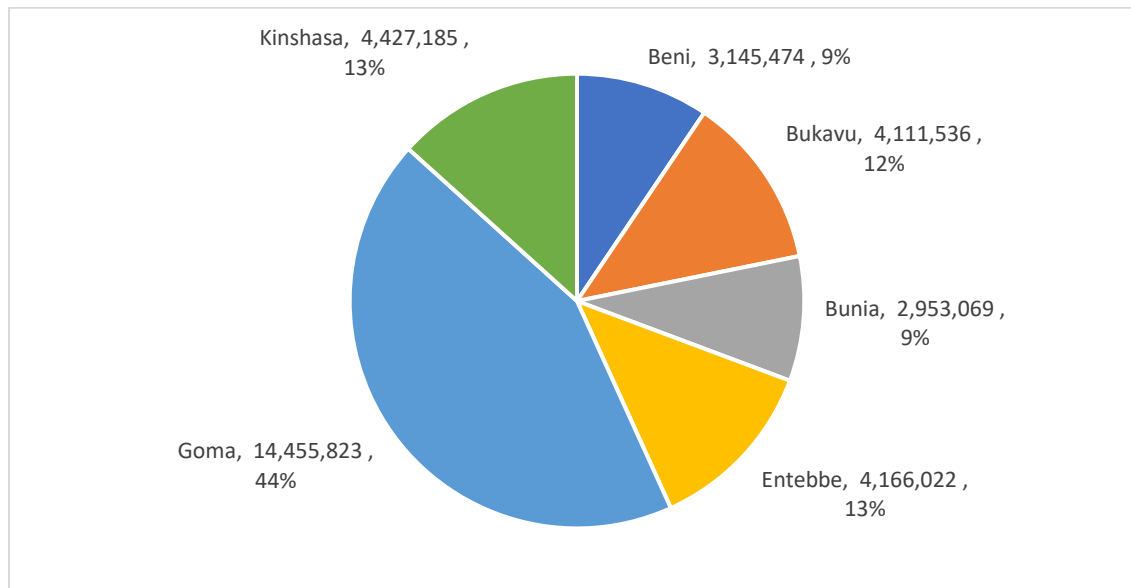
1. The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).

2. MONUSCO operates a centralized warehouse system and has warehouses at Mission logistic bases in Beni, Bukavu, Bunia, Entebbe, Goma and Kinshasa. The Centralized Warehouse Section (CWS) is responsible for the efficient, uninterrupted supply of goods and services and ensuring that: (a) goods received in the Mission fulfil the terms and conditions of the purchase order, including quality and quantity specifications; (b) goods received are correctly processed and recorded in Umoja, properly stored in their designated storage locations and safeguarded from theft, loss or damage; (c) requisitions, issuance and distribution of goods to users from the warehouses are authorized and executed timely; and (d) the disposal of materials and equipment is authorized and executed in accordance with the Mission's standard operating procedures (SOPs) on property disposal and the Department of Peace Operations/Department of Operational Support (DPO/DOS) Environmental Policy.

3. The technical sections are responsible for stock-level management by monitoring demand and expected deliveries and approving stock issues/shipments from one warehouse to another.

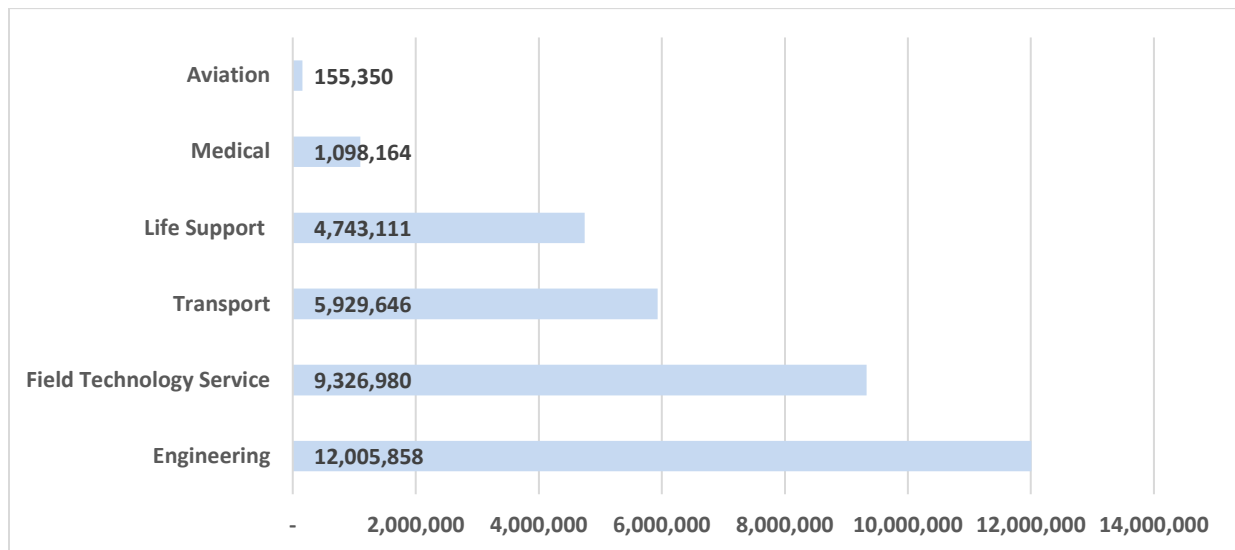
4. As of 30 June 2022, MONUSCO inventory was valued at \$33 million and was distributed across six warehouses, as shown in figure 1.

**Figure 1: Stock value per warehouse location as of 30 June 2022 (in United States dollars)**



5. The inventory items in the centralized warehouse were categorized into six commodity groups: engineering, field technology service, transport, life support, medical and aviation. The stock values of the respective commodity groups are indicated in figure 2 below, with the largest being engineering (stock value of \$12 million).

**Figure 2: Stock value per commodity group as of 30 June 2022 (in United States dollars)**



6. CWS is headed by a Chief at P-5 level who reports to the Chief, Supply Chain Management Services. CWS has 176 authorized posts consisting of 29 international, 122 national and 25 United Nations volunteers.

7. Warehouse operations in MONUSCO are governed by the DOS/DPO centralized warehousing operations manual for field missions (2018) and complemented by Mission-specific SOPs. The Mission used Umoja as the primary system for recording and managing inventory.

8. Comments provided by MONUSCO are incorporated in italics.

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

9. The objective of the audit was to assess the effectiveness and efficiency of warehouse operations in MONUSCO. Accordingly, the audit addressed the following audit questions:

- How adequate and appropriate are the warehouse facilities for safely storing inventory items and facilitating further distribution to end users?
- How adequate, effective and efficient is the receiving and inspection function in the Mission?
- How efficient and effective are the Mission's warehouse operations?

10. This audit was included in the 2022 risk-based work plan of OIOS due to operational and financial risks related to the management and operations of warehouses in MONUSCO.

11. OIOS conducted this audit from June to September 2022. The audit covered the period from 1 January 2020 to 30 June 2022. Based on an activity-level risk assessment, the audit covered higher and medium-risk areas: warehouse security and location, receiving and inspection, warehouse operations, health and safety, property disposal and performance management.

12. The audit methodology included: (a) interviews with key personnel, (b) a review of relevant documentation, (c) an analytical review of data, (d) a test of a randomly selected sample of 93 inventory items in receiving and inspection, goods issues, bin counts, property disposal procedures, and (e) and physical observation of warehouse operations in Bukavu, Entebbe, Goma and Kinshasa.

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

### III. AUDIT RESULTS

#### A. Warehouse security and location

##### Warehouse security needed improvement

14. MONUSCO utilized rub halls and sea containers for storing inventory items in five of the six warehouse and storage facility locations. In Kinshasa, items were stored in a hard-wall warehouse structure. Items needing controlled temperature, such as vaccines and drugs were kept at dedicated medical warehouses.

15. The Mission implemented preventive and mitigating measures in warehouse and storage facility locations to manage the risk of loss through theft. These included motor vehicle checks, increased lighting at night, and closed-circuit television (CCTV) cameras around the warehouses storing Field Technology Service (FTS) items where high-value and sensitive easy-to-move information technology equipment were kept. In addition, high-value assets and items deemed highly susceptible to theft (e.g., laptops and mobile phones) were kept in locked bins and security cages as additional security. Furthermore, in Entebbe, following the theft of items in 2020 and 2021 (such as engineering and transport assets, a sea container, and generators), a register of personnel collecting keys to open the warehouses at the start of the day was also maintained.

16. A private security guard was assigned to the Kinshasa warehouse to ensure that only authorized persons entered the facility and goods leaving the warehouse had accompanying authorized issue vouchers. In the other locations, the warehouse staff supervisors' offices were located at the access gates to monitor activities at issue counters. In addition, private security guards at the main exit gates of all MONUSCO sites verified that a gate pass accompanied items.

17. However, there was still a need to strengthen security measures in and around warehouses and storage facilities as the Mission had lost over \$800,000 through theft and looting over the period from 1 January 2020 to 30 June 2022, as indicated in figure 3 below:

**Figure 3: Summary of major stock loss incidents**

Location	Date	Item description	Value (US \$)
Entebbe	Apr-20	Missing engineering and transport assets sent from UNMIL	330,000
Entebbe	Dec-21	Theft of sea container and five generators	73,036
Entebbe	Feb-22	Theft of solar panels and lights	81,300
Bukavu	Nov-21	Theft of mattresses and sanitizers	1,992
Goma	Jul-22	Looting of varied items in the warehouse yard	402,386
		<b>Total</b>	<b>888,714</b>

18. OIOS physical inspection of the warehouse facilities in Entebbe, Goma, Bukavu and Kinshasa showed that:

- There were no dedicated CCTV cameras in warehouses except for the FTS warehouses.
- In Kinshasa, items issued for the transport workshop were taken through an interconnecting door from the warehouse to the motor vehicles workshop, thereby bypassing security checks. Also, 7 of the 22 sampled issue vouchers in this warehouse did not have the corresponding gate passes, and the related handover vouchers were not signed by warehouse staff.
- Most of the items in Bukavu were stored in sea containers because of inadequate storage space in the rub hall warehouse. Sea containers have insufficient ventilation, which weakens security measures due to difficulty in monitoring the use of numerous keys, and they are susceptible to being forcefully opened.

19. The investigation into one of the three cases in Entebbe by the Special Investigation Unit (SIU) had been completed, and the report identified missing warehouse keys and possible collusion between staff of the warehouse and transport units to remove stored items without authorization. Investigations into the other two cases in Entebbe were still ongoing at the time of the audit. According to the Bukavu SIU investigation report, the theft occurred because a gate pass was obtained by false pretenses without the required authorized Umoja notification/request approval. Following the report, CWU instituted a more stringent check of gate passes with matching Umoja approvals at exit points.

20. Prior to July 2022, there was no dedicated security for the warehouses in Goma. Instead, security was subsumed within the security arrangements for the larger United Nations compounds. However, following the looting incident in July 2022, the Mission enhanced security measures around all warehouse storage facilities in Goma by deploying United Nations police personnel. In addition, a security threat analysis in May 2022 of the Régie des Voies Aériennes (RVA) site with several storage facilities in Goma identified the installation of a CCTV system as a primary theft risk mitigation measure. The threat assessment also noted nine reported security incidents, including attempted theft cases in the previous year, which could have been better managed with a CCTV system.

21. In June 2020, MONUSCO launched a CCTV installation project for all warehouses and distributed cameras to various locations in April 2022. However, the cameras had not been installed at the time of the audit. Furthermore, the deteriorating security situation resulted in the completion date being revised to the end of the 2022/23 fiscal year.

#### Need to build a warehouse in Beni

22. In 2021, MONUSCO had planned to build a warehouse in Beni at the cost of \$380,000 as part of its stock redistribution plan to prevent overstocking items in Goma. The project had a commencement date of August 2022, but construction had yet to start as of September 2022. The delay was due to competing priorities of the Engineering Section and the deteriorating security situation in the region. Due to the lack of a centralized storage facility in Beni, stock items were stored in about 116 sea containers, including those that needed to be stored in controlled temperature facilities. In addition, the life support and transport sections operated their own warehouses independent of CWS.

23. In the absence of adequate warehouse storage facilities, inventory items were exposed to damage from high temperatures, dust and rainwater during the rainy season.

- (1) **MONUSCO should strengthen security measures to reduce the risk of loss through theft by installing closed-circuit television cameras in all warehouses.**

*MONUSCO accepted recommendation 1 and stated that the project to install closed-circuit television cameras for all warehouses was ongoing under the leadership of the Chief, Field Technology Services and Life Support Services Sections.*

- (2) **MONUSCO should complete the construction of the planned Beni warehouse as soon as the security situation permits.**

*MONUSCO accepted recommendation 2 and stated that blueprints for the warehouse were approved on 01 March 2022 and were currently with the Engineering Section to commence the works based on 2023/24 budget approval.*

## **B. Receiving and inspection**

### Receiving and inspection of goods were appropriately conducted

24. MONUSCO constituted joint inspection teams comprising staff from the Receiving and Inspection Unit, technical sections and Warehouse Unit to inspect and accept goods. This function was mainly carried out in Entebbe and Goma, the main Mission entry points for the delivery of goods. During the period under review, the Receiving and Inspection Unit processed 1,034 purchase orders valued at \$35 million.

25. OIOS review of receiving and inspection actions for 93 selected purchase orders valued at \$2.7 million showed that the team ensured: (a) timely receipt and inspection of goods within 15 days of arrival; (b) that discrepancy reports were generated in instances where the quality or quantity of the goods received did not match what was purchased; (c) Umoja records were promptly updated; and (d) all newly purchased items had the correct product identity (PIDs) numbers to facilitate inventory management.

26. In addition, a review of all the open purchase orders with pending deliveries (90 items) showed that the required receiving and inspection actions had been conducted, including liaising with the Procurement Section for credit notes, and discrepancy reports had been prepared. The remaining actions to close the purchase orders in Umoja were to be taken by the Procurement Section. Therefore, OIOS concluded that controls on receiving and inspection functions were adequate and effective.

## **C. Warehouse operations**

### Need to resolve incompatible Umoja user roles

27. The Umoja role guide provided the functional access/role assignment required for warehouse staff to perform their duties effectively. To enhance accountability and checks and balances, CWS needed to ensure the segregation of duties to prevent specified role combinations from being performed by the same staff.

28. OIOS noted that seven CWS staff had incompatible goods distribution roles. This included one staff with both receiving and requisitioner (acquisitioner) roles and six with receiving roles, even though they did not perform receiving and inspection functions. In addition, the access credentials of one staff member who left the Mission in June 2022 still needed to be deprovisioned.



29. Further, 19 CWS staff had inventory senior user roles intended for staff of the technical sections to approve stock reservations. Six of the 19 staff had approved 8,250 of 37,885 stock issues (representing 22 per cent) instead of approval by the staff of the technical sections. The Chief of CWS explained that staff were assigned reservation approval roles to avoid delays in issuing stock items because the technical sections did not have trained or adequate staff with reservation approval roles. OIOS also noted cases of duplicate reservations and reservations pending approval beyond the 15 days set limit, which was attributed to inadequate and trained staff approvers in the technical sections. For example, as of 31 July 2022, 258 reservations had been pending approval for 21 days compared to the 15 days allowable limit.

30. The above occurred due to inadequate monitoring of controls over user role provisioning. Incompatible user roles need to be avoided to ensure the segregation of functions. Although OIOS did not identify any misuse in processing transactions due to incompatible user roles, there is a risk of inappropriate use.

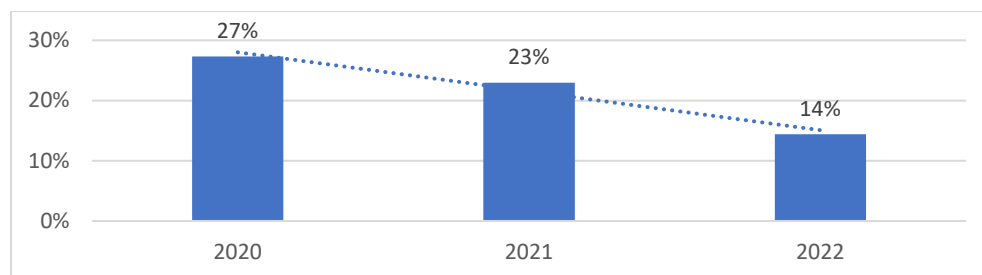
**(3) MONUSCO should: (i) review and address the current provisioning of incompatible Umoja user roles to ensure adequate segregation of functions; and (ii) train responsible staff of the technical sections on the stock reservations approval process in Umoja.**

*MONUSCO accepted recommendation 3 and stated that the Supply Chain Property Management Section would follow up on roles segregation and provide Umoja training to Service Delivery staff as applicable.*

The Mission was taking action to identify and reduce excess and obsolete stock items

31. As of 30 June 2022, Office of Supply Chain Management (OSCM) and Umoja inventory reports showed that MONUSCO inventory of \$33 million and \$4 million of life support strategic reserves included items totaling \$5.3 million (14 per cent) that was classified as slow-moving stock<sup>1</sup>. This was a reduction in the value of the slow-moving stock of \$9.3 million (27 per cent) in June 2020 and \$9.4 million (23 per cent) in June 2021, as shown in figure 4. Slow-moving stock included ICT equipment (valued at \$470,000) such as network switches without movement for four years.

**Figure 4- Percentage of slow-moving stocks**



32. The Performance Management Unit prepared and sent quarterly inventory management and ageing analysis reports to technical sections to alert them of overstocking. These reports also alerted the sections to take appropriate actions, such as declaring surplus inventory for disposal or redistribution to other sector locations. A review of the slow-moving stocks action report indicated that technical sections were identifying assets for disposal; however, some stock items were being kept to meet unforeseen events and avoid inventory stockouts resulting from lengthy supply chain processes. For example, the Engineering Section opted to maintain several spare parts for ageing generators still in use to mitigate the risk of the equipment no longer being supported by the manufacturer, making it difficult to obtain spare parts. Also, FTS had taken

<sup>1</sup> Stock items are considered slow-moving when they have not moved for over one year.

action on about 40 per cent of its slow-moving items for July-September 2021, identifying 444 items for disposal and reserving 150 items as required stocks.

33. In May 2020, the Mission established an asset downsizing task force chaired by the Chief of Supply Chain Management to coordinate the reduction of stock levels and write off or dispose of surplus or obsolete items. The task force met regularly to review the status and progress of slow-moving items and liaised with technical sections for relevant actions.

34. In view of the above and the justifications provided, including logistical challenges of lengthy delivery timelines caused by the COVID-19 pandemic, OIOS concluded that the Mission was taking adequate action on the slow-moving items.

Need to strengthen reviews over cycle counts, discrepancy reconciliation and recording in Umoja and assign missing product identity number to stock items

35. MONUSCO personnel are required to follow established procedures for issuing inventory from warehouses, including transfer orders, issue slips and gate passes, and ensuring that customers and security personnel sign relevant documentation to acknowledge the movement of items from the warehouse.

36. A review of 93 transfer orders and relevant supporting documentation for the issuance of items with a value of \$691,000 showed the following weaknesses:

*(a) Stock issuance/transfers were not adequately supported, but the Mission took action to rectify the situation*

37. Twelve of the 93 transfer/issue orders were not supported by valid gate passes. Also, for 24 transfer/issue orders, staff signatures acknowledging receipt of goods or authority to take the goods from the warehouse were missing. These included sensitive and high-value items such as laptops and vehicle spare parts. CWS explained that they did not always maintain the names and signatures of persons picking goods from the warehouse as the authorized reservation orders already included the names of relevant individuals responsible for the issued items. However, there was a risk that unauthorized persons may collect goods from warehouses resulting in losses. Notably, as of July 2022, there were 260 requests for inventory issues still waiting to be processed, with 30 possible duplicates that could be used to perpetuate the unauthorized issues without evidence of the recipients.

38. Following the completion of the fieldwork, OIOS confirmed that MONUSCO had strengthened its controls over inventory issuance. These included ensuring that items issued were adequately supported, documentation thereof maintained, and obtaining staff acknowledgement of receipt of items from the warehouses. Based on the action taken, OIOS does not make a recommendation

*(b) Inaccurate product identity numbers*

39. Some stock items had similar PID numbers, which were assigned during the Umoja data migration from the Galileo legacy system and had not been updated or corrected since the migration. There were also products without PID numbers which impeded the visibility of actual items in stock and could lead to the excess purchase of items already in stock and result in slow-moving items. The issue was particularly prevalent for Transport Section spare parts items. For example, in Goma, 5 of the 21 transport items verified by OIOS had PID-related discrepancies (distinct items with the same/shared PID). In Kinshasa, the transport workshop staff explained that they had to physically access the warehouse to identify required parts that were not visible in the system.

40. After the migration of inventory records into Umoja, the Mission had not carried out a comprehensive assessment to identify PID numbers that needed to be corrected. Requests to update the PIDs were being made on a case-by-case basis for new item requisitions that did not have matching PIDs. During the period under review, MONUSCO made 265 PID requests to the UNHQ-Umoja Master Data Maintenance team to create new numbers in the PID master data.

*(c) Inventory not recorded in Umoja*

41. Entebbe and Bukavu warehouses had 163 electrical and engineering stock items costing \$171,000 and \$5,600, respectively, that had not been recorded in Umoja. The items were loosely kept in the warehouses without bin cards, which made them susceptible to theft or unauthorized use. As a result, the technical sections did not have visibility of these items in Umoja. This minimized the likelihood of requests for their issuance from stock which could lead to obsolescence and loss of items. The electrical items were received from a downsizing mission in 2017, while the engineering items were received from Lubumbashi in June 2019. Due to competing priorities, the warehouses had not implemented alternative manual procedures to control the issuance of these items or to make them visible to the technical units.

*(d) Discrepancies between physical items and Umoja records*

42. OIOS physical inventory verification and inspection conducted at the four warehouse locations showed discrepancies between actual stock locations and quantities with the Umoja records of 37 of the 93 sampled items. For example:

- In the Goma warehouse, two generators were moved from Goma to Sake and Beni in August 2021 and April 2019, respectively, without the necessary stock movement order entered in Umoja to indicate the change.
- In Kinshasa, two generators were located in a military camp, but the Umoja records showed that they were in the warehouse open yard area.
- Physical verification of tyres in Bukavu warehouse in June 2022 showed that 51 valued at \$7,395 were missing as per Umoja records. The warehouse staff subsequently provided manual handovers to OIOS (with no corresponding Umoja approvals) dated March 2020 and August 2021 for 15 tyres and Umoja issuance approvals for 23 tyres dated 22 June 2022 (prepared ex-post-facto after the OIOS physical inspection). No explanation was provided for the other 13 tyres that could not be physically verified.

43. The discrepancies noted above were mainly due to delays in updating Umoja records with stock movements. There was also inadequate supervisory monitoring and reviews of Umoja records during physical inventory checks and a lack of reconciliation of actual inventory quantities and location with Umoja records to ensure accuracy. To eliminate or minimize discrepancies, the CWS needed to strengthen reviews over its cycle counts, discrepancy reconciliation and recording in Umoja.

**(4) MONUSCO should strengthen review over physical verification of inventory in all warehouses and reconcile and investigate discrepancies noted, assign the missing product identity number of stock items and update Umoja records on movements and location.**

*MONUSCO accepted recommendation 4 and stated that the Centralized Warehouse Section would implement additional measures to emphasize the process based on former DPKO/DFS Guidelines Ref.2013.09. This would ensure cycle counts are done periodically and discrepancies are verified, reconciled, and cleared within KPIs/tolerances.*

## D. Health and safety

### Health and fire safety measures needed to be enhanced

44. MONUSCO instituted measures to safeguard its inventory and to mitigate the impact of fire, health, and safety risks to staff. These included: safety signages; fire extinguishers; use of personal protective equipment; installation of car logs on forklifts to limit their use to trained personnel with driver permits; and daily occupational health and safety briefings. In addition, warehouse supervisors monitored activities to ensure health and safety issues were promptly identified and addressed and prepared occupational health and safety reports every four months for submission to the chief of CWS. A review of the occupational health and safety reports and discussions with warehouse supervisors showed no major injuries to staff in the review period.

45. However, there was a need to strengthen fire safety measures as warehouse personnel in Bukavu, Entebbe and Goma did not consistently use proper safety equipment such as helmets and gloves. The health and safety inspection reports for the Entebbe warehouse recommended improvement to the warehouse lighting; however, only 13 of 48 light tubes in the transport warehouse were functional during the OIOS visit. Also, a microwave and a kettle were used in the same warehouse in the middle of shelves where tyres were kept, increasing the risk of fire.

46. In addition, in response to a major fire incident in the Bukavu warehouse in September 2020 which destroyed inventory with a depreciated value of \$414,000, a Joint Assessment Team constituted by the Director of Mission Support (DMS) made 32 recommendations (including 12 that were high priority) on preventive measures to enhance fire safety preparedness at the warehouses. The recommendations included the need to: review and correct the height standards of ceiling fire extinguishers; conduct regular inspections of electrical installations; and install additional fire extinguishers. These recommendations, however, were not implemented because of a lack of coordination, follow up and monitoring by the Mission Support Division.

**(5) MONUSCO should enhance health and fire safety measures by implementing the recommendations in the health and safety reports, and developing a time-bound action plan for implementing the recommendations in the Bukavu fire Joint Assessment Team report.**

*MONUSCO accepted recommendation 5 and confirmed that the relevant 11 recommendations related to the Joint Assessment Team report would be implemented.*

## E. Property disposal

### The Mission followed up on delays in electronic waste disposal activities

47. MONUSCO had 10 active contracts for the disposal of scrap/written-off assets in an environmentally friendly manner with a combined not-to-exceed value of \$461,000 covering the six major Mission locations. During the audit period, MONUSCO disposed of 5,191 assets, with a depreciated value of \$1.7 million, due to normal wear and tear or surplus, defective or obsolete.

48. A review of disposal actions for 93 items (depreciated value of \$181,000) indicated that the asset write-off and disposal actions were appropriately supported by damaged/discrepancy reports, local property survey reports and approval by the designated officer or the DMS. However, in 11 of the 93 cases, the board of survey inspections were not carried out due to the need to quickly make disposals and the absence of supply chain management staff in the locations closing down. In these field locations, prompt handover action was

necessary to ensure the recipient organizations took over custody of the assets and adequately secured items required and used by the Mission until the closure of the field location.

49. Written-off assets were also donated or sold as per the established procedures, including: (a) 666 assets with a net book value of \$247,700 donated to the host government after approval by the DMS; and (b) 2,468 scrapped assets (depreciated value of \$852,000) that were sold for \$960,000 to the highest bidders following a competitive bidding process. In addition, MONUSCO ensured the contractors paid the required customs tax to the host government before the items were collected from the Mission's premises. Items sold included sea containers, vehicles, scrap metal, used tyres and batteries.

50. However, the contractor for electronic waste disposal (established in October 2021) still needed to commence operations, and there was a significant pile-up of about 17,983kg of electronic waste that had accumulated since the start of the Mission. This was caused by delays in obtaining approvals from the host government to move the materials (deemed as sensitive) from four main locations for export into a designated recycling plant in a neighboring country. Nevertheless, the related correspondences indicated that responsible staff regularly followed up with the teams involved in obtaining the approvals and coordinating the movement.

51. OIOS concluded that controls over the asset write-off process and subsequent disposal actions were effective.

## **F. Performance management**

### Warehouse performance management was adequate

52. MONUSCO had implemented key performance indicators to monitor the performance of its warehouse operations in property accountability (physical verification, inventory accuracy and goods receipt process) and stewardship (efficiency of operations, stock quality, write off and disposal). Quarterly performance reports were prepared for review by the responsible units to monitor performance against the indicators.

53. Annual property management performance reports by the Department of Management Strategy, Policy and Compliance (DMSPC) for the quarters ended 30 June 2021 and 30 June 2022 showed that MONUSCO achieved over 90 per cent points in both property accountability and stewardship index with 1,956 and 1,877 points, respectively, compared to the target threshold of 1,800 points. The underperforming scores were only in ageing stock (scored at 0 out of the target 100, indicating excess holding of ageing stock) and past life expectancy (scored at 177 out of the target 200) indicators. The Mission supply chain management considered the low score acceptable, considering that MONUSCO was an established mission approaching the drawdown stage, and it was not in the best interest of the Organization to invest resources in replacing ageing equipment that were in good working order.

54. In addition, the DOS supply chain performance reports of 30 June 2022 and 30 June 2021 showed that MONUSCO took an average of 2.8 days and 2.45 days, respectively, to complete reservations, picking and goods issue for 28,500 transactions (warehouse responsiveness) compared to the peacekeeping average of about 8 days. The Mission also scored 99 per cent for warehouse reliability (perfect quantity) for both periods. However, the 30 June 2022 report showed the Mission scored a low perfect time delivery of 40 per cent (compared to 45 per cent as of 30 June 2021) on downstream reliability<sup>2</sup>. The low score was partly because the warehouse operations sometimes issued items ahead of the required dates. Also, the speed of order processing was expedited by urgent requests that were sometimes issued on manual vouchers pending

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<sup>2</sup> The speed and quality of issuances that have been processed from reservation approval to picking of items from the warehouse.

Umoja processing. For example, the average downstream time was 2.82 days against the tolerance range of 15 days.

55. OIOS noted that in July 2022, the supply chain team, under the guidance of the DMS met to deliberate on the results of the key performance indicators reports for the year ended 30 June 2022 where underperforming areas and other challenges were identified and corrective actions initiated. In view of the foregoing, OIOS concluded that warehouse performance management was adequate.

#### **IV. ACKNOWLEDGEMENT**

56. 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.

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	MONUSCO should strengthen security measures to reduce the risk of loss through theft by installing closed-circuit television cameras in all warehouses.	Important	O	Receipt of evidence that security measures have been strengthened by installing closed-circuit television cameras in all warehouses.	30 December 2023
2	MONUSCO should complete the construction of the planned Beni warehouse as soon as the security situation permits.	Important	O	Receipt of evidence that the Beni warehouse has been constructed and put to use.	30 December 2023
3	MONUSCO should: (i) review and address the current provisioning of incompatible Umoja user roles to ensure adequate segregation of functions; and (ii) train responsible staff of the technical sections on the stock reservations approval process in Umoja.	Important	O	Receipt of evidence that the current provisioning of incompatible Umoja user roles have been addressed to ensure adequate segregation of functions and responsible staff of the technical sections are trained on the stock reservations approval process in Umoja.	30 December 2023
4	MONUSCO should strengthen review over physical verification of inventory in all warehouses and reconcile and investigate discrepancies noted, assign the missing product identity number of stock items and update Umoja records on movements and location.	Important	O	Receipt of evidence of discrepancy reconciliation, timely update with Umoja records and assignment of missing product identity numbers to minimize or eliminate identified differences.	30 December 2023
5	MONUSCO should enhance health and fire safety measures by implementing the recommendations in the health and safety reports and developing a time-bound action plan for implementing the recommendations in the Bukavu fire Joint Assessment Team report.	Important	O	Receipt of evidence that recommendations in the health and fire safety and the Bukavu fire Joint Assessment Team reports are implemented.	30 December 2023

<sup>3</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>4</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>5</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>6</sup> Date provided by MONUSCO in response to recommendations.

# **APPENDIX I**

## **Management Response**





MONUSCO

Mission de l'Organisation des Nations Unies pour la  
Stabilisation en République démocratique du Congo

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

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## INTEROFFICE MEMORANDUM

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**Date: 29 December 2022**

Ref.: SRS.G. DMS-2022-02611

**To:** Mr. Kemal Karaseki, Acting Chief  
**À:** Peacekeeping Audit Service  
Internal Audit Division, OIOS

**From:** Bintou Keita   
**De:** Special Representative of the Secretary-General  
and Head of MONUSCO

**Subject:** Mission response to the Draft audit report on the audit of warehouse  
**Objet:** operations in MONUSCO (Assignment No. AP2022-620-05)

1. I acknowledge with thanks, receipt of your interoffice memorandum dated 2 December 2022 (Ref: OIOS-2022-01816) forwarding the draft audit report on the audit of warehouse operations in MONUSCO.
2. Attached please find the Mission's comments on the recommendations in the report for your consideration.
3. Thank you and best regards.

Cc Ms. Fatoumata Ndiaye, Under-Secretary-General, OIOS  
Mr. Ebrima Ceesay, Director of Mission Support, MONUSCO  
Mr. Amadu Timbilla, Chief, Supply Chain Management Services, MONUSCO  
Mr. Azzam Ayyat, Chief, Service Delivery Service, MONUSCO  
Mr. Ingemar Bjornfot, Chief, CWH Section/Head of premises ESB, MONUSCO  
Ms. Judith Atiagaga, Mission Audit Focal Point, MONUSCO  
Mr. Jeffrey Lin, Professional Practices Section, OIOS

## Management Response

## Audit of warehouse operations 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 Section/Action Owner	Implementation date	Client comments
1	MONUSCO should strengthen security measures to reduce the risk of loss through theft by installing closed-circuit television cameras in all warehouses.	Important	Yes	Chief Field Technology Services, Chief, Life Support Section	30 December 2023	MONUSCO accepts the recommendation to strengthen security measures. The project to install closed-circuit television cameras for all warehouses is ongoing under the leadership of Chief, Field Technology Services and Life Support Sections.
2	MONUSCO should complete the construction of the planned Beni warehouse as soon as the security situation permits.	Important	Yes	Chief, Engineering Section	30 December 2023	MONUSCO accepts the recommendation to complete the construction of the Beni warehouse. Blueprints for the warehouse were approved on 01 March 2022 and are now with Engineering Section to commence the works based on 23-24 Budget approval.
3	MONUSCO should: (i) review and address the current provisioning of incompatible Umoja user roles to ensure adequate segregation of functions; and (ii) train responsible staff of the technical sections on the stock reservations approval process in Umoja.	Important	Yes	Chief, Centralized Warehouse Section, Chief, Property Management Section	30 December 2023	The Mission accepts the recommendation to review and address the current provisioning of incompatible Umoja user roles to ensure adequate segregation of functions. To implement this recommendation, Supply Chain Property Management Section will follow up on roles segregation and

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

## Management Response

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

						provide UMOJA training to Service Delivery staff as applicable.
4	MONUSCO should strengthen review over physical verification of inventory in all warehouses and reconcile and investigate discrepancies noted, assign the missing product identity number of stock items and update Umoja records on movements and location.	Important	Yes	Chief, Centralized Warehouse Section, Chief, Property Management Section	30 December 2023	Noting operational requirements of peace operations, the KPI allows for a 15-day tolerance for reconciliation in Umoja, i.e., discrepancies are an official part of expectations; Therefore, MONUSCO accepts recommendation 4 and confirms that the section would implement any additional measures to emphasize the process based on DPKO/DFS Guidelines Ref.2013.09. This would ensure Cycle counts are done periodically, and discrepancies are verified, reconciled, and cleared within KPIs/tolerances.
5	MONUSCO should enhance health and fire safety measures by implementing the recommendations in the health and safety reports and developing a time-bound action plan for implementing the recommendations in the Bukavu fire Joint Assessment Team report.	Important	Yes	Chief Service Delivery, Chief firefighting Unit	30 December 2023	MONUSCO accepts the recommendation to enhance health and fire safety measures as per the recommendations related to the Joint Assessment Team report on points, 1,2,5,6,7,12,14,19,25,31 and 32 only.