



INTERNAL AUDIT DIVISION

REPORT 2024/079

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

Lack of sufficient warehouse facilities and planning, coupled with inadequate security arrangements and ineffective physical verification and inventory records, significantly increased the risk of deterioration of stock and misappropriation

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The objective of the audit was to assess the effectiveness and efficiency of warehouse operations in MINUSCA. The audit covered the period from 1 January 2021 to 30 June 2024 and included: (a) control environment; (b) warehouse facilities and staff planning; (c) receiving and inspection; (d) inventory and warehouse management; (e) property disposal; and (f) warehouse performance management.

OIOS observed significant weaknesses in the control environment. Since the inception of the Mission in 2014, senior management had not consistently committed to addressing the Mission's warehouse infrastructure issues or established required oversight and adequate control activities to address high risk areas associated with inventory and warehouse management.

The warehouse facilities were inadequate, and there were significant security gaps that heightened the risk of financial loss due to stock deterioration and misappropriation. OIOS also noted discrepancies in the inventory records stemming from inadequate documentation, improper labeling, ineffective inventory counts, and a lack of timely follow-up on discrepancies. These inaccuracies in inventory data hindered the formulation of accurate budgets and effective procurement for inventory replenishment.

Consequently, the Mission reported the second highest level of stock coverage (i.e., exceeding more than one year's requirements) amongst 14 peacekeeping missions, amounting to \$34 million (or 61 per cent) of its total \$55 million stock. Additionally, \$17 million (or 31 per cent) of the stock, had not moved in a year or more.

OIOS made 11 recommendations. To address issues identified in the audit, MINUSCA needed to:

- Expedite the implementation of a comprehensive warehouse plan, including timelines and target dates for constructing adequate centralized warehouse facilities;
- Develop alternative solutions within the available resources to address the staffing shortfalls to ensure effective and efficient operations, and improve security arrangements at the warehouses;
- Take measures to enforce physical security arrangements to safeguard inventory;
- Finalize the warehouse standard operating procedures to clearly define and delineate the roles and responsibilities of each unit to enhance operational effectiveness and accountability;
- Implement a mechanism to monitor and timely address outstanding discrepancies related to goods received from vendors;
- Ensure that technical sections develop and implement realistic demand requirements that accurately reflect required quantities to meet operational needs; and timely initiate the procurement of inventory;
- Take steps to avoid hoarding of inventory that results in maintaining parallel warehouses;

- Ensure that technical sections consolidate their stock requirements to reduce warehouse transaction costs and facilitate easier analysis of inventory consumption, and consistently issue inventory on a first-in-first-out or first-expiry-first-out basis as required by the established guidelines;
- Enforce the requirement to maintain complete and accurate records of inventory issued;
- Enhance the effectiveness of physical inventory count; and
- Require the centralized warehouse section and technical sections to define and describe baseline services to be provided by each of the parties and agree on timelines for those services.

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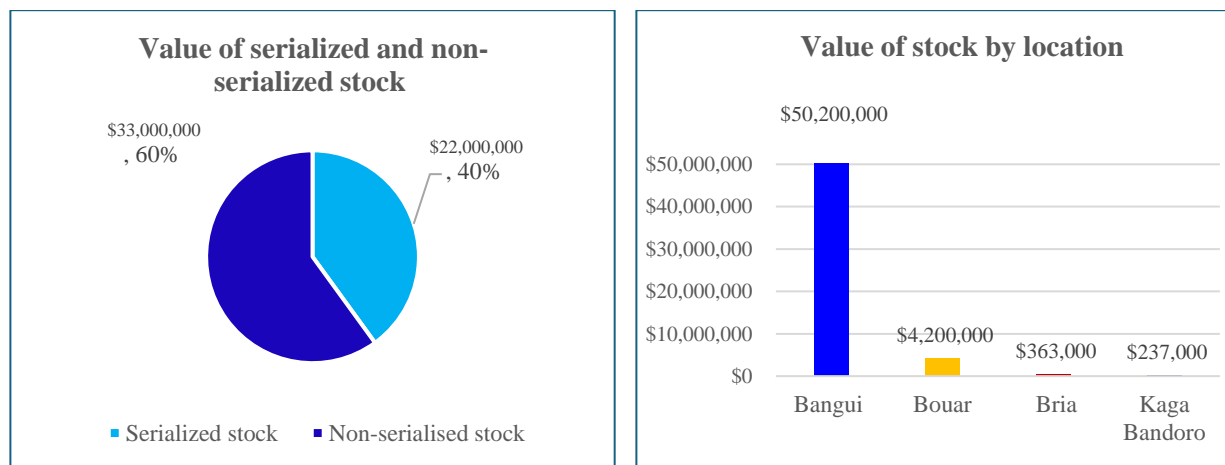
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Audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. MINUSCA established the Centralised Warehouse Section (CWS) on 1 December 2016 in line with the re-organization of the Mission Support Division to align its supply chain with the Department of Operational Support (DOS) Supply Chain Management strategy, which was approved in May 2015. The objective of establishing a centralized warehouse was to streamline all supply chain activities and operations to achieve greater efficiencies and effectiveness.
3. CWS is responsible for the receipt, storage, physical inventory management, issuance of goods, materials and equipment (non-serialized, equipment and fixed assets), and the property disposal function. CWS stores the inventory on behalf of the technical sections (General Supply, Engineering, Field Technical Services (FTS), Transport and Medical sections), which are the inventory owners. CWS operations are governed by the Centralized Warehouse Operations Manual for Field Missions (CWO Manual), Supply Chain Blueprint and MINUSCA Guidelines on Property Disposal Unit
4. CWS is headed by a Chief at the P-5 level and reports to the Chief, Supply Chain Management Service. The Section has 23 international and 15 national staff, 3 United Nations Volunteers and 70 individual contractors. CWS operated from five locations in Bangui (i.e., PK4, Mpoko Greenfield, Mpoko Transport, PK 11, and Ucatex) and was in the process of establishing representation in each of the three sectors in Bouar, Kaga Bandoro and Bambari¹, to better coordinate the needs of field offices. The value of stock by classification² and location is shown in figure 1.

Figure 1: Stock by classification and location as at June 2024



Source: Umoja data

¹ Operational stocks were held at Bria ahead of the construction of a regional warehouse at Bambari.

² Expendable (non-serialized) line items are consumables that are expensed upon issuance and not tracked using bar codes, while assets and equipment are bar-coded for effective tracking of their locations.

5. CWS uses Umoja (Inventory Management and Warehouse Management modules) to manage data on warehouse transactions and inventory. To enhance inventory visibility, the Mission developed an inventory holding reporting tool, which draws data from Umoja and analyses it to show inventory consumption, including slow moving, dead and expired inventory. The data obtained from Umoja, and the reporting tool was further analyzed using the Microsoft packages such as Excel. CWS also developed a web-based system that assists in identifying the physical locations of containers but had halted its implementation due to frequent movement of containers due to on-going construction.

6. Comments provided by MINUSCA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the effectiveness and efficiency of warehouse operations in MINUSCA.

8. This audit was included in the 2024 risk-based work plan of OIOS due to the importance of warehouse operations in supporting mandate implementation, and the high risk of stock loss, misappropriation or degradation.

9. OIOS conducted this audit from February to June 2024. The audit covered the period from 1 January 2021 to 30 June 2024. Based on an activity-level risk assessment, the audit covered high and medium-risk areas in warehouse operations, which included: (a) control environment; (b) warehouse facilities and staff planning; (c) receiving and inspection; (d) inventory and warehouse management; (e) property disposal; and (f) warehouse performance management.

10. The audit methodology included: (a) interviews with key personnel involved in inventory and warehouse management; (b) a review of relevant documentation on inventory and warehouse management and related key processes; (c) analytical review of inventory data extracted from Umoja, which included analysis of consumption patterns, slow-moving stocks, replenishment, issuance of inventory and disposal activities; (d) physical verification and inspection of randomly selected inventory items in Bangui, Bouar, Bambari and Kaga-Bandoro; and (e) random and judgemental sample testing of inventory items to verify the accuracy and completeness of inventory transactions and confirm that the physical inventory agreed with Umoja records.

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

III. AUDIT RESULTS

A. Control environment

Need to improve the control environment on inventory and warehouse management

12. A robust control environment for inventory and warehouse management is a prerequisite as it enables good governance, risk management and operational efficiency. It is the foundation on which an effective system of internal control is built and operated to achieve strategic and business objectives. Mission senior management is responsible for proactively identifying and managing risks associated with the inventory and warehouse management processes and adapting the approach to their specific operating environment.

13. OIOS observed significant weaknesses in the control environment, including the following:
- (i) **Inadequate management commitment** - Since the inception of the Mission in 2014, there was no clear commitment of MINUSCA to build a proper warehouse facility despite two budget allocations of \$5 million and \$6 million in 2018 and 2020, respectively. In 2024, MINUSCA in cooperation with DOS and the Department of Peace Operations (DPO) defined a warehouse strategy and plans including the construction of warehouse facilities. However, MINUSCA is only in the planning phase and had not yet addressed structural issues which increased the risk of ineffective and inefficient warehouse operations.
 - (ii) **Inadequate risk management** - MINUSCA did not take appropriate steps to mitigate risks inherent to warehouse operations despite rating them as high risks in the Mission's risk register. This increased the likelihood of occurrence, which included stock obsolescence, loss, over or understocking, and inadequate stock visibility.
 - (iii) **Unclear roles and responsibilities** - Stakeholders involved in the management of the Mission's warehouse were not consistently defined and documented. This resulted in blurred accountabilities for performance or non-performance of responsibilities. Also, this led to inadequate segregation of duties, and inefficient and ineffective preventive and operational controls over the Mission's stock and inventory.
 - (iv) **Poor records management** - The records on inventory and warehouse management processes were not adequately maintained as 43 per cent of sampled transactions did not have supporting records. As a result, there is no assurance that inventory was correctly issued to intended end users.
14. The Mission had embarked on various strategies to address several of the above control weaknesses. In October 2024, MINUSCA conducted an inventory management workshop at which the weaknesses noted in this audit and other operational matters were discussed in detail to find lasting solutions. Yet, OIOS made 11 recommendations to address significant control gaps presented in this report, which if collectively and adequately implemented, would enhance the control environment and mitigate risks.

B. Warehouse facilities and staff planning

Need to expedite the warehouse facilities improvement plan

15. In September 2023, DOS and DPO conducted a logistics transportation assessment, which recommended that MINUSCA develop and implement a hub structure to decentralize the logistic structure and reinforce the sectors' headquarters. In 2024, the Special Representative of the Secretary-General instructed the Director of Mission Support to construct three regional warehouse hubs in Bouar, Kaga-Bandoro and Bambari and an integrated warehouse in Bangui. At the time of the audit, the construction of these regional infrastructures had commenced though still at preliminary stages. Since 2014, the Mission developed several plans for the construction of adequate warehousing facilities for which funds had been allocated, but none of the plans have materialized. As an interim mitigating measure, MINUSCA constructed two rub-halls and seven hangars³ in Bangui, with two additional rub-halls and a hangar yet to be constructed. This initiative helped improve the conditions of the warehousing facilities to some extent. However, it was not sustainable because only a small proportion of items would be housed in these facilities, while most items would still be stored in sea containers in the yards.

³ A hangar consists of about 54 containers (27 containers down and 27 containers on top) aligned in a U-shape, with a roof constructed to provide shade to the intervening space.

16. OIOS conducted a physical inspection of the warehouses, hangars, sub-halls and 150 sea containers and found that the facilities were in extremely poor condition and containers were not properly tracked:

- There was no logistical arrangement (especially in Mpoko) to facilitate the quick identification of the 2,500 sea containers held by the Mission, and the OIOS inventory sample count of 150 containers took an unnecessarily long time to identify their locations.
- The Umoja records to track the location of containers were not always updated when containers were moved. During OIOS sample stock counts in April 2024 at Ucatex, two containers containing materials valued at \$223,000 could not be located, and CWS was yet to find these containers. In addition, there were two incidents of missing containers from warehouses, one for 39 containers valued at \$164,000 and another for 19 containers valued at \$54,000.
- The ventilation in the containers and hangars was inadequate and the visibility was poor due to the lack of power connections, while inventory was not well organized making it difficult to identify or physically verify the existence of items.
- Inventory stored in sea containers was subject to excessive heat, which was unsuitable for some of the Mission's inventory, such as paint and information communication and technology equipment, resulting in deterioration. In one sea container, protective coating paint stored in eight 20-litre containers had completely evaporated due to suspected excessive heat. Similarly, three 6-kilogram plastic chlorine containers burst open due to suspected excessive heat.

17. Lack of adequate storage facilities increased the risk of financial loss due to deterioration of stock and misappropriation. Also, poor storage conditions impeded the timely fulfilment of customer requests as warehouse staff had to painstakingly go through containers to locate stock and often had to work in sweltering and humid conditions.

(1) MINUSCA should expedite the implementation of a comprehensive warehouse plan, including timelines and target dates for constructing adequate centralized warehouse facilities.

MINUSCA accepted recommendation 1 and stated that a presentation was delivered to the Special Representative of the Secretary-General for MINUSCA that outlined a detailed strategy consisting of short-, medium- and long-term plans for the construction of adequate warehouse facilities in Bangui and in the regions. The Engineering Section was also requested to provide detailed plans for the construction of the warehouses.

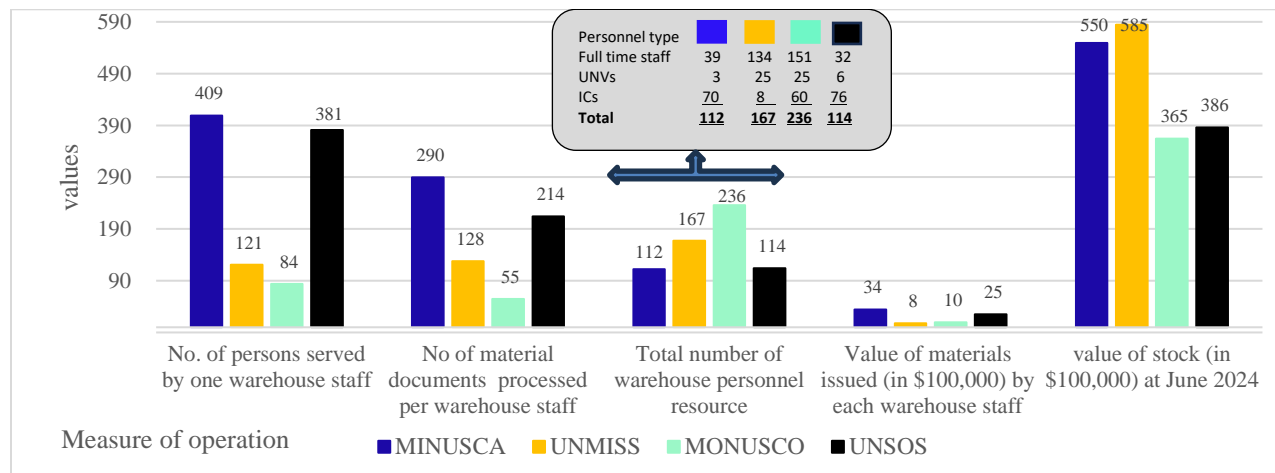
Need to address staffing shortfall

18. A civilian staffing review of MINUSCA conducted in 2023 by the Office of Human Resources of DOS recommended 19 additional staff for the warehouse. However, only one of these 19 posts was approved by the General Assembly in the 2024/25 budget due to funding constraints. The approved post had not been filled at the time of the audit, but recruitment formalities had commenced. Consequently, CWS continues to have staffing shortfall to effectively implement warehousing operations, and current staff resources (i.e., 42 staff and 70 individual contractors) was significantly below that of comparable missions, as shown in figure 2. In comparison to other missions⁴, each CWS staff in MINUSCA served an average of 409 customers compared to 121, 84 and 381 in UNMISS, MONUSCO, and UNSOS, respectively.

⁴ United Nations Mission in South Sudan (UNMISS); United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO); and United Nations Support Office in Somalia (UNSOS).

Similarly, the number and dollar value of transactions per MINUSCA CWS staff was much higher than that of the other missions. To meet operational demands, CWS staff stated that they had to work extended work periods with reduced recess, which could be detrimental to staff morale and well-being.

Figure 2: Comparisons of warehouse personnel and transactions by comparable missions as of 30 June 2024



Source: Umoja data

19. Inadequate staffing resources resulted in deficiencies in service delivery as elaborated in this report, including: (a) poor maintenance of stock records; (b) inadequate segregation of duties; (c) delays in processing materials to end users; (d) ineffective stock count activities; and (e) inadequate container management, stock labelling and storage.

(2) MINUSCA should find alternative solutions within the available resources to address the staffing shortfalls in the warehouse to ensure effective and efficient operations.

MINUSCA accepted recommendation 2 and stated that the Mission conducted a civilian staffing review exercise in 2023 in coordination with the Human Resource Support Division and DOS. Out of the 19 posts identified for the warehouse, only one post was approved leaving, a gap of 18. The Mission is exploring the possibility of contracting certain warehouse support functions through outsourcing to minimize the staffing gaps.

Need to enhance security arrangements at the warehouses

20. In 2021, the Physical Security Unit (PSU) within the Security Section conducted assessments in the five-warehouse premises in Bangui and recommended the installation or construction of: (a) closed-circuit television (CCTV) cameras, sprinklers, X-ray machines and handheld scanners; (b) barbed wire and exterior lighting on the perimeter fence; and (c) sufficient hard-standing areas for loading and unloading inventory.

21. The PSU conducted follow-up assessments in 2024 and reported some improvements, such as the installation of barbed wires, CCTV cameras and exterior lighting at the entrance and perimeters. However, OIOS physical inspection of the warehouse premises at three locations in Bangui (Mpoko Greenfield, Mpoko Transport and PK 4) noted significant control lapses:

- Ten of the 18 interior cameras installed in four buildings were not functional, and there were no cameras in one building, which mainly housed FTS equipment and general supplies. Subsequent to the audit in October 2024, the Mission replaced all non-functioning cameras.
- There were no X-ray machines at the warehouse at PK 4 for screening bags and pedestrians. This was done manually by a private security firm and was ineffective as bags were not consistently searched. Although the Mission had purchased an X-ray machine costing \$22,000 in 2021, it remained unutilized for over three years. The Security Section stated they were considering moving the X-ray to Mpoko Greenfield because of higher personnel traffic but the Mission had not yet done so at the time of the audit.
- The security access control staff did not consistently implement procedures to ensure that physical quantities of issued inventories matched what was recorded on the gate passes and issuance vouchers. In addition, security staff at the destination of the inventory did not check whether incoming items agreed with quantities on the gate passes and material documents from CWS.
- MINUSCA had not installed a personal identity card electronic scanning system at Mpoko Yard due to the unavailability of an effective internet Wi-Fi connection. The manual recording of registration and drivers was inefficient and incomplete, which meant that MINUSCA did not have a complete record of all personnel who accessed the warehouse. This exposed the Mission to unauthorized persons entering the warehouse premises and potential losses from inventory theft. FTS informed OIOS that the section was planning to enhance Wi-Fi coverage to facilitate the installation of the identity card scanning system.

22. Also, MINUSCA did not hold required regular performance review meetings with the private security contractor to escalate and resolve performance gaps. In addition, the contract between MINUSCA and the security company did not require the latter to routinely rotate its guards to avoid complacency and over-familiarity with warehouse staff. OIOS noted that some security guards had been at their posts for periods ranging from three to five years. The Security Section undertook to have a performance review meeting in October 2024.

23. The above control weaknesses were primarily due to an oversight of the PSU. Inadequate security measures at the warehouses resulted in theft and loss of items. In 2024 and 2022, cement and electric cables valued at \$25,000 and air conditioners valued at \$32,000 were stolen from the warehouse by individual contractors in collusion with private security guards, according to the Mission's Security Investigation Unit (SIU) report. Furthermore, as of 30 June 2024, MINUSCA could not locate 322 pieces of equipment valued at \$927,700, of which 166 items valued at \$627,000 were from the warehouse. The Mission's SIU was also investigating this incident. SIU completed the investigation of about 70 per cent of these cases, with the remaining investigations ongoing at the time of the audit.

(3) MINUSCA should enforce physical security measures to safeguard inventory by: (a) enhancing access control measures for vehicles and pedestrians; (b) taking immediate action to utilize the X-ray machine that has been lying idle for over three years; and (c) holding regular performance review meetings with the private security company.

MINUSCA accepted recommendation 3 and stated that the Mission was enhancing access control measures for vehicles and pedestrians and that international security officers responsible for the Mpoko Greenfield and Croisement elements were now being rotated. The X-ray machine that had been lying idle for over three years would be transferred to Greenfield once construction works are completed, while a performance review meeting with the private security was held in October 2024.

Need to define the roles and responsibilities of the new centralized warehouse units

24. CWS amended its organizational structure in 2022. One of the major changes included removing the management of the regional warehouse operations from the Warehouse Operations Unit to the Plan, Stock Control and Information Management (PSCIM) Unit. CWS stated this was done to better streamline operations and manage the roll-out of the new strategy on the operationalization of the regional warehouses, which involved sending six staff to the regions to manage the warehouses. OIOS interviews of CWS staff and the review of the CWO Manual indicated that the placement of management of the sectors under the PSCIM was against adequate segregation of duties. This is because the PSCIM Unit oversaw and monitored warehouse operations to ensure that stock was adequately counted and managed by the commodity managers in the Warehouse Operations Unit.

25. In addition, CWS did not document the specific roles and responsibilities under each unit. For instance, a new sub-unit of outbound operations was formed to coordinate deliveries to regions but with no documented roles and responsibilities. The Outbound Unit initially, inter alia, oversaw tracking containers in Mpoko Greenfield, but during the audit, this role was moved to the PSCIM without documentation or justification.

26. CWS had not documented changes or properly assigned accountabilities over its operations to effectively direct its warehouse operations, resulting in overlapping, blurred and unclear roles and responsibilities of the units and subsequently increased risk of theft and wastage of the Mission's inventory. CWS had started preparing standard operating procedures, but the exercise had stalled at the time of the audit.

(4) MINUSCA should finalize the warehouse standard operating procedures to clearly define and delineate the roles and responsibilities of each unit in the Centralized Warehouse Section to enhance operational effectiveness and accountability.

MINUSCA accepted recommendation 4 and stated that the standard operating procedures were being developed and would be promulgated upon review by the MINUSCA Best Practices Unit.

C. Receiving and inspection

Need for prompt follow up on receiving and inspection discrepancies

27. The Receiving and Inspection Unit processed 479 purchase orders totaling \$47 million between January 2021 and March 2024. OIOS review of 177 purchase orders valued at \$18.2 million indicated that the Unit, in coordination with technical sections, commodity managers and the Property Management Unit (PMU), adequately participated in the physical inspection of goods received. Any discrepancies noted during the receiving and inspection process were submitted to the Procurement Section to effect recoveries from concerned vendors.

28. However, there were 58 outstanding discrepancy reports related to non-delivery of items or delivery of wrong and damaged items valued at \$677,651, that had been awaiting resolution for periods ranging between one to thirty-six months. However, there was no evidence that the Procurement Section followed up with the vendors and freight forwarders to address these discrepancies. The Procurement Section did not have a systematic mechanism to ensure that all discrepancy reports were consistently followed up and resolved. Due to delayed resolution of discrepancies, OIOS noted that the Mission was keeping damaged and rejected items comprising drugs and information and communication technology items dating back to 2017 and valued at \$103,881, which were now pending disposal action.

(5) MINUSCA should establish and implement a mechanism to monitor and address outstanding discrepancies related to goods received from vendors.

MINUSCA accepted recommendation 5 and stated that MINUSCA would strengthen the Mission’s established procedure of reporting Damage Discrepancy Report (DDR) by monitoring outstanding DDRs on a quarterly basis. Furthermore, the Centralized Warehouse Section had started uploading discrepancy reports in MINUSCA SharePoint for real-time visibility and timely appropriate actions by relevant stakeholders.

D. Inventory and warehouse management

Need to improve the demand and acquisition planning process for inventory

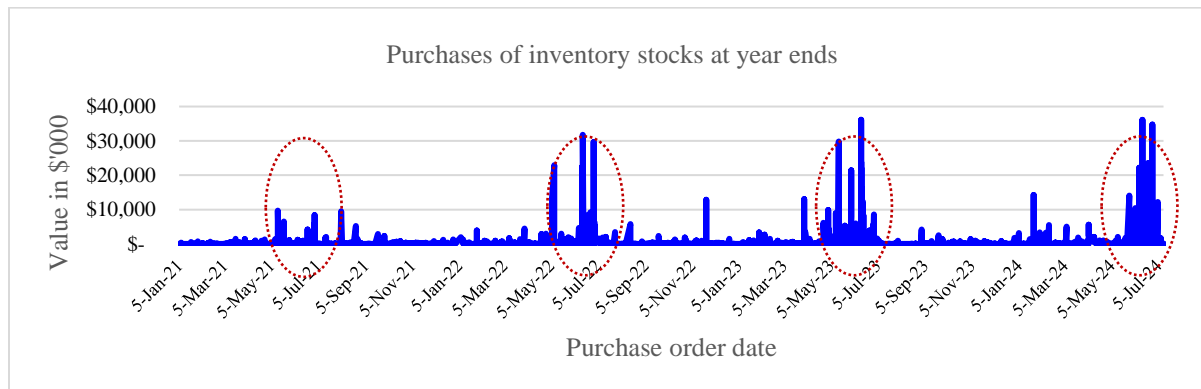
29. The CWO Manual requires missions to identify slow-moving and aging stock and declare surplus for redistribution to other entities or missions. As of 30 June 2024, the Umoja Business Intelligence reports showed that the Mission had the second highest level of stock coverage (i.e., items that exceeded more than one year’s requirements) out of 14 peacekeeping missions, totaling \$34 million (or 61 per cent) of its \$55 million in stock. Only \$4 million (or 8 per cent) of stock was within the ideal stock coverage of up to a year, while \$17 million (or 31 per cent) of stock, mainly related to FTS, Engineering and Transport sections, had no movement in a year or more. The Mission’s overall stock holdings increased from 4.9 million-line items valued at \$46 million as of 1 July 2021 to 5.8 million-line items valued at \$55 million as of 30 June 2024. Of the 14,453 different product lines in stock during this period, 4,534 products (or 31 per cent) had the same opening and closing balances between 1 July 2021 and 30 June 2024, indicating no stock movements. There were also 5,632 (or 39 per cent) products with increases in stock levels ranging from 1 per cent to 12,045 per cent. Despite the high level of idle stocks, the Mission had not declared any stock as surplus; thereby, preventing the exchange or transfer of excess stock to other missions.

30. The higher stock values were primarily impacted by last-minute year-end inventory purchases and incorrect analysis of historical consumption patterns, as further explained below.

a) Excessive purchases of inventory

31. A review of the Mission’s pattern of procurement showed that the purchases were made around May or June when there was an urgent need to exhaust allotted budget funds before the end of the fiscal year on June 30, as shown in figure 3.

Figure 3: Last-minute year-end purchases of inventory



Source: Umoja Business Intelligence data

32. Furthermore, OIOS noted that for 189 categories of inventory as of 1 July 2021, MINUSCA had sufficient stock to meet its needs for the next three years; however, it still purchased additional inventory in these categories. For example, MINUSCA had 1,018-line items of amoxicillin as of 30 June 2023. However, on 30 June 2023, it purchased an additional 2,040 items of amoxicillin valued at \$126,800. OIOS' analysis showed that consumption over the previous 24 months to June 2023 was only 1,474-line items.

b) Inaccurate recording of consumption patterns

33. In developing their inventory requirements, technical sections used historical consumption data and were guided by previous years' budgeted amounts to arrive at their gross demand⁵. However, OIOS analysis showed inaccurate consumption data in Umoja for 30 of the 83 inventory consumption records mainly attributed to incorrect data input by the warehouse and technical sections. For instance, 1,484-line items of amoxicillin 875mg tablets costing \$16,000 had expired by May 2024 but were shown in the system as being issued to a Level I Hospital instead of being written off. OIOS noted that the issuance of items nearing their expiration date from the warehouse was a general practice by the Mission, particularly for items with large balances of stock in the warehouse. OIOS confirmed with the Level I Hospital in Bangui that over 85 per cent of such inventory was not consumed due to expiration after receipt from the warehouse. The above practice overstated actual consumption data, which was then used to inaccurately inform subsequent planning and budget proposals, leading to inefficiencies and financial losses for the Mission.

34. In addition to inadequate analysis of historical consumption patterns, the Mission had not established trigger points such as maximum (except for computers and printers) and minimum stock levels, reorder quantities, and reorder points to determine appropriate acquisition actions. As part of the ongoing roll-out of Umoja Extension 2 for demand and supply network planning, the Office of Supply Chain Management in DOS embarked on a project to provide better analytical tools to improve inventory management, including building capabilities for trigger points for stock levels, reorder levels and quantities. In this regard, OIOS did not make a recommendation on the need to establish inventory trigger points.

(6) MINUSCA should ensure that technical sections: (a) develop and implement realistic demand requirements that accurately reflect required quantities to meet operational needs; and (b) timely initiate the procurement of goods and services to minimise bulk year-end purchases that potentially lead to acquisitions of items that are either in excess or already in stock.

MINUSCA accepted recommendation 6 and stated that the Mission would take measures to require technical sections to effectively use the Supply Chain Planning Tool to develop and implement realistic demand requirements and accurately analyse the Mission's consumption of inventory. The Mission would schedule training sessions to bridge any skills gaps, where necessary. To address bulk year-end purchases, the Mission would put in place measures to ensure improvement in the procurement patterns.

Need to improve controls over the issuance of stock items from the warehouse

35. CWS issues stocks to end users and is required to maintain an accurate transaction history of inventory received and issued in hard copy and Umoja. Once issued, inventory is expected to be consumed within 90 days to avoid hoarding. Similarly, end users should consolidate their inventory requirements from

⁵ The Annual Gross Demand Plan represents the local entity's overall requirements for goods and services for the ensuing fiscal year. Gross demand is unconstrained and based on the actual operational requirements of the local entities. The Annual Net Demand Plan represents the local entity's net requirements for goods and services. It derives from the Annual Gross Demand Plan less the projected holdings calculated based on the current inventory, consumption rate, and ongoing procurement.

the warehouse to minimize the number of warehouse transactions and optimize the utilization of CWS staffing resources.

36. OIOS review of records on issuance of inventory from the warehouse noted the following:

a) *Hoarding by the Field Technical Services Section*

37. A review of six material documents issuing FTS inventory totaling \$500,100 showed that from 2019 to 2023, the Warehouse repeatedly issued inventory to FTS in bulk, breaching the requirement that inventory issued should be consumed within 90 days. The issued items were held in sea containers within CWS premises in Mpoko and PK4 warehouses, although CWS no longer had control over those items. Due to this, these items were not included in periodic cycle counts by CWS. FTS stated that they obtained large quantities to have buffer stocks from which they would deploy in case of emergencies. In OIOS' opinion, this practice lacked effective measures for deterring or enabling timely identification of possible misappropriation of mission assets and was contrary to the warehouse guidelines. It also increased the risk of obsolescence of inventories. The hoarding of inventory was also noted with the Engineering Section especially with regard to works and projects without adequate accountability of materials obtained.

b) *Lack of consolidation of requirements by the technical sections*

38. A review of materials documents showed that the technical sections did not adequately consolidate their inventory requirements. In several instances, between 8 to 17 material documents were raised for the same kind of inventory on the same day or subsequent days. This occurred because the technical sections, such as FTS, generated separate material documents for each inventory request they received from the regions rather than consolidating similar requirements over time. The lack of consolidated requirements increased transaction costs and placed additional strain on CWS resources.

c) *Non-compliance with issuance of inventory on a first-in-first-out basis*

39. The technical sections⁶ issued 415 stock items valued at \$743,000 on a "last-in-first-out" basis to avail the latest technology to staff. However, this was contrary to the Centralized Warehousing Guidelines that require items such as monitors, air conditioners, computers, phones and radios to be issued on a "first-in-first-out" basis. This resulted in the Mission holding aging and expired quantities of inventory. For instance, 42 per cent of supplies and equipment had expired or gone obsolete at the time of the audit.

40. Medical supplies were also required to be issued on a "first-expired-first-out" (FeFo) basis. Compliance with this requirement was important because of the short shelf life of some items. For instance, in 74 out of 90 receipts of medical supplies purchased by the Mission, the average shelf life was two years, of which for 22 of them, the shelf life was less than two years. In 15 out of 101 instances of medical supplies issued to technical sections, the FeFo principle was not adhered to, leading to increased quantities of medical supplies expiring in 9 of the 15 instances. Overall, the Mission had to write off \$364,000 worth of medical supplies during the audit period.

(7) MINUSCA should take additional steps to avoid maintaining parallel warehouses by hoarding inventory.

MINUSCA accepted recommendation 7 and stated it had instructed Warehouse Managers to keep items in warehouse premises that had been issued to the clients. An interoffice memorandum was sent to the

⁶ This analysis excludes the Medical Section.

Chief Field Technical Services (FTS) to either remove items from the warehouse premises or to return to stock. FTS and the Warehouse had initiated the process to return the items to stock.

(8) MINUSCA should improve controls to ensure that: (a) technical sections consolidate their stock requirements to reduce warehouse transaction costs and facilitate easier analysis of inventory consumption; and (b) inventory is consistently issued on a first-in-first-out or first-expiry-first-out basis as required by the established guidelines.

MINUSCA accepted recommendation 8 and stated that an interoffice memorandum would be sent, through the Office of Director of Mission Support, instructing technical sections to consolidate their inventory requirements to reduce warehouse transaction costs. The matter was also addressed during the inventory management workshop. The first-in-first-out or first-expiry-first-out would be implemented once the warehouse facilities, container yards, and movement of items from the containers to warehouse facilities are completed.

Need to enhance the accuracy of stock records and documentation supporting the issuance of inventory

41. OIOS conducted a sample inventory count to determine the accuracy of records, the extent to which physical inventory stock reconciled with Umoja records and whether bin records and cycle count results were promptly updated. The results of this test are shown in table 1.

Table 1: Compliance rate of inventory sample counts (in percentages)

Description	FTS (67 items) ⁷	Engineering Mpoko (92 items)	Engineering Ucatex (79 items)	Medical PK 4 (111 items)	Supply PK 4 (63 items)	Total compliance rate (412 items)
Umoja quantities agreed to actual count	85	27	51	100	56	56
Bin cards are kept for each product	91	40	72	58	57	59
Bin cards updated timely	88	28	71	58	57	58
Items found in designated places (Umoja)	81	96	73	100	92	90

Source: Umoja data and stock bin cards

42. As per the above table, bin card records were not consistently kept as CWS only maintained bin card records for 243 (or 59 per cent) of the 412 sampled items; thereby, making it difficult to locate items or identify errors or irregularities. Stock records in Umoja were also inaccurate as the sampled stock counts revealed differences in stock quantities between Umoja records and the physical count, especially for items in the engineering and supply units with compliance rates between 27 and 56 per cent. CWS had an aggregate location accuracy of 90 per cent, below the required threshold of 99 per cent.

43. OIOS reviewed 1,323 material documents⁸ valued at \$7.6 million across five commodity groups issued between November 2023 and December 2024. The review showed that, on average, 43 per cent did not have supporting documentation, such as material document forms and gate passes, which are required to issue inventory from the warehouse. Of the five commodity groups, only the FTS commodity category maintained both hard copy and electronic documents supporting the inventory issued. The missing documentation indicates the Mission is highly exposed to the risk of misappropriation of items. The CWO

⁷ Number of items sampled.

⁸ A material document is raised by technical sections to receive or issue inventory items into or out of the warehouse, respectively. When the warehouse receives the material document from the technical section, it processes it and converts it into a transfer order document that adjusts Umoja quantities and facilitates physical issuance to end user.

Manual requires the warehouse to maintain complete and accurate electronic and hard copy records of materials issued for proper audit trail and to ensure materials issued are fully accounted for.

44. The discrepancies in stock quantities were attributed to the following:

- Ineffective cycle counts of inventory - Contrary to the CWO Manual for field missions, OIOS noted that the various commodity managers were also responsible for counting their inventory, and this created an opportunity for misappropriation of stock and inability to detect irregularities timely. Additionally, OIOS noted 38 cases of bin cards with no stock movements after cycle counts; however, OIOS' physical count identified discrepancies in stock quantities against Umoja or bin card records. CWS attributed this to staff moving inventory around and forgetting to update the bin cards. Additionally, OIOS noted that more than half of the 250 cycle count results were endorsed by only one person instead of the two counters and updater of Umoja. The above weaknesses undermined the objective of effective checks and balances.
- Inadequate monitoring of the clean-up bin - OIOS noted that CWS did not consistently record differences between the results of physical cycle counts and Umoja to a temporal holding bin, called the clean-up bin in Umoja. There were 658 items from the transport, engineering and supply subunits valued at \$52,000 that had not been found or counted in one to seven years but were not posted to the clean-up bin. CWS subsequently requested that the items be written off. In addition, a review of the clean-up bin as of 30 June 2024 showed that it contained 117,000 items across 315 product identification numbers (PIDs) valued at \$240,000 that had been unreconciled from one year to five years.
- Generic and incorrect PIDs – The Mission had made progress in resolving generic and incorrect PIDs. Generic and incorrect PIDs contributed to the difficulty in identifying stock for effective inventory management. Between 2021 and 2023, the status of generic and incorrect PID generated from Umoja improved to \$3.1 million and \$1.9 million from \$5.6 million and \$4.8 million, respectively.

(9) MINUSCA should: (a) improve stock labelling for easy identification and maintain updated bin cards to track stock movements effectively; and (b) enforce the requirement to maintain complete and accurate records, in both electronic and hard copy, of inventory issued to ensure that issuances are fully accounted for.

MINUSCA accepted recommendation 9 and stated that the Centralized Warehouse Section was implementing measures to improve bin card labelling and timely updating information of the bin cards. The Warehouse also put in place a tracking tool in SharePoint to keep electronic records of items issued, in addition to the hard copies.

(10) MINUSCA should enhance the effectiveness of physical inventory count by: (a) ensuring stock counts are conducted and endorsed by at least two persons for effective checks and balances; and (b) providing guidelines for reviewing items in the clean-up bin for potential writes-off after due investigations.

MINUSCA accepted recommendation 10 and stated that Physical Verification Form for Cycle Count would be signed by the cycle counter and the respective commodity manager at the end of each cycle count process. In addition, lessons learned from the projects on inventory accuracy and the Physical Inventory Reconciliation Program would serve as a guide to enhancing inventory accuracy. The revised standard operating procedures would reflect these measures.

E. Property disposal

Mission was addressing the gaps in procedures to be followed when gifting

45. During the audit period, MINUSCA raised a total of 775 notifications to dispose of 7,891 pieces of equipment with a depreciated value of \$3.9 million, of which: (a) 7,192 were disposed of through destruction; (b) 71 were gifted; and (c) 628 did not require physical disposal due to being lost, stolen, in hostile action, or beyond economical repairs. A review of a sample of 106 disposal notifications valued at \$404,350 indicated that the Mission complied with applicable administrative requirements, such as Board of Survey inspection reports, technical reports, security reports on lost and stolen items, and the appropriate delegation of authority for property management.

46. OIOS noted that MINUSCA gifted 76 equipment in 2023, which included vehicles, water treatment, and power generation equipment with a depreciated value of \$269,056 to the host country. However, MINUSCA did not follow the required administrative procedures such as raising disposal notifications in Umoja, conducting Board of Survey inspections, and obtaining approval from review bodies. PMU informed OIOS that they were not notified timely of gifting to ensure the required administrative procedures were followed. The above was due to inadequate coordination between the PMU and technical sections. Due to the increase in gifting to the host country, the Mission drafted a standard procedure, which was yet to be approved by the SRSG, to provide guidance to technical sections on procedures to be followed when gifting. Accordingly, OIOS did not make a recommendation,

The Mission operationalized contracts for the disposal of scrap and electronic waste

47. MINUSCA had a designated disposal yard for storing and destroying items identified for disposal. In 2020, the Mission contracted a vendor to sell scrap metals, batteries, and vehicle tyres for a not to exceed amount of \$60,000 over four years. As at March 2024, six task orders totaling \$27,485 of scrap sales had been processed and remitted to the Mission. The Mission also had a contract in place for collecting and safely disposing of electronic and electric waste, established in November 2023.

48. OIOS noted that before the disposal of items, the Mission adequately removed all United Nations signs and identifiers and deleted software programmes and data from electronic devices. Furthermore, the Mission regularly obtained authorized approval from troop and police-contributing countries to dispose of contingent-owned equipment. OIOS concluded that the Mission had implemented adequate procedures for disposing scrap and electronic waste.

F. Warehouse performance management

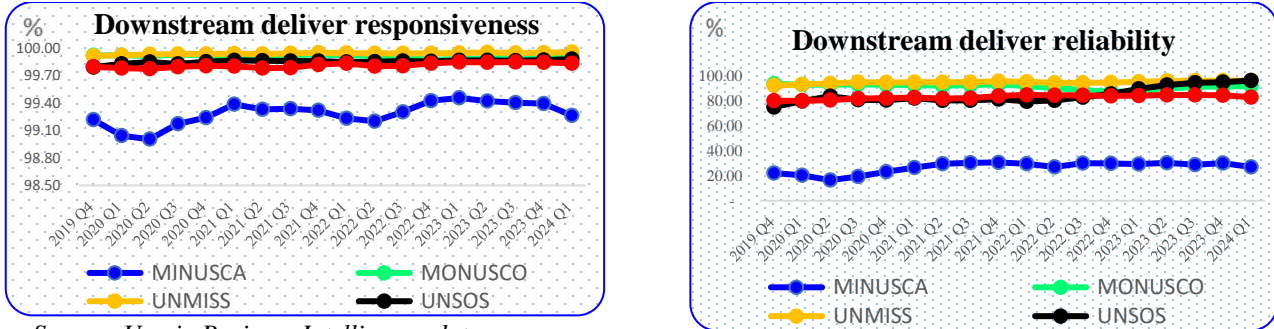
Need to enhance downstream activities

49. Indices measuring MINUSCA downstream delivery activities⁹ showed that the Mission trailed comparable peacekeeping missions and overall peacekeeping missions' average. The downstream deliver responsiveness index for the Mission over the period under review was 99 per cent, as detailed in figure 4. This implies that 99 per cent of the materials delivered to the end users from the time a reservation was created was made within the average time of the Mission.

⁹ Downstream responsive index refers to the time taken from when a reservation is placed to the delivery of goods or inventory to the end user measured against the average time taken. Similarly, the time taken that is outside the average is treated as a distortion and the percentage is computed by dividing the incidents within average by the total incidents. The downstream deliver reliability measures the extent of order fulfilment on three criteria, namely right quantity, right time and right goods and services.

50. Regarding downstream deliver reliability, MINUSCA recorded an average of 27 per cent against the peacekeeping average of 83 per cent. This implied that the Mission was taking much longer to deliver stocks to the end users from the warehouse compared to other Missions, as detailed in table 2.

Figure 4: MINUSCA downstream delivery activities compared to other missions



Source: Umoja Business Intelligence data

51. MINUSCA took an average of 16 days from when a reservation was raised to subsequent delivery of materials to end users, compared to other peacekeeping missions’ average of 3.6 days. Of the 16 days, 14 days were spent by the centralized warehouse to process inventory requests, which was much higher than that of other missions’ average of 2.5 days, as shown in table 2.

Table 2: Service time taken by MINUSCA Central Warehousing Section compared to other missions

Plant	Average time technical sections take to approve reservations	Average time for technical sections to raise goods issue voucher (MD)	Average time for the warehouse to receive requests and issue items	Average total downstream timeline
UNMISS	0.1	1	0.1	1
MONUSCO	0.1	1	1	2
UNSOS	1	0.1	2	3
MINUSCA	1	1	14	16
Peacekeeping average	0.3	0.8	2.5	3.57

Source: Umoja and client-provided data

52. The prolonged transaction turnaround by CWS could be attributable to ineffective monitoring and inadequate warehousing facilities. However, there was also a need for a performance management framework that clearly defines services to be provided by the centralized warehouse to end users, and baselines or timelines for completing various activities.

(11) MINUSCA should require the Centralized Warehouse Section and technical sections to define and describe baseline services to be provided by each of the parties and agree on timelines for when those services are to be performed.

MINUSCA accepted recommendation 11 and stated that the Mission convened a workshop for inventory management in line with briefing notes provided to SRS/MINUSCA and Supply Chain Management Operational Plan of 2022 to address issues mentioned in the recommendation.

IV. ACKNOWLEDGEMENT

53. OIOS wishes to express its appreciation to the management and staff of MINUSCA for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹⁰ / Important ¹¹	C/ O ¹²	Actions needed to close recommendation	Implementation date ¹³
1	MINUSCA should expedite the implementation of a comprehensive warehouse plan including timelines and target dates for constructing adequate centralized warehouse facilities.	Important	O	Evidence of implementation of a comprehensive warehouse plan including timelines and target dates for constructing adequate centralized warehouse facilities.	31 December 2025
2	MINUSCA should develop alternative solutions within the available resources to address the staffing shortfalls in the warehouse to ensure effective and efficient operations.	Important	O	Evidence of implementation of alternative solutions within the available resources to address the staffing shortfalls in the warehouse.	30 June 2025
3	MINUSCA should enforce physical security measures to safeguard inventory by: (a) enhancing access control measures for vehicles and pedestrians; (b) taking immediate action to utilize the X-ray machine that has been lying idle for over three years; and (c) holding regular performance review meetings with the private security company.	Important	O	Evidence of implementation of all security measures to safeguard inventory and holding of regular performance review meetings with the private security company.	31 December 2025
4	MINUSCA should finalize the warehouse standard operating procedures to clearly define and delineate the roles and responsibilities of each unit in the Centralized Warehouse Section to enhance operational effectiveness and accountability.	Important	O	Evidence of finalisation of the warehouse standard operating procedures that clearly define and delineate the roles and responsibilities of each unit in the Centralized Warehouse Section.	30 June 2025
5	MINUSCA should establish and implement a mechanism to monitor, and address outstanding discrepancies related to goods received from vendors.	Important	O	Evidence of the implementation of a mechanism to monitor, and timely address outstanding discrepancies related to goods received from vendors.	31 December 2025*
6	MINUSCA should ensure that technical sections (a) develop and implement realistic demand requirements that accurately reflect required quantities to meet operational	Important	O	Evidence of development and implementation of realistic demand requirements that accurately reflect required quantities to meet operational	15 July 2025

¹⁰ 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.

¹¹ 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.

¹² Please note the value C denotes closed recommendations whereas O refers to open recommendations.

¹³ Date provided by MINUSCA in response to recommendations. (except * -- date indicated by OIOS)

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹⁰ / Important ¹¹	C/ O ¹²	Actions needed to close recommendation	Implementation date ¹³
	needs; and (b) timely initiate the procurement of goods and services to minimise bulky year-end purchases that potentially lead to acquisitions of items that are either in excess or already in stock.			needs and timely initiation of procurements of inventory.	
7	MINUSCA should take additional steps to avoid maintaining parallel warehouses by hoarding inventory.	Important	O	Evidence of measures taken to avoid parallel warehouses, including removal of items from warehouse premises or return to stock.	31 March 2025
8	MINUSCA should improve controls to ensure that: (a) technical sections consolidate their stock requirements to reduce warehouse transaction costs and facilitate easier analysis of inventory consumption; and (b) inventory is consistently issued on a first-in- first-out or first-expiry-first-out basis as required by the established guidelines.	Important	O	Evidence of measures to improve consolidation of stock requirements and issuance of inventory on appropriate bases as required by the established guidelines.	31 January 2025
9	MINUSCA should: (a) improve stock labelling for easy identification and maintain updated bin cards to track stock movements effectively; and (b) enforce the requirement to maintain complete and accurate records, in both electronic and hard copy, of inventory issued to ensure that issuances are fully accounted for.	Important	O	Evidence of improved stock labelling, maintenance of bins, and enforced requirement to maintain complete and accurate material movement records, in both electronic and hard copy.	31 January 2025
10	MINUSCA should enhance the effectiveness of physical inventory count by: (i) ensuring that stock counts are conducted and endorsed by at least two persons for effective checks and balances; and (ii) providing guidelines for reviewing items in the clean-up bin for potential writes-off after due investigations.	Important	O	Evidence of enhanced effectiveness of the physical inventory control by ensuring that stock counts are conducted and endorsed by at least two persons for effective checks and balances and that guidelines for reviewing and writing off items in the clean-up bin are provided.	31 December 2025*
11	MINUSCA should require the Centralized Warehouse Section and technical sections, to define and describe baseline services to be provided by each of the parties and agree on timelines for when those services are to be performed.	Important	O	Evidence of defining and describing baseline services to be provided by each of the parties and agreed timelines for when those services are to be performed.	30 June 2025

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO: Ms. Fatoumata Ndiaye
A: Under-Secretary-General for OIOS

DATE: 19 December 2024

FROM: Valentine Rugwabiza
DE: SRSG and Head of MINUSCA

REFERENCE: MINUSCA/OSRSG/345/2024

SUBJECT: **MINUSCA's comments on a Draft report on an audit of Warehouse operations in**
OBJET: **MINUSCA (Assignment No. AP2023-637-05)**

1. With reference to your interoffice memorandum dated 20 November 2024 on the above captioned subject, kindly find attached MINUSCA's comments on a Draft report on an audit of Warehouse operations in MINUSCA.
2. I take this opportunity to thank your team for the findings and recommendations issued in this audit.

Annex: – MINUSCA's comments on a Draft report on an audit of Warehouse operations in MINUSCA

Mr. Byung-Kun Min Chief, Peacekeeping Audit Service,
Internal Audit Division, OIOS
Mr. Sory Sangaré, Director of Mission Support, MINUSCA
Mr. Omer Santy-Ateyaba, Chief Supply Chain Management, MINUSCA
Mr. Prakash Neupane, Chief Warehouse, MINUSCA
Mr. Jeffrey Lin, Professional Practices Section, Internal Audit Division, OIOS
Mr. Seydou Sirpé, Chief Resident Auditor for MINUSCA, Internal Audit Division, OIOS
Ms. Tiphaine Dickson, Risk Management and Compliance Officer, MINUSCA

Management Response

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


Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? ³ (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSCA should expedite the implementation of a comprehensive warehouse plan including timelines and target dates for constructing adequate centralized warehouse facilities.	Important	Yes	Supply chain management	31 December 2025	A presentation was delivered to the SRSg including briefing notes outlining a detailed strategy consisting of short-, medium- and long-term plans for the construction of adequate warehouse facilities in Bangui and in the Regions. An IOM was sent on 16 September 2024, to EFMS, in line with the SRSg's directive, requesting a detailed construction plan of warehouses.
2	MINUSCA should develop alternative solutions within the available resources to address the staffing shortfalls in the warehouse to ensure effective and efficient operations.	Important	Yes	Supply Chain Management	30 June 2025	MINUSCA conducted the Civilian Staffing Review (CSR) in 2023 in coordination with Human Resources Support Division/DOS. The mission identified a requirement of 19 posts for the warehouse considering its scope of operations, but the CSR validated only 12 posts. 7 posts were proposed in the P25 budget, but the legislative bodies approved only 1 post leaving a staffing gap of 18 posts. However, the mission has already explored the possibility of contracting certain warehouse support functions through outsourcing to minimize the staffing gap. MINUSCA launched a solicitation process, in 2023, to

¹ 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.

² 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 Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSCA should enforce physical security measures to safeguard inventory, through: (i) enhancing access control measures for vehicles and pedestrians; (ii) taking immediate action to utilize the X-ray machine that has been lying idle for over three years; and (iii) holding regular performance review meetings with the private security company.	Important	Yes	Physical Security unit/ UNDSS	31 December 2025	outsourced warehouse support services and currently a negotiation with the technically compliant bidders is ongoing aiming to secure the most competitive price that represents the best value for the money to the organization as per approval of HCC. Furthermore, MINUSCA is also exploring the possibility of piggybacking with the contracts of other UN Agency for staffing resources on long term contracts. (i) Enhancing access control measures for vehicles and pedestrians is in place; 2 international security officers responsible for Greenfield, LSAs and Croisement elements were rotated; (ii) the X-ray machine that has been lying idle for over three years will be transferred to Greenfield once construction work is completed; (iii) the last performance review meetings with the private security companies was held end of October 2024.
4	MINUSCA should finalize the warehouse standard operating procedures to clearly define and delineate the roles and	Important	Yes	O/CoS	30 June 2025	 <p>Minutes-CROISEMENT</p> <p>The SOPs have been developed and will be promulgated upon review by MINUSCA Best Practices Unit. Roles</p>

Management Response

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

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	responsibilities of each unit in the Centralized Warehouse Section to enhance operational effectiveness and accountability. MINUSCA should establish and implement a mechanism to monitor, and address outstanding discrepancies related to goods received from vendors.	Important	Yes	Supply Chain Management	Implemented	MINUSCA will strengthen the mission's established procedure of reporting Damage Discrepancy Report (DDR) by monitoring outstanding DDRs on a quarterly basis. Furthermore, the Centralized Warehouse Section has already started uploading discrepancy reports in MINUSCA SharePoint for real-time visibility and timely appropriate actions by relevant stakeholders.
6	MINUSCA should ensure that technical sections (i) develop and implement realistic demand requirements that accurately reflect required quantities to meet operational needs; and (ii) timely initiate the procurement of goods and services to minimise bulky year-end purchases that potentially lead to acquisitions of items that are either in excess or already in stock.	Important	Yes	Service Delivery	15 July 2025	(i) The Mission will take measures to require technical sections to effectively use the Supply Chain Planning Tool (SCPT) to develop and implement realistic demand requirements and to accurately analyze the mission consumption of inventory, for determination of future requirements. Where necessary, the Mission will schedule training sessions to bridge any skills gaps. (ii) The delayed raising of purchase orders was at times due to late disbursement of budget funds to the Mission. However, the Mission will put in place measures to ensure

Management Response

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

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	MINUSCA should take additional steps to avoid maintaining parallel warehouses by hoarding inventory.	Important	Yes	Supply Chain Management	31 March 2025	improvement in the procurement patterns in the Mission. This recommendation is in the process of implementation. MINUSCA Technical Sections keep only operational stocks to deliver services to the clients. Warehouse Managers are instructed not to keep items that are issued to the clients in warehouse premises via an IOM from Chief, CWS to the commodity managers dated 8 February 2024. Regarding the FTS items, an IOM was sent to CFTS on 30 September-24 either to remove items from the warehouse premises or to return to stock. FTS and CWS have initiated the process to return the items to stock. Copies of the relevant IOMs are attached for ease of reference.
8	MINUSCA should improve controls to ensure that: (i) technical sections consolidate their stock requirements to reduce warehouse transaction costs and facilitate easier analysis of inventory consumption; and (ii) inventory is consistently issued on a first-in- first-out or first-expiry- first-out basis as required by the established guidelines.	Important	Yes	Supply Chain Management	31 January 2025	(i) An IOM will be sent through DMS instructing all Technical Sections to consolidate same stock (item) requirements to reduce warehouse transactions costs. Also, this issue will be addressed during the Inventory Management Workshop. (ii) First-in- first-out or first-expiry- first-out (FIFO) will be implemented once construction of warehouse facilities, container yards, and

Management Response

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

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
9	MINUSCA should (i) improve stock labelling for easy identification and maintain updated bin cards to track stock movements effectively; and (ii) enforce the requirement to maintain complete and accurate records, in both electronic and hard copy, of inventory issued to ensure that issuances are fully accounted for.	Important	Yes	Supply Chain Management	31 January 2025	movement of items from the containers to warehouse facilities are completed. i) CWS has started improving bin cards labelling and timely updating information of the bin cards. This recommendation is in the process of implementation and full implementation is expected by 31 December 2024. ii) The CWS tracking tool in SharePoint has been used to keep all electronic records of items issued; the tool is located at <u>Central Warehouse Tracking System - Power Apps</u> . Likewise, hard copies of the documents are available to the respective commodity managers.
10	MINUSCA should enhance the effectiveness of physical inventory count by: (i) ensuring that stock counts are conducted and endorsed by at least two persons for effective checks and balances; and (ii) providing guidelines for reviewing items in the clean-up bin for potential writes-off after due investigations.	Important	Yes	Supply Chain Management	Implemented	i) MINUSCA shall ensure that Physical Verification Form for Cycle Count shall be signed by the cycle counter and the respective commodity manager at the end of each cycle count process. Likewise, the mission will ensure that the person who conducts the cycle count will not be entered the cycle count data into LMOJA to safeguard check and balance. Please refer to the attached cycle count documents for ease of reference.

Management Response

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

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? ³ (Yes/No)	Title of responsible individual	Implementation date	Client comments
11	MINUSCA should require the centralized warehouse section and technical sections, to define and describe baseline services to be provided by each of the parties and agree on timelines for when those services are to be performed.	Important	Yes	Supply Chain Management	30 June 2025	Partially implemented ii) Lessons learnt from the projects of Inventory Accuracy and PIRO play as a guideline book and will be reflected in the SOP under review to enhance inventory accuracy. MINUSCA convened a workshop for Inventory Management in line with briefing note provided to SRSG and SCM Operational plan of 2022 to address issues mentioned in the recommendation.