



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/109

Audit of receiving and inspection activities in field missions

Overall results relating to the effective management of receiving and inspection activities in field missions were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

5 December 2013

Assignment No. AP2013/615/06

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AUDIT REPORT

Audit of receiving and inspection activities in field missions

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the receiving and inspection activities in field missions.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure; (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The objectives of receiving and inspection activities were to ensure that: (a) supplies and equipment conform to the quantity and quality standards specified in the relevant procurement contracts or transfer arrangements; and (b) assets were properly coded and accurately recorded in the procurement system, Mercury, and in the inventory management system, Galileo. The receiving and inspection process provided the basis for paying vendors and represented the beginning of the property management cycle.
4. Receiving and inspection units in field missions were responsible for receiving and inspecting supplies and equipment procured by their missions. During the year 2011/12, receiving and inspection units in 10 field missions / offices covered by this audit had a total of 163 staff members who received and inspected supplies and equipment valued at \$503.2 million during the period from 1 January to 31 December 2012.
5. Comments provided by the audited entities are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of field missions' governance, risk management and control processes in providing reasonable assurance regarding the **effective management of receiving and inspection activities in field missions**.
7. The audit was included in the 2013 OIOS risk-based work plan because of the financial reporting risks associated with recognizing assets and inventory due to the implementation of International Public Sector Accounting Standards (IPSAS).
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (i) exist to guide receiving and inspection activities; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted this audit from January to April 2013 in nine missions and one office including: the United Nations Stabilization Mission in Haiti (MINUSTAH); the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO); the United Nations Assistance Mission in Afghanistan (UNAMA); the United Nations Assistance Mission for Iraq (UNAMI); the African Union-United Nations Hybrid Operation in Darfur (UNAMID); the United

Nations Interim Force in Lebanon (UNIFIL); the United Nations Mission in Liberia (UNMIL); the United Nations Mission in South Sudan (UNMISS); the United Nations Operations in Côte d'Ivoire (UNOCI); and the United Nations Support Office for the African Union Mission in Somalia (UNSOA).

11. The audit covered the period from 1 January to 31 December 2012 and reviewed the following receiving and inspection activities: (i) maintenance of the registers of incoming shipment; (ii) receiving and inspecting goods to ensure that they conform to the relevant purchasing contracts; (iii) preparation of receiving and inspection and discrepancy reports; (iv) coding and recording assets in Galileo; and (v) processing of vendors' payments.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. OIOS also conducted field visits to various facilities and observed the receipt and inspection of goods.

III. AUDIT RESULTS

13. The field missions' governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of receiving and inspection activities in field missions**. OIOS made 10 recommendations to address issues identified. The missions had developed standard operating procedures within the framework of the Property Management Manual issued by the Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS), and generally carried out their receiving and inspection activities in accordance with established standards. Payments to vendors were made in accordance with International Commercial Terms (INCOTERMS). With the exception of UNAMID and MONUSCO, there was a need for process improvements to ensure a more effective receiving and inspection process, including the need to ensure that: (i) complete and accurate registers of incoming shipments were maintained by the movement control (MovCon) sections and the receiving and inspection units; (ii) the receiving and inspection process and codification of plant, equipment and inventory were completed within prescribed timelines; and (iii) discrepancies in deliveries were resolved in a timely manner.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of six important recommendation remains in progress

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of receiving and inspection activities in field missions	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

Registers maintained for incoming shipments and the receiving and inspection process were not complete

15. MovCon sections were responsible for tracking all incoming cargo and for informing receiving and inspection units about these consignments. Similarly, receiving and inspection units were required to maintain registers listing the cargo received for inspection from MovCon sections. Periodic reconciliation of the MovCon and receiving and inspection units' registers was required to ensure that all incoming shipments were captured and processed in a timely manner.

16. The MovCon sections and receiving and inspection units of MONUSCO, UNAMID and UNSOA maintained adequate registers for tracking incoming shipments, and reconciliations of MovCon and receiving and inspection unit registers were periodically done.

17. However, the registers maintained by the other seven missions were not always complete and accurate. For example, UNMISS did not maintain a list of incoming shipments as the information was not provided by the UNMISS Customs and Warehouse units that were responsible for accepting goods on arrival. In other missions, due to management's lack of direction and monitoring of the process, MovCon and receiving and inspection registers were not systematically completed. For instance.

- The UNAMA MovCon Section did not register details of 121 of 591 shipments delivered, which consisted of 14 consignments from other missions and the United Nations Global Service Centre in Brindisi, and 107 shipments from international vendors;
- UNMIL did not register 21 of 626 incoming shipments in the MovCon register, and the Receiving and Inspection Unit omitted 16 shipments received from its MovCon Section;
- UNIFIL did not include in its receiving and inspection register eight international shipments received from MovCon; and
- UNOCI did not register large and special consignments that were delivered directly by MovCon to the responsive self-accounting unit warehouses.

18. While the receiving and inspection process was eventually conducted for the above-mentioned cases, the lack of complete and accurate records of incoming shipments and tracking of goods to be inspected resulted in an unmitigated risk that goods received were not inspected within the Department of Field Support's established timelines and recognized in a timely manner as assets and inventory in a under IPSAS.

(1) MINUSTAH, UNAMA, UNAMI, UNIFIL, UNMIL, UNMISS and UNOCI should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.

MINUSTAH, UNAMA, UNAMI, UNIFIL, UNMIL, UNMISS and UNOCI accepted recommendation 1. UNAMI, UNIFIL, UNMIL and UNOCI reconciled their registers of incoming shipments and enhanced procedures to ensure that all goods would be captured in the registers. The MINUSTAH standard operating procedures were being updated to ensure that complete and accurate registers of incoming shipments were maintained. UNAMA was developing a shared inbound register of incoming shipments and updating its standard operating procedures. UNMISS was developing a freight tracking database that would capture information on all incoming shipments and goods received. Based on action taken by UNAMI and UNIFIL, UNMIL, UNOCI recommendation 1 has been closed. For UNAMA UNMISS and MINUSTAH, recommendation 1 remains open pending

receipt of evidence of enhanced procedures and tools to ensure complete and accurate registers of incoming shipments.

Timelines for completing the receiving and inspection process were not always achieved

19. The Department of Field Support's key performance indicator for the receiving and inspection process was established at 15 days, with a tolerance rate of five days. The timeline started from the time goods were delivered to the receiving and inspection unit until the receiving and inspection report was signed by the respective self-accounting unit. While missions were generally completing the receiving and inspection process within the 15-day timeframe and the established tolerance rate of five days, the following were noted:

- UNSOA reported that it had completed inspecting 715 deliveries on average in six days. However, a review of a sample of 75 deliveries indicated that the inspections took on average 49 days. The UNSOA report was inaccurate because it did not use the actual dates of deliveries when reporting against its key performance indicator. Due to the lack of adequate supervision, receiving and inspection staff sometimes used the date of the inspection or a random date that was later than the delivery date but much closer to the inspection date.
- The self-accounting units in MINUSTAH delayed the process of signing off on receiving and inspection reports, resulting in 15 per cent of the 2012 inspections being delayed by 16 to 112 days. This delayed the timely recognition of assets in Galileo. Additionally, in 10 per cent of cases reviewed, MINUSTAH recorded the inspection date as the date received and not the actual date of delivery of goods to the Mission.
- OIOS calculated that UNMISS completed the receiving and inspection process within the prescribed timelines; however, the actual dates that goods were delivered to the Mission were incorrectly entered in Galileo. For example, 15 of 30 cases reviewed showed incorrect dates of up to one month which resulted in the key performance indicator being understated.
- UNAMI implemented a practice of recording the inspection date as the date goods were received. Consequently 39 of 160 cases reviewed had incorrect dates of receipt by an average of 35 days. Moreover, there was inadequate documentation, such as signatures/stamps to systematically support and validate the date of deliveries.

20. Due to the lack of complete and accurate records of incoming shipments and the correct tracking of the time taken to complete the process, there remained an unmitigated risk that delays in the receiving and inspection process were not properly reported and addressed by mission management. Also, the inaccurate recording of dates may impact the timely recognition of plant, equipment and inventory in IPSAS financial reports.

(2) MINUSTAH and UNSOA should implement procedures for ensuring that the receiving and inspection process is completed within the timelines established by the Department of Field Support.

MINUSTAH and UNSOA accepted recommendation 2. MINUSTAH introduced a log book to be used by concerned sections to record processing timelines. Also, a routing slip would be attached to the receiving and inspection report to track the process and ensure compliance with established timelines. UNSOA stated that key performance indicator progress reports showed that the receiving and inspection process was completed within prescribed timelines. Delays were mainly due to

partial deliveries which were only logged in the system after full delivery was completed. Based on the action taken by MINUSTAH, recommendation 2 has been closed. For UNSOA, recommendation 2 remains open pending OIOS verification that the receiving and inspection process is completed within the timelines reported and recorded delays resulted from partial deliveries.

(3) MINUSTAH, UNAMI, UNMISS and UNSOA should correctly enter in Galileo the dates on which they receive goods to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.

MINUSTAH, UNAMI, UNMISS and UNSOA accepted recommendation 3. MINUSTAH, UNAMI and UNMISS issued instructions to all receiving and inspection staff to ensure that actual goods receipt dates were recorded in Galileo in compliance with key performance indicators. UNSOA stated that the correct dates were entered into Galileo; however, for multiple shipments it only recorded the last goods receipt date in the system. Based on the action taken by MINUSTAH, UNAMI, UNMISS recommendation 3 has been closed. For UNSOA, recommendation 3 remains open pending OIOS verification that UNSOA is correctly entering the dates on which goods are received in Galileo.

Corrective actions for UNMIL over-shipments and pending shipments from other missions were not timely

21. UNMIL had not addressed over-shipments of goods received, with a total of 8,224 items being held in the Receiving and Inspection Unit's warehouse without adequate reference numbers or vendor details. Of this, 1,570 items had been in the custody of the Receiving and Inspection Unit for over five years. This resulted as adequate guidance had not been provided to the Receiving and Inspection Unit on how to deal with these items.

22. Additionally, receiving and inspection action was pending for 715 items of inventory valued at about \$1.3 million that had been shipped to UNMIL from other missions during the period from 2003 to 2012. Some of these items were still recorded as 'in transit' in Galileo. UNMIL indicated that some items were never received and an investigation was ongoing to determine required corrective actions.

(4) UNMIL should develop and implement guidelines for the handling of over-shipments to ensure timely completion of the receiving and inspection process and in recognizing assets and stock in Galileo.

UNMIL accepted recommendation 4 and developed standard operating procedures on rejected items and over-shipments. Based on the action taken by UNMIL, recommendation 4 has been closed.

(5) UNMIL should review and record shipments received from other missions during the period from 2003 to 2012 that are still recorded as 'in-transit', and expedite the investigation to determine the status of items that were never received and take appropriate corrective actions.

UNMIL accepted recommendation 5 and stated that it had forwarded the necessary information to the United Nations Global Service Centre in Brindisi for further action. Recommendation 5 remains open pending receipt of evidence that a review has been conducted and UNMIL Galileo records have been updated for long outstanding "in-transit" shipments that were not received.

The receiving and inspection process was not always conducted in accordance with established procedures

23. The DPKO/DFS Property Management Manual required that the receiving and inspection units inspect all items received, with the assistance of technical experts from the concerned self-accounting units, to ensure that they were delivered in accordance with specifications and terms and conditions of relevant contracts.

24. Staff of the receiving and inspection units inspected all incoming shipments with the assistance of technical experts from the concerned self-accounting units. However, UNMISS, UNIFIL and UNMIL needed to improve this process as follows:

- A review of 125 UNMISS receiving and inspection reports, for goods valued at \$23 million, indicated that: (a) supporting documents were not maintained for three inspections of goods valued at \$4.7 million; (b) the Receiving and Inspection Unit did not conduct 45 inspections of goods valued at \$6.2 million; however, it prepared related reports based on communications from the Property Control and Inventory Unit or the concerned self-accounting units indicating that the inspections had been conducted; and (c) in two of the six inspections observed by OIOS, physical verification vouchers were signed by self-accounting unit representatives who were not present during the inspection.
- UNIFIL and UNMIL had not established a procedure to ensure that staff members with the correct technical expertise were available and present at inspections. As a result: (a) a review of a UNIFIL sample of 58 deliveries indicated that self-accounting unit representatives did not participate in two inspections, and the representatives who participated in other inspections were not technically cleared by the responsible official of the respective self-accounting units to conduct the inspection; and (b) a review of a UNMIL sample of 88 inspections indicated that the technical inspection teams were not constituted or approved by the designated official of the self-accounting unit.

25. The above resulted due to insufficient supervision and direction by management in the receiving and inspection process. The lack of adequate procedures to ensure technical expertise for the inspection process resulted in an unmitigated risk that inferior goods and those not meeting the required specifications were accepted by missions.

(6) UNMISS should implement procedures to ensure that: (a) appropriate documents are maintained as evidence that goods have undergone the receiving and inspection process; (b) only designated staff members participate in the receiving and inspection process; and (c) inspection forms are signed by the individuals who conduct inspections.

UNMISS accepted recommendation 6 and stated that documentation on the receiving and inspection process was being maintained in the database and only designated staff members would participate in the process and sign off on inspection forms. Based on the action taken by UNMISS, recommendation 6 has been closed.

(7) UNIFIL and UNMIL should establish procedures to ensure that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit, participate in the inspection of goods received.

UNIFIL and UNMIL accepted recommendation 7 and stated that technical experts from the various requisitioning self-accounting units had been identified to participate in the inspection of goods received. Based on the action taken by UNIFIL and UNMIL, recommendation 7 has been closed.

Discrepancy reports were generally processed in a timely manner, but some improvements were required

26. Most missions had generally implemented adequate procedures to report discrepancies identified during inspections. They also prepared and distributed discrepancy reports to relevant users, including the self-accounting units and the Finance and Procurement sections for further action. The following exceptions were noted in four missions, mainly due to the lack of attention given to the process:

- In MINUSTAH, 30 of the 37 cases of discrepancies which occurred between December 2010 and October 2012 remained unresolved as of 31 March 2013 due to: (i) the lack of timely follow up with vendors; and (ii) the lack of adequate guidelines on the disposal of rejected items and resolution of discrepancies;
- In UNMISS, discrepancies were not always addressed in a timely manner. For example, the resolution of discrepancies related to five purchase orders, valued at \$1.4 million, was delayed by an average of 90 days;
- In UNOCI, a review of 132 of 199 discrepancy reports (66 per cent) prepared during 2012 indicated that action had not been taken to address the identified discrepancies. There were also some items that had been in the receiving and inspection warehouse for over eight years. The value of these items could not be determined by the Receiving and Inspection Unit; and
- In UNMIL, discrepancy reports were not prepared for all of the 8,652 rejected deliveries from local vendors. Instead, the Mission requested the vendors to replace the items. For international shipments, due to technical problems in the Mercury system, discrepancy reports had to be manually completed for short deliveries, and other Mercury-generated deficiency reports lacked pertinent information.

(8) MINUSTAH, UNMISS and UNOCI should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.

MINUSTAH, UNMISS, UNOCI accepted recommendation 8. MINUSTAH was updating the receiving and inspection standard operating procedures to include guidance on dealing with discrepancies and rejected items. UNMISS implemented procedures to ensure that vendors would be timely informed of discrepancies raised by the Receiving and Inspection Unit. UNOCI cleared all outstanding cases of over shipment and rejected goods and stated that the implementation of Umoja would mitigate future weaknesses. Based on the action taken by UNMISS and UNOCI, recommendation 8 has been closed. Recommendation 8 remains open in MINUSTAH pending receipt of evidence of procedures implemented to ensure that discrepancies are resolved in a timely manner.

Improvements in coding and recording of assets were required for two missions

27. Missions generally properly coded and recorded plant, equipment and inventory in Galileo in compliance with the established codification system. However, in UNIFIL due to the lack of an adequate monitoring mechanism, codification was not completed for up to 119 days for medical supplies. This was subsequently addressed by UNIFIL with the implementation of a tool to monitor the timely completion of the codification process. OIOS was satisfied with the action taken.

28. UNMIL did not codify and record in Galileo 634,000 items of inventory, valued at \$1.7 million, due to the lack of oversight by the self-accounting unit asset managers. Of these, 378,000 had been

pending codification for more than one year, and some of the items had been stored in the Mission's 1,181 containers without bin cards or stock reference numbers and periodic physical verification to identify their condition. Without proper inventory management controls, there was an unmitigated risk that inventory stored in these containers may have deteriorated and was no longer suitable for use.

(9) UNMIL should expedite the physical verification of inventory stored in containers, and codify and record all expendable assets in Galileo.

UNMIL accepted recommendation 9 and stated that self-accounting units had conducted physical verification of all inventory stored in containers and codified and recorded all expendable assets in Galileo. Based on the action taken by UNMIL, recommendation 9 has been closed.

UNSOA did not review receiving and inspection reports for payments made under INCOTERMS

29. All missions processed vendor payments in accordance with INCOTERMS 2000 which stated that the obligation to pay vendors should be based on the transfer of ownership of goods as per agreed upon delivery terms. In instances where payment terms were Free Carrier or Free on Board, payments were made before physical receipt of goods as the transfer of ownership took place upon loading of goods on United Nations-specified carriers or vessels.

30. For UNSOA payments that were made on Free Carrier or Free on Board payment terms, there was no follow-up by the Finance Section to verify actual receipt of goods by the Office. The Finance Section did not review receiving and inspection reports and attach them to payment vouchers to evidence completeness of the payments process.

(10) UNSOA should implement a procedure that ensures that payments for goods received Free Carrier or Free on Board are subsequently supported by receiving and inspection reports evidencing their receipt by the Office.

UNSOA accepted recommendation 10 and stated that with the implementation of Umoja, the Finance Section would be automatically notified once goods have been indicated as received in the system. Recommendation 10 remains open pending OIOS verification that the Finance Section was being notified of the receipt of goods under Free Carrier and Free on Board payment terms.

IV. ACKNOWLEDGEMENT

31. OIOS wishes to express its appreciation to the management and staff of MINUSTAH, MONUSCO, UNAMA, UNAMI, UNAMID, UNIFIL, UNMIL, UNMISS, UNOCI, and UNSOA for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS – MINUSTAH

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSTAH should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	O	Receipt of evidence of enhanced procedures and tools to ensure complete and accurate registers of incoming shipments.	November 2013
2	MINUSTAH should implement procedures for ensuring that the receiving and inspection process is completed within the timelines established by the Department of Field Support.	Important	C	Action taken.	Implemented
3	MINUSTAH should correctly enter in Galileo the dates on which they receive goods to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	C	Action taken.	Implemented
8	MINUSTAH should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.	Important	O	Pending receipt of evidence of procedures implemented to ensure that discrepancies are resolved in a timely manner.	November 2013

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by MINUSTAH in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS - UNAMA

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ⁵ / Important ⁶	C/ O ⁷	Actions needed to close recommendation	Implementation date ⁸
1	UNAMA should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	O	Receipt of evidence of enhanced procedures and tools to ensure complete and accurate registers of incoming shipments.	November 2013

⁵ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁶ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁷ C = closed, O = open

⁸ Date provided by UNAMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS - UNAMI

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ⁹ / Important ¹⁰	C/ O ¹¹	Actions needed to close recommendation	Implementation date ¹²
1	UNAMI should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	C	Action taken.	Implemented
3	UNAMI should correctly enter in Galileo the dates on which they receive goods to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	C	Action taken.	Implemented

⁹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

¹⁰ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

¹¹ C = closed, O = open

¹² Date provided by UNAMI in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS - UNIFIL

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ¹³ / Important ¹⁴	C/ O ¹⁵	Actions needed to close recommendation	Implementation date ¹⁶
1	UNIFIL should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	C	Action taken.	Implemented
7	UNIFIL should establish procedures to ensure that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit, participate in the inspection of goods received.	Important	C	Action taken.	Implemented

¹³ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

¹⁴ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

¹⁵ C = closed, O = open

¹⁶ Date provided by UNIFIL in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS – UNMIL

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ¹⁷ / Important ¹⁸	C/ O ¹⁹	Actions needed to close recommendation	Implementation date ²⁰
1	UNMIL should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	C	Action taken.	Implemented
4	UNMIL should develop and implement guidelines for the handling of over-shipments to ensure timely completion of the receiving and inspection process and in recognizing assets and stock in Galileo.	Important	C	Action taken.	Implemented
5	UNMIL should review and record shipments received from other missions during the period from 2003 to 2012 that are still recorded as 'in-transit', and expedite the investigation to determine the status of items that were never received and take appropriate corrective actions.	Important	O	Receipt of evidence that a review has been conducted and UNMIL Galileo records have been updated for long outstanding "in-transit" shipments that were not received.	March 2014
7	UNMIL should establish procedures to ensure that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit, participate in the inspection of goods received.	Important	C	Action taken.	Implemented

¹⁷ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

¹⁸ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

¹⁹ C = closed, O = open

²⁰ Date provided by UNMIL in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS – UNMIL

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ²¹ / Important ²²	C/ O ²³	Actions needed to close recommendation	Implementation date ²⁴
9	UNMIL should expedite the physical verification of inventory stored in containers, and codify and record all expendable assets in Galileo.	Important	C	Action taken.	Implemented

²¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

²² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

²³ C = closed, O = open

²⁴ Date provided by UNMIL in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS – UNMISS

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ²⁵ / Important ²⁶	C/ O ²⁷	Actions needed to close recommendation	Implementation date ²⁸
1	UNMISS should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	O	Receipt of evidence of enhanced procedures and tools to ensure complete and accurate registers of incoming shipments.	February 2014
3	UNMISS should correctly enter in Galileo the dates on which they receive goods to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	C	Action taken.	Implemented
6	UNMISS should implement procedures to ensure that: (a) appropriate documents are maintained as evidence that goods have undergone the receiving and inspection process; (b) only designated staff members participate in the receiving and inspection process; and (c) inspection forms are signed by the individuals who conduct inspections.	Important	C	Action taken.	Implemented
8	UNMISS should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.	Important	C	Action taken.	Implemented

²⁵ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

²⁶ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

²⁷ C = closed, O = open

²⁸ Date provided by UNMISS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS – UNOCI

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ²⁹ / Important ³⁰	C/ O ³¹	Actions needed to close recommendation	Implementation date ³²
1	UNOCI should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	C	Action taken.	Implemented
8	UNOCI should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.	Important	C	Action taken.	Implemented

²⁹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³⁰ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³¹ C = closed, O = open

³² Date provided by UNOCI in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS – UNSOA

Audit of receiving and inspection activities in field missions

Recom. no.	Recommendation	Critical ³³ / Important ³⁴	C/ O ³⁵	Actions needed to close recommendation	Implementation date ³⁶
2	UNSOA should implement procedures for ensuring that the receiving and inspection process is completed within the timelines established by the Department of Field Support.	Important	O	OIOS verification that the receiving and inspection process is completed and recorded delays result from partial deliveries.	November 2013
3	UNSOA should correctly enter in Galileo the dates on which they receive goods to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	O	OIOS verification that UNSOA is correctly entering the dates on which goods are received in Galileo.	November 2013
10	UNSOA should implement a procedure that ensures that payments for goods received Free Carrier or Free on Board are subsequently supported by receiving and inspection reports evidencing their receipt by the Office.	Important	O	OIOS verification that the Finance Section was being notified of the receipt of goods under Free Carrier and Free on Board payment terms.	November 2013

³³ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³⁴ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³⁵ C = closed, O = open

³⁶ Date provided by UNSOA in response to recommendations.

APPENDIX I

Management Response

UNITED NATIONS
United Nations Stabilization Mission
in the Democratic Republic of the
Congo



NATIONS UNIES
Mission de l'Organisation des Nations Unies
Pour la Stabilisation en République
Démocratique du Congo

INTEROFFICE MEMORANDUM

18 November 2013
Ref: ODMS/2013/247

To: Ms. Eleanor T. Burns
Chief, Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Guy Siri
Director of Mission Support
MONUSCO

Subject: **Draft report on the audit of receiving and inspection activities in field missions
(AP2013/615/06)**

1. Your interoffice memorandum IAD: 13-00498 dated 17 September 2013 on the above subject refers.
2. I confirm the factual accuracy of the horizontal draft audit report. As none of the recommendations are addressed to MONUSCO, the Mission has no further comments.
3. The audit report has been distributed to the concerned programme managers to validate their own procedures/processes against the findings and recommendations and to use as deemed applicable and appropriate.

Kind regards.

Cc Mr. Seth Adza, Audit Response and Boards of Inquiry Section, DFS
Ms. Anna Halasan, Professional Practices Section, Internal Audit Division, OIOS
Mr. Laud Botchwey, Chief Resident Auditor, MONUSCO, OIOS

MANAGEMENT RESPONSE - MINUSTAH

Audit of receiving and inspection in field missions

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	Yes	Chief Integrated Support Services (CISS) / MovCon/ Property Management Section	30 November 2013	Receiving and Inspection and MovCon have taken the necessary steps to improve the recording of incoming shipments and are now actively maintaining a complete and accurate register using both Mercury and Galileo to record all deliveries by date, purchase order number, vendor and detailed records of all items within the delivery in accordance with Para 4.4 of the Property Management Manual. In addition, Receiving and Inspection standard operating procedures are currently being updated to instruct that copies of the Import Registers be sent to the Receiving and Inspection Unit on a monthly basis for monitoring purposes. The standard operating procedures shall be promulgated by 30 November 2013. Examples of receiving and inspection reports as well as the MovCon Register have been provided to the Mission's Resident Auditors.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

MANAGEMENT RESPONSE - MINUSTAH

Audit of receiving and inspection in field missions

Rec. no.	Recommendation	Critical ³ / Important ⁴	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	MINUSTAH should implement procedures to ensure that the receiving and inspection process is completed within the timelines established by the Department of Field Support.	Important	Yes	CISS Self-accounting units	June 2013	Upon receiving the initial notification from Receiving and Inspection Unit of goods having been received, relevant experts from the concerned Section are dispatched within 24 hrs to inspect and verify the received goods and their compliance with purchase orders. Sections make every effort to ensure that the receiving and inspection report is signed within 3 days from the time it is received from Receiving and Inspection Unit. If there is a discrepancy in the Report, the document is immediately returned to Receiving and Inspection Unit for review and for further action. The Report is entered in the concerned Section's Purchase Order Log book for recording. Additionally, a routing slip has been developed and is attached to the receiving and inspection report to track the process so as to ensure that action is taken in a timely manner. Examples of a Log book and routing slip have been provided to the Mission's Resident Auditors.

³ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁴ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

MANAGEMENT RESPONSE - MINUSTAH

Audit of receiving and inspection in field missions

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSTAH should correctly enter in Galileo the date goods are received by the Mission to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	Yes	CISS/ Property Management Section	30 November 2013	All self-accounting units are now entering the correct date on which goods are received in Galileo and are taking measures to ensure that their key performance indicators are met before the end of the fiscal year, as per an instruction circulated to all self-accounting units on 16 July 2013. It should be noted the date used as "Delivery Date" will be when the delivery/unloading process has been completed and receiving and inspection is in possession of the complete set of shipping documents. MINUSTAH's receiving and inspection standard operating procedures have been updated to reflect this matter. A copy of the instruction to self-accounting units has been provided to the Mission's Resident Auditors.
8	MINUSTAH should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.	Important	Yes	CISS/ Property Management Section	30 November 2013	The receiving and inspection standard operating procedures are currently being updated to include Procurement's and other Section's role in dealing with discrepancies and rejected items. The standard operating procedures shall be promulgated by 30 November 2013.

⁵ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁶ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

APPENDIX E

Management response - UNAMA

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMA should implement procedures to ensure that Movement Control Section and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	Yes	Chief Technical Services	November 1, 2013	Receiving and Inspection Unit and Movement Control Section contribute to maintaining a shared inbound delivery register for all inbound shipments that shall be reconciled in the first week every month for activities during the preceding month ensuring all sources of acquisition are captured. The procedure for the inbound register is consistent with Umoja and the data captured supports IPSAS compliance. The inbound register is currently in the custody of the Receiving and Inspection Unit and it has been checked by the UNAMA Internal Auditor for completeness and accuracy. A SOP and workflow for inbound processing including the maintenance of the inbound register have been provided also to the UNAMA Internal Auditor.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

APPENDIX I

Management Response – UNAMI

Audit of receiving and inspection activities in field missions

Para no.	Recommendation	Critical / Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client Comments
1	UNAMI should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	Yes	Receiving and Inspection Supervisor	Implemented	<p>UNAMI took corrective actions immediately on receiving this audit observation and has implemented the procedures necessary to ensure that Receiving and Inspection Unit and Movement Control Unit maintain complete and accurate registers of incoming shipments. Evidence of implementing this recommendation is attached. Attachment I refers to the register maintained by Receiving and Inspection Unit, and Attachment II refers to the register maintained by the Movement Control Section.</p> <p>UNAMI requests closure of this recommendation.</p>
3	UNAMI should correctly enter in Galileo the date goods are received by the Mission to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports	Important	Yes	Receiving and Inspection Supervisor	Implemented	<p>UNAMI has issued instructions to all R&I staff to register the actual date that goods are received in the Galileo system and also to comply with the relevant Key Performance Indicator (KPI) for completing the receiving and inspection business processes.</p> <p>UNAMI requests closure of this recommendation.</p>

AFRICAN UNION

الاتحاد الأفريقي



UNITED NATIONS

الأمم المتحدة

UNAMID

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

22 September 2013

To: Ms. Eleanor T. Burns
Chief, Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Mohamed Ibn Chambas
Head of Mission and Joint Chief Mediator

Subject: **Draft report on an audit of receiving and inspection activities in field missions (Assignment No. AP 2013/615/06)**

1. With reference to your memorandum of 17 September 2013, on the subject matter, please note that UNAMID accepts the findings with no further comments.

Thank you.

cc: Mr. Elijah Karambizi, DDMS
Mr. Prances Soosa, CRA/OIOS UNAMID
Mr. Barrington Haynes, C/R&I

Management Response - UNIFIL

Audit of receiving and inspection activities in field missions

Para. no.	Recommendation	Critical / Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client's comment
1	UNIFIL should implement procedures to ensure that Movement Control Sections and Receiving and Inspection Units maintain complete and accurate registers of incoming shipments.	Important	Yes	MovCon Section/Shipping Unit Receiving and Inspection Unit	Implemented	<p>The Mission implemented procedures to ensure that Movement Control Section (MovCon) and Receiving and Inspection Unit maintain complete and accurate registers of incoming shipments.</p> <p>UNIFIL MovCon/Shipping and Receiving and Inspection Unit have reconciled the incoming shipments register for 2012 and 2013. The units coordinate on a weekly basis to ensure that the register is accurate and all discrepancies are addressed in a timely manner.</p> <p>This coordination was further strengthened by the deployment of the Umoja/SAP solution for Goods Receipt which ensures the tracking of goods from purchase order, shipment & transfer of ownership (based on INCOTERMS), inbound delivery date updates by Movcon in the system up to the physical Goods Receipt.</p> <p>All approved purchase orders are assigned with an individual inbound delivery documents based on the expected delivery dates. These inbound delivery documents are then updated by MOVCON based on the actual delivery dates of a shipment. An automated list of all inbound deliveries is sent out to receiving and inspection and MOVCON staff on a weekly</p>

APPENDIX I

Management Response - UNIFIL

Audit of receiving and inspection activities in field missions

Para. no.	Recommendation	Critical / Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client's comment
						<p>basis ensuring accuracy and reconciliation of the incoming shipment register.</p> <p>Please refer to Annexes A, B and C, attached as an evidence of implementation.</p>
7	UNIFIL should establish procedures to ensure that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit, participate in the inspection of goods received.	Important	Yes	Self-accounting units / Section Chiefs	Implemented	<p>The Mission ensures that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit; participate in the inspection of goods received.</p> <p>As communicated in response to detailed audit results, Engineering Services Section (ESS) has already established a technical inspection team consisting of members from different technical expertise to cover the variety of technical areas of goods procured by ESS. The list of team members has been communicated to Property Management Section (PMS) for coordination during all future technical inspection process (Annex D)</p> <p>In Information and Communication Technology Service (ICTS), because of the technical nature of the equipment, the Assets Management Unit of the ICTS strictly adheres to the OIOS recommendation in having a technical expert available at the time of inspection of received ICTS equipment. The supervisor of the concerned unit. i.e.</p>

APPENDIX I

Management Response - UNIFIL

Audit of receiving and inspection activities in field missions

Para. no.	Recommendation	Critical / Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client's comment
						<p>Satellite, VHF,UHF, Network, Server, etc or his designate, always present for the technical inspection of items before being accepted.</p> <p>ICTS Asset Management Unit standard operating procedures in Para 5.1 Also stipulates same procedure (Annex E).</p> <p>In Medical Section, the Chief Medical Officer assigned the Hospital Physicians, the Medical Warehouse Assistant, the Pharmacy Technician, and HIV Unit Officer to inspect the receiving medical items at Receiving and Inspection Unit.</p> <p>Supply Section assigned one staff to inspect goods at Receiving and Inspection Unit. If the items to be inspected are of technical nature, then assistance will be requested from technical experts.</p>

Management Response – UNMIL

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
1	UNMIL should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	YES	Movcon Seaport Unit Chief Receiving and Inspection Unit	Implemented Both units maintain excel sheet database to register all shipments received by Sea and Air as per the purchase order incoterms. Shipment status are distributed weekly to all requisitioners, self-accounting units Management and Receiving and Inspection	Movcon maintains the accurate database for incoming shipments. Movcon, however, has no role in updating the shipment status or confirming the arrival in Mercury or Galileo system because shipments are in transit and there is no financial implication to it. Also, shipments with incoterm Delivery At Place / Delivered Duty Paid UNMIL warehouse (Receiving and Inspection) and shipments from intermission will not pass through Movcon Seaport/Airport so they will not be reflected in Movcon internal excel data sheet. Therefore, Movcon and receiving and inspection reports will differ. Receiving and Inspection is the section/unit who will confirm all shipments received by the Mission. With UMOJA approach MOVCON will update the actual arrival date only for Physical Goods Receipt, based on purchase order Incoterms.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ Please indicate feasibility and realistic timelines for implementation of the recommendation.

Management Response – UNMIL

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						Receiving and Inspection Unit is updating records of incoming shipments on a daily basis and MovCon is sending to Receiving and Inspection Unit weekly reports with status of incoming shipments. In case of any issue we could have, communication between MovCon and Receiving and Inspection Unit is on a daily basis. Please find attached Receiving and Inspection records for all incoming shipments for auditing period and sample of MovCon weekly, monthly and Cargo report.
4	UNMIL should develop and implement guidelines and procedures for the handling of over-shipments to ensure timely completion of the receiving and inspection process and in recognizing assets and stock in Galileo.	Important	YES	Chief Property Disposal Unit Chief Receiving and Inspection Unit	Implemented	Property Disposal Unit, in cooperation with Receiving and Inspection Unit and Procurement Section, has developed a standard operating procedure for rejected/over-shipped items, effective July 1 st 2013. Disposal procedure of rejected/over-shipped goods is ongoing. Please find attached Disposal of rejected/over-shipped goods standard operating procedures is attached.
5	UNMIL should review and record shipments received from other missions during the period from 2003 to 2012 but are still recorded as 'in-transit', and expedite the investigation to determine the status of items that were never received and take	Important	YES	Chief Receiving and Inspection Unit	31 March 2014	On 12 th of June 2013, Receiving and Inspection Unit got approval from the Director of Mission Support to take all necessary action and clean Receiving and Inspection's Galileo Inventory for goods which have never been physically received from other

Management Response – UNMIL

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
	appropriate corrective actions.					Missions. All information has been forwarded to the United Nations Logistics Base (UNLB) – Brindisi for further actions. Please find attached Director of Mission Support approval and Communication with UNLB – Brindisi
7	UNMIL should establish procedures to ensure that staff members with the required technical expertise, and only those designated by the head of the concerned self-accounting unit, participate in the inspection of goods received.	Important	YES	Chief Receiving and Inspection Unit and respective self-accounting units	Implemented	After arrival of the goods in receiving and inspection warehouse, Receiving and Inspection is notifying self-accounting units, Warehouse/Assets Managers whose should be responsible to send technical experts from their respective Section/Unit to do technical evaluation against goods received by Receiving and Inspection Unit. The receiving and Inspection Unit cannot interfere in self-accounting units' scope of work. UNMIL is assuring that technical expertise from the requisitioning self-accounting unit is present during the Receiving and Inspecting Process. A list of representatives of self-accounting units has now been issued by the Chief Property Management Section. Refer to Portfolio of Evidence 7
9	UNMIL should seek technical support from the Global Service		NO	Chief Receiving and Inspection	N/A	With the implementation of the Umoja system, which should be

Management Response – UNMIL

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
	Centre in Brindisi to ensure that Mercury generates complete receiving and inspection and deficiencies reports.			Unit		effective on November 1 st , Mercury System is going to be closed and all Receiving and Inspection and Discrepancy reports in the future will be generated in Umoja System.
10	UNMIL should expedite the physical verification of inventory stored in containers, and codify and record all expendable assets in Galileo.		YES	Chief Supply Officer-in-Charge Communication Information Technology Services Chief Engineering Chief Transport	Implemented	All self-accounting units have expedited the physical verification of inventory stored in containers, and codified and recorded all expendable assets in Galileo. Please find attached Portfolio of Evidence 10.

Management Response - UNMISS

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
1	UNMISS should implement procedures to ensure that Movement Control sections and Receiving and Inspection units maintain complete and accurate registers of incoming shipments.	Important	<u>Yes</u>	Consolidated Cargo Movement Unit (CCMU) Supervisor	February 2014	Movement Control Section is in the process of implementing the freight tracking database which will capture information for all shipments and receipt of goods.
3	UNMISS should correctly enter in Galileo the date goods are received by the Mission to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	<u>Yes</u>	CCMU / Receiving and Inspection Supervisor	June 2013	Recommend that this item is closed. Receiving and Inspection staff have been instructed to ensure the timely inputs of incoming goods in Galileo within the stipulated receiving and inspection key performance indicator

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³ Please indicate feasibility and realistic timelines for implementation of the recommendation.

Management Response - UNMISS

Audit of receiving and inspection activities in field missions

Rec. no.	Recommendation	Critical ⁴ / Important ⁵	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ⁶
6	UNMISS should implement procedures to ensure that: (a) documents are completed to evidence that goods have undergone the receiving and inspection process; (b) only designated staff members participate in the receiving and inspection process; and (c) inspection forms are signed by only those individuals that are present during the inspection.	Important	Yes	a. CCMU/ Receiving and Inspection Supervisor b. Warehouse Supervisors c. Warehouse Supervisor	June 2013	Recommend that this item is closed. a. Mercury and Galileo are utilized for evidencing that goods have been received and inspected. Receiving and Inspection maintains files for Mercury and Galileo and the same files are scanned in the share drive. b and c. There is a clear segregation of duties and only designated staff receive and inspect goods and they are the ones who sign off on the inspection forms.
8	UNMISS should <u>implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.</u>	Important	Yes	<u>Chief Procurement Officer</u>	<u>October 2013</u>	Recommend that this item is closed. Procurement provided OIOS with sample of documents on the timely manner the vendors were informed of any discrepancies that are raised by the R&I Unit so they can take appropriate action to either replace the unacceptable goods or raise a credit note to cover discrepancies.

⁴ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁵ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁶ Please indicate feasibility and realistic timelines for implementation of the recommendation.

APPENDIX I

Management Response - UNOCI

Audit of receiving and inspection activities in field missions

Para. no.	Recommendation	Critical / Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client's comment
1	UNOCI should implement procedures to ensure that Movement Control Sections and Receiving and Inspection Units maintain complete and accurate registers of incoming shipments.	Important	Yes	Chief Receiving and Inspection Unit	1 June 2013	A standard operating procedure for inbound delivery for goods was implemented in June 2013 consistent with DFS/DPKO instructions issued in May 2013. All ONUCI purchased goods are now tracked and registered in line with INCOTERMS.
8	UNOCI should implement appropriate procedures to ensure that all discrepancies are resolved in a timely manner.	Important	Yes	Chief Receiving and Inspection Unit	Completed on 2 June 2013.	Implementation of UMOJA on 1 November 2013 will mitigate future weaknesses. UNOCI systematically tracks down inbound goods movements and, upon receipt, basic verification to affirm that goods being received confirm to the Purchase order (PO)/contract. All outstanding cases of over shipment/rejected goods are cleared.

APPENDIX I

Management Response - UNSOA

Audit of receiving and inspection activities in field missions

Rec. No.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	UNSOA should implement procedures to ensure that the receiving and inspection process is completed within the timelines established by the Department of Field Support.	Important	Yes	Property Management Section	Implemented	<p>Management submits that the key performance indicators progress report produced through Business Objects corporate reports indicates that UNSOA met the receiving and inspection key performance indicators process timeline established by DFS. The receiving and inspection process timeline formula in Business Objects reporting is the average receiving and inspection timeline calculated in days. Occasionally, partial deliveries are logged only when full delivery has been completed, which may lead to the process being indicated as taking more than the average number of days.</p> <p>In view of the above Management requests the closure of this recommendation.</p>

APPENDIX I

Management Response - UNSOA

Audit of receiving and inspection activities in field missions

Rec. No.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	UNSOA should correctly enter in Galileo the date goods are received by the Mission to ensure that the time taken to complete the receiving and inspection process is properly calculated and reported in key performance indicator reports.	Important	Yes	Property Management Section/ Chief Logistics Bases	Implemented	<p>Management seeks to advise the Auditors that UNSOA Receiving and Inspection correctly enters in Galileo the date goods are received in both the Manual registry after receipt from MovCon and electronically in Galileo. However, when multiple shipments are made under the same purchase order as a result of short shipment or wrong items shipped, the date used is the date when all the goods indicated the purchase order are fully received. It should be noted that incomplete shipments can take up to two months to finalize, and the date entered into Galileo is that on which the consignment has been completed in full, and not the date that part of an incomplete consignment was received from MovCon.</p> <p>Management therefore, requests the closure of this recommendation, as the requisite provisions have been implemented.</p>
11	UNSOA should implement a procedure that ensures that payments for goods received Free Carrier or Free on Board are subsequently supported by receiving and inspection reports evidencing their receipt by the Office.	Important	Yes	Procurement /Receiving and Inspection and Finance	01 November 2013	Management seeks to advise the auditors that with the implementation of Umoja on 1 November 2013, after "virtual receipt" of goods with INCOTERM Free Carrier or Free on Board and subsequent physical receipt, Finance will be notified through the Material Goods Receipt, and there will be no manual procedure to be implemented.