



# **INTERNAL AUDIT DIVISION**

## **REPORT 2021/007**

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**The Mission needed to improve its demand, source and delivery planning processes to ensure cost-effective procurement and timely delivery of goods and services**

**31 March 2021**

**Assignment No. AP2020-637-01**

# **Audit of demand and source planning 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 demand and source planning in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The objective of the audit was to assess the efficiency and effectiveness of the MINUSCA demand, source, and delivery planning processes. The audit covered the period from January 2018 to June 2020 and included a review of demand planning, source planning, delivery planning, as well as performance and risk management.

MINUSCA needed to improve its demand, source and delivery planning processes to ensure cost-effective procurement and timely delivery of goods and services.

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

- Develop accurate net demand plans driven by adequate analysis of historical consumption patterns and inventory holdings based on operational requirements;
- Minimize high year-end procurement and deviation from its demand plans;
- Improve effectiveness of local Integrated Business Planning meetings by ensuring that senior supply chain managers participate in these meetings and key supply chain challenges are adequately deliberated on and resolved in a timely manner;
- Strengthen the mechanism for timely identification and communication of surplus goods to the United Nations Global Service Centre;
- Develop a delivery plan to increase the likelihood of delivering goods when needed to support the Mission's mandated operations; and improve coordination among responsible sections/units to better monitor delivery status and whenever possible consolidate shipments;
- Develop and implement key performance indicators to monitor its supply chain planning performance; and
- Identify and manage all key supply chain management risks, including those related to COVID-19, with appropriate risk registers.

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

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# Audit of demand and source planning 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 demand and source planning in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).

2. Supply chain planning is a forward-looking process of determining how to best identify and fulfill missions’ requirements for goods and services. It is an integrated cross-functional process where planning activities are conducted continuously in a coordinated and structured manner, with the aim to anticipate and meet missions’ requirements through demand planning and forecasting, identifying appropriate sourcing options and delivering needed goods and services in an efficient and timely manner.

3. The Acquisition Management Section (AMS) provides guidance to technical sections, such as engineering, field technical, and life support sections, and coordinates the demand and source planning processes. AMS is the entry point for all MINUSCA’s procurement and is responsible for requisitioning (raising of shopping carts) for the procurement of goods and services in accordance with the Mission’s demand plan. The Section is headed by a Chief at the P-5 level, reporting to the Chief of Supply Chain Management Service (SCMS). For the fiscal year 2019/20, the Section had 16 approved posts comprising 12 international and 4 national staff.

4. Guidance for supply chain activities includes: SCM Blueprint; provisional Supply Chain Operational Guidance (SCOG); standard operating procedures for global supply chain; and various instructions and memoranda issued by the Department of Operational Support (DOS) at the United Nations Headquarters.

5. The Demand and Acquisition Planning (DAP) tool is the primary tool used by field missions to record their demand for goods and services. The tool is a web-based interim solution pending implementation of Umoja Extension 2 supply chain planning functionality. Summary of MINUSCA demand and acquisition plans for 2018/19 and 2019/20 is shown in Table 1

**Table 1: MINUSCA demand and acquisition plans (in millions of United States dollars)**

Sourcing type	2018/19	2019/20
Existing contracts	\$209.1	\$209.1
New procurement	\$91.9	\$75.9
<b>Total DAP</b>	<b>\$301.0</b>	<b>\$285.0</b>

*Source: MINUSCA DAP tool*

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 efficiency and effectiveness of the MINUSCA demand, source and delivery planning processes.

8. This audit was included in the 2020 risk-based work plan of OIOS due to the financial and operational risks related to MINUSCA's demand, source and delivery planning processes.

9. OIOS conducted this audit from January to June 2020. The audit covered the period from January 2018 to June 2020. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in demand and source planning activities, which included: demand planning; source planning; delivery planning; and performance and risk management.

10. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of data, (d) sample testing of planned demand data in the DAP tool.

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

### **III. AUDIT RESULTS**

#### **A. Demand planning**

##### Need to develop net demand plans driven by adequate analysis

12. To ensure delivery of goods and services necessary to fulfill missions' mandates, DOS guidelines recommended missions to develop their gross demand plan based on forecasted operational requirements in the next fiscal year and based on adequate analyses of historical consumption patterns. The net demand plan is derived from the gross demand plan by incorporating the projected inventory holdings<sup>1</sup>. The Office of Supply Chain Management in DOS in 2017 launched the DAP tool as an interim measure to facilitate data collection, review, and aggregate annual demand plans of missions. MINUSCA is expected to use the net demand information to populate the DAP tool.

13. The Mission had not followed the data driven process recommended in DOS guidelines for its 2018/19 and 2019/20 demand planning, as technical sections did not prepare their gross and net demand plans, analyzing consumption patterns and inventory data in Umoja. Instead, technical sections used the information in their approved budgets and associated costing sheets to manually populate the DAP tool. This generally reflected similar items and quantities in prior years' approved budgets, adjusted with some forecasted requirements such as provisions to support the scheduled presidential election. However, normally gross and net demand plans should be developed first and used to develop budgets.

14. According to the technical sections' managers, the Mission's current demand planning approach of working backwards from previously approved budgets has been the practice used in the Mission. MINUSCA also commented that technical sections could not adequately identify their projected inventory holdings due to inaccuracy of Umoja inventory data that stemmed from incomplete physical count of inventory, and the clean-up process of the migration of data from the legacy system. There were additional challenges encountered because of inadequate warehousing facilities, with inventory stored in sea containers for which access was sometimes limited. As a result, the Mission was continuing to purchase new items although a large volume of its inventory holdings, for instance, \$20 million of \$45 million of the Mission's total stock value (43.8 per cent) had not moved for more than a year. Non-moving or excess level of inventory over a long time may lead to obsolete and expired inventory, leading to waste of resources.

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<sup>1</sup> The projected inventory holdings are derived from current inventory at the time of preparing the demand plan, estimated consumption until the end of the financial year and any other planned movements in inventory such as ongoing procurement, goods in transit and goods requiring return or write off.

**(1) MINUSCA should develop accurate demand plans driven by adequate analysis of historical consumption patterns and inventory holdings based on operational requirements.**

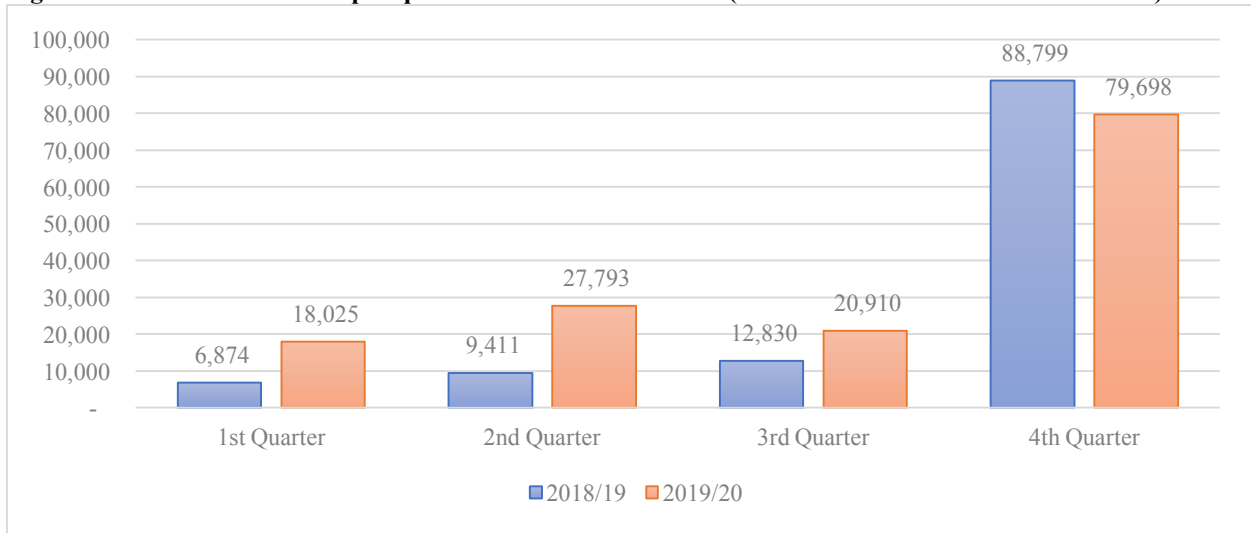
*MINUSCA accepted recommendation 1 and stated the until the roll-out of the demand planning and supply network planning functionalities of Umoja, the Mission will continue to rely on the current DAP tool which does not have required capabilities to determine historical consumption, safety stock level, and procurement lead times. In the interim, the Mission has made efforts to base its demand planning on identified operational needs during the preparation of the budget for 2021/22. Recommendation 1 remains open pending receipt of evidence that the Mission’s net demand plan is driven by adequate analysis based on operational requirements.*

Need to minimize high year-end procurement and deviations from demand plan

15. The DAP tool captured data related to the Mission’s demand requirements for goods and services and included information on sourcing type, fund center, quantity and unit price, and delivery date. In August 2019, the Mission issued standard operating procedures to guide its requisition process and facilitate coordination of its acquisition process to minimize significant deviations from its demand plan. The procedures required technical sections before submitting shopping carts request to AMS to ensure that the correct Product Identification Number (PID) was used, items’ stock levels were appropriate before initiating new procurement and requests were in line with approved demand plans.

16. In both fiscal years reviewed, there were delays in conducting the procurement process, with large volumes of goods and services being procured towards the end of the year, thus deviating from its demand plan as shown in Figure 1:

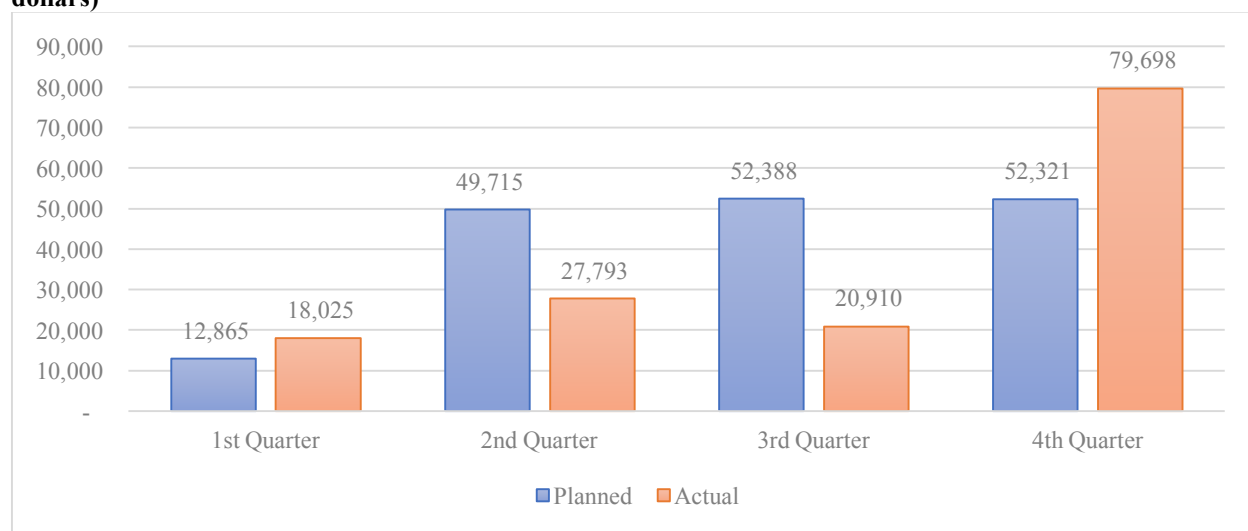
**Figure 1: Procurement values per quarter 2018/19 and 2019/20 (in thousands of United States dollars)**



Source: Umoja business intelligence report

17. Furthermore, a comparison of planned versus actual procurement showed wide variation which was not commensurate with the Mission’s planned demand requirements as shown in Figure 2. For instance, the Mission raised 53 per cent of the total value of purchase orders in the last quarter of 2019/20, compared to planned DAP tool requirement of 18 per cent.

**Figure 2: Comparison between planned and actual procurement for 2019/20 (in thousands of United States dollars)**



18. Orders raised in the last month of 2018/19 and 2019/20 were 68 and 47 per cent respectively of the total annual value of purchase orders as shown in Table 2. MINUSCA explained that there was a technical issue with Umoja, which showed the value of purchase orders raised in June 2020 as \$69 million, although \$45 million had been raised before June 2020. However, the Mission was not able to provide evidence to support this assertion, despite requests.

**Table 2: Analysis of year-end purchases**

Fiscal year	Total purchase orders raised in the fiscal year	Purchase orders raised in June	Purchase orders raised in June (per cent)
2018/19	\$117,996,157	\$80,346,727	68%
2019/20	\$146,427,584	\$69,644,146	47%

Source: Umoja business intelligence report

19. The high year-end procurement raised questions about whether such spending was necessary or done to utilize unspent budgeted funds at the end of the fiscal year. Such an approach may result in increased risk of a rushed procurement process and therefore, less competitively priced goods being purchased. The Mission should regularly convene integrated business planning (IBP) meetings to robustly monitor the implementation of its demand plan and budget spending and to prevent accelerated procurement at year-end. This is discussed later in the report.

**(2) MINUSCA should take action to minimize high year-end procurement and deviation from its demand plans.**

*MINUSCA accepted recommendation 2 and stated that it has put in place a mechanism to minimize year-end procurement and deviation from its demand plans. This mechanism includes instructions from the Director of Mission Support setting cut-off dates for receipt of shopping carts, weekly review of outstanding purchase orders for timely approval, periodic review of the demand plan in conjunction with monthly local and global integrated business planning meetings and periodic reports to the Resource Stewardship Executive Group. Recommendation 2 remains open pending receipt of evidence that the Mission has substantially reduced high year-end procurement and deviations from its demand plans.*

Need to complete the clean-up of inventory records and reduce the use of generic product identification codes to support adequate demand planning

20. One of the key elements that facilitates accurate demand planning is the reliability and accuracy of MINUSCA's inventory holdings. OIOS, in its report 2018/148 dated 28 December 2018, identified weaknesses in MINUSCA's inventory management that resulted in substantial inaccuracies in recorded holdings. This included: (a) inadequate warehouse facilities hindering the ability of the Mission to manage its inventory effectively and to conduct regular stock counts; (b) weak controls over receipt and inspection of goods as well as their issuance; and (c) high levels of slow-moving and obsolete stocks as maximum, minimum, re-order and safety stock levels were not established.

21. Despite efforts made by the Mission, weaknesses persisted. For example, stock coverage analysis (defined as a ratio of consumption of inventory over a given period to identify excess level of inventory or slow-moving stock) for the period 1 January to 31 December 2020 showed that, MINUSCA had a stock value of \$45 million of which \$20 million (43.8 per cent) had not moved for more than a year, and \$21 million (46.0 per cent) was not used for up to a year. This exposed the Mission to the risk of obsolete and expired inventory leading to wastage and a lost opportunity to declare surplus inventory for suitable use by other missions. In March 2020, the Chief of SCMS planned to launch a project to physically verify and clean-up the Mission's inventory records. However, the project was delayed due to the COVID-19 pandemic and for the same reason, OIOS also could not conduct sample physical verification of the Mission's inventory. Interviews with chiefs of four technical sections responsible for most of the Mission's inventory confirmed that there were substantial inaccuracies in Umoja inventory records.

22. Generic PIDs were allocated to items such as timber, generators and air conditioners that had general descriptions without indicating sizes, capacities and models. AMS and the Business Intelligence Unit were responsible for providing oversight over technical sections use of the correct PID in shopping carts. While the Mission had reduced the use of generic PIDs from 534 line items in 2018/19 to 303 line items in 2019/20, further attention was needed as these line items were used to raise shopping carts and thus purchase orders totaling \$8.7 million in 2019/20. As a result, there was a risk of incorrect or not fit for purpose items such as inaccurate size of timber or wrong capacity of generators being purchased.

23. While systemic data migration issues arising from the decommissioning of the legacy Galileo inventory system and the usage of sea containers for storage had contributed to the above weaknesses, there was a need for Mission management to address these long outstanding issues. This can be done by (a) constructing adequate warehousing facilities for which funds had been provided for in previous budget years; (b) finally addressing inaccuracies in Umoja inventory data; and (c) once the situation normalizes following COVID-19, ensuring mandatory annual complete physical verifications are completed. These areas have already been raised by OIOS in its report 2018/148, dated 28 December 2018 and the related recommendations have not yet been implemented. The lack of timely action by Mission management has resulted in the continuance of inefficiencies in supply chain management and possible financial losses, as demonstrated in this report.

There was a need to improve the effectiveness of local integrated business planning meetings

24. Local IBP meetings, which are recommended by the provisional SCOG to be held monthly, provide a platform to review inventory, inbound deliveries, items under procurement and planned requirements against updated needs. It is important that senior representatives from technical sections, supply chain, service delivery, and other key supply chain stakeholders actively participate in IBP meetings.

25. Since its launch in December 2018, meetings were not held regularly. Also, technical sections' managers did not always attend the meetings but delegated it to staff who sometimes were unable to make



the necessary decisions on critical issues. The Centralized Warehouse Section was only represented at 2 of the 11 meetings that were held, even though they needed to coordinate with other supply chain stakeholders to address the persistent weaknesses in the Mission's inventory and warehouse management. Technical sections' managers informed OIOS that they did not regularly attend the meetings as their priority concerns were not being addressed. These concerns related mainly to the need to improve the Mission's cumbersome and inefficient requisitioning process, which for example, took the Mission on average 24 days between creating the shopping cart and purchase order approval.

26. The standard IBP meeting agenda items included day-to-day operational issues such as following up on action points from previous local and global IBP meetings and sharing the Mission's operational budget consumption data. However, the meetings did not deliberate on options to: better coordinate and optimize delivery of procured goods and services in order to reduce supply chain lead times or delivery cost; adjust the demand plan based on changing priorities and circumstances; and resolve inefficiencies in its requisitioning process. To ensure IBP meetings are more effective, there needs to be commitment from the management of the Mission Support Division that key supply chain challenges are being discussed and resolved during such meetings.

**(3) MINUSCA should take action to improve effectiveness of local integrated business planning meetings by ensuring that senior supply chain managers participate in these meetings and key supply chain challenges are adequately deliberated on and resolved in a timely manner.**

*MINUSCA accepted recommendation 3 and stated that necessary action had been taken and the meetings are chaired by the Chief, Supply Chain Management Service and attended by various stakeholders in the supply chain management and other service delivery pillars. Recommendation 3 remains open pending receipt of evidence of sustained improvement in senior supply chain managers' participation in IBP meetings and key supply chain challenges are deliberated on.*

## **B. Source planning**

The Mission utilized a high volume of systems contracts which could be further increased

27. MINUSCA sourced 85 and 71 per cent of its actual procurement for 2018/19 and 2019/20 respectively through the utilization of systems contracts. The decrease in 2019/20 was mainly due to the procurement of higher than usual volume of ration reserves to prevent stock outs experienced in the previous year when the supply route was under threat by armed groups activities. However, supply chain and technical section managers indicated the need for systems contracts to be more dynamic and flexible particularly in terms of items that were prone to frequent technological changes.

28. Systems contracts for electrical cables, generators and air conditioners did not always meet the Engineering Section requirements due to the required spare parts not being adequately captured in systems contracts. This was partly addressed in March 2020, when the Procurement Division revised the systems contract for generator spare parts to meet the Mission's requirements because the previous contract did not cover the necessary generators spare parts. Further, systems contract for the supply and delivery of reinforcement and structural steel had incorrect PIDs both in Umoja and the DAP tool, which resulted in the non-utilization of the contract because technical sections were discouraged to use systems contracts with incorrect PIDs

29. As a result, the Mission was exposed to the risk of not achieving the full benefits of systems contracts. OIOS recommended in its report 2019/111 for the Procurement Division to analyze and address

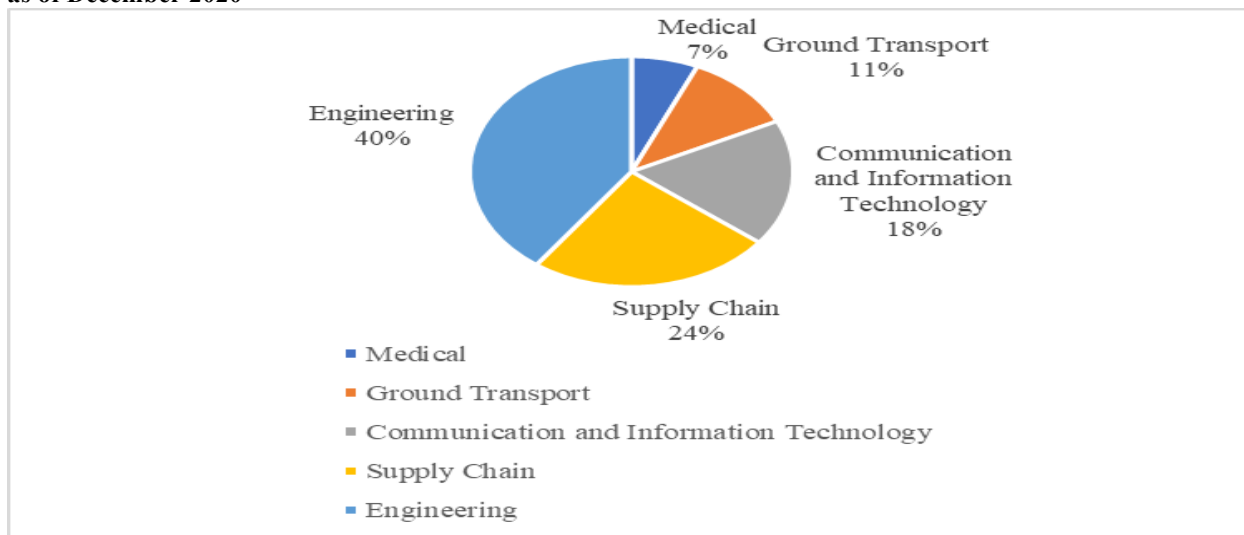
low utilization of system contracts and incorrect PIDs. Therefore, no new recommendation has been raised in this report

There was a need to strengthen the identification and communication of the Mission’s surplus holdings

30. To minimize unnecessary purchasing of stocks that already exist in the Organization and reduce time taken to conduct procurement processes, supply chain planners are required to evaluate the opportunity to meet missions’ demand requirements through strategic deployment stocks (SDS) and global surplus, including United Nations reserves and surpluses from other missions, which the United Nations Global Service Centre (UNGSC) is required to consolidate and share with missions.

31. A review of the Mission stock coverage analysis mentioned earlier in this report indicated a high volume of slow moving/idle inventory that could have been considered and declared as surplus holdings as shown in figure 3. Further analysis showed there that there were surplus stocks that had not moved for some time and could be useful in other Missions. For example, the Medical Service Section had \$2 million in stock consisting of medical supplies and equipment and the Engineering Section had \$9 million in stock consisting of materials, spare parts, supplies and equipment. These goods had not moved or were very slow in moving and could have been useful for other missions. During the fiscal year 2019/20, the Mission only declared surplus of 200 radios valued at \$173,000 which was later shipped to the United Mission Integrated Office in Haiti.

**Figure 3: Analysis of percentage of slow moving/idle inventory valued at \$45 million owned by technical sections as of December 2020**



Source: Office of the Supply Chain Management Power BI Portal

32. Moreover, technical sections when considering their procurement requirements were not systematically evaluating and/or sourcing from SDS and surplus items that had been declared by other entities. The Mission stated that its limited sourcing from SDS and from other entities declared surplus items was because: (i) items previously received from other missions were often technically obsolete and/or not of a high-quality and had to undergo costly repairs, and in cases were cannibalized after incurring expensive transportation costs; and (ii) the cost of items in reserves and strategic stocks were sometimes higher than purchasing new items.

**(4) MINUSCA should strengthen the mechanism for the timely identification and communication of surplus goods to the United Nations Global Service Centre.**

*MINUSCA accepted recommendation 4 and stated that surplus goods will be declared by technical sections based on their technical condition and action taken in Umoja to declare them as surplus, so they become visible to UNGSC and other missions. As a first step, technical sections have been requested to review all slow-moving items. Recommendation 4 remains open pending receipt of evidence that an effective mechanism has been implemented for timely identification and communication of surplus goods to UNGSC.*

## **C. Delivery planning**

### MINUSCA needed to strengthen its delivery planning

33. Proper planning for the delivery of goods increases the likelihood that they will be received when required, and more cost-effective transportation options are available such as consolidating shipments along the same supply routes. MINUSCA is in a landlocked country and its main supply routes are often impassable during the rainy season, with further challenges faced due to the unpredictable security situation. The Mission's Movement Control Section (MovCon) is responsible for tracking, managing, and coordinating shipments until goods in transit are received at their final destinations.

34. Although the Mission's DAP tool had information on the planned delivery date of goods that could have informed a delivery plan, MovCon did not have delivery plans for the movement of both United Nations and contingent-owned equipment. Procurement Section staff stated that they used their professional judgment to instruct vendors on delivery terms and locations but did not coordinate with MovCon for their input. Further, a review of goods delivered in the second quarter of 2019/20 showed that there were 10 separate shipments consisting of, for example, hundreds of packages of solar power systems and spare parts and safety equipment that had the same country of origin and incoterms, with delivery dates in the same quarter. These could have been consolidated to achieve economies of scale.

35. The Mission did not have a system to comprehensively record and monitor the shipment status of goods procured. MovCon from time to time contacted vendors via telephone or email to get an update of the shipment status of goods in transit. However, this was not consistently done and recorded to effectively monitor goods being delivered. For instance, OIOS review of all 25 shipments, which vendors were responsible to deliver to Bangui (incoterms delivery-at-place Bangui) by various dates within the third quarter of 2019/20, noted that they were delivered late on an average by seven weeks. There were instances when there were considerable delays with one shipment being late by 30 weeks. The Umoja transportation management module and a designated portal (Carrier Collaboration Portal) for vendors to update the delivery status were not yet fully implemented. In OIOS' view, pending full implementation of the module and portal, the Mission could develop and use a spreadsheet capturing and regularly updating shipment status.

**(5) MINUSCA should develop a delivery plan to increase the likelihood of delivering goods when needed to support the Mission's mandated operations; and improve coordination among the responsible section/units to better monitor delivery status and whenever possible consolidate shipments.**

*MINUSCA accepted recommendation 5 and stated that until the roll-out of the demand planning and supply network planning functionality of Umoja, the Mission has developed a spreadsheet which is regularly updated, to monitor, track and report on the status of incoming deliveries. The roll-out of*

*the Umoja solution would enable a consolidated delivery plan to be developed to allow better coordination among relevant stakeholders. Recommendation 5 remains open pending receipt of a delivery plan and evidence of improved coordination among responsible sections/units to better monitor delivery status and consolidate shipments.*

## **D. Performance and risk management**

### There was a need to establish and monitor indicators to enhance supply chain planning performance

36. MINUSCA was required to develop and implement a performance management framework to monitor and evaluate performance of its demand, source, and delivery planning processes to ensure timely corrective action for deviations from planned benchmarks.

37. The Mission's Contract Performance Evaluation Unit monitored and evaluated contract performance in coordination with technical sections and the Procurement Section. However, an adequate performance management framework was not established for the supply chain planning function to monitor the performance and identify areas that needed improvement. MINUSCA did not develop key performance indicators (KPIs) to monitor areas such as inventory turnover, order lead times, and supply chain response rate. There was a missed opportunity to promote continuous improvement and take corrective action on weaknesses in demand, source, and delivery planning processes as presented earlier in this report.

**(6) MINUSCA should develop and implement key performance indicators to monitor its supply chain planning performance.**

*MINUSCA accepted recommendation 6 and stated that it is in the process of developing a plan to implement KPI targets and benchmarks prescribed by DOS. Recommendation 6 remains open pending receipt of evidence that the Mission has developed and is periodically reviewing supply chain planning KPIs.*

### There was a need to integrate risk management programme across the supply chain planning process

38. MINUSCA was required to implement a supply chain planning risk management process, properly communicate it to all staff, and effectively train and consult staff on the process.

39. MINUSCA had a dedicated Risk Management and Compliance Unit that was responsible for the effective implementation of risk management and internal control practices. The Mission had developed a Mission-wide risk register which was approved in October 2018 but had not been updated as reported by OIOS report 2019/089, dated 9 October 2019. Certain sections had also developed operational level risk registers, including the Procurement Section. However, this register did not comprehensively cover demand, source and delivery planning processes. For example, there were no risks related to delays in delivery of goods and services due to risk drivers such as: generic PIDs, inaccurate inventory data, inadequate warehousing facilities, inadequate analysis to support demand plans and high year-end purchases. Also, heightened risks related to the COVID-19 pandemic faced by supply chain planning including disruption of movements of items, the suspension of flights and maritime traffic, decreased availability of containers, port closure and shortage of personal protective equipment were also not registered. The register mainly identified risks related to solicitation and contract management. The register also did not indicate risk owners, responsible for developing risk treatment plans.

40. Further, the Mission had not developed a risk register in response to COVID-19 pandemic and since the outbreak of the pandemic, was handling demand, source and delivery requirements on an ad hoc

basis without adequately considering associated risks and mitigating measures. This, in OIOS' view, contributed to stock-out of suitable critical items such as hand sanitizers and handwashing liquids as its available stock of these items had expired. Additionally, the Mission encountered serious challenges to secure urgently needed test kits, including the freight of these fragile kits, until United Nations Headquarters intervened to assist the Mission.

41. The above-mentioned weaknesses were due to the lack of priority given to risk management within MINUSCA to ensure that risks related to the supply chain function were effectively managed. Previous audit of enterprise risk management in MINUSCA (2019/089) raised recommendations related to these issues but initial improvements communicated to OIOS had not been sustained.

**(7) MINUSCA should identify and manage all key supply chain management risks, including those related to COVID-19, with appropriate and comprehensive risk registers.**

*MINUSCA accepted recommendation 7 and stated that it is in the process of establishing revised supply chain related risk register and internal control mechanisms including those related to COVID-19. Recommendation 7 remains open pending receipt of evidence that the Mission has developed comprehensive supply chain risk registers including related treatment and response plans.*

#### **IV. ACKNOWLEDGEMENT**

42. 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.

(Signed) Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

**STATUS OF AUDIT RECOMMENDATIONS**  
**Audit of demand and source planning in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	MINUSCA should develop accurate demand plans driven by adequate analysis of historical consumption patterns and inventory holdings based on operational requirements.	Important	O	Receipt of evidence that the Mission's net demand plan is driven by adequate analysis based on operational requirements.	30 June 2022
2	MINUSCA should take action to minimize high year-end procurement and deviation from its demand plans.	Important	O	Receipt of evidence that the Mission has substantially reduced high year-end procurement and deviations from its demand plans	30 June 2021
3	MINUSCA should take action to improve effectiveness of local integrated business planning meetings by ensuring that senior supply chain managers participate in these meetings and key supply chain challenges are adequately deliberated on and resolved in a timely manner.	Important	O	Receipt of evidence of sustained improvement in senior supply chain managers' participation in IBP meetings and key supply chain challenges are deliberated on.	30 June 2021
4	MINUSCA should strengthen the mechanism for the timely identification and communication of surplus goods to the United Nations Global Service Centre.	Important	O	Receipt of evidence that an effective mechanism has been implemented for timely identification and communication of surplus goods to UNGSC.	30 June 2021
5	MINUSCA should develop a delivery plan to increase the likelihood of delivering goods when needed to support the Mission's mandated operations; and improve coordination among the responsible section/units to better monitor delivery status and whenever possible consolidate shipments.	Important	O	Receipt of a delivery plan and evidence of improved coordination among responsible sections/units to better monitor delivery status and consolidate shipments.	30 June 2022
6	MINUSCA should develop and implement key performance indicators to monitor its supply chain planning performance.	Important	O	Receipt of evidence that the Mission has develop and is periodically reviewing supply chain planning KPIs.	30 June 2021

<sup>2</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>3</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>4</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>5</sup> Date provided by MINUSCA in response to recommendations.

**STATUS OF AUDIT RECOMMENDATIONS****Audit of Audit of demand and source planning in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic**

7	MINUSCA should identify and manage all key supply chain management risks, including those related to COVID-19, with appropriate and comprehensive risk registers.	Important	O	Receipt of evidence that the Mission has developed comprehensive supply chain risk registers including related treatment and response plans.	30 June 2021
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# **APPENDIX I**

## **Management Response**



**United Nations**

United Nations Multidimensional Integrated  
Stabilization Mission in the Central African Republic



**MINUSCA**

**Nations Unies**

Mission Multidimensionnelle Intégrée des Nations Unies  
pour la Stabilisation en République centrafricaine

**INTEROFFICE MEMORANDUM**

**MEMORANDUM INTERIEUR**

TO: Ms. Eleanor T. Burns, Director,  
A: Internal Audit Division, OIOS

DATE: 22 March 2021

REFERENCE: MINUSCA/SRSG/044/2021

FROM: Mankeur Ndiaye  
DE: Special Representative of the Secretary-General  
MINUSCA

A handwritten signature in black ink, appearing to read 'Mankeur Ndiaye', written over a horizontal line.

SUBJECT: **Comments on the Draft report on an audit of demand and source planning in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (Assignment No. AP2020-637-01)**

1. With reference to your memorandum of 10 March 2021 (OIOS/2020/00302), on the above captioned-subject matter for your consideration, please find attached Appendix 1 with MINUSCA's comments.

## Management Response

**Audit of demand and source planning in United Nations Multidimensional Integrated  
Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSCA should develop accurate net demand plan driven by adequate analysis of historical consumption patterns and inventory holdings based on operational requirements.	Important	Yes	Chief of Acquisition Management Section	Roll-out of Umoja Extension 2 (UE2) Demand Planning and Supply Network Planning (DP/SNP) solution	Until the roll-out of the Demand Planning and Supply Network Planning (DP/SNP) functionalities of Umoja Extension 2 (UE2), the Mission will continue to rely on the current demand and acquisition planning (DAP) Tool, which is not linked to Umoja. In addition, the DAP Tool does not have the capabilities to determine historical consumption, safety stock level, procurement lead time, etc., which are critical parameters to develop accurate demand planning in the context of the dynamic operational needs of the mission. The Umoja DP/SNP solution is expected to help develop accurate demand plan. In the interim, Mission made efforts to base its demand planning on operational needs during the preparation of the budget for the period 2021/22.
2	MINUSCA should take action to minimize high year-end procurement and deviation from its demand plans.	Important	Yes	Chief Service Delivery Management,	30 June 2021	<u>In process of implementation:</u> MINUSCA has put in place a mechanism to minimize year-end

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

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

## Management Response

**Audit of demand and source planning in United Nations Multidimensional Integrated  
Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Chief Procurement Officer, Chief Acquisition Management Section, Technical Sections.		procurement and deviation from its demand plans which comprise of the following measures or actions: i) Instruction from the Director of Mission Support (DMS) to all Cost Center Managers about cut-off dates for the receipt of Shopping Carts by the Procurement Section; ii) Weekly review of outstanding purchase orders (Pos) under Systems Contract for timely approval; iii) Periodic review of the implementation of the demand plan coupled with monthly Local and Global Integrated Business Planning (LIBP and GIBP) meetings; iv) Weekly status reports of the DAP to the DMS; and v) Periodic reports to the Resource Stewardship Executive Group (RSEG) chaired by the Special Representative of the Secretary-General (SRSG). Also, the Delta Dashboard has been used for monitoring and capturing deviations from the approved annual plan.
3	MINUSCA should take action to improve effectiveness of local Integrated Business Planning meetings by ensuring that senior supply chain managers participate in these meetings and key supply chain challenges	Important	Yes	Chief Acquisition Management Section, Technical Sections,	Implemented	The meetings are chaired by the Chief of Service, Supply Chain Management, and attended by various stakeholders in the Supply Chain Management and Service Delivery Management pillars

## Management Response

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	are adequately deliberated on and resolved in a timely manner.			Chief Service Delivery Management, and Chief Supply Chain Management		
4	MINUSCA should strengthen the mechanism for the timely identification and communication of surplus goods to the United Nations Global Service Centre.	Important	Yes	Chief Service Delivery Management, Chief Supply Chain Management and Technical Sections	30 June 2021	<p><b>In process of implementation:</b> Surplus goods (materials, equipment, and assets) will be declared by Inventory Senior Users of Technical Sections as per their technical condition. This will allow the Inventory Senior Users to take necessary actions in Umoja to declare those which are in a good condition as “surplus”. Once they are declared surplus, they will become visible to UNGSC and other mission in Umoja.</p> <p>As a first step, Technical Sections have been requested to review slow moving items (items that have not been issued for more than two years) in order to take necessary action by either utilizing them or declaring them surplus.</p>
5	MINUSCA should develop a delivery plan to increase the likelihood of delivering	Important	Yes	Chief Movement	Implemented	Until the roll out of the Demand Planning and Supply Network

## Management Response

**Audit of demand and source planning in United Nations Multidimensional Integrated  
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	goods when needed to support the Mission's mandated operations; and improve coordination among the responsible section/units to better monitor delivery status and whenever possible consolidate shipments.			Control Officer, Chief Procurement Officer		Planning (DP/SNP) functionalities of Umoja Extension 2 (UE2), MINUSCA, via its Movement Control Section, has already developed a spreadsheet to monitor, track and report the status of incoming deliveries. The spreadsheet is regularly updated to reflect the current status of all incoming shipments. Upon roll out of the Umoja DP/SNP solution, a consolidated delivery plan will be developed, whereby a better coordination will be achieved amongst relevant stakeholders.
6	MINUSCA should develop and implement key performance indicators to monitor its supply chain planning performance.	Important	Yes	Chief of Supply Chain Performance Unit	30 June 2021	MINUSCA is in process of developing a plan to implement Key Performance Indicators in accordance with KPIs established by Department of Operational Support.
7	MINUSCA should identify and manage all key supply chain management risks, including those related to COVID-19, with appropriate and comprehensive risk registers.	Important	Yes	Chief of Supply Chain Management	30 June 2021	MINUSCA is in process of establishing revised supply chain related risk register and internal controls mechanisms, including those related to COVID-19.