



INTERNAL AUDIT DIVISION

REPORT 2015/027

Audit of the management of
warehouses in the United Nations
Support Office for the African Union
Mission in Somalia

Overall results relating to the effective
management of warehouses in the United
Nations Support Office for the African Union
Mission in Somalia were initially assessed as
unsatisfactory. Implementation of one
critical and seven important
recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

20 April 2015
Assignment No. AP2014/638/02

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AUDIT REPORT

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia (UNSOA).
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 Chief of Bases, supported by the Materials Management Group, had overall responsibility for managing warehouses in UNSOA. The Materials Management Group was created in December 2012 to centralize and integrate the management of inventory and warehouses at the Mogadishu Logistics Base and Mombasa Support Base. The Materials Management Group was headed by a Chief at the FS-6 level who reported to the Chief of Bases at the P-5 level. UNSOA had 40 authorized posts for warehouse operations, comprising 19 field service and 21 national staff.
4. As at 26 May 2014, UNSOA had stock valued at \$80.8 million, comprising plant and equipment worth \$55 million and inventory worth \$25.8 million, stored in 10 warehouses and over 3,000 containers.
5. Comments provided by UNSOA are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNSOA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of warehouses in UNSOA**.
7. The audit was included in the 2014 risk-based work plan of OIOS because of the operational and financial risks relating to the management of warehouses.
8. The key control tested for the audit was regulatory framework. For purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of warehousing operations in UNSOA; (b) are implemented consistently; and (c) 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 the audit from May to September 2014. The audit covered the period from 1 July 2012 to 30 June 2014. OIOS visited the 10 warehouses located in Mombasa, Kenya and Mogadishu, Somalia.
11. 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 and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNSOA governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of warehouses in UNSOA**. OIOS made eight recommendations to address the issues identified. UNSOA had established adequate storage facilities for stock with sufficient safety and security measures. However, UNSOA needed to: (a) dedicate resources to develop and implement mission-specific standard operating procedures on the management of warehouses; (b) conduct a training needs assessment and provide the required training to warehouse staff; (c) take action to reduce the high levels of excess and obsolete stock; (d) comply with procedures for issuing stock from warehouses, including adequate supervision of the process; (e) conduct cyclical inventory counts and reconcile them in a timely manner; (f) reassign access rights in the Galileo inventory management system (Galileo); (g) conduct periodic fire safety inspections of warehouses; and (h) update inventory records in Galileo in a timely manner.

13. The initial overall rating was based on the assessment of the key control presented in Table 1. The final overall rating is **unsatisfactory** as implementation of one critical and seven important recommendations remains in progress.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of warehouses in UNSOA	Regulatory framework	Unsatisfactory	Partially Satisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

Regulatory framework

Standard operating procedures on integrated warehouse management needed to be developed

14. The UNSOA December 2012 Directive establishing the centralized inventory management system required staff involved in the management of warehouses to report to the Chief of Bases. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to develop mission-specific standard operating procedures to ensure effective management of warehouses.

15. A review of the structure, roles and responsibilities for the management of warehouses at the Mogadishu Logistics Base and Mombasa Support Base indicated that 38 of the 40 positions involved in the management of warehouses were now reporting to the Chief of Bases, and the remaining 2 positions

¹ A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

in the Property Control and Inventory Unit (PCIU) were reporting to the Chief of the Property Management Section as required. However, UNSOA had not developed standard operating procedures on the implementation of the integrated warehouse management system, as the Chief of Materials Management Group post had been vacant since December 2012. As a result, integrated warehousing functions such as managing stock levels were not effectively performed resulting in excess inventory of about \$16 million, and obsolete and slow moving stock of about \$4 million.

(1) UNSOA should allocate resources to develop standard operating procedures for the effective implementation of the integrated warehouse management system.

UNSOA accepted recommendation 1 and stated that it was developing mission-specific standard operating procedures in line with DFS directives on the structure of supply chain management in peacekeeping operations. Recommendation 1 remains open pending receipt of evidence of the implementation of properly promulgated mission-specific standard operating procedures on the management of warehouses.

Required training needed to be provided to staff performing warehousing operations

16. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to provide staff with training on general warehousing principles, health and safety, inventory management and control, movement of dangerous goods, and operating materials handling equipment.

17. A review of the training records for the 38 staff involved in warehouse operations indicated that 25 attended warehouse safety training in November 2010 and 10 participated in Galileo training in July 2011. However, UNSOA had not provided staff with training on general warehousing principles, movement of dangerous goods and operating materials handling equipment as UNSOA had not conducted an assessment of training needs. As a result, warehouse staff was not: adequately monitoring inventory levels; systematically conducting physical verifications; and implementing the required procedures over requisitions and issuances of inventory.

(2) UNSOA should conduct a training needs assessment and provide the required training to warehouse staff.

UNSOA accepted recommendation 2 and stated that it would conduct a training needs assessment and provide relevant training to warehouse staff. Recommendation 2 remains open pending receipt of a copy of the results of the training needs assessment for warehousing staff and evidence that staff have been given the required training.

Controls over the management of stock levels needed strengthening

18. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required asset and warehouse managers to review stock holdings to identify slow-moving and obsolete items and initiate necessary write-off actions. The Guidelines stipulated the levels for declaring excess stock as: 20-25 per cent of total assets in stock and in use for Communication Information and Technology, Engineering and Supply Sections. According to the Guidelines, UNSOA could adopt the levels stipulated in the Guidelines or establish its specific minimum and maximum stock levels.

19. UNSOA asset and warehouse managers had not established specific levels for declaring excess stock and did not adequately review stock holdings against the DPKO/DFS recommended levels to identify slow-moving and obsolete items, and to initiate necessary write-off actions. As a result, an analysis of the ageing reports from Galileo indicated that 442 items of plant and equipment valued at \$4

million had passed their life expectancy. Also, a comparison of stock held by six self-accounting units with the levels stipulated by the DPKO/DFS Guidelines indicated that, for example: (a) the Engineering Section had 476 excess items with an acquisition value of \$4.7 million; and (b) the Communication and Information Technology Section had 1,981 excess items with an acquisition value of \$10.2 million.

20. The above resulted as UNSOA had not implemented adequate procedures to identify and write-off excess, slow-moving and obsolete stock. Also, self-accounting units had not implemented the recommendations of PCIU, which called for reviewing of stock ratios, identifying excess stock in Galileo and writing-off of obsolete stock. UNSOA had also not clearly delineated the responsibility for monitoring the physical verification process. As a result, there was duplication of monitoring activities conducted by PCIU and the Material Management Group, and inventory records were inaccurate.

(3) UNSOA should implement the procedures for identifying and writing-off excess, slow-moving, and obsolete stock.

UNSOA accepted recommendation 3 and stated that it would implement procedures to ensure compliance with the requirement to establish minimum and maximum stock levels, monitor stock levels and declare and write off actual excess stock. UNSOA advised that it had conducted regular analysis of stock holdings and did not declare current holdings as surplus as unfolding events demonstrated the operational need for the items. Recommendation 3 remains open pending receipt of evidence of the implementation of procedures for identifying and writing off excess, slow moving and obsolete items.

Warehouse staff needed to be adequately supervised

21. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to ensure that all issuances from warehouses were supported by request forms and issue vouchers approved by the respective chiefs of self-accounting units and acknowledgements of receipt by requisitioners.

22. During the audit period, UNSOA recorded 3,437 stock issuances in Galileo totaling \$40.3 million for the release of stock from warehouses. A review of 181 records of stock issuances for plant and equipment totaling \$28.3 million indicated that: (a) 32 records for assets valued at \$1.4 million were not supported by approved request forms; (b) 35 records for assets valued at \$10.9 million were not signed by requisitioners acknowledging receipt of goods; and (c) 30 records for assets valued at \$3.2 million were not supported by issue vouchers and request forms.

23. The above conditions resulted mainly as UNSOA lacked adequate mechanisms for supervisory review of warehouse staff to enforce compliance with procedures on issuing stock from warehouses. As a result, UNSOA had not adequately safeguarded stock; resulting in, for example, the loss of 155 items, which were under investigation by the Security Investigation Unit.

(4) UNSOA should implement adequate mechanisms for supervising warehouse staff.

UNSOA accepted recommendation 4 and stated that it would review and strengthen line management processes, and within the various self-accounting units' locations assess whether there was a need to modify current requisitioners/approvers of stock. Recommendation 4 remains open pending receipt of evidence that line management processes are established to ensure that warehouse staff are adequately supervised.

Controls over physical verifications needed to be strengthened

24. The DFS Property Management Manual required PCIU to physically verify plant and equipment, provide the results and recommendations to self-accounting units, monitor the reconciliation with available records, and update Galileo records within 30 days of the verification. The DFS Guidelines for Cycle Count of Inventory and instructions dated 25 April 2014 on the implementation of the International Public Sector Accounting Standards required UNSOA to fully operationalize procedures for cycle counting. The Guidelines also required asset managers and PCIU to conduct joint physical counts on a cyclical basis, reconcile any discrepancies, and maintain the use of stock cards, for inventory with total quantity value of \$5,000 or more.

25. UNSOA inventory verification reports for plant and equipment as of May 2014 indicated that PCIU had counted about 90 per cent of plant and equipment in storage in preparation for 30 June 2014 financial reporting. However, a physical verification of 184 items of plant and equipment in storage valued at \$12.3 million indicated that: (a) 13 items totaling \$169,000 were not in stock; (b) 16 items totaling \$1.9 million had either been issued or moved to another warehouse without updating Galileo; and (c) 2 items totaling \$174,000 had been marked obsolete but had not been written off in Galileo. For counts conducted, the self-accounting units had not maintained and updated the relevant stock cards.

26. The above resulted as UNSOA had not implemented procedures to ensure that self-accounting units implemented the recommendations of PCIU, particularly those related to reviewing stock ratios, identifying excess stock, writing-off of obsolete stock and updating Galileo in a timely manner. Also, self-accounting units did not systematically conduct cyclical counts of inventory, reconcile discrepancies and update inventory records in a timely manner. For example, as at May 2014, for the one-year cycle ended June 2014, only 5 per cent for communication equipment, 14 per cent for information technology equipment, and 29 per cent for supplies had been counted by self-accounting units.

27. As a result, inventory records were inaccurate. For example, verification of 205 line items valued at \$2.1 million indicated: (a) 64 line items valued at \$1.3 million were not found; (b) 17 line items valued at \$66,000 had levels in excess of those recorded in Galileo; and (c) 20 line items valued at \$196,000 had been either issued or transferred to a different warehouse, but the records had not been updated. UNSOA had not established procedures to avoid delays in conducting future physical verification exercises.

(5) UNSOA should implement procedures to ensure that self-accounting units systematically conduct cyclical counts of inventory, reconcile discrepancies and update inventory records in a timely manner.

UNSOA accepted recommendation 5 and stated that it would issue guidelines to self-accounting units for cyclical counts and processing of discrepancies to be incorporated in the standard operating procedures for warehouse management. Recommendation 5 remains open pending receipt of a copy of the standard operating procedures on cyclical counts, and evidence of the timely processing of discrepancies and the updating of records in Galileo.

Inadequate segregation of warehousing functions

28. UNSOA was required to assign appropriate access rights and related roles as specified in Galileo to ensure segregation of duties for warehousing activities.

29. A review of Galileo access records indicated that 16 warehouse and asset management assistants had incompatible access rights. As a result, 50 entries made in Galileo totaling \$8.8 million were created

and approved by the same staff. UNSOA management explained that it had assigned incompatible access right to staff to ensure continuity of service when staff were absent on leave or assignment to another location. The lack of adequate segregation of duties posed the risk of UNSOA not being able to detect errors in inventory and the risk of undetected inventory losses.

(6) UNSOA should reassign access rights in Galileo for staff with inventory management responsibilities to ensure adequate segregation of duties.

UNSOA accepted recommendation 6 and stated that it would review segregation of duties taking into consideration staffing limitations and other factors such as absence on rest and recuperation and leave. Recommendation 6 remains open pending receipt of evidence of reassignment of access rights in Galileo for the staff with warehouse management responsibility to ensure adequate segregation of duties.

Warehouse fire safety system needed to be enhanced

30. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to: (a) install in each warehouse a fire detection system with appropriate signage prohibiting smoking; and (b) ensure fire extinguishers were regularly serviced, fire evacuation plans were in place, fire wardens were assigned, fire exit routes were properly marked, and regular fire warehouse safety inspections were conducted.

31. Visits to 10 warehouses and storage containers at the logistics bases indicated that UNSOA had installed and regularly serviced fire equipment, and there was clear signage prohibiting smoking and clearly marked fire exit routes and assembly points at the warehouses. UNSOA had also put in place evacuation plans, and assigned fire wardens. However, due to the lack of dedicated resources, UNSOA did not conduct the required fire safety inspections, increasing the exposure of warehouses to fire hazards.

(7) UNSOA should allocate the resources needed for the conduct of fire safety inspections of warehouses on a regular basis.

UNSOA accepted recommendation 7 and stated that a Fire Safety Officer had been assigned to Mogadishu, the related inspection reports were submitted in November 2014, and an assessment would be undertaken to standardize fire safety measures. For Mombasa, the responsibility for fire safety rests with the Department of Safety and Security, and inspection reports were produced quarterly. Recommendation 7 remains open pending receipt of evidence that fire inspections of all warehouses are being conducted.

Security of warehouse storage facilities was adequate

32. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to ensure that: (a) warehouse facilities were adequate and suitable to protect items from loss and damage; (b) separate storage was allocated for stocks of inventory and plant and equipment; secured storage was allocated for special materials, attractive, medical and expensive items; (c) the locations of warehouses were chosen after a full security survey; and (d) warehouses were adequately secured.

33. Visits to the 10 warehouses and storage containers within the logistics bases indicated that UNSOA had: (a) allocated adequate storage to store and monitor assets; (b) separately and securely stored special materials and attractive items in secure containers; (c) adequate premises at the bases to accommodate additional containers; and (d) acquired sites for warehouses that were approved by the Security Section. Also, warehousing facilities were fenced off with perimeter walls and electric barbed

wires, equipped with movement detectors and close-circuit television cameras, and had checkpoints at entry/exit points. Facilities were adequately lit, both inside and outside areas. Individuals accessing the premises were required to have proper identification, and to use protective gear.

34. OIOS concluded that UNSOA had implemented adequate controls to limit access to warehouses by unauthorized personnel and safeguard stocks.

Galileo bin location management system needed updating

35. The DPKO/DFS Guidelines on Warehousing Operations for Field Missions required UNSOA to establish, operate and maintain a formal stock location system to identify the quantity and location of stored items, and to use the Galileo bin location management module to manage and locate items stored in the warehouses.

36. Physical inspections of the 10 warehouses and storage containers indicated that: (a) self-accounting units used Galileo bin location system to track the location and movement of inventory; and (b) the warehouse equipment included container stackers, large and small forklifts, and hand pallet jacks to facilitate access to storage containers and their contents. However, self-accounting units had not prioritized the updating of records to ensure accurate stock locations in Galileo. Consequently, a review of 389 assets identified that 7 assets valued at \$1.5 million could not be located, and 36 assets valued at \$2.1 million were found at other locations than those indicated in Galileo.

(8) UNSOA should implement monitoring mechanisms to ensure that inventory records in Galileo are updated in a timely manner.

UNSOA accepted recommendation 8 and stated that it would ensure close monitoring for the timely updating of Galileo records. Recommendation 8 remains open pending the implementation of measures to ensure the timely updating of inventory records in Galileo.

IV. ACKNOWLEDGEMENT

37. OIOS wishes to express its appreciation to the Management and staff of 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

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1.	UNSOA should allocate resources to develop standard operating procedures for the effective implementation of the integrated warehouse management system.	Important	O	Receipt of evidence of the implementation of properly promulgated mission-specific standard operating procedures on the management of warehouses.	30 June 2015
2.	UNSOA should conduct a training needs assessment and provide the required training to warehouse staff.	Important	O	Receipt of a copy of the results of the training needs assessment for warehousing staff and evidence that staff have been given the required training.	30 April 2015
3.	UNSOA should implement the procedures for identifying and writing-off excess, slow-moving and obsolete stock.	Critical	O	Receipt of evidence of the implementation of procedures for identifying and writing off excess, slow moving/obsolete items.	30 June 2015
4.	UNSOA should implement adequate mechanisms for supervising warehouse staff.	Important	O	Receipt of evidence that line management processes are established to ensure that warehouse staff are adequately supervised.	31 May 2015
5.	UNSOA should implement procedures to ensure that self-accounting units systematically conduct cyclical counts of inventory, reconcile discrepancies and update inventory records in a timely manner.	Important	O	Receipt of a copy of standard operating procedures on cyclical counts, and evidence of the timely processing of discrepancies and updating of records in Galileo.	30 June 2015
6.	UNSOA should reassign access rights in the Galileo for staff with inventory management responsibilities to ensure adequate segregation of duties.	Important	O	Receipt of evidence of reassignment of access rights in Galileo for the staff with warehouse management responsibility to ensure adequate segregation of duties.	30 April 2015
7.	UNSOA should allocate the resources needed for the conduct of fire safety inspections of warehouses on a regular basis.	Important	O	Receipt of evidence that fire inspections of all warehouses are being conducted.	31 May 2015

² 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.

³ 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.

⁴ C = closed, O = open

⁵ Date provided by UNSOA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
8.	UNSOA should implement monitoring mechanisms to ensure that inventory records in Galileo are updated in a timely manner.	Important	O	Implementation of measures to ensure the timely updating of inventory records in Galileo.	31 May 2015

APPENDIX I

Management Response



United Nations Support Office for AMISOM (UNSOA)

Interoffice Memorandum

To: Ms. Eleanor T. Burns, Director
Internal Audit Division
OIOS Date: 30 March 2015

From: Amadu Kamara 
Director Ref: UNSOA/0315/M.012

Subject: **Re: Draft report on an audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia (Assignment No. AP2014/638/02)**

Further to your memorandum of 20 March 2015, please find attached UNSOA's response to the subject audit exercise.

Best regards,

cc: Ms. Andrea Charles-Browne, Chief Resident Auditor, UNSOA
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS
Mr. Harjit Dhindsa, Deputy Director, UNSOA
Mr. Robert Kirkwood, Head of Somalia Support, UNSOA
Mr. Przemyslaw Rychlewski, Chief Bases, UNSOA
Ms. Mehret Asefaw, Chief Property Management Section, UNSOA
Mr. Alexander Kasatkin, Chief Supply Section, UNSOA
Ms. Andrea Charles-Browne, Chief Resident Auditor, UNSOA
Mr. Dalapo Kuteyi, Senior Administrative Officer, UNSOA
Mr. Bolton Tarleh Nuema, Chief, Peacekeeping Audit Service, IAD/OIOS

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Management response

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOA should allocate resources to develop standard operating procedures for the effective implementation of the integrated warehouse management system.	Important	Yes	Senior Administrative Officer	30 June 2015	<p>Management agrees with the Auditors' recommendation to develop mission-specific standard operating procedures for warehouse management, in line with the Department of Field Support (DFS) directives on the structure of peace support operations, particularly in supply chain management.</p> <p>Management expects the new Standard Operating Procedures (SOPs) to be promulgated by 30 June 2015.</p>
2	UNSOA should conduct a training needs assessment and provide the required training to warehouse staff.	Important	Yes	Chief Bases/Training Section	30 April 2015	Management accepts the recommendation and will conduct the training needs assessment and ensure that warehouse staff are fully trained by 30 April 2015.
3	UNSOA should implement procedures for identifying and writing off excess, slow-moving, and obsolete stock including: (a) minimum and maximum stock levels and related procedures for monitoring and declaring stock as excess; (b) clearly delineated responsibility for monitoring and reporting on stock; and (c) procedures to ensure self-accounting units implemented the recommendations of Property Control and Inventory Unit.	Critical	Yes	Chief Bases & Self Accounting Units	30 June 2015	<p>Management notes the recommendation and seeks to advise the Auditors that UNSOA does conduct regular analysis of stock holdings.</p> <p>Whilst the observed quantities of current holdings, considered in pure Key Performance Indicators (KPIs) terms, may indeed be reflected as an issue, it would not be appropriate to declare those holdings as surplus at this stage, as events currently unfolding should quickly demonstrate that there is indeed an operational requirement for them.</p> <p>In reality, the speed of the military deployment and the ability of UNSOA to deploy to field locations have been hampered by a series of operational issues, particularly the loss of three attack helicopters during their deployment.</p> <p>Consequently, the regional distribution hubs have not been established at Belet Weyne and Baidoa within the anticipated timeframe, hence the delay in the deployment of assets, and items have not been moved to forward locations at the same rate at which they were procured.</p>

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

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>The opening of the main supply routes following the recent AMISOM military operations routes is expected to facilitate the large-scale distribution of stocks forward, leading to improvement in the recorded statistical performance. Furthermore, key First-in, First Out (FIFO) principles are observed in the operation, and items earmarked for a specific project are grouped for issue.</p> <p>Nevertheless, Management will ensure compliance with the provisions for stock levels, monitoring of Key Performance Indicators (KPIs) and declaration and write-off of actual excess stock.</p> <p>Target date for completion 30 June 2015.</p>
4	UNSOA should implement adequate procedures for supervising warehouse staff.	Important	Yes	Chief Bases	31 May 2015	<p>Management accepts the recommendation and will ensure a review and strengthening of existing line management processes and request forms is undertaken within the various Self Accounting Units (SAUs) locations to potentially modify current requisitioners / approvers of stock.</p> <p>Target date for completion 31 May 2015.</p>
5	UNSOA should implement adequate measures to ensure that: (a) self-accounting units conduct cyclical counts of inventory, investigate and reconcile discrepancies in a timely manner; and (b) the Chief of Bases and chiefs of self-accounting units and the Property Control and Inventory Unit monitor the physical verification process of stocks.	Important	Yes	Self Accounting Units/Chief Bases	30 June 2015	<p>Management agrees with the recommendation and will produce guidance to Self-Accounting Units (SAUs) for cyclic counts and discrepancy reconciliation, which will be incorporated in the SOP for warehouse management.</p> <p>Target date for completion 30 June 2015.</p>
6	UNSOA should review and reassign access rights in the Galileo system for all staff with inventory management responsibilities to ensure adequate segregation incompatible of duties.	Important	Yes	SAUs and Chief Property Management Section	30 April 2015	<p>Management accepts the recommendation and is currently reviewing the segregation of duties taking into consideration current staffing limitations within UNSOA, and other factors such as absence on Rest and Recuperation (R&R) and leave.</p> <p>Target date for completion is 30 April 2015</p>

Management response

Audit of the management of warehouses in the United Nations Support Office for the African Union Mission in Somalia

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	UNSOA should allocate the resources needed for the conduct of fire safety inspections of warehouses on a regular basis.	Important	Yes	Chief Bases/Chief Security Officer	31 May 2015	Management accepts the recommendation and seeks to inform the Auditors that a Fire Safety Officer has now been assigned to Mogadishu. The inspection report for Mogadishu warehouses and facilities was submitted in November 2014 and assessments will be undertaken to standardize fire safety provisions. For Mombasa, these responsibilities rest with the Department of Safety and Security (DSS) and inspection reports are produced quarterly. Target date for completion 31 May 2015.
8	UNSOA should implement monitoring mechanisms to ensure that inventory records in the Galileo system are updated in a timely manner.	Important	Yes	Chief Bases/Self Accounting Units	31 May 2015	Management accepts the recommendation and will ensure close monitoring for the timely updating of Galileo records. Target date for completion 31 May 2015.