



INTERNAL AUDIT DIVISION

REPORT 2016/044

Audit of management of rations in the
United Nations Multidimensional
Integrated Stabilization Mission in Mali

Overall results relating to the effective
management of rations in MINUSMA were
initially assessed as partially satisfactory.
Implementation of four important
recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

13 May 2016
Assignment No. AP 2015/641/03

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AUDIT REPORT

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).
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 United Nations supplies rations (fresh, frozen, chilled, dried, canned and bottled water), as well as composite ration packs to sustain military and formed police units serving in MINUSMA. During the audit period, MINUSMA acquired rations from two system contracts. The initial contract was an interim extension of the rations contract of the United Nations Operations in Cote d'Ivoire, from the inception of the Mission in July 2013 to September 2014. Effective 1 October 2014, a three-year system contract was established with a not-to-exceed amount of \$95.7 million. As at 30 June 2015, MINUSMA had 9,704 military and formed police personnel from 22 contributing countries deployed to 59 locations.
4. The Rations Unit is responsible for the day-to-day management and administration of the food rations contract and is headed by a Rations Officer at the Field Service (FS-6) level, who reported to the Chief, Supply Management Section. The Unit has 10 authorized posts comprising 6 international and 4 national staff.
5. The MINUSMA rations budgets for fiscal years 2013/14 and 2014/15 were \$42.5 million and \$51.8 million respectively.
6. Comments provided by MINUSMA are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of MINUSMA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of rations in MINUSMA**.
8. The audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks related to the provision of rations to MINUSMA contingents.
9. 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: (a) exist to guide the management of rations in MINUSMA; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
10. The key control was assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit from June to August 2015. The audit covered the period from 1 July 2013 to 30 June 2015. OIOS visited 15 contingent sites in Bamako, Gao, Timbuktu, Menaka and Kidal, and the contractor’s warehouses in Bamako and Gao.

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 and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. The MINUSMA governance, risk management and control processes examined were **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of rations in MINUSMA**. OIOS made eight recommendations to address the issues identified. MINUSMA needed to ensure: (a) the Rations Unit assign adequate staffing resources for effective management of rations; (b) adequate segregation of duties over rations management; (c) contingents are properly trained; (d) storage facilities for rations, composite ration packs and bottled water complies with hygiene and food safety standards; (e) contractors invoices are paid within 30 days of their receipt; and (f) adequate levels of strategic and operational reserves.

14. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of four 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 rations in MINUSMA	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

The vacancies in the Rations Unit hampered effective management of rations

15. MINUSMA, in its proposed budget for 2014/15, planned to achieve a vacancy rate of 20 per cent. As at 30 June 2015, the Mission had encumbered 6 of 10 authorized posts of the Rations Unit, reassigned 1 post to the Supply Section, and was still in the process of recruiting for 3 posts. The delay in recruiting staff for the Rations Unit was due to difficulties in identifying suitable candidates during the startup phase of the Mission.

¹ A rating of “**partially satisfactory**” means that important but not critical deficiencies exist in governance, risk management or internal control processes, such that reasonable assurance may be at risk with regard to the achievement of control or business objectives under review.

16. As a result, the Rations Unit was unable to perform some important functions related to the effective management of rations. For instance, MINUSMA did not conduct:

- Quality assurance inspections at the contractor's warehouses and contingent locations which resulted in poor rations management as presented later in this report; and
- Any of the required monthly performance meetings to monitor the performance of the contractor against established acceptable performance levels set out in the contract. As a result, there was a risk that MINUSMA did not systematically identify and address contractor's non-performance in a timely and effective manner.

(1) MINUSMA should review the staffing situation of the Rations Unit and take steps to ensure that the Unit has adequate resources for effective management of rations.

MINUSMA accepted recommendation 1 and stated that it would review the Rations Unit's staffing requirements and establish a Quality Assurance Unit. Recommendation 1 remains open pending receipt of evidence that the Mission has reviewed the staffing requirements and allocated the required resources to the Unit to ensure effective management of rations.

There was a need for proper delegation of authority for the overall management of rations

17. The guidelines on rations management in United Nations peacekeeping missions require the MINUSMA Director of Mission Support to designate an official as focal point for rations management with responsibilities for overall management of the rations contract including: liaising with the rations contractor; holding performance meetings with the contractor; and supervising the Chief of Rations Unit.

18. A review of documentation and discussions with relevant staff of the Rations Unit indicated that: the MINUSMA Director of Mission Support had designated both the Chief of Supply and the Chief of the Rations Unit as designated officials/focal points for rations management; and the Chief of the Rations Unit routinely performed the functions of the designated official. As a result, there was a conflict of interest, which reduced the ability of MINUSMA to effectively oversee the management of rations and the activities of the Rations Unit since the Chief of Rations Unit performed both roles of designated official/focal point and head of the Rations Unit. This was due to competing priorities of the Division of Mission Support and staffing challenges which resulted in the Chief of Rations Unit taking a more active role as the designated official.

(2) MINUSMA should review the delegation of authority to the Chief of the Rations Unit as the designated official/focal point for rations to ensure adequate segregation of duties over rations management.

MINUSMA accepted recommendation 2 and stated that it would issue the delegation of authority to the Chief, Contract Management Unit. Recommendation 2 remains open pending receipt of evidence that the Mission has designated an official other than the Chief of Rations Unit as the focal point responsible for the overall management of the rations contract including performance meetings with the contractor and supervision of the Chief of the Rations Unit.

Contingents did not consistently submit their food orders in a timely manner

19. The MINUSMA rations contract and standard operating procedures require contingents to submit to the Rations Unit their initial food orders 85 days prior to the relevant consumption period with details on troop strength and contingent leave records. The contract also required the Rations Unit to: (a) submit bulk food rations orders and final food orders to the contractor 72 and 14 calendar days, respectively, in advance of each 28-day consumption period; and (b) verify that food orders comply with the ceiling man day rate and the maximum calorie value.

20. During the audit period, contingents submitted 5,350 initial food orders to the Rations Unit which generated 104 bulk orders and 5,650 final food orders to the contractor. A review of 70 initial food orders, 30 bulk orders and 50 final food orders indicated that MINUSMA submitted the bulk and the final food orders to the contractor within the prescribed timeline and for the prescribed amount of calorie per person. However, contingents did not comply with the timeline for submitting their initial food orders, their final troop strength and leave records to ensure necessary adjustments. Contingents did not submit initial food orders in a timely manner for 12 of 70 cases reviewed; therefore, the Rations Unit had to revert to orders from previous periods to prepare the bulk orders.

21. The above resulted because the Mission had not provided contingent food officers with adequate training on the use of the Electronic Rations Management System. As a result, there was an increased risk of contingents not being supplied with appropriate quantities of rations.

(3) MINUSMA should provide contingent food officers with adequate training on the Electronic Rations Management System to facilitate the food ordering process.

MINUSMA accepted recommendation 3 and stated that it was providing contingents with quarterly training on the use of the Electronic Rations Management System. Based on the action taken by MINUSMA, recommendation 3 has been closed.

Receiving procedures for food rations, bottled water and composite ration packs needed improvement

22. The MINUSMA rations contract requires the Mission's designated official for rations management or his authorized representative to verify the quantity and quality of rations delivered to contingents against relevant delivery notes. The Rations Unit is required to conduct periodic checks of the contractors' procedures for preparing rations prior to delivery to contingents.

23. OIOS observations of contractor's deliveries of rations at 2 contingent locations, discussions with contingent food officers at 15 contingent locations and review of 25 of 180 delivery notes, indicated that the Mission's designated official, represented by contingents' food officers and/or Rations Unit staff members, did not: always comply with rations receiving procedures; and use appropriate equipment to verify the quality and quantity of rations delivered by the contractor to contingents against the relevant delivery notes. For instance, 6 of 15 delivery locations did not have scales to weigh rations; at 5 of 15 delivery locations the contingents' food officers did not check the integrity of packaging for items received; and at 5 of 15 delivery locations, contingents did not have working thermometers to confirm temperatures of items.

24. The above resulted because MINUSMA had not provided appropriate equipment to contingent food officers for use in carrying out the receiving and inspection functions. For instance, for March 2016, the contractor delivered 11,000 kilograms of vegetable valued at \$9,000 to two contingents' locations which did not have scales to confirm the correctness of the weights of the vegetable they received. As a

result, there was an increased risk that the contractor's deliveries were not in full compliance with specifications and United Nations food rations standards.

(4) MINUSMA should provide appropriate equipment to contingent food officers for use in carrying out their receiving and inspection functions related to rations .

MINUSMA accepted recommendation 4 and stated that it has distributed calibrated scales and thermometers to contingents. Based on the action taken by MINUSMA, recommendation 4 has been closed.

Unhygienic storage of rations, composite ration packs and bottled water at contingent locations

25. MINUSMA rations standard operating procedures require the Rations Unit and the Force Medical Officer to conduct inspections of the contractor's warehouses and all contingent rations locations to ensure compliance with rations management guidelines, procedures and hygiene and safety standards.

26. Discussions with staff of the Rations Unit and Force Medical Unit and visits to the contractor's warehouses in Gao and Bamako and 15 contingent locations indicated that due to staffing challenges, the Units had not conducted any quality inspection of contingents and contractor's facilities to ensure proper hygiene and safety standards. While OIOS noted that the contractor generally complied with hygiene and safety standards, contingents were not always complying, as evidenced during visits to 15 contingent locations. OIOS identified unhygienic storage conditions for rations, bottled water and composite ration packs, including: items exposed to the elements as a result of broken seals or the storage of rations directly on the floor without pallets; inadequate hygiene and insufficient contamination prevention measures; and dusty, unsecured and inadequately ventilated food storage facilities. In all locations visited, contingents did not maintain temperature logs to ensure that rations, composite ration packs and bottled water were kept within prescribed temperature ranges.

27. The above conditions also resulted because the Rations Unit had not implemented adequate and effective inspection procedures to ensure compliance with applicable hygiene and safety standards. Although OIOS did not observe any significant spoilage of food, there was increased risk of spoiled rations and increased deterioration of bottled water and composite ration packs due to exposure to extreme or unsuitable conditions.

(5) MINUSMA should implement adequate and effective inspection procedures to ensure compliance with applicable hygiene and safety standards.

MINUSMA accepted recommendation 5 and stated that it had implemented procedures to ensure compliance with applicable hygienic and safety standards. Based on the action taken by MINUSMA, recommendation 5 has been closed.

Contingents' accounting for rations, composite ration packs and bottled water needed improvement

28. The guidelines on rations management in United Nations peacekeeping missions require contingents to submit weekly and monthly stock balance reports to the Rations Unit, and maintain appropriate records of requisitions, receipts and issuance of rations, composite ration packs and bottled water.

29. Visits to 15 contingent locations to review the records maintained indicated that: (a) at 6 locations, contingents did not maintain records of receipts and issuance of rations; (b) all the contingents did not submit weekly and monthly stock balance reports for dry and frozen food rations to the Rations

Unit; and (c) at 3 locations, contingents did not submit stock balance reports for composite ration packs and bottled water.

30. The above resulted because the Rations Unit did not provide adequate training and guidance to contingents' food officers on the maintenance of records and stock balance reporting and the handover process related to accounting for rations during rotation of contingent food officers. As a result of inadequate accounting and reporting of rations, there was a risk of financial losses due to misappropriation, wastage and excessive stock holdings by contingents. At three contingent locations, OIOS observed that contingents had excess holdings of semolina, spices, beans and mint tea, which based on discussions with the contingent food officers and review of the contingents' consumption patterns derived from their food orders, would not be consumed in the next year on average.

(6) MINUSMA should train and provide guidance to contingents' food officers on accounting for and reporting on rations and the handover process related to accounting for rations during rotation of contingent food officers.

MINUSMA accepted recommendation 6 and stated that it was providing quarterly training to contingents on accounting for and reporting on rations. Recommendation 6 remains open pending receipt of evidence that the Mission has provided adequate training and guidance to contingents' food officers on accounting for and reporting on rations and the handover process, particularly as regards accounting for rations.

Delays in processing invoices resulted in lost discounts for prompt payment

31. The rations contract entitles MINUSMA to a 1 per cent discount on all payments made within 30 days from receipt of invoice and supporting documentation.

32. OIOS analysis of 5,900 rations invoices totaling \$43.8 million from July 2013 to October 2015 indicated that the Mission paid invoices on average 120 days after receipt from the contractor resulting in lost discounts of about \$430,000. The delays were due to lack of capacity in the Rations Unit due to staffing shortages which did not enable the Mission to monitor the contractor's invoices to ensure that they were paid within 30 days of their receipt.

(7) MINUSMA should implement a mechanism to ensure that the contractor's invoices are paid within 30 days of their receipt to take advantage of prompt payment discounts.

MINUSMA accepted recommendation 7 and stated that it had implemented procedures for processing the contractor's invoices within 30 days. As a result, OIOS noted that MINUSMA received a prompt payment discount totaling \$128,000 as at 31 March 2016. Based on the action taken by MINUSMA, recommendation 7 has been closed.

Adequate levels of strategic and operational reserves were not being maintained

33. The rations contract requires the contractor to maintain a strategic reserve of 56 days' supply of dry and frozen food rations, 14 days of composite ration packs and bottled water, whereas the contingents are required to maintain 7-day reserves of dry and frozen rations. The Rations Unit is responsible for periodic counts and inspections of these strategic reserves.

34. A review of 9 of 16 contractor's monthly stock analysis and weekly stock compliance reports indicated that the contractor's compliance was on average 87 per cent of the required levels of strategic

reserves. OIOS visits to 15 contingent locations and the contractor's warehouses in Gao and Bamako indicated insufficient levels of strategic reserves. For instance, the contractor had on average 45 days strategic reserves of rations; the contingents did not maintain the 7-day reserve of dry and frozen rations; and the Mission had total reserves of composite ration packs and bottled water for 11 days maintained at the contractor's warehouses and contingent locations.

35. The above condition was due to inadequate monitoring and the absence of periodic inspections to ensure that adequate levels of reserves were maintained at contingents and contractor's locations. As a result, there was a risk that the stock of rations, composite ration packs and bottled water would not be adequate to meet feeding requirements in the event of interruptions in supplies.

(8) MINUSMA should implement procedures for periodic inspections of strategic reserves of composite ration packs and bottled water, dry and frozen food rations held at the contractor's locations and contingents' facilities.

MINUSMA accepted recommendation 8 and stated that it had implemented procedures and was checking strategic reserves of food composite ration packs and bottled water. Recommendation 8 remains open pending receipt evidence that the Mission has implemented procedures for periodic inspections of strategic reserves of composite ration packs and bottled water, dry and frozen food rations held at the contractor's locations and contingents' facilities.

IV. ACKNOWLEDGEMENT

36. OIOS wishes to express its appreciation to the management and staff of MINUSMA 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 management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSMA should review the staffing situation of the Rations Unit and take steps to ensure that the Unit has adequate resources for effective management of rations.	Important	O	Receipt of evidence that the Mission has reviewed the staffing requirements and allocated the required resources to the Unit to ensure effective management of rations.	30 June 2016
2	MINUSMA should review the delegation of authority to the Chief of the Rations Unit as the designated official/focal point for rations to ensure adequate segregation of duties over rations management.	Important	O	Receipt of evidence that the Mission has designated an official other than the Chief of Rations Unit as the focal point responsible for the overall management of the rations contract including performance meetings with the contractor and supervision of the Chief of the Rations Unit..	15 May 2016
3	MINUSMA should provide contingent food officers with the adequate training on the Electronic Rations Management System to facilitate the food ordering process.	Important	C	Action taken	Implemented
4	MINUSMA should provide appropriate equipment to contingent food officers for use in carrying out their receiving and inspection functions related to rations .	Important	C	Action taken	Implemented
5	MINUSMA should implement adequate and effective inspection procedures to ensure compliance with applicable hygiene and safety standards.	Important	C	Action taken	Implemented
6	MINUSMA should train and provide guidance to contingents' food officers on accounting for and reporting on rations and the handover process	Important	O	Receipt of evidence that the Mission has provided adequate training and guidance to contingents' food officers on accounting for and	30 December 2016

¹ Critical recommendations address critical and/or pervasive deficiencies 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.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or 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 MINUSMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	related to accounting for rations during rotation of contingent food officers.			reporting on rations and the handover process, particularly as regards accounting for rations.	
7	MINUSMA should implement a mechanism to ensure that the contractor's invoices are paid within 30 days of their receipt to take advantage of prompt payment discounts	Important	C	Action taken	Implemented
8	MINUSMA should implement procedures for periodic inspections of strategic reserves of composite ration packs and bottled water, dry and frozen food rations held at the contractor's locations and contingents' facilities.	Important	O	Receipt evidence that the Mission has implemented procedures for periodic inspections of strategic reserves of composite ration packs and bottled water, dry and frozen food rations held at the contractor's locations and contingents' facilities.	30 June 2016

APPENDIX I

Management Response



FACSIMILE TRANSMISSION

Date: 25 April 2016

Reference: MINUSMA/ODMS/2016/246

TO: Mr. Bolton Tarleh Nyema Chief, Peacekeeping Audit Service Internal Audit Division, OIOS	FROM: Michael Mulinge Kitivi Director of Mission Support MINUSMA 
ATT:	
FAX NO:	Email Transmission: Minusma-Mars@un.org
SUBJECT: Draft report on an audit of management of rations in MINUSMA (Assignment No. AP2015/641/03)	
Total number of transmitted pages including this page: 3	
<ol style="list-style-type: none">1. Reference is made to your facsimile IAD-15- 641/03 dated 7 April 2016 on the subject matter.2. MINUSMA formulated its responses to all the recommendations that OIOS considered important contained in the report.3. We have taken note of the aforementioned areas and are determined to take the necessary actions to improve the efficiency and effectiveness of MINUSMA operations. Our comments on OIOS's recommendations are attached. <p>Thank you and best regards.</p>	
Drafted by: Mesfin Akalu	Cleared by: Audrey Serret  Senior Administrative Officer

Management Response

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should review the staffing situation of the Rations Unit and take steps to ensure that the Unit has adequate resources for effective management of rations.	Important	YES	Chief Commodities	30 June 2016	The Mission will review staffing requirements of the Rations Unit and establish a Quality Assurance Unit (QAU)
2	MINUSMA should review the delegation of authority as the designated official for rations to the Chief of Rations Unit to achieve adequate segregation of duties for effective management of rations.	Important	YES	DMS	15 May 2016	The delegation of authority to the Chief, Contract Management Unit will be issued by 15 May 2015
3	MINUSMA should provide contingent food officers with the adequate training on the Electronic Rations Management System to facilitate the food ordering process.	Important	YES	Chief Rations Unit	Implemented	MINUSMA are conducting regular trainings every quarter to TCC's and PCC's. (a PowerPoint presentation and attendance sheets are attached)
4	MINUSMA should: provide appropriate equipment to contingent food offices for use in carrying out their receiving and inspection functions related to rations; train food officer and implement appropriate monitoring procedures to ensure the officers' compliance with the Mission's rations receiving procedures.	Important	YES	Rations Unit	Implemented	MINUSMA distributed calibrated scales and thermometers (sample Galileo documents are attached)
5	MINUSMA should implement adequate and effective inspection procedures to ensure compliance with applicable hygiene and safety standards.	Important	YES	Chief Rations Unit	Implemented	MINUSMA has implemented procedures to ensure compliance with applicable hygiene and safety standards.
6	MINUSMA should train and provide guidance to contingents' food officers on accounting and reporting on rations and the	Important	YES	FHQ, Rations Unit	30 December 2016	MINUSMA Rations Unit are conducting regular trainings every quarter to TCC's and PCC's.

Management Response

Audit of management of rations in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	handover process related to accounting for rations during rotation of contingent food officers.					
7	MINUSMA should implement a mechanism to ensure that the contractor's invoices are paid within 30 days of their receipt to take advantage of prompt payment discounts.	Important	YES	Chief Rations Unit	Implemented	MINUSMA has implemented mechanisms to invoices are processed within 30 days. (a spreadsheet with total PPD amount deducted in Bamako and Gao is attached)
8	MINUSMA should implement procedures for periodic inspections of strategic reserves of composite ration packs and bottled water, dry and frozen food rations held at the contractor's locations and contingents' facilities.	Important	Yes	Chief Rations Unit	Ongoing 30 June 2016	MINUSMA has implemented procedures and is conducting checks inspections of the strategic reserves of composite ration packs and bottled water.