



## INTERNAL AUDIT DIVISION

### REPORT 2019/076

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Audit of rations management in the  
United Nations Support Office in  
Somalia

The Support Office was generally supplying  
rations as required but improvements were  
needed to ensure more effective and  
economical methods of delivery

23 August 2019  
Assignment No. AP2019/638/04

# **Audit of rations management in the United Nations Support Office in Somalia**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of rations management in the United Nations Support Office in Somalia (UNSOS). The objective of the audit was to assess the effectiveness and efficiency of the management of rations in UNSOS. The audit covered the period from 1 July 2017 to 31 December 2018 and included management of rations delivery; food ordering; warehousing, quality control and rations reserves; contractor performance monitoring and invoice payments; disposal of rations; and demobilization and mobilization of rations contracts.

UNSOS submitted food orders to the contractor on time and processed invoices in a timely manner to earn prompt payment discounts. However, UNSOS needed to conduct a comprehensive cost-benefit analysis to determine more cost-effective methods of rations delivery; clarify roles and accountability for effective handling and delivering of rations; and strengthen controls over duty-free imports and disposal of rations.

OIOS made five recommendations. To address issues identified in the audit, UNSOS needed to:

- Conduct a comprehensive cost-benefit analysis related to transportation of rations to ensure they are delivered in the most efficient and economic manner;
- Clarify roles, responsibilities and accountability for effective handling and transportation of rations by UNSOS and third-party contractors and properly secure rations storage facility at the Movement Control terminal;
- Provide training to the African Union Mission in Somalia feeding officers; ensure contingents submit the required reports on stock balances; and determine and apply an appropriate vacancy factor to reflect absences of troops when processing food orders;
- Implement adequate controls to accurately account for all duty-free rations imported by the contractor and ensure that they are used for intended purposes; and
- Strengthen procedures over the disposal of spoiled and poor-quality rations by outsourcing verification of the disposal process and ensuring that rejected rations are not sold for consumption.

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

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# Audit of rations management in the United Nations Support Office in Somalia

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of rations management in the United Nations Support Office in Somalia (UNSOS).
2. The provision of rations to the African Union Mission to Somalia (AMISOM) military contingents and formed police units is governed by: (a) the Memorandum of Understanding between the United Nations and the African Union dated July 2009; and (b) the compact between the Special Representative of the Chairperson of the African Union in Somalia and the Head of UNSOS on logistical support to AMISOM. The average troop strength for AMISOM for the period 1 July 2017 to 30 June 2018 was 21,752. Security Council resolution 2121 of 2013 mandated UNSOS to also provide support to 10,900 troops of the Somali Security Forces (SSF).
3. UNSOS has a turnkey<sup>1</sup> systems contract to source, warehouse and deliver rations to AMISOM military contingents and formed police units, and SSF. The contract with Contractor B, with a not-to-exceed amount of \$236 million, was signed on 20 November 2018 for a three-year period starting on 4 February 2019 (consumption period 1). This replaced the contract with Contractor A which expired on 3 February 2019, after delivery of rations for consumption period 82.
4. During the period from 1 July 2017 to 31 December 2018, UNSOS supplied rations to 44 delivery points in Somalia per a delivery cycle of 28 days and delivered 37,500 tons of rations to AMISOM and SSF valued at \$76 million. UNSOS also had a contract for the supply of combat ration packs (CRP), which complement the normal supply of rations in case of an emergency or when normal supplies are interrupted. UNSOS rations budget for 2017/18 and 2018/19 was \$91 million and \$74 million, respectively. UNSOS had not implemented the electronic Rations Management System.
5. Security Council resolutions and the compact require AMISOM to: secure and keep main supply routes open; provide road escorts to contractor trucks delivering rations by road; and collect the rations from sector headquarters to their forward operating bases. The volatile security situation in Somalia limited the ability of UNSOS to effectively and efficiently deliver rations to AMISOM. The security situation was characterized by sporadic attacks from insurgent groups on the civilian population and AMISOM. As a result, UNSOS was transporting rations by air and had other arrangements including five third-party air transport providers that cost \$36 million between June 2016 and May 2019 to supplement its air assets. During the calendar year 2018, UNSOS delivered 11,000 tons of rations using the entity's air assets and utilized 3,000 flight hours up from 1,800 flight hours in 2017.
6. The Rations Unit, located in the Life Support Section of the Services Delivery Management Pillar, is responsible for the management of rations in UNSOS. The Unit, headed by a P-4, has four international staff in Mogadishu, one United Nations volunteer in Jowhar and one national staff in Mombasa.
7. Comments provided by UNSOS are incorporated in italics.

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<sup>1</sup> A turnkey contract is where the contractor is given full responsibility to purchase, import, store and distribute rations to troops. Ownership of rations transfers to UNSOS upon confirmation of receipt by troops.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the effectiveness and efficiency of the management of rations in UNSOS.

9. This audit was included in the 2019 risk-based work plan of OIOS due to financial, operational and reputational risks associated with the management of rations.

10. OIOS conducted this audit from January to June 2019. The audit covered the period from 1 July 2017 to 31 December 2018, and information from later periods was included for comparison purposes where relevant. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management of rations, which included: management of rations delivery; food ordering; warehousing, quality control and rations reserves; contractor performance monitoring and invoice payments; disposal of rations; and demobilization and mobilization of rations contracts.

11. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review of data, (d) visits to four contingent locations and the warehouse in Mogadishu; and (e) judgmental sample testing of: invoices and payments for 3 out of 20 consumption periods (representing 344 invoices); 24 out of 36 Rations Unit quality assurance surveillance reports; documents for 60 out of 713 incoming shipments; 30 out of 78 contractor weekly reports on maintenance of reserve stocks; all 54 invoices for warehousing and refrigerated containers; and contingents' bulk and final food orders and troop strength reports for 12 out of 20 consumption periods. OIOS also reviewed all 14 minutes of contractor performance review meetings.

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

## **III. AUDIT RESULTS**

### **A. Management of rations delivery**

#### UNSOS needed to better manage rations delivery to realize efficiency and economy

13. The rations contract requires the contractor, in consultation with UNSOS, to deliver rations to delivery points in the most efficient, accessible and economic mode possible.

14. Due to security concerns, about 60 per cent of the rations needed to be airlifted because AMISOM could not keep main supply routes open and could not provide the required road escorts to all contractor trucks delivering rations by road. Because of the high airlifting costs charged by Contractor A, UNSOS took over this responsibility starting January 2018 using own assets and third-party contractors to deliver rations by air. The new contract with Contractor B had a turnkey provision to deliver rations to contingent locations by air assets at the discretion of UNSOS. Based on the cost-benefit analysis performed by UNSOS, it continued to use its own assets and third-party contractors to deliver rations by air because it was more economical. However, in conducting the cost-benefit analysis, UNSOS had not adequately considered non-monetary factors and challenges associated with rations delivery, as outlined in the following paragraphs.

(a) Risk of wastage, loss of rations and delays at the Movement Control terminal

15. Prior to transportation by air, the UNSOS Movement Control Unit (MovCon) stored rations in a rub hall and containers. OIOS inspection of the location noted that: (a) rations were not properly secured and thus exposed to the risk of theft, and items such as milk, juice and cooking oil had been removed from their sealed packaging; and (b) there was breakage in the cold chain<sup>2</sup> as refrigerated containers were opened several times to weigh and batch rations in preparation for transportation. OIOS observed that on 28 March 2019, approximately 248 kilogrammes of fresh fruits in a container awaiting delivery had spoiled in storage. Management explained that air delivery schedules were sometimes affected as aircrafts were tasked for other operational requirements, and helipads were not safe to use because of adverse weather conditions.

(b) Challenges with rations delivered by barge

16. Due to the closure of roads which were the main supply routes, UNSOS, in January 2018 contracted a service provider on standby basis to deliver rations to hard-to-reach areas by barge. As the contractor was on standby, the barge services by request for quotation cost between \$220,000 and \$300,000 per trip, totalling \$2.5 million in 2018, which may not be the most cost-effective delivery method. Furthermore, UNSOS experienced challenges in delivering the rations due to: the absence of proper docking and offloading facilities, high sea tide cycles, and adverse weather conditions. Troops were exposed to increased security risks when offloading items. Additionally, to maximize the capacity of the barge, rations for two consumption periods were loaded, affecting the contractor's stock holdings and United Nations reserve levels. UNSOS did not consider these challenges when conducting the cost-benefit analysis.

(c) Other challenges with deliveries made by third-party transport providers

17. The UNSOS contractors for third-party air transport services were required to have facilities to transport temperature-sensitive rations. However, the contracts did not clearly outline the consequences for not ensuring that the cold chain was maintained throughout the process of transporting the rations. UNSOS, in turn, did not monitor the cold chain process by tracking and documenting temperature readings of the items being transported, which resulted in spoilt items; and the rations contractor was not liable as AMISOM had signed for the food items after certifying their quality at the rations warehouse.

18. Additionally, OIOS noted delays in rations deliveries ranging from 7 to 32 days from the start of the food consumption period. For instance, delivery by barge to Beladamin and Bulumarere for period 82 was expected on 8 November 2018 but delivered on 30 November - a delay of 22 days; and by air to Marianguay for period 82 was expected on 4 November 2018 but delivered on 12 November - a delay of 8 days due to limited air assets.

19. Rations deliveries were also received with items missing and/or of poor quality. For example, delivery to: (a) Jowhar on 20 February 2019 had 1,098 eggs and 380 cabbages missing; (b) Ceel Baraf for period 2 had 200 litres of juice and milk damaged during transportation; and (c) Maslah on 18 February 2019 had 2 boxes of eggplants and 50 boxes of fresh sweet pepper spoiled, and 1,846 and 507 kilogrammes of fresh apples and oranges, respectively, were missing. During a field visit to Baidoa on 2 April 2019, OIOS observed that the rations delivered had 800 kilogrammes of fresh fruits that were spoiled.

20. The above challenges in rations delivery were because UNSOS continued using its own and third-party air assets without carrying out a comprehensive cost-benefit analysis to determine the most cost-effective delivery mode. In addition, UNSOS had not: (a) developed a plan for securing the MovCon

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<sup>2</sup> An unbroken cold chain is an uninterrupted series of refrigerated, storage and distribution activities, which maintain a desired low-temperature range to the point of use.

terminal and containers; and (b) clearly established roles, responsibilities and accountability measures for effective handling and transportation of rations. UNSOS acknowledged the challenges in rations delivery and stated that it was not adequately staffed nor designed for the task. As a result, lost and spoiled rations plus delayed rations deliveries caused financial loss to the Organization, posed a health risk and may impact military personnel morale.

**(1) UNSOS should conduct a comprehensive cost-benefit analysis of transportation of rations to ensure rations are delivered in the most efficient and economic manner.**

*UNSOS accepted recommendation 1 and stated that it would conduct another cost-benefit analysis to determine the optimal transportation model for each location to which rations were being delivered. Recommendation 1 remains open pending receipt of a cost-benefit analysis for transportation of rations.*

**(2) UNSOS should: (a) clarify roles, responsibilities and accountability for effective handling and transportation of rations by UNSOS and third-party contractors; and (b) properly secure rations storage facility at the Movement Control terminal.**

*UNSOS accepted recommendation 2 and stated that it: (a) would ensure that roles and responsibilities are clarified between AMISOM, SSF, Rations Unit and MovCon in the appropriate standard operating procedures; and (b) was urgently repairing the gate at the rations storage area in MovCon terminal. Recommendation 2 remains open pending receipt of: (a) updated standard operating procedures that clarify roles, responsibilities and accountability for rations storage and delivery; and (b) evidence that rations storage area at the MovCon terminal is properly secured.*

## **B. Food ordering**

### UNSOS submitted food orders to the contractor in a timely manner

21. OIOS review noted that contingents submitted their food orders to UNSOS in a timely manner and complied with the prescribed ceiling man day rate and maximum calorie value. While AMISOM delayed submitting preliminary food orders to the Rations Unit by an average of four days, this did not have an impact, as UNSOS submitted preliminary and final food orders to the contractor on time. Additionally, the contractor was proactive in requesting advance approval of UNSOS to substitute rations items that were not available during the time of expected delivery. OIOS concluded that UNSOS had implemented adequate procedures to ensure timely preparation of food orders.

### Controls over ordering and reporting of rations by contingents needed improvement

22. The Rations Unit is required to ensure that contingents' food orders reflect actual deployed troop strength, and the Joint Support Operations Centre (JSOC) should independently verify the figures in troop strength reports submitted by AMISOM contingents against figures received from the AMISOM Military Personnel Officer.

23. The Rations Unit was approving contingents' food orders based on consolidated troop strength reports submitted by AMISOM; however, JSOC was not independently verifying the figures. OIOS noted that five out of eight AMISOM units had not reported personnel absences in its sampled 12 consumption periods. JSOC informed OIOS that they were not aware of the requirement to verify troop strength reports and stated that it was difficult to obtain accurate data on AMISOM personnel on leave.

24. In addition, all 44 contingent locations did not report on the rations stock balances and did not consider their stock balances while preparing food orders. OIOS visits to four contingent locations identified that contingents' feeding officers were not fully conversant with the UNSOS record-keeping process to prepare accurate registers and stock balance reports. Few of the current AMISOM authorized feeding officers and their alternates had attended the necessary training on record keeping, as well as menu planning and food handling. UNSOS explained that the Rations Unit sent out requests for stock balance reports through AMISOM commanders, but contingents were lax in adhering to the reporting requirements. UNSOS did not elevate the issue to a higher level, and these requirements were not discussed during their bilateral meetings held every three months.

25. In the absence of accurate troop strength and stock balance reports, the Rations Unit was unable to make necessary adjustments for possible excess stock holdings to prevent wastage and/or donation of rations. UNSOS had evidence of AMISOM donating rations to the local community, which could pose a health risk to the population and a reputational risk to the Organization if expired rations are donated.

**(3) UNSOS should: (a) provide training to the African Union Mission in Somalia (AMISOM) feeding officers to ensure contingents submit the required reports on stock balances; and (b) in consultation with AMISOM, determine and apply an appropriate vacancy factor to reflect absences of troops when processing food orders.**

*UNSOS accepted recommendation 3 and stated that it would convene a rations conference in Mogadishu to train AMISOM food and logistics officers, and provide induction training to every food and logistics officer during rotation. Also, it would re-engage with AMISOM on the application of an appropriate vacancy factor to be deducted from mandated strength to reflect absence of troops due to annual leave and other absences for each period. Recommendation 3 remains open pending receipt of evidence of: (a) provision of necessary training to AMISOM feeding officers to ensure accurate reporting; and (b) application of an appropriate vacancy factor to reflect absences of troops when processing food orders.*

Duty-free rations imported by the contractor were not adequately monitored

26. UNSOS was responsible for implementing appropriate mechanisms to ensure that all rations imported into the country duty-free by the contractors were used for intended purposes. A review of 60 shipments showed that Contractor A submitted to the Rations Unit the required shipping documents and weekly inventory reports stating opening and closing stock balances and actual quantities of rations issued. However, the Rations Unit had not reviewed the contractor's inventory reports for the last two years and had not implemented adequate controls to ensure that all rations imported by the contractor were for the sole use of UNSOS. For Contractor B, UNSOS stated it was too early in the mobilization period, and the contractor did not always have sufficient stocks of rations to meet contingent needs and could not be diverting rations. However, in OIOS view, without adequate monitoring and due diligence by UNSOS, there remains a risk that imported rations are not solely used for intended purposes.

**(4) UNSOS should implement adequate controls to accurately account for all duty-free rations imported by the contractor and ensure that they are used for intended purposes.**

*UNSOS accepted recommendation 4 and stated that it would ensure that weekly and monthly inventory reports are used to monitor and control the duty-free rations movement and use. Recommendation 4 remains open pending receipt of evidence of implementation of adequate controls to ensure that all rations imported duty-free by the contractor are for their intended purpose and are accurately accounted for.*



## **C. Warehousing, quality control and rations reserves**

### UNSOS regularly assessed contractor warehouses and quality management system

27. During the audit period, the Rations Unit conducted monthly quality assurance appraisals of the two warehouses maintained by Contractor A in Mogadishu and Mombasa to assess the level of hygiene, sanitation and the contractor's storage practices.

28. UNSOS was adequately assessing all elements of the quality control programme and raised recurring issues such as the need to conduct repairs and renovations of warehouses, cold chain breakages, and the contractor's suppliers delivering items without required food safety certifications. UNSOS was resolving these issues with the contractor and enforcing appropriate penalties. The contractor also maintained properly calibrated equipment for storage and handling of rations and had submitted to the Rations Unit quality certifications on its Food Safety Management System and copies of external audit reports. OIOS therefore concluded that adequate quality control measures were in place.

### Controls over reporting of CRP balances at sector locations could be improved

29. Contractor A submitted stock compliance reports on CRP and United Nations-owned food and bottled water as required, and UNSOS maintained the required 14-day supply of CRP reserves and bottled water at the main warehouse in Mogadishu. Based on testing of CRP records, OIOS concluded that controls over their issuance and consumption were generally in place. However, improvements for managing CRP stocks by Sector Administrative Officers in sectors could be improved as only 9 of the required 25 monthly reports were submitted to the Rations Unit. This was because Sector Administrative Officers had not been trained on how to maintain and report on CRP. While the Rations Unit did not find any discrepancies between records of CRP reserves at sector locations and Umoja records, UNSOS was planning to place a Life Support Section representative at each sector by 31 December 2019, who will be responsible for this function. Based on this information, OIOS did not make a recommendation.

## **D. Contract performance monitoring and invoice payments**

### UNSOS effectively monitored contractor's performance and processed payments

30. UNSOS held performance review meetings with Contractor A after every delivery period, evaluated the contractor's performance against established indicators, and followed up on necessary action points. During the audit period, UNSOS earned \$1.3 million from penalties deducted from payments to Contractor A due to its failure to meet minimum acceptable performance levels for food, transport, warehousing and storage. At the time of the audit in May 2019, performance review meetings with Contractor B were not yet due, although the contractor was late to submit the invoices for delivery periods ended in March 2019.

31. From a sample of payments to Contractor A totalling \$37 million for rations delivered, refrigerated containers and warehousing fees, OIOS noted that invoices were adequately supported and submitted in a timely manner. UNSOS processed invoices received from the contractor in a timely manner and received prompt payment discounts totalling \$0.4 million. In addition, rations Contractors A and B maintained performance securities and required insurance coverage and provided copies of these documents to the Rations Unit. OIOS concluded that UNSOS implemented adequate measures for monitoring contractor's performance and processing payments.

## E. Disposal of rations

### UNSOS needed to improve controls over disposal of damaged/rejected rations

32. Contractor A was required to dispose of rations spoiled in the warehouse or rejected by UNSOS in accordance with local environmental laws and regulations, and maintain records of all disposal actions. UNSOS representatives were required to witness and verify in writing all disposal actions.

33. During the audit period, Contractor A, after obtaining the required approvals from the Somalia Ministry of Health and Human Services, disposed of 221 tons of rations through 18 disposal actions. Due to the security situation, UNSOS was unable to witness the disposal process and accepted photographs submitted by Contractor A as evidence of disposals. However, photographs did not show the full chronology of the disposal process and in the view of OIOS, were insufficient evidence that rations were properly disposed. Additionally, the Rations Unit did not obtain from the contractor disposal certificates to support 14 (210 tons) disposal actions.

34. The above occurred because UNSOS did not have alternative means to physically verify rations disposals in the prevailing security situations, such as outsourcing an independent and reliable third-party. Lack of adequate controls over rations disposal posed health risks to United Nations personnel and the local population in the event that spoiled rations are improperly handled and/or released for consumption.

**(5) UNSOS should strengthen procedures over disposal of spoiled and poor-quality rations by: (a) outsourcing the verification process of the disposal of rations; and (b) ensuring that rejected rations are not sold by the contractor for consumption.**

*UNSOS accepted recommendation 5 and stated that the rations contractor had engaged a sub-contractor for the disposal of rations. The sub-contractor would dispose rations in the presence of Government of Somalia representatives, and both parties would sign the disposal report and take photos of physical disposal as evidence and submit them to UNSOS. Also, UNSOS would engage with AMISOM to arrange for the contractor to be escorted when rejected rations were being transported to the disposal site to address the risk of rations being diverted. Recommendation 5 remains open pending receipt of evidence that UNSOS has implemented adequate procedures over the disposal of spoiled and poor-quality rations.*

## F. Demobilization and mobilization of rations contracts

### UNSOS adequately monitored contract demobilisation and mobilisation of the new contract

35. Contractor A was required to prepare a termination plan to assist UNSOS transition to a new contract. Upon expiry of the rations contract, the United Nations had the right to purchase the warehouse and equipment used for provision of rations services.

36. A review of minutes of demobilization meetings showed that Contractor A submitted a demobilization timetable and had kept UNSOS updated on its progress, which facilitated the transition to Contractor B. On 19 July 2018, following contract amendment with Contractor A, UNSOS paid \$700,000 to take over ownership of the warehouse in Mogadishu and its equipment. However, OIOS observed that UNSOS continued paying warehouse rental fees totalling \$197,431 through the expiry of the contract on 3 February 2019. The Procurement Division explained that payment for the warehouse was made before contract expiry to enable the United Nations to ensure the transfer of the ownership of the warehouse and communicate the same to the bidders of the successor contract. Ownership of the warehouse was a crucial

factor for the bidders' financial proposals. Based on the explanation of the Procurement Division, OIOS is not making a recommendation.

37. As at 15 May 2019, contract mobilization by Contractor B was behind schedule by 100 days on its first mobilization milestone for both Mogadishu and Mombasa warehouses, although some deliverables had been achieved. UNSOS was required to assess and certify the contractor's completion of the first milestone and make payments on satisfactory assessment or apply the relevant penalties of 5 per cent of the mobilization fee for every 10 days of delay in completing the mobilization. While UNSOS continued to monitor the situation, on advice from the Logistics Division at headquarters, it did not impose any penalties at the time as these penalties should only be deducted after completion of the second milestone. Due to the explanation provided and as mobilization meetings and negotiations were still ongoing, OIOS is not making a recommendation.

#### **IV. ACKNOWLEDGEMENT**

38. OIOS wishes to express its appreciation to the management and staff of UNSOS 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 rations management in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	UNSOS should conduct a comprehensive cost-benefit analysis of transportation of rations to ensure rations are delivered in the most efficient and economic manner.	Important	O	Receipt of evidence that UNSOS has conducted a cost-benefit analysis for transportation of rations.	15 September 2019
2	UNSOS should: (a) clarify roles, responsibilities and accountability for effective handling and transportation of rations by UNSOS and third-party contractors; and (b) properly secure rations storage facility at the Movement Control terminal.	Important	O	Receipt of evidence that UNSOS has: (a) updated standard operating procedures that clarify roles, responsibilities and accountability for rations storage and delivery; and (b) properly secured the rations storage area at the Movement Control terminal.	31 December 2019
3	UNSOS should: (a) provide training to the African Union Mission in Somalia (AMISOM) feeding officers to ensure contingents submit the required reports on stock balances; and (b) in consultation with AMISOM, determine and apply an appropriate vacancy factor to reflect absences of troops when processing food orders.	Important	O	Receipt of evidence that UNSOS has: (a) provided necessary training to AMISOM feeding officers to ensure accurate reporting; and (b) applied an appropriate vacancy factor to reflect absences of troops when processing food orders.	31 December 2019
4	UNSOS should implement adequate controls to accurately account for all duty-free rations imported by the contractor and ensure that they are used for intended purposes.	Important	O	Receipt of evidence of implementation of adequate controls to ensure that all rations imported duty-free by the contractor are for their intended purpose and are accurately accounted for.	31 October 2019
5	UNSOS should strengthen procedures over disposal of spoiled and poor-quality rations by: (a) outsourcing the verification process of the disposal of rations; and (b) ensuring that rejected rations are not sold by the contractor for consumption.	Important	O	Receipt of evidence that UNSOS has implemented adequate procedures over the disposal of spoiled and poor-quality rations,	31 December 2019

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> C = closed, O = open

<sup>6</sup> Date provided by UNSOS in response to recommendations.

# **APPENDIX I**

## **Management Response**



## Interoffice Memorandum

**To:** Daeyoung Park, Chief  
Peacekeeping Audit Service  
Internal Audit Division, OIOS

**Ref:** UNSOS/0719/M.029

**From:** Amadu Kamara, Director  
UNSO

**Date:** 31 July 2019

**Subject:** UNSO Response – Draft report on an audit of rations management in the United Nations Support Office in Somalia (Assignment No. AP2019/638/04)

1. Further to your memorandum (reference OIOS-2019-638-18) of 18 July 2019, please find attached UNSOS response to the above subject.
2. We thank you for your continued support to the work of UNSOS.

cc: Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS  
Mr. Abdinasir Issa, Acting Chief Resident Auditor, UNSOS, Internal Audit Division, OIOS  
Mr. Clark Toes, Chief, Service Delivery, UNSOS  
Mr. Rajiv Chawla, Chief, Rations Unit, UNSOS  
Mr. Dolapo Kuteyi, Senior Administrative Officer, UNSOS  
Ms. Rosalie Piezas, Chief, Risk Management and Audit Response, UNSOS

## MANAGEMENT RESPONSE

### Draft report on an Audit of rations management in the United Nations Support Office in Somalia (Assignment No. AP2019/638/04)

Rec no.	Recommendation	Critical <sup>1</sup> / Important <sub>2</sub>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should conduct a comprehensive cost-benefit analysis of transportation of rations to ensure rations are delivered in the most efficient and economic manner.	Important	Yes	Movements Section	15 Sep 2019	Management will conduct another cost-benefit analysis to determine the optimal transportation model for each location to which rations are being delivered.
2	UNSOS should: (a) clarify roles, responsibilities and accountability for effective handling and transportation of rations by UNSOS and third-party contractors; and (b) properly secure rations storage facility at the Movement Control terminal.	Important	Yes	Movement Section and Rations Unit	31 Dec 2019	Management will ensure that:  (a) Roles and responsibilities are clarified between AMISOM, Somali Security Forces, Rations Unit and MovCon which will be reflected in an appropriate standard operating procedure.  (b) Management is putting measures in place for the urgent completion of repairs to the gate at the rations storage area in MovCon terminal.
3	UNSOS should: (a) provide training to the African Union Mission in Somalia (AMISOM) feeding officers to ensure contingents submit the required reports on stock balances; and (b) in consultation with AMISOM, determine and apply an appropriate vacancy factor to reflect absences of troops when processing food orders.	Important	Yes	Rations Unit and Service Delivery Office	31 Dec 2019	(a) A rations conference will be held in Mogadishu to train AMISOM Food and Logistics Officers. In addition, induction training will be given to every Food and Logistics Officer during rotation.  (b) Management will re-engage with AMISOM on the application of an appropriate vacancy factor to be deducted from mandated strength to reflect absence of troops due to annual leave and other absences for each period.
4	UNSOS should implement adequate controls to accurately account for all duty-free rations imported by the contractor and ensure that they are used for intended purposes.	Important	Yes	Rations Unit	31 Oct 2019	Management will ensure that weekly and monthly inventory reports are used to monitor and control the duty-free rations movement and use.

<sup>1</sup> 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.

<sup>2</sup> 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.

Rec no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	UNSOS should strengthen procedures over disposal of spoiled and poor-quality rations by: (a) outsourcing the verification process of the disposal of rations; and (b) ensuring that rejected rations are not sold by the contractor for consumption.	Important	Yes	Rations Unit	31 Dec 2019	Management seeks to advise the auditors that: (a) The rations contractor has engaged a sub-contractor for the disposal of rations. Disposal will be done by the sub-contractor in the presence of Government of Somalia representatives, and both parties will sign the disposal report and take photos of physical disposal as evidence, which will be submitted to UNSOS. (b) Management will engage with AMISOM to arrange for the contractor to be escorted when rejected rations are being transported to the disposal site to address the risk of rations being diverted.
6	UNSOS should, in coordination with the Department of Operational Support, recover the overpayment of \$197,431 for warehouse rent made to Contractor A.	Important	No			Management seeks to advise the auditors that United Nations headquarters has clarified that Article 18.8 contract amendment 10 only refers the ownership of the warehouse and does not change the structure or the amount of monthly warehouse fee. Para 36 of the report refers to period 19 July 2018 to 3 February 2019, which therefore cannot be considered as over payment.  Management therefore requests the auditors to withdraw this recommendation.

<sup>1</sup> 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.

<sup>2</sup> 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.