



INTERNAL AUDIT DIVISION

REPORT 2025/081

Audit of warehouse operations in the United Nations Support Office in Somalia

UNSOS needed to address weaknesses in management of warehouse operations, including by reviewing the cost structure for outsourcing regional warehouses and enforcing the Contractor's accountability for inventory losses.

**24 December 2025
Assignment No. AP2024-638-04**

Audit of warehouse operations in the United Nations Support Office in Somalia

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Support Office in Somalia (UNSOS). The objective of the audit was to assess the effectiveness and efficiency of warehouse operations in UNSOS. The audit covered the period from July 2022 to December 2024 and included: (a) warehouse operations contract management; (b) inventory controls – receiving, inspection, issuance, and physical count; (c) inventory management; and (d) security, safety, and environmental considerations.

OIOS observed that controls over the receipt, inspection, and issuance of inventories were complied with. Environmental management practices were integrated into operations, including recycling and safe storage for hazardous materials. However, OIOS noted weaknesses in inventory management, such as untimely reporting of inventory losses to the Special Investigation Unit and ineffective procedures over safety stock levels. In addition, the fixed-fee model for the regional warehouse operations contract did not reflect workload variations.

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

- Ensure that effective quarterly performance review meetings are held and the Contractor's performance against all key indicators is documented.
- Periodically review the cost structure of outsourcing the regional warehouses and adjust them as necessary to ensure the fees are aligned with both operational requirements and actual workload.
- Ensure that inventory losses are reported to the Special Investigation Unit immediately upon discovery to facilitate timely investigations.
- Enforce the Contractor's accountability for inventory losses in accordance with contract provisions.
- Test the Centralised Warehouse Section's business continuity and risk management plan annually.
- Establish procedures to regularly review and maintain appropriate safety stock levels.
- Implement measures to minimise excessive inventory and dispose of excess or obsolete stock.
- Ensure the Mombasa Support Base hydrant system is regularly tested, and fire and evacuation drills are conducted as planned.

UNSOS accepted all recommendations, implemented two and has initiated action to implement the remaining six recommendations. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY	2
III. AUDIT RESULTS	2-11
A. Warehouse operations contract management	2-4
B. Inventory controls – receiving, inspection, issuance and physical count	4-6
C. Inventory management	6-8
D. Security, safety and environmental considerations	9-11
IV. ACKNOWLEDGEMENT	11
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of warehouse operations in the United Nations Support Office in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of warehouse operations in the United Nations Support Office in Somalia (UNSOS).

2. UNSOS is mandated by the Security Council resolutions 2245(2015) and 2767 (2024) to provide logistical and administrative support to the United Nations Transitional Assistance Mission in Somalia (UNTMIS), and logistical support to the African Union Support and Stabilization Mission in Somalia (AUSSOM¹) and the Somali Security Forces in joint operations with AUSSOM. The logistical support includes medical supplies, engineering, transport equipment and services, and telecommunications equipment that needed to be warehoused by UNSOS to ensure readiness for mandate implementation.

3. The Central Warehouse Section (CWS) under the Supply Chain Management pillar of UNSOS is responsible for warehouse operations and management of inventory on behalf of the technical sections, which are the inventory owners. These technical sections included Engineering (ENG), Medical (MED), Life Support (SUP), Transport (TPT), and Field Technology (FTS).

4. CWS was headed by a Chief at a P-5 level. As of 30 June 2024, CWS had 48 staff comprising 22 international, 14 national, five individual consultants, six United Nations Volunteers, one National Officer, and 76 Contractor personnel. The CWS budgets for 2023/24 and 2024/25 were \$5 million and \$3.8 million, respectively. Warehousing operations are governed by the Department of Peacekeeping Operations and the Department of Field Support² Manual on Centralized Warehousing Operations in the Field (2018) and UNSOS-specific Standard Operating Procedures.

5. UNSOS operated five warehouses in Somalia and two in Kenya. As of 31 December 2024, the inventory value in each warehouse was as shown in Table 1.

Table 1: Inventory cost per warehouse location on 31 December 2024

Country	Location	Cost (US\$)	Percentage
Somalia	Mogadishu	33,641,346	87.97
	Kismayo	1,138,514	2.98
	Beletweyne	952,616	2.49
	Baidoa	860,961	2.25
	Jowhar	758,313	1.98
Kenya	Mombasa	625,273	1.63
	Nairobi	266,505	0.70
Total		38,243,528	100.00

Source: Umoja BI Report- 31 December 2024

6. UNSOS outsourced the warehouse operations in Somalia to a Contractor. CWS provided oversight of the contract through performance review meetings. CWS directly managed the warehouses in Mombasa, Kenya.

¹ AUSSOM succeeded the African Union Transition Mission in Somalia

² These are now the Department of Peace Operations and the Department of Operational Support

7. Umoja, the United Nations Enterprise Resource Management system, was the primary platform for recording and managing inventory, while the Contractor utilized yard management software (Yard Commander) for inventory location management.

8. Comments provided by UNSOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

9. The audit objective was to assess the effectiveness and efficiency of warehouse operations in UNSOS.

10. This audit was included in the 2024 OIOS risk-based work plan due to the operational and financial risks associated with managing warehouse operations.

11. OIOS conducted the audit from August 2024 to March 2025. The audit covered the period from July 2022 to December 2024. Based on an activity-level risk assessment, the audit covered higher and medium-risk areas in warehouse operations, which included: (a) warehouse operations contract management; (b) inventory controls – receiving, inspection, issuance and physical count; (c) inventory management; and (d) security, safety and environmental considerations.

12. The audit methodology included (a) interviews of key personnel; (b) review of relevant documents and records, including inventory records; (c) analytical review of Umoja data to identify trends, including slow-moving and non-moving stock; (d) sample testing of transactions including requisitions and issuances to determine the effectiveness of controls; and (e) physical inspection of warehouses in Mogadishu, Baidoa, Kismayo and Mombasa to determine arrangements for safeguarding inventories.

13. To assess the reliability of data on warehouse operations, OIOS: (a) conducted physical inventory counts and compared the results with inventory data recorded in Umoja; (b) reviewed access controls over the Umoja warehouse module, (c) interviewed CWS personnel managing inventory data; and (d) traced to source documents a random sample of 200 out of 4,682 receiving and inspection data to verify accuracy and completeness. Based on the assessment, OIOS determined that the data were sufficiently reliable to address audit objectives.

14. OIOS conducted the audit in accordance with the Global Internal Audit Standards.

III. AUDIT RESULTS

A. Warehouse operations contract management

Need to strengthen performance reviews of the Contractor responsible for warehouse operations

15. The warehouse operations contract included 13 Key Performance Indicators for product labelling and inventory control to measure and monitor the performance of outsourced operations. For example, inventory should be labelled and barcoded within 24 hours of receipt, and all stocks must be accurate in quantity and location. The contract required the Contractor's performance to be reviewed quarterly through performance review meetings (PRMs) to ensure compliance with the contract terms.

16. However, the Contractor's performance was not effectively reviewed, with only 2 out of 10 expected PRMs held during the audit period, in September 2023 and August 2024. CWS attributed the gaps to the Contractor's consistently satisfactory performance in previous PRMs, thus negating the need for

quarterly PRMs. However, while the Contractor was assessed to have met all the Key Performance Indicators and performed as specified in the contract, OIOS noted that the assessments were inadequate. For instance, during the period covered by the PRM of September 2023 (November 2022 to August 2023), inventory shortages in 4,351-line items valued at \$624,409 were reported to the CWS but were not reflected in the assessment.

17. UNSOS awarded a new warehouse operations contract to the same Contractor following a procurement exercise conducted in March 2023, based on the review and recommendation of the Headquarters Committee on Contracts. The contract started in October 2024 and will run through September 2027 with a Not-to-Exceed amount of \$19.3 million. UNSOS needed to ensure that performance reviews be conducted consistently for the new contract, and all instances of underperformance be properly documented.

(1) UNSOS should hold performance review meetings quarterly as per the contract and thoroughly document its analysis of the Contractor’s performance against all key performance indicators.

UNSOS accepted recommendation 1 and stated that the Contract Performance Evaluation Unit and the Central Warehouse Section held three performance review meetings between January and July 2025.

Need to review the cost structure for the management of the regional warehouses.

18. To improve responsiveness and shorten lead times - the period between order placement and item delivery - UNSOS established four regional warehouses in Baidoa, Beletweyne, Jowhar, and Kismayo in September 2018. This was in addition to its main warehouse in the Mogadishu Logistics Base (MLB). UNSOS outsourced warehouse operations to a Contractor at a fixed monthly fee of \$22,825 per warehouse.

19. Table 2 below illustrates inventory issuances from the four regional warehouses between September 2018 and December 2024 (76 months).

Table 2: Inventory requests and cost per warehouse from September 2018 to December 2024

Warehouse location	Notifications/requests completed³	Total cost for outsourcing (\$)⁴	Cost per request⁵
Baidoa	938	1,734,700	1,849
Beletweyne	1,079	1,734,700	1,608
Jowhar	675	1,734,700	2,570
Kismayo	1,211	1,734,700	1,432
Total	3,903	6,938,800	1,778

Source: Umoja/BI records (data extracted on 1 August 2025)

20. The equal fixed-fee model did not consider workload variations. This creates a risk that warehouses with significantly lower outputs may be disproportionately costly. Although each warehouse requires minimum thresholds of manpower and Material-Handling Equipment (MHE) to remain operational, these thresholds did not justify applying identical fees across all regional warehouses when activity levels differ.

³ Each notification request may cover multiple items issuances and related warehouse tasks.

⁴ Monthly cost of \$22,825 multiplied by 76 months.

⁵ Cost per request is indicative only. As the Contractor also delivers other warehouse services at each location.

OIOS noted that under the new contract, effective in 2025, the monthly fixed fee has been reduced to \$19,176 from \$22,825. Yet, it would be in the best interest of the Organization to assess whether maintaining the same fee across all regional locations remains appropriate, given the workload differences.

(2) UNSOS should periodically review the cost structure of outsourcing the regional warehouses and adjust them as necessary to ensure the fees are aligned with both operational requirements and actual workload.

UNSOS accepted recommendation 2 and stated that it will conduct a cost analysis of the current regional warehouse facilities to assess the cost-effectiveness of outsourcing, determine the alignment with actual workload and operational requirements. UNSOS management will engage the vendor in discussions to negotiate potential adjustments where operational realities warrant.

B. Inventory controls – receiving, inspection, issuance and physical count

Access controls over warehouse data were adequate.

21. CWS utilized the Umoja warehouse module for warehouse operations. Staff access rights were given on a need-to-know basis. Umoja's access to Contractor personnel was granted by FTS on a need-to-know basis upon request by the CWS and for limited periods. For example, of the 76 Contractor personnel engaged in warehouse operations, only 21 (28 per cent) were granted periodic access to Umoja, while the remaining 55 contractor personnel (72 per cent) had no access. In addition, CWS ensured that all persons (staff and Contractor personnel) with access to the Umoja warehouse module completed the basic information security training. OIOS concluded that access controls over the warehouse data were adequate.

Controls over the receiving, inspections, and issuance were complied with.

22. UNSOS should ensure that all inbound inventory is formally received and inspected. This includes verifying quantity, conducting visual inspection, updating Umoja, and reporting to designated departments. Technical inspections confirm compliance with contractual requirements and the working condition of goods. UNSOS must also implement adequate inventory issuance controls.

23. During the audit period, CWS's Receiving and Inspection Unit (R&I Unit) processed 4,682 actions relating to 2,646 purchase orders valued at \$629 million. OIOS's review of a random sample of 200 R&I records and observations of R&I procedures showed:

- All items were inspected before being warehoused. Serialized/non-expendable items were jointly inspected by the R&I Unit, the commodity manager, the property management unit, and the Contractor. The R&I Unit, the commodity manager, and the Contractor inspected consumables.
- Each action involved verifying items received against the purchase orders, with discrepancies in quantity and quality documented and reported within 24 hours to the Procurement Section. For example, on 13 May 2024, the R&I Unit received the wrong type of flight batteries, valued at \$13,920. A discrepancy report was issued, leading to a replacement shipment.

24. OIOS's review of a random sample of 150 out of 1,626 inventory issuances conducted from July 2024 to December 2024 noted that an approved notification, a packing list, a cargo movement request, a gate pass, and a transfer order from the warehouse manager supported each issuance. OIOS concluded that controls over receiving, inspection, and issuance of inventory were adequate.

There were gaps in reporting inventory losses and in processes for ensuring accountability.

25. UNSOS inventory management procedures and contractual arrangements require effective controls to safeguard inventory. These include: (i) conducting annual physical counts and promptly reconciling any variances; (ii) authorizing the warehouse manager to correct discrepancies of +/- 2 per cent of the stock line quantity or amounts below \$250 (discrepancies exceeding \$250 but less than \$1,500 should be investigated by the Chief of CWS and the commodity manager concerned, while losses greater than \$1,500 must be referred to the Special Investigation Unit (SIU) without delay); and (iii) ensuring that, under the service contract, the warehouse Contractor safeguards inventory and is held accountable for losses.

26. The Contractor conducted the physical counts with oversight from the UNSOS Property Management Unit, which also counted serialized and high-value items. OIOS review of inventory counting records, including detailed verification of documents for a sample of 200 inventory line items from FTS, ENG, TPT, SUP, and MED commodity groups, confirmed that each was counted at least once between July 2023 and June 2024 for UNSOS and between January 2023 and December 2023 for UNTMIS. The Global Asset Management Service under the Department of Management Strategy, Policy, and Compliance quarterly reports also indicated that approximately 98 per cent of UNSOS (June 2023) and UNTMIS (December 2023) inventories were physically verified.

27. Despite the compliance with regular inventory counts, persistent discrepancies and losses were observed. During the audit period, inventory counts identified negative discrepancies on 7,191-line items valued at \$1.2 million. OIOS's physical counting of a random sample of 50 inventory line items also identified discrepancies between inventory records and physical items in stock. The discrepancies included 816 plastic petri containers costing \$244,144, four Toyota clutch bearings costing \$3,081, and 13,344 core cables costing \$24,228.

28. While some discrepancies were significant, the SIU were not involved in investigating them. For example, the loss of tyres valued at \$148,613 identified during the 2020/21 verification exercise were not reported to the SIU until October 2023. UNSOS reported nine cases of equipment and inventory losses at the MLB, totalling \$183,788 during the audit period, to the SIU. However, reporting was often delayed, thereby hampering the SIU's ability to investigate and determine the underlying causes. During the audit, UNSOS instituted procedures such as spot checks and completing SIU reports on inventory losses. For example, items such as laptops, generator spare parts, and batteries worth \$88,400 were reported within four days or less of occurrence.

29. Furthermore, UNSOS had not held the Contractor accountable for inventory losses since the contract's inception in October 2018.

(3) UNSOS should ensure that inventory losses are reported to the Special Investigation Unit immediately upon discovery to facilitate timely investigations.

UNSOS accepted recommendation 3 and stated that procedures were put in place during the audit period, including completion of Special Investigation Unit reports on inventory losses, and third-party spot checks.

(4) UNSOS should enforce the Contractor's accountability for inventory losses in accordance with contract provisions.

UNSOS accepted recommendation 4 and stated that since 2024, UNSOS begun implementing a structured framework to enforce these provisions. For example, the contractor was formally notified of its financial liability for inventory losses. A structured process is in place to investigate such losses,

including the contractor maintaining a tracking sheet for inventory losses, which is regularly shared with the Central Warehouse Section (CWS). The CWS, in turn, relies on the thresholds outlined in the Warehouse Operations Manual to determine the appropriate course of action for ascertained losses.

The business continuity plan was not tested.

30. UNSOS developed a business continuity and risk management plan (BCRMP) to ensure continued operation following disruptive events in Somalia. The BCRMP included mitigation measures to address major risks to warehouse operations. For example, for system downtime resulting in loss of time for task completion, the BCRMP had prompt switching to manual operations, keeping manual records of transactions, and the use of standby generators and UPS⁶ devices as mitigation measures. Other risks to warehouse operations with mitigation measures in the BCRMP included limited workforce, disease outbreaks, flooding or other natural disasters, and fire.

31. The BCRMP also defined the responsibilities of the key players, including crisis management, disaster recovery, emergency response, and business continuity teams. However, no formal testing of the BCRMP had been conducted to assess its adequacy and identify gaps. In their response, UNSOS stated that they conducted table-top exercises, but the records shared did not show the involvement of the Supply Chain Pillar.

(5) UNSOS should ensure that the business continuity and risk management plan is tested annually.

UNSOS accepted recommendation 5 and stated that it maintains a comprehensive Mission-wide Business Continuity Plan and Risk Management Plan, reviewed and updated annually. The Mission regularly conducts table-top exercises to simulate potential disruptions and test the effectiveness of existing protocols. Supply Chain Management actively contributes to the formulation and refinement of the Business Continuity Plan

C. Inventory management

Procedures to maintain appropriate safety stock levels were ineffective.

32. While the minimum stock level indicates the point when replenishment should be initiated through normal procurement procedures, the safety stock⁷ level indicates the point at which replenishment should be expedited. UNSOS is required to establish safety stock levels for regularly stocked items, and the levels should not be reached under normal circumstances.

33. The Acquisition Management Section (AMS) and Commodity Managers established safety stock levels for inventory based on a three-year average consumptions and lead times. For example, the safety stock level for large nitrile disposal gloves was 82,953 units, while that for N95 face masks was 33,720 units.

34. However, UNSOS did not maintain safety stock for approximately 45 per cent of stock items, as shown in Table 3 below. For example, MED items without or below the safety stock level included equipment such as basic airway kits and X-ray solutions.

⁶ UPS: Uninterruptible Power Supply device that provides backup power during outages

⁷ Safety stock is the quantity of stock planned to be in inventory to protect against fluctuations in demand or supply. It represents the planned absolute minimum stock for an item and should never be reached under normal conditions.

Table 3: Level of inventories against safety stock levels

Commodity Manager	Items with Zero stock	Items in stock but below the safety stock level	Items in stock equal the safety stock level	Items in stock above the safety stock level	Total items	Percentage of items without stock or stock below the safety stock level
ENG	619	33	77	1,048	1,777	37
MED	978	53	53	739	1,823	57
TPT	3,051	59	704	6,447	10,261	30
FTS	1,360	28	32	263	1,683	82
SUP	2,186	75	27	743	3,031	75
Total	8,194	248	893	9,240	18,575	45

Source: Umoja records as of 31 October 2024

35. Incorrect labelling and item identification may have contributed to the failure to maintain safety stock levels, as they can lead to inaccurate inventory tracking. For example, there was only one product identification number in Umoja for several different water treatment materials used by ENG, making it difficult to know if a particular item is in stock. Consequently, there is a risk that UNSOS will not have the items to support mandate implementation should there be fluctuations in demand or supply.

36. The above was because Commodity Managers did not monitor stock levels, who claimed that monitoring was hindered by incorrect product labelling in Umoja. However, although product labelling is an issue that the United Nations headquarters is aware of, Commodity Managers could develop alternative arrangements to monitor safety stock levels, especially for critical items.

(6) UNSOS should establish procedures to regularly review and maintain appropriate safety stock levels.

UNSOS accepted recommendation 6 and stated that it has established safety stock levels, which are regularly reviewed. UNSOS further stated that it also developed a dashboard to monitor material consumption and stock levels.

Additional actions were needed to address excess stocks.

37. Because of the unpredictability of the UNSOS operating environment, maintaining stocks expected to last two years was acceptable. However, a review of records as shown in Table 4 indicated that 1,689 items (costing \$10.2 million) at the warehouse were projected to last more than three years⁸ based on annual consumption in the previous three years. For example, the 1,344,651 file folders in stock procured by SUP and the 23,898 units of ibuprofen in stock procured by MED as of December 2024 would last for 44 and 10 years, respectively, based on consumption trends over the last three years.

⁸ Most excessive item being 4,998 centrifuges in stock, with consumption being one unit per year (based on the last three years).

Table 4: Excess inventories at the warehouse per commodity manager

Commodity manager	Items to last three to five years	Items to last six to nine years	Items to last ten years or above	Total number of items	Cost (\$)
ENG	80	38	44	162	3,274,864
MED	74	39	57	170	1,342,809
TPT	527	290	383	1,200	3,230,670
FTS	11	7	9	27	687,644
SUP	57	21	52	130	1,663,422
Total	749	395	545	1,689	10,199,409

Source: Umoja records as of 31 October 2024

38. UNSOS was holding deadstock⁹ valued at \$5.6 million. For example, two radio receivers procured in 2019 by FTS for \$185,692 had never been used. Similarly, two armoury containers procured in 2020 and catering equipment in 2021 by SUP for \$90,000 and \$16,000, respectively, remained unused. Holding excess inventory tied up organizational resources and created additional stock management overhead that could have been used more efficiently.

39. The above was partially due to procurement activities that were not supported by adequate demand analysis. UNSOS's excessive inventory holdings also highlighted the need for strengthened inventory controls and improved asset utilization to ensure that financial resources are well-managed. In this regard, OIOS noted that UNSOS implemented mitigating measures, including:

- Establishing in July 2023 an Asset Management Task Force comprising representatives from all three pillars and reporting to the Director of UNSOS, to, amongst others, establish a mechanism for identifying and utilizing excessive inventory and dead stocks.
- CWS holding meetings with Commodity Managers to address the issue of dead stocks in the warehouse and ensure action is taken. For example, during the audit, TPT developed an inventory management system with a comprehensive list of TPT spare parts, enabling it to monitor its inventory levels. This will be replicated by other sections.
- AMS launched an automated Request to Acquire application that ensures proper demand planning and requires justifications when stock levels deviate from annual demand plans. AMS also conducts stock analyses before approving requests. For example, the stock analysis for MED items, worth \$53,696 in December 2024, and FTS items, worth \$2.97 million in January 2025, found no excess stock and was approved.

40. These enhancements aimed to streamline stock management, prevent excess inventory and align procurement actions with mission operational requirements. However, deadstock and excess stock levels remained high and required additional actions.

(7) UNSOS should implement measures to minimise excessive inventory and dispose of excess or obsolete stock.

UNSOS accepted recommendation 7 and stated that measures have been implemented to reduce idle and excess inventory as part of broader supply chain improvements. Internal controls over the Acquisition Plan have been strengthened to align procurement with current inventory and operational needs. A dashboard is maintained to monitor Key Performance Indicators for inventory and disposal management. Given the operational context, some non-moving stock is retained as a strategic reserve.

⁹ Deadstock refers to inventory items with no recorded transactions (demands or transfers) for a period of one year or longer.

D. Security, safety and environmental considerations

The warehouses in Mogadishu and Mombasa were appropriately located and secured.

41. Warehouses should be in areas with adequate security, good accessibility, and hard standing for loading, unloading, and MHE operations. Environmental risks, such as flooding and other natural disasters, should also be considered, as well as the health and safety of personnel.

42. OIOS's physical inspection of warehouses in Kismayo, Baidoa and Mombasa confirmed they were appropriately located, with the following features observed. The MLB and the Mombasa Support Base (MSB) are strategically located near key security and logistical infrastructure. The MLB is situated in the AUSSOM-protected area, 50 meters from the perimeter fence of the Mogadishu Aden Abdulle International Airport and five kilometres from the Mogadishu Seaport. Similarly, the MSB is located two kilometres from the Mombasa Seaport and the Mombasa International Airport. These proximities reduce transportation and security challenges for moving goods to and from the warehouses.

43. All facilities had perimeter fencing, enhanced barriers, security lighting, surveillance, and controlled access supported by on-site monitoring and patrols. Each had hard-standing areas for vehicle operations, container storage, and material handling.

44. However, while MSB, Kismayo, and Baidoa had minimal environmental risks, MLB was prone to flooding due to its flat topography, causing \$5,457 in inventory damage in May 2024. UNSOS stated that the location was the only site provided by the host government. Mitigation measures, including protective barriers and drainage systems, had been implemented to minimize future risks. Emergency shelters with first-aid and communication equipment were available at both facilities. OIOS concluded that warehouses were appropriately located and secured.

Environmentally friendly practices were integrated into warehouse operations.

45. UNSOS is required to integrate adequate environmental practices into warehouse operations/processes. Reducing, reusing, and recycling should form part of warehousing operations.

46. OIOS review and physical observation of warehouse locations in Mogadishu, Mombasa, Baidoa, and Kismayo indicated integration of environmentally friendly practices. CWS provided colour-coded bins for waste segregation, recycled wood packaging into furniture, sold metal packaging locally, repurposed used forklift tyres into shoes and flowerpots, and exported batteries for recycling. In addition, low-energy-consuming bulbs were installed in insulated offices, reducing reliance on air conditioners. Diesel generators, synchronized for efficiency, provided the main power supply due to limited space for solar panels, with fuel tanks placed on roofed, concrete bases to minimize the risk of soil contamination. Hazardous materials, including acid batteries, were safely stored, and containment structures were in place to prevent environmental damage from leakages. OIOS concluded that warehouse operations adequately integrated environmental considerations.

There was a need to enhance safety measures.

47. OIOS's physical inspection and observation of warehouse operations at the MLB and MSB noted the following:

- (a) Safety measures were in place, but compliance with protective equipment could be improved at the Mogadishu Logistic Base

48. CWS utilized MHE, including a 45-ton Terex reach stacker, a 30-ton Terex heavy forklift, and a 15-ton Manitou forklift to carry out operations. All the operators were trained and licensed to operate the MHE. OIOS observed that the MHE were used within the recommended load limits and capacities. An evacuation plan to ensure an orderly exit from the MLB in an emergency included activation procedures and an evacuation assembly point. It was last reviewed in April 2024. Evacuation drills were conducted annually, but the last one was in August 2023.

49. The warehouses had nine-kilogram foam fire extinguishers, fire detection and alarm systems, and visible signage prohibiting smoking. Weekly fire inspections to ensure unobstructed escape routes and fire exit doors were conducted. Furthermore, fire extinguisher inspections were conducted semi-annually to check that hoses and nozzles were obstruction-free and that pins were in place, with the last inspection being in March 2025. In addition, smoke alarms were checked quarterly, with the most recent in April 2025.

50. The warehouses had adequate lighting. The walkways and emergency exits were marked and obstruction-free. The floors were clean and tidy to prevent slipping or tripping. Shelves were bolted to the floor to limit movement, restricted to four meters in height, and certified by the UNSOS Occupational Health and Safety Officer. Further, safety signage, including maximum load limits, warehouse safety rules, and hand pallet truck safety, was prominently displayed in all the warehouses. Dangerous substances, including batteries and acids, were stored separately and marked. Contractor personnel handling dangerous goods were certified, wore reflective vests, but not hard hats, protective shoes, gloves, or masks. This increased the risk of injuries from exposure to hazardous substances, falling objects, or other accidents. UNSOS could ensure that the contractor enhanced the safety measures of personnel by using the required personal protective equipment.

- (b) There were fire safety gaps at the Mombasa Support Base

51. At the MSB, CWS similarly utilized MHE, including a 45-ton Terex reach stacker, a 30-ton Terex heavy forklift, and a 15-ton Manitou forklift to carry out operations. The MHE operators were licensed. An evacuation plan that included activation procedures and an evacuation assembly point was in place to ensure an orderly evacuation during an emergency. The two warehouses at the MSB had adequate lighting, marked walkways, and emergency exits. There were no shelves in use due to low inventory levels and storage space availability. Hand hygiene stations were strategically located throughout the facility. Safety signages were displayed, including maximum load limits, warehouse safety rules, and hand pallet truck safety. Dangerous goods, including batteries and acids, were stored separately and marked. Warehouse staff wore reflective vests, hard hats, protective shoes, gloves, and masks, and were certified to handle dangerous goods.

52. However, OIOS noted a few gaps: the two R&I warehouses lacked fire extinguishers; an assessment in December 2021 by the Fire Unit of the United Nations Department of Safety and Security of the hydrant system (installed to provide water in the case of fire for \$35,160 in 2020) found the system inadequate; recommended daily tests were not conducted; and the quarterly fire and evacuation drills per the Field Security Assistant's work plan were also not conducted, posing a risk to assets and personnel.

53. UNSOS subsequently advised that the hydrant system was assessed in November 2024, and a task order to address identified deficiencies was issued to a service provider. Furthermore, the MSB has received 30 fire extinguishers, and the head of the MSB also stated that fire and evacuation drills will henceforth be conducted quarterly.

(8) UNSOS should ensure adequate fire safety arrangements at the Mombasa Support Base by regularly testing the hydrant system and conducting fire and evacuation drills as planned.

UNSOS accepted recommendation 8 and stated that this recommendation has been implemented, as work on the hydrant system has been completed, and monthly tests are being conducted.

IV. ACKNOWLEDGEMENT

54. 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.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹⁰ / Important ¹¹	C/ O ¹²	Actions needed to close recommendation	Implementation date ¹³
1	UNSOS should hold performance review meetings quarterly as per the contract and thoroughly document its analysis of the Contractor's performance against all key performance indicators.	Important	O	Evidence of consistent quarterly performance review meetings, including thorough documentation of the Mission's evaluation of the contractor's performance against all key performance indicators.	31 December 2026*
2	UNSOS should periodically review the cost structure of outsourcing the regional warehouses and adjust them as necessary to ensure the fees are aligned with both operational requirements and actual workload.	Important	O	Evidence of variation of payments to the contractor based on the activity level of each sector warehouse.	30 June 2026
3	UNSOS should ensure that inventory losses are reported to the Special Investigation Unit immediately upon discovery to enable investigations to be conducted timely.	Important	O	Evidence of consistent reporting of inventory losses to the Special Investigation Unit within one month of receiving loss reports.	30 June 2026
4	UNSOS should enforce the Contractor's accountability for inventory losses in accordance with contract provisions.	Important	O	Evidence of mechanisms authorised by management to handle losses of inventory handled by the contractor, and implementation of such mechanisms.	31 October 2026
5	UNSOS should ensure that the business continuity and risk management plan is tested annually.	Important	O	Reports on Business Continuity and Risk Management testing, showing the involvement of the Supply Chain Management Pillar.	31 December 2026*

¹⁰ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

¹¹ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

¹² Please note the value C denotes closed recommendations, whereas O refers to open recommendations.

¹³ Date provided by UNSOS in response to recommendations, unless otherwise noted.

* Target date established by OIOS

STATUS OF AUDIT RECOMMENDATIONS

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹⁰ / Important ¹¹	C/ O ¹²	Actions needed to close recommendation	Implementation date ¹³
6	UNSOS should establish procedures to regularly review and maintain appropriate safety stock levels.	Important	O	Evidence of consistent implementation of procedures established to maintain appropriate stock levels, and evidence of regular review of such procedures.	31 December 2026*
7	UNSOS should implement measures to minimise excessive inventory and dispose of excess or obsolete stock.	Important	C	N/A	Implemented
8	UNSOS should ensure adequate fire safety arrangements at the Mombasa Support Base by regularly testing the hydrant system and conducting fire and evacuation drills as planned.	Important	C	N/A	Implemented

* Target date established by OIOS

APPENDIX I

Management Response



United Nations Support Office in Somalia (UNSOS)

Interoffice Memorandum

To: Mr. Byung-Kun Min, Director
Internal Audit Division, OIOS

Ref: UNSOS/1125/M.028
Date: 10 November 2025

From: Qurat-ul-Ain Sadozai *Quratulain*
Officer-In-Charge UNSOS


Subject: **Response to draft report on an audit of warehouse in UNSOS
(Assignment No. AP2024-638-04)**

1. Further to your memorandum reference no. OIOS-2025-02140 of 27 October 2025, please find attached the UNSOS response to the subject audit.
2. We thank you for your continued support to the work of UNSOS.

cc: Ms. Judith Gotz, Chief of Staff, UNTMIS
Mr. Kiril Serafimov, UNSOS
Mr. Fabio Mevoli, UNSOS
Mr. Carl Rhodes, UNSOS
Ms. Katarina Lockyer, UNSOS
Ms. Helen Tsegay, UNSOS

Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
1	UNSOS should hold performance review meetings quarterly as per the contract and thoroughly document its analysis of the Contractor's performance against all key performance indicators.	Important	Yes	Chief Property Disposal Unit	Implemented	<p>Management seeks to advise the audit team that Contract Performance Evaluation Unit (CPEU), in collaboration with CWS, is conducting Monthly and quarterly Performance Review Meetings (PRMs), and sample minutes of these meeting are attached.</p> <p style="text-align: center;">  <small>2025.07.15 - PRM Minutes Tristar.pdf 2025.03.18 - PRM Minutes Tristar.pdf 2025.01.07 - PRM Minutes Tristar.pdf</small> </p> <p>Management therefore requests the audit team to consider this recommendation as implemented.</p>
2	UNSOS should periodically review the cost structure of outsourcing the regional warehouses and adjust them as necessary to ensure the fees are aligned with both operational	Important	Yes	Chief Warehouse Section and Procurement	30 June 2026	<p>Management acknowledges the recommendation and will conduct cost analyses of the current regional warehouse facilities, to assess the cost effectiveness of outsourcing and will determine the alignment with actual workload and operational requirements.</p> <p>Current cost structure is governed by a five-year service agreement based on All-Inclusive Lump</p>

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

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

Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
	requirements and actual workload.					<p>Sum Pricing, with rates remaining firm and fixed throughout the contract duration.</p> <p>Management will engage the vendor in discussions to negotiate potential adjustments where operational realities warrant. Findings from the review will be documented and used to inform UNSOS management decisions.</p>
3	UNSOS should ensure that inventory losses are reported to the Special Investigation Unit immediately upon discovery.	Important	Yes	Chief Warehouse Section	31 June 2026	<p>UNSOS acknowledges the recommendation and would like the auditors to note that procedures have been put in place during the audit period, including completion of SIU reports on inventory losses and third party spot checks. (See attached SIU reports)</p>
4	UNSOS should enforce the Contractor's accountability for inventory losses in accordance with contract provisions.	Important	Yes	Chief Warehouse Section	31 October 2026	<p>UNSOS accepts the recommendation. It should be noted that procedures are already in place and enhancements will be diligently followed.</p> <p>UNSOS has since October 2024 begun implementing a structured framework to enforce these provisions:</p> <ul style="list-style-type: none"> • The contractor was formally notified of its financial liability for inventory losses. • A structured process is in place to investigate losses. The contractor maintains a tracking


Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
						<p>sheet for inventory losses which is regularly shared with CWS. CWS in turn relies on the thresholds in the Warehouse Operations Manual to determine the appropriate course of action for ascertained losses.</p> <p>The recommendation is under implementation.</p>
5	<p>UNSOS should ensure that the business continuity and risk management plan is tested annually.</p>	Important	Yes	Chief Warehouse Section	Implemented	<p>Management seeks to advise the audit team that the mission maintains a comprehensive Mission-Wide Business Continuity Plan (BCP) and Risk Management Plan and reviewed and updated annually to ensure alignment with evolving operational requirements, emerging risk thresholds, and updated mission mandates.</p> <p>In addition to this continuous review process, the mission regularly conducts Table-Top Exercises (TTX) that simulate potential disruptions and test the effectiveness of existing protocols.</p> <p>These exercises enable proactive identification of gaps and foster continuous improvement of business continuity capabilities.</p> <p>UNSOS Supply Chain Management Pillar actively contributes to the formulation and refinement of the BCP, including the delivery of targeted training on potential risks to all essential warehousing</p>

Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
						<p>personnel. This ensures readiness and resilience across critical functions.</p> <p>Management therefore requests the audit team to consider this recommendation as implemented.</p>
6	UNSOS should establish procedures to regularly review and maintain appropriate safety stock levels.	Important	Yes	Aqusion Management Section	Implemented	<p>UNSOS has established safety stock levels which are regularly reviewed, in conjunction with the technical units who define the PIDs and safety stock levels, which are entered into the UMOJA ECC system by SCM/AMS.</p> <p>A dashboard has also been developed to monitor material consumption and stock levels.</p> <p>Please find current safety stock updates / reviews initiated at the start of P26 Q1 and email communication with the technical units.</p> <div style="text-align: center;">  <p>Scpt_safety_stock_req uest_FTS_signed.pdf</p> </div> <p>Management therefore requests the audit team to consider this recommendation as implemented.</p>
7	UNSOS should implement measures to minimise excessive inventory and	Important	Yes	Technical Units and Asset	Implemented	<p>UNSOS has proactively implemented measures to reduce idle and excess inventory as part of broader supply chain performance improvements:</p>


Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
	dispose of excess or obsolete stock.			Disposal Task force		<ul style="list-style-type: none"> • Internal controls over the Acquisition Plan have been strengthened, with a sharper focus on aligning procurement decisions with current inventory levels and actual operational needs. • All acquisition requests are rigorously reviewed to prevent overstocking, limit accumulation of surplus goods, and maintain reserve stocks where operationally justified. • An Asset Disposal Task Force has been established to fast-track the reallocation, donation, or disposal of idle inventory. Meeting minutes of the ADTF is attached. Given the operational context of the mission environment, it should be noted that mission maintains some non-moving stock which are considered as a strategic reserve. • The mission maintains a dashboard to monitor KPIs related to inventory levels and disposal KPIs are monitored monthly with the Statement of Internal controls dashboard. <p>Based on the above explanations and evidence provided, management request the audit team to consider this recommendation as implemented.</p>
8	UNSOS should ensure adequate fire safety arrangements at the	Important	Yes	Chief Warehouse Section and	30 March 2026	Mission accepts the Recommendation and notes that This has been implemented.

Management Response

Audit of warehouse operations in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of the responsible individual	Implementation date	Client comments
	Mombasa Support Base by regularly testing the hydrant system and conducting fire and evacuation drills as planned.			/Mombasa Support Base		<p>Works on hydrant system have been completed, system was tested, and MSB security contractor staff have been trained.</p> <p>To ensure ongoing operational readiness, monthly testing of the hydrant system is being conducted by Facility Management Unit (FMU) and Security.</p> <div data-bbox="1423 699 1461 743" style="text-align: center;">  </div> <p style="text-align: center;">Commissioning of Fire Hydrant October</p>

