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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION I
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Jacques Paul Klein
A: Special Representative of the Secretary-General,
UNMIL

DATE 11 February 2005

REFER AUD-7-5: 0085 /05)
ENCE:

FROM  Patricia Azarias, Director
DE: Internal Audit Division I, OIOS 

SUBJECT:

OBJET: **OIOS Audit No. AP2004/626/10: Food Rations in UNMIL**

1. I am pleased to present herewith the final report on the above subject, which was conducted during July to August 2004.
2. We note from your response to the draft report that UNMIL has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 1, 5, 6, 9, 17 and 18 in the OIOS recommendation database. In order for us to close out the remaining recommendations (2, 3, 4, 7, 8, 10, 11, 12, 13, 14, 15, 16 and 19), we request that you provide us with the additional information as indicated in the text of the report and a time schedule for implementing each of the recommendations. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status.
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
4. I take this opportunity to thank the management and staff of UNMIL for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. Jean-Marie Guehenno, Under-Secretary-General for Peacekeeping Operations
Ms. Hazel Scott, Director, ASD/DPKO
Mr. Ronnie Stokes, Director of Administration, UNMIL
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Office of Internal Oversight Services

Internal Audit Division I



Audit of Food Rations in UNMIL

Audit no: AP2004/626/10
Report date: 11 February 2005
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EXECUTIVE SUMMARY
Food Rations in UNMIL (AP2004/626/10)

OIOS conducted an audit of the food rations supplied to military contingents in the United Nations Mission in Liberia (UNMIL). The main objective of the audit was to determine the adequacy of internal controls over the management of the food rations contract, and to ascertain whether full and fair value was received for sums paid to the contractor. Other objectives included: (a) determining compliance with the provisions of the food rations contract, the Rations Standard Operating Procedures, UN Financial Regulations and Rules and other related circulars, and (b) ascertaining whether the contractor's performance was in accordance with standards set in the contract. The review covered the period August 2003 to June 2004.

The audit showed that UNMIL needs to streamline the food requisitioning, inspection and invoicing processes to prevent delays in placing orders as well as in settling the Mission's financial obligations towards the contractor. Receiving and inspection reports showing the items and quantities actually inspected should support the deliveries for which invoices are submitted by the contractor. Furthermore, overstocking and non-movement of food rations could be minimized if troop deployments/redeployments were properly reported and stock balances periodically monitored. Effective controls by way of troop strength reports and stock balance reports are required to ensure the reasonableness of quantities requisitioned, and to prevent sale of surplus food rations in the local market.

The Food Cell's Standard Operating Procedures Manual needs to be updated, as this is the main reference document not only for Food Cell staff but also the contingents' food officers and inspectors. Formal training should be provided to food officers and inspectors in order to assure quality. Food officers require training on food hygiene and storage to maintain the aesthetic and nutritive value of the food. Receiving inspections need to ensure that only good quality food is paid for by the Mission. To perform their duties effectively, inspectors need to be equipped with temperature probes and scales for them to be able verify whether the contractor adheres to the applicable storage temperature and weight requirements.

The Mission's Food Cell has to be adequately staffed with qualified personnel in quality assurance, food management, and training. Furthermore, UNMIL needs to ensure adequate availability of emergency ration stocks and to immediately transfer these stocks from the Star Base container yard to a temperature-regulated storage/container area.

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I. INTRODUCTION

1. OIOS conducted an audit of food rations at the United Nations Mission in Liberia (UNMIL). The audit was conducted in accordance with the general and specific standards for the professional practice of internal auditing in United Nations organizations.
2. The supply of food rations to contingents is a critical element of the Mission's operations. Out of a revised field allotment of \$152.8 million for the period 1 August 2003 to 30 June 2004, an amount of \$15.46 million was allocated for the provision of food rations for approximately 14,000 troops from 42 contingents. Expenditure as at 30 June 2004, inclusive of unliquidated obligations, amounted to \$14.9 million.
3. The Mission's Food Cell is responsible for the management of the contract for food rations. Contingents request rations every 28 days based on the UN ration scale and the contingents' feeding strength. Requisitions for rations are processed by the Food Cell after which they are sent to the contractor. The contractor is required to make full delivery to the contingents within a period of 40 days, with deliveries of essential and perishable items being made every seven days. The food rations are subject to Receipt and Inspection (R & I) before they are delivered to the contingents.
4. The Food Cell is also responsible for processing the contractor's invoices which it forwards to the Finance Section for payment. The contractor is required to be paid within 30 days of the receipt of the last delivery of the requisitioning cycle.
5. The comments made by the Management of MONUC on the draft audit report have been included in the report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES

6. The main objective of the audit was to determine the adequacy of internal controls over the management of the contract for food rations, and to ascertain whether full and fair value was received for sums paid to the contractor. Other objectives included:
 - Determining compliance with: (a) the terms and conditions of the food rations contract; (b) the Rations Standard Operating Procedures; and (c) UN Financial Regulations and Rules and other related circulars; and
 - Ascertaining whether the contractor's performance was in accordance with the contract in terms of timeliness, conformity with orders, quality of food rations, and adequacy of supporting documentation.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered rations provided during the period August 2003 to June 2004. In terms of methodology, OIOS used survey questionnaires to document the systems and procedures relating to the requisitioning of food rations by contingents, their delivery, and related R & I

inspections. Responses to these questionnaires were critically reviewed to identify shortcomings in systems and procedures so that recommendations could be made for improvement.

8. OIOS also interviewed key personnel of the Food Cell, R & I Unit and the Finance Section, and reviewed relevant documentation. In addition, field visits were conducted at selected rations delivery points and warehouses.

IV. OVERALL ASSESSMENT

9. The audit identified the need for improvement in management of the Mission's rations contract, including the evaluation of contractor's performance based on standards set in the contract, streamlining of food requisitioning, inspecting and invoicing processes, accurate reporting of troop strength to avoid overstocking, and formulating a policy on emergency ration packs. Also, the Mission needs to organize training courses for contingent food officers and R&I food inspectors on quality assurance and inspection of food rations.

V. AUDIT FINDINGS AND RECOMMENDATIONS

A. Staffing of the Food Cell

10. The Mission could not provide information concerning the authorized staffing of the Food Cell, but the actual staffing at the time of the audit was 14 comprising the OIC, three Field Service international staff, six UN volunteers, two national staff, and two military officers. The OIC indicated that at least seven more staff members are needed to carry out the various tasks of the Food Cell including processing of requisitions and invoices, quality control and assurance, and warehouse inspections. OIOS was informed that a review of the staffing of the Food Cell was under way.

Recommendation 1

OIOS recommends that the UNMIL Administration expedite the review of the staffing situation of the Food Cell to ensure that the Unit is adequately staffed to carry out its various responsibilities (AP2004/626/10/001).

11. *The UNMIL Administration accepted recommendation 1 and indicated that the Food Cell received five additional UN Volunteers as well as one international staff member and one military contingent junior NCO to boost the staffing of the Unit. Additional food specialists (two international staff composed of the Chief of the Food Cell and one military officer) are expected to join the Food Cell in the near future.* Based on the action taken by the Mission, OIOS has closed this recommendation.

B. Standard Operating Procedures

12. OIOS' review of the Food Cell Standard Operating Procedures (SOP) Manual indicated that the manual does not provide specific guidance on procedures to be performed in relation to various activities. For instance, the requisitioning procedures at the contingent level state that Contingent

Food Officer will prepare the requisitions. However, there is no indication of how this should be done. There is also no guidance on how troop strength estimates should be arrived at. Similarly, there is no guidance on how the contingents should compile the weekly stock balance reports.

13. The importance of having clear and detailed guidelines cannot be over-emphasized, especially since the users of this Manual -- military food officers, Food Cell staff and food inspectors from the R & I Unit -- come from diverse backgrounds. In OIOS' opinion, the Mission needs to consult the various users of this manual and develop an updated version that is more comprehensive and detailed than the current version.

Recommendation 2

OIOS recommends that the UNMIL Administration update the Food Cell Standard Operating Procedures Manual in consultation with the various users (AP2004/626/10/002).

14. *UNMIL accepted recommendation 2 and indicated that a Working Group, comprising of at least one military and one civilian food specialist and other key personnel from the Food Cell held its first meeting at the end of November 2004. The objective of the Working Group was to review and update the Standard Operating Procedures Manual and further harmonize it with the rations Statement of Work and the Rations Contract. The review will be completed and a revised SOP will be distributed in January 2005. OIOS will keep recommendation 2 open pending the receipt of the revised SOP.*

C. Awarding of contracts

15. During October 2003, there was no contract in place for the supply of food rations to the Mission. Instead, rations valued at \$1 million were supplied by the United Nations Mission in Sierra Leone (UNAMSIL). For the period 1 November to 31 December 2003, as an interim measure pending solicitation of bids, the Procurement Division at Headquarters contracted Es-Ko International Inc. (who was providing rations to UNAMSIL) to supply rations to UNMIL's estimated troop strength of 4,386 at a cost of \$1.5 million.

16. In December 2003, following the solicitation, receipt and assessment of bids for the provision of food rations to UNMIL, the Procurement Division awarded contract no. PD/CO286/03 in a not-to-exceed amount of \$37.96 million to Euresst Support Services Worldwide (ESS). The contract period was from 1 January 2004 to 31 December 2006 with an estimated troop strength ranging between 5,560 and 14,500.

D. Evaluation of contractors' performance

17. Section 21 of Annex 2 of the Rations SOP describes the procedures to be followed by the Mission in order to evaluate the contractor's performance at the end of the requisition cycle. The performance is measured in the following four areas:

- timeliness of delivery;

- conformity with orders;
- quality of products; and
- accuracy of invoices and supporting documentation.

An overall rating of 95 per cent and above covering all the four areas is considered as acceptable performance.

18. At the time of the audit, six requisition cycles were completed and the related performance reviews had been conducted by the Food Cell. However, these evaluations were not in conformity with the applicable methodology in that only one sub-factor (i.e., conformity with orders) was used. The OIC of the Food Cell explained that the Unit's staffing situation did not allow for a more comprehensive evaluation.

19. In all the six performance evaluations conducted by the Mission, although there has been a gradual improvement, the contractor's performance was found to be unsatisfactory with ratings of 83%, 85%, 87%, 91%, 91% and 94%. OIOS' computation of the contractor's performance for the first and last requisitioning period (i.e., 28 January to 26 February 2004 and 18 June to 15 July 2004 respectively) using all four parameters indicated an overall performance of 86% for the first period and 94.2% for the last period, compared with the Mission's assessment of 83% and 94% using the one sub-factor referred to above. Although the results are not materially different, it is important for the Mission to adhere to the requirements of the contract in assessing the contractor's performance.

Recommendation 3

OIOS recommends that the UNMIL Administration ensure that the Food Cell conducts evaluations of the food rations contractor's performance in the manner specified in the contract (AP2004/626/10/03).

20. *UNMIL Administration stated that while it concurs with recommendation 3, it actually uses three assessment components namely conformity with lines, conformity with quantities and number of substitutions instead of only one as noted by OIOS (conformity with quantities). The Administration also drew attention to the vague calculating methods in arriving at contractor performance criteria foreseen in the contract such as for timely delivery. It noted that the formula: deliveries on time divided by total deliveries x 100=% is subject to misinterpretation and the formula should have read: deliveries actually made on time divided by actual delivery schedules x 100= % of timely delivery. In OIOS' opinion, the assessment components identified by UNMIL are subcomponents of the main component measured, which is conformity with quantities. Moreover, it has omitted the use of other criteria namely: timeliness of delivery (using its suggested interpretation), quality of products and accuracy of invoices and supporting documentation. OIOS will keep recommendation 3 open in its recommendations database pending receipt of evidence that performance has been evaluated using criteria specified in the contract.*

E. Requisitioning of food rations

21. In accordance with Section B4 of the Food Rations SOP, contingents are required to raise requisitions for the supply of food rations against the applicable basis of provision, which is the UN

ration scale and ceiling man-day rate. The ration scale provides the maximum allowable entitlement for specific food items for each contingent member while the ceiling man-day rate sets out the maximum cost of food entitlement per day for each contingent member. The feeding strength is to be computed after taking into account the number of personnel expected to be outside of the mission area, as well as those under hospitalization.

22. OIOS found that all the 42 contingents were preparing requisitions based on their full strength, instead of the feeding strength. OIOS' survey of the underlying reasons for this practice showed that most of the 25 food officers surveyed experienced difficulties in estimating the feeding strength. The fluid deployment circumstances resulted in frequent changes to strengths and locations, with little advance warning. The Pakistani contingent based in Tubmanburg, for instance, reported a full strength of 850 for the requisition period under review. The staff officer however admitted that at least 150 contingent members would be on leave, attachment/detachment or compensatory time-off at any given time.

23. The SOP Manual requires the Mission's Military Units to submit the weekly "Troop Strength State Form" to the Food Cell as a retroactive evaluation process. These forms are to be consolidated by the Contracts Management Section at the end of each month to reconcile rations supplies against troop strength. Discrepancies between the actual and supplied strength are required to be adjusted during the next supply period based on advice by the SO Food at the Mission's headquarters.

24. OIOS' review showed that troop strengths are not monitored by the Food Cell because the required troop strength reports are not received regularly. There is a need to ensure reliable estimates of troop strength so that rations are not overstocked. Indications of overstocking were evident during OIOS' inspections (discussed later in this section of the report). While some contingents still retain a number of non-moving items in stock, there were indications that one contingent sold ration stocks in the local market.

Recommendation 4

OIOS recommends that the UNMIL Food Cell ensure closer monitoring and verification of troop strength figures used in requisitions based on the weekly troop strength reports received from contingents (AP2004/626/10/004).

25. *The UNMIL Administration concurred with recommendation 4 and indicated that given the lead time required by the contractor, it was not possible to provide more accurate estimates. However, Contingent Commanders were advised to submit leave forecasts for troops leaving the mission area. The Food Cell Requisitioning Unit was again advised to closely monitor leave and hospitalization of contingents' members. The Mission also indicated that to cater for estimated in-patients, the Food Cell took into consideration a 10 to 20 per cent adjustment on the reported strengths of field hospitals units. OIOS will keep recommendation 4 open pending receipt of documentation from UNMIL confirming its full implementation.*

Stock balance reports

26. The reasonableness of the quantity of food rations can be further verified by the Food Cell through stock balance reports which are required to be submitted by the Contingent SO on a weekly basis, providing information on stockholdings, issues and receipts. At present, however, stock balance reports are not being submitted to the Food Cell on a weekly basis. OIOS' comparison of available stock balance reports with requisitions for specific periods showed that these reports could not possibly have been used to verify the reasonableness of stock requisitions. As an illustration, the Namibian contingent's stock report is summarized below:

Namibia stock balance report for the period 21 April to 26 May

	<u>Stock as reported</u>	<u>Requisitions for each week</u>
Margarine (bars)	135	85.4
Butter frozen (bars)	70	42.7
White maize meal (kgs)	2,695	1,601.25
Sugar white (kgs)	685	597.8
Parboiled rice (kgs)	1,710	1,281.0
Potatoes fresh (kgs)	1,100	1,024.8

As shown above, the reported stock balances were in excess of 7 days, but the maximum food ration for these items were still requisitioned and supplied.

27. The Rations Assistant in charge of requisitions acknowledged that the stock balance reports were not reliable, and that the Food Cell does not look into the accuracy of reported balances due to shortage of staff. OIOS' survey of 24 contingent food officers also showed that only 5 of them had attended the training conducted by the Food Cell and most of them did not know how to prepare weekly stock balance reports.

28. Failure to monitor stock balances and match them with requisitions issued results in overstocking and waste. OIOS' visit to 15 contingents showed that certain items were overstocked or remained non-moving in 8 contingents but these were not reported to the Food Cell (see table below).

Contingent	Total value of overstocked items noted (only spot checks were done)
Jordanian Formed Police Unit	\$ 382.15
Ethiopian –Rivercess	1,785.79
Ghana battalion	745.47
Ethiopian HQ-Zwedru	800.70
Chinese Level 3 Hospital	683.01
Chinese Engineering Company	208.31
Pakistan Battalion 1	1,275.89
Pakistan Engineers	2,133.05
Total	\$ 7,713.52

Recommendation 5

OIOS recommends that the UNMIL Food Cell provide the necessary guidance to the contingent food officers on preparation of weekly stock balance reports and require them to submit such reports (AP 2004/626/10/005).

29. *UNMIL Administration accepted recommendation 5 and stated that it has been implemented. All contingent food officers previously trained on these issues took refresher training sessions last October 2004. All contingents Food Officers will be invited to periodic Food Cell meetings relating to mission briefings, compilation of requisitions, troop strength, in-patient reports, deadlines and stock balance reports.* Based on the Mission's response, OIOS has closed recommendation 5.

Recommendation 6

OIOS recommends that the UNMIL Food Cell conduct surprise inspections to verify the reported stock balances so that non-moving/overstocked items found during inspections are not re-ordered in the next requisition cycle (AP2004/626/10/006).

30. *UNMIL accepted recommendation 6 and indicated that inspections were being carried out on a regular basis and related documentation is available on file in the Food Cell. Slow moving and/or overstocked items found during surprise inspections are adjusted in the following requisitions submitted by the contingents.* Based on the Mission's response, OIOS has closed recommendation 6.

Delays in issuing requisitions

31. The SOP Manual requires contingent demands to be forwarded by the contingent food officers to the Food Cell fifty-five days in advance of the required date of delivery. The SO Food will review, amend if required and certify correct all contingent requisition demands prior to submission to the Rations Officer (Contract Manager) for action.

32. Provision 5.1 of the contract states that requisitions will be issued no later than forty (40) calendar days prior to delivery to the contractor. OIOS' analysis showed that original requisitions were placed well before the 40 days' timeline set in the contract. However, amendments to the original orders were received by the contractor only 7 to 37 days in advance (21 days, on an average). The contractor noted that in the case of Ghanaian Battalion, food requirements were doubled some two months ago and the amendment reducing the quantities was requested only 48 hours before delivery.

33. One explanation for the delays could be that requisitions are not submitted to the Food Cell before the 55-days deadline. However, this could not be established because the requisitions received from the contingents were undated. However, a survey of 25 contingent food officers

showed that only 9 of them knew that requisitions are placed 55 days in advance of scheduled delivery.

34. Another cause is the lack of adequate staff for the requisitioning process. At present, only four Food Cell staff members process the requisitions pertaining to 42 contingents. The process is tedious in that data entered by the contingents are again entered through the Food Cell Excel database to recheck the computations.

35. When requisitions are delayed, the contractor gets lesser time to process them. This, in turn, affects the contractor's performance in terms of conformity with orders, and may lead to contingents' dissatisfaction with the service rendered. In OIOS' opinion, UNMIL needs to make a concerted effort to shorten the lead time for issuing requisitions and also impress upon contingent food officers to adhere to clause 5.1 of the contract.

Recommendation 7

OIOS recommends that the UNMIL Administration take effective steps to reduce the time taken for placing requisitions and ensure that requisitions are submitted to the contractor 40 days before scheduled delivery (AP2004/626/10/007).

36. *The UNMIL Administration accepted recommendation 7 and indicated that the Headquarters is presently developing a generic electronic programme to replace the very labour intensive Excel spreadsheet-based requisitioning process.* OIOS notes that delay in the requisitioning process is not only caused by the tedious requisitioning process, but also by the failure on the part of contingent food officers to submit requisitions before the 55-days deadline, and the lack of adequate Food Cell staff to process requisitions. Recommendation 7 will remain open pending issuance of a directive emphasizing the need for contingent food officers to submit requisitions before the deadline, and the assignment of additional food cell staff to process requisitions.

F. Delivery of food rations

37. The statement of work (SOW) pertaining to the rations contract requires the contractor to deliver rations on the dates specified in the requisition or as assigned by the Mission within the 28 day ration cycle. OIOS' review of 147 deliveries made by the contractor to various contingents between 30 January and 25 March 2004 showed that in all cases, deliveries were made on the specified delivery dates, although in 16 instances, the contractor had to resort to multiple deliveries to supply the items within the 28-day cycle. The results of the survey of 25 contingent food officers, which showed that the deliveries made by the contractor were timely, confirmed OIOS' findings.

38. The SOW also requires the contractor to prepare and present the delivery note and copy of the rations requisition to the Mission's representative at the delivery point. The delivery note must include the serial number of the rations requisition, location of the food delivered to, quantity, and scale of issue, unit cost and total value of the commodities delivered.

39. OIOS noted that the delivery notes prepared by the contractor do not indicate the unit cost and total value of the commodities delivered. Inclusion of this data in the delivery note will enable the Food Cell to evaluate the contractor's performance with regard to rejections, both in terms of quantities and dollar value.

Recommendation 8

OIOS recommends that the UNMIL Food Cell modify the format of the delivery note to include the unit cost and total value of rations delivered (AP2004/626/10/008).

40. *UNMIL Administration accepted recommendation 8 and indicated that it has been implemented.* OIOS will keep recommendation 8 open pending the receipt of a copy of the modified delivery note.

G. Inspection of food rations

41. Inspections are conducted at the contingent drop-off points except in the case of food transported by air, where preliminary inspections are conducted by an R& I inspector in the presence of the contractor's representative inside the cargo aircraft. Subsequent re-inspections are conducted at the contingent site by the R& I inspector in the presence of the contingent food officer.

42. In response to the questionnaire, food inspectors stated that the initial inspections should be conducted at the contractor's warehouse instead of the contingent drop-off points or at the planeload site. This would reduce the possibility of rejections since items of questionable quantity and quality could be replaced outright instead of carrying them over to the next delivery period. Likewise, the Contractor's representative also prefers that inspections be conducted at the warehouse for the same reason. This will also save documents processing time and transport cost related to rejected items. In OIOS' opinion, it is advisable to have preliminary inspections at the contractor's warehouse so that discrepancies are resolved immediately.

Recommendation 9

OIOS recommends that the UNMIL Administration introduce the practice of conducting preliminary inspections, especially of fruits, vegetables and dairy/frozen products, at the contractor's warehouse so that discrepancies in quantity and quality are immediately resolved (AP2004/626/10/009).

43. *UNMIL Administration accepted recommendation 9 and indicated that all inspections are now carried out at the contractor's warehouse before being loaded onto and transported by contractor's own transport to delivery points. Discussions on further refining of operations are ongoing.* Based on the Mission's response, OIOS has closed recommendation 9.

44. Three sets of delivery notes accompanying the goods transported to the contingents serve as the basis for R&I Unit's inspection. The R&I inspector marks on his copy of delivery notes the

items checked, and records discrepancies in the remarks column. After inspection, the contractor's representative, the R& I inspector and the contingent food officer reconcile the differences noted in their copies of the delivery notes and thereafter sign all three sets. A covering R&I report signed by the OIC of the R&I Unit and the SO Food Cell is then attached to the delivery notes and forwarded to the Invoicing Unit of the Food Cell for matching with invoices received from the contractor.

45. The R&I process in UNMIL is not in accordance with the requirements set forth in the contract (Article 8.3), which expects the R&I "to validate the delivery against the requisition for rations and the contract, and reflect any discrepancy or irregularity with respect to quality and quantity of food rations delivered". The OIC of the R&I Unit explained that the previous practice of preparing detailed R&I reports for food inspected was stopped since the Food Cell's Invoicing Unit will anyway recheck the delivery notes with the contractor's invoices.

46. After inspection by the R&I Unit, the contingent Food Officer prepares an "inability quantity and quality faults report" containing complaints received about the food. This report is received by the Rations Officer and used by the Invoicing Unit when reconciling discrepancies between the delivery note/R&I report and the invoices. R&I inspectors who responded to the survey commented that they do not receive the "inability reports". If these reports are sent to them, they could explain the discrepancies between their inspections and the complaints concerning food quality and quantity.

Recommendation 10

OIOS recommends that the UNMIL Receiving and Inspection Unit prepare the detailed R&I report and explain the discrepancies between the R&I inspection and the inability note submitted by the contingent food officer (AP2004/626/10/010).

47. *UNMIL Administration accepted recommendation 10 and indicated that detailed R&I reports explaining the discrepancies noted during inspections are now being submitted by the R&I Unit. However, the Mission held the view that it should be the Food Cell which should compare the inability report submitted by the contingent food officers with the R&I report. In OIOS' opinion, the R&I Unit should receive the inability reports so that its inspectors can be given the chance to explain why issues noted in the inability report were not noted in the R&I report. This will facilitate comparison by the Food Cell. OIOS will keep recommendation 10 open pending receipt of documentation from UNMIL showing that this is being done.*

H. Rejected items

48. Items rejected during inspections are required to be returned to the contractor for proper disposal. The contractor is required to dispose of all rejected items as follows: Fruits and vegetables are to be disposed of through the Monrovia Municipal Corporation; dry goods and frozen items are to be shipped back to the original suppliers.

49. According to the Status of Forces Agreement (SOFA) between the United Nations and the host government, only items procured for consumption/use of the United Nations are exempt from local taxes. While the contractor's disposal process and documentation appeared to be adequate, the

Mission needs to ensure that rejected items are not sold tax-free in the local market. It is necessary for the Food Cell to assign a Quality Assurance officer to witness the disposals effected by the contractor.

Recommendation 11

OIOS recommends that the UNMIL Food Cell assign a Quality Assurance Officer to witness disposals of rejected rations by the contractor (AP2004/626/10/011).

50. *The UNMIL Administration accepted recommendation 11 and stated that a Quality Assurance Officer has been requested from Headquarters to, among others, witness disposal of rejected items by the contractor particularly bulk food products where removal from the food chain should be verified for matters of public health and conformity to the SOFA.* OIOS will keep recommendation 11 open pending confirmation that it has been fully implemented.

I. Quality assurance issues

51. R&I inspections should ensure that the quantity and quality of food delivered conform to the specifications and conditions required, including packing, manufacturing date markings and temperature standards. OIOS observed that R&I inspections are mainly done to establish the number of units delivered, although the units of measurement in the requisitions specify weights. Food quality inspections are also usually limited to determining whether the aesthetic value of the items are maintained— i.e. color, texture and smell, among others. In the case of food transported by cargo aircraft, it becomes difficult to maintain the temperature standards because frozen and chilled items are left in the open for as long as five hours, especially when flights are delayed.

52. A survey of food inspectors showed that only two of the six inspectors had undergone relevant training on food inspection. OIOS also noted that food inspectors had not been provided with weighing scales and temperature probes to ascertain whether weight and specifications were met.

Recommendation 12

OIOS recommends that the UNMIL Administration provide training to R&I inspectors on the standards and procedures relating to food inspection (AP2004/626/10/012).

53. *The UNMIL Administration accepted recommendation 12 and indicated that on the job training program of R&I inspectors will be continued in close coordination with the Food Cell to improve the quality of inspection especially on standards for inspection of poultry, livestock, liquid, frozen and eggs products, safety standards for packaging and labeling, updates on food borne diseases.* OIOS will keep recommendation 12 open pending receipt of documentation from UNMIL providing the details of training provided to R&I inspectors.

Recommendation 13

OIOS recommends that the UNMIL Administration equip food inspectors with temperature probes and weighing scales (AP2004/626/10/013).

54. *UNMIL Administration took note of recommendation 13 and indicated that efforts are being made to confirm the cold cycle preservation, including the use of thermographs during transport and to verify temperature levels by administrative staff at delivery points in the field. Weighing is carried out at the warehouse using contractor's equipment, the accuracy of which is checked periodically by the mission. OIOS will keep recommendation 13 open until it is fully implemented.*

Recommendation 14

OIOS recommends that the UNMIL Administration ensure that the contractor adheres to the applicable storage and temperature standards particularly for frozen/chilled goods, fruits and vegetables while these are being transported by aircraft (AP2004/626/10/014).

55. *The UNMIL Administration accepted recommendation 14 and indicated that the contractor had been requested to procure and maintain a stock of thermal blankets which will help in maintaining the correct temperature during air transportation. OIOS will keep recommendation 14 open until it is fully implemented.*

56. Sections G23, G24, N38 and N39 of the Food Rations SOP specify the quality assurance controls which should be exercised by contingent food officers. Among these are: ensuring proper storage of fresh, frozen, and dry food, monitoring of quantity and quality of ration stores, correct arrangements of storage, maintaining records of and monitoring temperature of all refrigerated/freezer storage containers, and maintaining hygienic conditions prescribed in the recommended International Code of Practice.

57. OIOS' visits to contingent sites showed that 13 out of 14 contingents visited did not comply with the said standards. No stock and accounting records were kept to monitor the first-in-first-out issuance of stocks; there was no evidence that temperature standards were adhered to; and storage areas for both dry and frozen goods were unhygienic and inadequate in all except three contingents inspected. Failure to maintain the required sanitation standards for storerooms may cause rodent and other infestations.

58. The contingents' failure to comply with required temperature standards for food results in lowering the foods' shelf life and nutritive value. Studies for instance showed that frozen foods should be stored in a temperature range of 0 to minus 18 degrees F. Higher temperatures can increase the rate of deterioration of fatty foods, contribute to color fading of highly colored products and reduce the stability of some vitamins. In addition, temperature fluctuations great enough to cause thawing and re-freezing may cause protein and carbohydrate breakdown leading to textural changes, such as softening and leakage. For fresh, canned and dried fruits, every 18 degrees F rise in temperature doubles, triples or even quadruples the rate of quality loss, depending on the kind of

food. So it is not only important to keep the storage temperature as low as practical, it is equally important to prevent fluctuation of temperatures (see “Maintaining Food Quality in Storage, Hurst and Reynolds”, www.ces.uga.edu).

59. The main reason for not adhering to the required quality standards for food rations was the lack of training. Responses to the survey administered to 25 contingent food officers showed that most of them are not aware of warehousing and quality standards. Only 7 knew that the required temperature for fresh rations is 0 to minus 5 degrees, while only one knew that the required frozen temperature for frozen rations is minus 18 degrees. Moreover, only 7 were able to attend a training programme conducted by the Food Cell.

60. All the food officers however acknowledge the need for training on hazards to safe food, garrison sanitation principles, menu evaluation, nutritional aspects of operational rations, reducing food subsistence loss, preventing food contamination and preventing the outbreak of food-borne illnesses.

Recommendation 15

OIOS recommends that the UNMIL Food Cell provide training to all the contingent food officers on quality assurance and warehousing standards. Adherence to these standards should also be verified during surprise inspections (AP2004/626/10/015).

61. *UNMIL took note of recommendation 15 and indicated that currently there are training programmes for contingent food officers on elements that are peculiar to the mission, as well as for specialist issues of quality assurance and warehousing standards. This programme has proved to be very valuable particularly after the rotation of the troops, whereby new logistics officers are trained.* OIOS will keep recommendation 15 open pending receipt of documentation showing the results of surprise inspections by the Food Cell to ensure that standards on quality assurance and warehousing standards have been complied with.

J. Emergency ration packs

62. The Food Cell SOP states that the Mission should maintain stock of emergency ration packs for use during extreme emergency, such as during war-like situations, periods of hostility or in the event of impossibility of supply through normal channels. UNMIL should determine the ration pack stock to be held at sector levels based on the Force Logistic Directive which should stipulate the exact number of days’ reserve stocks to be kept. However, this was not done.

63. At the time of the audit, there were 109,790 individual ration packs in stock, which were meant to cater to a total strength of 16,508 including contingents, military observers, civilian police and international staff. This is net of the 6,271 ration packs issued to the Senegalese contingent for operational reasons and the World Food Programme on cost reimbursement basis. The present level of emergency stocks is meant for a self-sustainment period of 6.68 days. ECONOMAT, the contractor for supplying emergency ration packs, was allowed a lead time of 25 days after placement of order to supply the emergency rations.

64. There is no assurance that the present stocks are adequate in the event of an emergency, since no force logistic directive has been issued to establish the reasonable number of days' reserve stocks which should be kept by the Mission.

Recommendation 16

OIOS recommends the UNMIL Administration issue a force logistic directive indicating the number of days' reserve stocks to be maintained by the Mission (AP2004/626/10/016).

65. *UNMIL Administration accepted recommendation 16 and indicated that action is being taken to increase the stock levels of CRPs from 7 to 14 days and a Force Logistics Directive will be issued by the mission upon receipt of the additional stock reserves.* OIOS will keep recommendation 16 open pending the receipt of documentation on its implementation.

66. According to the contract with Euresst Support Services (ESS), emergency ration packs are required to be maintained by ESS. However, the contract for these ration packs was awarded to ECONOMAT. OIOS' inspection showed that these rations are stored in 21 containers at Star Base since February 2004 under instructions from the Chief of Integrated Support Services (CISS). These emergency rations are required to be stored in rooms/containers with temperatures of 0 to 26 degrees centigrade, but they had been stored in non-temperature regulated containers in the yard. Test inspection of one container showed that 10 ration packs had deteriorated even though their expiry date was April 2007.

Recommendation 17

OIOS recommends that the UNMIL Administration take immediate measures to ensure that the existing emergency rations are stored in temperature-regulated storage rooms/containers to avoid further spoilage (AP2004/626/10/017).

67. *The UNMIL Administration accepted recommendation 17 and indicated that these rations were now stored and maintained by the contractor as required by the rations contract and will be issued in accordance with Administrative Instructions taking into account the "lessons learned" during October riots.* Based on the Mission's response, OIOS has closed recommendation 17.

K. Invoicing and payments to the contractor

Payments to ESS

68. Invoices are submitted by the contractor once a month, within 15 days after the final delivery for a ration period. Upon receipt of these invoices, the Food Cell's Invoicing Unit retrieves all delivery notes for the relevant period previously received from the R&I Unit. Details of invoices are compared with delivery notes to ensure that the respective requisition number, troop strength, and consumption period match. Excess/shortfall in delivery of items is reviewed to

ascertain reasonableness, while substitutions are verified to confirm that prior approval was given by UNMIL. An Excel worksheet is used by the Food Cell to input all adjustments to quantities, rejections, and short deliveries that were not accurately reflected in the contractor's invoice. The staffs of the food cell also ensure that the total of the requisition worksheet does not exceed the approved CMR.

69. OIOS found that on an average, the Food Cell takes 84 days for processing the contractor's invoices, and the Finance Section takes 33 days for processing payments. As such the contractor gets paid for his services only 117 days or almost 4 months after the invoices have been submitted for payment (see details in the table below). This is contrary to Article 16.5 of the contract which requires payment to the contractor within 30 days following the receipt of items or within 30 days following inspection and acceptance of the goods to which the invoice relates.

Consumption period	Date invoice submitted by contractor	Date of submission to Finance	Date of payment
30 Jan – 26 Feb 04	29 Feb 04	18 May 04	13 Jun 04
27 Feb – 25 Mar 04	11 Apr 04	19 Jun 04	29 July 04
26 Mar – 22 Apr 04	30 Apr 04	27 Jul 04	In process
23 Apr – 20 May 04	6 Jun 04	25 Aug 04	In process
21 May – 17 Jun 04	5 Jul 04	Not yet	Not yet

70. The Mission has so far paid for only two ration periods, against deliveries made for five periods. Delays in the processing of invoices were attributable to the Mission's verification process which was, in effect, repeating the steps that should have been performed by the contractor before invoices were prepared.

71. The Finance Section staff in charge of processing food rations payments explained that the delays were due to several reasons. For the first period, no funds were available because the allotment was issued to Headquarters instead of UNMIL. For the second period, when invoices were received by Finance, the section was busy closing the year-end accounts. For the third period, the Finance Section stated that lack of staff was the main reason.

Recommendation 18

OIOS recommends that the UNMIL Administration streamline the process for verifying and payment of rations invoices with a view to adhering to the timelines agreed upon in the contract (AP2004/626/10/018).

72. *The UNMIL Administration accepted recommendation 18 and indicated that the R&I Unit now provides a detailed report to the Food Cell in a timely manner, a copy of which is then collected by the Contractor who, in turn, uses this information to prepare conforming invoices. Also, the invoicing process has been streamlined and Food Cell staff caught up with the back log of invoices. Newly received rations invoices are now being processed by Food Cell and forwarded to Finance*

Section within two weeks on average. Based on the Mission's response, OIOS has closed recommendation 18.

Payments to Es-Ko

73. OIOS reviewed the supporting documents pertaining to payments made to Es-Ko and noted that in the case of the Es-Ko deliveries, payments were based on copies of delivery notes, requisitions and certified invoices from UNAMSIL. UNMIL journal vouchers were prepared to record the reimbursement made to UNAMSIL by bank transfer.

74. The audit showed that delivery notes supporting the payments made to Es-Ko did not bear item inspection markings similar to those seen in the delivery notes supporting payments to ESS. Upon verification, it was found that UNMIL did not inspect deliveries made by Es-Ko as there was no R&I Unit at the time. The point at which inspections were made by UNAMSIL inspectors could not be established although it was the UNMIL Rations Officer who signed on the covering R&I report supporting the unmarked delivery notes.

75. A total of \$2,947,284 was paid for the Es-Ko contract during the period 1 October 2003 to 29 January 2004 which consisted \$1,087,234.51 reimbursed to UNAMSIL for rations and other services such as warehousing charges, rental of reefers, and transportation costs and \$1,860,050 paid to directly to the ES-KO by UNMIL which is more than the contract cost by \$331,000. In OIOS' opinion, the Mission needs to reconcile the payments made to Es-Ko through UNAMSIL and also clarify the circumstances in which payments were made for deliveries that were not inspected at the recipients' end.

Recommendation 19

OIOS recommends that the UNMIL Administration reconcile the payments made to Es-Ko through UNAMSIL and explain the circumstances in which these payments were made without inspection of deliveries at the recipients' end (AP2004/626/10/019).

76. *The UNMIL Administration indicated that payments made to ES-KO through UNAMSIL were supported by R&I reports made at the "designated delivery point" where transfer of ownership took place, i.e. the ES-KO operated warehouse in Freetown. Until the establishment of the Interim Contract, UNMIL was just another unit or contingent of UNAMSIL with the rations being R&I'd at the Freetown warehouse and then collected by UNAMSIL transport assets. Receipt of rations by the "end user" was not a prerequisite for the payment of Contractors' invoices. It is where the change of ownership and consequent transfer of risk takes place. OIOS will keep recommendation 19 open pending receipt of documentation showing the reconciliation of payments made to UNAMSIL.*

VI. ACKNOWLEDGEMENT

77. We wish to express our appreciation to the Management and staff of UNMIL for the assistance and cooperation extended to the auditors during this assignment.

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