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FINANCE COMMITTEE

Hundred and Fifty-eighth Session

Rome, 11 - 13 May 2015

Report of the External Auditor on Warehouse Management

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EXECUTIVE SUMMARY

- This report presents the results of the Comptroller and Auditor General of India's audit of the World Food Programme (WFP) with regard to its performance on warehouse management. The main objective of the audit was to ascertain whether WFP warehouses were managed in an economical, efficient and effective manner and the management of food commodities stored therein was in line with its manuals and existing guidelines.
- Warehouse management plays a crucial role in the successful operation of WFP keeping in view its core mandate of delivering food for ending global hunger. Each year, WFP purchases food commodities with the objective of ensuring availability of appropriate food commodities to beneficiaries in a timely and cost-effective manner. There are 632 WFP managed warehouses in 75 countries where food is stored for distribution to beneficiaries. In addition, there are warehouses of government and non-governmental organization partners. The warehouse operation cost for the years 2012, 2013 and 2014 (up to June) were USD 85.05 million, USD 70.72 million and USD 36.71 million respectively.
- We observed that WFP did not have overarching global guidance for managing warehouse operations. As warehouse management plays a crucial role towards fulfilling its Strategic Plan (2014–2017), we encourage WFP to formulate global guidance on warehouse management.
- We noted that WFP did not have a specific work plan/sub-plan relating to warehouse management at the Headquarters level and sub-plan at the regional bureau/country office level for achieving overall objectives under the Strategic Plans (2008–2013 and 2014–2017).
- As WFP has to respond to the urgent needs of beneficiaries in dynamic and volatile environments and in light of the strategic shift of WFP from being a food aid agency to a food assistance agency, there is a need for revising the normative manuals after considering feedback from relevant parties and stakeholders.
- To use the warehouses at their optimal level, space requirements need to be assessed well in advance and accordingly, specific planning at each warehouse is to be ensured before arrival of the stock. WFP needs to review its oversight mechanism for space planning and stock layout.
- Quality management of food and commodities stored in the warehouse is a crucial aspect of warehouse management. We recommend that WFP may ensure that the guidelines prescribed for regular inspection of warehouses may be complied with by all country offices to ensure the quality of food commodities kept in the warehouses.
- The United Republic of Tanzania country office observed that against total warehouse losses of 170.44 mt attributable to damaged/spoiled commodities during the period January 2012 to June 2014, only 44.78 mt (26 percent) could be disposed of. We recommend that WFP may ensure early disposal of damaged/spoilt items, following the required procedures, processes and formalities.
- In the Cameroon country office, we observed that the information furnished by the cooperating partners pertaining to the period October 2013 to September 2014 were not being reconciled with the stock position indicated in the Commodity Movement, Processing and Analysis System (COMPAS). WFP may ensure monthly reconciliation of the stock position as reported by the cooperating partners with COMPAS so as to assess whether there is any loss, wastage or misappropriation.
- We observed that numerous warehouse management trainings have been undertaken at country office level but not all of these have been reported through the Learning Management System.

- In operational terms, the data for regional bureaux/country offices with regard to the number of warehouses, capacity and utilization thereof is part of the critical information which should be centrally available for working out an overall plan on warehouse management, for proper monitoring and for efficient service delivery. We recommend that WFP may develop a suitable management information system (MIS) relating to warehouse management which may, inter alia, contain details of number of warehouses, capacity and utilization thereof, legal cases, etc. in a centralized manner.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to consider the document “Report of the External Auditor on Warehouse Management” and provide comments for consideration by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee considered the document “Report of the External Auditor on Warehouse Management” and made comments to the Executive Board in the report of its 158th Session.**



Executive Board
Annual Session

Rome, 25–28 May 2015

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For consideration



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REPORT OF THE EXTERNAL AUDITOR ON WAREHOUSE MANAGEMENT

Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

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The Comptroller and Auditor General of India (CAG) provides an external audit service to the World Food Programme (WFP)

CAG's audit aims to provide independent assurance to the World Food Programme and to add value to WFP's management by making constructive recommendations.

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External Audit Report

Performance Audit Report on Warehouse Management by WFP



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COMPTROLLER AND AUDITOR GENERAL OF INDIA

Executive Summary

This report presents the results of the Comptroller and Auditor General of India's audit of the World Food Programme (WFP) with regard to its performance on warehouse management. The main objective of the audit was to ascertain whether WFP warehouses were managed in an economical, efficient and effective manner and the management of food commodities stored therein was in line with its manuals and existing guidelines.

Warehouse management plays a crucial role in the successful operation of WFP keeping in view its core mandate of delivering food for ending global hunger. Each year, WFP purchases food commodities with the objective of ensuring availability of appropriate food commodities to beneficiaries in a timely and cost-effective manner. There are 632 WFP managed warehouses in 75 countries where food is stored for distribution to beneficiaries. In addition, there are warehouses of government and non-governmental organization partners. The warehouse operation cost for the years 2012, 2013 and 2014 (up to June) was USD 85.05 million, USD 70.72 million and USD 36.71 million respectively.

We observed that WFP did not have overarching global guidance for managing warehouse operations. As warehouse management plays a crucial role towards fulfilling its Strategic Plan (2014–2017), we encourage WFP to formulate global guidance on warehouse management.

We noted that WFP did not have a specific work plan/sub-plan relating to warehouse management at the Headquarters level and sub-plan at the regional bureau/country office level for achieving overall objectives under the Strategic Plans (2008–2013 and 2014–2017).

As WFP has to respond to the urgent needs of beneficiaries in dynamic and volatile environments and in light of the strategic shift of WFP from being a food aid agency to a food assistance agency, there is a need for revising the normative manuals after considering feedback from relevant parties and stakeholders.

To use the warehouses at their optimal level, space requirements need to be assessed well in advance and accordingly, specific planning at each warehouse is to be ensured before arrival of the stock. WFP needs to review its oversight mechanism for space planning and stock layout.

Quality management of food and commodities stored in the warehouse is a crucial aspect of warehouse management. We recommend that WFP may ensure that the guidelines prescribed for regular inspection of warehouses may be complied with by all country offices to ensure the quality of food commodities kept in the warehouses.

In the United Republic of Tanzania country office we observed that against total warehouse losses of 170.44 mt attributable to damaged/spoiled commodities during the period January 2012 to June 2014, only 44.78 mt (26 percent) could be disposed of. We recommend that WFP may ensure early disposal of damaged/spoilt items, following the required procedures, processes and formalities.

In the Cameroon country office, we observed that the information furnished by the cooperating partners pertaining to the period October 2013 to September 2014 were not being reconciled with the stock position indicated in the Commodity Movement, Processing and Analysis System (COMPAS). WFP may ensure monthly reconciliation of the stock position as reported by the cooperating partners with COMPAS so as to assess whether there is any loss, wastage or misappropriation.

We observed that numerous warehouse management trainings have been undertaken at country office level but not all of these have been reported through the Learning Management System.

In operational terms, the data for regional bureaux/country offices with regard to the number of warehouses, capacity and utilization thereof is part of the critical information which should be centrally available for working out an overall plan on warehouse management, for proper monitoring and for efficient service delivery. We recommend that WFP may develop a suitable management information system (MIS) relating to warehouse management which may, *inter alia*, contain details of number of warehouses, capacity and utilization thereof, legal cases, etc. in a centralized manner.

Organizational Objectives

1. World Food Programme (WFP) is a member of the United Nations Development Group and part of its Executive Committee. The mission of WFP is to end global hunger. WFP's Strategic Objectives are derived from its mandate, Mission Statement and the Millennium Developmental Goals agreed by all United Nations Member States.
2. The Strategic Plans 2008–2013 and 2014–2017 provide the framework for WFP's operations and role in achieving a world with zero hunger. They mark a historical shift of WFP as a food aid agency to WFP as a food assistance agency, with a more nuanced and robust set of tools which essentially consists of vouchers, cash and in-kind food assistance to respond to critical hunger needs. Its overarching goal is to reduce dependency and to support governmental and global efforts to ensure long-term solutions to the hunger challenge.
3. The main partners of WFP on the frontline of hunger are the national and local governments as well as the local communities including non-government organizations (NGOs). Communities and governments have primary responsibility for meeting the hunger-related needs of their populations.

WFP's Warehouse Management

4. Every year WFP purchases food commodities with the objective of ensuring availability of appropriate food commodities to beneficiaries in a timely and cost-effective manner. WFP purchased 2.1 million mt of food during the year 2012 as well as 2013. At least three quarters of it came from developing countries in line with its policy of buying food as close to where it is needed as possible. By buying locally, WFP saves time and money on transport costs and also helps sustain local economies.
5. The WFP's food commodity inventory at the end of 2013 decreased by USD 45.6 million or 7 percent from the 2012 value mainly due to reduction in the value of food held while the metric tons held remained at the same levels as in 2012 (1.1 million mt in 2012 and 2013).
6. In WFP, the warehouse operations involving storage and handling play a crucial role in the supply chain for delivering the food commodities to the beneficiaries from the points of delivery, i.e. from the point where food commodities are handed over to WFP by donors (in case of in-kind contributions) or by suppliers (in case of WFP food procurement).

7. A macro level position of total spending, spending on food and landside transport, storage and handling (LTSH) and warehouse operation by WFP is given in the following table:

(Amount USD millions)

Particulars	2012	2013	2014 (up to June)
Total expenses	4 018.9	4 184.6	2 238.6
Food (inclusive of all related expenses)	2 826.7	2 637.2	1 322.6
Percentage of food expenses to total expenses	70.34	63.02	59.08
LTSH	763.3	662.3	317.2
Percentage of LTSH to total expenses	18.99	15.83	14.17
Of LTSH, warehouse operation cost	85.05	70.72	36.71
Percentage of warehouse operation cost to LTSH	11.14	10.68	11.57

8. There are 632 WFP managed warehouses in 75 countries where food is stored for distribution to beneficiaries. In addition, there are warehouses of government and NGO partners. As of 31 December 2013, 121,795 mt with a value of USD 86 million was with these cooperating partners that remained available for distribution.
9. With increasing concerns of food quality, increased thrust by WFP on procuring high-value specialized nutritious foods that specifically require a safe and protected environment, and a significant trend of advance procurements using the Forward Purchase Facility, proper storage of food commodities becomes an imperative need, as incidence of expired/damaged commodities can raise reputational risks for WFP.

Audit Objectives

10. The primary objective of the performance audit on warehouse management was to seek an assurance that WFP was economical, efficient and effective in managing its warehouses and the management of food commodities stored therein was in line with its manuals and existing guidelines. The detailed objectives were to ascertain whether:
- Warehousing planning was in place and adequate;
 - Criteria for setting up/hiring warehouses were laid down and adhered to;
 - Space management for storage of commodities was optimal and hiring of private warehouses was judicious and economical;

- Stock management was based on the manual provisions/best practices and handling/storing and inspection of food commodities ensured supply chain efficiency;
- Quality management was ensured to check food quality issues and controls were in place to check incidence of expired/damaged commodities and post-delivery warehouse losses;
- Stock accounting was timely and accurate and IT tools were efficiently used for the same;
- Capacity-building of staff and also cooperating partners was ensured for proper warehouse/stock management as per WFP requirements;
- Monitoring and oversight was effective at all levels of country offices (COs), regional bureaux (RBs) and Headquarters (HQ).

Audit Criteria

11. The following sources of audit criteria were used to evaluate the performance of WFP's warehouse management:

- Food Storage Manual, Warehouse Management Manual and Transport Manual
- General Regulations, General Rules, Financial Regulations and Financial Rules
- International Public Sector Accounting Standard (IPSAS) 12 – Inventories, relating to valuations of stock
- Annual Performance Plan 2013 and 2014 and Management Plan (2013–2015)

Audit Scope

12. Our audit covered the WFP HQ in Rome, the selected three RBs,¹ five COs² and the Office of the Regional Emergency Coordinator, Amman. The audit was conducted between September and December 2014. The period covered for performance audit was from January 2012 to June 2014. Wherever necessary, data/figures for the previous years were also examined.

¹ Cairo, Dakar and Bangkok

² Jordan, Cameroon, the Philippines, United Republic of Tanzania and South Sudan

Audit Methodology

13. We discussed the audit objectives, scope and methodology with the management at HQ, the COs and RBs during Entry Conference(s). We issued questionnaires to the field offices visited, scrutinized and analysed documents and records and held interviews with concerned officials. We discussed our audit findings with the management during Exit Conference(s).

Acknowledgement

14. We thank WFP management for the cooperation and assistance extended to us at all stages of audit.

AUDIT FINDINGS

Global Guidance on Warehouse Management

15. WFP has normative manuals and handbooks related to logistics operations that included warehouse and commodity management, *viz.*, Transport Manual, Food Storage Manual and Warehouse Management Handbook.

16. We noted that WFP did not have overarching global guidance for managing warehouse operations. We encourage WFP to adopt such warehouse management guidance as warehouse management plays a crucial role in fulfilling its Strategic Plan (2014–2017) objectives of restoring food security and nutrition, reducing undernutrition and breaking the intergenerational cycle of hunger.

17. The management agreed that a high-level document on warehouse management providing an overview of rules, regulations and best practices could be a useful contribution to the regulatory framework of WFP.

Recommendation 1

WFP may formulate an overarching Global Guidance on Warehouse Management.

18. The management accepted the audit recommendation.

Work Plan/Sub-Plan for Warehouse Management

19. For efficient project management, it is desirable to formulate a work plan/sub-plan in line with the Strategic Plan. This will ensure consistency and uniformity across all the RBs/COs. The work plan/sub-plan may, *inter alia*, include factors like maintenance of a minimum level of food storage based on recurring needs of a country, assessment of requirements in terms of category and capacity of warehouses based on seasonal variations at a particular location, decision taken on selection of a particular category of warehouse (owned/hired) while exercising financial prudence, etc.
20. We noted that WFP did not have a specific work plan/sub-plan relating to warehouse management at the HQ level and sub-plan at RB/CO level for achieving overall objectives under the Strategic Plans (2008–2013 and 2014–2017).
21. The management acknowledged the importance of the adoption of a suitable and specific work plan relating to warehouse management at HQ level and sub-plan at RB/CO level. It stated that WFP was in the process of adopting a global annual aggregate planning of food demand and funding prospects.

Recommendation 2

WFP may establish a work plan and sub-plan for its warehouse management at the levels of Headquarters, regional bureaux and country offices.

22. The management accepted the audit recommendation.

Revision of Various Manuals Adopted by WFP

23. The Transport Manual, established in 1994, as the main normative guidance document for all transport and logistics services in WFP, was last revised in 2007. The other two manuals, Food Storage Manual and Warehouse Management Handbook, which were explicitly defined as parts of the Transport Manual, were last revised in 2001 and 2003 respectively.
24. As WFP has to respond to urgent needs of beneficiaries in a dynamic and volatile environment and in light of the strategic shift of WFP from being a food aid agency to food assistance agency, there is a need for revising these manuals after considering feedback from relevant parties and stakeholders.

Recommendation 3

WFP may revise the Transport Manual, Food Storage Manual and Warehouse Management Handbook, after considering feedback from relevant parties and stakeholders.

25. The management accepted the audit recommendation.

Warehouse Planning for Space Management

26. Efficient storage management involves ensuring optimum capacity utilization of the existing capacity and minimizing the cost of storage. The need for storage facilities, their types, capacities, locations, etc., are important factors in warehouse management. The decisions to build or rent; to manage directly (by WFP staff) or to outsource (partly or in full) are made on the basis of local analysis of the most reliable and cost-effective option in the given circumstances.

27. We did not find the existence of a specific stock management plan for efficient movement and storage of stock items in respect of two COs (South Sudan and United Republic of Tanzania). We also did not observe the stock layout plan before arrival of the food commodities in these two COs.

28. The South Sudan CO stated that efforts were constantly made to ensure that best practices on warehouse and space management were in line with standard transport and warehouse manuals. While accepting the need for optimum capacity utilization and warehouse space management, the United Republic of Tanzania CO stated that they would include reviewing capacity utilization for Dodoma and Isaka warehouses with the possibility of merging them into one facility for the 2015 CO work plan.

29. The management added that the example of the United Republic of Tanzania may not be an evidence of absence of proper planning but an evidence on lack of systematic documenting of such planning processes and activities and/or inadequate oversight to ensure that the planning was not only done but was also adequately documented.

30. We are of the view that WFP should strengthen its oversight mechanism for space planning and stock layout.

Recommendation 4

WFP may review its oversight mechanism for space planning and stock layout.

31. The management accepted the audit recommendation.

Quality Management of Food Commodities in Warehouses

32. It is of utmost importance to inspect periodically the condition of food commodities kept in the warehouses. This includes effective pest controls at right intervals to minimize commodity loss due to infestation. According to the WFP Food Storage Manual, “inspection must be done regularly, not less than once per week, and should include a complete walk around the store, inside and outside, and all stocks, looking carefully for signs of theft, pest infestation, dampness, mould damage, spillage or leakage of stored commodities, roof leaks and any other structural faults or security problems.”
33. In respect of the South Sudan CO, we did not find evidence of inspection of food stored in the warehouse on a regular basis. We observed that the pest control services were outsourced but no intervals were fixed for the pest control exercise. The pest control services were put into service only when there were visual signs of infestation.
34. The South Sudan CO stated that structured weekly inspections of the warehouse and food was started from August 2014 and efforts were being made to ensure pest control exercises were performed at predetermined times/intervals and not only when signs of infestation were noticed. Reputable pest control and fumigation companies were on the WFP shortlist of service providers. Additional equipment was being purchased to help minimize potential losses due to infestation.
35. We observed that ventilation systems in the warehouses needed improvement in the COs (Syrian Arab Republic and Iraq). The Syrian Arab Republic CO informed us that a total of 10 air extractors and one gate were recently installed at Sahanaya warehouse for improved ventilation for the airing system. The Iraq CO stated that they had shifted to a new warehouse with better ventilation.
36. We are of the view that there is a need to comply with guidelines prescribed for regular inspection of warehouses by all country offices to ensure the quality of food commodities kept in the warehouses.

Recommendation 5

WFP may ensure that the guidelines prescribed for regular inspection of warehouses may be complied with by all country offices to ensure the quality of food commodities kept in the warehouses.

37. The management accepted the audit recommendation.

Fire Safety and Insurance

38. Section 3.10.9 of the Transport Manual specifies that every warehouse should have fire points/tender, fire/smoke alarm and if necessary browser trucks which can pump water for fire-fighting purposes.

39. Taguig warehouse in Manila of the Philippines CO, measuring an area of approximately 1,440 m², stored food items like biscuits and food grains as well as non-food items like sport utility vehicles (SUVs), mobile generator sets, ICT containers, etc. We observed that items stored in the warehouse were very important for quick response to emergency situations and were of considerable value. We noticed that the fire safety measures available were inadequate as the warehouse did not have smoke alarms, browser trucks, etc., to fight a fire of large scale. There was no fire insurance policy to safeguard against loss in case of any eventuality.

40. While stating that all staff had passed a training on fire safety and first aid by Manila fire fighters on practical use of fire extinguishers in April 2014, the Philippines CO accepted that installation of smoke alarms and insurance for stored equipment was needed in terms of risk mitigation and stated that sand buckets and fire blankets would be installed.

Recommendation 6

WFP may review the measures taken to ensure fire safety and also look at the insurance policy to safeguard against loss of stored items.

41. The management accepted the audit recommendation.

Disposal of Damaged/Spoilt Goods

42. For better warehouse management, the spoilt/damaged stock needs to be identified for reconstitution or disposal at the earliest so as to avoid any further deterioration or degradation.

- 43.** We observed in the case of the United Republic of Tanzania CO, that against total warehouse losses of 170.44 mt attributable to damaged/spoiled commodities during the period January 2012 to June 2014, only 44.78 mt (26 percent) could be disposed of. This resulted in realization of only USD 4,249 (3.5 percent) of the total value (USD 120,720) of damaged/spoilt commodities.
- 44.** The CO, while accepting the need for immediate disposal of damaged cargo, clarified that the damaged stock was always segregated and stored separately from sound commodities. WFP added that spoilt/unfit commodities should be disposed of as early as possible following the required procedures, processes and formalities.

Recommendation 7

WFP may ensure early disposal of damaged/spoilt items, following the required procedures, processes and formalities.

- 45.** The management accepted the audit recommendation.

Monitoring of Stock held by Cooperating Partners

- 46.** Country offices must ensure that implementing partners regularly submit distribution and monitoring reports showing movement of received and distributed food items and losses that have occurred at their warehouses or during transport. The information must then be recorded in the Commodity Movement, Processing and Analysis System (COMPAS) by the country office, so as to complete the picture of the commodity supply chain. Cooperating partners are required to submit a monthly statement of the closing stock of commodities held by them.
- 47.** In the Cameroon CO, we examined the monthly stock report of commodities held by the cooperating partners pertaining to the period October 2013 to September 2014 and observed that the information furnished by the cooperating partners was not being reconciled with the stock position indicated in the COMPAS. The difference between the stock held by cooperating partners and as indicated in the COMPAS during the period October 2013 to September 2014 was 4,863.93 mt.

48. The management replied that the CO received the monthly closing stocks held by the cooperating partners and that this information did not always include the stocks distributed, which was useful for the reconciliation. They added that efforts were being made to collect complete and accurate data from all the active cooperating partners to reconcile the stock before 31 December 2014.

Recommendation 8

WFP may ensure monthly reconciliation of the stock position as reported by the cooperating partners with COMPAS so as to assess whether there is any loss, wastage or misappropriation.

49. The management accepted the audit recommendation.

Usage of IT Tools for Monitoring Food Commodities

50. WFP currently has COMPAS to handle tracking of all food commodities and the WFP Information Network and Global System (WINGS) for recording transactions on food commodity stocks until the stage of expensing of inventory. The two systems do not run on the same platform and have different validation rules with different data quality checks. The data migration between the two systems is facilitated by a SAP–COMPAS interface for food commodity management that was introduced in 2009 as an interim solution. The Funds Analysis and Commodity Accounting and Support Branch in the Logistics Division at WFP carries out physical count reconciliation between COMPAS and WINGS on an annual basis on the tonnage of food stock.

51. We observed that the difference of inventory stock between SAP and COMPAS has been increasing since 2011. In the second quarter closure (June 2014), the total variance between SAP and COMPAS was 8,453 mt which was mainly due to non-reconciliation of items related to closed projects (more than 60 percent).

52. As per the information furnished by the Cameroon CO in respect of stock position of commodities as on 30 September 2014, we observed that there were differences in the stock balances of goods between COMPAS and WINGS to the extent of 6,596.54 mt as detailed below:

	<i>(Quantity in mt)</i>
WINGS (SAP-STOCK at HQ) (after adjusting 10,026.37 mt indicated as 'in-transit ocean' and 3.05 mt as 'SAP-Load Port')	23 636.88
COMPAS	17 040.34
Difference	6 596.54

53. The management stated that a report generated on 5 November 2014 showed that the discrepancy has decreased from 6,596.54 mt to 3,456.60 mt. They further stated that in many occurrences, the COMPAS-SAP interface failed to post a number of transactions and that to solve such problems, a technical support from HQ was needed to align transactions in both COMPAS and SAP. In addition to COMPAS-SAP interface failure, there were a number of cases where stocks were seated in SAP, but not in COMPAS. They added that the Logistics Execution Support System (LESS), a new supply chain integrated system would be rolled out by end 2016, to strengthen planning and management of the inventory, and to provide a reliable tool for warehouse space planning. With the introduction of LESS, the interim solution would be decommissioned and all the issues related to the interim solution limitations would be fully resolved.

Training of Manpower for Warehouse Management

54. WFP Logistics established a Logistics Development Unit in 2007 with an aim to upgrade existing training material (in core logistics functions) and provide training to WFP staff. A pool of 30 logistics officers – experts in warehouse, transport and port operation management, have undergone Training of Trainers, and are being deployed on a needs basis to deliver technical trainings. Warehouse management training material has been upgraded and made available through SharePoint to RBs/COs to assist them in regularly organizing trainings for WFP's partners.

55. We observed that numerous warehouse management trainings were undertaken at CO level but not all of those had been reported through the Learning Management System (LMS) and not all information on number of participants was available at HQ. This is required for effective monitoring of trainings and manpower development at WFP HQ which would also help WFP to draw up a training plan for imparting training to various levels of

staff in a centralized manner. Moreover, WFP HQ may review the level of integration with Performance and Competency Enhancement.

56. WFP agreed that the warehouse management training organized by COs was not systematically reflected in the LMS and stated that arrangements to enhance the recording of warehouse training information in LMS were planned to be put in place. Additionally, at the global level, WFP has been working on a career framework review and developing a new generic logistics job profile. The new profile would be reflective of the skills and competencies required to meet the WFP Strategic Objectives and the Fit for Purpose goals.

Recommendation 9

WFP may ensure that Learning Management System reflects the true status of warehouse management training.

57. The management accepted the audit recommendation.

Lack of Centralized Data

58. We required the data for RBs/COs with regard to number of warehouses, capacity and utilization thereof. In operational terms, this is one of the critical pieces of information which should be centrally available for working out an overall plan on warehouse management, for proper monitoring and for efficient service delivery. While information was provided by WFP, we were informed that information on all warehouses managed by WFP, including the cargo throughput in those warehouses, would be systematically and globally available upon roll-out of LESS.

59. We also observed that the Logistics Division was not aware of any court/arbitration cases relating to warehouse management. We could not confirm whether there were any legal cases or the information was not available. WFP informed that pursuant to the establishment of a Legal Office, all legal cases involving the organization must be referred to the Legal Office. The role of the Legal Office is to protect WFP's legal interests, and such role extends to representing the organization in litigation and dispute resolution. Within the Legal Office, the Maritime, Transport and Insurance Law Branch is responsible for all legal matters arising in connection with WFP's logistics activities, including warehousing contracts. We are of the view that availability of the centralized information on legal cases would not only be beneficial from an operational point of view but will also help the organization to take pro-active action to avoid increase in such cases.

Recommendation 10

WFP may develop a suitable management information system (MIS) relating to warehouse management which may, *inter alia*, contain details of the number of warehouses, capacity and utilization thereof, legal cases, etc. in a centralized manner.

60. The management accepted the audit recommendation.

ACRONYMS USED IN THE DOCUMENT

CO	country office
COMPAS	Commodity Movement, Processing and Analysis System
HQ	Headquarters
LESS	Logistics Execution Support System
LMS	Learning Management System
LTSH	landside transport, storage and handling
MIS	management information system
RB	regional bureau
WINGS	WFP Information Network and Global System