



INTERNAL AUDIT DIVISION

REPORT 2016/108

Audit of repairs and maintenance of vehicles in the African Union-United Nations Hybrid Operation in Darfur

Overall results relating to repairs and maintenance of vehicles were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

29 September 2016
Assignment No. AP2016/634/04

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AUDIT REPORT

Audit of repairs and maintenance of vehicles in the African Union-United Nations Hybrid Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of repairs and maintenance of vehicles in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNAMID Transport Section is responsible for the repairs and maintenance of the Mission's vehicles. The Section is headed by the Chief Transport Officer at the P-5 level who is assisted by 275 staff members: three international professionals, five national professionals, 35 field service staff and 232 national staff. The 2014/15 and 2015/16 budgets for the procurement of vehicle spare parts totalled \$3.4 million. The Mission had 2,074 vehicles, excluding contingent-owned equipment which were repaired and maintained by the respective contingents. From 1 July 2014 to 30 April 2016, the Mission processed 18,895 work orders valued at \$4.2 million related to the repairs and maintenance of its vehicles.
4. Comments provided by UNAMID are incorporated in italics.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of UNAMID governance, risk management and control processes in providing reasonable assurance regarding the **effective management of repairs and maintenance of vehicles in UNAMID**.
6. The audit was included in the 2016 risk-based work plan of OIOS because of the operational risk related to inadequate and lack of timely repairs and maintenance of vehicles in UNAMID.
7. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide repairs and maintenance of vehicles in UNAMID; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
8. The key control was assessed for the control objectives shown in Table 1.
9. OIOS conducted the audit from March to June 2016. The audit covered the period from 1 July 2014 to 30 April 2016.
10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The UNAMID governance, risk management and control processes examined were assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of repairs and maintenance of vehicles in UNAMID**. OIOS made one recommendation to address issues identified in the audit.

12. UNAMID had: effectively used the CarLog system to establish when vehicles were due for preventive maintenance; recorded all work orders in Galileo; conducted all required preventive maintenance of its vehicles; used workshops that were safe for staff to work in; and established and implemented a mechanism, including key performance indicators, to analyse and evaluate its repairs and maintenance services and take prompt corrective actions. However, UNAMID needed to implement adequate supervisory procedures related to the recording of parts from cannibalized vehicles in Galileo.

13. The initial overall rating was based on the assessment of the key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of the one important recommendation remains in progress.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of repairs and maintenance of vehicles in UNAMID	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

There were adequate controls related to the recording of and determination of the cost-effectiveness of repairs and maintenance activities

14. The Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Surface Transport Manual and UNAMID Transport Standard Operating Procedures (UNAMID Transport SOPs) require UNAMID to: (a) use Galileo to record the cost of repairs and maintenance of vehicles; (b) replace or write off a vehicle with repair costs exceeding 30 per cent of its net book value; and (c) ensure the cost-effectiveness of repairs and the roadworthiness of its vehicles. In a code cable dated 14 October 2014, the Under-Secretary-General of DPKO advised UNAMID to replace vehicles if operating such vehicles compromises safety of staff and reduces the effectiveness of operations. Good business practice requires UNAMID to periodically analyze and evaluate repairs and maintenance activities and to take action to improve services provided. UNAMID requires its workshop supervisors to review and approve work orders.

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

15. UNAMID vehicle repairs and maintenance statistics in Galileo recorded that the Mission carried out repairs and maintenance works related to 1,925 of its fleet of 2,074 vehicles and processed in Galileo 18,895 related work orders valued at \$4.2 million during the audit period.

16. A review and analysis of repairs and maintenance costs for the 2,074 vehicles showed that the Mission: (a) had 1,774 vehicles with repair and maintenance costs greater than 30 per cent of their respective net book values; (b) wrote off 529 of the 1,774 vehicles and continued to use 1,245 which it considered as safe and valuable to operations; (c) was analyzing its repairs and maintenance costs to establish the financial viability of vehicles in its fleet, and to identify opportunities to improve the economy, efficiency, effectiveness and timeliness of its repairs and maintenance services; and (d) had an average processing time of 3 to 4.4 days per work order, which was within the established key performance indicator. A review of a sample of 500 out of 18,895 work orders showed that these were duly approved by the workshop supervisors.

17. OIOS concluded that the Mission had implemented adequate controls related to the recording of and determination of the cost-effectiveness of repairs and maintenance activities.

The Mission performed the required preventive maintenance of its vehicles

18. The UNAMID Transport SOPs requires the Transport Section to: (a) install the CarLog System in all vehicles and programme the system to alert users when a vehicle is due for preventive maintenance; and (a) perform preventive maintenance on each vehicle after operating it for 5,000 kilometres.

19. The audit work included a: (a) review of the maintenance records for 200 out of 2,074 vehicles processed during the audit period in the five Darfur Sectors and Khartoum and related service history; and (b) comparison of the statistics for vehicles recorded in Galileo and the CarLog System. The audit results indicated that the Mission: (a) had programmed the CarLog System in all vehicles to alert users when their vehicles were due for preventive maintenance; and (b) performed preventive maintenance on each vehicle every 5,000 kilometres in compliance with established procedures.

20. OIOS concluded that UNAMID performed in a timely manner the required preventive maintenance of its vehicle fleet.

Need for adequate controls over the recording of cannibalized parts

21. The DPKO/DFS Surface Transport Manual requires UNAMID to record parts from cannibalized vehicles in Galileo and safeguard them.

22. A review of cannibalization forms maintained by the Property Disposal Unit and records in Galileo, and visits to warehouses in El Fasher, El Daein, El Geneina and Nyala indicated that, during the audit period, UNAMID cannibalized 387 vehicles (2 in El Daein, 14 in Khartoum, 146 in El Fasher, 94 in El Geneina and 131 in Nyala) and properly recorded and safeguarded the spare parts in Khartoum and Nyala. However, the cannibalized spare parts in El Fasher, El Daein and El Geneina were not recorded in Galileo. This was because the Transport Section management did not implement adequate supervisory procedures to ensure that the parts were recorded. As a result, there was a risk of financial loss related to the loss/theft of parts and procurement of excess parts.

(1) UNAMID should implement adequate supervisory and review procedures related to the recording of parts from cannibalized vehicles in Galileo.

UNAMID accepted recommendation 1 and stated that it had circulated a memorandum to remind all

Transport Section staff about the requirement and procedures for recording parts from cannibalized vehicles accurately and timely and would record all outstanding cannibalization vouchers for all cannibalized parts in Galileo. Recommendation 1 remains open pending receipt of evidence that UNAMID has recorded all outstanding cannibalization vouchers for parts from cannibalized vehicles in Galileo.

Vehicle workshops were safe for staff to work in

23. The DPKO/DFS Surface Transport Manual and the UNAMID Transport SOPs require the Transport Section to have a safe and environmentally friendly workplace that is equipped with: (a) good lighting and ventilation; (b) fire extinguishers and emergency escapes; (c) welding goggles; and (d) nose masks for painting shop personnel.

24. Visits to the Transport Section workshops in all the five sectors of Darfur indicated that the workshops had good lighting and ventilation, fire extinguishers and adequate fire escapes, and staff were provided with welding goggles to protect eyes and nose masks for spray painting.

25. OIOS concluded that the vehicles workshops were well equipped and were safe for staff to work in.

Customs clearance processes affected the supply of batteries and tyres

26. The DPKO/DFS Surface Transport Manual and the UNAMID Transport SOPs require the Transport Section to procure spare parts taking into consideration the requirements, age and technical performance of each vehicle model.

27. Physical inspection of transport warehouses in the five sectors showed that the Mission had sufficient quantities of commonly used spare parts such as air filters and oil filters for all models. However, the Mission did not have sufficient number of tyres and batteries in Sectors North, South and East due primarily to the lengthy customs clearance process at Port Sudan. The audit results indicated that the UNAMID Transport Section was actively tracking the shipments of the various spares parts, including tyres and batteries valued at \$839,133 awaiting customs clearance for periods ranging from two to nine months. During the audit period, the Mission had also taken the contingency measure to procure from local suppliers urgently needed spare parts amounting to \$104,635.

28. Since the customs clearance process was not within the control of the Mission and with the contingency measure taken by UNAMID, OIOS did not make a recommendation related to delays in the acquisition of the spare parts.

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of UNAMID for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of repairs and maintenance of vehicles in African Union-United Nations Hybrid Operation in Darfur

Recon. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNAMID should implement adequate supervisory and review procedures related to the recording of parts from cannibalized vehicles in Galileo.	Important	O	Record all outstanding vouchers for parts from cannibalized vehicles in Galileo	31 December 2016

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNAMID in response to recommendations.

APPENDIX I

Management Response

AFRICAN UNION
الاتحاد الأفريقي



UNAMID



UNITED NATIONS
الأمم المتحدة

African Union – United Nations Hybrid Operation in Darfur

Office of the Joint Special Representative

21 September 2016

To: Mr. Bolton Tarleh Nyema, Chief
Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Martin Ihoeghian Uhomoibhi
Joint Special Representative and Joint Chief Mediator
UNAMID

Subject: **Draft report on an audit of repairs and maintenance of vehicles in the African Union-United Nations Hybrid Operation in Darfur (Assignment No. AP2016/634/04)**

1. With reference to your memorandum of 15 September 2016, on the captioned-subject matter, please find attached UNAMID's response (Appendix I) to the draft report for your consideration.
2. All related portfolios of evidence have been submitted to the office of the Chief Resident Auditor for verification.
3. I further confirm on the factual accuracy of the report.

Thank you.

cc: Mr. Anthony Nweke, Officer-in-Charge, Mission Support Division, UNAMID
Mr. Baboucarr Njie, Chief Transport Officer, UNAMID
Ms. Eleanor T. Burns, Director, Internal Audit Division, OIOS
Mr. Velayutham Gopal, Audit Focal Point, UNAMID
Mr. Edward Zormelo, OIC, UNAMID Resident Audit Office, Internal Audit Division, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of repairs and maintenance of vehicles in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical 6/ Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	UNAMID should implement adequate supervisory and review procedures related to the recording of parts from cannibalized vehicles in Galileo.	Important	Yes	Chief Transport Officer	31 December 2016	<p>A memorandum has been circulated to all Transport Section staffs reminding of the procedures to be followed to ensure accurate and timely recording of cannibalized second hand parts in the Galileo inventory system. (See Annex CTO/95/2016).</p> <p>Additionally, all outstanding cannibalization vouchers will be created in Galileo for all cannibalized second hand parts not recorded in Galileo system. This exercise is expected to be completed by 31 December 2016.</p>

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.