



INTERNAL AUDIT DIVISION

REPORT 2019/145

Audit of fuel management in the
United Nations Organization
Stabilization Mission in the
Democratic Republic of the Congo

The Mission needed to strengthen oversight
of fuel operations and monitoring of fuel
consumption

26 December 2019
Assignment No. AP2019/620/05

Audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). The objective of the audit was to assess the efficiency and effectiveness of fuel operations in MONUSCO. The audit covered the period from July 2017 to June 2019 and included a review of: management of fuel activities; monitoring of fuel consumption; and invoicing and cost recovery.

Controls over the maintenance of fuel equipment and processing of vendor invoices were generally satisfactory. However, the Mission needed to strengthen its oversight of fuel operations and monitoring of fuel consumption.

OIOS made seven recommendations. To address the issues identified in the audit, MONUSCO needed to:

- Improve management of risks related to fuel operations by developing a comprehensive risk mitigation strategy covering all aspects of fuel operations;
- Reassess current quantities and locations of fuel reserves to align with operational requirements and ensure that contractors fulfil their contractual obligations by maintaining the required level of fuel reserves and operating stocks;
- Review and update its quality assurance surveillance plan to include all contractual performance standards and a practical site inspection schedule;
- Clearly define related roles and responsibilities of the Fuel Unit and technical sections/units for updating and reconciling the relevant data in the Electronic Fuel Management System to enable monitoring and analysis of fuel consumption;
- Establish appropriate measures to effectively monitor fuel consumed by contingent-owned generators;
- Enhance: (i) timeliness of investigation of all suspected cases of fuel misappropriation by improving handover of cases during rotation of investigators of military components and training investigators on relevant skills; and (ii) coordination of all units involved to ensure that the recommendations made by the Special Investigation Unit are implemented in a timely manner; and
- Ensure that cost recovery data relating to fuel issued to non-Mission entities are adequately reviewed for completeness and accuracy, and the related sales orders are created in Umoja in a timely manner.

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

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Audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).
2. During the period July 2017 to June 2019, MONUSCO had two fuel contracts for the Democratic Republic of the Congo (DRC) and Uganda with a combined not-to-exceed amount of \$306.5 million for sourcing and managing its petroleum, oil and lubricants (fuel). The contractors were responsible for: (a) transporting, storing and dispensing fuel to MONUSCO designated equipment; and (b) maintaining fuel operating stocks and local and strategic reserves. The contractors operated 20 fuel sites and 14 sub-contractor commercial sites, whereas MONUSCO operated 8 in-house fuel sites.
3. The Fuel Unit is responsible for: (a) monitoring and analyzing fuel consumption; (b) identifying anomalies to prevent fuel misappropriation and fraud; (c) inspecting fuel facilities; and (d) operating the Mission's in-house fuel sites. The Unit is headed by a staff at the P-4 level who reports to the Chief, Life Support Section and has 32 authorized posts comprising 8 international staff, 15 national staff and 9 United Nations volunteers. The Contracts Management Section (CMS) is responsible for managing the fuel contracts.
4. The Mission's fuel-consuming assets include 44 aircraft, 1,928 United Nations-owned vehicles, 2,988 contingent-owned vehicles, 400 United Nations-owned generators and 800 contingent-owned generators. From July 2017 to June 2019, the Mission consumed 45 million liters of Jet A-1 fuel and 46 million liters of diesel. The total budget and expenditure for fuel-related services for the financial years 2017/18 and 2018/19 are shown in Table I below.

Table 1: Fuel budget and expenditures from July 2017 to June 2019 (\$ million)

	2017/18		2018/19		Total	
	Budget	Actual	Budget	Actual	Budget	Actual
Generators	13.33	12.96	11.48	16.08	24.81	29.04
Vehicles	13.83	12.30	9.54	10.91	23.37	23.21
Air assets	20.21	22.45	43.71	32.31	63.92	54.76
Total	47.37	47.71	64.73	59.30	112.10	107.01

Source: Data extracted from Umoja as at 12 September 2019

5. Comments provided by MONUSCO are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the efficiency and effectiveness of fuel operations in MONUSCO.
7. This audit was included in the 2019 risk-based work plan of OIOS due to the operational, safety and financial risks related to fuel operations in MONUSCO.

8. OIOS conducted this audit from July to October 2019. The audit covered the period from 1 July 2017 to 30 June 2019. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the management of fuel in the DRC and Uganda, which included: management of fuel activities; monitoring of fuel consumption; and invoicing and cost recovery.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data in the Electronic Fuel Management System (EFMS) and Umoja; (d) testing of statistical samples of bulk fuel issuances, fuel-consuming equipment recorded in EFMS and fuel invoices; and (e) visits to 9 of the 20 contractors' fuel sites in Bukavu, Bunia and Goma in the DRC and Entebbe in Uganda to inspect fuel equipment and operations.

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

III. AUDIT RESULTS

A. Management of fuel activities

Need to strengthen the fuel risk management process and implement oversight recommendations

11. To effectively manage all material risks that may jeopardize fuel operations, the Mission must develop adequate plans to respond to these risks.

12. MONUSCO had not developed a comprehensive risk mitigation strategy covering all aspects of its fuel operations. Additionally, the risk management plans relating to the two contractors were not sufficiently comprehensive as they did not: (a) describe the risks and mitigating procedures specific to each of their 20 fuel sites in the DRC; and (b) outline step-by-step procedures for controlling and managing risks relating to fuel handling, storage, transportation and dispensing. The contractors' employees at fuel sites visited by OIOS did not have a copy of the risk management plan. MONUSCO had an emergency response plan for its eight in-house fuel operations in the DRC but the plan had not been tested. The contractors were responsible for developing emergency response plans for each of the 20 fuel sites operated by them, but emergency plans were available in only three of the nine sites visited by OIOS. Also, the contractors conducted monthly fire emergency drills at only 7 of their 20 sites.

13. The above resulted because owing to competing priorities, MONUSCO did not perform adequate risk management activities and ensure that emergency response plans were prepared for all fuel locations and regularly tested. Consequently, there was an increased risk that the Mission and the contractor may be unable to respond adequately in the event of a fuel-related emergency.

14. Due to the large scale of fuel operations and the associated risks, including high cost, misappropriation, environmental and safety concerns, MONUSCO established a Fuel Management Committee (FMC) chaired by the Chief, Service Delivery with 13 members to provide oversight of fuel operations. FMC convened at quarterly intervals and made 10 recommendations to improve fuel management in the Mission. However, as of October 2019, 4 of the 10 recommendations were pending implementation for an average of one year due to lack of adequate mechanisms to monitor effective and timely implementation of recommendations by the responsible Mission components. Inadequate oversight limited MONUSCO efforts to effectively manage fuel operations in the Mission.

(1) MONUSCO should improve the management of risks related to fuel operations by developing a comprehensive risk mitigation strategy covering all aspects of fuel operations, including addressing recommendations raised by the Fuel Management Committee and maintaining and testing fuel emergency response plans in all fuel locations.

MONUSCO accepted recommendation 1 and stated that it will develop a comprehensive risk management and contingency plan covering all aspects of operations and ensure regular testing at all locations. The Mission is in the process of issuing an information circular that will include the implementation of the recommendations of FMC. All recommendations made by FMC will now have appropriate timelines for implementation including the Section responsible for implementation. Once the minutes of FMC have been approved by the Director of Mission Support, the Fuel Unit will disseminate them to pertinent stakeholders. The Section or Unit responsible for implementation of FMC recommendations shall submit a monthly feedback on the status of implementation. Further, all pending recommendations of previous meetings shall be highlighted during the ensuing FMC meeting and discussed afresh as a mechanism of further follow up for timely implementation. Recommendation 1 remains open pending receipt of a risk mitigation strategy and evidence of regular testing of fuel emergency response plans and timely implementation of FMC recommendations.

Need to effectively manage strategic and local fuel reserves in the DRC

15. To ensure uninterrupted fuel supply, the Mission must establish and maintain adequate levels of strategic and local reserves at all times. The Fuel Unit must regularly verify the reserves and ensure that the levels are aligned with operational requirements.

16. At the time of the audit, the Fuel Unit established local reserves of 1.5 million and 1.14 million liters for Jet A-1 and diesel, respectively, and strategic fuel reserves of 500,000 liters each for Jet A-1 and diesel. Based on the decision by the Head of Mission, MONUSCO closed eight field offices on 30 June 2019, but had not assessed how this would impact on the fuel reserves.

17. OIOS' review of the daily fuel reports during site visits to Bukavu, Bunia, and Goma showed that the contractor in the DRC did not maintain the required quantity of local reserves of diesel in Bukavu. The contractor commingled reserves and operating stocks in all locations due to inadequate storage tanks. For example, on 14, 15 and 16 August 2019, the total quantities of diesel for both reserves and operating stocks in the contractor's bulk fuel site in Bukavu were about half of the daily requirement of 350,000 liters of diesel. This was partly because the fuel contract did not require the contractor to maintain specific levels of minimum days of supply¹ for operating stocks. It was also because the Fuel Unit was not reconciling daily physical fuel reports of the field fuel offices with the contractors' daily reports and conducting unannounced verifications of reserves to identify shortfalls to ensure that appropriate action was taken by contractors to fulfil their contractual obligations. As a result, there was an increased risk that fuel operations could be impacted in the event of disruption in the fuel supply chain.

(2) MONUSCO should reassess the current quantities and locations of fuel reserves to ensure that they are aligned with operational requirements and ensure that contractors fulfil their contractual obligations by maintaining the required level of fuel reserves and operating stocks.

¹ The minimum days of supply express the minimum quantity of liters of fuel available at any given time in a number of days.

MONUSCO accepted recommendation 2 and stated that the recommendation is already implemented, and the Mission has already reassessed quantities and locations of fuel reserves. The Mission will enhance controls to ensure the maintenance of sufficient fuel reserves. Standard operating procedures (SOP) will be developed to guide the review and reconciliation of daily physical fuel reports from the field fuel offices with the contractor's daily fuel stock reports and conducting unannounced physical verification of reserves. The monitoring of minimum days of supply for operating stocks has already been included in the solicitation for the new fuel contract which would likely to be finalized and implemented by 30 June 2020 and implemented with effect from 1 August 2020. Recommendation 2 remains open pending receipt of evidence of: reassessment of the quantities and locations of reserves; and actions taken to ensure that contractors meet their contractual obligations to maintain the required level of fuel reserves and operating stocks.

Need to update the quality assurance surveillance plan

18. During the audit period, MONUSCO conducted 39 of the 48 required monthly performance review meetings with its contractors. OIOS' review of the meetings' minutes showed that performance issues relating to fuel disposal, safety and reporting were discussed and documented. CMS had identified action points and followed up their implementation.

19. To ensure that contractors maintain the expected quality standards for fuel operations, the Mission established a quality assurance surveillance plan (QASP) which contained an adequate checklist for inspecting fuel quality and ensuring that proper security and safety measures were in place at airport sites and diesel-dispensing and generator sites. However, due to insufficient consideration during its development, QASP did not indicate how the Mission would assess the contractors' performance against the relevant indicators specified in the fuel contracts and monitor sub-contractors' commercial fuel sites for their quality assurance activities. The Fuel Unit was also not conducting a sufficient number of quality assurance inspections of fuel sites, as only 25 out of 168 inspections required by the QASP were conducted during the audit period. For instance, no inspections had been conducted at the site in Entebbe, Uganda. The Fuel Unit attributed this to inadequate staffing but did not consider alternative measures, such as tasking field fuel staff to conduct the inspections.

20. This occurred because the Fuel Unit had not updated its QASP, which was due for review by 30 April 2017, to include all relevant contractual performance standards and a realistic site-inspection schedule, thereby increasing the risk that poor performance may go undetected.

(3) MONUSCO should review and update its quality assurance surveillance plan to include all contractual performance standards and include a practical site inspection schedule.

MONUSCO accepted recommendation 3 and stated that it will review the QASP and develop an effective inspection schedule. Recommendation 3 remains open pending receipt of an updated QASP containing all contractual performance standards and a practical site-inspection schedule.

Fuel equipment was regularly maintained and calibrated

21. The contractors recalibrated all flow meters every six months during the audit period to ensure the accuracy of the volume of fuel delivered and issued. The Fuel Unit had current and valid calibration certificates issued by an independent calibrator for all 102 flow meters of fuel infrastructure and dispensing equipment. The Mission, through its contractors, had preventive maintenance schedules for the monthly, quarterly, biannual and annual maintenance of fuel equipment. OIOS' review of the contractor's vehicle status report showed that 97 per cent of the fuel trucks were operational, and OIOS observation of a sample

of 24 fuel trucks at three locations showed that 23 were operational. OIOS concluded that the controls to calibrate fuel flow meters and maintain fuel equipment were operating satisfactorily.

The Mission was taking action to maintain quality certificates and reconcile fuel imported duty-free

22. OIOS' review of 93 of 2,087 shipments of fuel imported duty-free showed that due to poor record keeping, the Fuel Unit did not have 41 of the required certificates of conformity that showed the results of all quality inspections and laboratory tests on imported fuel. During audit fieldwork, CMS could not reconcile the total quantities of fuel issued to the Mission with the corresponding tax exoneration certificates indicating the duty-free quantities approved by the Government for importation. This was because the Government had only issued certificates for 52.7 million liters (63 per cent) of the imported fuel during the audit period due to the delay in issuing the certificates for at least six months. As the contractors had copies of the certificates and the Mission stated that it would reconcile the total quantities of duty-free fuel as part of its contract closure procedures, OIOS did not make a recommendation on this matter.

B. Monitoring of fuel consumption

Need to ensure completeness and accuracy of data in EFMS for effective monitoring of fuel consumption

23. To effectively monitor fuel consumption, the Mission must maintain accurate and complete data related to fuel equipment and transactions in EFMS. The audit identified the following:

- EFMS recorded 92 contingent-owned equipment (COE) as repatriated but active, and 21 of these were refueled after their recorded repatriation dates. For example, a generator indicated as repatriated on 24 December 2018 was last refueled on 2 July 2019.
- There were discrepancies between the results of a physical count performed by the COE Unit/Transport Section and EFMS data. For example, EFMS showed 3,906 vehicles and 1,043 generators more than the physical count.
- Tank capacities of 17 of 62 inspected United Nations-owned generators did not match their recorded capacities in EFMS. For example, a generator with a capacity of 280 liters was recorded in EFMS as having a tank capacity of 5,280 liters.
- Locations of 34 of 136 inspected generators were erroneously recorded in EFMS. For example, four generators physically verified by OIOS in Kavumu were incorrectly recorded in EFMS as located in Kananga.
- The fuel stock balance in EFMS, as at 31 August 2019, was 2.3 million liters less than the actual fuel stock measured by the Fuel Unit. This was attributed to duplicate fuel transactions, manual transactions, evaporation and wrong bar codes in EFMS.
- Manual transactions were not recorded in EFMS in a timely manner. OIOS' review of 93 out of 3,176 manual transactions recorded during the audit period indicated that the Fuel Unit took an average of six months to enter the transactions in the system. OIOS observed a box full of manual transaction log sheets which had not been recorded in EFMS since 2016. The Fuel Unit attributed this to inadequate staffing.

24. The above resulted because the Mission had not clearly assigned the responsibility of the Fuel Unit and relevant sections/units for conducting regular physical verification of fuel-consuming equipment and

updating and reconciling relevant data in EFMS in a timely manner. Inaccurate and incomplete records in EFMS impacted the Mission's ability to effectively analyze fuel consumption patterns and take corrective actions on unusual trends, thereby increasing the risk of fuel misappropriation and fraud.

(4) MONUSCO should clearly define related roles and responsibilities of the Fuel Unit and technical sections/units for updating and reconciling relevant data in the Electronic Fuel Management System to enable monitoring and analysis of fuel consumption.

MONUSCO accepted recommendation 4 and stated that the responsibility for conducting regular physical verification of fuel-consuming equipment is with the COE Unit, Transport Section and Engineering Section, and this is an ongoing process. The Mission will develop SOP to guide this process of physical verification of fuel-consuming assets, to be approved by the Director of Mission Support. Recommendation 4 remains open pending receipt of SOP describing clearly defined roles and responsibilities of the relevant sections/units.

Need to analyze generator fuel consumption to identify and report anomalies

25. MONUSCO must establish adequate measures to regularly monitor fuel issuance and consumption by all fuel consuming equipment to identify anomalies, potential waste and fraud.

26. The Fuel Unit was taking action to improve monitoring of: (a) fuel consumed by vehicles by analyzing EFMS reports; and (b) consumption of bulk fuel issued to contingents by reviewing previous months' consumption reports. The Unit also provided monthly fuel data to the Aviation Section to analyze fuel consumed by aircraft, which concluded that there was no overconsumption of Jet A-1 fuel during the audit period. However, the Fuel Unit did not monitor fuel consumed by generators, which accounted for a third of the Mission's fuel consumption. Although the Unit provided monthly consumption reports to the Engineering Section, the latter did not analyze generator fuel consumption.

27. OIOS inspected 74 contingent-owned and 62 United Nations-owned generators at 25 fuel sites and observed that all generators did not have kwh meters to accurately measure fuel consumed. The Engineering Section was in the process of installing kwh meters on United Nations-owned generators but not on the contingent-owned generators. Contingent-owned generators had hour meters to record the number of hours the generators had run to estimate fuel consumption, provided that daily generator log sheets were adequately maintained. However, since contingents did not adequately maintain daily generator log sheets for all 74 contingent-owned generators, the running hours for most generators were not recorded in EFMS, and for 12 generators, the running hours were erroneously recorded. For example, a generator with 9,535 running hours was recorded in EFMS as having only 1 running hour.

28. This was due to lack of appropriate controls and clear roles and responsibilities for effectively monitoring the fuel consumed by contingent-owned generators. As a result, during 2018/19, the fuel budget for generators was overspent by \$4.2 million (40 per cent), and there was inadequate assurance that the Mission had effective controls to detect fuel waste and misappropriation.

(5) MONUSCO should establish appropriate measures to effectively monitor the fuel consumed by contingent-owned generators.

MONUSCO accepted recommendation 5 and stated that, as an interim measure, it will use kilo-volt-amperes ratings and running hours of installed contingent-owned generators to detect exceptions or anomalies, whilst pursuing the option to install kwh meters. The Mission noted that kwh meters were currently not required in the COE Manual; however, it will pursue the option to install them.

Recommendation 5 remains open pending receipt of evidence that MONUSCO has established appropriate measures to effectively monitor fuel consumed by contingent-owned generators.

Suspected fuel misappropriation cases were not investigated effectively and timely

29. The Mission must report and investigate abnormal fuel consumption and take appropriate corrective measures.

30. During the audit period, the Fuel Unit referred 535 suspected cases of abnormal fuel consumption for investigation. These included 183 cases involving military personnel, which were referred to the Military Provost Office for investigation. Due to improper handover during rotation, the military component could not account for the cases, as the military officer responsible for overseeing the investigations was only deployed to the Mission in June 2019 and had no knowledge of them.

31. The remaining 352 cases were referred to the Special Investigation Unit (SIU) of the Safety and Security Section, and it took on average 15 months to complete only 19 cases. The investigations did not find evidence of abnormal consumption for 15 of the 19 cases. For the remaining four cases, the suspected overconsumption was significantly lower than initially reported. For example, in one case, SIU found that the actual overconsumption of diesel was 157 liters compared to the reported overconsumption of 4,153 liters. Consequently, SIU recommended that the Fuel Unit and the Transport Section improve data accuracy and enhance fraud prevention measures. However, due to an oversight, the reports were not shared with the Fuel Unit and Transport Section for necessary action.

32. SIU attributed the low completion rate and delay in investigation to the shortage of investigators with skills to investigate fuel cases, as well as the lack of reliable records and data. The lack of prompt and effective investigation of suspected cases of fuel misuse reduced the Mission's ability to promote a culture of accountability and establish effective fraud prevention measures.

(6) MONUSCO should enhance: (a) timeliness of investigation of all suspected cases of fuel misappropriation by improving handover of cases during rotation of investigators of military components and training investigators on relevant skills; and (b) coordination of all units involved to ensure that the recommendations made by the Special Investigation Unit are implemented in a timely manner.

MONUSCO accepted recommendation 6 and stated that to enhance timeliness of investigating suspected cases of fuel misappropriation, the Safety and Security Section's staffing capacity has been reinforced with a P-4 staff who has already opened communication channels with the Fuel Unit. In addition, the Section will be further reinforced with the recruitment of a P-5 staff which is ongoing. Regarding training of investigators, plans to enhance/equip them with relevant skills in advanced/complex fraud training have been proposed in the 2020/21 budget. According to established procedures in the Safety and Security Section, the recipients of the Section's reports containing recommendations on investigations on suspected fuel misappropriation cases are the Conduct and Discipline Team, Transport Section, Claims Unit and senior management, but not the Fuel Unit or Life Support Section. However, the Safety and Security Section is looking into additional coordination of promptly communicating investigation findings to the Fuel Unit for removal of fueling bar code as a sanction. Recommendation 6 remains open pending receipt of evidence of measures taken to improve the timeliness and coordination of investigation of suspected fuel misappropriation cases.

C. Invoicing and cost recovery

Fuel invoices were processed promptly, and follow-up actions were being taken to recover excise duty

33. OIOS' review of 93 out of 4,977 fuel invoices submitted by contractors during the audit period indicated that they were supported by the required documentation including variable price data, signed fuel vouchers and mobilization schedule as agreed. On average, the Mission paid fuel contractors within 15 days of receipt of the invoices and collected \$1.1 million in prompt payment discounts.

34. For the period from November 2015 to June 2019, due to late submission of the refund request, the Government of Uganda had not refunded \$172,061 that MONUSCO paid in excise duty for fuel supplied by a sub-contractor in Uganda. The Mission was actively pursuing this with the Government of Uganda.

Need to ensure accuracy of data on fuel issued to non-Mission entities and create sales orders in Umoja

35. MONUSCO provides fuel to non-Mission entities on a cost recovery basis. The Mission's cost recovery data contained 491 duplicate transactions which overstated the total quantity of fuel issued by 2.6 million liters (\$2.5 million). Additionally, there were discrepancies of 1.4 million liters (\$1.6 million) between the cost recovery data and the sales orders in Umoja, which the Mission was unable to reconcile.

36. OIOS' review of 78 of 280 sales orders showed that they were adequately supported by fuel vouchers. However, for 14 of the 78 sales orders totaling \$326,214, it took on average 433 days to create the sales orders in Umoja after the fuel had been issued. Consequently, the Regional Service Centre in Entebbe (RSCE) could not invoice the non-Mission entities promptly. At the time of the audit, RSCE was yet to recover sales orders valued at \$1.1 million, which had been outstanding for 471 days on average.

37. The above occurred because the Life Support Section did not establish procedures to review cost recovery data to ensure complete, accurate and timely creation of related sales orders in Umoja. As a result, there was an increased risk of financial loss to the Mission.

(7) MONUSCO should ensure that: (a) cost recovery data relating to fuel issued to non-Mission entities are adequately reviewed for completeness and accuracy; and (b) related sales orders are created in Umoja in a timely manner.

MONUSCO accepted recommendation 7 and stated that to ensure adequate review of cost recovery data relating to fuel issued to non-Mission entities, the Life Support and Aviation Sections will develop SOP specifying the steps to ensure completeness and accuracy of the data. The SOP will also include procedures to ensure that related sales orders are timely created in Umoja. Recommendation 7 remains open pending receipt of evidence that cost recovery data are adequately reviewed and sales orders are timely in Umoja in a timely manner.

IV. ACKNOWLEDGEMENT

38. OIOS wishes to express its appreciation to the management and staff of MONUSCO 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 fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	MONUSCO should improve the management of risks related to fuel operations by developing a comprehensive risk mitigation strategy covering all aspects of fuel operations, including addressing recommendations raised by the Fuel Management Committee and maintaining and testing fuel emergency response plans in all fuel locations.	Important	O	Receipt of risk mitigation strategy and evidence of regular testing of fuel emergency response plans and timely implementation of Fuel Management Committee's recommendations.	30 December 2020
2	MONUSCO should reassess the current quantities and locations of fuel reserves to ensure that they are aligned with operational requirements and ensure that contractors fulfil their contractual obligations by maintaining the required level of fuel reserves and operating stocks.	Important	O	Receipt of evidence of: a reassessment of the quantities and locations of the reserves; and actions taken to ensure the contractors meet their contractual obligations to maintain the required level of fuel reserves and operating stocks.	30 December 2020
3	MONUSCO should review and update its quality assurance surveillance plan to include all contractual performance standards and include a practical site inspection schedule.	Important	O	Receipt of an updated quality assurance surveillance plan, containing all contractual performance standards and a practical site-inspection schedule.	30 December 2020
4	MONUSCO should clearly define related roles and responsibilities of the Fuel Unit and technical sections/units for updating and reconciling relevant data in the Electronic Fuel Management System to enable monitoring and analysis of fuel consumption.	Important	O	Receipt of the standard operating procedures describing clearly defined roles and responsibilities of the relevant sections/units.	30 December 2020
5	MONUSCO should establish appropriate measures to effectively monitor the fuel consumed by contingent-owned generators.	Important	O	Receipt of evidence that MONUSCO has established appropriate measures to effectively monitor fuel consumed by contingent-owned generators.	30 December 2020

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 MONUSCO in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
6	MONUSCO should enhance: (a) timeliness of investigation of all suspected cases of fuel misappropriation by improving handover of cases during rotation of investigators of military components and training investigators on relevant skills; and (b) coordination of all units involved to ensure that the recommendations made by the Special Investigation Unit are implemented in a timely manner.	Important	O	Receipt of evidence of measures being taken to improve the timeliness and coordination for investigating suspected fuel misappropriation cases.	30 December 2020
7	MONUSCO should ensure: (a) cost recovery data relating to fuel issued to non-Mission entities are adequately reviewed for completeness and accuracy; and (b) related sales orders are timely created in Umoja.	Important	O	Receipt of evidence that cost recovery data are adequately reviewed and sales orders are timely created in Umoja.	30 December 2020

APPENDIX I

Management Response



MONUSCO

Mission de l'Organisation des Nations Unies pour la
Stabilisation en République démocratique du Congo

United Nations Organization Stabilization Mission
in the Democratic Republic of the Congo

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INTEROFFICE MEMORANDUM

Date: 20 December 2019
Ref.: OSRSG/DMS/816/2019

To: Mr. Daeyoung Park, Chief
A: Peacekeeping Audit Service
Internal Audit Division, OIOS

From: Leila Zerrougui
De: Special Representative of the Secretary-General
and Head of MONUSCO

**Subject: Mission response to the Draft Audit Report on the audit of fuel
Objet: management in MONUSCO (Assignment No. AP2019/620/05)**

1. Your interoffice memorandum dated 13 December 2019 (Ref: OIOS-2019-33) forwarding the Draft Audit Report on the audit of fuel management in MONUSCO is acknowledged with thanks.
2. Attached please find the Mission's comments on the recommendations for your consideration.
3. Thank you for your continued support. Best regards.

cc: Ms. Nancee Oku Bright, Mission Chief of Staff, MONUSCO
Mr. Ebrima Ceesay, Director of Mission Support, MONUSCO
Mr. Azzam Ayyat, Acting Chief, Service Delivery, MONUSCO
Mr. Sebastien B. Laplanche, Chief, Life Support Section, MONUSCO
Mr. Rajiv Gupta, Chief, Fuel Unit, MONUSCO
Mr. Daniel Maier, Senior Planning Officer, MONUSCO
Mr. John Aondakaa Akaatenger, Chief Security Officer, MONUSCO
Mr. Jackson Owino, Officer-in-Charge, Contracts Management Section, MONUSCO
Ms. Judith Afiagaga, Audit Focal Point, MONUSCO
Mr. James Okwakol, Chief Resident Auditor for MONUSCO, IAD, OIOS
Ms. Cynthia Avena-Castillo, Professional Practices Section, IAD, OIOS

Management Response

Audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MONUSCO should improve the management of risks related to fuel operations by developing a comprehensive risk mitigation strategy covering all aspects of fuel operations, including addressing recommendations raised by the Fuel Management Committee and maintaining and testing fuel emergency response plans in all fuel locations.	Important	Yes	Chief, Fuel Unit, Life Support Section (LSS)	30 December 2020	<p>The Mission will develop a comprehensive risk management and contingency plan covering all aspects of operations and ensure regular testing at all locations.</p> <p>The Mission is in the process of issuing an Information Circular that will include the implementation of the recommendations of the Fuel Management Committee (FMC) – draft attached. All recommendations made by FMC will now have appropriate timelines for implementation including the Section responsible for the implementation.</p> <p>Once the minutes of the FMC have been approved by Director of Mission Support, Fuel Unit will disseminate to pertinent stakeholders. The Section or Unit responsible for implementation of any recommendation made by the FMC shall submit a monthly feedback on the status of implementation of the FMC recommendation. Further, all pending recommendations of previous meetings shall be highlighted during</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.

Management Response

Audit of fuel management in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						the ensuing FMC meeting and discussed afresh as a mechanism of further follow up and facilitation for timely implementation.
2	MONUSCO should reassess the current quantities and locations of fuel reserves to ensure that they are aligned with operational requirements and ensure that contractors fulfil their contractual obligations by maintaining the required level of fuel reserves and operating stocks.	Important	Yes	Chief, Fuel Unit, LSS	30 December 2020	<p>The recommendation is already implemented as part of ongoing fuel solicitation and the mission has already reassessed quantities and locations of fuel reserves. The new contract is likely to be finalized by 30 Jun 2020 and implemented with effect from 01 August 2020.</p> <p>The mission will enhance controls to ensure maintenance of sufficient fuel reserves. Standard Operating Procedures will be developed to guide the review and reconciliation of daily physical fuel reports from the field fuel offices with the contractor's daily fuel stock reports and conducting unannounced physical verification of reserves.</p> <p>The monitoring of minimum days of supply for operating stocks has already been addressed/included in the solicitation for the new fuel contract which is likely to be finalized by 30 June 2020 and implemented with effect from 01 August 2020.</p>
3	MONUSCO should review and update its quality assurance surveillance plan to include all contractual performance	Important	Yes	Chief, Fuel Unit, LSS	30 December 2020	The Mission will review the Standard Operating Procedures of the Quality Assurance Surveillance Plan and

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	standards and include a practical site-inspection schedule.					develop an effective inspection schedule.
4	MONUSCO should clearly define related roles and responsibilities of the Fuel Unit and technical sections/units for updating and reconciling relevant data in the Electronic Fuel Management System to enable monitoring and analysis of fuel consumption.	Important	Yes	Chief, Fuel Unit, LSS	30 December 2020	The responsibility for conducting regular physical verification of fuel-consuming equipment is with the Contingent-Owned Equipment (COE) Unit, Transport Section and Engineering Section, and this is an ongoing process. The mission will develop Standard Operating Procedures to guide this process of physical verification of fuel consuming assets, to be approved by the Director of Mission Support.
5	MONUSCO should establish appropriate measures to effectively monitor the fuel consumed by contingent-owned generators.	Important	Yes	Chief, Fuel Unit, LSS, Contingent-Owned Equipment (COE) Unit	30 December 2020	As an interim measure, the Mission will use kilo-volt-amperes (kva) ratings and running hours of installed COE generators to detect exceptions or anomalies, whilst pursuing the option to install kwh meters. The Mission notes that kwh meters are currently not required in the COE manual, however the Mission will pursue the option to install them.
6	MONUSCO should enhance: (a) timeliness of investigation of all suspected cases of fuel misappropriation by improving handover of cases during rotation of investigators of military components and training investigators on relevant skills; and (b) coordination of all units involved to ensure that the recommendations made by	Important	Yes	Chief, Special Investigation Unit, Safety and Security Section	30 December 2020	To enhance timeliness of investigating suspected cases of fuel misappropriation, the Mission's Safety and Security Section staffing capacity has been reinforced with a P4 staff who is already on the ground and has already made contact and opened communication channels with Fuel Unit and aiding timely completion of

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	the Special Investigation Unit are implemented in a timely manner.					<p>fuel misappropriation. In addition, the Section will be further reinforced with the recruitment of a P5 staff which is ongoing. Through the communication established, the Special Investigations Unit (SIU) is working with Fuel Unit to improve allegation reporting and evidence gathering. Regarding training of investigators, plans to enhance/equip them with relevant skills in advanced/complex fraud training have been proposed in the 2020/2021 budget.</p> <p>b) According to established procedures in Safety and Security Section, Fuel Unit or Life Support Section is not a recipient of the Security Section reports containing recommendations on investigations on suspected fuel misappropriation cases. The recipient sections are Conduct and Discipline Team, Transport, Claims and Senior Management. However, Safety and Security Section is looking into additional coordination of promptly communicating investigation findings to Fuel Unit for removal of fueling bar code as a sanction.</p>
7	MONUSCO should ensure that: (a) cost recovery data relating to fuel issued to non-Mission entities are adequately reviewed for completeness and accuracy; and (b)	Important	Yes	Chief, Fuel Unit, LSS	30 December 2020	a) To ensure adequate review of cost recovery data relating to fuel issued to non-Mission entities, the Life Support and Aviation Sections will develop

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	related sales orders are created in Umoja in a timely manner.					<p>Standard Operating Procedures that will specify the steps to ensure completeness and accuracy of the cost recovery data.</p> <p>b) The Standard Operating Procedures to be developed will also include procedures to ensure that related sales orders are timely created in Umoja.</p>