Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2023/098

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

MONUSCO enhanced the parameters used for planning and budgeting for fuel and replenished its fuel reserves; however, it needed to improve the reliability and accuracy of fuel-related data, test the fuel emergency response plan, and conduct physical site inspections

28 December 2023
Assignment No. AP2023-620-01

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

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 whether MONUSCO was efficiently and cost-effectively managing its fuel arrangements to provide adequate and uninterrupted fuel supplies to support the Mission's operations. The audit covered the period from July 2020 to March 2023 and included planning and budgeting fuel requirements, fuel data and reserve management, accounting for third-party allocations, safety and environmental management, contract management and monitoring of fuel consumption.

MONUSCO incorporated revised parameters for planning and budgeting for petroleum, oil and lubricants. Although it experienced challenges with maintaining strategic and local fuel reserves due to a contractor's inability to supply fuel, the Mission replaced the contractor and had replenished the reserves to the required level. OIOS found inconsistencies in the fuel management applications' data, such as: (a) discrepancies between the physical inventory of vehicles and generators; and (b) erroneous physical location of fuel generators. Also, the Mission had 861 fuel-consuming equipment with faulty odometers and hour meters.

The Mission's first aid kits at petroleum, oil and lubricants distribution points had only a few of the required items, and where the items were in the kits, they were expired. The Mission did not ensure that personnel working at each fuel station were trained in basic first aid administration. The fuel management emergency response procedures did not align with the broader mission-wide emergency response plan and MONUSCO had only conducted 4 emergency drills out of the expected 42 drills during the audit period. The fuel units in regional offices had not conducted site inspections to ascertain the number, capacity and location of the fuel-consuming items.

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

- Regularly review and reconcile the equipment and Electronic Fuel Management System (EFMS) data to ensure the data entered into the EFMS is accurate.
- Install the procured flow meters on the mission-owned generators to capture accurate information on hours operated and fuel usage and utilize generator log sheets for contingent-owned generators while it implements the working group recommendation to deactivate them.
- Make additional arrangements to ensure it timely invoices and recovers long-outstanding receivables from third-party agencies to ensure the Mission recovers the cost of its fuel services.
- Regularly inspect and fully equip all workstation first aid tool kits and require the contractor to provide health and safety training to the contractor personnel at the fuel workstations.
- Review and update the emergency response procedures and conduct joint testing exercises and desktop tests of its fuel emergency response plan with other stakeholders.
- Improve fuel contract management by conducting the required inspections, monitoring of the contractor's performance, and following up on the contractors' implementation of the external evaluator's recommendations.
- Conduct regular site inspections to assess the use of petroleum, oil and lubricant services by the respective user sections.

MONUSCO accepted all recommendations and initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

Audit of the occupational safety and health programme 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. Petroleum, oil and lubricants (POL) are strategic goods that support the implementation of the Mission's mandated activities. The Mission is responsible for providing adequate and uninterrupted POL throughout its operations. This is achieved through the deployment, implementation and liquidation of POL services. The number of fuel-consuming assets deployed in the Mission is based on operational and administrative requirements to support the Mission's mandate, the concept of operations and the mission support plan. MONUSCO fuel management practices are governed by the Department of Operational Support guideline on fuel management, the United Nations Procurement Manual, Field Finance Procedures Guidelines, mission-specific standard operating procedures (SOPs) on fuel management, and MONUSCO Fuel Supply and Service Agreements.

3. From 1 July 2020 to 31 March 2023, MONUSCO was operating a turnkey contract[1] with a contractor in the Democratic Republic of the Congo (DRC) and another commercial contract with a contractor in Uganda for Not to Exceed (NTE) amounts of $189.8 million and $9.1 million, respectively. Due to the inefficiency of the contractor in the DRC, the Mission terminated its contract in June 2022 and entered into three short-term turnkey contracts worth $31.9 million while the procurement for a replacement contractor was ongoing. The Mission signed a new turnkey contract with an NTE of $129.3 million in February 2023. 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.

4. The Fuel Unit, under the Life Support Section, was responsible for managing the Mission's fuel operations, including administration of fuel contracts, monitoring the Electronic Fuel Management System (EFMS) and Electronic Vehicle Refueling System (EVRS), providing technical oversight of fuel operations, quality assurance of fuel management practices and verifying the fuel contractors' invoices. The Unit was headed by a Chief at the P-4 level. The Unit had 32 staff, comprising 2 international staff, 5 field service staff, 2 national professional officers, 9 general staff, 6 United Nations volunteers and 8 United Nations Office for Project Services individual contractors.

5. EFMS and EVRS are fuel management applications deployed to enhance data accuracy through minimal manual data entry and the use of barcodes and scanners at every fuel transaction to detect data tampering. The EFMS and EVRS can reduce potential risks of fuel fraud, misappropriation and fuel theft by monitoring fuel issuance through reports. Their functions include calculating consumption trends through data analysis by comparing incoming data with historical data and following up fuel reserve levels through inventory control through reports and adjustment to Mission actual requirements.

[1] A turnkey contract for fuel is one in which the contractor is responsible for the establishment of fuel supply chain from source to end-user, mobilization and operation of the Mission fuel sites, storage and maintenance of fuel reserves, provision of oil and lubricants into aircraft and vehicles, generator refueling services, and bulk delivery services.

6. MONUSCO fuel-consuming assets consisted of 38 aircraft, 4,892 motor vehicles and 862 generators. The aircraft consisted of 13 fixed wings and 25 rotating wings. The current vehicle fleet of 4,892 consisted of 1,717 United Nations-owned vehicles (1,079 light passenger vehicles, 198 special-purpose vehicles, 32 ambulances, 47 armoured vehicles, 237 other specialized vehicles and 124 trailers and vehicle attachments) and 3,175 contingent-owned vehicles. The Mission's total POL budget and actual expenditures for fiscal year 2022/23 is $96.8 million and $92.7 million, respectively. The budget and actual expenditures for fiscal years 2020/21, 2021/22 and 2022/23 are in table 1.

7. Comments provided by MONUSCO are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess whether MONUSCO was efficiently and cost-effectively managing its fuel arrangements to provide adequate and uninterrupted fuel supplies to support the Mission's operations.

9. This audit was included in the OIOS 2023 risk-based work plan due to the high financial and operational risks associated with the management of POL in MONUSCO, including the risk of theft and fraud.

10. OIOS conducted this audit from May to September 2023. The audit covered the period from 1 July 2020 to 31 March 2023. Based on an activity-level risk assessment, the audit covered higher and medium-risk areas in the management of POL, which included: (a) planning and budgeting of fuel requirements; (b) fuel data and reserve management; (c) accounting for third-party allocations; (d) safety and environmental management; (e) contract management; and (f) monitoring fuel consumption.

11. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of POL-related data extracted from EFMS and EVRS, (d) sample testing of 23 out of 44 monthly fuel issuance reports recorded in EFMS, and 234 fuel vouchers using a stratified random sampling approach, and (e) field visits to 7 of the 16 POL sites in Entebbe, Goma, Beni, Bunia and Bukavu to observe POL sites and facilities.

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

III. AUDIT RESULTS

A. Planning and budgeting

<u>The Mission was taking action to revise its planning and budgeting parameters to ensure efficient allocation of fuel</u>

13. The Mission is required to project the demand of POLs based on sound drivers to ensure efficient and cost-effective allocation of resources. It is essential that planning for POL operations is coordinated and recognizes the Mission's existing and changing operating environment, POL demand, risks and other factors that affect POL operations.

14. The Fuel Unit employed an approach that involved several parameters and the input of other user sections, including aviation, engineering, transport and contingent-owned equipment (COE), to arrive at the projected quantities of POL required by the Mission. The parameters included the aircraft and vehicle

fleet size, the number of generators and their consumption capacities, the projected number of running hours for aircraft and generators, and anticipated other forms of intervention, including solar energy and connection to the national grid.

15. A breakdown of the Mission's total POL budgets and actual expenditures in the fiscal years 2020/21, 2021/22 and 2022/23 is shown in table 1.

Table 1: Fuel budgets against expenditures from July 2020 to June 2023

(Millions of US dollars)								
	2020/21		**2021/22**		**2022/23**		**Total**	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Jet1 A	23.0	13.4	14.0	14.1	14.8	11.8	51.8	39.3
Vehicles	7.8	5.3	4.0	7.3	4.1	6.8	15.9	19.4
Generators	12.3	10.2	8.3	11.9	8.5	11.9	29.1	34.0
Total	**43.1**	**28.9**	**26.3**	**33.3**	**27.4**	**30.5**	**96.8**	**92.7**

16. The Mission's expenditure had exceeded its budget for two consecutive fiscal years in 2021/22 and 2022/23. The Mission provided an analysis that attributed these disparities to the effects of COVID-19, the fluctuation of fuel prices on the international market, and the increased levels of insecurity, which were beyond its control.

17. OIOS, however, noted that the budget formulation had not considered changes in the number of fuel-consuming items. For instance, while the budget allocation to motor vehicles was reduced by $3.8 and $3.7 million for the 2021/22 and 2022/23 fiscal years, respectively, the number of motor vehicles increased from 4,383 in June 2020 to 4,690 in June 2022, which resulted in an over expenditure of $3.3 million and $2.7 million in 2021/22 and 2022/23, respectively. Similarly, the number of generators increased from 744 in June 2020 to 869 in June 2022 despite $4 million and $3.8 million reductions in the budget allocation for 2021/22 and 2022/23, respectively. Ineffective planning exposed the Mission to a risk of underfunding of POL requirements.

18. After the audit fieldwork, the Mission revised the parameters to include the projected scope of operation, acquisitions and disposals rather than only relying on the previous period's utilization data. As a result, OIOS did not make a recommendation.

B. Fuel data and reserve management

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

19. To monitor fuel consumption effectively, the Mission must maintain accurate and complete data related to fuel equipment and transactions in EFMS. EFMS was rolled out across United Nations peacekeeping missions following persistent control weaknesses due to manual data entry into individual databases and Excel spreadsheets.

20. OIOS reviewed EFMS transactional data and reports and conducted physical observation of a sample of 374 equipment, and noted the following inconsistencies:

- The Mission recorded 55 COE in EFMS as repatriated despite being active, and 21 of these were refuelled after their recorded repatriation dates. In July 2021, a generator was indicated as

repatriated, but it was last refuelled on 2 December 2021. OIOS confirmed this generator existed, and the Fuel Unit stated that the COE had been erroneously recorded as repatriated.

- There were discrepancies between the 5,754 physically counted motor vehicles and generators by the COE Unit and Transport Section versus the 6,698 active motor vehicles and generators that were recorded in the EFMS database. EFMS records showed 143 vehicles and 801 generators more than the physical counts.
- The EFMS database included 7,975 active items (3,045 mission-owned) that had not drawn fuel since 2020, with some extending as far back as 2014.
- The locations of 23 of 136 generators, which OIOS physically verified, were erroneously recorded in EFMS. Three decommissioned generators verified by OIOS in Kavumu were incorrectly reflected as active.
- As of 31 March 2023, the fuel stock balance in EFMS included stocks in locations where the Mission had ceased operating or was running commercial contracts and did not maintain reserves. However, the EFMS data showed fuel inventory in Aru (2,400 litres), Entebbe (258,240 litres), Kisangani (217,982 litres) and Gbadolite (4,858 litres).
- The EFMS data also included 233 generators incorrectly classified as being in the warehouse and 56 generators with variances between the actual kilometer reading and the EFMS records. Four active generators in Beni and Bukavu were not recorded in the EFMS system.

21. The discrepancies in EFMS data occurred because of human errors and poor coordination between the equipment owners and the Fuel Unit in updating the EFMS database. Equipment owners had the responsibility for entering information into EFMS, while the Fuel Unit was responsible for activating and deactivating the equipment, but both did not capture the information accurately. This 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.

(1) MONUSCO should regularly review and reconcile the equipment and Electronic Fuel Management System (EFMS) data to ensure the data entered into the EFMS is accurate.

MONUSCO accepted recommendation 1 and stated that although standard operating procedures relating to reporting on the Fuel Equipment Status of Fuel-Consuming and Storage Equipment were in place, the Mission would enhance them with regular reminders to different user sections and sharing of the electronic fuel management system asset status reports with these sections on a quarterly basis for comment and action.

The Mission was taking action to restore its strategic and local reserves

22. To ensure uninterrupted fuel supply, the Mission must establish and maintain adequate levels of strategic and local reserves. The Fuel Unit is required to regularly verify the reserves and ensure that the levels align with operational requirements.

23. For the period under review, the Mission had established local reserves of 1.5 million and 1.1 million litres of fuel for Jet A-1 and diesel, respectively, and strategic reserves of 500,000 litres each for Jet A-1 fuel and diesel. However, due to the previous contractor's inability to supply POL per the agreed schedule, the Mission was forced to use the reserved quantities to run its day-to-day operations. In response, the Mission, with the intervention of the Department of Operational Support, terminated the contract in June 2022 and engaged a new contractor in February 2023.

24. OIOS review of the daily fuel reports during site visits to Bukavu, Bunia, Beni and Goma in July 2023 showed that the new contractor had replenished the strategic reserve stock levels to the required

quantities while replenishment of the operating reserve levels was ongoing. OIOS noted reserve deficits of 161,099 litres of diesel and 46,992 litres of Jet A-1 fuel in Bukavu and 15,777 litres of diesel in Beni during field visits. In response to the audit observation, the contractor subsequently took action to replenish the stocks to the required levels.

Need to repair faulty odometers and generator hour meters

25. To improve the oversight of POL-consuming items, it is essential that motor vehicles and generators have functional odometers and flow meters so that their consumption can be monitored against their capacity and utilization.

26. The Mission had deployed EVRS to control the amount of fuel issued to vehicles based on the mileage covered and the expected consumption rates. Further, a generator assessment was conducted to identify abnormal consumption patterns for corrective action. The Mission was also in the process of procuring flow meters on all its generators and other equipment to monitor fuel usage and measure fuel transfers in storage tanks.

27. OIOS review of EFMS reports of fuel consumption and field visits to Bukavu, Beni and Bunia noted that the Mission had issued 626,477 litres of fuel to 861 fuel-consuming equipment (419 mission-owned and 442 contingent-owned) that had faulty odometers and hour meters. Due to odometers and faulty hour meters and the absence of generator log sheets, fuel allocation was based on estimates, and the Mission was unable to take an accurate record of the number of hours the generators ran, and the distance motor vehicles moved for accurate fuel allocation and effective monitoring. The calculation of fuel consumption required the number of hours a generator has been operated. Without this information, the calculation was not possible which impeded monitoring. MONUSCO procured 400 flow meters which would track the quantity of fuel used against the number of hours the generator has operated. However, these flow meters were for mission-owned generators and did not extend to the COE. For the contingent-owned generators, the United Nations COE working group in its February 2023 sitting recommended the deactivation of all generators with faulty meters. The Mission was waiting for an effective implementation date before decommissioning the generators.

28. The above occurred because the sections and units that used fuel, such as the transport, engineering, and the COE Unit, did not promptly identify and repair faulty odometers and hour meters. As a result, there was an unmitigated risk of fraud and abuse due to issuing more fuel than required to the respective equipment without detection.

(2) MONUSCO should: (a) install the procured flow meters on the mission-owned generators to capture accurate information on hours operated and fuel usage; and (b) utilize generator log sheets for contingent-owned generators while it implements the working group recommendation to deactivate them.

MONUSCO accepted recommendation 2 and stated that while an interoffice memorandum on periodic inspection of strategic assets, contingent-owned equipment manual and standard operating procedures for managing mission-owned generators were in place, the Mission would enhance these by conducting regular monitoring and reporting. The Mission also stated that it was implementing the Field Remote Infrastructure Monitoring project and has scoped the installation of fuel flow meters for accurate data and minimal human intervention. Similarly, all contingent-owned generators that had faulty odometers were to be deactivated effective of July 2024 as per the recommendation of contingent-owned equipment working group.

C. Accounting for third-party allocations

Need to enhance the controls over the recovery of receivables

29. Agreements between MONUSCO, United Nations agencies and other entities on the provision of services require the Mission to recover the fuel cost plus a fee of 7 or 14 per cent from these agencies within 30 days of billing. The service level agreement between MONUSCO and the Regional Service Centre in Entebbe (RSCE) also requires the Mission to send cost recovery memoranda to the RSCE to collect charges on behalf of the Mission.

30. OIOS reviewed 60 of the 478 sales orders related to fuel supplied to third parties during the audit period, amounting to $1.3 million from a total of $4.9 million. The review showed that MONUSCO accurately calculated the amount charged to the United Nations agencies and other entities. However, the lead time between the dates of provision of such service and payment was long. In 11 cases reviewed, the Mission took over 6 months to collect its receivables from the consumers, when the agreement states 30 days. A review of the receivable ledger noted marked delays in the recovery of some receivables. As of 30 June 2023, $1.5 million of the total receivables of $2.9 million had been outstanding since 2021. Of the $1.5 million, $881,361 was a carry-forward from 2015. Similarly, $1.4 million of the total outstanding receivables, which included some of the 2021 outstanding receivables and $345,608 accumulated in 2022 by a contractor, were related to United Nations agencies, contractors and embassies that no longer operated in the DRC.

31. On the other hand, the Mission did not take advantage of the 0.5 per cent special discount on the amount invoiced, which it could have received had it made prompt payment for the 174 invoices valued at $26.4 million.

32. The Mission attributed these control weaknesses to several factors, including human error at the contract initiation stage, submission of improperly prepared documents, work overload and the absence of a report providing guidance on how to close off the contract. These notwithstanding, OIOS was of the view that the Mission had not prioritized timeliness in invoicing for services provided to these third parties. The departure of some third parties from the DRC with outstanding receivables increased the risk of financial loss due to the unlikelihood of collectability.

(3) MONUSCO should make additional arrangements to ensure it timely invoices and recovers long-outstanding receivables from third-party agencies to ensure the Mission recovers the cost of its fuel services.

MONUSCO accepted recommendation 3 and stated that it had already streamlined its cost recovery/invoicing process through an interoffice memorandum that was based on the Cost Recovery Policy and Guidelines issued by Headquarters. It also stated that it was conducting monthly aging analyses of accounts receivables to identify receivables that are more than one month due. The Mission also elicited positive responses from third parties with large balances by communicating to them that they risked discontinuation of services.

D. Safety and environmental management

Need to enhance the safety of personnel at fuel workstations

33. To support the efficient and safe delivery of POL services, it is essential that the Mission puts in place infrastructure that not only focuses on the quality of POL delivered but also aims at safeguarding staff health and safety while mitigating the effects of POL on the environment.

34. The Mission had designated storage areas at different workstations in dry areas to avoid contaminating the oil with moisture. It also dispensed safety data sheets for each product at every distribution point to improve the safety of personnel working with packaged oil and lubricant products. The Mission placed warning and descriptive signs, labels, and tags (such as flammability, corrosiveness and "No Smoking") on the containers and piping used to dispense oil. It also placed signs on working spaces to communicate the dangers posed by POL and its hazardous effects. In addition, the Mission had developed an environmental SOP and ensured that its contractors had engaged independent external reviewers to affirm the service quality.

35. However, the Mission did not maintain fully equipped first aid kits at 16 distribution points we visited. The few items in these kits, such as absorbent gauze, gloves, adhesive tape and bandages had expired as far back as 2017. OIOS also found out that the kits were not checked at frequent and regular intervals.

36. Furthermore, the Mission did not ensure the contractor, responsible for the operations at the fuel work stations, provided basic first aid training to contractor personnel. The Mission did not make it mandatory for the contractor personnel to attend training conducted in other areas, including fire extinguishing, health hazards associated with POL, and usage of digital density meters. Some contractor personnel seen during our site visits at various sites were not wearing protective clothing and were unaware of the dangers in such an environment.

37. The Mission and the contractor attributed the above weaknesses to the new contractor being in the initial stages of operation. However, OIOS was of the view that the Mission had not prioritized the health and safety of the fuel personnel. This was exemplified by the fact that the few items in the first aid kits seen in Goma, Bunia, Bukavu and Beni had expired since 2017. Consequently, an injured person may not receive the proper treatment due to insufficient or expired medical items or untrained responders.

(4) MONUSCO should regularly inspect and fully equip all workstation first aid tool kits and require the contractor to provide health and safety training to the contractor personnel at the fuel work stations.

MONUSCO accepted recommendation 4 and stated that it would inspect all contractor workstations' first aid tool kits on a quarterly basis and ensure that the tool kits are fully equipped, valid and working.

Need to update and regularly test the fuel emergency response plan

38. To mitigate the risk of operational disruptions and to ensure safety measures are in place, the Mission should properly coordinate POL-related emergency responses. The Mission is required to develop a Fuel Unit emergency response plan (ERP) and procedures that are aligned with the broader Mission emergency response plan and regularly conduct drills to test the plan.

39. MONUSCO developed a fuel ERP, which included the purpose of fuel emergency response, types of potential emergencies, emergency actions to be taken, specific staff responsibilities, locations of operation, and availability and source of emergency equipment. However, the procedures were not aligned with the broader mission-wide emergency response plan and risk management process, and they did not include all the sections stipulated in the fuel management guidelines. For instance, the procedures did not contain essential contacts with routine and emergency telephone numbers and basic information, such as the number of employees and product layouts. Similarly, the procedures were not regularly reviewed and walked through to align them with the changes in the operating environment and capture emerging risks and plan mitigation measures. For instance, despite their closure, the procedures still contained some locations, such as Lubumbashi, Kananga and Butembo. Scenarios of emergencies caused by the risks of civil unrest were also not captured in the procedures.

40. The Fuel Unit did not test the ERP in conjunction with other stakeholders, including medical, military, environment, and safety and security, to assess its responsiveness to anticipated emergencies. For the period under review, the Mission had only conducted 4 emergency drills out of the expected 42 in the 16 operating locations. It did not conduct any desk review of the Fuel Unit ERP either. A review of the four joint fuel emergency plan test exercises revealed that these tests did not involve all the stakeholders for effectiveness. For instance, the test conducted at Kavumu was only done by the contractor and safety and security, while the other three performed at Goma, Beni and Bunia did not involve the military, environment and medical units.

41. The Fuel Unit had not prioritized the drills and exercises on the ERP. The drills and exercises would prepare process owners on how to respond in the event of an actual incident and expose shortcomings in the plan for corrective action. The Mission attributed these weaknesses to staffing limitations and stated that it had implemented some remedial measures to address the deficiencies noted.

(5) MONUSCO should: (a) review and update the emergency response procedures; and (b) conduct joint testing exercises and desktop tests of its fuel emergency response plan with other stakeholders to assess its responsiveness to anticipated emergencies.

MONUSCO accepted recommendation 5 and stated that it would conduct joint testing exercises and desktop tests of the fuel emergency response plan bi-annually.

E. Contract management

Need to strengthen the quality assurance activities over contractor performance

42. Developing a quality assurance surveillance plan and procedures provides the Mission with a systematic methodology for assessing a contractor's performance. Additionally, it affirms that the contractor's quality control efforts are timely and effective and deliver the results specified in the contract.

43. The Mission developed a quality surveillance plan to assess the fuel contractor's performance against acceptable performance levels. The plan outlined the different aspects expected from the contractor, including expected reports, the type and number of inspections to be conducted, and the locations to visit. OIOS review of 23 out of 72 reports indicated that the Mission had regularly received daily quality control performance reports from the contractor. These mainly focused on quality checks of storage tanks and refuelers, density and pressure readings for equipment, and flushing of filter vessels from the contractor. The Mission also received monthly reports on the quality of the POL, staff safety measures and security. These focused on safety, training activities, emergency drills, strainer, extinguisher, refueller checks, product recovery tank inspection and flow meter calibrations.

44. However, the Mission had not updated its quality assurance surveillance plan SOPs to capture the changes in the fuel management guidelines and reflect the changes in its operating environment for over a year. For instance, the SOPs did not provide guidance on how and when the operations and safety audits, tankage recalibration, internal inspection and cleaning would be done.

45. Furthermore, the Mission had last conducted field inspections in September 2020 in Bukavu and Kinshasa, and in March 2021 for those in Beni. For instance, only 16 out of the expected 48 physical inspections and monitoring activities were conducted to assess the contractor's performance during the audit period. Subsequently, the Mission only relied on information provided by the contractor for decision-making.

46. OIOS also noted significant delays in the follow-up and implementation of the recommendations raised by internal and external inspection exercises. For example, the external expert raised housekeeping, faulty alarm and signage issues in Mavivi, Bunia Log base and Kalemie airport for three consecutive inspections. However, the contractor has not taken corrective action, and the Mission has not followed up to ensure corrective actions were taken.

47. The Mission attributed these weaknesses to the COVID-19 pandemic, the volatile security situation and staff limitations. These notwithstanding, the weaknesses noted above exposed the Mission to a risk of poor contractor performance going undetected and unresolved.

(6) MONUSCO should improve fuel contract management by conducting the required inspections, monitoring of the contractor's performance, and following up on the contractors' implementation of the external evaluator's recommendations.

MONUSCO accepted recommendation 6 and stated that its Fuel Unit would conduct Quality Assurance Surveillance Plan inspections for all fuel dispensing sites and ensure implementation of recommendations by the contractor.

E. Monitoring of fuel consumption

Need to conduct site inspections

48. It is essential that the Mission continuously monitors its daily fuel operations by regularly reporting on the stock levels of fuel in the Mission against the projected demands, conducting field fuel assistance visits, and ensuring that reports from such visits are presented to management for review and appropriate action.

49. To improve its oversight of fuel operations, the Mission deployed EFMS and EVRS to capture information related to fuel operations, including the existing stock levels. It also developed SOPs on the roles and responsibilities of the various stakeholders in the POL operations, deployed its staff in different locations to regularly monitor POL operations, and included a requirement of sharing the relevant reports with the contractor.

50. Site visits to Bukavu, Bunia, Goma and Beni, interviews with the Fuel Unit and contractor staff in respective locations, and a review of relevant reports indicated that the regional offices' fuel units had not conducted site inspections to ascertain the number, capacity and location of the fuel-consuming items. Although the Fuel Unit indicated that such inspections were the responsibility of different user sections and that the results of such activities should be shared with the Fuel Unit, no inspection reports from the COE Unit were seen at any of the offices visited. The reports shared by the Engineering Section were also

outdated as some of the assets reflected in them had been decommissioned and replaced by new ones. For instance, the report in the Bukavu office was missing three new generators, contained two decommissioned generators, and three generators at different locations.

51. Because the site inspections were not conducted, OIOS found the records relating to some of the fuel-consuming items needed to be corrected. For instance, six generator barcodes belonging to military contingents in Beni and Bukavu were printed on paper instead of being affixed to the equipment. OIOS also observed three active generators without barcodes, which were not recorded in the EFMS.

52. The above weaknesses were attributed to staff limitations and delays in reporting by the user sections for immediate correction. The inability to adequately track fuel utilization by the different consumers exposed the Mission to an increased risk of inefficiency and fuel misuse.

(7) MONUSCO should conduct regular site inspections to assess the use of petroleum, oil and lubricant services by the respective user sections.

MONUSCO accepted recommendation 7 and stated that its implementation was ongoing with the introduction of Electronic Fuel Management System and Electronic Vehicle Refuelling System. The Mission, through its Fuel Unit, will inspect the contingents' fuel consuming equipment on a quarterly basis and take appropriate corrective action whenever required.

IV. ACKNOWLEDGEMENT

53. 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.

Internal Audit Division
Office of Internal Oversight Services

ANNEX I

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 regularly review and reconcile the equipment and Electronic Fuel Management System (EFMS) data to ensure the data entered into the EFMS is accurate.	Important	O	Receipt of the latest updated electronic fuel management system asset status report depicting corrections of errors and omissions identified.	30 December 2024
2	MONUSCO should: (a) install the procured flow meters on the mission-owned generators to capture accurate information on hours operated and fuel usage; and (b) utilize generator log sheets for contingent-owned generators while it implements the working group recommendation to deactivate them.	Important	O	Receipt of a progress report on the installation of flow meters on the mission-owned generators and a three-month log sheets report on the utilization of fuel by contingent-owned generators.	30 December 2024
3	MONUSCO should make additional arrangements to ensure it timely invoices and recovers long-outstanding receivables from third-party agencies to ensure the Mission recovers the cost of its fuel services.	Important	O	Receipt of the latest three-month invoice submission reports and the most recently reconciled statement of long outstanding receivables.	30 December 2024
4	MONUSCO should regularly inspect and fully equip all workstation first aid tool kits and require the contractor to provide health and safety training to the contractor personnel at the fuel work stations	Important	O	Receipt of an acknowledgement of receipt of first aid kits by personnel at the fuel work stations and sample of attendance and certificates of the completion of health and safety trainings conducted.	30 December 2024
5	MONUSCO should: (a) review and update the emergency response procedures; and (b) conduct joint testing exercises and desktop tests of its fuel emergency response plan with other stakeholders to	Important	O	Receipt of updated emergency response standard operating procedures and sample reports of joint test exercises and desk testing conducted on the fuel emergency response plan.	30 December 2024

[2] Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.
[3] Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.
[4] Please note the value C denotes closed recommendations whereas O refers to open recommendations.
[5] Date provided by MONUSCO in response to recommendations.

ANNEX I

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]
	assess its responsiveness to anticipated emergencies.				
6	MONUSCO should improve fuel contract management by conducting the required inspections, monitoring of the contractor's performance, and following up on the contractors' implementation of the external evaluator's recommendations.	Important	O	Receipt of a sample of field inspection reports and the external contractor's recommendation implementation matrix.	30 December 2024
7	MONUSCO should conduct regular site inspections to assess the use of petroleum, oil and lubricant services by the respective user sections.	Important	O	Receipt of field inspections reports and error correction reports.	30 December 2024

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: 22 December 2023
Ref: SRSG.DMS.MONUSCO-2023-02279

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

From: Ms. Bintou Keita
De: Special Representative of the Secretary-General and Head of MONUSCO

Subject: **Mission comments on the recommendations in the Draft Report on the audit of fuel management in MONUSCO (Assignment No. AP2023-620-01)**
Objet:

1. Your Interoffice memorandum dated 14 December 2023 (Ref: OIOS-2023-02270) forwarding the Draft Report on the subject audit is received with thanks.

2. Attached please find the Mission's comments on the recommendations in the Draft Report for your consideration.

3. Thank you and best regards.

cc: Ms. Fatoumata Ndiaye, Under-Secretary-General for OIOS
Ms. Nathalie Ndongo-Seh, Mission Chief of Staff, MONUSCO
Mr. Ebrima Ceesay, Director of Mission Support, MONUSCO
Mr. Mani Kumar Shrestha, OiC, Service Delivery, MONUSCO
Mr. Rajiv Gupta, Chief, Fuel Management Unit, MONUSCO
Mr. Rogers Tonda, Chief, Engineering Services Section, MONUSCO
Mr. Khalid M T Younis Younis, Chief Transport Officer, MONUSCO
Mr. Jose Luis Medina, Chief, COE Unit, MONUSCO
Ms. Judith Atiagaga, Mission Audit Focal Point, MONUSCO
Mr. Jeffrey Lin, Professional Practices Section, Internal Audit Division, OIOS

APPENDIX I

Management Response

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

Rec. no.	Recommendation	Critical[6]/ Important[7]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MONUSCO should regularly review and reconcile the equipment and Electronic Fuel Management System (EFMS) data to ensure the data entered into the EFM is accurate.	Important	Yes	Chief, Fuel Management Unit	30 December 2024	The Mission accepts recommendation #1 and would like to point out that there is already a mechanism in place for review and update of the Electronic Fuel Management System (EFMS) through quarterly verification and reporting of all fuel consuming and storage equipment for both United Nations Owned Equipment (UNOE) and Contingent Owned Equipment (COE) by various equipment owners and users. The mechanism is detailed in Standard Operating Procedures (SOP) on "Reporting on the Fuel Equipment Status of Fuel Consuming and Storage Equipment" which was issued on 30 September 2021. To strengthen the mechanism/process, MONUSCO Fuel Unit will start forwarding the equipment profile from e-FMS to all stakeholders on quarterly basis and request them to confirm the same to facilitate reconciliation of EFMS data. The SOP on "Reporting on the Fuel Equipment Status of Fuel Consuming and Storage Equipment" is attached for verification by the Audit Team.
2	MONUSCO should: (a) install the procured flow meters on the mission-owned generators to capture accurate information on	Important	Yes	Chief, Fuel Management Unit	30 December 2024	To address recommendation #2, the Mission will strengthen the mechanism currently in place. The mechanism is detailed in an IOM "periodic inspection of strategic assets - Joint"

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

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

Rec. no.	Recommendation	Critical[6]/ Important[7]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	hours operated and fuel usage, and (b) utilize generator log sheets for contingent-owned generators while it implements the working group recommendation to deactivate them.			Chief, Engineering Services Section/ Chief, Transport Section Chief, Contingent Owned Equipment Unit		with the purpose of conducting regular inspections of all assets, machinery and vehicles. The program was implemented by Transport Section (TPT)) jointly with representatives from asset user sections. The inspections are conducted monthly and the resulting reports co-signed by both TPT and the representatives of asset user sections. Any malfunctions, including that of odometers documented on the inspection sheet/report are taken up by TPT and technicians at various sectors are assigned to assess the problem and decide on the repair/solicitation of parts or replacement. A copy of the IOM and some co-signed inspection reports are attached for review and verification by the Audit Team. In addition, Fuel Unit will continue to monitor and periodically bring to the attention of the respective stakeholders/Sections any faulty odometer/hour meter noticed in e-FMS. Regarding the management of UNOE generators, MONUSCO has Standard Operating Procedures (SOP) in place which require filling a daily check list that includes monitoring of the Odometers for the generators. Immediate reporting to Field Engineering Offices by the contractor for the operation and maintenance of UNOE generators has been strongly recommended and actioned in case of faulty instruments (please find attached sample of monthly report). In addition, MONUSCO is in the process of implementing of Field Remote Infrastructure Monitoring (FRIM) project and has scoped the installation of fuel flow meters for a more accurate and human error free data acquisition on fuel consumption.

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						Calibration of all fuel dispensing equipment has been completed in MONUSCO during 2023. In addition to the calibration certificates already submitted to the Audit Team during the field work, MONUSCO has now completed the calibration at the four sites highlighted by the Audit Team i.e. Butembo, Mulo, Mavivi and Madiba. The calibration certificates for the highlighted locations are attached for verification by the Audit Team. As the risks highlighted by recommendation #2 have been addressed, this recommendation may therefore be considered for closure. Regarding COE fuel consuming and dispensing equipment (both vehicles and generators, Mission will continue to strengthen the mechanism currently in place. The mechanism is detailed in the COE manual (2020) for the conduct of all types of COE inspections (Periodic, ORI and Spot check) inspection to timely identify, repair and calibrate faulty odometers and hour meters of COE fuel consuming and dispensing equipment (both vehicles and generators. The limitations imposed by COE manual (2020) which made it impossible for COE inspectors to disqualify any COE fuel consuming equipment due to faulty odometer have been addressed by the COE Working Group 2023 which recommended that, effective 01 Jul 2024, any COE fuel consuming equipment with faulty odometer shall be declared unserviceable. With this recommendation which will be incorporated into the COE manual (2023), the

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						OIOS observation on COE fuel consuming equipment shall be addressed.
3	MONUSCO should make additional arrangements to ensure it timely invoices and recovers long-outstanding receivables from third-party agencies to ensure the Mission recovers the cost of its fuel services.	Important	Yes	Chief, Budget and Finance Section	30 December 2024	The Mission concurs with recommendation #3 and would like to state that it has already streamlined its cost recovery/invoicing process through an IOM dated 14 March 2022, that is based on the new Cost Recovery Policy and Guidelines issued by Headquarters. Both are attached for verification by the Audit Team. To strengthen and improve the invoicing process already in place, Self-Accounting Units were reminded of the importance of requirements/provisions of the IOM and timely invoicing as well as promptly following up on sales/service orders to ensure timely approval and completion. Regarding recovery of long-outstanding receivables from third-party agencies, the Mission is conducting regular monthly ageing analyses of accounts receivables to spot those that are more than one month overdue. Budget and Finance Section then provides to the SRSG the list of outstanding receivables from Embassies on a quarterly basis. In some instances, regarding large receivables, the Mission Budget and Finance Section has notified clients that services could be suspended if payment is not received by December 31. This has resulted in favorable feedback from clients who have either requested a meeting or have taken steps to settle outstanding dues. Therefore, there are mechanisms in place to follow up on long outstanding receivables. Regarding the longest and largest outstanding receivable from Africom, it is to be noted that communications/meetings have been going on

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						between the Mission and Africom's Systems and Accounting Chief. Africom first reconciled $460,000 out of a total of 935,000 and requested additional documents for the balance of $475,000 which has been promptly provided. It is hoped that this long outstanding receivable will be settled soon.
4	MONUSCO should regularly inspect and fully equip all workstation first aid tool kits and require the contractor to provide health and safety training to the contractor personnel at the fuel workstations.	Important	Yes	Chief, Fuel Management Unit	30 December 2024	MONUSCO accepts recommendation #4 and the Fuel Unit will inspect all contractor workstations' first aid tool kits on a quarterly basis and ensure that the tool kits are fully equipped, valid and working. Evidence of inspection will be provided to the Audit Team for verification.
5	MONUSCO should: (a) review and update the emergency response procedures; and (b) conduct joint testing exercises and desktop tests of its fuel emergency response plan with other stakeholders to assess its responsiveness to anticipated emergencies.	Important	Yes	Chief, Fuel Management Unit	30 December 2024	MONUSCO accepts recommendation #5 and the Fuel Unit will conduct joint testing exercises and desktop tests for fuel emergency response plan, bi-annually. The first emergency response exercise will be conducted before 31 December 2023. Evidence of the exercise will be shared with the Audit Team for verification.
6	MONUSCO should improve fuel contract management by conducting the required inspections, monitoring of the contractor's performance, and following up on the contractors' implementation of the external evaluator's recommendations.	Important	Yes	Chief, Fuel Management Unit	30 December 2024	MONUSCO accepts recommendation #6 and Fuel Unit will conduct Quality Assurance Surveillance Plan inspections for all fuel dispensing sites and ensure implementation of recommendations by the contractor. Evidence of the inspections will be shared with the Audit Team for verification.
7	MONUSCO should conduct regular site inspections to assess the use of petroleum, oil and lubricant services by the respective user sections.	Important	Yes	Chief, Fuel Management Unit	30 December 2024	MONUSCO accepts recommendation #7 and would like to confirm that its implementation is ongoing. The Fuel Unit monitors the use of POL by fuel-consuming equipment through EFMS and EVRS and reports any discrepancies therein.

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						To further strengthen the monitoring, Fuel Unit will task its staff members in all locations to inspect the contingents fuel consuming equipment on quarterly basis and take appropriate corrective action, whenever required. It may be noted that this will be done only in respect of military and police contingents. Evidence of such inspections will be provided to the Audit Team for verification.