



INTERNAL AUDIT DIVISION

REPORT 2014/018

Audit of transport operations in the United Nations Mission in Liberia

Overall results relating to the effective management of transport operations in the United Nations Mission in Liberia were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

**FINAL OVERALL RATING: PARTIALLY
SATISFACTORY**

**31 March 2014
Assignment No. AP2013/626/09**

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AUDIT REPORT

Audit of transport operations in the United Nations Mission in Liberia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of transport operations in the United Nations Mission in Liberia (UNMIL).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNMIL Transport Section was responsible for providing safe, efficient, reliable and cost-effective day-to-day surface transport operations, administration of drivers' testing, maintenance and repair of vehicles, and the management of information from the Carlog system. As at September 2013, UNMIL had a fleet of 943 heavy and light vehicles with an acquisition value of \$38.5 million.
4. The Transport Section was headed by a Chief Transport Officer at the P-5 level and had 210 authorized posts, including 21 international staff, 24 United Nations volunteers and 165 national staff. The Section's operational budget including staff cost for fiscal year 2013/14 was \$10 million.
5. Comments provided by UNMIL are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNMIL governance, risk management and control processes in providing reasonable assurance regarding the **effective management of transport operations in UNMIL**.
7. This audit was included in the OIOS 2013 risk-based work plan due to the operational risks relating to the lack of reliable transport services in the Mission.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of transport operations and activities; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted this audit from August to October 2013. The audit covered the period from 1 July 2012 to 31 August 2013. OIOS also reviewed actions taken to address the recommendations raised in the previous OIOS audit whose report was issued in 2012.
11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNMIL governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of transport operations in UNMIL**. OIOS made four recommendations to address issues identified in the audit. UNMIL had corrected the weaknesses identified by OIOS in its 2012 audit of UNMIL transport operations. However, UNMIL needed to: (a) review its vehicle fleet as 205 (or 33 per cent) of the 622 vehicles had exceeded the Department of Field Support (DFS) guidelines on vehicle life expectancy, resulting in a high vehicle off-road percentage and repair costs; (b) improve procurement planning to ensure spare parts were available when required; and (c) enhance controls over magnetic driving permits.

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

Table 1: Assessment of key control

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

Regulatory framework

Age of vehicle fleet resulted in high maintenance costs and vehicle off-road percentage

14. The DFS Surface Transport Manual provided that vehicles be replaced or written off after attaining the DFS established life expectancy or where one-time repair costs exceeded 30 per cent of the vehicle depreciated value.

15. UNMIL reduced its light passenger fleet in January 2013 from 839 to 622, based on the recommendation of the Vehicle Establishment Committee. However, as at 30 September 2013, 205 (or 33 per cent) of these 622 vehicles had exceeded the established life expectancy. These vehicles were yet to be written off. As a result of the age and condition of vehicles:

- Repair costs were high. For example, the one-time repair cost of 156 vehicles ranged from 31 to 241 per cent of their respective depreciated value as at the beginning of fiscal year 2012/13; and
- The vehicle off-road percentage was 18 per cent, which exceeded the 10 per cent target in the results-based budget performance report.

16. UNMIL requested DFS to include in the Mission's 2013/14 budget proposal the replacement of 205 light passenger vehicles that had exceeded their life expectancy. However, due to budgetary constraints DFS included the replacement of 52 vehicles only, which UNMIL expected to be delivered in April 2014.

(1) UNMIL, in conjunction with DFS, should develop a replacement plan for its vehicle fleet, taking into account the current and future requirements, to bring the vehicle off-road rate and maintenance costs in line with DFS standards.

UNMIL accepted recommendation 1 and stated that direct dialogue with DFS counterparts resulted in a new strategic vehicle replacement plan. Recommendation 1 remains open pending receipt of evidence of implementation of the strategic vehicle replacement plan that meets the standards of DFS.

Spare parts were not always available when needed

17. The DFS Surface Transport Manual provided that the value of spare parts in stock should not exceed 10 per cent of vehicle purchase values, and spare parts should be available when required.

18. A review of vehicle spare parts inventory indicated that the value of spare parts was \$4.8 million as of 30 June 2013, which was 12 per cent of the vehicle fleet acquisition value of \$38.5 million. The higher percentage resulted mainly from the reduction of the light vehicle fleet from 839 to 622.

19. Also, due to the lack of adequate coordination between the Transport and Procurement Sections, there were delays by several months in the delivery of ordered spare parts. As a result of these delays, UNMIL used parts from cannibalized vehicles for repairs, impacting on the quality of the repair work done. For example, 46 (or 4 per cent) of the 1,130 vehicles maintained or repaired during the audit period were returned to the workshop for the same or similar problem at least once within a month after being released.

20. Moreover, UNMIL staff in regional warehouses were performing incompatible functions that included both issuing spare parts and recording movements in Galileo. The Chief Transport Officer had addressed this weakness by conducting periodic visits to regional warehouses. OIOS was satisfied that adequate compensating controls had been implemented.

(2) UNMIL should improve the planning for the procurement of spare parts to ensure that parts are available when needed.

UNMIL accepted recommendation 2 and stated that requisitions were now being raised in a timely manner in accordance with the acquisition plan. Also, the Transport Section had initiated since 2013 a blanket purchase agreement to enhance service requirements. The Transport and Procurement Sections had been closely coordinating the raising of new "shopping carts" in Umoja for legacy purchase orders and new orders. Based on the action taken by UNMIL, recommendation 2 has been closed.

Use of Mission vehicles was not adequately monitored

21. The DFS Surface Transport Manual required the Mission to equip all vehicles with a Carlog system to safeguard the vehicle fleet, preserve the safety and security of staff members, and track and monitor traffic offences.

22. UNMIL did not utilize the Carlog system for monitoring adherence to speed limits. UNMIL had deactivated the automatic generation of the traffic offences reports function in the Carlog system because some Carlog units malfunctioned and had been generating inaccurate data of the speed of vehicles. As a result, UNMIL had no information to monitor and subsequently deal with overspeeding and use of vehicles after official duty hours. Additionally, as of 30 September 2013, 7 of the 22 Carlog receiving stations were not regularly downloading information due to inconsistent provision of Internet services. Delays in transmitting data ranged from one to six months.

(3) UNMIL should address the technical problems with the Carlog system, ensuring that Carlog is activated in every vehicle and that data between all Carlog receiving stations and the server are regularly transmitted to enable the monitoring of adherence to speed limits, official and/or authorized use of vehicles and liberty mileage.

UNMIL accepted recommendation 3 and stated that the Transport Section in cooperation with the Communication and Information Technology Section had re-established the necessary connection to enable the generation of automatic notification for overspeeding and expired permits. Based on the action taken by UNMIL, recommendation 3 has been closed.

Magnetic driving permits were not adequately controlled

23. UNMIL standard operating procedures provided that UNMIL personnel: (a) only use valid original magnetic driving permits, or duplicates in the case of lost originals, to operate vehicles and engineering equipment fitted with the Carlog system; and (b) surrender their magnetic driving permits after the completion of their assignments in the Mission.

24. A review of the Carlog system indicated that as at 31 December 2013, there were 1,723 original driving permits, 175 duplicate permits, 39 expired permits and 2 driving permits that were not attached to any individuals (generic permits). At the time of the audit, UNMIL personnel continued to use 42 expired permits and 2 generic permits. Also, 52 original permits continued to be used alongside corresponding duplicates to operate vehicles.

25. Additionally, the UNMIL check-out procedures did not require the return of driving permits to the Force Vehicle Inventory Unit. A review of the status of permits in the Carlog system showed that of 38 out of 216 staff that had checked out of the Mission between 1 January 2012 and 31 March 2013, none returned their driving permits. This increased the risk of unauthorized use of separated staff members' driving permits. In one instance, the driving permit of a separated staff was used to operate a vehicle that was involved in traffic violations.

26. The above situation was caused by: (a) the untimely updating of the status of driving permits in the Carlog system; (b) the absence of a tracking mechanism to report to the UNMIL Security Section the use of unauthorized permits; and (c) the inability to disable or cancel lost, missing and expired magnetic driving permits in the Carlog system. There were cases where missing driving permits were used for unauthorized purpose.

(4) UNMIL should improve controls over magnetic driving permits by: (a) ensuring that the permits are returned to the Force Vehicle Inventory Unit and destroyed during the check-out process; (b) regularly updating and monitoring the status of the permits in the Carlog system; (c) reporting the use of expired, duplicate or lost permits to the Security Section for immediate and appropriate action; and (d) discontinuing the use of generic permits.

UNMIL accepted recommendation 4 and stated that: (a) the Transport Section and Human Resources Management Section had initiated the transfer of the Carlog check-out procedure back to the Transport Section; (b) the Transport Section performed daily updates, and were generating reports for monitoring on a weekly basis the status of permits using the Carlog system;; (c) all cases of misuse of duplicate and expired permits were immediately reported to the Special Investigation Unit for necessary action; and (d) the use of generic permits had been discontinued. Based on the action taken by UNMIL, recommendation 4 has been closed.

IV. ACKNOWLEDGEMENT

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

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of transport operations in the United Nations Mission in Liberia

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNMIL, in conjunction with DFS, should develop a replacement plan for its vehicle fleet, taking into account the current and future requirements, to bring the vehicle off-road rate and maintenance costs in line with DFS standards.	Important	O	Receipt and fulfillment of the strategic vehicle replacement plan that would ensure that UNMIL vehicle fleet meets DFS standards.	June 2014
2	UNMIL should improve the planning for the procurement of spare parts to ensure that parts are available when needed.	Important	C	Action taken	Implemented
3	UNMIL should address the technical problems with the Carlog system, ensuring that Carlog is activated in every vehicle and that data between all Carlog receiving stations and the server are regularly transmitted to enable the monitoring of adherence to speed limits, official and/or authorized use of vehicles and liberty mileage.	Important	C	Action taken	Implemented
4	UNMIL should improve controls over magnetic driving permits by: (a) ensuring that the permits are returned to the UNMIL Force Vehicle Inventory Unit and destroyed during the checkout process; (b) regularly updating and monitoring the status of the permits in the Carlog system; (c) reporting the use of expired, duplicate or lost permits to the Security Section for immediate and appropriate action; and (d) discontinuing the use of generic permits.	Important	C	Action taken	Implemented

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNMIL in response to recommendations.

APPENDIX I

Management Response

United Nations
MISSION IN LIBERIA





Nations Unies
MISSION AU LIBERIA

Office of the Special Representative of the Secretary General

Date: 20 March 2014

TO: Ms. Eleanor T. Burns
Chief, Peacekeeping Audit Service
Internal Audit Division, OIOS

FROM:  Karin Landgren
Special Representative of the Secretary General 
UNMIL

SUBJECT: **Assignment no. AP2013/626/09 – UNMIL’s response to the draft report on audit of transport operations in UNMIL**

Thank you for providing us with the opportunity to comment on the above referenced audit.

Please see the edited comments of the mission to the audit in the attached matrix, as requested in your memorandum dated 25 February 2014 (attached). A Word version of the matrix is immediately provided to you via e-mail, while a hardcopy of the matrix and this signed memorandum will be delivered by Mail & Pouch.

Regards

CC: Mr. Hubert Price, Director of Mission Support, UNMIL
Ms. Denise Wilman, Chief Of Staff, UNMIL
Mr. Francisco Rouillon, Chief Integrated Support Services, UNMIL
Mr. Christopher Torkornoo, Chief transport Officer, UNMIL
Mr. Bernard Philips, OIC Audit Focal Point, UNMIL
Ms. Anna Halasan, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of transport operations in the United Nations Mission in Liberia

Rec. No.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMIL, in conjunction with DFS, should develop a replacement plan for its vehicle fleet, taking into account the current and future requirements, to bring the vehicle off-road rate and maintenance costs in line with DFS standards.	Important	YES	Field Vehicle Inventory Unit Manager	June 2014	<p>The DFS Ground Transportation requirement is structured in line with the DFS Vehicle Replacement Plan/Program for missions to forecast their vehicle replacement.</p> <p>In addition, direct dialogue with DFS-UN HQ counterparts resulted in the new strategic Vehicle Replacement Plan (Portfolio of evidence has been submitted to OIOS resident auditors).</p>
2	UNMIL should improve the planning for the procurement of spare parts to ensure that parts are available when needed.	Important	YES	Chief Transport Officer	Implemented since February 2014	<p>Requisitions were raised in a timely manner, in accordance with UNMIL Budget and Procurement Acquisition Plan. Meetings are held with Procurement Section to review and develop strategies to prompt the procurement of spare parts (Portfolio of evidence submitted to OIOS resident auditors).</p> <p>In addition, Transport Section has initiated, since 2013, a Blanket Purchase Agreement to enhance service requirements (Portfolio of evidence submitted to OIOS resident auditors).</p> <p>Additionally, Transport and Procurement sections have been closely coordinating the implementation of UMOJA. The implementation consisted in raising new "Shopping Carts" for Legacy Purchase Orders and New Orders by the Transport Section.</p>

Management Response

Audit of transport operations in the United Nations Mission in Liberia

Rec. No.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	UNMIL should address the technical problems with the Carlog system, ensuring that Carlog is activated in every vehicle and that data between all Carlog receiving stations and the server are regularly transmitted to enable the monitoring of adherence to speed limits, official and/or authorized use of vehicles and liberty mileage.	Important	YES	Field Vehicle Inventory Unit Manager	Implemented since January 2014	<p>Transport Section, in cooperation with UNMIL Information Technology Section, has re-established connection between mission e-mails, Carlog and the Simple Mail Transfer Protocol (SMTP) Server.</p> <p>This has enabled the efficient generation of automatic notification to staff members in case of over speeding and expired driving permits (Portfolio of evidence submitted to OIOS resident auditors).</p>
4	UNMIL should improve controls over magnetic driving permits by: (a) ensuring that the permits are returned to the UNMIL Force Vehicle Inventory Unit and destroyed during the checkout process; (b) regularly updating and monitoring the status of the permits in the Carlog system; (c) reporting the use of expired, duplicate or lost permits to the Security Section for immediate and appropriate action; and (d) discontinuing the use of generic permits.	Important	YES	Field Vehicle Inventory Unit Manager	<p>a) Implemented since March 2014</p> <p>b) Implemented since November 2013</p> <p>c) Implemented since November 2013</p> <p>d) Implemented since march 2013</p>	<p>(a) The Transport Section and Human Resources Management Section have initiated the transfer of the “Carlog Check-Out” procedure back to the Transport Section (Portfolio of evidence submitted to OIOS resident auditors).</p> <p>b) This is a permanent activity. The Transport Section performs daily updates, generates, monitors weekly and monthly permits’ status in the Carlog system (Portfolio of evidence submitted to OIOS resident auditors).</p> <p>c) All cases of misused, duplicated expired and lost permits are immediately to be reported to Special Investigation Unit for necessary action (Portfolio of evidence submitted to OIOS resident auditors).</p> <p>d) All generic permits have been discontinued (Portfolio of evidence submitted to OIOS resident auditors).</p>