



INTERNAL AUDIT DIVISION

REPORT 2019/116

Audit of fuel management in the United Nations Interim Force for Abyei

The Mission needed to significantly improve its controls over monitoring of fuel imports, consumption and quality control, as well as oversight of the Fuel Unit and the contractor

**2 December 2019
Assignment No. AP2018/635/03**

Audit of fuel management in the United Nations Interim Force for Abyei

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Interim Force for Abyei (UNISFA). The objective of the audit was to assess the efficiency and effectiveness of fuel operations in UNISFA. The audit covered the period from July 2017 to June 2019 and included: work planning and performance management; fuel operations and monitoring; quality assurance and control; and payment of invoices and cost recovery procedures.

The Mission needed to significantly improve its monitoring of fuel imports, consumption and quality controls, as well as its oversight of the Fuel Unit and the contractor.

OIOS made one critical and seven important recommendations. To address issues identified in the audit, UNISFA needed to:

- Develop an annual Fuel Unit work plan that includes essential tasks such as monitoring fuel reserves and fuel consumption and conducting quality inspection visits and put in place procedures for monitoring its implementation; and update its standard operating procedures for fuel operations to include guidance on the use of the Electronic Fuel Management System (EFMS) and procedures for identifying and investigating abnormal fuel consumption;
- Ensure that the Fuel Unit, in consultation with the technical units, verify tank capacities of fuel consuming equipment and update the data in EFMS to effectively monitor fuel consumption;
- Repair faulty fuel gauges on all generators and ensure that responsible Mission personnel are present to verify fuel issued in the Electronic Fuel Management System;
- Implement procedures for monitoring issuance of bulk fuel to contingents that include: requiring contingents to report on actual consumption; analyzing consumption reports for reasonableness prior to approving new requests for fuel; and conducting surprise visits to contingents to assess bulk fuel management;
- Ensure that fuel imported duty free is used only for United Nations operations by reconciling the shipping and customs records and independently verifying the quantities during the offloading process at fuel sites; and review and reconcile discrepancies between the quantities of fuel authorized for duty free import and fuel recorded in EFMS;
- Ensure that the fuel contractor provides the Mission with an insurance policy covering all relevant risks for the full contract period;
- Significantly enhance its oversight of the fuel quality assurance and control programme by ensuring that the contractor rotates fuel stock as required, conducts independent testing of fuel quality and conducts annual inspections of the contractor's fuel facilities, equipment and quality management processes (**critical**); and
- Ensure that the fuel contractor's performance meetings are effective action is taken to address all performance shortcomings.

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

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Audit of fuel management in the United Nations Interim Force for Abyei

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Interim Force for Abyei (UNISFA).
2. Fuel operations in UNISFA are governed by the Fuel Management Manual (Manual) of the erstwhile Departments of Peacekeeping Operations and Field Support (DPKO/DFS) and the Mission's standard operating procedures (SOP) on fuel operations. The Mission had a turnkey contract with a contractor for the provision of fuel and related services since 2013. In January 2019, a new three-year contract was awarded to the same contractor after a competitive bidding exercise.
3. As at 30 June 2019, the Mission had 1,088 fuel consuming assets, both United Nations-owned equipment (UNOE) and contingent-owned equipment (COE) consisting of 7 aircraft, 981 vehicles and 217 generators. The Mission had an authorized strength of 4,566 military contingent personnel, 225 military observers, 50 United Nations police officers and 284 civilian personnel.
4. UNISFA had four fuel sites located in Abyei, Anthony, Kadugli and Diffra that were operated by the fuel contractor. The Fuel Unit was responsible for monitoring the contractor's import, transportation, storage and dispensing of fuel to ensure an uninterrupted supply of fuel and quality standards were maintained. The Unit was also responsible for reviewing fuel consumption and expenditures and investigating potential waste and identifying fraud indicators by maintaining and monitoring the information from the Electronic Fuel Management System (EFMS).
5. The Fuel Unit had three staff comprising two international and one national staff, supported by a military staff officer. The Unit was headed by a Chief at the FS-6 level reporting to the Chief of the Life Support Unit under the Chief of the Service Delivery Section. The approved budgets for fuel operations were \$11 million and \$10.5 million for periods 2017/18 and 2018/19, respectively.
6. Comments provided by UNISFA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the efficiency and effectiveness of fuel operations in UNISFA.
8. This audit was included in the 2018 risk-based work plan of OIOS due to the operational, safety and financial risks related to fuel operations in UNISFA.
9. OIOS conducted this audit from January to June 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, which included: work planning and performance management, fuel operations and monitoring, quality assurance and control programme, and invoice payments and cost recoveries.
10. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, (c) analytical reviews of data in EFMS and Umoja, (d) testing of a randomly selected

sample of 32 out of 211 records of bulk fuel issuances to contingents and 93 out of 1,194 fuel invoices, and (e) visits to two of the four fuel sites.

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

III. AUDIT RESULTS

A. Performance of fuel operations

Need to ensure the Fuel Unit plans for and carries out essential tasks

12. To ensure effective fuel operations, and taking into account the limited resources allocated to the Fuel Unit, it needs to effectively plan and monitor its work to ensure essential tasks are completed. These include tasks such as monitoring fuel reserves, fuel consumption and investigating abnormalities identified, ensuring reliability of EFMS data, conducting quality inspections and managing the contractor's performance.

13. Management did not develop an overall work plan for the Fuel Unit, and instead was relying on staff e-performance work plans to provide them direction on the work that needed to be completed. This, however, was insufficient, as several tasks were not being effectively and comprehensively done by the Fuel Unit. For example, the Fuel Unit did not:

- Ensure that the contractor was maintaining the required level of strategic and local reserves, as OIOS noted a shortfall of Jet A-1 fuel of 7,030 liters from the required minimum of 50,000 liters in Anthony;
- Use EFMS data to monitor fuel consumption and to identify anomalies for follow-up;
- Monitor fuel consumed by generators, as well as bulk fuel issued to contingents;
- Ensure that all fuel imported duty free was used solely for United Nations activities, as they were unable to account for discrepancies of about 4.5 million and 0.3 million liters of diesel and Jet A-1 valued at approximately \$4.4 million and \$0.2 million, respectively, imported by the contractor; and
- Monitor fuel expenditure against the budget, resulting in actual fuel expenditures being \$4 million and \$1.6 million more than budgeted for 2017/18 and 2018/19, respectively.

14. The Mission mentioned that the Fuel Unit's activities were constrained by the low level of staffing resources approved, as the Mission was not structured like other peacekeeping missions. Access to certain locations was also difficult due to security concerns. While appreciating the difficult operating environment and limited resources, in OIOS' view, the Fuel Unit could further leverage on Mission-wide resources by, for example, coordinating with the military component and other technical units to assist in some fuel related tasks such as conducting quality inspections and stocktaking of strategic and local reserves, especially in locations not easily accessible by the Unit.

15. Additionally, although the Fuel SOP generally provided guidance to Mission personnel on day-to-day fuel operations, it was outdated as it was issued in 2013 and did not consider EFMS which was implemented in June 2016. As a result, the SOP did not provide guidance on how to use EFMS to record fuel equipment and fuel consumed and to download and analyse data to identify and thus investigate abnormal fuel consumption.

16. The lack of annual work plans and inadequate guidance and monitoring of the work of the Fuel Unit resulted in important tasks not being done and the Mission having less than effective fuel operations.

(1) UNISFA should: (a) develop an annual Fuel Unit work plan that includes the essential tasks such as monitoring fuel reserves and fuel consumption and conducting quality inspection visits and put in place procedures for monitoring its implementation; and (b) update its standard operating procedures for fuel operations to include guidance on the use of the Electronic Fuel Management System and procedures for identifying and investigating abnormal fuel consumption.

UNISFA accepted recommendation 1 and stated that it would incorporate the work plan requirements recommended by OIOS in the 2019/20 work plan for the Fuel Unit, and it would update the SOP to include guidance on the use of EFMS and procedures for identification of abnormal consumption and investigation of over consumption by 31 January 2020. Recommendation 1 remains open pending receipt of a copy of the annual work plan for the Fuel Unit that includes all essential fuel operation tasks and receipt of the updated fuel SOP.

Need to improve the accuracy of data in EFMS

17. To enable identification and investigation of abnormal fuel consumption, the Mission is required to maintain accurate fuel consumption data.

18. UNISFA was not able to adequately monitor fuel consumption, as fuel tank capacities of its generators and vehicles were estimated and based on information obtained from the internet for similar equipment models. These estimates were not always accurate, as some of the vehicles in the Mission had an extra fuel tank, almost doubling their fuel tank capacity. Also, an EFMS exception report generated by OIOS showed 119,000 litres of fuel were issued to 112 items of equipment, which only had a recorded combined tank capacity of 98,377 liters. As a result of the incorrect data recorded in EFMS, OIOS was unable to determine whether the 119,000 litres issued was correct due to errors in tank capacity, or the fuel was incorrectly issued and possibly misappropriated. The inability to determine and monitor the correctness of fuel issued was because the Fuel Unit did not verify the actual tank capacities with technical and COE Units.

(2) UNISFA should ensure that the Fuel Unit, in consultation with the technical units, verify tank capacities of fuel consuming equipment and update the data in the Electronic Fuel Management System to effectively monitor fuel consumption.

UNISFA accepted recommendation 2 and stated that the Fuel Unit, in consultation with technical units responsible for COE and UNOE equipment, would review the tank capacities of each fuel consuming equipment during the quarterly verification exercise for vehicles and generators. In addition, UNISFA would install devices/sensors on all external tanks which would help in recording actual fuel consumption and stock status. Recommendation 2 remains open pending receipt of evidence that tank capacities of all fuel consuming equipment in the Mission have been verified and updated in EFMS.

Generator fuel consumption was not monitored effectively

19. To prevent fuel misappropriation, the Mission is required to maintain accurate fuel consumption data and verify eligibility for fuel issuance. The Mission had 217 generators that had consumed fuel costing \$11 million and \$8.5 million in 2017/18 and 2018/19, respectively. This accounted for over 70 per cent of the cost of fuel for these two years. For comparison, fuel expenditure per generator in the Mission was 79 per cent higher than in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) for the period 2017/18.

20. The Fuel Unit was not maintaining reliable fuel consumption data for generators, as follows:

- OIOS inspection of 16 of the 37 generators located in Abyei showed that only 2 had functioning fuel gauges. This was a recurring problem in the Mission and most generators did not have a functioning fuel gauge. This continued to be an issue as the Fuel Unit had not adequately coordinated with relevant technical sections, such as the Transport, Engineering and COE Units as well as the contractor, to promptly identify and repair faulty fuel gauges.
- Contractor staff were not recording the run-hours of each generator. This was because the generators were configured as fuel farms (a group of generators connected to one another) and supplied with fuel from a common tank. The common tank did not have a fuel gauge installed.
- OIOS observation of refueling of six generators in Abyei noted that contractor personnel were using scanned copies of identification barcodes belonging to UNISFA staff to record quantities of fuel issued into generators in EFMS in absence of Mission personnel verifying the fuel issues and their accurate recording in EFMS. The Fuel Unit staff subsequently signed the related fuel issue slips, even though they were not present to verify the correctness of the quantities issued and recorded in EFMS. This was the common practice for fuel issues to generators across the Mission as the Fuel Unit provided their identification barcodes to contractor personnel citing low level of staffing resources.

21. Due to the above, the Mission did not have reliable data to identify generators that were consuming exceptionally high quantities for further investigation impacting its ability to prevent fuel wastage and fraud and minimize inefficiencies.

(3) UNISFA should: (a) repair faulty fuel gauges on all generators; and (b) ensure that responsible Mission personnel are physically present to verify fuel issued in the Electronic Fuel Management System.

UNISFA accepted recommendation 3 and stated that faulty fuel gauges were being repaired periodically. Further, it would install sensors on all external generator fuel storage tanks to augment the process of recording fuel consumption, and monitor real time delivery of fuel to all locations and use data from the sensors to monitor and validate fuel consumption to overcome the staff requirement at every location. Recommendation 3 remains open pending receipt of evidence that faulty fuel gauges on all generators have been repaired, and fuel level sensors have been installed on generator tanks and that they provide a sufficient mechanism for the Mission to validate fuel dispensed by the contractor as well as provide accurate fuel consumption data.

Need to improve monitoring of bulk fuel issued to contingents

22. Contingents that receive bulk fuel are required to submit detailed and accurate fuel consumption reports to the Fuel Unit to account for the fuel consumed by each item of equipment. The Fuel Unit is also required to share bulk fuel usage reports with contingents to assess reasonableness of their requests, monitor consumption by data analysis and conduct surprise visits to contingents' locations.

23. OIOS reviewed a sample of 32 out of 211 bulk fuel issuances to contingents and only 1 of these had documentation showing the fuel quantity consumed by each item of equipment. The Fuel Unit had not visited any of the locations receiving bulk fuel to verify the reasonableness of fuel requests, as the Unit considered such visits as a low priority. The Fuel Unit had not provided historical fuel consumption reports

to contingents as reference for new requests. In addition, the Unit did not adequately maintain records for bulk fuel requests and issuances, either manually or in EFMS. Although EFMS had functionality for recording bulk fuel requests and issuances, that functionality had not yet been implemented for UNISFA and the Mission was working with the Office of Information and Communication Technology to address this.

24. The above resulted because of inadequate oversight of the Fuel Unit by the Life Support Unit and Service Delivery Section to ensure that the Fuel Unit was carrying out its responsibilities for monitoring bulk fuel. As a result, the Mission was unable to determine that bulk fuel issued to contingents was supplied to the intended equipment with appropriate quantity, reducing the Mission's ability to detect potential wastage and/or misappropriation of fuel.

(4) UNISFA should implement procedures for monitoring issuance of bulk fuel to contingents that include: (a) requiring contingents to report on actual consumption; (b) analyzing consumption reports for reasonableness prior to approving new requests for fuel; and (c) conducting surprise visits to contingents to assess bulk fuel management.

UNISFA accepted recommendation 4 and stated that all bulk fuel issuances were endorsed by the Military U4 Office at the Force Headquarters and approved by the Fuel Unit on receipt of previous bulk fuel issued. Bulk fuel issues would be routed and therefore visible in EFMS. The Fuel Unit would also check the possibility of issuing EFMS barcode readers for locations with bulk fuel consumption. Given the limited staffing resources of the Fuel Unit, surprise visits would only be done when feasible. UNISFA would explore the possibility of incorporating a military staff officer in the team to carry out surprise checks on COE at various troop locations. Installation of fuel level sensors for storage tanks would further make the system more robust. Recommendation 4 remains open pending receipt of evidence that issuance of bulk fuel is made only after previous issuances have been analyzed and periodic surprise visits are introduced.

Need to establish controls over fuel imported duty free

25. The Status of Forces Agreement between the Government of Sudan and UNISFA exempts fuel imported for the sole use of the United Nations from customs duties and taxes.

26. UNISFA had not implemented adequate controls to ensure tax exempt fuel was only used for United Nations operations. During the audit period, the Mission authorized the contractor to import duty free five diesel and three Jet A-1 shipments, totaling approximately 14.3 million and 2.5 million liters, respectively. The Fuel Unit had not reconciled the quantity of fuel that the contractor imported duty free with those in note verbales, customs clearance documents and bills of lading. Because of inadequate documentation, OIOS could not confirm that the volumes imported by the contractor reconciled with those authorized by the Mission. Further, the Unit had no customs clearance documents for any of the eight shipments.

27. On 17 June 2019, OIOS conducted a random spot check of the delivery and offloading process for a shipment of Jet A-1. While the shipment order showed that the truck was dispatched with 46,906 liters of Jet A-1 fuel, only 45,664 liters were received representing a net in-transit loss of 1,242 liters of fuel which the Fuel Unit and contractor confirmed as a significant amount. The contractor could not explain the discrepancy, and no UNISFA staff was present to verify the quantity received during the offloading process, as it was the Mission's practice to solely rely on the contractor's stock movement reports without an independent verification.

28. Further, while according to customs documents, approximately 14.3 million and 2.5 million liters of diesel and Jet A-1 were imported during the audit period, EFMS records showed that only 9.8 million and 2.2 million liters of diesel and Jet A-1 fuel had been imported. This represented discrepancies of about 4.5 million and 0.3 million liters of diesel and Jet A-1, valued at approximately \$4.4 million and \$0.2 million, respectively, that were not accounted for by the contractor or the Mission. The Fuel Unit was unable to explain the discrepancy, and stated it was only concerned with the quality of fuel invoiced by the contractor and not the amount that was imported.

29. The above was due to the lack of a mechanism to monitor the approved quantities of fuel imported duty free by the contractor, exposing the Mission to reputational risks and possible complaints from the Government of Sudan in the event of misuse of the Mission's duty-free privilege.

(5) UNISFA should: (a) develop a mechanism to ensure that fuel imported duty free is used only for United Nations operations by reconciling the records of import authorization, customs clearance documents and shipping documents and independently verifying the quantities during the offloading process at fuel sites; and (b) review and reconcile discrepancies between the quantities of fuel authorized for duty free import and fuel recorded in the Electronic Fuel Management System.

UNISFA accepted recommendation 5 and stated that it was already in compliance as the Fuel Unit verified, tracked and reconciled monthly fuel imports. All deliveries would be recorded in EFMS in the future. Steps have already been initiated to record all deliveries made to fuel dispensing points. The Mission would also install sensor devices to provide remote data of all stocks being added or taken from storage tanks. Although all fuel in transit was comingled with the African Union-United Nations Hybrid Operation in Darfur (UNAMID), the Mission would closely coordinate with UNAMID and the contractor to segregate its imports and monitor fuel imported for UNISFA. Recommendation 5 remains open pending receipt of evidence of the mechanism ensuring fuel imported duty free is used only for the United Nations operations and reconciliation of the identified discrepancies.

B. Management of fuel activities

UNISFA did not recover administrative costs from the fuel contractor

30. According to the fuel contracts, the contractor should reimburse the Mission for the use of office, accommodation and utilities and pay an administrative fee of 14 per cent.

31. UNISFA had not charged the contractor for the use of the Mission's utilities since contract inception in 2013. As the Mission did not have established recovery rates and records of utilities used by the contractor, it was difficult to estimate the amount that the Mission should have charged and collected. This happened because the Mission did not have a unit dedicated for contract management, and there was a lack of clarity as to which technical unit was responsible for cost recoveries from the contractors. OIOS will comprehensively review the issue of cost recoveries from all contractors in the ongoing audit of facilities management in UNISFA, and therefore did not make a recommendation in this report.

The Mission took action to obtain prompt payment discounts

32. The fuel contracts entitled the Mission to a prompt payment discount of 0.5 per cent on invoiced amounts for payments made within 30 working days of the invoice receipt date. OIOS review of a sample of 93 out of 1,194 fuel invoices totaling \$19.6 million showed that UNISFA paid 75 invoices within 30 days of and received prompt payment discounts totaling \$78,289. For 18 of the 93 invoices reviewed, the

Mission lost prompt payment discounts totaling \$18,520 as they were processed by inexperienced staff who omitted the discounts when calculating the amount due to the contractor. Since then, adequate action has been taken to train staff to ensure it did not reoccur. Based on the action taken, OIOS did not make a recommendation on this issue.

Need to ensure adequate insurance coverage of the fuel contractor

33. The Mission is required to ensure that the contractor provides United Nations with certificates of insurance on fuel operations evidencing coverage on an “all risks” basis for the full contract period.

34. The Procurement Division in United Nations headquarters in New York had records showing partial insurance coverage for fuel operations only for property and death or injuries for 2018. The contractor had provided UNISFA with an electronic copy of a property insurance policy which covered a one-year period until 31 December 2019, and not for the entire duration of the contract. However, the Mission had not followed up to ensure the entire contract period was covered. Further, the electronic copy of a property insurance policy did not include any clauses to cover “all risks” such as claims arising from services and environmental loss. The Procurement Division confirmed to OIOS that the contractor had not provided proof of fuel insurance covering “all risks” for the entire duration of the contract.

35. The above occurred because Mission management did not task the Fuel Unit or any other unit of UNISFA to review the insurance policy submitted by the contractor and follow up to ensure the policy has full coverage as required in the contract. In the event of loss resulting from the contractor’s actions, UNISFA may remain exposed to the liability for risks not covered by the insurance policy submitted by the contractor.

(6) UNISFA should task a Unit or individual to review and ensure that the fuel contractor provides the Mission with an insurance policy covering all relevant risks for the full contract period.

UNISFA accepted recommendation 6 and stated that it was in the process of ensuring the vendor had insurance coverage for the entire duration of the contract. Recommendation 6 remains open pending receipt of evidence that an insurance policy covering relevant risk for the entire duration of the fuel contract is received.

C. Contractor performance management

Need to improve oversight of the fuel contractor’s quality assurance programme

36. To ensure safe operation and fuel economy, the fuel contractor is required to develop a quality assurance and control programme and submit monthly quality control reports to the Fuel Unit. As part of the programme, the contractor is required to: (a) rotate diesel and Jet A-1 fuel at least once every six months; (b) monthly test stored Jet A-1 fuel by an accredited independent laboratory; and (c) arrange for at least one inspection and certification of equipment, product, onsite facilities and quality management processes by an independent inspector approved by the Mission.

37. The quality assurance and control programme of the contractor, which was approved by UNISFA, covered the required elements such as a risk management plan, a quality assurance surveillance plan, health and safety measures and relevant SOPs. The contractor had also submitted to the Fuel Unit proof of the technical qualifications of its personnel, monthly reports explaining its quality control activities and

certification of quality of fuel from an independent inspector each time fuel was imported. However, OIOS noted that:

- The contractor did not have a policy to rotate its fuel every six months and as a result, the Jet A-1 fuel stored in Anthony had not been properly rotated for 23 months (between February 2017 to December 2018). Rotation of diesel in all four sites and Jet A-1 fuel at other sites was achieved due to the volume of transfers between storages to meet consumption requirements.
- The last independent inspection of equipment, product, onsite facilities and quality management processes was performed in 2014. OIOS observed that the Jet A-1 storage tanks in Anthony were dirty and the tanks were last cleaned in 2013. A testing of the Jet A-1 fuel stored in Anthony by the contractor during the visit showed that while it was free of water, it included visible dirt particles, which significantly increases aviation safety risk.
- The contractor tested a sample of fuel at its laboratories in Abyei for each fuel consignment imported into the Mission. However, once the fuel was in storage at the four fuel sites in the Mission, there was no periodic testing of Jet A-1 fuel either by the contractor or an accredited independent laboratory. The contractor confirmed to OIOS that it had not availed any samples of stored Jet A-1 for the required monthly testing by an independent laboratory.

38. The above occurred due to inadequate oversight by the Fuel Unit of the contractor's quality assurance and control activities compromising fuel efficiency and significantly increasing safety risks of United Nations personnel and property.

(7) UNISFA should take immediate action to enhance its oversight of the fuel quality assurance and control programme by ensuring that the contractor rotate fuel stock as required, conduct independent testing of fuel quality and conduct annual inspections of the contractor's fuel facilities, equipment and quality management processes.

UNISFA accepted recommendation 7 and stated that (a) fuel at all sites has been tested post the OIOS audit, (b) payment of contractor invoices is now subject to the provision of certificates confirming independent testing of fuel held in stock, and (c) the contractor is in the process of scheduling an inspection visit by an independent. Recommendation 7 remains open pending receipt of evidence of action taken to enhance oversight over the quality assurance and control programme of the fuel contractor.

Need to improve monitoring of contractor performance

39. UNISFA is required to continuously assess the contractor's performance to ensure uninterrupted fuel supply, compliance with relevant contractual terms and mitigation of fuel loss and fraud by carrying out monthly performance meetings and quarterly performance reviews of the contractor.

40. During the audit period, UNISFA held the required performance meetings until January 2019, but they were stopped between February and June 2019, due to restructuring of the Contract Management Unit responsible for conducting those meetings together with the Fuel Unit. The Mission also completed the required contractor assessments. However, both the minutes of performance meetings and the evaluation forms did not discuss the shortcomings related to the contractor's failure to record fuel consumption data of generators and conduct quality assurance and control activities, such as fuel rotation and testing of fuel quality by an independent laboratory as mentioned above. The meetings mainly focused on day-to-day operational challenges, such as lack of protective gear for contractor staff and the contractor's outstanding

tax rebates from the government and surcharges imposed. This was due to insufficient oversight of the Fuel Unit by the Life Support Unit and the Service Delivery Section and also partly due to low level of staffing resources of the Fuel Unit. As a result, performance shortcomings were not being addressed in a timely manner.

(8) UNISFA should enhance oversight over the Fuel Unit to ensure that the fuel contractor's performance meetings are effective to review and address all performance shortcomings.

UNISFA accepted recommendation 8 and stated that it had resumed monthly contract performance meetings, and quarterly performance reports were submitted online. Also, fuel deliveries to all equipment were being recorded and verified through EFMS and manual delivery vouchers. Recommendation 8 remains open pending receipt of evidence that contractor performance is effectively monitored through performance meetings.

IV. ACKNOWLEDGEMENT

41. OIOS wishes to express its appreciation to the management and staff of UNISFA 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 Interim Force for Abyei

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNISFA should: (a) develop an annual Fuel Unit work plan that includes the essential tasks such as monitoring fuel reserves and fuel consumption and conducting quality inspection visits and put in place procedures for monitoring its implementation; and (b) update its standard operating procedures for fuel operations to include guidance on the use of the Electronic Fuel Management System and procedures for identifying and investigating abnormal fuel consumption.	Important	O	Receipt of (a) the annual Fuel unit workplan that includes all essential tasks of the Unite and (b) updated standard operating procedures for fuel operations that include guidance on the use of the Electronic Fuel Management System and procedures for identifying and investigating abnormal fuel consumption	31 March 2021
2	UNISFA should ensure that the Fuel Unit, in consultation with the technical units, verify tank capacities of fuel consuming equipment and update the data in the Electronic Fuel Management System to effectively monitor fuel consumption.	Important	O	Receipt of evidence that tank capacities of all fuel consuming equipment in the Mission have been verified and updated in the Electronic Fuel Management System.	31 December 2019
3	UNISFA should: (a) repair faulty fuel gauges on all generators; and (b) ensure that responsible Mission personnel are physically present to verify fuel issued in the Electronic Fuel Management System.	Important	O	Receipt of evidence that faulty fuel gauges on all generators have been repaired, and fuel level sensors have been installed on generator tanks and that they provide a sufficient mechanism for the Mission to validate fuel dispensed by the contractor as well as provide accurate fuel consumption data.	31 December 2019
4	UNISFA should implement procedures for monitoring issuance of bulk fuel to contingents that include: (a) requiring contingents to report on actual consumption; (b) analyzing consumption reports for reasonableness prior to approving new requests for	Important	O	Receipt of evidence that issuance of bulk fuel is made only after previous issuances have been analyzed and periodic surprise visits are introduced	31 March 2021

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.

³ C = closed, O = open

⁴ Date provided by UNISFA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Interim Force for Abyei

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	fuel; and (c) conducting surprise visits to contingents to assess bulk fuel management.				
5	UNISFA should: (a) develop a mechanism to ensure that fuel imported duty free is used only for United Nations operations by reconciling the records of import authorization, customs clearance documents and shipping documents and independently verifying the quantities during the offloading process at fuel sites; and (b) review and reconcile discrepancies between the quantities of fuel authorized for duty free import and fuel recorded in the Electronic Fuel Management System.	Important	O	Receipt of evidence of a mechanism ensuring fuel imported duty free is used only for the United Nations operations and reconciliation of the identified discrepancies	31 March 2021
6	UNISFA should task a Unit or individual to review and ensure that the fuel contractor provides the Mission with an insurance policy covering all relevant risks for the full contract period.	Important	O	Receipt of evidence that an insurance policy covering relevant risk for the entire duration of the fuel contract is received.	31 December 2019
7	UNISFA should take immediate action to enhance its oversight of the fuel quality assurance and control programme by ensuring that the contractor rotate fuel stock as required, conduct independent testing of fuel quality and conduct annual inspections of the contractor's fuel facilities, equipment and quality management processes.	Critical	O	Receipt of evidence of action taken to enhance oversight over the quality assurance and control programme of the fuel contractor.	31 December 2019
8	UNISFA should enhance oversight over the Fuel Unit to ensure that the fuel contractor's performance meetings are effective to review and address all performance shortcomings.	Important	O	Receipt of evidence that contractor performance is effectively monitored through performance meetings.	31 March 2021

APPENDIX I

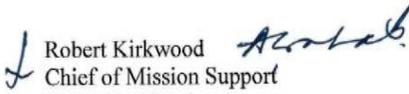
Management Response


NATIONS UNIES UNITED NATIONS
UNISFA
United Nations Interim Security Force for Abyei
قوة الأمم المتحدة المؤقتة في أبيي

INTER-OFFICE MEMORANDUM

20 November 2019
Ref: CMS/IOM/19/139

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

FROM:  Robert Kirkwood
Chief of Mission Support
UNISFA, Abyei

SUBJECT: Draft report on an audit of fuel management in the United Nations Interim Security Force for Abyei (Assignment No. AP2018/635/03)

1. Reference to your memorandum of 7 November 2019 forwarding the subject draft report on an audit of fuel management in UNISFA, please find attached Mission response to the recommendations contained in the report.
2. Thank you and best regards.

cc: Major General Mehari Zewde Gebremariam, Ag. Head of Mission and Force Commander, UNISFA
Mr. Md. Abdul Wahab, Chief, Service Delivery Services, UNISFA
Mr. Ram Bhagat, Chief, Life Support Unit, UNISFA
Mr. Samir Dasgupta, Chief, Fuel Unit, UNISFA
Mr. Josphat Kariuki, Chief, Audit Response Unit, UNISFA
Ms. Cynthia Avena-Castillo, Professional Practices Section, IAD/OIOS

Management Response

Audit of fuel management in the United Nations Interim Force for Abyei

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNISFA should: (a) develop an annual Fuel Unit work plan that includes the essential tasks such as monitoring fuel reserves and fuel consumption and conducting quality inspection visits the put in place procedures for monitoring its implementation; and (b) update its standard operating procedures for fuel operations to include guidance on the use of the Electronic Fuel Management System and procedures for identifying and investigating abnormal fuel consumption.	Important	Yes	Chief Fuel Unit	a) Assessment year 2020-2021. b) 31st January 2020	a) These OIOS observations/recommendations are being incorporated in the Fuel Unit Work Plan of ePerformance for assessment year 2020-2021. b) Fuel Unit standard operating procedures are under amendment and the same will be completed by 31 January 2020.
2	UNISFA should ensure that the Fuel Unit, in consultation with the technical units, verify tank capacities of fuel consuming equipment and update the data in the Electronic Fuel Management System to effectively monitor fuel consumption.	Important	Yes	Chief Fuel Unit/Transport Unit/Generator Unit	31 December 2019	Concerned technical units of UNISFA (Transport and Engineering/Generator Units), have been tasked to verify tank capacities of individual fuel consuming equipment. Once the tank capacities are confirmed by the Technical Units, the same will be updated in the Electronic Fuel Management System.
3	UNISFA should: (a) repair faulty fuel gauges on all generators; and (b) ensure that responsible Mission personnel are physically present to verify fuel issued in the Electronic Fuel Management System.	Important	Yes	a) & b) Engineering Unit, Generator Unit.	a) & b) 31 December 2019	Generator Unit has been tasked to confirm repair of all generator fuel gauges and ensure presence of Engineering staff to ensure quantities of fuel dispensed into generators and fuel storage tanks at generator farms.

⁵ 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.

⁶ 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.

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4	UNISFA should implement procedures for monitoring issuance of bulk fuel to contingents that include: (a) requiring contingents to report on actual consumption; (b) analyzing consumption reports for reasonableness prior to approving new requests for fuel; and (c) conducting surprise visits to contingents to assess bulk fuel management.	Important	Yes	Chief Fuel Unit	a) On going b) On going c) On going	a) Fuel consumptions reports are being submitted by TCC contingents (sample copy attached). b) Fuel Unit is in the process of issuing fuel bar code scanners to TCC drawing bulk. However, TCC are not in possession of metered fuel pumps. However, the TCC is in the process of procuring fuel dispensing hand pumps with meters. Once the metered hand pumps are in place, all issuance of fuel to TCC equipment from Bulk fuel issued will be visible in EFMS and consumption reports will be generated to prevent wastage or pilferage. (copies of mails with TCC Commander National Support Element (NSE), handling COE issues, components are attached). c) In addition, UNISFA FTS is in the process of installing FRIM sensors on all bulk storage tanks (copies of mails exchanged with FTS & UNGSC attached). d) Surprise visits will be conducted by Fuel Unit. e) Fuel Unit has started the process of generating monthly fuel over consumption data from EFMS and has submitted the first over consumption report to UNISFA Security Special Investigations Unit for inquiry. (email attached)
5	UNISFA should: (a) develop a mechanism to ensure that fuel imported duty free is used only for United Nations	Important	Partially accepted	Chief Fuel Unit	On going	a) While the practice of reconciliation of all importation is being done by Fuel Unit, the same

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	operations by reconciling the records of import authorization, customs clearance documents and shipping documents and independently verifying the quantities during the offloading process at fuel sites; and (b) review and reconcile discrepancies between the quantities of fuel authorized for duty free import and fuel recorded in the Electronic Fuel Management System.					was not being recorded in the EFMS and a mismatch of data was discovered by the OIOS. b) However, bar codes for recording all bulk receipts at all Fuel dispensing points has been incorporated in the EFMS now. Farther, all deliveries/receipts to dispensing points are being physically verified and hard copy of records being maintained at FU office (samples of delivery notes are attached).
6	UNISFA should task a Unit or individual to review and ensure that the fuel contractor provides the Mission with an insurance policy covering all relevant risks for the full contract period.	Important	Yes	Chief Fuel Unit	31 December 2019	The contractor has been formally addressed to obtain the same before 01 January 2020. Memos addressed to the contractor are attached.
7	UNISFA should take immediate action to enhance its oversight of the fuel quality assurance and control programme by ensuring that the contractor rotate fuel stock as required, conduct independent testing of fuel quality and conduct annual inspections of the contractor's fuel facilities, equipment and quality management processes.	Critical	Yes	Chief Fuel Unit	a) Quality control certificates - Immediate. b) Visit by independent inspector by 31 December 2019.	a) Fuel all sites have been tested post OIOS visit (quality control certificates from accredited laboratories for the month of Sep 2019 are attached). Contractor's payment operation and maintenance fees have been held back unless fuel quality control tested certificates from accredited laboratory are provided prior to processing of invoices for the previous month. b) Visit by independent inspector is under process by the contractor. Attached Memos addressed to the Contractor are attached.
8	UNISFA should enhance oversight over the Fuel Unit to ensure that the fuel	Important	Yes	Chief Fuel Unit	On going	Performance evaluation of contractor is being done online as per United

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	contractor's performance meetings are effective to review and address all performance shortcomings.					Nations Logistics Base guidelines. However, operational meetings are being held every month with the contractor. (Attached copy of Operational Meeting with Oil Energy Company Limited of 14 October 2019.)