

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

### **AUDIT REPORT 2013/085**

---

#### **Audit of fuel management in the United Nations Interim Force in Abyei**

**Overall results relating to fuel management  
in UNISFA were initially assessed as  
unsatisfactory. Implementation of one  
critical and three important  
recommendations remains in progress**

**FINAL OVERALL RATING: UNSATISFACTORY**

**30 October 2013**

**Assignment No. AP2013/633/05**

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-8
A. Regulatory framework	2-8
IV. ACKNOWLEDGEMENT	8
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# AUDIT REPORT

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

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Interim Force in Abyei (UNISFA).
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. UNISFA and the United Nations Mission in South Sudan (UNMISS) inherited the turnkey contract for the supply of fuel from the United Nations Mission in Sudan (UNMIS), as before its liquidation, UNMIS had operated in some areas of operations that are covered by UNISFA and UNMISS. The contract was amended six times, following the establishment of UNISFA, and extended to 30 December 2013 with a Not-to-Exceed (NTE) amount of \$676.8 million. The NTE portion for UNISFA was \$31.9 million for the period from May 2012 to February 2013 and \$36.7 million from February to December 2013.
4. The UNISFA Fuel Unit in the Supply Section was responsible for the overall management of the fuel contract. This included overseeing the receipt, storage, distribution and record keeping of fuel in the Mission Electronic Fuel Accounting System (MEFAS). The Unit was headed by a Chief at the Field Service (FS)-6 level reporting to the Chief of the Supply Section at the P-4 level, and had one Staff Officer seconded from a contingent. The major fuel consuming equipment, which received fuel in bulk and also directly from the fuel stations, was contingent-owned.
5. Comments provided by UNISFA are incorporated in italics.

### II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNISFA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of fuel in UNISFA**.
7. The audit was included in the 2013 OIOS risk-based work plan at the Mission's request taking into account operational risks associated with an interrupted fuel supply for the Mission's operations as well as the financial risks due to the cost of fuel consumed by the Mission.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that adequate policies and procedures exist to guide the management of fuel, and are complied with.
9. The key control was assessed for the control objectives shown in Table 1. OIOS conducted the audit from January to April 2013. The audit covered the period from 1 December 2011 to 28 February 2013.

10. 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

11. The UNISFA governance, risk management and control processes examined were initially assessed as **unsatisfactory** in providing reasonable assurance regarding the **effective management of fuel in UNISFA**. OIOS made seven recommendations to address issues identified. UNISFA had ensured uninterrupted distribution of fuel to its operations, and had implemented adequate environmental measures to deal with fuel waste. However, UNISFA needed to up-date its standard operating procedures to cover all aspects of fuel operations including: (a) approving bulk fuel issuances; (b) monitoring the contractor’s compliance with the contract terms, including maintaining the required strategic and operational fuel reserves, and conducting regular inspections of fuel equipment; (c) ensuring that fuel imported duty-free was exclusively used for UNISFA; and (d) verifying the contractor’s invoices prior to payment. UNISFA also needed to recover the outstanding cost of fuel issued to United Nations agencies, funds and programmes. Subsequent to the audit, UNISFA started to increase its Fuel Unit’s capacity and improved its invoice processing mechanism to ensure that invoices were processed within 30 days of receipt.

12. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **unsatisfactory** as implementation of one critical and three important recommendations remains in progress.

**Table 1: Assessment of key controls**

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 fuel in UNISFA	Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
<b>FINAL OVERALL RATING: UNSATISFACTORY</b>					

#### A. Regulatory framework

##### The capacity of the Fuel Unit needed to be strengthened

13. The Fuel Unit was not adequately staffed to ensure that functions related to fuel management were conducted effectively. It had one civilian staff at the FS-6 level (Chief of Fuel Unit) and one Staff Officer seconded by the current military contingent deployed to UNISFA. The capacity of the unit was further reduced due to the four week rest and recuperation period of the Chief of Unit, which often left the Staff Officer in the Mission without adequate supervision. The Staff Officer was not fully conversant with United Nations rules and procedures, and had not been given adequate training to perform his functions effectively. The Staff Officer was also incorrectly assuming functions that should be performed by United

Nations staff. This included managing United Nations resources by approving fuel to be delivered to contingents thus creating a commitment for the United Nations to reimburse the fuel contractor.

14. In the proposed 2013/14 budget, UNISFA requested two additional posts for the Supply Section; however, the request was not approved by the Field Budget and Finance Division, Department of Field Support (DFS) due to the lack of adequate justification. Nonetheless, the Supply Section had eight approved posts, including two professional staff, which could have been used to augment the resources assigned to the Fuel Unit.

15. The low staffing capacity was not unique to the Fuel Unit, and was mainly attributed to Government-imposed visa restrictions allowing staff to travel to Sudan, and the limited approved posts available for the operation due to Member States expectation for UNISFA to be supported by UNMISS and the Regional Service Centre in Entebbe (RSCE). Considering this, the deployment of staff officers from the military contingent was needed. However, many of the staff officers working in the area of mission support had limited English language skills and familiarity with standard United Nations rules, procedures and systems. Staff officers were also subject to rotation resulting in the need to consistently train newly deployed officers.

16. The lack of capacity of the Fuel Unit resulted in a number of functions not being performed effectively and the lack of implementation of procedures to safeguard United Nations resources.

**(1) UNISFA should increase the capacity of the Fuel Unit to perform its functions effectively taking into consideration the existing eight approved posts for the Supply Section. Also, if necessary, UNISFA should strengthen its justification for additional resources considering the four-week rest and recuperation period and the frequent rotation of staff officers.**

*UNISFA accepted recommendation 1 and stated that the Supply Section had been restructured. A FS-4 had been assigned to the Fuel Unit to control and ensure compliance by the contractor with UNISFA's requirements. Also, requests for bulk fuel in the absence of the Chief Fuel Unit would be vetted by the FS-4 staff member. UNISFA had provided justification for the need of additional fuel accounting staff in its 2014/15 budget submission. Based on action taken by UNISFA, recommendation 1 has been closed.*

**(2) UNISFA should assess the training needs of staff officers seconded to the Fuel Unit and take appropriate steps to address these needs, including the necessary language skills.**

*UNISFA accepted recommendation 2 and stated that it provided day-to-day training to the staff officers seconded to the Fuel Unit based on their needs. This would be an ongoing process as staff officers rotate almost every year. Based on action taken by UNISFA, recommendation 2 has been closed.*

There was a need to develop and implement additional procedures for the management of fuel and monitor compliance thereof

17. Due to the lack of capacity in the UNISFA Fuel Unit, the standard controls required by the Department of Peacekeeping Operations (DPKO)/DFS Fuel Operational Manual for the management of fuel and compliance with the terms and conditions of the fuel contract were not always established and working effectively. As a result a number of control weaknesses were identified as outlined in the following paragraphs.

(a) Bulk fuel issued was not adequately monitored and controlled

18. Although required by the UNISFA standard operating procedures (SOPs), the Chief of the Fuel Unit did not systematically approve bulk fuel issuances. The following were also noted:

- The Fuel Staff Officer was often approving the issuance of fuel without obtaining the required fuel utilization log sheets from contingents to substantiate the consumption of the fuel already supplied;
- The contractor issued 159,000 liters of bulk fuel costing \$193,980 to eight UNISFA units/sections without evidence of approval;
- From December 2011 to February 2013, the UNISFA Fuel Unit issued 370 bulk fuel issues, totaling 1,428,918 liters costing \$1.7 million to contingents without evidence of fuel utilization log sheets; and
- The contractor dispensed 11,710 liters of fuel, costing \$14,000, for use in 12 generators and 17 vehicles which were neither on the UNISFA list of generators and vehicles nor on the list of contingent-owned equipment. Additionally, the contractor issued 35,720 liters of bulk fuel to recipients classified as others at the cost of \$43,613.

(b) Inadequate monitoring of fuel dispensed by the contractor directly into fuel-consuming equipment

19. The contractor was required to dispense fuel directly into fuel-consuming equipment including generators and vehicles. However, UNISFA did not implement adequate procedures to monitor fuel consumed by these assets. OIOS reviewed MEFAS records from December 2012 to 28 February 2013 to analyze fuel consumption patterns for vehicles and the result showed that there were no unusual exceptions. For generators, however OIOS' analyses were inconclusive since UNISFA did not maintain records of opening and closing balances (i.e. fuel in the generators' tanks) before/after refueling and it did not have information on the fuel consumption capacities of generators. Therefore, UNISFA needed to implement a process to monitor fuel consumption and follow-up on identified variances against established standards. Without such a process, there was a risk of misappropriated fuel going undetected, and of equipment inefficiencies not being identified in a timely manner.

20. Since the audit, the contractor was submitting monthly fuel consumption reports, and the Fuel Unit, in collaboration with the concerned units, was investigating abnormal usages. Additionally, random checks were carried out on the contractor's 'Daily Electronic Fuel Report' on vehicles drawing fuel with unusual frequency. OIOS was satisfied with the action taken.

(c) Availability of fuel reserves were not being verified

21. The contractor was required to maintain at all fuel storage sites, strategic and operational reserves for the Mission and to ensure that they did not fall below the agreed predefined quantities. Contrary to the contract, which required a separate storage point for UNISFA reserves, the contractor maintained a large volume of stock (over 1.2 million liters), in fuel tanks in Abyei, for both operational and strategic reserves. The Mission advised that it had agreed to this procedure with the contractor as it was not practical to maintain separate tanks for each reserve.

22. The contractor submitted to the Fuel Unit regular stock reports on the reserves maintained. UNISFA was not reviewing these reports to ensure that stock balances equaled the required reserves at all times. While UNISFA had not experienced any problems regarding the supply of fuel, without adequate monitoring, there was an unmitigated risk of insufficient reserves to ensure an uninterrupted supply of fuel for UNISFA's operations during a crisis.

(d) Inadequate procedures to monitor the Mission's duty-free privilege for fuel importation

23. UNISFA had inherited the right to use fuel imported duty-free for the exclusive use of UNMIS. Since July 2011, when UNISFA was established, it obtained two duty-free permits which were used by the contractor to import two batches of fuel. Prior to the first import, UNISFA did not validate the balance of fuel in the possession of the contractor to ensure that its requirements were met and not exceeded. Similarly, UNISFA did not validate fuel stock balances prior to the contractor using the second duty-free permit to import the second batch. The lack of adequate procedures to verify fuel stockholdings presented an unmitigated reputational risk to the United Nations in the event fuel imported using UNISFA duty-free privileges was being sold in the local market.

(e) Inadequate monitoring of the contractor's responsibility to inspect and maintain fuel equipment

24. The fuel contractor was required to regularly inspect, maintain and repair all equipment and facilities, including United Nations equipment. UNISFA had not implemented any verifiable procedures to ensure that the contractor complied with these maintenance requirements, and both UNISFA and the contractor did not have manufacturers' standards for maintenance, resulting in an unmitigated risk that equipment was not being adequately maintained.

(f) Invoices needed to be independently verified prior to payment

25. The Fuel Unit had not implemented a procedure to validate all of the fuel contractor's invoices prior to certifying them for payment. The Fuel Unit only verified and certified invoices that were received in Abyei on a sample basis, and was not verifying invoices in respect of fuel issued by the contractor at Diffra and Kadugli fuel sites. For those invoices that were certified by the Fuel Unit, there were inadequate documents to support the amount of fuel received from the contractor.

26. Also, while the contractor was required to record all fuel issuances in MEFAS, OIOS analysis of the data for December 2012, January and February 2013 for Abyei, Diffra and Kadugli fuel sites indicated that the contractor invoiced amounts of diesel and Jet A-1 that were higher than those reported in MEFAS by 17,166 and 123,928 liters, respectively. The contractor advised that it was not generating the invoices from MEFAS; but was collating data from its daily fuel issue summaries. However, the Fuel Unit was not verifying these daily fuel issue summaries and therefore, invoices were paid without independent validation by the Fuel Unit. This was not done due to the limited capacity in the Fuel Unit to verify invoices by cross-checking the quantities billed by the contractor against those on the fuel issue slips generated at the point of delivery. Therefore, there was an unmitigated risk of paying for fuel not received by UNISFA or United Nations agencies, funds and programmes.

27. Overall the above conditions resulted as there were insufficient resources allocated to the management of fuel, and a lack of adequately documented procedures to guide staff in effectively monitoring and controlling fuel operations. There was a need to develop and further clarify procedures in the areas of: (a) approving of bulk fuel issuances to contingents, UNISFA sections/units and United Nations agencies, funds and programmes; (b) verifying the contractor's invoices prior to payment; and (c) monitoring the contractor's compliance with the terms of the contract regarding: (i) regular inspections of

the fuel equipment, (ii) maintenance of required levels of strategic and operational fuel reserves, and (iii) the use of fuel imported duty-free exclusively for UNISFA.

**(3) UNISFA should develop more comprehensive standard operating procedures to cover all aspects of fuel operations to address the control weaknesses identified in this audit. UNISFA should also implement procedures for monitoring compliance thereof.**

*UNISFA accepted recommendation 3 and stated that revised SOPs were being reviewed by the Officer-in-Charge of Integrated Support Services before submission to the Chief Mission Support (CMS) for approval. The SOPs would cover all aspects of fuel operations and address all related procedures. Recommendation 3 remains open pending receipt of a copy of the approved SOPs that cover all aspects of fuel operations, as well as the procedures for monitoring compliance thereof.*

Arrangements for the use of fuel tanks in Wau and responsibility for mobilization fee needed to be established

28. The Statement of Works transmitted on 25 August 2011 by the Procurement Division, Department of Management to UNISFA and the contractor required the contractor to mobilize tanks in Wau, South Sudan to store UNISFA strategic fuel reserves. However, as Wau was not an operationally convenient location, UNISFA requested the Logistics Support Division (LSD), on 22 December 2011 and 25 June 2012, to ensure that the Procurement Division cancelled the requirement. This request was not effectively communicated and the contractor mobilized the tanks in Wau. LSD explained in a facsimile dated 19 September 2012, that the contractor had started to deploy the tanks before UNISFA requested the cancellation and therefore, instructed UNISFA to pay the \$750,000 mobilization fee. However, the mobilization was only completed on 17 January 2013; therefore, there should have been sufficient time to cancel the requirement. LSD committed to explore the possibility for UNMISS to use the tanks in Wau, and reimburse UNISFA. Both the contractor and UNISFA advised that the contractor had begun using the tanks for UNMISS, and UNISFA instructed the contractor not to use the tanks for UNISFA to avoid paying for monthly maintenance fees. However, no formal and final decision had been made regarding this arrangement as well as the \$750,000 mobilization fee paid by UNISFA.

**(4) UNISFA, in consultation with the Logistics Support Division, should finalize arrangements for the contractor's use of the fuel tanks in Wau for UNMISS, and settlement of the \$750,000 spent on the mobilization fee.**

*UNISFA accepted recommendation 4 and stated that it was awaiting LSD and the Procurement Division's advice to maximize the return on the investment on the Wau tanks. UNISFA would continue to follow up for advice. Recommendation 4 remains open pending receipt of evidence that the use of the fuel tanks in Wau and the related payment issue has been satisfactorily resolved.*

Emergency response plans needed improvement

29. The Chief of the Fuel Unit was responsible for preparing and keeping current emergency response plans (ERPs) for each location where fuel was received, stored and dispensed. While there were ERPs covering locations where UNMIS had previously operated, these needed to be updated to ensure they were current and covered the additional locations established by UNISFA.



**(5) UNISFA should develop and maintain current emergency response plans for locations where fuel is received, stored and dispensed.**

*UNISFA accepted recommendation 5 and stated that the ERP developed by the contractor was being reviewed by Chief of the Fuel Unit for submission to the CMS for approval. Recommendation 5 remains open pending receipt of a copy of the ERPs that covers all location where fuel is received, stored and dispensed all locations.*

Operating and maintenance fees were not processed in a timely basis

30. Under the terms of the contract, the contractor charged monthly operational and maintenance costs. At the time of the audit, the contractor had raised invoices totaling \$4.6 million for fuel installations in Abyei, Diffra and Kadugli. The invoices were properly supported and were subsequently paid. However, 24 of the 30 invoices (80 per cent) received for the period from December 2011 to January 2013 took between 37 and 310 days to be processed. This was attributed to the lack of adequate staff and effective coordination between UNISFA and the Finance Section of the RSCE that was responsible for making payments on behalf of UNISFA. The delays in processing these invoices resulted in a lost opportunity for UNISFA to take advantage of an early payment discount of approximately \$23,130.

**(6) UNISFA should implement adequate procedures to ensure invoices are processed within 30 days of their receipt to benefit from the 1.5 per cent discount for early payment.**

*UNISFA accepted recommendation 6 and stated that payments to the fuel contractor would be processed within 30 days and this was implemented for the months of July and August 2013. Based on action taken by UNISFA, recommendation 6 has been closed.*

Recovery of the cost of fuel issued to United Nations agencies and vendors

31. The Common Service Agreement entered into by UNISFA and various United Nations agencies, funds and programmes operating in the region required UNISFA to supply their fuel requirements on a reimbursable basis. A review of fuel issued to 11 entities from December 2011 to February 2013 indicated that UNISFA had provided 127,839 liters of diesel valued at \$162,243. The Fuel Unit submitted details to the Finance Section in August 2012 to recover \$50,000 from other United Nations entities; however, this amount had not been recovered as of July 2013. This was because the Finance Section and the Fuel Unit had not implemented adequate procedures to ensure that the cost of fuel supplied to third parties was systematically reimbursed.

**(7) UNISFA should implement a mechanism to recover the cost of fuel issued to United Nations agencies, funds and programmes in a timely manner, and ensure that all outstanding amounts are recovered.**

*UNISFA accepted recommendation 7 and stated that it had recovered \$43,243 of the total outstanding amount of \$162,243. UNISFA would continue to follow up on a regular basis to recover the remaining amounts and would improve collection procedures upon implementation of Umoja. Recommendation 7 remains open pending receipt of evidence that an adequate mechanism has been implemented to recover the cost of fuel issued to third parties, and the outstanding amount of \$119,000 has been recovered.*

Environmental requirements were complied with

32. In compliance with the DPKO/DFS Fuel Operations Manual and the fuel contract, the contractor had established and implemented adequate procedures for the removal of petroleum, oil and lubricant (POL) wastes from fuel farms. OIOS inspected the fuel tanks installed in the fuel farm in Abyei and there were no spillage or leakage of POL at the time of the audit.

**IV. ACKNOWLEDGEMENT**

33. 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)* David Kanja  
Assistant Secretary-General for Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNISFA should increase the capacity of the Fuel Unit to perform its functions effectively taking into consideration the existing eight approved posts for the Supply Section. Also, if necessary, UNISFA should strengthen its justification for additional resources considering the four-week rest and recuperation period and the frequent rotation of staff officers.	Critical	C	Action taken	Implemented
2	UNISFA should assess the training needs of staff officers and take appropriate steps to address these needs, including ensuring that seconded staff officers have the necessary language skills.	Important	C	Action taken	Implemented
3	UNISFA should develop more comprehensive standard operating procedures to cover all aspects of fuel operations to address the control weaknesses identified in this audit. UNISFA should also implement procedures for monitoring compliance thereof.	Critical	O	Receipt of a copy of the approved SOPs that cover all aspects of fuel operations, as well as the procedures for monitoring compliance thereof.	30 November 2013
4	UNISFA, in consultation with the Logistics Support Division, should finalize arrangements for the contractor's use of the fuel tanks in Wau for UNMISS, and settlement of the \$750,000 spent on the mobilization fee.	Important	O	Receipt of evidence that the use of the fuel tanks in Wau and the related payment issue has been satisfactorily resolved	31 December 2013
5	UNISFA should develop and maintain current	Important	O	Receipt of a copy of the ERPs that covers all	30 November 2013

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNISFA

## STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	emergency response plans for locations where fuel is received, stored and dispensed.			location where fuel is received, stored and dispensed all locations.	
6	UNISFA should implement adequate procedures to ensure invoices are processed within 30 days of their receipt to benefit from the 1.5 per cent discount for early payment.	Important	C	Action taken	Implemented
7	UNISFA should implement a mechanism to recover the cost of fuel issued to United Nations agencies, funds and programmes in a timely manner, and ensure that all outstanding amounts are recovered.	Important	O	Receipt of evidence that an adequate mechanism has been implemented to recover the cost of fuel issued to third parties, and the outstanding amount of \$119,000 has been recovered.	31 December 2013

# **APPENDIX I**

## **Management Response**



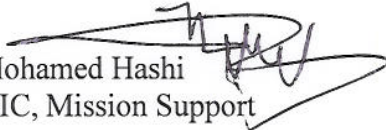
UNISFA

## United Nations Interim Security Force for Abyei

قوة الأمم المتحدة المؤقتة في أبيي

**INTER-OFFICE MEMORANDUM**16 October 2013  
Ref: CMS/IOM/2013/088

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

**FROM:** Mohamed Hashi   
OIC, Mission Support

**SUBJECT:** Assignment No. AP2013/633/05 - OIOS audit of fuel management in UNISFA

1. Further to your memorandum of 27 September 2013 forwarding the subject draft report, please find attached Mission response to the recommendations contained in the report.
2. Please find attached as well a Microsoft Word copy of this response.
3. Thank you and best regards.

cc: HOM  
OIC ISS  
CSS  
FUEL  
HR  
CCAMU

## MANAGEMENT RESPONSE

## Audit of fuel management in the United Nations Interim Security Force in Abyei

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNISFA should increase the capacity of the Fuel Unit to perform its functions effectively taking into consideration the existing eight approved posts for the Supply Section. Also, if necessary, UNISFA should strengthen its justification for additional resources considering the four-week rest and recuperation period and the frequent rotation of staff officers.	Critical	Yes	Chief Supply Section / Chief Fuel Unit	Implemented	Implemented. Supply Section has been restructured subsequent to the issuance of Sudanese visas (Please see evidence issued to Auditors separately for verification). The three (3) FS staffs temporarily located in Wau have now moved to Abyei. The recently installed FS staff controls and ensures compliance by the contractor with UNISFA's requirements for strategic (SFR) and local reserves (LR). The requests for bulk fuel, in absence of the Chief Fuel Unit, is also now being vetted by Chief J-4 of FHQ and approved by the recently posted staff. Additional post for fuel accounting staff has been proposed in the budget for FY 2014-2015. (Please see evidence issued to Auditors for verification).
2	UNISFA should assess the training needs of staff officers and take appropriate steps to address these needs, including ensuring that seconded staff officers have the necessary language skills.	Important	Yes	Chief Supply Section / Chief Fuel Unit	Implemented	The on-the-job training for the current staff officer (SO) is taking place daily. The SO Fuel and the TCC being from the same country has been highlighted by Fuel Unit for a conflict of interest situation. Fuel Unit has requested mission management for staff officer from another Member State.
3	UNISFA should develop more comprehensive standard operating procedures to cover all aspects of fuel operations to address the control weaknesses identified in this audit. UNISFA should also implement	Critical	Yes	Chief Supply Section / Chief Fuel Unit	30 November 2013	The final draft SOP is currently being reviewed by OIC/ISS before submission to CMS for approval. The fuel SOP is an IPSAS compliant and covers all aspects of fuel operations and addresses all related procedures.

<sup>1</sup> 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.

<sup>2</sup> 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.

## MANAGEMENT RESPONSE

## Audit of fuel management in the United Nations Interim Security Force in Abyei

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments												
	procedures for monitoring compliance thereof.																	
4	UNISFA, in consultation with the Logistics Support Division, should finalize arrangements for the contractor's use of the fuel tanks in Wau for UNMISS, and settlement of the \$750,000 spent on the mobilization fee.	Important	Yes	Chief Supply Section / Chief Fuel Unit	31 December 2013	UNISFA is still awaiting LSD/PD advice to maximize the return on the investment on Wau tankages. Mission will continue to follow up with LSD for their advice.												
5	UNISFA should develop and maintain current emergency response plans for locations where fuel is received, stored and dispensed.	Important	Yes	Chief Supply Section / Chief Fuel Unit	30 November 2013	In a turnkey contract the ERP is developed and updated by the Contractor. The ERP developed by the contractor is being reviewed by Chief Fuel Unit for submission to CMS for approval.												
6	UNISFA should implement adequate procedures to ensure invoices are processed within 30 days of their receipt to benefit from the 1.5 per cent discount for early payment.	Important	Yes	Chief Contract Management and Chief Finance Officer	Implemented	Implemented. Please see evidences issued to Auditors for verification. The payments to Tristar are processed within 30 days for the month of July and August 2013 as below. <table border="1" data-bbox="1465 976 1959 1128"> <thead> <tr> <th>Month</th> <th>Invoice received</th> <th>Invoice processed</th> <th>Date to pay for discount</th> </tr> </thead> <tbody> <tr> <td>Jul-13</td> <td>13-Aug-13</td> <td>21-Aug-13</td> <td>10-Sep-13</td> </tr> <tr> <td>Aug-13</td> <td>6-Sep-13</td> <td>18-Sep-13</td> <td>5-Oct-13</td> </tr> </tbody> </table>	Month	Invoice received	Invoice processed	Date to pay for discount	Jul-13	13-Aug-13	21-Aug-13	10-Sep-13	Aug-13	6-Sep-13	18-Sep-13	5-Oct-13
Month	Invoice received	Invoice processed	Date to pay for discount															
Jul-13	13-Aug-13	21-Aug-13	10-Sep-13															
Aug-13	6-Sep-13	18-Sep-13	5-Oct-13															
7	UNISFA should implement a mechanism to recover the cost of fuel issued to United Nations agencies, funds and programmes in a timely manner, and ensure that all outstanding amounts are recovered.	Important	Yes	Chief Finance Officer	31 December 2013	Mission has recovered \$43,243.25 out of total outstanding amount of \$162,243. UNISFA will continue to follow up on a regular basis to recover the remaining amount. It is also expected to improve collection procedure once UMOJA kicks in.												

<sup>1</sup> 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.

<sup>2</sup> 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.