



## INTERNAL AUDIT DIVISION

### REPORT 2016/006

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Audit of fuel management in the United Nations Multidimensional Stabilization Mission in the Central African Republic

Overall results relating to the effective management of fuel in the United Nations Multidimensional Stabilization Mission in the Central African Republic were initially assessed as partially satisfactory. Implementation of five important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

19 February 2016  
Assignment No. AP2015/637/01

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-8
Regulatory framework	3-8
IV. ACKNOWLEDGEMENT	8
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# AUDIT REPORT

## Audit of fuel management in the United Nations Multidimensional Stabilization Mission in the Central African Republic

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
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. MINUSCA sources and manages fuel under a one-year turnkey contract established in August 2014 with a not-to-exceed amount of \$49.5 million and an option to extend for two consecutive periods of not more than six months each. The contractor has five fuel storage and dispensing points throughout the Central African Republic. The contractor delivers bulk fuel to other sites where it does not have distribution facilities. Fuel operations are governed by the Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Fuel Operations Manual and MINUSCA standard operating procedures for petroleum, oil and lubricants.
4. The Fuel Unit is responsible for the overall management of fuel operations including management of fuel reserves, monitoring of fuel consumption levels and regular inspections of fuel facilities. The Fuel Unit is headed by a Chief at the P-3 level and has 25 authorized posts comprising 8 international staff, 13 national staff and 4 military staff officers. The budget for petroleum, oil and lubricants for fiscal year 2014/15 was \$59 million.
5. Comments provided by MINUSCA are incorporated in italics.

### II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSCA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of fuel in MINUSCA**.
7. The audit was included in the 2015 risk-based work plan of OIOS because of the operational and financial risks related to possible interruptions and losses of fuel supplies.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the management of fuel in MINUSCA; (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 the audit from April to August 2015. The audit covered the period from 15 September 2014 to 31 July 2015. OIOS made field visits to the contractor’s fuel storage and dispensing sites and six contingent locations in Bangui and the sectors.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

12. The MINUSCA governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of fuel in MINUSCA**. OIOS made six recommendations to address the issues identified. MINUSCA implemented adequate controls to ensure that the contractor satisfactorily mobilized facilities, personnel and equipment to meet the Mission’s operational requirements and begun the delivery of fuel in distribution points. However, MINUSCA needed to: (a) expedite the establishment of permanent fuel installations; (b) prepare and maintain an up-to-date list of vehicles and equipment allowed to draw fuel; (c) take adequate steps to ensure the fuel contractor establishes a service contract with an independent inspector to inspect and test fuel meters; (d) ensure the fuel contractor establishes a service contract for disposal of fuel-related waste; (e) obtain reimbursement for cost of fuel provided to other United Nations entities; and (f) obtain the industry index price and independently verify the variable price charged by the contractor.

13. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of five important recommendations 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
<b>Effective management of fuel in MINUSCA</b>	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

<sup>1</sup> A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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.

## Regulatory framework

### The contractor started operations in all fuel distribution points

14. The fuel contract requires the contractor to: (a) acquire and deploy equipment, facilities, personnel and other items necessary for successful mobilization of each distribution point by the dates provided in the mobilization plan and schedule for each location; and (b) commence operations and delivery of fuel in Bangui, Bouar, Kaga Bandoro and Bria by 15 September 2014.

15. A review of the mobilization plan and schedule, site board approvals, contractor's fuel issue records, site visits to four distribution points and discussions with the Fuel Unit staff and contractor's officials indicated that the contractor: (a) deployed to each distribution point the necessary facilities, personnel and equipment including bladders, refuellers, fuel carrying and support vehicles, generators, fuel transfer systems, pumps, fuel dispensers, meters, filters and associated equipment; and (b) started operations and delivery of fuel on 15 September 2014 in Bangui, Bouar, Bria and Kaga Bandoro. In December 2014, MINUSCA certified the contractor's achievement of this milestone and paid the contractor \$2.6 million in mobilization fees.

16. OIOS concluded that MINUSCA had implemented adequate controls to ensure the contractor satisfactorily: mobilized the necessary facilities, personnel and equipment to meet its operational requirements in each location; and begun operations and delivery of fuel in the distribution points.

### Need to expedite the establishment of permanent fuel installations

17. The fuel contract requires the contractor to replace all bladders with permanent metal storage tanks by 30 November 2014 and have 350,000 litres of Jet A-1 and 1,605,000 litres of diesel as strategic fuel reserves in these tanks by 28 January 2015. MINUSCA is expected to enforce compliance with these timelines or adjust them, when necessary, mainly for factors not within the control of the contractor.

18. Site visits to Kaga Bandoro and Bria on 17 June 2015 and 13 July 2015 respectively indicated that the contractor had not replaced all bladders with permanent metal storage tanks because of delays by the Mission in securing the necessary land. The Mission subsequently secured land on 31 March 2015 for a fuel farm in Kaga Bandoro and on 11 June 2015 for a fuel farm in Bria that enabled the contractor to start excavating the land for a perimeter wall as part of mobilization work. However, the Mission did not know exactly when the fuel farms would be completed mainly because it had not developed a new timetable and related monitoring mechanisms for completion of permanent mobilization.

19. As a result, there was a risk that the contractor would continue to store 460,000 litres of Jet A-1 fuel and diesel in bladders for an extended period. This posed the risk of microbiological contamination of the fuel that could damage aircraft engines as well as the risk of interruption in MINUSCA operations due to lack of adequate capacity to store fuel. For instance, due to the continued use of bladders, MINUSCA would not have sufficient quantities of fuel to sustain its operations for more than 7 days for Jet A-1 fuel and 13 days for diesel in case of interruptions in the supply of fuel.

**(1) MINUSCA should, in collaboration with the fuel contractor and the United Nations Procurement Division, develop clear timelines and monitoring mechanisms to expedite the establishment of permanent fuel installations.**

*MINUSCA accepted recommendation 1 and stated that it, in consultation with the contractor, had developed a plan with revised timelines for the establishment of permanent fuel facilities.*

*MINUSCA further stated that it was monitoring the contractor's mobilization of its permanent installations. Recommendation 1 remains open pending receipt of evidence that MINUSCA has established permanent fuel installations.*

MINUSCA was taking steps to regain its tax exemption status on fuel products

20. The Status of Forces Agreement between the United Nations and the Government allows MINUSCA and its agents and contractors to import goods in support of the Mission free from duties and taxes.

21. A review of the Fuel Unit's records indicated that, on 1 April 2015, Government authorities suspended the Mission's tax exemption status on fuel products. To ensure continuity of operations, the Director of Mission Support authorized the contractor to pay duties and taxes to the Government and seek reimbursement from the Mission. A review of invoices from April to June 2015 indicated that the contractor was including duties and taxes on the invoices. As at 30 June 2015, the Mission reimbursed the contractor a total of \$1.2 million for taxes the contractor paid to the Government.

22. MINUSCA held discussions with the relevant Government officials and sent a note verbale reminding them of the Government's obligation to exempt the Organization from duties and taxes. During a meeting, Government officials indicated that, pending the implementation of the new procedures for requesting tax exemption that took effect in May 2015, the Mission would have to pay taxes and seek reimbursement from the Government. While the Mission submitted the required forms, at the time of the audit, it had not received the Government's approval of its request for tax exemptions. However, MINUSCA continued to actively engage the Government to regain its tax exemption status on fuel products and the Secretary-General started pursuing this matter through the Security Council. As MINUSCA was taking steps necessary to regain its tax exemption status, OIOS did not make a recommendation.

Need for a list of vehicles and equipment allowed to draw fuel

23. The fuel contract requires the contractor to prepare fuel issue vouchers and ensure that individuals receiving fuel sign these vouchers as evidence of fuel dispensed in MINUSCA-designated vehicles and equipment. The DPKO/DFS Fuel Operations Manual require the Fuel Unit to maintain a list of vehicles and equipment that should be supplied with fuel.

24. A review of 2,239 of 30,431 fuel issue vouchers obtained from the Fuel Unit indicated that staff who received the fuel had duly signed the relevant vouchers as evidence of fuel dispensed in MINUSCA-designated vehicles and equipment. However, a review of Fuel Unit's records indicated that the Mission did not maintain an up-to-date list of vehicles and equipment that should be supplied with fuel. Staff of the Fuel Unit explained that the concerned sections/units including the Contingent-Owned Equipment Unit, Engineering and Transport Sections did not consider maintaining an up-to-date list of vehicles and equipment as a priority during the start-up phase of the Mission. Additionally, MINUSCA did not require the contractor to dispense fuel only to vehicles and equipment on the list maintained by the Fuel Unit. For instance, a review of June 2015 fuel issuances at the refueling station in Bangui indicated that the contractor issued fuel to 571 vehicles and 16 generators that were not in the Fuel Unit's list of vehicles and equipment.

25. As a result, there was a risk that the contractor dispensed fuel to unauthorized vehicles and equipment resulting in a financial loss to the Organization.

**(2) MINUSCA should prepare and maintain an up-to-date list of vehicles and equipment and implement a mechanism to ensure the fuel contractor dispenses fuel solely to these vehicles and equipment.**

*MINUSCA accepted recommendation 2 and stated that it had provided a list of vehicles and equipment to the fuel contractor. MINUSCA further stated that it would implement the United Nations Electronic Fuel Management System to ensure up-to-date records for all fuel consuming equipment. Recommendation 2 remains open pending OIOS verification that an adequate mechanism is in place to ensure only authorized vehicles and equipment are supplied with fuel.*

The Fuel Unit was monitoring fuel consumption

29. The DPKO/DFS Fuel Operations Manual and MINUSCA standard operating procedures require the Engineering Section and contingent logistics officers to periodically submit fuel consumption reports to the Fuel Unit. These procedures require the reports to contain odometer readings of equipment and vehicles and the related generator barcodes or serial numbers. The MINUSCA Fuel Fraud and Loss Prevention Team, which is responsible for monitoring fuel consumption to prevent and detect misuse and theft, is expected to use information from the MEFAS and fuel consumption reports from the Engineering Section and contingent logistics officers.

30. A review of the activities and interviews with staff of the Fuel Fraud and Loss Prevention Team indicated that the Engineering Section did not submit fuel consumption reports for United Nations-owned generators. Also, a review of fuel consumption reports for 5 of the 28 contingents indicated that the reports did not include: (a) odometer readings of equipment and vehicles in all cases; and (b) generator barcodes or serial numbers. Moreover, fuel consumption reports were not prepared for four contingent locations.

31. The above resulted because of the Engineering Section's inattention to the implementation of procedures for the preparation of generator fuel consumption reports and the Fuel Unit did not follow up with the Section to enforce the reporting requirement. OIOS site visits to six contingent locations indicated that contingents were not fully conversant with the record keeping process due to lack of rigorous and targeted training. As a result, the Fuel Fraud and Loss Prevention Team lacked adequate information to effectively monitor fuel consumption and prevent/detect misuse and theft of fuel.

32. OIOS review of additional records and discussions with the Fuel Unit subsequent to the audit and MINUSCA response to the draft report indicated that the Fuel Unit had subsequently implemented adequate follow-up procedures including: (a) verification of monthly consumption reports received from contingents; (b) provision of guidance, training and briefings to contingent logistics officers involved in fuel handling; and (c) random and periodic inspection of fuel operations in all locations to ensure compliance with established procedures. Based on the additional information provided, OIOS did not make a recommendation in this report.

A quality control programme was established

33. The MINUSCA standard operating procedures for petroleum, oil and lubricants require the contractor to maintain a quality control plan and auditable records for all inspections and submit monthly quality control reports to the Fuel Unit. The procedures also require the contractor to provide certificates of fuel's conformity with quality specifications issued by an independent inspector for each fuel delivery.

34. Discussions with staff of the Fuel Unit indicated that the contractor did not: (a) maintain a quality control plan and auditable records for all quality inspections carried out during the audit period and also

did not prepare and submit monthly quality control reports to the Fuel Unit; and (b) obtain certificates of conformity for diesel fuel to ensure that the fuel received was of the expected quality.

35. The above occurred because the Mission did not implement procedures to enforce the requirement for a quality control programme. The Mission recruited a Quality Assurance Supervisor in February 2015 who has since focused on aviation fuel, considered to be more critical than diesel. As a result, there was a risk that the contractor may deliver and the Organization could pay for fuel that did not conform to relevant quality standards. This could also hamper the smooth functioning of MINUSCA vehicles and generators.

36. OIOS review of additional records and discussions with the Fuel Unit subsequent to the audit and MINUSCA response to the draft report indicated that MINUSCA established a fully functional quality assurance programme and obtained all relevant refinery certificates attesting to the quality of fuel supplied by the contractor. The Fuel Unit also conducted periodic inspections of the quality of fuel provided to ensure quality control and compliance with international standards. Based on the additional information provided, OIOS did not make a recommendation in this report.

The calibration of fuel flow meters was not certified by an independent inspector

37. The fuel contract requires the contractor to install meters in fuel dispensing equipment to accurately record the volume of fuel delivered. An independent inspector approved by the Mission and engaged by the contractor is required to certify the calibration of the meters and provide the calibration certifications to the Fuel Unit.

38. A review of calibration records maintained by the Fuel Unit indicated that the contractor did not: (a) use an independent inspector approved by the Mission to calibrate and certify the flow meters of fuel dispensing equipment in use in Bangui, Bouar, Kaga Bandoro and Bria against the master flow meter; (b) calibrate the flow meter on the aircraft fuel trailer at the Bangui M'poko airport; and (c) calibrate the manometer on the aircraft fuel trailer.

39. The Mission stated that there were no certified independent inspectors in the Central African Republic; therefore, it allowed additional time for the contractor to identify inspectors from other countries. However, there was no evidence that the Mission took adequate steps to have the contractor source independent inspectors from other countries. As a result, there was a risk that the contractor may deliver and the organization could pay for inaccurate volume of fuel.

**(3) MINUSCA should take adequate steps to ensure the fuel contractor establishes a service contract with an independent inspector to inspect and test fuel meters, especially the one used in aviation refueling, to ensure that the meters are properly calibrated.**

*MINUSCA accepted recommendation 3 and stated that the contractor acquired an independent company in August 2015 for the inspection of the master meter and calibration of bulk meters. MINUSCA further stated that the contractor hired an independent verifier from the Ministry of Mines in the Central African Republic to validate the calibration process. Based on the action taken by MINUSCA, recommendation 3 has been closed.*

Need for proper disposal of waste products

40. The fuel contract requires the contractor to: (a) periodically collect and dispose of waste products generated by MINUSCA in an environmentally safe manner; and (b) keep complete records of waste products collected and disposed of, and provide a report detailing the volume of each waste product



collected and disposed of during the previous month to MINUSCA within 10 days of the end of each month.

41. A site visit to the vehicle refueling station and transport workshop in Bangui and discussions with contractor personnel indicated that: (a) the contractor accumulated 50 drums of used oil from different locations including the transport workshop and contingent sites; (b) the contractor stored the drums in an open yard near the vehicle refueling station; and (c) the Mission stored six drums of used oil totaling 1,200 litres in an open yard; and (d) the contractor did not keep records of waste products collected and disposed of since the beginning of the contract. Furthermore, OIOS noted oil spills from the drums in the contractor's yard and this was mainly due to temperature fluctuations and the effect of rain water.

42. The above resulted because the Mission did not take necessary actions with the contractor to establish a service contract with a third party to collect and dispose of the waste products. As a result, there was a risk that the contractor was improperly disposing of oil.

**(4) MINUSCA should take the necessary actions with the fuel contractor to establish a service contract with a third party to ensure that waste products are collected in a timely manner, properly accounted for and disposed of in an environmentally safe manner.**

*MINUSCA accepted recommendation 4 and stated that the contractor had engaged an authorized company to safely dispose of the used oil collected. Recommendation 4 remains open pending receipt of evidence that waste products are collected on time, properly accounted for and disposed of in an environmentally safe manner.*

#### Need to recover the cost of fuel issued to other United Nations entities

43. United Nations Financial Regulations and Rules require the Mission to obtain full reimbursement for the costs of any goods and services provided to other entities.

44. A review of fuel records from September 2014 to May 2015 indicated that the Mission issued to 13 United Nations entities a total of 66,615 litres of diesel and 133,529 litres of Jet A-1 at a cost of \$261,015. However, MINUSCA had not recovered the cost of the fuel. This was because MINUSCA had not submitted invoices to the entities. As a result, MINUSCA incurred costs related to fuel provided to other entities.

**(5) MINUSCA should invoice other United Nations entities to recover the cost of fuel issued to them.**

*MINUSCA accepted recommendation 5 and stated that it already verified the costs and sent invoices to the concerned entities. Recommendation 5 remains open pending receipt of evidence that MINUSCA has recovered the cost of fuel issued to non-MINUSCA entities.*

#### Need for independent verification of variable prices charged by the contractor

45. The MINUSCA standard operating procedures for petroleum, oil and lubricants require the Fuel Unit to verify the accuracy of variable fuel prices charged by contractors when reviewing and certifying invoices for payment.

46. A review of fuel invoices totaling \$6.5 million from September 2014 to February 2015 indicated that the Fuel Unit did not verify the accuracy of variable prices for diesel and Jet A-1 fuel. This was because the price information was not available as the Mission lacked a subscription to the industry index

price until 25 February 2015. As a result, the Mission relied on the average of the high and low spot price of European markets for diesel and Jet A-1 fuel provided by the contractor and considered this sufficient to verify the accuracy of the variable price on the contractor's invoice. As a result, there was a risk that the Mission paid higher prices for the fuel resulting in a financial loss to the Organization.

**(6) MINUSCA should obtain the industry index price for the period from September 2014 to February 2015 and independently verify the accuracy of the variable prices charged by the contractor.**

*MINUSCA accepted recommendation 6 and stated that it was now a subscriber to the industry index price. Recommendation 6 remains open pending receipt of evidence that MINUSCA has verified the variable prices charged in the contractor's invoices for the period from September 2014 to February 2015.*

The contractor's performance was regularly monitored and evaluated

45. The fuel contract requires MINUSCA to continuously assess the contractor's performance by holding monthly performance meetings with the contractor and evaluating the contractor's performance on a quarterly basis. The contract also requires the contractor to prepare and deliver quarterly reports to MINUSCA on its implementation of the contract.

46. A review of minutes of five performance meetings, five fuel inspection reports and two contractor's performance reports indicated that MINUSCA: (a) regularly discussed and assessed the contractor's performance in monthly performance meetings and the contractor took actions to address identified performance issues; and (b) the Fuel Unit evaluated the contractor's performance on a quarterly basis. The contractor also regularly submitted quarterly reports to MINUSCA on its implementation of the contract. However, the Mission did not evaluate the contractor's performance against the key performance indicators in the contract because it considered general descriptions such as compliance of the contractor with contract terms and adherence to scope of work as adequate for the assessment of the contractor's performance. As a result, there was an increased risk that MINUSCA did not adequately appraise the performance of the contractor.

47. OIOS review of additional records and discussions with the Fuel Unit subsequent to the audit and MINUSCA response to the draft report indicated that MINUSCA developed comprehensive contractor inspection checklists based on the contract, which were intended to enhance enforcement of the key performance indicators stipulated in the fuel contract. Based on the additional information provided, OIOS did not make a recommendation in this report.

#### **IV. ACKNOWLEDGEMENT**

48. OIOS wishes to express its appreciation to the management and staff of MINUSCA 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 Multidimensional Stabilization Mission in the Central African Republic

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	MINUSCA should, in collaboration with the fuel contractor and the United Nations Procurement Division, develop clear timelines and monitoring mechanisms to expedite the establishment of permanent fuel installations.	Important	O	Receipt of evidence that MINUSCA has established permanent fuel installations.	30 November 2015
2	MINUSCA should prepare and maintain an up-to-date list of vehicles and equipment and implement a mechanism to ensure the fuel contractor dispenses fuel solely to these vehicles and equipment.	Important	O	OIOS verification that an adequate mechanism is in place to ensure only authorized vehicles and equipment are supplied with fuel.	31 March 2016
3	MINUSCA should take adequate steps to ensure the fuel contractor establishes a service contract with an independent inspector to inspect and test fuel meters especially the one used in aviation refueling to ensure these are properly calibrated.	Important	C	Action taken.	Implemented
4	MINUSCA should take the necessary actions with the fuel contractor to establish a service contract with a third party to ensure that waste products are collected in a timely manner, properly accounted for and disposed of in an environmentally safe manner.	Important	O	Receipt of evidence that waste products are collected on time, properly accounted for and disposed of in an environmentally safe manner.	31 August 2015
5	MINUSCA should invoice other United Nations entities to recover the cost of fuel issued to them.	Important	O	Receipt of evidence that MINUSCA has recovered the cost of fuel issued to non-MINUSCA entities.	31 July 2015
6	MINUSCA should obtain the industry index price for the period from September 2014 to	Important	O	Receipt of evidence that MINUSCA has verified the variable prices charged by the	31 December 2015

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> Date provided by MINUSCA in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of fuel management in the United Nations Multidimensional Stabilization Mission in the Central African Republic

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>
	February 2015 and independently verify the accuracy of the variable price charged by the contractor on the fuel invoices.			contractor on the fuel invoices for the period from September 2014 to February 2015	

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSCA should, in collaboration with the fuel contractor and the United Nations Procurement Division, develop clear timelines and monitoring mechanisms to expedite the establishment of permanent fuel installations.	Important	Yes	Fuel Unit	Implementation time lines are: <ul style="list-style-type: none"> <li>• Mpoko Site/Bangui- Completed 30th October 2015.</li> <li>• Kaga Bandoro – 30th November 2015.</li> <li>• Bria –30th November 2015</li> <li>• Bouar – 30th November 2015.</li> </ul>	In consultation and in conjunction with the contractor, the Fuel Unit has developed a plan with revised timelines for the establishment of permanent fuel facilities. The mission is monitoring the Contractor's mobilization of its permanent installations. Unfortunately, the delay in achieving 100% mobilization, to date, is attributable to a delay in the provision of land/premises by the government of Central African Republic to MINUSCA. It should be noted that the Contractor has established temporary operational installations in all locations.
2	MINUSCA should prepare and maintain an up-to-date list of vehicles and equipment and implement a mechanism to ensure the fuel contractor dispenses fuel solely to these vehicles and equipment.	Important	Yes	Fuel Unit	A list of vehicles and generators was established in July 2015 and is continually updated as new vehicles and generators arrive in the mission.  EFMS will be implemented by 31 March 2016.	The list of United Nations-owned equipment (UNOE) and vehicles is available and provided to the Contractor, additionally available lists of Contingent Owned Vehicles (COE) have been provided to the Contractor. In some cases Contingents were delaying obtaining MINUSCA number plates for vehicles that were

<sup>1</sup> 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.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

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Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>already operational. This was addressed through issuance of instructions to the Contractor to provide fuel only to vehicles with a MINUSCA number plate.</p> <p>A list of the UNOE generators and COE generators was developed and fuel is delivered to them at 11 locations directly by the Contractor. The fuel for remote generators is provided to the contingents in bulk for issue to the generators.</p> <p>To ensure up-to-date records for all fuel consuming equipment e.g. vehicles, generators, engineering plant etc., MINUSCA is implementing the UN Corporate IT Solution “Electronic Fuel Management System 2 (EFMS2) which will ensure control and accountability. A team of experts are scheduled to visit MINUSCA to assist in planning for the deployment and implementation of EFMS2.</p> <p>MINUSCA requests closure of this recommendation.</p>
3	MINUSCA should implement adequate and effective follow-up procedures and train	Important	No	Fuel Unit	On Going  Contingent trainings and follow-up procedure have been	<p>The Fuel Unit implemented adequate follow-up procedures, which include:</p> <ul style="list-style-type: none"> <li>• Verification of the quality of</li> </ul>

## Management Response

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Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	relevant contingent personnel on the maintenance of fuel consumption records to enforce the requirement for fuel consumption reporting in respect of all vehicles and equipment.				in place since 2014 and are an ongoing process as new units arrive and contingents rotate.	<p>the monthly petroleum, oil and lubricants (POL) reports received from each military/police unit. If the military/police unit's monthly report does not meet the Fuel Unit's required standard, the Fuel Unit provides additional guidance to the military/police logistic officer and his/her team.</p> <ul style="list-style-type: none"> <li>The Fuel Unit conducts random as well as periodic inspections of fuel operations in all locations thereby ensuring compliance with standard operating procedures by the military/police and civilian elements deployed throughout the country.</li> </ul> <p>With respect to training of contingent personnel, it should be noted that the Fuel Unit has provided 11 Fuel Training Workshops for contingents and other MINUSCA stakeholders involved in fuel handling.</p> <p>In addition, the Fuel Unit provides briefings to incoming newly arrived contingent logistic officers and conducts periodic fuel fraud prevention inspections that are</p>



## Management Response

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						designed to detect and immediately address any gaps in proper fuel accountability and reporting.  MINUSCA requests closure of this recommendation.
4	MINUSCA should implement procedures to enforce the requirement for the contractor to:  (a) maintain a quality control plan and auditable records for all quality control inspections; and  (b) obtain certificates of conformity with international standards for each delivery of fuel.	Important	No	Fuel Unit	MINUSCA Quality Control Procedure were implemented in March 2015 and Refinery Certificates for the fuel delivered by the contractor have been obtained March 2015.	Effective March 2015 MINUSCA established a fully functional POL quality assurance plan and procedures.  The Fuel Unit has in its files all relevant refinery certificates attesting to the quality of fuel supplied by the contractor. Moreover, the Fuel Unit periodically inspects the quality of fuel provided to ensure quality control and compliance with international standards.  The Fuel unit has been obtaining fuel refinery and recertification certificates for the fuel delivered by the contractor since beginning of the contract.  MINUSCA requests closure of this recommendation.
5	MINUSCA should take adequate steps to ensure the fuel contractor	Important	Yes	Fuel Unit	The fuel contractor obtained an independent contractor to verify the calibration for bulk	This has been done.  During the month of August 2015, the

## Management Response

## Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	establishes a service contract with an independent inspector to inspect and test fuel meters especially the one used in aviation refueling to ensure these are properly calibrated.				meters in August 2015 and the calibration was completed in October 2015.	<p>contractor acquired an independent company, ISOIL IMPIANTIS SPA ITALY for the independent inspection of the master meter for the calibration of bulk meters. In addition, the contractor hired an independent verifier from the responsible Ministry of Mines in Central African Republic to validate the calibration process.</p> <p>The Fuel Unit has conducted fuel meter delivery compliance checks on equipment that has been checked and calibrated to date and found that the inspected fuel meters are operating and delivering fuel within acceptable tolerances.</p> <p>MINUSCA requests closure of this recommendation.</p>
6	MINUSCA should take the necessary actions with the fuel contractor to establish a service contract with a third party to ensure that waste products are collected in a timely manner, properly accounted for and disposed of in an	Important	Yes	Fuel Unit	This was done in August 2015 and is an ongoing process.	<p>This has been done.</p> <p>Since July 2015 the fuel contractor has been collecting used oil promptly from the end users.</p> <p>In August 2015, the fuel contractor contracted an authorized company (MISS-SHIPSERVER) in Cameroon for the safe disposal of the used oil collected. In November 2015, the</p>

## Management Response

## Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	environmentally safe manner.					fuel contractor changed its contract from MISS-SHIPSERVER to M/S-BOCAM, DOUALA. The Fuel Unit has reviewed the details of the companies and approved them.  MINUSCA requests closure of this recommendation.
7	MINUSCA should invoice other United Nations entities to recover the cost of fuel issued to them.	Important	Yes	Fuel Unit	Implemented in July 2015 and is an ongoing process	The Fuel Unit has already verified the costs related to WFP, UNICEF and SANGARIS and these Agencies/Entities have been billed. The mission is currently waiting settlement of accounts.  MINUSCA requests closure of this recommendation.
8	MINUSCA should obtain the industry index price for the period from September 2014 to February 2015 and independently verify the accuracy of the variable price charged by the contractor on the fuel invoices.	Important	Yes	Fuel Unit	All fuel invoices have been checked and are compliant with PLATTS. This is a continuing process since fuel invoices are received every month.	MINUSCA is now a subscriber to PLATTS.  MINUSCA requests closure of this recommendation.
9	MINUSCA should evaluate the contractor's performance against the key performance	Important	No	Fuel Unit	This is a continuing process since Contractor Performance meetings are held with the contractor every month.	This is has always been done.  In addition to carrying out monthly performance evaluation meetings, the

## Management Response


## Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

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	indicators stipulated in the fuel contract.					<p>Fuel Unit has developed comprehensive contractor inspection check lists that are based on the contract documents. These are designed and intended to enhance enforcement of the Key Performance Indicators stipulated in the contract.</p> <p>MINUSCA requests closure of this recommendation.</p>

Office of the Special Representative of the Secretary General

24 November 2015

**To :** Ms. Eleanor T. Burns,  
Director Internal Audit Division, OIOS

**From :**  Parfait Onanga-Anyanga,  
Special Representative of the Secretary General  
MINUSCA

**Subject:** Draft report on an audit of fuel management in the United Nations  
Multidimensional Integrated Stabilization Mission in the Central African  
Republic (Assignment No. AP2015/637/01)

1. With reference to your memorandum dated 11<sup>th</sup> of November 2015, on the captioned-subject matter, please find attached MINUSCA's response (Annex I) to the draft report for your consideration and records.
2. All related annexes as mentioned in the response will be sent via email.

Best regards.



DIANE CORNIER

DSRSC (acting etc)

cc: Mr. Milan Trojanović, Director of Mission Support, MINUSCA  
Mr. Elijah Karambizi, Deputy Director of Mission Support, MINUSCA  
Mr. Gerard Buckley, Chief of Supply Chain, MINUSCA  
Mr. Okay Mabhena, Chief of Contracts Management, MINUSCA  
Mr. Ibrahim Kasule, Chief of Fuel Unit, MINUSCA  
Mr. Daniel Liviu Curea, Audit Focal Point, MINUSCA  
Mr. Bolton Tarleh Nyema, Chief, Peacekeeping Audit Service, Internal Audit Division, OIOS  
Mr. Ibrahim Bah, Chief Resident Auditor, Internal Audit Division, OIOS  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS