



INTERNAL AUDIT DIVISION

REPORT 2024/084

Audit of fuel management in the United Nations Support Office in Somalia

UNSOS needed to strengthen oversight of its fuel management processes, mitigate contractor risks, and follow up on recommendations to address fuel fraud for effective fuel operations

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Audit of fuel management in the United Nations Support Office in Somalia

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Support Office in Somalia (UNSOS). The objective of the audit was to assess the adequacy and effectiveness of internal controls in implementing fuel management processes and procedures in UNSOS. The audit covered the period from 1 July 2022 to 30 September 2024 and included: (a) risk management; (b) oversight and fuel operations; (c) health, safety, and environmental management; (d) billing and payments; and (e) contractor performance management.

UNSOS adhered to quality assurance and environmental requirements through periodic inspections and quality testing; however, it faced challenges when its fuel supplier absconded in October 2023. Despite efforts to maintain operational continuity and improve fuel management, UNSOS did not conduct a risk assessment of fuel management processes to implement effective mitigation measures. Additionally, UNSOS had not adequately implemented previous OIOS recommendations for a comprehensive fuel management plan, which included finalizing standard operating procedures. The lack of implementation resulted in the absence of coordination and clarity regarding roles and responsibilities across sections, causing inefficiencies in fuel operations and delays in addressing fuel discrepancies and recommendations from fuel-related fraud investigations.

OIOS made five recommendations. To address issues identified in the audit, UNSOS needed to:

- Establish measures to identify and document fuel management risks, including mitigation actions, and escalate relevant risks to the Mission's risk register for management oversight.
- Develop a comprehensive fuel management plan that outlines all roles and responsibilities, ensuring effective coordination among the relevant Mission elements involved in the fuel management process.
- Revise the standard operating procedure for preventing fuel fraud to ensure that all cases of misappropriation are reported to the Conduct and Discipline Team for necessary action and implement a tracking mechanism for recommendations stemming from investigations of fuel-related fraud or irregularities to ensure prompt corrective actions.
- Finalize its fuel contingency and standard operating procedures to address identified control gaps, including tracking duty-free fuel imports, verifying fuel reserves, implementing a quality surveillance plan, and aligning them with the Mission's fuel management plan.
- Implement measures to regularly update and maintain accurate data in the Electronic Fuel Management System, including automated alerts for inactive or repatriated equipment, and establish procedures for notifying the Fuel Unit about vehicle reassignments to ensure accurate fuel allocation.

UNSOS accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex 1.

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Audit of fuel management in the United Nations Support Office in Somalia

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Support Office in Somalia (UNSOS).
2. UNSOS operates in high-security, logistically challenging locations in Somalia, with additional operations in Nairobi and Mombasa, Kenya. It provides logistical support, including the provision of petrol, oil and lubricants (POL), to the United Nations Transitional Assistance Mission in Somalia (UNTMIS)¹, 13,500 Somali Security Forces (SSF), and the African Transition Mission in Somalia (ATMIS). The fuel supplied to SSF and ATMIS for their joint operations is financed through a designated Trust Fund² established to support the transition plan. Security Council resolution 2748 (2024) authorized the deployment of up to 12,626 uniformed personnel, including 1,040 police personnel, to ATMIS until 31 December 2024. UNSOS also provides fuel to 14 United Nations agencies on a cost-recovery basis.
3. Effective 15 December 2021, UNSOS entered a three-year contract with Contractor A to supply, store, transport, distribute and manage POL with a Not-to-Exceed (NTE) contract amount of \$198.8 million. The contract included an option to extend for two additional one-year terms (3+1+1 years). However, Contractor A absconded in October 2023 before fully serving their approved term, 14 December 2024.
4. The UNSOS fuel budgets for the fiscal years 2021-22, 2022-23, and 2023-24 were \$34.3 million, \$43.6 million, and \$48 million, respectively. From January to October 2024, UNSOS supplied 1.8 million litres valued at \$1.9 million to the SSF to support joint operations with ATMIS, reimbursed through the Trust Fund.
5. As of September 2024, UNSOS had five contracts for bulk fuel supply established through the United Nations Procurement Division (UNPD) and one operations and maintenance contractor for Somalia. Additionally, UNSOS had two fuel storage contractors in Mogadishu and two into-plane (i.e., the process of refuelling an aircraft) contractors in Nairobi, operating through the United Nations Humanitarian Air Services for jet fuel in Kenya and Somalia.
6. UNSOS implemented the Electronic Fuel Management System (EFMS-2) in August 2018 to enhance fuel planning, monitoring, and reporting, including tracking of fuel consumption. This web-based system utilizes handheld scanners to record fuel transactions, with data uploaded to cloud-based databases. EFMS-2 enables real-time tracking and data analytics, enhancing transparency and accountability in fuel management. UNSOS uses Umoja to invoice, budget and monitor fuel transactions. UNSOS employs the Contract Performance Reporting Tool, an online platform for recording contractor performance data. Further, UNSOS introduced the Field Remote Infrastructure Monitoring (FRIM) system for local use to track power generation and fuel consumption in real-time. UNSOS also uses the Environment Action Planning Performance (Eapp), an online application for data collection, validation and reporting on environmental parameters, including renewable energy.
7. The Fuel Unit, headed by a Chief at the P-4 level reporting to the Chief of the Life Support Section under the Service Delivery Pillar, comprises nine staff (eight international and one national), eight contractor personnel, and one United Nations Volunteer. The Unit is organized into three cells: (i) Fuel

¹ Formerly known as the United Nations Assistance Mission in Somalia.

² Trust Fund in Support of ATMIS and Somali Security Forces

Operations (which includes Quality Assurance and Health, Safety, and Environment), (ii) EFMS-2/Fraud Prevention; and (iii) Invoicing.

8. Comments provided by UNSOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the adequacy and effectiveness of internal controls in implementing fuel management processes and procedures in UNSOS.

10. This audit was included in the 2023 risk-based work plan of OIOS due to the financial, operational and reputational risks related to fuel operations in UNSOS.

11. OIOS conducted this audit from March to September 2024. The audit covered the period from 1 July 2022 to 30 September 2024. Based on an activity-level risk assessment, the audit covered higher and medium-risk areas in the management of fuel, which included: (a) risk management; (b) oversight and fuel operations; (c) health, safety, and environmental management; (d) billing and payments; and (e) contractor performance management.

12. The audit methodology included: (a) interviews with key personnel involved in the management of fuel, (b) analytical reviews of fuel budget information in Umoja, fuel consumption data and equipment in EFMS-2; (c) sample testing of 15 of 30 daily stock reports, 34 of 69 service entry sheets in Umoja, and 15 of 41 fuel shipment records; (d) additional procedures like reviewing closed circuit television (CCTV) footage to assess its functionality in securing powerhouses, field visits to fuel dispensing points and powerhouses in Kismayo, Baidoa and selected sites at the Abdul Aden International Airport (AAIA) in Mogadishu; and (e) review of EFMS-2 for data accuracy and access controls, and EaPP for solar energy generated data accuracy.

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

III. AUDIT RESULTS

A. Risk management

UNSOS managed the challenges caused by the abscondment of the previous contractor and incorporated lessons learned into its fuel contracts

14. The audit reviewed UNSOS fuel management challenges under a turnkey contract with Contractor A, responsible for the full POL supply chain and operations starting December 2021. By July 2023, performance issues, such as the inability to maintain sufficient strategic fuel reserves, had been identified leading to penalties for non-performance.

15. Contractor A stopped supplying POL in September 2023 and abandoned the contract in October 2023. This created significant operational risks and challenges. To address these challenges, UNSOS, with support from UNPD and the Logistics Division, implemented interim measures, including using the World Food Programme contract in Kenya, engaging five bulk fuel suppliers in Somalia, and hiring a partial turnkey contractor for fuel distribution and management. UNSOS also reduced the frequency of its domestic flights, including those between Nairobi and Mogadishu. As UNSOS and UNPD worked to secure

replacement contracts, Contractor A's subcontractors continued operations under spot purchases approved by the Logistics Division until November 2023.

16. The Fuel Unit indicated that key lessons learned have been applied for improved fuel management:

- Importance of diversified supply chains to reduce dependence on single contractors.
- Suppliers (to whom Contractor A owed money) seized local and strategic fuel reserves within the protected areas of the AAIA and Mogadishu seaport, highlighting the need for UNSOS to maintain reserves independently of contractors.
- Aviation fuel operations disruptions (due to Contractor A's non-fulfilment of its financial obligations to subcontractors at the five aviation fuel facilities in the sectors and Mogadishu). This situation demonstrated the necessity of separating contracts for oil, lubricants and bulk fuel supply to enhance flexibility and mitigate the risks of supplier non-performance.

17. OIOS review showed that UNSOS contracted storage services to maintain local and strategic fuel reserves independently of fuel contractors, engaged multiple bulk fuel suppliers, and was developing a statement of requirements for a long-term partial turnkey contract. OIOS concluded that UNSOS had incorporated these lessons into its fuel contracts.

Need to conduct a risk assessment of fuel management processes to ensure effective mitigation measures are implemented

18. The fuel management guidelines require UNSOS to actively manage risks related to fuel management.

19. In its March 2024 draft entity risk register, UNSOS downgraded the risk of the turnkey fuel contractor's failure to deliver fuel from very high to high, citing the use of multiple bulk fuel contractors to mitigate reliance on one fuel contractor. However, the specific risks associated with bulk fuel suppliers were not captured in the updated entity risk register of August 2024. For example:

- UNSOS leased storage facilities and maintained its fuel reserves, requiring regular inspection and verification. The ability to conduct inspections and verification was hampered due to security concerns. These risks and mitigating measures were not documented.
- The lack of detailed operational guidelines for monitoring bulk fuel and mission-specific fuel standard operating procedures (SOPs) resulted in operational inefficiencies. These included the ineffective reporting of fuel fraud cases that were reported to SIU instead of the Conduct and Discipline Team, and failure to follow up on recommendations made by SIU. While UNPD provided guidelines on ordering and pricing for bulk fuel contracts, and UNSOS included basic provisions in the contract to coordinate between bulk fuel contractors and the operations and maintenance contractor (e.g., fuel receipt procedures and contractor responsibilities), comprehensive procedures for managing these contracts were not incorporated into SOPs.
- Although the Fuel Unit stated that using multiple bulk fuel contracts in October 2023 was an interim measure, it did not assess its staffing needs to accommodate the demands of managing multiple contracts. As of November 2024, UNSOS and UNPD were still in the process of developing the statement of requirements for a longer-term partial turnkey contract.

- (1) UNSOS should: (a) establish measures to identify and document fuel management risks, including mitigation actions; and (b) escalate relevant risks to the Mission’s risk register for management oversight.**

UNSOS accepted recommendation 1 and stated that it would develop and maintain a dedicated risk register and risk treatment plan at the pillar level to identify, assess, and mitigate risks specific to fuel management operations. The register would be updated quarterly to incorporate new risks and evolving operational conditions. Management further stated that relevant risks would be escalated to the Mission’s risk register and treatment plan to ensure management oversight.

B. Oversight and fuel operations

Need to implement previous audit recommendations for effective fuel management

20. Fuel management governance mechanisms should ensure oversight and accountability, and coordination across all sections/units involved. This includes clearly defined roles, management of fraud risks, and implementation of monitoring systems to identify and address irregularities.

21. In the 2019 audit of fuel management (Report number 2019/100), OIOS recommended that UNSOS implement a comprehensive fuel management and oversight plan with clearly defined roles, responsibilities and timelines. Additionally, UNSOS was required to assess the staffing capacity of its Fuel Unit. However, UNSOS had not adequately implemented these recommendations. OIOS is reiterating the recommendations because the same issues persisted.

- (2) UNSOS should develop a comprehensive fuel management plan that outlines all roles and responsibilities, ensuring effective coordination among the relevant Mission elements involved in the fuel management process.**

UNSOS accepted recommendation 2 and stated that the Mission would develop a comprehensive Mission Fuel Management Plan (MFMP) that outlines clear roles and responsibilities of all relevant Mission stakeholders and would update SOPs to ensure consistency and compliance. All relevant Mission elements involved in the fuel management process will be briefed on the MFMP.

Need to enhance the investigation and follow-up of fuel-related fraud

- a) Irregularities in the application of procedures for fuel fraud investigation

22. The ST/AI/2017/1 on unsatisfactory conduct, investigations and other disciplinary process indicates that information about unsatisfactory conduct may be brought to the Head of UNSOS, with a copy to OIOS, or directly to OIOS. OIOS retains the ultimate authority to decide whether it will handle the issue or if it should be handled by the Head of UNSOS.

23. OIOS reviewed records for all 34 suspected fuel fraud cases from June 2022 to June 2024. The cases involved ATMIS and UNSOS personnel misappropriating fuel, estimated at \$2.4 million. OIOS noted that the Fuel Unit bypassed the Conduct and Discipline Team (CDT) and reported cases directly to SIU, which initiated investigations and where relevant, communicated with ATMIS to get more information. The SIU addressed reports of its findings to the Director of UNSOS instead of the Head of UNSOS. This deviation from ST/AI undermined the role of OIOS in determining the handling of such cases.

24. In July 2024, the Director of UNSOS issued a memo stipulating that all misconduct cases must be reported to the Head of UNSOS through CDT. Following the Director's memo in July 2024, the latter began referring all fuel cases to OIOS. However, UNSOS missed the opportunity to align the SOP on fuel fraud and prevention, approved on 22 September 2024, with ST/AI/2017/1. In the SOP, the Fuel Unit assigned investigative responsibility to SIU without engaging CDT.

b) Follow-up and implementation of recommendations from fuel fraud investigations were not conducted

25. UNSOS did not follow up on recommendations from fuel-related fraud investigation reports, resulting in missed opportunities for corrective actions and financial losses. For example:

- Between November 2019 and March 2022, ATMIS personnel siphoned 92,860 litres of fuel worth \$80,000 from the Cold Pack powerhouse. The SIU recommended referring the case to the Joint United Nations and African Union Board of Inquiry to assess ATMIS' liability, but there was no evidence that UNSOS followed up.
- Between November 2021 and March 2022, an employee of a third-party contractor misappropriated 211,028 litres of fuel valued at \$179,462 from Synchronized Powerhouse 2 in Mogadishu. The SIU recommended notifying the contractor, recovering the amount, and banning the technician from UNSOS facilities, but there was no evidence that UNSOS had followed up.
- In a 5 June 2023 report, the SIU established that 398,000 litres of fuel, valued at \$433,820, could not be accounted for between April and December 2022. The SIU recommended installing and replacing CCTV cameras at the Marine and Movement Control Unit (MOVCON) powerhouses in Mogadishu. However, an OIOS review in July 2024 revealed that the cameras at the Marine powerhouse were non-functional, and only one of two cameras at the MOVCON powerhouse was operational.
- An SIU report from July 2022 recommended that UNSOS install cameras at the airport fuel dispensing point due to evidence of fuel siphoning by contractor attendants. This recommendation also was not implemented. CCTV coverage was lacking at 11 fuel dispensing points and powerhouse locations in the sectors. FTS identified inadequate storage capacity for video footage as a barrier to accommodating additional video feeds, along with unstable video quality attributed to low bandwidth. FTS noted that while CCTV equipment is purchased through their budget, they act as service providers, with the Security Section responsible for initiating requests. In contrast, the Security Section claimed that the responsibility for the cameras belonged to FTS and the Engineering Section.

26. The non-implementation of recommendations resulting from fuel fraud cases highlights the need for improved procedures to enhance communication and collaboration among sections such as the Security Section, Fuel Unit, FTS, and Engineering Section. The SOP for fuel fraud and prevention could also include mechanisms for tracking the implementation of recommendations to ensure timely corrective actions, and it should clearly define respective responsibilities and accountability for their execution.

(3) UNSOS should revise the standard operating procedure for preventing fuel fraud to ensure that all cases of misappropriation are reported to the Conduct and Discipline Team for necessary action and implement a tracking mechanism for recommendations stemming from investigations of fuel fraud or irregularities to ensure prompt corrective actions.

UNSOS accepted recommendation 3 and stated that: (i) the SOP for fuel fraud prevention was under revision and awaiting signature, and all cases of fuel misappropriation would be reported to the Conduct and Discipline Team for appropriate action; and (ii) management would establish a robust tracking system to record and monitor the implementation status of each corrective action related to fuel fraud and irregularities.

Need to finalize standard operating procedures for efficient fuel operations

27. OIOS review of records showed that while the SOP on fraud prevention was finalized on 22 September 2024, other procedures essential for guiding fuel operations were not finalized. In addition, UNSOS did not have a fuel contingency plan. As a result, there were weaknesses in fuel operations as highlighted below:

a) Controls to track fuel imported duty-free needed improvement

28. The Status of Mission Agreement between the host government and UNSOS exempts fuel imports intended solely for United Nations use from customs, duties and taxes. Between January and June 2024, UNSOS authorized contractors to import 33 million litres of diesel and 22.4 million litres of Jet A-1 fuel, valued at \$34 million and \$19.5 million, respectively, through 41 manual notes verbales. The Fuel Unit verified invoices of the operations and maintenance contractor based on the fuel received and distributed for mission operations, as tracked through the EFMS-2 system. Fuel stock movement was monitored using daily stock reports, with opening stock, receipts, and closing stock recorded. However, there was no connection between the figures in the notes verbales and the daily stock reports, as fuel imports were made in batches, and the receipts in the stock reports did not match the figures authorised in the note verbales.

29. The absence of systematic traceability between the note verbale figures and stock reports presents a reputational risk to UNSOS regarding the potential misuse of the Mission's duty-free privileges. During the audit, the Fuel Unit created a spreadsheet to track the fuel amounts listed in the notes verbales. However, this tracking method proved ineffective because the fuel was not imported all at once, making it impossible to verify the complete quantities. To improve this process, UNSOS needed to establish clear timeframes, such as quarterly intervals for tracking fuel imports as specified in the notes verbales and include them in its SOPs.

b) Maintenance of local and strategic reserves needed improvement

30. The fuel management guidelines require missions to maintain between 7 and 30 days of supply as local reserves and 30 days as strategic reserves or increase quantities depending on re-supply rates and the local operational and logistic situation.

31. UNSOS did not have SOPs to indicate the allowable levels of reserves for the Mission. A review of 15 of 30 manual daily stock reports for July 2024 showed that UNSOS maintained 3 million litres of diesel and 1 million litres of Jet A-1 in Mogadishu at hired storage facilities, as strategic reserves. OIOS could not verify these reserves due to security restrictions. UNSOS also maintained local reserves of diesel at six locations and Jet A-1 at five Mission locations. OIOS verified the reserves at Baidoa and Kismayo during field visits. However, UNSOS relied on desk reviews of contractor stock and self-verification reports and did not conduct field inspections. Security limitations and reduced flight frequency further hindered regular field visits. While stock reports were complemented by the contractors' Automatic Tank Gauging data to measure daily fuel tank levels, there was a need to include UNSOS fuel reserve levels and gauging procedures in the SOPs, which are yet to be finalized.

c) Need for a quality surveillance plan and inclusion of inspection modalities in standard operating procedures

32. UNSOS fuel management guidelines require periodic inspections and testing of contractors' fuel storage and dispensing sites to ensure compliance with fuel contracts and industry standards.

33. Field visits by OIOS to Kismayo, Baidoa, and other dispensing points within the AAIA confirmed that the current operations and maintenance contractor had implemented sufficient measures related to health, safety, security, equipment, and staff training. The contractor maintained emergency response plans at the sites and kept incident logs. Additionally, they followed a quality control programme that included daily inspections, fuel quality testing, safety procedures, and equipment handling.

34. UNSOS obtained a quality plan from the contractor as per the contract. A review of 15 out of 41 shipments between January and June 2023 showed that 7 million litres of diesel and 1.1 million litres of Jet A-1 had quality certificates from independent inspectors. The contractor also underwent an annual Joint Inspection Group review of all locations, including checks on equipment calibration, such as fuel flow meters and dispensing systems. The most recent inspection occurred in 2022, with the 2023 inspection postponed due to the contractor's failure to meet contractual obligations. The inspection for 2024 was ongoing at the time of the audit. UNSOS still needs to finalize its quality surveillance plan and integrate inspection procedures into its fuel SOPs.

35. However, UNSOS lacked a formal quality surveillance plan. The Fuel Unit indicated that this would be part of the SOP, which is still under development. Additionally, UNSOS relied on self-inspection reports submitted by the contractor instead of conducting physical inspections. For instance, the operations and maintenance contractor provided 20 self-inspection reports for 20 locations covering May and June 2024. These reports addressed safety, quality control, equipment maintenance, and facility upkeep. The Fuel Unit justified relying on self-inspections due to COVID-19 pandemic constraints; however, this practice continued into August 2024. Self-inspection reports were complemented by the contractors' Automatic Tank Gauging data to measure daily fuel tank levels. Therefore, there was a need to include Automatic Tank Gauging procedures and physical inspections in the fuel management SOPs, which are yet to be finalized.

36. To improve operations and ensure consistency in the application of procedures, UNSOS needs to align its fuel contingency plan and SOPs with the fuel management plan.

(4) UNSOS should finalize its fuel contingency plan and standard operating procedures to address identified control gaps, including tracking duty-free fuel imports, verifying fuel reserves, implementing a quality surveillance plan, and aligning them with the Mission's fuel management plan.

UNSOS accepted recommendation 4 and stated that the revised SOPs would address all control gaps, including the latest methods of tracking duty-free fuel, the periodic verification of fuel reserves, and the Fuel Quality Assurance Surveillance Programme, which would be in line with the Mission's fuel supply chain model. The Mission would also ensure the alignment of the fuel contingency plan with its Fuel Management Plan.

Improvements needed in the design and use of the Field Remote Infrastructure Monitoring to track fuel consumption

37. UNSOS risk registers of July 2023 and August 2024 emphasized integrating EFMS-2 and FRIM to monitor fuel usage and mitigate fuel theft. FRIM was designed to provide remotely accessible data for analysing energy usage. Sensors installed on equipment such as power generators, external storage tanks, and fuel lines capture and interpret data to support better decision-making. FRIM and EFMS-2 would generate an automated, accurate, real-time fuel inventory to track consumption and refuelling needs when used together. For example, they enable calculation of energy outputs per litre of fuel used and provide alerts for anomalies such as equipment leaks, refuelling malfunctions, or even fuel theft.

38. A review of manual records on FRIM showed that UNSOS began installing FRIM meters in August 2022, costing \$580,000, including \$57,000 for fuel flow meters for the Engineering Section and Fuel Unit. However, the latter had not effectively utilized the FRIM system for fuel monitoring and considered it a project for the Engineering Section.

39. OIOS review also indicated that the 2022 installed fuel flow meters, made of stainless steel, were not suitable for the host country due to excessive corrosion and humidity. During the audit, the United Nations Global Service Centre confirmed that the meter sensors had encountered challenges and that replacements had been ordered. Leveraging existing FRIM investments could improve the effective use of resources.

Data in the Electronic Fuel Management System needed to be updated

40. As required by the fuel management guidelines, UNSOS in conjunction with headquarters established standard Fuel Consumption Units for vehicles, generators and other fuel-consuming equipment. Fuel consumed over and above the standard Fuel Consumption Unit is an overconsumption. The Fuel Unit generates monthly fuel overconsumption reports and communicates with sections within ATMIS, UNSOS, and UNTMIS to address any identified issues using a designated form for responses.

41. OIOS review noted that between January and June 2024, EFMS-2 data indicated the overconsumption of 24,115 litres of fuel valued at approximately \$22,000 attributed to the Transport Section. However, the Transport Section disputed the figures, citing discrepancies caused by vehicles initially recorded in Umoja under the Transport Section before being allocated to the appropriate sections and units within UNSOS and UNTMIS. The lack of established procedures for communicating changes in vehicle allocation resulted in overconsumption reports being directed to the incorrect sections, causing delays in receiving timely explanations.

42. In addition to the discrepancies involving the Transport Section, EFMS-2 records revealed overconsumption of 303,087 litres valued at \$287,000 in other sections in UNSOS and 30,483 litres valued at \$29,000 in UNTMIS. These cases remained unaddressed due to insufficient follow-up by the Fuel Unit, highlighting the need for improved communication and data-sharing protocols.

43. There were also no clear procedures for notifying the Fuel Unit about unserviceable or inactive equipment from the Contingent-owned Equipment (COE) Unit and the Transport Section, which hindered effective data cleanup in EFMS-2. A review of EFMS-2 data showed that 40 repatriated equipment and 1,398 inactive equipment were still consuming fuel. The Fuel Unit's need for and reliance on the manual data received from the COE Unit in August 2024 regarding 105 unserviceable and 72 repatriated equipment, highlighted inaccuracies in the EFMS-2 data and the need for regular updates. To enhance the effectiveness of EFMS-2, procedures for accurate data sharing and collaboration among UNSOS sections are essential.

- (5) UNSOS should implement measures to regularly update and maintain accurate data in the Electronic Fuel Management System, including automated alerts for inactive or repatriated equipment, and establish procedures for notifying the Fuel Unit about vehicle reassignments to ensure accurate fuel allocation.**

UNSOS accepted recommendation 5 and stated that it had initiated engagement with relevant sections and entities to analyse fuel consumption data to enhance the Electronic Fleet Management System (EFMS) data for fuel-consuming units, including integrating automated alerts and flagging inactive or repatriated equipment for timely removal. The LSS/ Fuel Unit had informed the Transport Section, Contingent-owned Equipment Unit and Engineering Section that it would request relevant information on fuel-consuming equipment quarterly to update the EFMS-2 database.

UNSOS could benefit from establishing key performance indicators to assess client satisfaction on service delivery

44. UNSOS established a compact with the Special Representative of the African Union in Somalia to ensure adequate support for ATMIS from April 2023 to June 2024. The compact outlines the mutual obligations of both parties, with the Head of UNSOS to provide annual reports on performance indicators and ATMIS to monitor and report on UNSOS support.

45. A review of the compact revealed that UNSOS had identified three key indicators for fuel: local and strategic reserves, fuel quality, and timely delivery of lubricants. UNSOS was responsible for ensuring the timely delivery of oil and lubricants according to the agreed scale of issue, with this arrangement expected to be established by the end of September 2023. OIOS has yet to obtain evidence that this has been implemented. UNSOS could expedite the establishment of specific key performance indicators to monitor the effectiveness of its provision of fuel to key entities.

C. Health, safety and environmental management

The Mission could confirm the disposal of waste oil by sub-contractors

46. According to the operations and maintenance contract, the contractor is responsible for obtaining waste oil disposal licenses and permits from the government. At the same time, UNSOS is responsible for the timely management of waste oil collection and disposal.

47. OIOS conducted field visits to contractor facilities in Baidoa and Kismayo, as well as dispensing points within the AAIA, confirming compliance with environmental requirements, as follows:

- Waste oil was properly stored for disposal, and dispensing facilities had secondary containment systems with cement floors that were maintained to prevent oil seepage and spills in both Baidoa and Kismayo.
- Dispensing pumps were placed in containers to prevent ground spillage in the AAIA.
- The UNSOS Environmental Officer inspected quarterly selected Mission facilities to ensure compliance with environmental requirements. For instance, a review of three reports for inspection conducted between October 2023 and January 2024 indicated that the Environmental Unit followed up with contingents to ensure that recommendations regarding the proper storage of used fuel were implemented.

48. In a previous audit on the implementation of the environmental action plan in UNSOS (Report number 2022/002), OIOS recommended that UNSOS obtain clearance certificates from the host country's government to dispose of waste oil and fuel-contaminated items. In response, UNSOS implemented a take-back scheme, returning waste to the fuel supplier. For example, the current operations and maintenance contractor collected 352 drums between September 2023 and May 2024. The current contractor subcontracted waste oil disposal outside UNSOS compounds.

49. While the Fuel Unit provided evidence showing subcontractors' registration and permits in Mogadishu and the Benadir region, it did not have disposal certificates verifying proper disposal of waste oil and contaminated materials per United Nations Environmental Policy. This gap poses reputational and environmental risks to the organization. UNSOS cited security challenges as a barrier to verifying disposal processes outside the Mission-protected area. To mitigate this, UNSOS could follow up with the contractor to obtain disposal certificates or pictures from subcontractors.

Needed to assess the solar farm project implementation and improve records management

50. The solar farm project is an initiative by UNSOS to integrate renewable solar energy into power generation infrastructure to reduce reliance on traditional fuel-based energy sources and promote environmental sustainability. The project involves the installation of scattered solar panels across various mission locations, including a solar farm in Baidoa.

51. Under its Solar Farm project, UNSOS entered into a power purchase agreement for renewable energy in Baidoa with an NTE of \$9.3 million over 10 years, effective March 2024, with payments based on energy produced and used. Following a contract amendment in February 2024 to account for the drawdown of ATMIS, the agreement was extended to 30 December 2024. As of April 2024, three of the four powerhouses in Baidoa were connected to the solar grid, saving fuel by utilizing solar energy, while resulting in a total payment of \$63,073 for 131,400 kilowatt hours of energy at a rate of \$0.48 per kilowatt hour.

52. OIOS review and interviews indicated a need to assess the project implementation and explore ways to enhance its effectiveness, as below:

- Solar panels were installed at various locations, including Beletwyne, Mogadishu, Johwar, Kismayo, Garowe, Dhobley, and Mombasa, costing \$4.9 million. A review of the Eapp system and Engineering Section manual records revealed significant discrepancies in reported solar energy contributions to the total power generated. For instance, solar energy contributions reported by the Engineering Section accounted for 16 to 65 percent. In contrast, the Eapp reported much lower figures of 1 to 18 percent for the same locations. These disparities highlight the need for accurate and consistent data collection to ensure reliable information for planning and investment in renewable energy initiatives.
- Discussions with the Fuel Unit and the Environmental Officer revealed minimal fuel savings from solar energy installations outside Baidoa. For example, solar panels in sectors generated a total of just 995 kilowatts per year, while Mogadishu's solar energy contribution was only 2 percent of the 24 million kilowatts consumed annually in that location. Dispersed solar grids produced insufficient power to be detected by the synchronized generators, preventing the latter from automatically shutting off to save fuel.

53. UNSOS could consider: (a) conducting a study to explore ways to better integrate the generated solar energy within existing mechanisms to achieve fuel savings; and (b) addressing reasons for variations and ensure proper record-keeping on renewable energy.

D. Billing and payments

The Mission promptly paid fuel invoices and recovered fuel costs from United Nations agencies

54. The United Nations Financial Regulations and Rules, fuel management guidelines, and fuel contracts require that UNSOS ensure all fuel payments are properly supported and processed within 30 days of receipt to qualify for prompt payment discounts.

55. A review of 34 out of 69 service entry sheets in Umoja, and corresponding invoices covering \$4.7 of the \$12.2 million processed between January and July 2024 confirmed that invoices were verified against original fuel slips and reconciled with quantities received and other related services. EFMS-2 was used to confirm the accuracy of the fuel quantities listed on the invoices. Supporting documents were uploaded into Umoja, and prompt payment discounts of 0.5 and 0.10 per cent from two contractors were correctly applied, saving \$23,000 between January and September 2024. OIOS concluded that UNSOS had adequate controls in place for processing contractor invoices.

56. UNSOS supplied fuel to United Nations agencies on a cost-recovery basis, but delays in billing were noted due to challenges related to Contractor A's abandonment and the Fuel Unit's increased workload from managing multiple bulk fuel contracts. By April 8, 2024, data submitted from October 2023 to January 2024 were delayed, affecting \$39,000 in billings. However, the Fuel Unit caught up with data submissions by October 2024, ensuring a timely cost recovery of \$114,000 for February to September 2024.

E. Contractor performance management

UNSOS held performance review meetings as required

57. UNSOS conducted monthly performance review meetings to ensure contractors adhered to their obligations and addressed any underperformance.

58. A review of the 15 meeting minutes showed that the Fuel Unit and Contracts Management staff held regular monthly performance review meetings with Contractor A. Key points from these meetings were tracked and actions taken. For instance, the final review meeting for Contractor A held in October 2023 demonstrated that Acceptable Performance Limits totalling \$1.2 million in 2022, with additional penalties of \$198,247 from January to February 2023 and \$774,809 from March to September 2023 were deducted. The final review meeting in October 2023 demonstrated effective performance monitoring and necessary escalation to senior mission leadership and the Logistics Division, until Contractor A's abandonment.

59. UNSOS updated the Contract Performance Review Tool, incorporating data from performance review meetings and invoices in Umoja. A further review of all 22 minutes of meetings with the current five bulk fuel contractors showed that starting in February 2024 the Fuel Unit adjusted its meeting schedules to prioritize the timeliness of deliveries and compliance with task orders instead of adhering to a strict monthly schedule. UNSOS clarified that bulk fuel delivery contracts operate on a task order basis, with meetings scheduled according to the needs of the Fuel Unit. However, a review of the meeting minutes revealed that only 22 out of the 32 meetings occurred between January and September 2024 due to competing priorities and multiple contracts. Given that the Fuel Unit had taken measures to monitor contractor performance, such as changing meeting schedules and planning for combined contractor review meetings, OIOS did not make a recommendation.

IV. ACKNOWLEDGEMENT

60. OIOS wishes to express its appreciation to the management and staff of UNSOS for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	UNSOS should: (a) establish measures to identify and document fuel management risks including mitigation actions; and (b) escalate relevant risks to the Mission's risk register for management oversight.	Important	O	Receipt of documented fuel management risks with mitigation measures, and evidence of their escalation to the Mission's risk register.	30 November 2025
2	UNSOS should develop a comprehensive fuel management plan that outlines all roles and responsibilities, ensuring effective coordination among the relevant Mission elements involved in the fuel management process.	Important	O	Receipt of a comprehensive fuel management plan that outlines all roles and responsibilities, and coordination mechanisms among the relevant Mission elements involved in the fuel management process.	30 April 2025
3	UNSOS should revise the standard operating procedure for preventing fuel fraud to ensure that all cases of misappropriation are reported to the Conduct and Discipline Team for necessary action and implement a tracking mechanism for recommendations stemming from investigations of fuel fraud or irregularities to ensure prompt corrective actions.	Important	O	Receipt of the revised standard operating procedure for fuel fraud prevention, requiring all misappropriation cases to be reported to the Conduct and Discipline Team, and evidence of a tracking mechanism for investigation recommendations and implementation of corrective actions.	30 June 2025
4	UNSOS should finalize its fuel contingency plan and standard operating procedures to address identified control gaps, including tracking duty-free fuel imports, verifying fuel reserves, implementing a quality surveillance plan, and aligning them with the Mission's fuel management plan.	Important	O	Receipt of a signed fuel contingency plan and standard operating procedures that address gaps including tracking duty-free fuel imports, verifying fuel reserves, implementing a quality surveillance plan, and evidence that these	31 October 2025

³ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁴ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁵ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁶ Date provided by UNSOS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Support Office in Somalia

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
				documents are aligned with the Mission's fuel management plan.	
5	UNSOS should implement measures to regularly update and maintain accurate data in the Electronic Fuel Management System, including automated alerts for inactive or repatriated equipment, and establish procedures for notifying the Fuel Unit about vehicle reassignments to ensure accurate fuel allocation.	Important	O	Receipt of evidence of regular update and maintainance of accurate data in the Electronic Fuel Management System, including evidence of automated alerts for inactive or repatriated equipment, and procedures for notifying the Fuel Unit about vehicle reassignments.	31 October 2025

APPENDIX I

Management Response



United Nations Support Office in Somalia (UNSOS)

Interoffice Memorandum

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

Ref: UNSOS/012/M.

Date: 16 December 2024

Ms. Fatoumata Ndiaye, Under-Secretary-General
For Internal Oversight Services

From: Aisa Kirabo Kacyira ^{For}
ASG, Head of UNSOS *Antulani*

Subject: **Response to draft report on an audit of fuel management in UNSOS
(Assignment No. AP2023-638-03)**

1. Further to your memorandum reference no. OIOS-2024-02308 of 10 December 2024, please find attached the UNSOS response to the subject audit.
2. We thank you for your continued support to the work of UNSOS.

cc: Ms. Qurat-ul-Ain Sadozai, Director UNSOS
Ms. Judith Gotz, Chief of Staff, UNTMIS
Mr. Juan Manuel Lopez-Palafox, UNSOS
Mr. Babacar Diop, UNSOS
Ms. Katarina Lockyer, UNSOS
Ms. Helen Tsegay, UNSOS
Mr. Michael Ndaka, UNSOS

Management Response
Response to draft report on an audit of fuel management in UNSOS

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should: (a) establish measures to identify and document fuel management risks including mitigation actions; and (b) escalate relevant risks to the Mission's risk register for management oversight.	Important	Yes	Fuel Unit Risk Management & Compliance	30 November 2025	<p>Management seeks to inform the auditors that it will ensure the following:</p> <p>a) In addition to the existing Global Fuel Risk Dashboard, which is designed to raise awareness of contractor failures and is updated monthly by the UNSOS Fuel Unit in collaboration with LD/DOS, a dedicated risk register and risk management plan will be developed and maintained at the pillar level. This will help identify and assess risks, as well as ensure implementation of effective mitigation measures, specific to fuel management operations. The register will be updated quarterly to incorporate new risks and evolving operational conditions.</p> <p>b) Relevant risks will be escalated to the Mission's risk register and treatment plan</p>

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response
Response to draft report on an audit of fuel management in UNSOS

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						to ensure comprehensive management oversight.
2	UNSOS should develop a comprehensive fuel management plan that outlines all roles and responsibilities, ensuring effective coordination among the relevant Mission elements involved in the fuel management process.	Important	Yes	Fuel Unit	30 April 2025	Mission seeks to advise the auditors that it will develop a comprehensive Mission Fuel Management Plan (MFMP) that outlines clear roles, responsibilities of all relevant Mission stakeholders and will update SOPs to ensure consistency and compliance. All relevant Mission elements involved in the fuel management process to be briefed on the MFMP.
3	UNSOS should revise its standard operating procedure for fuel fraud prevention to require reporting all misappropriation cases to the Conduct and Discipline Team for necessary action and implement a tracking mechanism for recommendations from the investigation of fuel fraud or irregularities to ensure prompt corrective actions.	Important	Yes	Fuel Unit, Policy & Best Practices	30 June 2025	Management will ensure that: a) The Standard Operating Procedure (SOP) for fuel fraud prevention will be revised and all cases of fuel misappropriation shall be reported to the Conduct and Discipline Team for appropriate action, and b) A tracking system will be established to record and monitor the implementation status of each corrective action related to fuel fraud and irregularities.
4	UNSOS should finalize its fuel contingency plan and standard operating procedures to address identified control gaps, including	Important	Yes	Fuel Unit	31 October 2025	Management seeks to advise the auditors that the revised SOP and the fuel contingency plan will address all control gaps, including the latest methods of

**Management Response
Response to draft report on an audit of fuel management in UNSOS**

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	tracking duty-free fuel imports, verifying fuel reserves, implementing a quality surveillance plan, and aligning them with the Mission's fuel management plan.					tracking duty free fuel, the periodic verification of fuel reserves and Fuel Quality Assurance Surveillance Programme (QASP) in-line with the mission's Fuel Supply chain model. Mission will also ensure the alignment of the SOP and fuel contingency plan with the Mission Fuel Management Plan
5	UNSOS should implement measures to regularly update and maintain accurate data in the Electronic Fuel Management System, including automated alerts for inactive or repatriated equipment, and establish procedures for notifying the Fuel Unit about vehicle reassignments to ensure accurate fuel allocation.	Important	Yes	Fuel Unit, Transport, COE, Generator Unit	31 October 2025	Management wishes to inform the auditors that it has initiated engagement with relevant sections and entities to analyse fuel consumption data. This initiative aims to enhance the Electronic Fleet Management System (EFMS) data for fuel-consuming units by integrating automated alerts and flagging inactive or repatriated equipment for timely removal. The LSS/Fuel Unit has already informed the Transport Section, COE, and Engineering Section that it will request relevant information on fuel-consuming equipment quarterly to update the EFMS2 database.

