



INTERNAL AUDIT DIVISION

REPORT 2014/152

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

Overall results relating to the effective management of the vehicle fleet in the United Nations Operation in Côte d'Ivoire were initially assessed as unsatisfactory. Implementation of three critical and two important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

24 December 2014

Assignment No. AP2014/640/05

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AUDIT REPORT

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire (UNOCI).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The Transport Section was responsible for providing safe, efficient, reliable and cost-effective ground transportation in support of the Mission's mandate. The Section was headed by a Chief Transport Officer at the P-4 level who reported to the Chief of Integrated Support Services. The Section had 103 authorized posts, comprising 21 international staff, 67 national staff and 15 United Nations volunteers.
4. As at 30 June 2014, UNOCI had 997 vehicles, consisting of passenger, logistics and specialty vehicles valued at \$33.4 million. UNOCI ground transport budgets for fiscal years 2012/13 and 2013/14 were \$10.3 million and \$9.9 million respectively.
5. Comments provided by UNOCI are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNOCI governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the vehicle fleet in UNOCI**.
7. The audit was included in the 2014 risk-based work plan of OIOS because of operational, safety and financial risks related to vehicle fleet management.
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 vehicle fleet management; (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 June to October 2014. The audit covered the period from 1 July 2012 to 30 June 2014. OIOS visited and examined vehicle fleet management activities in the Koumassi Transport Workshop and Warehouse.
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 UNOCI governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of the vehicle fleet in UNOCI**. OIOS made six recommendations to address the issues identified. UNOCI had implemented effective controls to ensure that routine vehicle maintenance was performed and vehicles were properly equipped with safety kits. However, UNOCI needed to: (a) take steps to ensure that excess vehicles were withdrawn from use, and vehicles were being written off in a timely manner; (b) implement procedures to monitor external maintenance contracts; (c) establish spare part reorder levels; (d) review its procedures for administering driving tests and granting driving permits; and (e) establish timelines for the completion of vehicle accident reports.

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

Table 1: Assessment of key control

Business objective	Key control	Control objective			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the vehicle fleet in UNOCI	Regulatory framework	Unsatisfactory	Partially satisfactory	Partially satisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

Regulatory framework

Action needed to be taken to reduce the number of excess vehicles and time taken to write off vehicles

14. The Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Surface Transport Manual required UNOCI to establish a Vehicle Establishment Committee that was to meet quarterly to define and propose the Mission’s vehicle establishment and to implement vehicle establishment policies. The Manual required UNOCI to ensure that vehicles earmarked for write-off were processed in a timely manner.

15. UNOCI established the Committee in 2005; but it did not meet in fiscal years 2012/13 and 2013/14 due to the ongoing downsizing of the Mission. As a result, excess vehicle allocations to sections/units had not been effectively addressed. For example, a review of the 792 vehicles allocated to

¹ A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist 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.

sections/units indicated that UNOCI exceeded its vehicle allocation by 197 vehicles (or 25 per cent). Additionally, although the Chief of Mission Support and Chief Transport Officer developed a plan to: (a) withdraw 302 vehicles by July 2014 in line with established quota, and because Abidjan had become a family duty station; and (b) complete the write-off process of these vehicles by June 2015, the Office of Mission Support did not dedicate sufficient resources and attention to implementing the plan. Therefore, as at 31 August 2014, the Transport Section had only withdrawn 67 vehicles (or 22 per cent), with the remaining 235 vehicles still being used by Mission personnel.

16. Additionally, of the 997 vehicles in the Mission fleet as at 30 June 2014, 412 (or 41 per cent) had reached their maximum economic life. UNOCI had earmarked 193 vehicles for write-off but no action had been taken. UNOCI continued to use 219 vehicles that had reached their maximum economic life. As a result, UNOCI incurred higher than normal costs for operating and maintaining vehicles. For example, the spare parts budget was exceeded by \$269,000 (or 29 per cent) in fiscal year 2012/13 due to additional requirements for spare parts to maintain its aging vehicles.

(1) UNOCI should reconvene the Vehicle Establishment Committee to ensure that vehicles above the established quota are withdrawn, and vehicles due for write-off are written off in a timely manner.

UNOCI accepted recommendation 1 and stated that the Chief Transport Officer was preparing documentation for future meetings of the Vehicle Establishment Committee and would make recommendations to the Committee Chairperson. The Committee would start holding meetings from January 2015. Recommendation 1 remains open pending receipt of evidence that UNOCI has a fully functioning Vehicle Establishment Committee, and excess vehicles have been withdrawn and written off.

Routine vehicle maintenance was effectively performed

17. The DPKO/DFS Surface Transport Manual required UNOCI Transport Section to develop a vehicle maintenance plan and perform routine vehicle maintenance in accordance with the manufacturers' requirements. UNOCI had a vehicle maintenance plan that required each vehicle to undergo scheduled maintenance at an interval of 5,000 kilometers. A review of maintenance records of 262 vehicles indicated that the Transport Section was performing routine maintenance on vehicles in accordance with the maintenance plan. OIOS concluded that adequate controls were in place to ensure vehicles were routinely maintained.

Management of external repairs was not fully effective

18. The DPKO/DFS Surface Transport Manual required the Transport Section to supervise external maintenance contractors and ensure that each repair was supported by a work order raised in Galileo.

19. A review of 147 (or 21 per cent) of the 697 external repairs indicated that 63 repairs, totaling about \$70,000, did not have adequate supporting documents. There was no supporting documentation for 31 repairs. For the remaining 32, documentation was either incomplete or inaccurate due to the following issues: (a) 24 external repairs did not have any contractor pro-forma invoice to assess the reasonableness of the repair costs; (b) 11 work orders did not have any repair costs because they were closed in Galileo before the work was completed; (c) 10 work orders' actual repair costs in Galileo were understated by about \$6,000; and (d) 6 external repairs did not have any request for service from the Transport Section. In addition, the Section did not review contractors' pro-forma invoices for reasonableness prior to repairs being undertaken.

20. The above conditions resulted as the Transport Section did not review external maintenance contracts. As a result, UNOCI was unable to consistently establish whether it received full value for money on external repair costs, and that the actual work required was being done in accordance with contractual terms.

(2) UNOCI should implement procedures to ensure that repairs conducted by external maintenance contractors are properly reviewed to ensure that they are undertaken on the basis of approved pro-forma invoices, and that the documentation supporting the payments are complete and adequately recorded.

UNOCI accepted recommendation 2 and stated that procedures had been put in place to ensure proper documentation and filing of approved pro-forma invoices, work requests, work orders and invoices. Based on the action taken by UNOCI, recommendation 2 has been closed.

There were significant delays in maintenance of vehicles because of lack of spare parts

21. The DPKO/DFS Surface Transport Manual required UNOCI to hold sufficient spare parts to maintain operational availability of its vehicles. The Manual required spare parts holdings to be calculated based on recorded historical consumption patterns and delivery times, and to include a 30-day safety stock reserve to allow service continuity in case of delivery disruption and long procurement lead times.

22. A review of 522 of the 7,426 internal vehicle repairs done during the audit period indicated that it took an average of 27 days to complete repairs. Additionally, an analysis of 147 of the 697 external vehicle repairs done during the audit period, where UNOCI was responsible for providing the necessary spare parts, indicated that it took an average of 152 days for contractors to complete the repairs. These delays mainly resulted because essential spare parts such as brake valves, electrical control units and cylinder head gaskets were not available when needed. This was because UNOCI did not properly consider procurement lead times. For instance, OIOS calculated that the average procurement delivery time of 41 of the 132 spare part requisitions made during the audit period was 223 days. Additionally, UNOCI had not implemented procedures for regularly monitoring spare part inventory and had not established spare part reorder levels based on historical consumption and actual number of vehicles.

23. The delays in repairs resulted in 68 vehicles being off road for an average of 227 days at the end of fiscal year 2013/14.

(3) UNOCI should regularly monitor spare parts inventory levels and establish related reorder levels based on historical consumption and the actual number of vehicles to ensure that the replenishment of needed spare parts is done in a timely manner.

UNOCI accepted recommendation 3 and stated that it had increased monitoring of spare parts inventory, and minimum, maximum and reorder stock levels had been in existence. Recommendation 3 remains open pending receipt of evidence of mechanisms established to monitor spare parts inventory and reorder levels.

Established procedures were not always followed for driving tests and issuance of driver's permits

24. The DPKO/DFS Surface Transport Manual required applicants for a United Nations driver's permit to successfully complete a theoretical test, a mandatory vision check and a practical driving test. The Transport Section maintained a database of 7,966 driver's permits issued from the establishment of UNOCI to 30 June 2014, but it was unable to determine the number of Mission personnel currently

holding a valid driver's permit. A review of the files of 152 UNOCI personnel with valid driver's permits indicated that the Section did not:

- Conduct mandatory vision checks for the 152 personnel to ensure good eyesight;
- Administer the theoretical test to the 152 personnel because it was not part of UNOCI driving test procedures. Hence, drivers' knowledge of local traffic regulations and road signs were not tested; and
- Administer the practical test to 40 personnel because they had previously held a United Nations driver's permit in other missions, notwithstanding the differences in road/terrain conditions and traffic regulations among mission locations.

25. The DPKO/DFS Surface Transport Manual also required that locally recruited civilian staff be issued with a United Nations driver's permit only if their assigned mission duties so required and only upon written application by their section/unit heads to the Chief of Transport Section. A review of the driving files of 49 local staff indicated that: (a) a written application was not sent to the Chief Transport Officer for 22 local staff to justify the need for a driver's permit; and (b) of the remaining 27, the written applications of 12 local staff did not justify the need for a driver's permit.

26. The above conditions resulted as UNOCI did not implement adequate supervisory review over the administration of driving tests and issuance of driver's permit for conformity with and consistent adherence to the DPKO/DFS requirements. The failure to comply with established procedures contributed to vehicle accidents in the Mission; 593 vehicle accidents were recorded during the audit period resulting from poor vision, over speeding, and failure to obey traffic signals, signs and road markings.

(4) UNOCI should revise its procedures for administering driving tests and issuing driving permits to ensure they are in line with established requirements, and monitor compliance therewith.

UNOCI accepted recommendation 4 and stated that the driving test forms had been revised in line with the recommendation and it would ensure close monitoring for compliance. Recommendation 4 remains open pending receipt of evidence that procedures for administering driving test and issuing driving permits are in line with established requirements.

Established procedures over vehicle accidents were not always followed

27. The DPKO/DFS Surface Transport Manual required all vehicle accidents to be investigated and the drivers involved to complete an accident report and present the vehicle within 24 hours to the Transport Section for inspection and completion of a damage/discrepancy report, regardless of the cost of the accident. The Field Finance Procedure Guidelines required the Local Property Survey Board (LPSB) to review all cases where the loss, damage and discrepancy to property exceeded \$500, and the Board was required to determine whether the financial loss suffered by the United Nations resulted from gross negligence or from violation of any regulation, rule or administrative instruction.

28. A review of 50 (or 20 per cent) of the 248 vehicle accident repairs during the audit period indicated that UNOCI did not: (a) maintain a file for any of the accidents; and (b) forward the individual repair costs of 19 vehicle accidents that each exceeded \$500 (with total actual repair costs of \$57,000) to LPSB for its review and recommendation for appropriate action. In addition, a review of 207 damage/discrepancy reports recorded in Galileo showed that the individual estimated repair costs of 60

vehicle accidents exceeded \$500 (with total estimated repair costs of about \$84,000) but these had not been submitted to LPSB as required. This resulted due to the lack of procedures to ensure that Galileo was updated in a timely manner, and vehicle accident reports were retained, filed and submitted to LPSB.

29. Additionally, an analysis of: (a) the 207 damage/discrepancy reports in Galileo showed that it took an average of 67 days from the accident date to the completion of the damage/discrepancy reports; and (b) 82 vehicle accident cases submitted to LPSB showed that it averaged 464 days from the accident date to the date of the Board's meeting. This was due to the absence of established timelines for the completion and submission of all vehicle accident reports to LPSB.

30. As UNOCI did not have adequate procedures to deal with vehicle accidents and was not presenting cases to LPSB, the Mission had incurred about \$350,000 in vehicle accident repair costs in fiscal years 2012/13 and 2013/14 without adequately determining whether the concerned staff member was accountable for the associated costs. Additionally, LPSB noted in its meeting of 27 February 2013 that the delay in the submission of cases and the lack of needed documentation impeded the proper assessment of cases.

(5) UNOCI should take steps to ensure that required documentation relating to all vehicle accident cases are submitted to the Local Property Survey Board for review and appropriate action.

UNOCI accepted recommendation 5 and stated that the Special Investigation Unit of the Security Section was reviewing all reported road traffic accidents to ensure that there were no outstanding cases that needed to be submitted to the LPSB. All ongoing investigations would be submitted to the LPSB in a timely manner. Recommendation 5 remains open pending receipt of evidence that a review of all vehicle accidents has been conducted and required documentation submitted to the LPSB.

(6) UNOCI should establish timelines for the completion of relevant accident reports and the submission of these reports to the Local Property Survey Board, and implement procedures to ensure that timelines are complied with and reports are complete, accurate and properly filed.

UNOCI accepted recommendation 6 and stated that the Special Investigation Unit of the Security Section would continue to operate within the framework of the Security Section's standard operating procedures. Final investigation reports involving traffic accidents would be completed and submitted to the LPSB between two to three weeks. Recommendation 6 remains open pending OIOS verification that established timelines are being complied with and accident reports are complete, accurate and properly filed.

Vehicles were properly equipped

31. The DPKO/DFS Road Safety Management Manual required that all vehicles be equipped with a first aid kit, warning triangle, fire extinguisher, spare tire, and other equipment required to comply with the Mission-specific minimum operating security standards. An inspection of 22 vehicles in the Koumassi Transport Workshop indicated that vehicles were adequately equipped with the required safety kits. OIOS concluded that adequate controls were implemented by the Transport Section to ensure vehicles were fully equipped to meet the mission-specific minimum operating security standards.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNOCI should reconvene the Vehicle Establishment Committee to ensure that vehicles above the established quota are withdrawn, and vehicles due for write-off are written off in a timely manner.	Important	O	Receipt of evidence that UNOCI has a fully functioning Vehicle Establishment Committee, and excess vehicles have been withdrawn and written off.	January 2015
2	UNOCI should implement procedures to ensure that repairs conducted by external maintenance contractor are properly reviewed to ensure that they are undertaken on the basis of approved pro-forma invoices, and that the documentation supporting the payments are complete and adequately recorded.	Important	C	Action taken.	Implemented
3	UNOCI should regularly monitor spare parts inventory level and establish spare part reorder levels based on historical consumption and the actual number of vehicles to ensure replenishment of needed spare parts in a timely manner.	Important	O	Receipt of evidence of mechanisms established to monitor spare parts inventory and reorder levels.	December 2014
4	UNOCI should revise its procedures for administering driving test and issuing driving permits to ensure they are in line with established requirements and monitor compliance therewith.	Critical	O	Receipt of evidence that procedures for administering driving test and issuing driving permits are in line with established requirements.	December 2014
5	UNOCI should take steps to ensure that required documentation relating to all vehicle accident cases are submitted to the Local Property Survey Board for review and appropriate action.	Critical	O	Receipt of evidence that a review of all vehicle accidents has been conducted and required documentation submitted to the LPSB.	February 2015
6	UNOCI should establish timelines for the completion of relevant accident reports and the submission of these reports to the Local Property	Critical	O	OIOS verification that established timelines are being complied with and accident reports are complete, accurate and properly filed.	February 2015

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

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

³ C = closed, O = open

⁴ Date provided by UNOCI in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	Survey Board, and implement procedures to ensure that timelines are complied with and reports are complete, accurate and properly filed.				

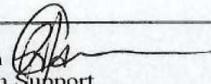
APPENDIX I

Management Response



Office of the Chief of Mission Support

FACSIMILE TRANSMISSION

Outgoing Fax No.:	Date 19 December 2014
To: Ms. Eleanor Burns, Chief Peacekeeping Audit Service Internal Audit Division, OIOS UNHQ, New York	From : Robert Cannon  Chief of Mission Support UNOCI, Abidjan, Côte d'Ivoire
FAX NO: +1-212-963-4365 & 0642	
NUMBER OF PAGES:	YOUR REF: IAD: 14-640-21
Subject: Management Response to Draft Report on Audit of Vehicle Fleet Management in the United Nations Operation in Côte d'Ivoire (Assignment No. AP2014/640/05)	

1. Reference is made to your memorandum IAD: 14-640-21 of 15 December 2014.
2. I am pleased to inform you that the Mission has reviewed and accepted all six recommendations noted in the Draft Report.
3. Please find attached the Mission's action plan with target dates and the titles of the individuals responsible for implementing the recommendations in attached Appendix I.

Best regards.

 Drafted By: TAN Fei Ling Finance and Budget Officer	Cleared By: Gabriel Buh KANG  Chief Finance and Budget Officer
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APPENDIX I

Management Response

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNOCI should reconvene the Vehicle Establishment Committee to ensure that vehicles above the established quota are withdrawn, and vehicles due for write-off are written off in a timely manner.	Important	Yes	Chief of Mission Support (CMS)	28 January, 2015	Chief Transport Officer (CTO) is preparing documents for the holding of Vehicle Establishment Committee (VEC) and will make recommendations to the Chairperson accordingly. UNOCI will hold VEC from January 2015 on.
2	UNOCI should implement procedures to ensure that repairs conducted by external maintenance contractor are properly reviewed to ensure that they are undertaken on the basis of approved pro-forma invoices, and that the documentation supporting the payments are complete and adequately recorded.	Important	Yes	Chief Transport Officer	27 November 2014	Procedures have been put in place to ensure proper documentation; copies of approved pro-forma invoices, work requests, work orders and copies of invoices. Adequate records as submitted to finance section for certification are maintained in individual vehicle files.
3	UNOCI should regularly monitor spare parts inventory level and establish spare part reorder levels based on historical consumption and the actual number of vehicles to ensure timely replenishment of needed spare parts.	Important	Yes	Chief Transport Officer	12 December, 2014	Establishment of minimum and maximum stock levels of spare parts as well as reorder levels have been in existence and increased monitoring is now in place. Transport notes the delays encountered in the supply of parts from service contracts and budgetary constraints.
4	UNOCI should revise its procedures for administering driving test and issuing driving permits to ensure they are in line with established requirements and monitor compliance therewith.	Critical	Yes	Chief Transport Officer	29 December 2014	Driving test forms and procedures have been revised in line with the recommendations and close monitoring of compliance is being done.

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

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

APPENDIX I

Management Response

Audit of vehicle fleet management in the United Nations Operation in Côte d'Ivoire

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	UNOCI should take steps to ensure that required documentation relating to all vehicle accident cases are submitted to the Local Property Survey Board for review and appropriate action. .	Critical	Yes	Security	Full implementation by 28/02/15	The Special Investigation Unit of the Security Section is now taking stock of all reported road traffic accidents mission wide, to ensure that there are no outstanding cases that have over delayed submission to the Local Property Staff Board (LPSB), beyond the Standard Operating Procedures' (SOP) stipulated period. However, current on-going investigations will be submitted in a timely manner. Implementations of relevant SOP's is adhered to.
6	UNOCI should establish timelines for the completion of relevant accident reports and the submission of these reports to the Local Property Survey Board, and implement procedures to ensure that these timelines are complied with and reports are complete, accurate and properly filed.	Critical	Yes	Security	Full implementation by 28/02/15	Special Investigation Unit of the Security Section will continue to operate within the framework of the Mission and Security Section SOP's. In this regard, final investigation reports involving traffic accidents will be completed and submitted to the LPSB between 2-3 weeks. However, remarks should be inserted in the subject investigation report, where delays are caused in obtaining forensic experts reports. In such event, concerned investigation report will be submitted for review by the LPSB in a timely manner without the expert's remarks; but will follow at a later stage. Implementation of above-mentioned SOP's continue.