



INTERNAL AUDIT DIVISION

REPORT 2019/100

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

**The Support Office was supplying fuel timely
but needed to enhance monitoring of fuel
consumption to prevent misappropriation**

**06 November 2019
Assignment No. AP2019/638/05**

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 effectiveness and efficiency of the management of fuel in UNSOS. The audit covered the period from 1 July 2016 to 31 December 2018, and information from later periods was included for comparison purposes where relevant. The audit covered higher and medium risk areas in fuel management in UNSOS, which included a review of: management of fuel operations; performance of fuel activities; and contractor performance monitoring.

Budgeting for fuel requirements had improved at UNSOS with the use of more accurate fuel consumption data. The Office was also properly accounting for fuel imported duty-free by contractors and had introduced appropriate controls to monitor bulk fuel issuance. Fuel deliveries and processing of invoices were executed in a timely manner. Monitoring of contractors' quality control programmes had also improved, and the contractors were implementing adequate health and safety measures. However, staffing issues impacted the management of the fuel operations, and consumption of ground fuel was excessive. Monitoring of fuel reserves and evaluation of contractors' performance also needed improvement.

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

- Implement a fuel management and oversight plan with clearly defined roles and responsibilities, activities and timelines, and review the staffing capacity of the Fuel Unit in accordance with the plan;
- Promptly identify and investigate all cases of excessive fuel consumption and ensure accountability for fuel pilferage;
- In collaboration with the Office of Information and Communications Technology, update the electronic fuel management system with the correct listing of fuel consuming equipment;
- Put in place procedures to consistently monitor the adequacy of contingent reserves and take corrective action on shortfalls; and
- Implement a comprehensive system for collecting verifiable and relevant data for evaluating the performance of fuel contractors.

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

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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. The management of fuel in UNSOS is governed by: the Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS¹) Fuel Operations Manual (July 2008); UNSOS Standard Operating Procedure (SOP) on Fuel Operations (January 2016); the Memorandum of Understanding between the United Nations and the African Union (December 2015); and the Compact between the Special Representative of the Chairperson of the African Union Commission in Somalia and the Head of UNSOS on Logistical Support to the African Union Mission in Somalia (AMISOM).

3. UNSOS operates in high security risk and logistically challenging locations in Somalia, and has two turnkey² systems contracts to source, store, and deliver fuel as part of administrative and logistical support to the United Nations Assistance Mission in Somalia (UNSOM), 21,752 AMISOM military contingents and formed police units, and 10,900 Somali Security Forces. The ground fuel contract, with a not-to-exceed amount of \$145 million, was signed in February 2016 for a four-year period ending February 2020. The aviation fuel contract, with a not-to-exceed amount of \$93 million, was signed in May 2017 for a three-year period ending April 2020.

4. Various Security Council resolutions, as well as the Compact and the Memorandum of Understanding mentioned above, require AMISOM to: secure and keep main supply routes open; provide road escorts to contractor trucks delivering fuel by road; and collect and deliver fuel from battalion locations to their forward operating bases. During the period from 1 July 2016 to 31 December 2018, UNSOS fuel contractors supplied 87 million litres of ground fuel and 27 million litres of aviation fuel. During this period, contractors distributed fuel at seven distribution points for ground fuel and five distribution points for aviation fuel at six sector headquarters in Somalia. The budget and expenditure for fuel and related services for the period from July 2016 to December 2018 totalled \$154 million and \$135 million respectively, as shown in Table 1.

Table 1: Fuel budget and expenditure from July 2016 to December 2018 (\$ million)

Fuel type	2016/17		2017/18		6 months to Dec. 2018		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Ground fuel	56.24	46.04	39.41	31.61	21.34	15.31	116.99	92.96
Aviation fuel	15.56	21.96	13.34	13.51	7.92	6.57	36.82	42.00
Total	71.80	67.96	52.75	45.12	29.26	21.88	153.81	134.96

Source: UNSOS and UNSOM annual budget and performance reports.

5. The Fuel Unit, located in the Life Support Section of the Service Delivery Management, is responsible for the management of fuel in UNSOS. The Unit, headed by a P-4, has 14 authorised posts, comprising 10 international staff, three national staff, and one United Nations Volunteer.

¹ Effective 1 January 2019, as part of the organizational reforms, functions previously performed by DPKO and DFS are performed by the Department of Peace Operations, the Department of Operational Support and the Department of Management Strategy, Policy and Compliance.

² A turnkey contract is where the contractor is given full responsibility to purchase, import, store and distribute fuel. Ownership of fuel transfers to UNSOS upon confirmation of receipt by UNSOS or AMISOM.

6. Comments provided by UNSOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the effectiveness and efficiency of the management of fuel in UNSOS.

8. This audit was included in the 2019 risk-based work plan of OIOS due to financial, operational and reputational risks associated with the management of fuel.

9. OIOS conducted this audit from February to September 2019. The audit covered the period from 1 July 2016 to 31 December 2018, and information from later periods was included for comparison purposes where relevant. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in fuel management in UNSOS, which included: management of fuel operations; performance of fuel activities; and contractor performance monitoring.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; (d) visits to 7 of the 12 fuel distribution points; and (e) detailed testing of judgmental samples of fuel stock reports, aviation and bulk fuel issuances, ground retail fuel transactions, and fuel invoices.

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

III. AUDIT RESULTS

A. Management of fuel operations

Budgeting for fuel requirements had improved with the use of more accurate fuel consumption data

12. To meet fuel requirements for mandated activities, UNSOS is responsible for developing and implementing fuel plans based on a comprehensive needs assessment that takes into account the planned activities, related risks, and listing of fuel consuming equipment.

13. UNSOS based aviation fuel requirements on average annual flight hours and standard fuel consumption of each aircraft. For example, budgeted fuel consumption of 728,583 litres for aircraft DHC-8 for the fiscal year 2017/18 was based on average flight hours of 1,008 and standard fuel consumption per hour of 723 litres at the cost of previous six months' average actual cost.

14. However, UNSOS could not accurately estimate ground fuel requirements due to: (a) unpredictability of AMISOM combat operations; (b) inaccurate listing of fuel consuming equipment; (c) non-functional odometers for some contingent-owned vehicles; and (d) some UNSOS units, such as transport and engineering, not accounting for their fuel consumption. Therefore, to estimate ground fuel requirements, UNSOS had used historical consumption figures, which had been inflated by misappropriation in prior periods.

15. To address these challenges, UNSOS strengthened controls over fuel issuance and consumption, including through the introduction of the Electronic Fuel Management System (eFMS) and capping of bulk fuel issuances, as detailed under section B of this report. The measures introduced had improved the accuracy of fuel consumption data, making it a more reliable basis for estimating future requirements. This

contributed to reduction in the ground fuel budget, which gradually reduced from \$56 million in 2016/17 to \$35 million in 2019/20.

Staffing issues and unclear roles and responsibilities impacted the management of fuel operations

16. UNSOS is required to put in place a SOP covering all core areas of fuel management. The Fuel Unit is responsible for coordinating logistical operations, processing fuel requests, distributing fuel, as well as accounting, oversight and fraud prevention. The Unit is also responsible for administering eFMS and handling environmental and quality control issues.

17. The Unit experienced significant vacancies over the audit period. The Head of the Unit joined in March 2017, two P-3 staff arrived in January and May 2018, and three field service staff joined in February and May 2019. Also, in comparison, other missions³ operating similar turnkey contracts counted on average 29 staff in their fuel units. The staffing gaps coupled with the 28-day rest and recuperation cycle impacted the effectiveness of fuel management as detailed throughout this report.

18. The existing SOP on Fuel Operations covered areas such as distribution and accounting for fuel, fraud prevention, consumption monitoring and environmental concerns, and established roles and responsibilities of the fuel contractors and fuel users. However, it did not comprehensively define some important roles and responsibilities, such as the role of the Fuel Unit in quality assurance and the responsibilities of other units at UNSOS in relation to fuel operations, including the environmental unit, safety and security, occupational health and safety, contingent-owned equipment, and contract management.

19. For example, although the Fuel Unit reported cases of fuel theft in the Mission, UNSOS did not use its security resources to assess the adequacy of security measures for fuel installations, resulting in loss through theft and pilferage. UNSOS had recorded 15 incidents of fuel thefts from generator tanks, resulting in loss of 50,000 litres of fuel with an estimated cost of \$43,050, but these incidents were not adequately investigated to ascertain causes and devise solutions to prevent recurrence. Of the 15 incidents, investigations related to 2 incidents in January 2017 had not started, 8 had been ongoing for over six months, and 4 had been confirmed as theft but no action was taken to prevent recurrence. UNSOS believed it was the responsibility of AMISOM to conclude the investigations as the facilities affected were under AMISOM protection. However, the SOP did not clarify this. In addition, the SOP had not been updated to reflect changes in procedures, such as the new eFMS introduced in December 2017 and the capping of bulk fuel issuances introduced in July 2017, to enhance accounting for fuel.

20. The above occurred because UNSOS had not implemented a fuel management and oversight plan with clearly defined roles and responsibilities, activities, timelines, and staffing requirements.

(1) UNSOS should: (a) implement a fuel management and oversight plan with clearly defined roles and responsibilities, activities and timelines; and (b) review the staffing capacity of the Fuel Unit in accordance with the fuel management and oversight plan and take necessary action.

UNSOS accepted recommendation 1 and stated that the SOP on Fuel Operations would be revised to include a comprehensive fuel management and oversight plan with clear roles and responsibilities. Management would also conduct a review of the staffing of the Fuel Unit to realign

³ The United Nations Organisation Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), the United Nations Hybrid Operation in Darfur (UNAMID), and the United Nations Mission in the Republic of South Sudan (UNMISS).

functions within existing resources. Recommendation 1 remains open pending receipt of evidence that UNSOS has developed and implemented a fuel management and oversight plan with clearly defined roles and responsibilities, activities, timelines, and staffing requirements.

Fuel invoices were processed in a timely manner

21. The United Nations Financial Regulations and Rules require UNSOS to ensure that all fuel payments are adequately supported and timely processed to obtain prompt payment discounts. OIOS review of 282 of the 1,393 fuel invoices processed in the audit period indicated that UNSOS systematically reconciled fuel invoices against fuel quantities received and other related services provided and verified fixed and variable prices charged before approving payments. UNSOS also paid ground and aviation fuel contractors' invoices on time and received prompt payment discounts of \$2.36 million.

B. Performance of fuel activities

Fuel was delivered timely, but the transportation cost for ground fuel was high

22. Fuel contractors are responsible for delivering fuel at designated distribution points in Somalia. UNSOS is responsible for delivering fuel to 24 AMSIOM battalion logistical locations, and AMISOM is responsible for distributing it further to 55 forward operating bases as per the Service Implementation Agreement between UNSOS and AMISOM.

23. OIOS reviewed 116 of the 3,892 bulk ground fuel requests and observed the generator refuelling process at three locations in Mogadishu International Airport and the retail fuelling process at four distribution points. The review indicated that fuel requests were processed on average within 1 to 3 days from submission, and fuel was delivered in a timely manner. However, due to challenges faced in delivering fuel by road to battalion locations and forward operating bases because of insecure supply routes and bad road network during rainy seasons, UNSOS incurred additional costs by using special flights to airlift fuel at an average cost of \$4,500 per flight.

24. OIOS concluded that UNSOS took adequate action to ensure timely delivery of fuel for mission activities. The additional costs incurred to deliver fuel were beyond the control of UNSOS. These costs were however minimised by using UNSOS air assets to deliver fuel as opposed to paying the contractor to airlift the fuel.

UNSOS had introduced appropriate controls to monitor bulk fuel issuance

25. As UNSOS delivers bulk fuel to remote locations on a monthly basis, it is required to systematically monitor bulk fuel issuance to avoid misappropriation.

26. During the audit period, UNSOS issued 32 million litres of bulk fuel for 3,892 requests. Approximately 86 per cent of this fuel was issued to AMISOM. A review of 116 bulk fuel issuances totalling 7 million litres showed that UNSOS did not obtain fuel consumption reports to account for 112 of the issuances totalling 6.8 million litres. According to UNSOS, fuel consumption reports from AMISOM were irregular and inaccurate.

27. To strengthen controls over bulk fuel issuance, UNSOS introduced a capping procedure in July 2017, which was fully implemented in June 2018. Fuel was allocated based on established standard consumption rates, historical performance and the serviceability status of equipment as per contingent-owned equipment inspection reports and generator load factors for United Nations-owned generators. To

estimate monthly fuel allocation for vehicles with functioning odometers, UNSOS used the difference between odometer readings reported by contingent-owned equipment inspections, and applied established United Nations fuel consumption standards for different categories of vehicles. UNSOS also used the information for vehicles with working odometers to estimate and allocate fuel for similar category and functioning vehicles but without working odometers. The same process was applied to estimate and allocate fuel for generators by using running hours from meter readings and load factor of 40 per cent. Kitchen burners were allocated 11 litres of fuel per day as standard consumption.

28. OIOS tested monthly bulk ground fuel allocations from June to December 2018 totalling 6.3 million litres and confirmed that monthly bulk fuel was allocated in line with the capping procedure. The capping procedure had improved monitoring of bulk fuel, making it easier to prevent fuel misappropriation. For example:

- Fuel distributed to generators at the United Nations base in Mogadishu International Airport reduced from 1.8 million litres per month in May 2017 to 900,000 litres per month in May 2019;
- Bulk fuel requests totalling 1.4 million litres submitted by AMISOM in February 2018 were revised to 920,000 litres after assessing equipment serviceability status;
- UNSOS identified 12 vehicles that had consumed 215,000 litres of fuel over their standard capacity in June 2018, and subsequently capped fuel issued to the respective units; and
- Between September and December 2018, UNSOS prevented fraudulent bulk fuel requests totalling 274,000 litres. The requests included submissions for non-existent special projects, duplicated requests, fuel requisitions for wrong equipment, and unjustified requests.

29. Because of the measures put in place, overall fuel consumption had reduced by 35 per cent over the audit period from a monthly average consumption of 3.4 million litres in 2016/17 to 2.7 million litres in 2017/18 and further to 2.2 million litres in 2018/19, while the overall level of the Mission's operations remained unchanged. In addition, from March 2019, UNSOS started systematically obtaining fuel consumption reports from AMISOM and manually recording the data in eFMS for monitoring and accountability purposes.

UNSOS monitored retail fuel issuance but consumption of ground fuel was excessive

30. To prevent misappropriation of fuel, UNSOS requires fuel contractors to verify eligibility of equipment receiving retail fuel before issuance. UNSOS itself is required to monitor fuel consumption to ensure efficient use and avoid misappropriation.

31. UNSOS restricted issuance of retail fuel to only barcoded fuel consuming equipment. Analysis of the eFMS fuel issuances from August to December 2018 indicated that only barcoded equipment received fuel. OIOS visits to 7 of the 12 fuel distribution points confirmed that fuel contractors verified eligibility of equipment consuming retail fuel by scanning equipment barcodes and retained copies of identification of personnel receiving the fuel. In addition, OIOS review of documentation supporting 120 retail ground fuel issuance receipts totalling 116,374 litres and 120 aviation fuel issuances totalling 328,540 litres indicated that recipients of retail fuel acknowledged and signed for delivery receipts. UNSOS assigned staff to witness and sign for fuel dispensed to generators.

32. The UNSOS Aviation Section monitored aviation fuel consumption against flight hours and the standard consumption rate for each aircraft monthly. During the audit period, UNSOS used 10 fixed wing and 18 rotary wing aircraft, which flew 29,000 hours and consumed 27 million litres of fuel. Analysis of the monthly aviation fuel consumption indicated that, overall, actual consumption was 3 per cent below the

standard consumption rate over the same flight hours. OIOS verification of the supporting documentation for two fixed wing and three rotary wing aircraft for a judgemental sample of three months indicated that the information used for consumption analyses was accurate.

33. Retail ground fuel represented 68 per cent of the monthly ground fuel issued. Analysis of eFMS data indicated that over the eight-month period from August 2018 to March 2019, 429 out of 651 pieces of equipment that received retail ground fuel at distribution points had been flagged for consuming 3.8 million litres more than their standard capacities, or approximately 36 extra litres of fuel per unit per day. While the Fuel Unit contacted the respective users of equipment about the excessive usage, UNSOS could not demonstrate that it had fully investigated these cases of excessive fuel consumption. UNSOS explained that although eFMS was used as a tool to flag fuel consumption anomalies, it did not fully rely on the system to monitor fuel over consumption due to system inability to account for fuel stock in equipment when computing consumption. OIOS disagreed with this reasoning because the effect of fuel stock in equipment at the start of a period would counterbalance fuel in that equipment at the end of the period and would not explain the excessive fuel consumption.

34. Furthermore, there was a significant discrepancy between the listing of fuel consuming equipment in eFMS and the list of equipment that UNSOS considered to be active. The eFMS showed 5,223 fuel consuming equipment while UNSOS considered there were only 2,836 that had been verified and barcoded by the Fuel Unit. UNSOS explained that the discrepancies were because of: (a) inaccurate lists of fuel consuming equipment migrated from the previous system to eFMS; and (b) de-activated equipment repatriated by AMISOM remaining in the system that could not be deleted.

35. OIOS review indicated that 25 of the 125 pieces of equipment flagged as repatriated in the system were still marked as active and consumed fuel after the repatriation date. Based on this, OIOS concluded that there was a possibility of significant fuel pilferage.

(2) UNSOS should implement procedures to promptly identify and investigate all cases of excessive fuel consumption and ensure accountability for fuel pilferage.

UNSOS accepted recommendation 2 and stated that it had implemented the required measures to identify fuel pilferage and overconsumption. The revised SOP would enhance investigations of all cases of overconsumption and improve accountability. Recommendation 2 remains open pending receipt of evidence that UNSOS has implemented procedures to promptly identify and investigate all cases of excessive fuel consumption and ensured accountability for fuel pilferage.

(3) UNSOS should, in collaboration with the Office of Information and Communications Technology at the Headquarters, update the electronic fuel management system with the correct listing of fuel consuming equipment.

UNSOS accepted recommendation 3 and stated that the Office of Information and Communications Technology had confirmed that the equipment which was not in use could be deleted from eFMS. Recommendation 3 remains open pending receipt of evidence that UNSOS has updated the eFMS system with the correct listing of fuel consuming equipment.

Need to consistently monitor the adequacy of fuel reserves

36. To safeguard against unforeseen disruption in fuel supply, UNSOS is required to ensure that contractors maintain a 30-day supply of strategic fuel reserves in the Mission and a 15-day supply of local reserves at each distribution point for both ground and aviation fuel as contingency.

37. OIOS verification of fuel stocks during site visits to three sectors indicated that the contractors held adequate stocks totalling 393,805 litres for ground fuel and 96,400 litres for aviation fuel, except in Baidoa, where aviation fuel stocks were 25,058 litres, which was 34 per cent below the required level of 37,723 litres. A review of 90 of the 917 daily fuel stock monitoring records produced by the automatic tank gauging system in the audit period showed, however, that the required fuel reserves had not been consistently maintained. For example, local reserves for ground fuel were 40 per cent below target for 22 days in up to three distribution points mainly in 2016 and 2017. Strategic fuel reserves were 6 per cent below target for 2 days in December 2016 and August 2018, and fuel stock records were not filed for 24 days mostly in 2016 and 2017. Local reserves for aviation fuel were 64 per cent below target for 6 days in up to 2 distribution points, strategic fuel reserves were zero for 3 days, and fuel stock records were not filed for 44 days. UNSOS explained that this was due to failure of the automated fuel stock system to transmit fuel data from the contractors.

38. OIOS analysis of monthly aviation and ground fuel consumptions for the 12 months to June 2019 indicated that strategic and local reserves for aviation fuel were adequate to cover the 30-day supply of strategic aviation fuel reserves in the Mission and the 15-day supply of local reserves at each distribution point. Strategic reserves for ground fuel were also adequate to cover fuel requirements for 30 days in the Mission. However, local reserves for ground fuel were short of the 15-day supply by an average of 6 days at 5 distribution points. To address these shortfalls, UNSOS reviewed its fuel consumption requirements and in May 2019 submitted a contract amendment request to Headquarters to revise local reserves for ground fuel at the respective distribution points.

39. The gaps in fuel reserves were due to UNSOS not implementing procedures to consistently and effectively monitor fuel stocks, including documenting and tracking fuel movements and systematically filing daily fuel stock reports.

(4) UNSOS should implement procedures to consistently monitor the adequacy of contingent reserves and take corrective action on the shortfalls.

*UNSO*S accepted recommendation 4 and stated that it would implement additional measures to enhance the monitoring of adequacy of contingent reserves. Recommendation 4 remains open pending receipt of evidence that UNSOS has implemented procedures to consistently monitor fuel stocks, including documenting and tracking fuel movements and filing daily fuel stock reports.

Fuel imported duty-free by the contractors was properly accounted for

40. UNSOS is required to ensure that all fuel imported into the country duty-free is properly accounted for. The Fuel Unit performed monthly fuel tracking reconciliations and reviewed all shipping and customs clearing documentation related to tax exemptions. The Contracts Management Unit regularly reconciled the volume of fuel imported by the contractors duty-free with the volume of fuel issued by the contractors to UNSOS. Based on review of tax exemption requests filed and customs documentation for 77 million litres of ground fuel and 17 million litres of aviation fuel imported during the audit period, OIOS concluded that all fuel imported into the country duty-free was properly accounted for.

C. Contractor performance monitoring

Monitoring contractor performance needed improvement

41. Fuel contracts require UNSOS to continuously assess fuel contractors' performance. Except for the period prior to August 2017, when UNSOS had not adequately resourced its contractor monitoring function,

the Mission regularly held performance meetings and completed the required quarterly and monthly key performance reports for the ground fuel and aviation fuel contracts. Performance review records showed that the meetings discussed performance issues and related key performance indicators and subsequently followed up on agreed action, like maintenance of facilities and fuel reserves. This system was, however, not fully effective because some of the established key performance indicators were consistently rated satisfactory despite evidence that the contractor had not met set targets. For example, in addition to the shortages of contingency reserves of aviation and ground fuel noted above, and missing information on fuel stock reserves, the contractors' staffing capacity at four out of the seven sites visited by OIOS was at 50 per cent (23 out of 46) of the contractually agreed staffing levels.

42. The above resulted because UNSOS did not establish a comprehensive system for collecting relevant and accurate data for evaluating contractors' performance.

(5) UNSOS should implement a comprehensive system for collecting verifiable and relevant data for evaluating the performance of fuel contractors.

UNSOS accepted recommendation 5 and stated that it would revise the process of evaluating contractor performance to ensure that relevant indicators are addressed. Recommendation 5 remains open pending receipt of evidence that UNSOS has implemented a comprehensive system for collecting verifiable and relevant data for evaluating contractor performance.

Fuel contractors implemented adequate health and safety measures

43. Fuel contractors are required to establish and maintain occupational health and safety measures compliant with industry standards. UNSOS is required to monitor the implementation of the health and safety programmes of the contractors. The audit found that contractors had implemented adequate measures in relation to security, equipment and training. They also prepared and presented to UNSOS emergency response plans for all seven fuel distribution points visited and maintained incident/accident registers at each site. UNSOS monitored the implementation of the health and safety programmes through the monthly inspection visits to fuel facilities.

Monitoring of the contractors' quality control programme had improved

44. UNSOS is required to monitor contractors' quality control programmes to ensure compliance with fuel contracts and industry standards and conduct regular site inspections to verify fuel operations' quality management processes.

45. A review of monthly inspection reports, contractors' quality control records, discussions with responsible personnel in UNSOS and AMISOM, and field visits to seven distribution points showed that the aviation fuel contractor conducted the industry mandatory Joint Inspection Group reviews and submitted reports to UNSOS indicating that quality processes were satisfactory. However, due to its staffing challenges, the Fuel Unit did not systematically conduct the required site inspections between July 2016 and July 2018. Fuel inspections improved in August 2018, when site inspections for both ground and aviation started to be conducted monthly. Therefore, OIOS did not make a recommendation on this issue.

46. Both the aviation and ground fuel contractors submitted fuel operations procedures detailing the quality control programmes. These programmes covered handling and storage of fuel and related waste, inspection and testing of fuel quality, recording and reporting of test results, handling and maintaining equipment, maintenance of fuel sites, procedures for fuelling, and transportation of dangerous goods. OIOS field visits showed that fuel contractors implemented their quality control programmes, including daily inspection, testing and recording of fuel quality, safe handling of fuel, and maintenance of equipment.

47. Contractors engaged independent third parties to calibrate fuel dispensing equipment as required. For instance, for the 12 months to December 2018, the ground fuel contractor had its equipment calibrated by an independent contractor at two fuel distribution points in Mogadishu in March and September 2018, one distribution point in Baidoa in May and December 2018, and one in Kismayo in August 2018. Similarly, the aviation contractor had equipment calibrated in April and October 2018 at three distribution points in Mogadishu, Baidoa and Kismayo. All deliveries of ground and aviation fuel made during the audit period were supported by quality certificates from independent inspectors. OIOS concluded that UNSOS monitoring of the fuel contractors' quality control programmes had improved.

IV. ACKNOWLEDGEMENT

48. 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.

(Signed) Eleanor T. Burns
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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 ⁴ / Important ⁵	C/ O ⁶	Actions needed to close recommendation	Implementation date ⁷
1	UNSOS should: (a) implement a fuel management and oversight plan with clearly defined roles and responsibilities, activities and timelines; and (b) review the staffing capacity of the Fuel Unit in accordance with the fuel management and oversight plan and take necessary action.	Important	O	Receipt of evidence that UNSOS has developed and implemented a fuel management and oversight plan with clearly defined roles and responsibilities, activities, timelines, and staffing requirements.	30 April 2020
2	UNSOS should implement procedures to promptly identify and investigate all cases of excessive fuel consumption and ensure accountability for fuel pilferage.	Important	O	Receipt of evidence that UNSOS has implemented procedures to promptly identify and investigate all cases of excessive fuel consumption and ensured accountability for fuel pilferage.	30 April 2020
3	UNSOS should, in collaboration with the Office of Information and Communications Technology at the Headquarters, update the electronic fuel management system with the correct listing of fuel consuming equipment.	Important	O	Receipt of evidence that UNSOS has updated the eFMS system with the correct listing of fuel consuming equipment.	30 April 2020
4	UNSOS should implement procedures to consistently monitor the adequacy of contingent reserves and take corrective action on the shortfalls.	Important	O	Receipt of evidence that UNSOS has implemented procedures to consistently and effectively monitor fuel stocks, including documenting and tracking fuel movements and systematically filing daily fuel stock reports.	30 April 2020
5	UNSOS should implement a comprehensive system for collecting verifiable and relevant data for evaluating the performance of fuel contractors.	Important	O	Receipt of evidence that UNSOS has implemented a comprehensive system for collecting verifiable and relevant data for evaluating contractor performance.	30 April 2020

⁴ 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.

⁵ 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.

⁶ C = closed, O = open

⁷ Date provided by UNSOS in response to recommendations.

APPENDIX I

Management Response

Management Response

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

no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSOS should: (a) implement a fuel management and oversight plan with clearly defined roles and responsibilities, activities and timelines; and (b) review the staffing capacity of the Fuel Unit in accordance with the fuel management and oversight plan and take necessary action.	Important	Y	Fuel Unit	April 2020	Management acknowledges the observation and concurs with the recommendation. The standard operating procedure will be revised to include a comprehensive fuel management and oversight plan with clear roles and responsibilities. Management will also conduct a review of the staffing of the fuel unit to realign functions within existing resources.
2	UNSOS should implement procedures to promptly identify and investigate all cases of excessive fuel consumption and ensure accountability for fuel pilferage.	Important	Y	Fuel Unit	April 2020	Management seeks to advise the auditors that the mission has implemented the required measures to identify fuel pilferage and overconsumption. The revised SOP cited above will include provisions for the enhanced investigation of all cases of overconsumption and improved measures for accountability.
3	UNSOS should, in collaboration with the Office of Information and Communications Technology at the Headquarters, update the electronic fuel management system with the correct listing of fuel consuming equipment.	Important	Y	Fuel Unit/ Field Technology Section	April 2020	Management accepts the recommendation and seeks to advise the auditors that the Office of Information and Communications Technology at the Headquarters has confirmed that equipment which is not in use can be deleted from the eFMS2

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

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

Management Response

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

no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						system. This measure will be implemented by the mission.
4	UNSOS should implement procedures to consistently monitor the adequacy of contingent reserves and take corrective action on the shortfalls.	Important	Y	Fuel Unit	April 2020	Management accepts the recommendation and will implement additional measures to enhance the monitoring of adequacy of contingent reserves.
5	UNSOS should implement a comprehensive system for collecting verifiable and relevant data for evaluating the performance of fuel contractors.	Important	Y	Fuel Unit	April 2020	Management accepts the recommendation, and the mission will revise the process of evaluating contractor performance to ensure that relevant indicators are addressed and recorded.