



INTERNAL AUDIT DIVISION

REPORT 2015/055

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Overall results relating to the effective management of fuel in the United Nations Multidimensional Integrated Stabilization Mission in Mali were initially assessed as unsatisfactory. Implementation of two critical and three important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

19 June 2015

Assignment No. AP2014/641/4

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AUDIT REPORT

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).
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. MINUSMA procured fuel under a turnkey system contract. The contract, which was established in June 2013, had been extended four times prior to January 2015. Under this agreement, the contractor was responsible for managing the supply and distribution of fuel and onsite operations including all functions required to dispense fuel throughout the Mission. The contract had a not-to-exceed amount of \$62 million.
4. The Fuel Unit, which was a part of the Supply Section, was responsible for managing the Mission's fuel operations. Its roles included: (a) monitoring required stock levels; (b) supervising the contractor; and (c) ensuring that quality control, health and environmental standards were met. The Unit was headed by a Fuel Officer at the P-3 level and had another 16 authorized posts comprising 5 international staff, 1 United Nations volunteer and 10 national staff. The Mission's fuel budgets for fiscal years 2013/14 and 2014/15 were \$49 million and \$44 million, respectively.
5. Comments provided by MINUSMA are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSMA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of fuel in MINUSMA**.
7. The audit was included in the 2014 risk-based work plan of OIOS due to the operational and financial risks related to possible interruptions in MINUSMA operations due to inadequate fuel supplies and loss of fuel supplies.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that policies and procedures: (a) exist to guide fuel management activities; (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 September 2014 to February 2015. The audit covered the period from 1 July 2013 to 31 December 2014.

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. OIOS reviewed: (a) MINUSMA oversight of the contractor’s operations and compliance with the terms of the contract; (b) controls over duty free certificates for fuel consumed by MINUSMA; and (c) compliance with the Department of Peacekeeping Operations/Department of Field Support (DPKO/DFS) Fuel Operations Manual and the MINUSMA standard operating procedures. OIOS visited fuel storage and dispensing sites in Bamako and Gao.

III. AUDIT RESULTS

12. The MINUSMA governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of fuel in MINUSMA**. OIOS made six recommendations to address the issues identified. MINUSMA fuel operations were hampered by various challenges inherent to the startup of a Mission. These challenges included meeting operational requirements amidst logistical constraints and high staff vacancy rates. As a result, MINUSMA had not implemented adequate measures to monitor fuel consumption and implement adequate preventative controls to safeguard the use of fuel. MINUSMA needed to: (a) address the vacancy rate in the Fuel Unit; (b) establish a quality assurance and fraud deterrent system to prevent misappropriation and wastage of fuel; (c) avail itself of prompt payment discounts; (d) ensure availability of necessary devices for the measurement of the ambient temperature of fuel and the verification of the accuracy of the variable costs charged by the contractor; (e) implement proper procedures and oversight of fuel supplied to United Nations agencies, funds and programmes and other entities; and (f) establish an adequate mechanism to monitor fuel tax exemptions.

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 two critical and three important recommendations remains in progress.

Table 1: Assessment of key control

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

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.

Regulatory framework

The Mission's fuel consumption was not adequately monitored

14. The MINUSMA fuel standard operating procedures requires the Fuel Unit to: (a) establish a quality assurance and fraud deterrent system to prevent misappropriation and wastage of fuel; and (b) review and analyze fuel consumption levels to monitor compliance with standard fuel consumption rates and follow up on abnormal fuel consumption to deter abuses.

15. The Mission did not establish a quality assurance and fraud deterrent system to review and analyze fuel consumption levels. This resulted as the Mission was facing operational and staffing challenges during its startup, and had not implemented a fuel electronic monitoring system. The absence of a fraud deterrent system increased the risk of misappropriation and wastage of fuel. For example:

- The high fuel consumption rates of United Nations-owned vehicles were neither detected nor investigated to prevent further misuse of fuel. A review of fuel consumption of 107 of 242 United Nations-owned vehicles for the months of November and December 2013 indicated that 34 per cent of the vehicles reviewed recorded more than their respective standard litres of fuel. A calculation indicated an over consumption of 2,621 litres of diesel valued at \$3,000, representing 50 per cent of the total fuel consumed by these vehicles in November and December 2013;
- The Fuel Unit did not reconcile fuel supplied to MINUSMA aircraft with amounts billed by the contractor and address any discrepancies. As a result, there was an increased risk of undetected accounting errors and loss of fuel as well as delays in billing fuel supplied to third parties. For instance, OIOS reconciliation of the quantity of fuel issued to MINUSMA aircraft with the quantity billed by the contractor from July 2013 to October 2014 indicated that for 13 months the Aviation Section received 1,335 million litres more than the quantity of fuel reported by the contractor, and for 3 months the Aviation Section received 462,000 litres less than the quantity of fuel reported by the contractor. At the request of OIOS, the Fuel Unit initiated in February 2015 an investigation of these variances, which had not been completed by the end of the audit fieldwork;
- The Fuel Unit did not establish a mechanism to monitor generators' fuel consumption patterns to determine and investigate any abnormal fuel consumption of generators. A review of fuel consumption statistics for 20 of 54 generators did not identify any inconsistency in the generators fuel consumption rates. Nonetheless, to strengthen controls and implement safeguards against the misuse of fuel, the Fuel Unit needed to implement a mechanism to monitor fuel issued to generators; and
- Contingents did not consistently submit fuel consumption reports to the Fuel Unit to allow for review and monitoring of consumption of bulk fuel supplied to them. Contingent fuel consumption reports were therefore not reviewed by the Fuel Unit to detect and investigate abnormal fuel consumption. For example, contingents did not submit 57 of the required 203 reports to the Fuel Unit. This was due to inadequate handover of records during troop rotations and inadequate induction of incoming troops by the Fuel Unit. Visits to five contingents in Gao also confirmed that contingents prepared fuel consumption reports, but these were not submitted to the Fuel Unit for review because they were not informed about the reporting procedures.

16. In July 2014, the Mission implemented an electronic fuel management system with features that included the generation of fuel consumption efficiency reports. At the time of the audit, all MINUSMA

and contingent-owned equipment had been barcoded and posted to the electronic fuel management system. However, the Fuel Unit had not yet activated the reporting functionality of the software to enable a review and analysis of the fuel consumption of equipment. This was mainly due to a lack of capacity of the Fuel Unit, which had a high vacancy rate.

(1) MINUSMA should take action to fill vacant posts in the Fuel Unit, and once completed: (a) fully implement a quality assurance and fraud deterrent system for analyzing and monitoring fuel consumption; (b) provide contingents with adequate training on the fuel consumption reporting system; and (c) establish a mechanism to reconcile aviation fuel received against the contractor's invoices and investigate any discrepancies.

MINUSMA accepted recommendation 1 and stated that it filled all vacant posts in the Fuel Unit and requested two additional international posts in the 2015/16 budget. MINUSMA would implement monthly quality assurance surveillance programme inspections on contractor and contingent fuel installations by 30 June 2015, and training of contingents on electronic fuel management system was underway. MINUSMA had made an arrangement with the new fuel contractor in which all fuel deliveries would be identified to the users; this information would be reconciled against the contractor's invoices. Recommendation 1 remains open pending receipt of evidence that MINUSMA has: implemented a quality assurance and fraud deterrent system; completed the training of contingents; and established a mechanism to reconcile aviation fuel received against the contractor's invoices and investigate any discrepancies.

Inadequate oversight of the recovery of costs of fuel provided to other entities

17. The Field Finance Procedure Guidelines required that goods and services provided to United Nations and non-United Nations entities be made on a reimbursable basis under a formal agreement, or memorandum of understanding, and with guaranties for reimbursement within 30 days. In lieu of individual agreements, the turnkey contract provided that the Mission may give written consent for the contractor to enter into fuel supply agreements with United Nations and non-United Nations entities in Mali.

18. MINUSMA did not initially have agreements or memoranda of understanding for the supply of fuel with United Nations agencies, funds and programmes or other entities. In January 2014, the Director of Mission Support gave a written consent for the contractor to enter into fuel supply agreements with other United Nations entities located in Mali. The contractor was required to bill the beneficiaries the costs of the fuel consumed and credit the Mission a pro-rated percentage of operating and maintenance fees. However, the contractor did not implement the requirements of the written consent, and as a result continued to bill MINUSMA the costs of fuel supplied to third parties.

19. MINUSMA did not adequately monitor the fuel supplied to third parties mainly due to Mission management having a number of competing priorities during the startup of the Mission, and lack of oversight and standard operating procedures to guide staff on the processing of debit advices and services provided to third parties. As a result, MINUSMA was not reimbursed for fuel provided to third parties from July 2013 to the time of the audit. The Fuel Unit initiated in February 2015 a comprehensive review to determine the amounts due from United Nations entities. MINUSMA estimated that as of 31 January 2015, the outstanding amounts were \$4.5 million.

(2) MINUSMA should: establish standard operating procedures on provision of fuel to United Nations entities and other parties; and recover the estimated \$4.5 million of outstanding accounts receivable for fuel supplied to non-MINUSMA entities for the period from July 2013 to February 2015.

MINUSMA accepted recommendation 2 and stated that the fuel contractor had entered into external arrangements with United Nations agencies, funds and programmes in locations where commercial fuel supply was inadequate. The Fuel Unit would develop standard operating procedures covering all aspects of non-MINUSMA fuel support by 31 December 2015. The Mission had updated the details of third parties in Umoja to enable the processing of cost-recoveries. The cost-recovery was ongoing and the outstanding amounts would be fully recovered by 31 December 2015. Recommendation 2 remains open pending receipt of: a copy of the standard operating procedures on the processing of debit advices and services provided to United Nations entities and other parties and evidence that they have been implemented; and documentation showing the recovery of outstanding account receivables related to fuel supplied to United Nations entities and other third parties from July 2013 to February 2015.

Prompt payment discounts were not availed

20. The turnkey fuel contract entitled the Mission to take a prompt payment discount of 0.5 per cent on invoiced amounts for payments made within 30 working days of the invoice receipt date, or portion of the invoices, which was paid within 30 days from receipt of the invoice and supporting documentation.

21. The Mission did not avail itself of the prompt payment discounts due to delays in processing and paying invoices. These delays occurred because of: (a) challenges in the deployment of Umoja in MINUSMA; and (b) the lack of a formal mechanism to monitor the invoices of the contractor. For example, a review of 93 invoices or 33 per cent of the total invoices for fiscal year 2013/14, totaling \$20 million indicated that prompt payment of the contractor's invoices would have resulted in discounts totaling \$304,086. Additionally, a review of 11 invoices totaling \$4 million paid within 30 days indicated that MINUSMA did not always ensure that the relevant discounts were received. For example, MINUSMA did not follow up on discounts due from the contractor, which totaled \$21,935.

(3) MINUSMA should implement a system: (a) for monitoring the receipt and payment of contractor invoices to ensure that they are paid within 30 working days of their receipt; and (b) for following up with the contractor to ensure all discounts that the Mission is entitled to are received.

MINUSMA accepted recommendation 3 and stated that the Mission would implement by 31 July 2015 a tracking system (COSMOS) to track the invoices at each stage of the payment process and monitor payment discounts. This system would also be used by the United Nations Operation in Cote d'Ivoire, which was providing administrative support to MINUSMA. Recommendation 3 remains open pending receipt of evidence that the invoice tracking system has been implemented and that fuel invoices are being paid within 30 days of invoice receipt.

Variable costs charged by the contractor were not accurate

22. MINUSMA standard operating procedures required the Fuel Unit to verify the accuracy of the variable fuel cost on the contractor's invoices against the turnkey contract, which stated that these variable costs should refer to the 15 degree centigrade (°C) index price of the fuel supplier in Cote d'Ivoire.

23. MINUSMA and the contractor did not have the required devices to measure the temperature of fuel each time it was issued to Mission vehicles and generators. Due to this, the contractor applied a default ambient temperature of 15°C to MINUSMA invoices. However, this approach taken by the contractor increased the risk of overpayment of fuel costs because the contractor did not provide the

ambient temperature on a daily basis to enable a temperature conversion of the volume of fuel provided to the 15°C price index. Also, the ambient temperature in Mali observed by the Fuel Unit averaged 30°C, which had an impact on the volume of fuel supplied. On the basis of the average ambient temperature of 30°C, the converted variable cost for 18 of 93 invoices totaling \$4.4 million to the cost at 15°C indicated that MINUSMA overpaid the contractor by \$300,000.

24. MINUSMA escalated this issue to the Procurement Division on 26 December 2013. The Procurement Division advised that the Mission should resolve the issue with the contractor in a manner that was acceptable to the both parties. However, MINUSMA had not yet resolved the issue with the contractor, and as a result continued to overpay for fuel received in 2014.

25. MINUSMA had entered into a new turnkey contract, which came into force in January 2015, for which MINUSMA had requested the contractor to provide adequate devices to measure temperature to address this issue.

(4) MINUSMA should take action to ensure that the new turnkey contractor provides adequate devices for the measurement and the reporting of the ambient temperature of the fuel supplied to the Mission. In the event that the contractor is unable to provide these devices, MINUSMA should acquire them.

MINUSMA accepted recommendation 4 and stated that this recommendation was implemented as of 21 January 2015. All fuel quantities under the new contract were subject to conversion to 15°C in accordance with the contract. MINUSMA was monitoring this as part of the monthly quality assurance surveillance programme. Based on the action taken by MINUSMA, recommendation 4 has been closed.

Fuel operating sites were not adequately inspected

26. MINUSMA standard operating procedures required the Fuel Unit to carry out quarterly assurance and compliance (inspection) visits to fuel sites to ascertain that the contractor complied with the terms of the turnkey contract and United Nations health, safety, environmental, facility and equipment maintenance standards.

27. MINUSMA did not consistently conduct the required quarterly site inspections due to: insufficient resources allocated for such function, operational and logistical constraints at the startup phase of the Mission, and security concerns. At the time of the audit, the Fuel Unit conducted only nine of the required 51 fuel site inspections. As a result of the limited inspections, MINUSMA was not able to identify and address non-compliance by the contractor with the United Nations health, safety and environmental standards, and the terms of the contract, including the requirements for local and strategic stocks. A review of available fuel inspection reports and physical inspection of all fuel sites in Bamako and Gao indicated the following:

- The contractor staff did not wear personal protective equipment when handling fuel, soil was frequently contaminated due to fuel spillage, meter calibrations were not done every six months and certified by an authorized official of the Government of Mali, there were insufficient spill kits and fire extinguishers, and some sites were not adequately secured to prevent fuel pilferage;
- The contractor's fuel reports from September to November 2014 indicated shortfalls of 382,494 litres of diesel and 234,817 litres of Jet A-1 against the required stock levels;

- As of 30 November 2014, the contractor drew fuel from MINUSMA reserves in Gao and Mopti without the authorization of the Director of Mission Support; and
- The physical inspection conducted in November 2014 by OIOS in Bamako and Gao also confirmed that fuel stocks were not adequately monitored and reported. There was unexplained shortage of 100,000 litres of diesel and 130,000 litres of Jet A-1 costing \$270,100.

(5) MINUSMA should allocate adequate resources for the inspection of contractor's fuel sites and stocks on a quarterly basis to ensure the contractor complies with the terms of the contract including the securing of fuel sites, and implementation of health, safety, environmental, facility and equipment maintenance requirements.

MINUSMA accepted recommendation 5 and stated that with the deployment of staff to regional locations, the monthly quality assurance surveillance programme and inspections on contractor and contingent fuel installations would be implemented by 30 June 2015. Recommendation 5 remains open pending receipt of evidence that MINUSMA consistently conducts inspections of contractor's fuel sites and stocks.

Inadequate procedures for monitoring fuel tax exemptions

28. The Status of Forces Agreement between the Government of Mali and MINUSMA exempted fuel imported by contractors for the sole use of MINUSMA from custom duties and charges. The Mission was responsible for implementing appropriate mechanisms to provide reasonable assurance that tax exemption certificates were issued only for deliveries of fuel to the Mission.

29. MINUSMA did not establish a mechanism to monitor tax exemptions. The Mission relied on data provided by the contractor without reconciling quantities on tax exemption certificates with fuel quantities delivered by the contractor. Consequently, the Mission was exposed to reputational risk in the event that the contractor used the tax exemption certificates for deliveries to other entities. For example, a reconciliation of the total quantity of fuel reported on the tax exemption certificates against actual quantity of fuel delivered to the Mission indicated that the total diesel delivered was less than the quantity exempted by 2.2 million litres valued at \$1.88 million, while the Jet A-1 fuel delivered to the Mission was more than the quantity exempted by 1.6 million litres totaling \$1.87 million.

30. The Fuel Unit explained that it did not check the actual quantity exempted because the host country custom authorities were the ones responsible for monitoring tax exemptions issued for MINUSMA. However, the Fuel Unit advised that it would take the necessary measures to adjust the tax exemption for October to December 2014 which had not yet been processed at the time of the audit.

(6) MINUSMA should establish a system to reconcile the quantity of fuel exempted from duty with the quantity of fuel delivered to the Mission to ensure that duty-free fuel procured by the contractor is for the sole use of the Mission.

MINUSMA accepted recommendation 6 and stated that the Fuel Unit and the turnkey contractor were developing a tracking system to monitor quantities of tax exemption certificates issued by Malian authorities against actual quantities imported, consumed and kept in storage. Recommendation 6 remains open pending receipt of evidence that MINUSMA had implemented a mechanism to reconcile the quantity of fuel exempted from customs duty with the quantity of fuel delivered to the Mission.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSMA should take action to fill vacant posts in the Fuel Unit, and once completed: (a) fully implement a quality assurance and fraud deterrent system for analyzing and monitoring fuel consumption; (b) provide contingents with adequate training on the fuel consumption reporting system; and (c) establish a mechanism to reconcile aviation fuel received against the contractor's invoices and investigate any discrepancies.	Critical	O	Receipt of evidence of: implementation of a quality assurance and fraud deterrent system; completion of the training of contingents; and reconciliation of aviation fuel received against the contractor's invoices and investigation of any discrepancies.	30 June 2015
2	MINUSMA should: establish standard operating procedures on provision of fuel provided to United Nations entities and other parties; and recover the estimated \$4.5 million of outstanding accounts receivable for fuel supplied to non-MINUSMA entities for the period from July 2013 to February 2015.	Critical	O	Receipt of evidence of: establishment of standard operating procedures on the processing of debit advices and services provided to United Nations entities and other parties and evidence that they have been implemented; and recovery of outstanding account receivables related to fuel supplied to United Nations entities and other third parties from July 2013 to February 2015.	31 December 2015
3	MINUSMA should implement a system: (a) for monitoring the receipt and payment of contractor invoices to ensure that they are paid within 30 working days of their receipt; and (b) for following up with the contractor to ensure all discounts that the Mission is entitled to are received.	Important	O	Receipt of evidence of: implementation of the invoice tracking system; and evidence that fuel invoices are paid within 30 days of invoice receipt.	30 June 2015
4	MINUSMA should take action to ensure that the new turnkey contractor provides adequate devices for the measurement and the reporting of the ambient temperature of the fuel supplied to the	Important	C	Action taken.	Implemented

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 MINUSMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	Mission. In the event that the contractor is unable to provide these devices, MINUSMA should acquire them.				
5	MINUSMA should allocate adequate resources for the inspection of contractor's fuel sites and stocks on a quarterly basis to ensure the contractor complies with the terms of the contract including the securing of fuel sites, and implementation of health, safety, environmental, facility and equipment maintenance requirements.	Important	O	Receipt of evidence that MINUSMA consistently conducts inspections of contractor's fuel sites and stocks.	30 June 2015
6	MINUSMA should establish a system to reconcile the quantity of fuel exempted from duty with the quantity of fuel delivered to the Mission to ensure that duty-free fuel procured by the contractor is for the sole use of the Mission.	Important	O	Receipt of evidence of implementation of a mechanism to reconcile the quantity of fuel exempted from customs duty with the quantity of fuel delivered to the Mission.	30 June 2015

APPENDIX I

Management Response



FACSIMILE

Date: 25 May 2015

Reference: MINUSMA/ODMS/2015/222

TO: Ms. Eleanor T. Burns Director, Internal Audit Division, OIOS	FROM: Mongi Hamdi Special Representative of the Secretary-General MINUSMA <i>P.O. Akodjeuou</i> <i>AAA</i>
Copy: Mr. Seydou Sirpe OIC Chief Resident Auditor MINUSMA	
INFO: Ms. Cynthia Avena-Castillo Professional Practices Section Internal Audit Division OIOS	
FAX NO: Electronic transmission	FAX NO: (223)
TEL NO:	TEL NO: (223)
SUBJECT: Draft report on an audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali (Assignment No. AP2014/641/4)	
Total number of transmitted pages including this page:	
<ol style="list-style-type: none">1. Reference is made to your interoffice memo dated 07 May 2015 on the above subject.2. As requested, please find attached the Mission's comments per recommendation in Appendix I.3. Your continuous support to MINUSMA audit matter would be highly appreciated. <p>Best regards</p>	
Drafted by: Miho Hirose Administrative Officer <i>Miho Hirose</i>	Authorized by: Paul Buades Director of Mission Support <i>for</i> <i>Paul Buades</i>
Through: Audrey Serret Senior Administrative Officer <i>Audrey Serret</i>	

Management Response

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should take action to fill vacant posts in the Fuel Unit, and once completed: (a) fully implement a quality assurance and fraud deterrent system for analyzing and monitoring fuel consumption; (b) provide contingents with adequate training on the fuel consumption reporting system; and (c) establish a mechanism to reconcile aviation fuel received against the contractor's invoices and investigate any discrepancies.	Critical	Yes	Fuel Officer	30 June 2015	All vacant posts in Fuel Unit were filled with the recruitment of 6 National Staff in January 2015. An additional 2 international (FS4/5) posts have been requested in the 2015/2016 FY. a. With the deployment of staff to regional locations monthly quality assurance (QASP) inspections on contractor and contingent fuel installations is being implemented. Regional Fuel Supervisors will conduct fuel consumption analysis from generated electronic fuel management system (EFMS) consumption reports for Sections and Contingents based in their respective areas of responsibility after the cleansing of EFMS data and training of new staff. b On-going mentoring and training of contingents in regional locations on EFMS and manual fuel accounting is underway. Regional Fuel Supervisors will ensure all newly deployed / rotating contingents are briefed and trained on the manual and EFMS fuel

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.

Management Response

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>reporting requirements.</p> <p>c. Currently there is a process whereby all Aviation Fuel issuances that are provided to Aviation Section are checked by Aviation against their records of fuel uplifts for MINUSMA Aircraft in the mission area prior to the monthly processing of Invoices.</p> <p>Discrepancies in the Aviation Fuel Invoices and Aviation Section data are due:</p> <ol style="list-style-type: none"> 1. Bulk Jet A-1 issues to MINUSMA Military Aviation contingents. These are recorded via approved Task Orders. 2. Aviation Fuel Issues to authorized non MINUSMA Aircraft (National Support Elements [NSE] Aircraft, Contractor Aircraft, Special cases approved on a case by case basis by mission management). These are on a cost recovery basis and not captured on Aviation Section data. 3. MINUSMA Aircraft uplifting fuel from other countries. These are not reflected on MINUSMA Fuel Suppliers invoicing, but are accounted

Management Response

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>for and paid under MOU administered by Aviation Section.</p> <p>4. In conclusion, an arrangement has now been made with the new fuel contractor in which all fuel deliveries will be clearly identified to the users and this will be reconciled against the invoices,</p>
2	<p>MINUSMA should: establish standard operating procedures on provision of fuel provided to United Nations entities and other parties; and recover the estimated \$4.5 million of outstanding accounts receivable for fuel supplied to non-MINUSMA entities for the period from July 2013 to February 2015.</p>	Critical	Yes	Fuel Officer	31 Dec 2015	<p>MINUSMA joint mission support center (JMSC) is developing an SOP on the provision of support to contingent NSE. MINUSMA Fuel Contractor has entered into an external arrangement with UN Agencies, Funds and Programs in locations where commercial fuel supply is inadequate. MINUSMA supplies fuel to authorized entities as and when required. MINUSMA Fuel Unit will develop an SOP covering all aspects of non MINUSMA Fuel Support. Target Date: On completion of the JMSC SOP for NSE support provision.</p> <p>Business partners have been created in Umoja to enable cost recovery to be processed. The recovery is ongoing and the outstanding amounts will be fully recovered by 31 December 2015.</p>

Management Response

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSMA should implement a system: (a) for monitoring the receipt and payment of contractor invoices to ensure that they are paid within 30 working days of their receipt; and (b) for following up with the contractor to ensure all discounts that the Mission is entitled to are received	Important	Yes	Fuel Office and Finance Office	31 July 2015	<p>The system is put in place to monitor the receipt and payment of contractor invoices to ensure that they are paid within 30 working days of their receipt.</p> <p>All Fuel Delivery vouchers are verified on a weekly basis by regional fuel supervisors. These are checked against the Invoices and verified if correct. These are inputted into Umoja and certified. Time allocated for this process is 7 working days from submission. Subsequent to the invoice certification in Umoja, MINUSMA Finance Office reviews the Service Certification and associated documentation in order to proceed with the payment request to the Shared Service Centre located in Abidjan (2 working days). The Shared Service centres proceed with the recording of the Account Payable in Umoja and generate payment (5 working days). The vendor account is usually credit within 3-4 working days.</p> <p>The overall process can usually be performed within 30 days of receipt of the invoices. However,</p>

Management Response

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>invoices verifications as well as clarifications requested to the vendor can delay the certification process. MINUSMA will put in place a monitoring mechanism to specifically follow-up on contractor where payment discount are applied.</p> <p>In conclusion, Finance Section has now implemented a COSMOS system to track the invoices at each stage of the payments and ONUCI is also using the same system. This will enable MINUSMA to monitor the payment process and ensure that discounts are obtained. This system will be implemented by 31 July 2015 during which time ONUCI is expected to be fully on board.</p>
4	MINUSMA should take action to ensure that the new turnkey contractor provides adequate devices for the measurement and the reporting of the ambient temperature of the fuel supplied to the Mission. In the event that the contractor is unable to provide these devices, MINUSMA should acquire them.	Important	Yes	Fuel Officer	Implemented from 21 January 2015 under the new contract.	All fuel quantities under the new contract are subject to conversion to 15° Celcius in accordance with the contract section 37.2 and schedule 8. MINUSMA is monitoring this as a part of the monthly QASP program.
5	MINUSMA should allocate adequate resources for the inspection of contractor's fuel sites and stocks on a quarterly basis to	Important	Yes	Fuel Officer	30 June 2015	Please see response to Recommendation .1

Management Response

Audit of fuel management in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	ensure the contractor complies with the terms of the contract including the securing of fuel sites, and implementation of health, safety, environmental, facility and equipment maintenance requirements.					
6	MINUSMA should establish a system to reconcile the quantity of fuel exempted from duty with the quantity of fuel delivered to the Mission to ensure that duty-free fuel procured by the contractor is for the sole use of the Mission.	Important	Yes	Fuel Officer	30 June 2015	MINUSMA Fuel Unit and the Turn Key Contractor are developing a tracking system to track quantities of Tax Exemption products issued by Malian authorities against actual amounts imported, consumed and kept in storage.