



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of fuel management in MINUSTAH

Urgent need to expedite the processing of long term contracts for ground and aviation fuel, as well as strengthen controls over fuel management

21 May 2009

Assignment No. AP2008/683/06

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION DIVISION DE L'AUDIT INTERNE

TO Mr. Hédi Annabi
A Special Representative of the Secretary-General

DATE 21 May 2009

REFERENCE IAD: 09-07489

FROM Fatoumata Ndiaye, Acting Director
DE Internal Audit Division, OIOS

Fatou

SUBJECT **Assignment No. AP2008/683/06 – Audit of fuel management in MINUSTAH**
OBJET

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 2 and 4 to 7 in OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendation, we request that you provide us with the *additional information* as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk, i.e., recommendations 1 and 2, in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Luiz Carlos Da Costa, Principal Deputy SRSG, MINUSTAH
Mr. Paul Aghadjanian, Chief Mission Support, MINUSTAH
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
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INTERNAL AUDIT DIVISION

FUNCTION

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization" (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Fuel management in MINUSTAH

OIOS conducted an audit of fuel management in the United Nations Stabilization Mission in Haiti (MINUSTAH). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over fuel management. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Mission improved the internal controls over fuel management since OIOS' previous audit in 2005. However, the present audit found opportunities for further improvements as follows:

- OIOS acknowledges the ongoing efforts made by the Mission, the Department of Management (DM) and the Department of Field Support to establish long-term contracts. However, four years have passed since the Mission commenced operations and no long-term contract has been established for the supply of ground and aviation fuel to MINUSTAH. This is in violation of Financial Rule 105.18, which requires that written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds;
- There was inadequate communications between the Mission and DM regarding the performance of the ground fuel supplier. As a result, DM was of the view that the vendor was in good standing and was technically compliant although the Mission's appraisals showed that the vendor's performance had been poor;
- There was a lack of compliance with standard operating procedures. For example, certificates of conformity were not provided with each delivery, the loading of fuel was not adequately supervised and monthly reports on fuel consumption did not always have original signatures and were sometimes pre-signed;
- The Mission's fuel plan was not frequently reviewed and revised to reflect the ever-changing nature of the Mission's fuel operations such as the impact of hurricanes in Haiti resulting in a risk of operations being further hindered in the event of emergency; and
- There was a lack of emergency response procedures and need for improvement in the areas of safety, health and environmental practices.

OIOS made a number of recommendations to address the issues identified during the audit and to further improve fuel management.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of fuel management in the United Nations Stabilization Mission in Haiti (MINUSTAH). The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
2. MINUSTAH was established by the Security Council resolution 1542 of 30 April 2004, with the mandate to ensure a secure and stable environment. The Fuel Unit within the Supply Section has responsibility for fuel management and monitoring, including consumption, control and inventory management. The Unit services key operational areas of the Mission; *inter alia*, the Engineering, Air Operations, Transportation Sections, and coordinates with the Procurement and Finance Sections regarding contract management and payment processes. The work of the Fuel Unit also calls for frequent interaction with the Department of Field Support (DFS).
3. MINUSTAH has four vendors for diesel, petrol, kerosene, aviation fuel (Jet A-1), oils, lubricants, and liquid petroleum gas. The Mission's allotments and expenditures for petrol, oil and lubricants (POL) for financial years ending 30 June 2007 and 30 June 2008 are reflected in Table 1 below.

Table 1: Expenditures (in \$000) for petrol, oil and lubricants products

<u>Description</u>	2006-2007	2007-2008
	\$	\$
POL - facilities & infrastructure	6,298.10	8,285.60
Fuel tanks & pumps	2,296.60	333.90
POL - ground transportation	3,702.70	5,873.80
POL - air transportation	3,686.20	3,662.40
POL - naval transportation	66.30	36.00
TOTALS	16,049.90	18,191.70

4. Comments made by MINUSTAH are shown in *italics*.

II. AUDIT OBJECTIVES

5. The main objectives of the audit were to:
 - (a) Assess the adequacy and effectiveness of internal controls over fuel management;
 - (b) Assess the adequacy of the contingency planning for fuel; and
 - (c) Ascertain whether the Mission's health, safety, and environmental practices were in compliance with established UN policies and procedures
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III. AUDIT SCOPE AND METHODOLOGY

6. The audit covered the fiscal years 2006-2007 and 2007-2008 and focused on ordering/procurement of fuel products, receipt, distribution and payment of invoices.
7. The audit methodology included review of policies, standard operating procedures (SOPs) and other relevant documents, site visits to inspect fuel depots and verify POL inventories and interviews with key mission personnel.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Contract management

Lack of long-term ground fuel contract

8. According to Financial Rule 105.18, written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds. As indicated in OIOS' prior audit report on fuel management (AP2005/683/11 issued on 11 January 2007), the Department of Peacekeeping Operations' approach to the acquisition of fuel for MINUSTAH included the use of short-term contracts for an initial period to be replaced by long-term contracts once the Mission's requirements were more accurately determined. However, although four years have passed since the Mission commenced operations, no long-term contract has been established for the supply of ground and aviation fuel to MINUSTAH.
9. In June 2004, the Department of Management (DM) entered into a short-term contract (Contract No. PD/C0153/04) with the Distributeurs Nationaux S.A (DINASA) for the procurement of ground fuel. In accordance with that contract, the Mission paid DINASA \$37,238,373 during the period 21 June 2004 to 31 July 2008. The process of establishing a long-term contract commenced¹ and on 28 February 2008, the Headquarters Committee on Contracts (HCC) recommended negotiations with DINASA for the provision of ground fuel to MINUSTAH. However, attempts by DM to establish a long-term contract with DINASA failed due to the latter's refusal to accept UN terms and conditions.
10. As a result of the inability to conclude a long-term contract with DINASA, DM and DFS have taken steps to commence direct negotiations with Total Outre-Mer ("Total") subject to another technical evaluation of Total, which commenced in March 2009. In this regard, OIOS notes that Total and DINASA were the only two vendors who submitted bids to provide ground fuel to the Mission.

¹ Attempts at securing a long term ground fuel contract during 2005 and 2006 were fruitless due to what the Headquarters Committee on Contracts (HCC) called "unusual practice" in the procurement process for the provision of ground fuel in MINUSTAH. See OIOS audit report on the fuel management (AP2005/683/11) dated 11 January 2007.

Moreover, as at the date of the audit, DINASA and Total were the only probable vendors that could provide the quality and quantity of ground fuel required by MINUSTAH. OIOS takes note of the steps taken by Management and therefore has not issued a recommendation to MINUSTAH regarding the lack of a long-term contract for the supply of ground fuel. However, OIOS will continue to monitor the progress of the action taken to address the issue, given the high risk of interrupted fuel supply to the Mission.

Aviation fuel contract

11. The Mission also had no formal contract for the provision of aviation fuel. The short-term informal arrangement with World Fuel Services (WFS-USA), was not finalized, and has been in place since 29 September 2004. Based on the recommendation of the HCC dated 8 July 2008, DM began negotiating with Chevron (who had been hesitant to sign the contract due to disagreements relating to some terms and conditions of the contract) to extend the contract and increase the not-to-exceed (NTE) amount from \$5.1 million to \$15.6 million. At the time of the audit, the Office of Legal Affairs at the United Nations Headquarters was in the process of reviewing the contract provided by Chevron to determine if a solution could be reached. According to DM, Chevron was the only supplier of aviation fuel in Haiti. OIOS takes note of the steps taken by Management and therefore has not issued a recommendation to MINUSTAH. OIOS will however monitor the progress of action taken to address the issue.

DINASA's performance

12. OIOS reviewed the minutes of the HCC: (HCC/08/18) and noted the following statement ".....according to the Procurement Division (PD), it is not aware of any impediment or other reason for the United Nations not to do business with DINASA.....PD assured the Committee that DINASA is a vendor in good standing and was technically compliant." While PD may not be aware of DINASA's poor performance, it is important that MINUSTAH communicates with PD their dissatisfaction of the vendor, as follows:

(a) The Mission's performance appraisal of DINASA indicated concerns for the quality of services provided by DINASA. The latest performance appraisal report for DINASA covering the period 1 April 2008 to 30 June 2008 showed a rating of 2.39 out of 5 (or 47.8 per cent), which was poor. The rating for the previous quarter was 2.21 (or 44.2 per cent).

(b) Concern was raised with regard to the authenticity of invoices presented by the supplier. At the time of the audit, the Mission was examining possible erroneous invoices amounting to over \$688,000.

(c) The review regarding short deliveries of bulk fuel completed by the Fuel Unit in December 2007 found \$772,493 that was still in dispute. The Mission communicated its findings to DINASA management through a letter dated 19 February 2008; however the vendor had not responded to the reconciled amount as at the time of the audit.

(d) For the period 1 August 2007 to 30 June 2008, 549 deliveries were made by DINASA, of which 314 (57 per cent) had shortages. The number of gallons resulting from this shortage was 17,608.

Recommendation 1

(1) The MINUSTAH Office of Mission Support should formally communicate to DM and DFS the poor performance of the supplier Distributeurs Nationaux S.A with the view to updating their records accordingly.

13. *The MINUSTAH Administration accepted recommendation 1 and stated that twice a year the Mission submits to the Logistics Support Division (LSD), DFS performance evaluation reports in respect of all contracts exceeding \$200,000. Although there is no contract in place, the last performance reports were on 18 September 2008 and on 19 February 2009. In addition, the Mission sent a fax to LSD on 5 December 2008 and LSD remains reminded of the vendor's performance through the Chief of Mission Support's monthly reports submitted to DFS. OIOS notes the action taken by the Mission towards implementing the recommendation. Recommendation 1 remains open pending confirmation that the Procurement Division has been informed of the under-performance of DINASA and the relevant vendor records have been up-dated accordingly.*

B. Standard operating procedures & guidelines on fuel management

Lack of finalized MINUSTAH-specific standard operating procedures

14. The Mission had promulgated four out of the nine required SOPs and was still using draft SOPs for some fuel operations. Therefore, there was a risk that the absence of finalized SOPs may impede the proper safeguarding of fuel and result in financial losses to the UN.

15. OIOS was informed that action was being taken to consolidate all SOPs into one working document. However, at the time of the audit, the draft consolidated SOP was awaiting the review of the Chief of Mission Support (CMS).

Recommendation 2

(2) The MINUSTAH Office of Mission Support should expedite the promulgation of standard operating procedures to further enhance the control over fuel operations in the Mission.

16. *The MINUSTAH Administration accepted recommendation 2 and stated that SOPs for fuel management were approved by the Head of Mission on 18 February 2009, and have been issued to the respective sections and units. Based on the action, recommendation 2 has been closed.*

Non-compliance with SOPs

17. According to MINUSTAH's draft SOPs, the vendor should deliver the correct amount of fuel to the location specified, and provide a certificate of conformity with each delivery. A copy of the certificate is to be forwarded to the Fuel Unit within 48 hours with the relevant invoices.

18. OIOS observed five deliveries by DINASA during the course of the audit at MINUSTAH's main fuel depot (Log Yard). For all five deliveries, the vendor did not present certificates of conformity as required. While the Fuel Unit stated that certificates were presented when the first delivery was made, the Unit only provided one certificate. Failure to provide duly approved certificates of conformity at the time of fuel delivery may result in the delivery of sub-standard fuel leading to the possibility of damaging UN fuel using assets.

Recommendation 3

(3) The MINUSTAH Office of Mission Support should ensure that each fuel delivery is supported by a certificate of conformity in accordance with the standard operating procedures on the delivery of fuel.

19. *The MINUSTAH Administration accepted recommendation 3 and stated that the certificate of conformity is issued in respect of the Contractor's bulk storage facility and this is valid for all issuances made from that fuel stock. The Mission consistently requests copies of the updated certificates but without a contract in place, the Mission is challenged in enforcing the request. This requirement has been included in the new Scope of Requirements for a long term fuel contract. Recommendation 3 remains open pending the conclusion of the long-term fuel contract, which includes a requirement for the presentation of certificates of conformity.*

Oversight of aviation fuel by the Fuel Unit

20. According to the Mission's SOPs, the loading of aviation fuel shall always be carried out under the supervision of a staff member of the Fuel Unit to ensure that the right quantity and quality of fuel is received and to obtain the quality certificate. The Fuel Unit did not attend the loading of aviation fuel, as the Chilean Aviation Unit had been designated to conduct all receiving activities in relation to aviation fuel. The Chilean Aviation Unit informed OIOS that there was the need for the Fuel Unit to supervise the loading of fuel as required by the SOP.

Recommendation 4

(4) The MINUSTAH Office of Mission Support should ensure compliance with its standard operating procedures regarding supervision of the loading of aviation fuel by the Fuel Unit.

21. *The MINUSTAH Administration accepted recommendation 4 and stated that representatives of the Fuel Unit and the Receiving & Inspection (R&I) Unit will accompany the Chilean Aviation Unit during fuel deliveries and ensure that deliveries are signed for. Based on the assurances provided by management, recommendation 4 has been closed.*

C. Monitoring of fuel distribution and consumption

Monitoring of fuel consumption and improper use of fuel consumption forms by the contingents

22. The Mission's procedures for monitoring fuel consumption were generally satisfactory. However, the planned Fuel Log system has not yet been installed. The Fuel Log system would help improve the monitoring and controlling of fuel dispensed into vehicles, and in generating, retrieving and analyzing fuel consumption reports. According to the Transport Section, although the procurement of the Fuel Log system has been initiated, the system has not been received due to delays attributed to the supplier.

23. According to the Mission's SOP # 8, contingents are required to submit reports to the Fuel Unit on daily and monthly basis. These reports and returns should contain essential management information to benchmark contractor performance, identify low stock levels and minimize the potential for fuel fraud. The contingents must ensure that reports are signed by the concerned commander, deputy commander or the logistics officer.

24. During the fuel inspection visit to the Chilean Battalion, OIOS observed that monthly reports submitted to the Fuel Unit were *not prepared according to established procedures*. The concerned logistics officers' signature had been scanned and pasted on the form. For the Uruguayan Battalion, the forms were sometimes signed in advance by the Logistics Officer while in other cases, the forms were filled in using pencil which led to unclear markings. Such practices present the risk of unauthorized persons printing and submitting fraudulent reports. The practice has been ongoing for over a year and involved consumption of approximately 1 million liters of diesel fuel valued at \$3.5 million. OIOS brought this matter to the attention of the fuel inspection team, as well as the Chilean contingent team and requested management to urgently take action. OIOS also informed the CMS about this practice, which he agreed to have stopped immediately.

Recommendation 5

(5) The MINUSTAH Office of Mission Support should ensure that contingents properly complete the relevant fuel reports by not accepting reports that do not conform to the required procedures.

25. *The MINUSTAH Administration accepted recommendation 5 and stated that the Fuel Fraud Prevention Cell is refusing to accept reports that do not meet*

the requirements. Contingents are frequently briefed on procedures during Fuel Logistics Officers Conferences and there are also one-on-one briefings of incoming rotations. Briefings are also conducted during each inspection and visits by Fuel Unit representatives to the camps of the various Contingents. At the end of their briefings, Logistics Officers confirm in writing that they understand the requirements and will follow the procedures. Based on the action taken, recommendation 5 has been closed.

D. Payments to vendors

26. OIOS reviewed invoices amounting to \$5.2 million from a population of \$9.4 million submitted by DINASA for ground vehicle fuel for 2007-2008.

Invoice overpaid

27. During the review, OIOS found an overpayment of \$59,400 (payment voucher number 7-30-05258-dated 10 May 2007) which was paid on false invoices from the supplier. OIOS understands that the falsification was done by fuel stations contracted by DINASA to provide fuel to Mission vehicles during the period from inception of the Mission to December 2006. OIOS brought this overpayment to the attention of the Finance Section and the amount was recovered from the supplier during subsequent payments. When the issue of presenting false invoices was identified by the Mission, the practice of fuelling at external fuel stations was stopped and fueling centralized at vehicle dispensing points managed by the Mission.

Delays in payment invoices

28. UN terms and conditions of payment state that payments must be made within 30 days after receipt of original documents. An analysis of the invoices sampled revealed that 40 per cent of invoices were paid after the 30 day mark. Of this sample, 15 per cent were processed after the 60 day period. When the date from delivery of fuel to the date of payment is included, the duration is much longer. In one case (voucher 7-30-06101), fuel was delivered between 19 April 2005 and 29 May 2005 but payment was made on 4 June 2006 which is more than one year later.

29. The delays in the process was generally caused by: (a) the ground fuel vendor not submitting the original documentation as per terms and conditions of payment; (b) the scrutiny necessary due to concerns by the Mission regarding the validity of invoices; and (c) the lack of timely submission of invoices. Where all supporting documentation was provided, the Mission had met the 30 days payment requirement.

Authenticity of Government of Haiti price structure

30. The ground fuel vendor, DINASA, sold fuel to the Mission based on prices established and published by the Government of Haiti (GoH). The GoH-published prices are sent to the Mission as attachments to the invoices presented for payment by DINASA. OIOS questioned the authenticity of the pricing

documents provided to the Mission as they represented photocopies and not the original publications by the Government. Moreover, while the Mission questioned the prices charged by DINASA, the vendor had not been required to submit original publications of the GoH to support of its prices. As a result, the Mission was unable to establish the reasonableness of ground fuel prices.

Recommendation 6

(6) The MINUSTAH Office of Mission Support should obtain original publications of the Government of Haiti to verify the reasonableness of the prices charged to the Mission when processing invoices.

31. *The MINUSTAH Administration accepted recommendation 6 and stated the publication is obtained from the Ministry of Economy and Finance on a regular basis. Based on the action taken, recommendation 6 has been closed.*

Ineffective monitoring of fuel requests

32. According to SOP # 2, the vendor will invoice MINUSTAH on a weekly basis for the quantities delivered. The original Aviation Fuel Request Form should be attached to the invoices. A review of 225 invoices submitted by WFS-USA for aviation fuel revealed that the original fuel request forms were not attached to the invoices in 96 per cent of the cases (216 invoices). As a result of missing fuel request forms, fuel requests were not monitored effectively to ascertain whether all requests had been delivered and if invoices were based on valid requests.

Recommendation 7

(7) The MINUSTAH Office of Mission Support should ensure that aviation fuel requests are attached to the fuel supplier's invoices and verified before payment.

33. *The MINUSTAH Administration accepted recommendation 7 and stated that presently, the Finance Section receives the vendor's invoice, a R&I report, and a certifying officer's clearance to pay before payments are made. With immediate effect copies of written fuel requests are attached to invoices certified for payment. The implementation is underway and will be completed by 31 May 2009. Based on the assurances provided by management, recommendation 7 has been closed.*

E. Staffing issues

Lack of/inadequate training of fuel assistants

34. Fuel operations are dynamic and therefore, staff must be kept abreast of new developments especially with regards to safety and environmental procedures. The Mission had not kept records reflecting training undertaken by Fuel Unit staff members. The Unit stated that only one staff member was able to

travel to Brindisi for training in 2007-2008, but there was no documentation to evidence this. The *DPKO/DFS Fuel Operations Manual* issued in July 2008 contains clear guidance on the need for educating and training fuel staff. The Fuel Unit stated that they will start documenting training provided to staff but mentioned that there was often not funds available for training. The failure to constantly train and educate staff responsible for fuel operations could result in ineffectiveness and inefficiencies in fuel management.

Recommendation 8

(8) The MINUSTAH Office of Mission Support should ensure that the Fuel Unit staff are adequately trained.

35. *The MINUSTAH Administration accepted recommendation 8 and stated that the Fuel Unit has scheduled training for its staff. Due to budgetary constraints such training was restricted during the current budget period, but will be continued in the year 2009-2010. Recommendation 8 remains open pending receipt of evidence of approval and implementation of an adequate training programme.*

F. Contingency planning

Need to revise and update the contingency plan

36. The Mission has a comprehensive contingency plan that could be activated in the event of a disaster or any other interruption of fuel supply. The contingency plan was last updated on 16 February 2008 and therefore had not been frequently reviewed and revised as needed to reflect the ever-changing nature of the Mission's fuel operations such as the impact of hurricanes in Haiti.

37. The Mission's fuel operations were badly affected by the recent hurricanes that damaged 45,000 liter fuel bladder in Gonaives causing fuel shortage in the Mission. Furthermore, during hurricanes, fuel supply routes were impassible as roads were in a bad state causing delays in fuel deliveries. According to the Fuel Unit, at one stage the only supply route to Gonaives (North-east region) was through the sea. During this time, the Mission was only able to provide one movement each to the north (Gonaives) and to the south (Les Cayes).

38. The Mission's contingency plan classified the effects of bad roads, rainy season, and hurricanes as a high probability; but the impact of these weather conditions had been classified as low. Given the lessons learned from the recent hurricane season, the Mission needs to revise its contingency plan to reflect this.

39. OIOS also found the following conditions relating to the contingency plan, which need to be addressed:

- (a) Fuel distribution should be handled using eight UN-Owned trucks, operated by locally-hired drivers. At the time of the audit, there were seven trucks in operation. One had been involved in an accident in August 2008 and was pending write off.

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- (b) Five UN-owned Jet A-1 trucks should be used to deliver aviation fuel from Port-au-Prince airport to mission aviation fuel points. However, there were four such trucks pending write off.
 - (c) The Mission's plan intends to further ensure safety of operations by providing a reserve of eight aviation fuel containerized storage tanks of capacity 18,000 liters. Tanks have been purchased and distributed, but they only have a capacity of 17, 000 liters.

Recommendation 9

(9) The MINUSTAH Office of Mission Support should review and revise its contingency plan and allocate adequate resources and facilities to ensure the effective activation of the plan in the event of disaster.

40. *The Mission Administration accepted recommendation 9 and stated that additional storage tanks had been purchased to increase its storage capacity to 30 days for Port-au-Prince and 45 days for the regions. The tanks have arrived and the Mission is preparing the sites for installation. The work had to be paused due to budgetary constraints and will be resumed upon receipt of additional funding or commencement of the next fiscal year. Recommendation 9 remains open pending full installation of storage tanks.*

G. Safety, health and environmental practices

41. According to paragraph 10.2 of the Fuel Operations Manual, staff should be enabled to analyze emergency situations, act in a disciplined manner, and apply the correct procedures with confidence. To ensure this, procedures must be established to cover all possible emergencies and training conducted so that personnel are familiar with the procedures and proficient in assigned duties. The Fuel Unit was unable to provide OIOS with the Mission's procedures on how to handle emergencies in the case of fire, explosions etc.

42. The following weaknesses in safety, health and environmental controls and practices were also noted and brought to the attention of management.

- (a) At the Log Yard, the Fuel Unit's main depot, warning signs had not been displayed, such as flammability, corrosiveness and "No Smoking" to communicate dangers around POL products;
- (b) Environmental management pertaining to POL was not adequate. Procedures had not been developed in accordance with the latest DFS policy and guidelines. Moreover, there were no evidence that the Mission had conducted daily, weekly and monthly checks on hoses, gauge pressures, and fire extinguishers. In addition, there were no formal procedures in place to detect and clean up spillage, and no records kept of any inspections conducted.

(c) Contrary to the Fuel Operations Manual, the Fuel Unit did not have a dedicated person to administer first aid treatment in the event of an accident. There is a need to appoint and train sufficient personnel in first aid to ensure adequate care can be administered if there is an accident.

Treatment of Waste Oils

43. OIOS found drums (2,200 liters) of contaminated JET-A1 fuel at MINUSTAH's Aviation Ramp where the UN airplanes and helicopters land on a daily basis. These drums, standing on the ground were not sheltered. This is a serious safety and environmental hazard which could have grave consequences for the Mission.

Recommendation 10

(10) The MINUSTAH Office of Mission Support should construct a liquid-holding container shelter at the air terminal to accommodate 200 liter size drums, currently without shelter and causing a safety and environmental hazard.

44. *The MINUSTAH Administration accepted recommendation 10 and fuel storage containers are currently under construction.* Recommendation 10 remains open pending the completion of the fuel storage containers at the air terminal area.

45. Furthermore in the Mission's Log Yard premises, there were drums with asphalte stored at the back of the yard. Some of these drums were badly damaged and their contents were spilling into the ground causing an environmental as well as health hazard. Mission management explained that no lubricants are issued unless the Military Contingents present a certificate to the effect that they have deposited their used oil with Disposal. During the audit, OIOS suggested that action be taken to address the conditions found.

V. ACKNOWLEDGEMENT

46. We wish to express our appreciation to the Management and staff of MINUSTAH for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1.	The MINUSTAH Office of Mission Support should formally communicate to DM and DFS the poor performance of the supplier Distributeurs Nationaux S.A with the view to updating their records accordingly.	Compliance	High	O	Confirmation that the Mission through DFS has informed the Procurement Division of DINASA's performance, and vendor records have been up-dated accordingly.	Ongoing
2.	The MINUSTAH Office of Mission Support should expedite the promulgation of standard operating procedures to further enhance the control over fuel operations in the Mission.	Compliance	High	C	Action taken.	Implemented
3.	The MINUSTAH Office of Mission Support should ensure that each fuel delivery is supported by a certificate of conformity in accordance with the standard operating procedures on the delivery of fuel.	Compliance	Medium	O	Conclusion of a long-term fuel contract, which includes the requirement to ensure the presentation of certificates.	Ongoing
4.	The MINUSTAH Office of Mission Support should ensure compliance with its standard operating procedures regarding supervision of the loading of aviation fuel by the Fuel Unit.	Compliance	Medium	C	Action taken.	Implemented
5.	The MINUSTAH Office of Mission Support should ensure that contingents properly complete the relevant fuel reports by not accepting reports that do not conform to the required procedures.	Compliance	Medium	C	Action taken.	Implemented
6.	The MINUSTAH Office of Mission Support should obtain original publications of the Government of Haiti to verify the reasonableness of the prices charged to the Mission when processing invoices.	Financial	Medium	C	Action taken.	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
7.	The MINUSTAH Office of Mission Support should ensure that aviation fuel requests are attached to the fuel supplier's invoices and verified before payment.	Compliance	Medium	C	Action taken.	Implemented
8.	The MINUSTAH Office of Mission Support should ensure that the Fuel Unit Staff are adequately trained.	Human Resources	Medium	O	Receipt of evidence of approval and implementation of an adequate training programme.	Ongoing
9.	The MINUSTAH Office of Mission Support should review and revise its contingency plan and allocate adequate resources and facilities to ensure the effective activation of the plan in the event of disaster.	Operational	Medium	O	Installation of storage tanks.	September 2009
10.	The MINUSTAH Office of Mission Support should construct a liquid-holding container shelter at the air terminal to accommodate 200 liter size drums, currently without shelter and causing a safety and environmental hazard.	Operational	Medium	O	Completion of the fuel storage containers at the air terminal area.	31 July 2009

1. C = closed, O = open

2. Date provided by MINUSTAH in response to recommendations.