

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Fuel management in MINURCAT

Internal controls over fuel were not adequate and effective

28 April 2010

Assignment No. AP2009/636/02

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

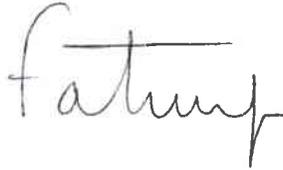
MEMORANDUM INTERIEUR

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

TO: Mr. Youssef Mahmoud, Acting Special Representative of
A: the Secretary-General,
MINURCAT

DATE: 28 April 2010

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



REFERENCE: IAD: 10- 00322

SUBJECT: **Assignment No. AP2009/636/02 – Audit of fuel management in MINURCAT**

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 8 and 12 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, 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 2, 6, 11 and 17) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Guy Siri, Director of Mission Support, MINURCAT
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Seth Adza, Chief, Audit Response Team, Department of Field Support
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS
Ms. Eleanor Burns, Chief, Peacekeeping Audit Service, OIOS

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

Audit of fuel management in MINURCAT

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

OIOS found that internal controls over fuel were inadequate as follows:

- Contrary to the provisions of the fuel contract, the Mission did not establish a Site Board to review the Contractor's installations to ensure selected sites allow for the effective and efficient delivery of fuel.
- The Mission did not have access to and control over strategic fuel reserves and did not institute a mechanism to inspect fuel stocks held by the Contractor on a regular basis. Therefore, there was a high unmitigated risk of insufficient fuel during emergencies.
- The Mission did not implement adequate measures to ensure that tax exemptions are granted to the Contractor only for fuel imported for the exclusive use of the Mission. There was thus the risk of the Contractor obtaining tax exemption using the name of the UN for fuel not intended for use by the Mission.
- The Mission did not monitor fuel consumption and take appropriate actions to address excessive consumption. The car-log system intended to monitor vehicle fuel consumption purchased in December 2008 at about \$450,000 was not operational at the time of the audit. Additionally, the consumption patterns for generators and other equipment were not regularly analyzed. Therefore, there was a high unmitigated risk of abuse not being detected and prevented in a timely manner.
- The Mission did not address all environmental footprint issues contrary to the policy on fuel management. Cases of oil leakages near community wells remained unattended to for a long time. This posed a risk to the image and reputation of the UN.

OIOS made a number of recommendations to address the issues identified during the audit and to strengthen internal controls in 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 Mission in the Central African Republic and Chad (MINURCAT). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. From September 2007 to 30 April 2009, the European Force (EUFOR) provided fuel to the Mission in accordance with a Technical Agreement. From May 2009, the Mission's fuel requirements were met through a turnkey contract.
3. The contract with the Contractor is for a Not-To-Exceed (NTE) amount of \$82 million for a period of one year with a provision to extension for an additional one year. The Contractor is responsible to manage the complete fuel supply chain including the import of fuel; the distribution and dispensing of fuel to vehicles, generators, aircrafts, contingents and other end users; the establishment of fuel distribution points, bulk fuel storage facilities, local reserve and operating stocks, and the Strategic Mission Reserve (SFR) which is equivalent to 30 days of supply.
4. The Fuel Unit in the Mission monitors the services provided by the Contractor by overseeing the consumption patterns of the fuel consuming assets. The Fuel Unit reports to the Chief of Supply and is staffed by a Chief, three professional staff, two UN Volunteers and two national staff. The Contract Management Section is responsible for vetting the invoices submitted by the Contractor as well as other administrative activities.
5. Comments made by MINURCAT are shown in *italics*.

II. AUDIT OBJECTIVES

6. The main objective of the audit was to assess the adequacy and effectiveness of internal controls over fuel management in the Mission.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered the period from 1 May 2009 to 30 September 2009 and involved the following: (a) reviewing relevant documents (b) interviewing responsible personnel, and (c) conducting site visits to review distribution points.
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IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Guidelines on fuel management

Fuel management standard operating procedures were not finalized

8. The Department of Field Support (DFS) Guidelines on Fuel Management (the Guidelines) require the Mission to develop and maintain mission-specific standard operating procedures (SOPs) for fuel management. The audit noted that the SOPs were not finalized, hence the Fuel Unit was carrying out its functions using draft SOPs. This may affect the efficient and effective implementation of fuel management as staff may lack clarity on their roles and responsibilities.

Recommendation 1

(1) The MINURCAT Office of Mission Support should finalize the standard operating procedures for fuel management to ensure that all roles and responsibilities are communicated to the different stakeholders.

9. *The MINURCAT Office of Mission Support accepted recommendation 1 and stated that the SOPs will be finalized by 30 April 2010.* Recommendation 1 remains open pending receipt of a copy of the final approved SOPs.

The Mission did not develop a contingency plan

10. The Guidelines require that a contingency plan for fuel be put in place, identifying possible sources of risks and measures to mitigate these risks as well as petrol, oil and lubricants (POL) reserve levels. The plan should be authorized and communicated to all users. MINURCAT does not have a contingency plan for supply and management of POL products. This exposes the Mission to the risk of interrupted operations should there be an unforeseen shortage of fuel.

Recommendation 2

(2) The MINURCAT Office of Mission Support should expedite the development of a comprehensive and appropriate contingency plan for fuel management in the Mission.

11. *The MINURCAT Office of Mission Support accepted recommendation 2 and stated that the relevant sections of the Mission are brainstorming on the development of a fuel contingency plan which is difficult to figure out because Chad is a landlocked country with one fuel supply point and neighboring countries have restrictions on exporting fuel.* Recommendation 2 remains open pending receipt of a copy of the contingency plan for the supply and management of POL products.

Oversight and Quality Assurance Plan has not been developed

12. Contrary to the Guidelines, the Mission has not developed an Oversight and Quality Assurance Plan (QAP). As a result, relevant quality and safety precautions are not being taken for the supply and management of fuel. Moreover, the Mission did not carry out independent checks of the quality of ground fuel supplied by the Contractor. The Mission relies on routine inspections reportedly conducted by the Contractor which were not documented and which do not fulfill the requirement for independent checks. OIOS notes that quality checks of Jet A-1 are conducted by the crew prior to each refueling.

Recommendation 3

(3) The MINURCAT Office of Mission Support should expedite the development and implementation of a Quality Assurance Plan in compliance with DFS' Guidelines on Fuel Management.

13. *The MINURCAT Office of Mission Support accepted recommendation 3 and stated that the International Air Transport Association (IATA) based Quality Assurance Surveillance Plan (QASP) has been implemented since January 2010. Recommendation 3 remains open pending receipt of evidence regarding the implementation of QAP for ground fuel.*

Inadequate training provided to Fuel Unit staff

14. The Guidelines require all UN staff whose primary or secondary duties are associated with POL to obtain adequate training to ensure safe and cost effective management, distribution, handling, use, and disposal of POL products, in accordance with the UN policy. The audit noted that the staff in the Fuel Unit had not undergone the required training. The insufficient staffing coupled with inadequate training of staff may affect the Mission's responsibility of oversight under the turnkey contract.

Recommendation 4

(4) The MINURCAT Office of Mission Support should ensure that the staff of the Fuel Unit is provided with adequate training on the fuel management.

15. *The MINURCAT Office of Mission Support accepted recommendation 4 and stated that a formal fuel training is scheduled for June 2010. Recommendation 4 remains open pending confirmation that staff dealing with fuel management have been adequately trained.*

B. Contract management

The Mission did not establish the mandatory Site Board

16. The Statement of Work requires that the Mission should set up a mandatory Site Board to review the Contractor's installations to ensure compliance with appropriate UN standards. The Mission did not establish a Site Board to assess the appropriateness of the fuel sites. As a result, none of the Contractor's installations were approved prior to their establishment resulting in the risk of use of inappropriate sites by the Contractor that may impede the effective and efficient delivery of fuel.

Recommendation 5

(5) The MINURCAT Office of Mission Support should establish a Site Board and assess the appropriateness of existing fuel sites.

17. *The MINURCAT Office of Mission Support accepted recommendation 5 and stated that the Site Board, with the support of the Mission's technical staff, will review the fuel sites for approval by 30 April 2010. The Site Board did not review the existing sites because, at the inception of the contract, the technical staff was not available due to many demands of the Mission. Recommendation 5 remains open pending receipt of the evidence on review and approval of fuel sites by the Site Board.*

The UN was not adequately insured against some risks identified in the contract

18. The contract requires that the Contractor should provide insurance cover to mitigate UN exposure to the risks arising from the implementation of the contract. The audit noted that the insurance cover did not exist for claims arising from services. Furthermore, insurance cover for UN owned-equipment expired prior to the end of the contract. Without a comprehensive insurance coverage, the Mission is exposed to operational risks in the implementation of the Contract.

Recommendation 6

(6) The MINURCAT Office of Mission Support should ensure that the Contractor provides comprehensive insurance coverage in compliance with the Contract.

19. *The MINURCAT Office of Mission Support accepted recommendation 6 and stated that the Contractor has provided a comprehensive insurance coverage for the period from 29 April 2009 to 28 April 2010. OIOS verified that insurance coverage was put in place for this period. Recommendation 6 remains open pending confirmation that the new fuel services contract to be entered into in May 2010 has adequate insurance coverage.*

Recommendations of the independent engineer not implemented

20. The contract requires that the Contractor's establishments are certified by an independent engineer prior to completion of mobilization. An independent engineer was contracted to carry out an inspection of fuel sites and to make recommendations for improving the Contractor's installations. The recommendations made included: onsite calibrations, fencing off fuel depots and installation of fire fighting material. The Mission did not provide evidence that the engineer's recommendations had been implemented. Failure to implement these recommendations may expose the Mission to safety and security risks.

Recommendation 7

(7) The MINURCAT Office of Mission Support should ensure the implementation of the recommendations from the independent engineer at the earliest possible opportunity.

21. *The MINURCAT Office of Mission Support accepted recommendation 7 and stated that the Contract Management Section and the Fuel Unit will require the Contractor to implement the independent engineers' recommendations by 30 April 2010. Recommendation 7 remains open pending receipt of evidence that the Contractor has fully implemented the recommendations of the independent engineers.*

Formal evaluation of the Contractor's performance was not carried out

22. The contract requires the Mission to continuously assess the Contractor's performance. As part of the evaluation, the Mission is required to hold and minute performance meetings with the Contractor on a monthly basis. The Contractor is also required to prepare and deliver performance reports to the Mission on a quarterly basis. OIOS noted that the Mission did not assess the Contractor's performance and, as at 30 October 2009, the Contractor had not provided any performance reports to the Mission.

Recommendation 8

(8) The MINURCAT Office of Mission Support should perform quarterly performance reviews and request the Contractor to provide the required monthly performance reports.

23. *The MINURCAT Office of Mission Support accepted recommendation 8 and stated that since December 2009, the Mission reviews the performance of the Contractor quarterly. Based on the action taken, recommendation 8 has been closed.*

C. Fuel stock levels

Access to and control over the SFR

24. The contract stipulates that ownership of the SFR shall pass to the UN immediately upon the Contractor obtaining possession of the fuel within the Republic of Chad and Central Africa Republic.

25. The audit noted that the ownership documents of the SFR were not transferred to the Mission. In addition, the SFR is commingled with diesel owned by another major customer of the Contractor without any specific procedures to grant full and ready access by the Mission.

Recommendation 9

(9) The MINURCAT Office of Mission Support should obtain full control over strategic fuel reserves kept at all sectors.

26. *The MINURCAT Office of Mission Support accepted recommendation 9 and stated that under the new MINURCAT fuel services contract which will be implemented in May 2010, there is a provision that SFRs will not be commingled with any other fuel. The Mission will ensure adequate controls are in place to separate MINURCAT fuel with others.* Recommendation 9 remains open pending verification that adequate controls have been established over the storage of SFRs by the Contractor, as well as transfer of the ownership of SFRs to the Mission.

Inspections of strategic fuel reserves were not carried out

27. The contract provides that 30 days supply of diesel and Jet A-1 should be established as SFR and stored separately for the exclusive use of the Mission. Moreover, the Mission should regularly inspect the SFR and the storage conditions.

28. The Mission did not put in place appropriate mechanisms to regularly inspect the quantity of MINURCAT SFR stored at the premises of two petroleum companies on behalf of the Contractor. As at 30 September 2009, it was reported that these companies held MINURCAT fuel stocks comprising 225,000 liters of Jet A-1 and 165,000 of diesel. There was no evidence that these amounts had been verified by the Mission, and moreover, there was no evidence showing that the SFR are rotated every 90 days as required per the contract.

Recommendation 10

(10) The MINURCAT Office of Mission Support should implement appropriate mechanisms for the independent verification of strategic fuel reserves held by the Contractor.

29. *The MINURCAT Office of Mission Support accepted recommendation 10 and stated that the Fuel Unit checks SFRs when they are installed and since December 2009, the Unit conducts a weekly verification of them. Furthermore, under the new MINURCAT fuel services contract which will be implemented in May 2010, SFRs should not be commingled with any other fuel, but maintained separately. The Mission will require the Contractor to enforce this requirement which will improve the weekly verification performed by the Fuel Unit. Recommendation 10 remains open pending confirmation of the establishment of a separate storage for SFRs by the Contractor.*

Quantity of reserve stocks not reviewed on a regular basis

30. The Mission’s fuel consumption increased during the months of October and November 2009 due to deployment of more contingents and installation of generators at completed camps. However, the Mission did not revise the SFR based on the increased consumption resulting in a shortfall of 321,708 liters of Jet A-1 and 134,705 liters of diesel. Without the adequate SFR, the Mission’s operations may be impeded in the event of a crisis.

Recommendation 11

(11) The MINURCAT Office of Mission Support should regularly review Strategic Fuel Reserve based on consumption patterns and take appropriate action.

31. *The MINURCAT Office of Mission Support accepted recommendation 11 and stated that the new MINURCAT fuel services contract which will be implemented by May 2010 requires the review of the SFRs on the basis of the actual fuel consumed by the Mission. Recommendation 11 remains open pending receipt of evidence on the effective alignment of the SFRs’ levels with the actual fuel consumption of the Mission.*

Fuel stocks levels were not verified

32. The Contractor is required to maintain local stock of fuel for use in the event of any unforeseen fuel shortage. The vendor reports stock levels to the Mission on a daily basis, but the Mission did not perform routine checks to verify the accuracy and existence of the stock reported. Table 1 below shows variances between fuel stock reported by the Contractor and actual stocks based on OIOS physical verification on the 16 October 2009.

Table 1: Variances related to the stocks of fuel

Reference	Actual Stock based on physical verification (Liters)	Stock as per daily report (Liters)	Variance (Liters)
Jet A1-Operational	255,900	313,427	(57,527)
Jet A1-SFR	539,405	500,000	39,405
Diesel - Operational	282,600	312,832	(30,232)
Diesel - SFR	414,495	400,000	14,495

Recommendation 12

(12) The MINURCAT Office of Mission Support should regularly conduct physical verification of fuel stock levels to ensure accuracy and completeness of stock levels reported by the Contractor.

33. *The MINURCAT Office of Mission Support accepted recommendation 12 and stated that since February 2010, the Mission has implemented monthly site inspections at the Contractor including the verification of the Contractor owned stocks at all location. Based on the action taken, recommendation 12 has been closed.*

Tax exemptions

34. The Contractor is required to claim tax exemption on POL imported for the exclusive use of the Mission. There was however no mechanism in place to ensure that exemption is granted only for fuel imported for the exclusive use of the Mission. A reconciliation of fuel imported by the Contractor and fuel supplied to the Mission showed variances (table 2 below), which were not explained, and may be an indication that some fuel imported by the Contractor were not for the exclusive use of the Mission.

Table 2: Analysis of fuel imported by the Contractor as at 30 September 2009

Reference	Diesel (in Liters)	Jet A-1(in Liters)
Quantity handed over to the Contractor by MINURCAT	37,350	16,728
Fuel Imported from June to September 2009	4,348,756	4,444,984
Fuel consumed from June to September 2009 and invoiced to MINURCAT	(2,773,551)	(3,893,407)
Stocks as at 30 September 2009	1,612,555	568,305
Stocks as at 30 September 2009 per the Contractor's records	(2,133,669)	(2,264,740)
Variance	(521,114)	(1,696,435)

Recommendation 13

(13) The MINURCAT Office of Mission Support should regularly reconcile fuel imported with fuel issued and stocks held by the Contractor to ensure that all imports exempted from tax are for exclusive use of the United Nations.

35. *The MINURCAT Office of Mission Support accepted recommendation 13 and stated that it has requested the Contractor and its sub-contractors to provide documentary evidence of all fuel deliveries to enable the Fuel Unit to perform the appropriate reconciliation. Recommendation 13 remains open pending receipt*

of evidence on the periodic reconciliation of fuel imported with fuel issued for the exclusive use of the Mission.

D. Consumption monitoring

Procedures to monitor the consumption of fuel were inadequate

36. The Contractor dispenses fuel to UN equipment, UN subcontractor equipment, Détachement Intégré de Sécurité (DIS) and contingent equipment. This equipment includes vehicles, aircrafts and generators. The Mission is required to monitor fuel consumption, determine the causes of any excessive consumption and take appropriate action.

37. There were no formal and consistent procedures for assessing fuel consumption of the Mission's equipment. The Mission explained that the car-log system acquired in December 2008 at the cost of \$450,000 was not yet fully implemented to allow the analysis of the vehicles' fuel consumption.

38. OIOS' analysis of generator diesel consumption for the months of September and October 2009 indicated that total generator consumption exceeded the expected consumption by 47,546 liters, whereas aircraft Jet A-1 consumption for the month of August 2009 exceeded expected consumption by 40,794 liters. These variances, which were not explained by the Mission, could have resulted from inappropriate use of fuel. The Fuel Unit could not provide OIOS with the Mission's fuel consumption reports for the months January 2009 to May 2009 therefore limiting OIOS ability to verify fuel consumption for that period.

Recommendations 14 and 15

The MINURCAT Office of Mission Support should:

(14) Establish and implement appropriate mechanisms for the monitoring and reporting of fuel consumption by each fuel consuming entity; and

(15) Require the Fuel Unit to analyze fuel consumption, identify causes of variance and recommend appropriate action to be taken by the Office of Mission Support.

39. *The MINURCAT Office of Mission Support accepted recommendation 14 and stated that an instruction will be issued to end users on the monitoring of fuel consumption by 30 April 2010. The instructions will be based on the Guidelines which state that end users should provide the Fuel Unit with detailed consumption data for analysis. Recommendation 14 remains open pending receipt of instructions to end users regarding the monitoring of fuel consumption.*

40. *The MINURCAT Office of Mission Support accepted recommendation 15 and stated that an instruction will be issued to end users requiring them to provide the Fuel Unit with detailed fuel consumption data for analysis. Any*

abnormal fuel consumption patterns reported by the end users will be investigated. Recommendation 15 remains open pending receipt of evidence on the analyses of fuel consumption to identify causes of variances and recommend appropriate action.

E. Invoice processing

No separate and independent records of fuel dispensed was available

41. In order to verify the accuracy of invoices submitted, the Mission needs to maintain accurate records of fuel dispensed by the Contractor to authorized UN equipment. The Contractor retains fuel receipts signed by the Mission users and submits them with corresponding invoices for payment.

42. The Mission did not maintain separate and independent records of fuel dispensed by the Contractor. Moreover, the Contractor did not provide the Fuel Unit with copies of signed fuel receipts regularly as required by the terms of the contract. In the event that the records maintained by the Contractor are altered, the Mission has no independent records against which to compare for accuracy.

Recommendation 16

(16) The MINURCAT Office of Mission Support should require the Contractor to provide the Fuel Unit with records of fuel dispensed by the Contractor on a regular basis.

43. *The MINURCAT Office of Mission Support accepted recommendation 16 and stated that all fuel transactions are reported to the user units. These units check the accuracy of the fuel issued.* Recommendation 16 remains open pending the receipt of evidence that the Contractor provides the Fuel Unit with records of fuel dispensed on a regular basis.

Supplies to the Détachement Intégré de Sécurité (DIS)

44. Fuel costs incurred by the DIS are supposed to be recovered from the DIS Trust Fund. However, the recovery was not well monitored. OIOS noted that the recovery was underestimated by \$45,000 and over 36,000 liters of fuel were issued in bulk to various Mission sectors without indication regarding the fuel provided to DIS.

Recommendation 17

(17) The MINURCAT Office of Mission Support should recover \$45,000 from the Trust Fund of Détachement Intégré de Sécurité (DIS) and put in place a proper system to monitor the fuel provided to DIS to ensure it is recovered from the Trust Fund.

45. *The MINURCAT Office of Mission Support accepted recommendation 17 and stated that since September 2008, the Fuel Unit has submitted to the Finance Section cost recovery for all fuel issued to DIS. However, a review of fuel issued to DIS in accordance with the terms of references of the Trust Fuel for DIS will be completed by 31 May 2010 and any further recovery will be initiated. Recommendation 17 remains open pending receipt of evidence of the review and recovery of all the fuel issued to DIS.*

Early payment discounts were not utilized

46. The Mission did not use the offer of 0.3 per cent discount on the invoices paid within 20 calendar days. OIOS estimates that the Mission did not take advantage of discounts estimated at \$72,864 as follows:

(a) Invoices amounting to \$8,032,133 were paid early and qualified for an early payment discount of \$24,096. However, the Mission has not claimed this discount; and

(b) Invoices amounting to \$16,255,840 were paid late. Therefore, the Mission could not avail itself of the relevant discount estimated at \$48,768.

Recommendation 18

(18) The MINURCAT Office of Mission Support should recover \$24,096 from the Contractor for discounts that should have been received for early payment of invoices, and ensure for the future that invoices are paid in timely manner in order to qualify for a discount.

47. *The MINURCAT Office of Mission Support accepted recommendation 18 and stated that the Contract Management Section is reviewing all payments prior to September 2009 and any applicable payment discount will be retrospectively claimed from future payments to the Contractor. Recommendation 18 remains open pending receipt of evidence on the recovery of discounts on payments made prior to September 2009 and thereafter.*

F. Environmental practices

Environmental footprint issues not properly addressed.

48. The Mission did not address all environmental footprint issues contrary to the requirements of the contract. Cases of oil leakages near community wells were noted but remained unattended to for a long time. This exposes the UN to reputational risks. On some occasions, the Contractor raised issues with the Mission on this matter.

Recommendation 19

(19) The MINURCAT Office of Mission Support should address all environmental issues in compliance with the DFS Guidelines on Fuel Management.

49. *The MINURCAT Office of Mission Support accepted recommendation 19 and stated that environment issues will be monitored by the Engineering Section. Recommendation 19 remains open pending confirmation that environmental issues relating to fuel are being properly monitored.*

V. ACKNOWLEDGEMENT

50. We wish to express our appreciation to the Management and staff of MINURCAT 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 MINURCAT Office of Mission Support should finalize the standard operating procedures to ensure that all roles and responsibilities are communicated to the different stakeholders.	Operational	Moderate	O	Evidence that the SOPs on fuel management have been properly promulgated.	30 April 2010
2	The MINURCAT Office of Mission Support should expedite the development of a comprehensive and appropriate contingency plan for fuel management in the Mission.	Governance	High	O	Evidence on the development of a comprehensive contingency plan for fuel management.	Not provided
3	The MINURCAT Office of Mission Support should expedite the development and implementation of a Quality Assurance Plan in compliance with the DFS' Guidelines on Fuel Management.	Operational	Moderate	O	Evidence regarding the implementation of QAP for ground fuel.	January 2010
4	The MINURCAT Office of Mission Support should ensure that the staff of the Fuel Unit are provided with adequate training on the fuel management.	Human Resources	Moderate	O	Confirmation that staff members dealing with fuel management have been adequately trained.	June 2010
5	The MINURCAT Office of Mission Support should establish a Site Board and assess the appropriateness of existing fuel sites.	Operational	Moderate	O	Evidence on review and approval of fuel sites by the Site Board.	30 April 2010
6	The MINURCAT Office of Mission Support should ensure that the Contractor provides comprehensive insurance coverage in compliance with the Contract.	Operational	High	O	Confirmation that the new fuel services contract to be entered into in May 2010 has adequate insurance coverage.	May 2010
7	The MINURCAT Office of Mission Support should ensure the implementation of the recommendations from the independent engineer at the earliest possible opportunity.	Operational	Moderate	O	Evidence that the Contractor has fully implemented the recommendations of the independent engineers.	30 April 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
8	The MINURCAT Office of Mission Support should perform quarterly performance reviews and request the Contractor to provide the required monthly performance reports.	Operational	Moderate	C	Action taken.	Implemented
9	The MINURCAT Office of Mission Support should obtain full control over strategic fuel reserves kept at all sectors.	Operational	Moderate	O	Evidence on the establishment of a separate storage for SFRs by the Contractor and the transfer of the ownership of SFRs to the Mission.	May 2010
10	The MINURCAT Office of Mission Support should implement appropriate mechanisms for the independent verification of strategic fuel reserves held by the Contractor.	Operational	Moderate	O	Evidence on the establishment of a separate storage for SFRs by the Contractor.	May 2010
11	The MINURCAT Office of Mission Support should regularly review the Strategic Fuel Reserve based on consumption patterns and take appropriate action.	Operational	High	O	Evidence on the effective alignment of the SFRs' levels with the actual fuel consumption of the Mission.	May 2010
12	The MINURCAT Office of Mission Support should regularly conduct physical verification of fuel stock levels to ensure accuracy and completeness of stock levels reported by the Contractor.	Operational	Moderate	C	Action taken.	Implemented
13	The MINURCAT Office of Mission Support should regularly reconcile fuel imported with fuel issued and stocks held by the Contractor to ensure that all imports exempted from tax are for exclusive use of the United Nations.	Operational	Moderate	O	Evidence on the periodic reconciliation fuel imported with fuel issued for the exclusive use of the Mission.	Not provided
14	The MINURCAT Office of Mission Support should establish and implement appropriate mechanisms for the monitoring and reporting of fuel consumption by each fuel consuming entity.	Operational	Moderate	O	Receipt of instructions to end users regarding the monitoring of the Mission fuel consumption.	30 April 2010
15	The MINURCAT Office of Mission	Operational	Moderate	O	Evidence on the analyses of fuel	30 April 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	Support should require the Fuel Unit to analyze fuel consumption, identify causes of variances and recommend appropriate action to be taken by the Office of Mission Support.				consumption to identify causes of variance and recommend appropriate action.	
16	The MINURCAT Office of Mission Support should require the Contractor to provide the Fuel Unit with records of fuel dispensed by the Contractor on a regular basis.	Financial	Moderate	O	Evidence that the Contractor provides the Fuel Unit with records of fuel dispensed on a regular basis.	Not provided
17	The MINURCAT Office of Mission Support should recover \$45,000 from the Trust Fund of Détachement Intégré de Sécurité (DIS) and put in place a proper system to monitor the fuel provided to DIS to ensure it is recovered from the Trust Fund.	Financial	High	O	Evidence of the review and recovery of all the fuel issued to DIS.	31 May 2010
18	The MINURCAT Office of Mission Support should recover \$24,096 from the Contractor for discounts that should have been received for early payment of invoices, and ensure for the future that invoices are paid in timely manner in order to qualify for a discount.	Financial	Moderate	O	Evidence on the recovery of discounts on payments made prior to September 2009 and thereafter.	Not provided
19	The MINURCAT Office of Mission Support should address all environmental issues in compliance with DFS guidelines on fuel management.	Financial	Moderate	O	Evidence of the monitoring of environmental issues by the Mission.	Not provided

1. C = closed, O = open

2. Date provided by MINURCAT in response to recommendations.

