



**RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS**

**Annex I**





**Assignment No. AP2011/670/02 – Audit of food rations and fuel management in UNDOF**


<b>Para. no.</b>	<b>Recommendation</b>	<b>Risk category</b>	<b>Risk rating</b>	<b>Accepted (Yes/No)</b>	<b>Implementation date</b>	<b>Client Comments</b>
13	The UNDOF Office of Mission Support should ensure that responsibilities for monitoring, analyzing and reconciling fuel consumption are clarified in the Standard Operating Procedures and that the results of such exercises are used when estimating reorder levels and for other management decision.	Operational	Medium	Yes	Fully implemented.	The auditors will recall that a Standard Operating Procedure (SOP) for “Fuel Management” was being developed by the Supply Section of the Mission at the time of the audit. The particular SOP is now in <i>Draft</i> and is expected to be issued by 30 June 2011 subject to cross-referencing and validation of content with other pertinent and relevant SOP’s e.g. “Vehicle Operations and Maintenance,” “Power Generation” and Engineering Plant Operations and Maintenance.” Meanwhile, noting the findings and recommendations of the audit, the Mission has already implemented the specific aspects of the SOP (Fuel Monitoring) which guides the process of monitoring, analyzing and reconciliation of fuel consumption. In this connection, two reports have been developed (which draws information from Fuel Log) and relevant data is further analyzed by Transport and Engineering Sections. The information is compared against Car Log data and equipment performance characteristics in order to validate quantities consumed and stock holdings against quantities delivered. These Reports provide for reconciliation of fuel consumption against manufacturers expected performance characteristics for all vehicles and equipment. There is thus complete visibility and control over the delivery, consumption and reorder cycle. The responsibility for analyzing and reconciling fuel consumption is a joint responsibility of Supply Section and Transport Section, and Supply Section and Engineering Section.


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						<p>Responsibilities are clearly defined in the SOP, reports are generated on a monthly basis or on an as required basis, and the resulting analysis will most certainly inform decisions concerning reorder levels and for other management decisions. A copy of the relevant extract of the SOP, and the relevant Report(s) are attached as Annex: A and B for information and reference. In consideration of the measures taken by management, and in light of the detailed responses provided to the BOA previously concerning the management of fuel consumption (Ref: BOA/UNDOF/2008/051, 2008/053, 2009/046, 2010/036, 2010/041, 2010/043, and 2010/048) the Mission is confident that the recommendation has been fully implemented. The Mission therefore requests that the observation/recommendation be closed.</p> <p>Annex A: Extract of Para F: Fuel Monitoring from new draft SOP.</p> <p> Annex A.pdf</p> <p>Annex: B: Fuel Consumption Reports.</p> <p> Annex B.pdf</p>
15	The UNDOF Office of Mission Support should review and address safety concerns of military personnel working in Position 27 of the Mission.	Strategy	High	No	No action required.	Whilst the Mission acknowledges with gratitude the expressed concerns of the auditors for the safety and well-being of personnel stationed at UN Position 27 regarding "safety distances of fuel installations and residential and office



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						<p>buildings” as defined at paragraph 5.3.2. of the Fuel Manual; the Mission does not agree with the recommendation in this instance for the following reasons: (1) The recommended safety distances as prescribed in paragraph 5.3.2. of the Fuel Manual are provided as guidance only; (2) Such guidelines cannot be applied unilaterally without due consideration for circumstance e.g. size of facility and the ability to conform with the guideline; (3) The type of fuel being handled at Position 27 is Diesel, which is not a flammable liquid; (4) Diesel is difficult to ignite intentionally and almost impossible to ignite by accident, and (5) there are no specific legal requirements on how to store diesel or the quantity allowed either in workplaces or domestic premises. It is not, from a health and safety point of view, a particularly hazardous substance within the meaning of the Dangerous Substances and Explosive Atmospheres Regulations (DSEAR) 2002 - its vapour flash point is too high. This means that its vapour will not ignite at normal room temperatures.</p> <p>Notwithstanding, while diesel is not a particularly dangerous substance from a health and safety point of view, it is an environmental hazard, with considerable clean-up costs if it should leak into a drain, watercourse or the soil and in this regard the two fuel tanks at Position 27 are equipped with spill prevention, spill containment and countermeasures in conformance with Environmental Protection Agency (EPA) and Occupational Safety and Health Administration (OSHA) standards. There are as such, no safety concerns with regard to the</p>

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						fuel installations at Position 27 and therefore no concerns with regard to the health, safety and well-being of personnel stationed at the Position. The Mission requests that the specific observation/recommendation be withdrawn.
17	The UNDOF Office of Mission Support should conduct periodic inventory of fuel stock and maintain the related records of the exercise.	Compliance	Medium	Yes	On-going to be completed by 30 June 2011.	<p>The Mission notes with appreciation the recommendation and confirms that steps have been taken toward enabling all Positions to monitor and report on fuel holdings. As explained to the auditors during their visit several fuel tanks are located inside concrete enclosures, preventing the traditional use of dip-sticks for stock monitoring and reporting. As indicated, other methods such as calibration of the tanks has been considered, and in this connection the Mission Engineering Section has started to fit visible indicators and a calibrated scale to the side of all tanks. Once completed, these indicators will enable the Commander at each position to accurately report fuel stock holdings. It is expected that this work will be completed by 30 June 2011. Meanwhile, the Mission confirms that there is a system in place to monitor and report on the stock level of Fuel.</p> <p>The Fuel Unit of Supply Section receives daily and weekly stock balance reports from the six fuel stations within the Mission as well as monthly reports for all positions from respective Battalion Logistics Officers. The anomalies that were previously being observed at the Positions will have been overcome once the task of installing indicators and calibrated scales is completed. Copies of fuel holding reports are</p>


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						<p>attached at Annex C (Daily Report from CZ), D (Weekly report from CZ), E (Monthly Report from CZ), F (Monthly Report from Ausbatt – all positions) and G (Monthly Consolidated Report of UNDOF) for information and reference. The Mission understands that this recommendation shall remain open pending completion of installation of visible indicators and calibrated scales on all tanks, which will be confirmed in due course.</p> <p>Annex C: Daily Sitrep Report POL    Annex C.pdf</p> <p>Annex D: Weekly POL Report CZ    Annex D.pdf</p> <p>Annex E: Monthly POL report CZ    Annex E.pdf</p> <p>Annex F: Monthly POL Report AUSBAT    Annex F.pdf</p> <p>Annex G: Monthly consolidated POL report UNDOF</p>



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						 Annex G.pdf
22	The UNDOF Office of Mission Support should provide templates to contingent for the preparation of requisitions and issue clear instructions on inventory controls to the contingents in order to comply with the requirements in the Ration Manual.	Compliance	Medium	Yes	Fully Implemented.	<p>Whereas the Mission agrees with the thrust of the observation/recommendation it wishes to note that the Rations Manual is in Draft since 2004 and that the guidance therein (specifically the limitations of the Ceiling Man Day Rate) is soon to become redundant with the introduction of a Menu Based Ration System, which considers calorific and monetary values in determining entitlements. Although the existing manual contains valuable and insightful guidance that is useful in most instances it must be recognized that such guidance cannot be applied unilaterally in all Missions, and that practical considerations must be applied in order to ensure adequate and appropriate provisioning, and correct and prudent management of ration contracts. Of note, and of necessity, Mission operational requirements dictate the level of reserve holdings in any Mission and in UNDOF a policy of maintaining a 30 day reserve of dry and frozen rations, and a 15 day reserve of CRP's is followed due to the complexity of the operational environment, which requires delivery of rations on both sides of the Area of Separation (AOS) under different contractual arrangements and the corresponding movement of goods across the AOS from one side to another to fulfill mission requirements. Contrary to the expressed opinion, the Mission is not struggling with excess ration stocks.</p> <p>With regard to the specific recommendation,</p>


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						<p>the Mission confirms that a procedure for the preparation of Requisitions is clearly defined in Logistic Directive(s) 501 and 501/A which are still extant. Copies of these instructions are provided at Annex H and Annex I. The Mission also wishes to note that Contingents are fully briefed and trained by the Rations Unit on the use of these procedures at the time of deployment.</p> <p>With regard to inventory controls, the Mission acknowledges the shortfall in inventory management identified by the audit team and the Rations Unit of Supply Section has since implemented a procedure to monitor, control and account for stock holdings. The Mission has developed and implemented a “Stock Balance Report” which is completed by Position and submitted on a weekly basis by the Contingent food officer(s). The individual and consolidated report(s) are used to review requisitions, for purposes of monitoring inventory holdings and in order to ensure that rations are consumed prior to expiry. A copy of a completed report is attached at Annex J.</p> <p>In light of the aforementioned the Mission is of the opinion that the recommendation has been fully implemented and it therefore requests that the recommendation be closed.</p> <p>Annex H: LOG Directive 501</p> <p> Annex H.pdf</p>

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						<p>Annex I: LOG Directive 501 A</p>  <p>Annex I.pdf</p> <p>Annex J: Ration Stock Balance Report</p>  <p>Annex J- Consolidated.pdf</p>
23	The UNDOF Office of Mission Support should ensure that the Rations Unit periodically reviews the weekly stock balance reports, conducts regular and unannounced physical inventory of rations and reconcile the balances and/or requisitions of the contingents to the results of their physical counts.	Operational	Medium	Yes	Fully implemented.	<p>As indicated in our response to recommendation 22 above the Mission has developed and implemented a Stock Balance Report to control the ration inventory down to position level. Receipt of these reports has enabled the Rations Unit to schedule physical inventory checks and these inspections are being coordinated to coincide with the Force Hygiene Officer's monthly inspections. Please refer to the attached inspection schedule (Annex: K). Unannounced physical inventory checks will also be performed from time to time as recommended.</p> <p>Considering that the Rations Unit is now reviewing inventory holdings on a weekly basis and bearing in mind the scheduled inspections the Mission is of the view that the recommendation has been fully implemented and it therefore requests that the recommendation be closed.</p> <p>Annex K: Schedule of Ration deliveries</p>








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						 Annex K.pdf
27	The UNDOF Office of Mission Support should ensure that contingents are familiar and comply with the requirement for the consumption of composite ration packs (CRPs) and storing of adequate quantities of CRPs in emergency shelters.	Operational	Medium	Yes	Fully implemented.	<p>All contingents have been informed of the requirement to consume CRP's to ensure currency of CRP's and the prevention of waste (See Annex: L). On the basis of expiry dates the consumption of CRP's will commence in July of 2011. A consumption schedule is attached at Annex: L for information and reference. Of note, all expiring stocks will be consumed in conformance with this schedule thereby avoiding waste, and new CRP's stocks will be issued to replenish the strategic reserve. Appropriate adjustments will be reflected on rations requisitions in conjunction with the consumption of CRP's thereby ensuring that entitlements are not exceeded.</p> <p>With regard to the recommendation concerning the quantities of CRP's in emergency shelters, the Mission wishes to inform that the stock holdings for each shelter has been reviewed and now reflects a quantity of CRP's according to the number of personnel assigned to the shelter. Please see Annex: M.</p> <p>Considering that the Contingents have been informed of the need for consumption of CRP's and the implementation of a consumption schedule as well as the revision of quantities of CRP's stored in emergency shelters the Mission is of the view that the recommendation has been fully implemented and it therefore requests that</p>

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						<p>the recommendation be closed.</p> <p>Annex L: CRP consumption schedule and approval</p>  <p>Annex L.pdf</p> <p>Annex M: Shelter list</p>  <p>Annex M.pdf</p>
30	The UNDOF Office of Mission Support should ensure that the Food Officer reviews the temperature logs and that the required temperature is maintained for food.	Operational	Medium	Yes	Fully implemented.	<p>Whereas a procedure is in place for monitoring and reporting of temperature readings on all refrigerated storage equipment, the Mission acknowledges the inconsistencies identified by the audit team during the course of the audit regarding information on the temperature logs as provided by the Contingents.</p> <p>In response to the recommendation, the Mission has standardized the ‘format’ of the temperature logs and a revised instruction has been issued to the Contingent food officers with regard to the procedures to be followed in monitoring and reporting of temperatures. The revised instruction requires Contingent food officers to monitor and record temperatures of equipment twice daily and to submit original records of the temperature logs for review to the Staff Officer Food (SOFOOD) on a monthly basis. Please refer to Annex: N. The Mission is confident that the required temperatures (i.e. between 0C to -5C for fresh and chilled products and -18C for</p>





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						<p>frozen products) are now being maintained.</p> <p>The revised instruction forms part of a broader Quality Assurance Plan (QAP), which includes a Food Safety Program that is now being implemented in advance of the promulgation of a revised SOP. The revised SOP is expected to be issued by 30 June 2011.</p> <p>Considering that the Mission has implemented a revised procedure for monitoring and recording of temperatures of refrigerated equipment, the Mission considers the recommendation to be fully implemented and it therefore requests that the recommendation be closed.</p> <p>Annex N: Memo to implement new Temp Logs</p>  <p>Annex N.pdf</p>
33	The UNDOF Office of Mission Support should obtain the authorization of the Department of Management for the deposit of \$170,000 made to the fuel suppliers to comply with United Nations Financial Regulations and Rules.	Compliance	Medium	Yes	Ongoing pending receipt of approval from the Controller.	The Mission notes with appreciation the recommendation and the need to regularize the arrangements for advance payment for fuel in conformance with the terms and conditions of the Memorandum of Understanding (MOU) between UNDOF and Mahrukut (the Syrian Company for Storing and Distribution of Petroleum Products) the sole source of fuel supplies in Syria. In this connection, a request for approval of the deposit payment terms was sent by the Mission to the Controller, for review and approval on 05 May 2011. The Mission understands that this recommendation will remain open until such time as approval is received from UN HQ.

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37	The UNDOF Office of Mission Support should implement appropriate mechanisms for the management and administration of the fuel and rations contracts, including for example, requiring a periodic evaluation meeting of the contractors and the Mission's management.	Operational	Medium	Yes	Fully implemented.	<p>The Mission notes with appreciation the recommendation concerning "Contract Performance Management" and it acknowledges that this is an area of activity that requires significant improvement. Although the requirement for regular meetings and performance reporting is an integral component of all Mission service contracts, UNDOF has been remiss at documenting the specific contract performance related interactions (with its various support contractors) and whereas informal meetings have been held, regrettably the dialogue and interaction with the various Contractors has not been adequately documented.</p> <p>Noting the recommendation and the need for improvement in this area of activity, the Mission has developed a "Contract Performance Meeting Schedule" to assist in the management of the Rations and Fuel contracts. Please refer to Annex: O. The first of these meetings were held on 08 and 11 April 2011. Discussions were recorded and minutes of the meeting(s) have since been entered into the Contractor Performance Management file – please refer to the attached meeting minutes at Annex P.</p> <p>By introducing periodic evaluation meetings the Mission is now compliant with its contractual obligations. confident that the relationship between UNDOF and its service Contractors will significantly improve.</p> <p>The Mission believes that it has implemented appropriate mechanisms for the management and</p>

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						<p>administration of its fuel and rations contracts, and as such, the Mission considers the recommendation to be fully implemented and it therefore requests that the recommendation be closed.</p> <p>Annex O: Performance meeting schedule</p>  <p>Annex O.pdf</p> <p>Annex P: Performance meeting minutes</p>  <p>Annex P.pdf</p>
41	The UNDOF Office of Mission Support should ensure the Mission obtains signed contracts from the vendors in order to comply with the United Nations Financial Regulations and Rules.	Financial	Medium	No	On-going but final action is not within the control of UNDOF.	<p>The Mission is aware of its obligation to obtain signed contracts in order to comply with the United Nations Financial Regulations and Rules; however, in this case the Contractor (Tnuva Ltd.) has consistently refused to sign a contract. Please refer to the letter of 28 June 2010 attached at Annex Q.</p> <p>Despite the absence of a signed contract deliveries have been satisfactory, and the Contractor has performed in conformance with the standard UN contract terms. Also, the Mission has continued to follow-up on the matter and whereas the Contractor reaffirmed its position that it would not sign a contract as late as 10 March 2011 (Annex R:) further correspondence as of 12 April 2011 (Annex S:) indicates a consideration on their part, which may ultimately lead to UNDOF obtaining a signed contract.</p>

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						<p>Notwithstanding, since the Mission has no control over whether the Contractor signs the contract and since the action required to implement the recommendation is beyond UNDOF's control; the Mission considers the recommendation to be unachievable. Considering that UNDOF is not in a position to bring closure to the recommendation, and considering that the Mission has persistently sought to obtain a signed contract over a period of several years, the Mission recommends that the recommendation be withdrawn and that a note be placed in the relevant Procurement file.</p> <p>Annex Q: Letter from contractor refusing to sign contract</p> <p> Annex Q.pdf</p> <p>Annex R: Email dated 10/3/11</p> <p> Annex R.pdf</p> <p>Annex S: Email dated 12/4/11</p> <p> Annex S.pdf</p>
42	The UNDOF Office of Mission Support should initiate a legal review of the Memorandum of Understanding with the Syrian Company for Storing and	Compliance	Medium	Yes	Ongoing to be completed by 31 May 2011.	The auditors will be aware that the Mission has been obtaining fuel from the Syrian Company for Storing and Distribution of Petroleum Products (Mahrukut) – the sole source of fuel supplies in

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	Distribution of Petroleum Products in order to identify whether the terms and conditions adequately protect the interest of the Mission.					<p>Syria - as well as operating without a signed contract since the inception of the Mission in 1974. Despite numerous attempts to establish a contract (See Annex T:) <i>Mahrukat</i> has consistently reiterated, in various correspondences, that it would sell POL products to UNDOF without entering into a contract. This position was duly noted by the LCC and HCC while approving the supply arrangements. Following approval of HCC Minutes No. HCC/10/01 dated 06 January 2010 (Agenda 6, Item 6.02), and after extensive negotiations on the part of the UNDOF Chief of Mission Support (CMS) <i>Mahrukat</i> accepted to discuss the matter. However, they continued to refuse to accept the standard UN contractual framework and instead proposed a draft Memorandum of Understanding (MOU) for consideration by UNDOF on 22 February 2010 (See Annex: U).</p> <p>The said MOU included a provision that <i>“Mahrukat company will fully respect the privileges and immunities of the United Nations, its agencies, employees and subsidiary organs”</i> (Article 6 of the MOU refers). Such arrangements (i.e. the MOU) are frequently employed by peacekeeping operations in dealing with Host Country/Governmental Entities and in our opinion the terms and conditions of the MOU, which was signed on 12 April 2010 (See Annex: V) adequately protects the interests of the Organization and more specifically the interests of UNDOF in managing the arrangement.</p> <p>Notwithstanding and noting the recommendation, the legal officer has been asked to review the MOU with a view toward offering an opinion as</p>

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						<p>to whether the terms and conditions adequately protect the interests of the Mission. The legal officer has been asked to complete the review by 31 May 2011 (See Annex: W).</p> <p>Annex T: Letter to SSAD</p>  <p>Annex T.pdf</p> <p>Annex U: MOU SADCO – UN</p>  <p>Annex U.pdf</p> <p>Annex V: MOU dated 12/4/11</p>  <p>Annex V.pdf</p> <p>Annex W : Request for legal review of Mahrukut MOU.</p>  <p>Annex W.pdf</p>
46	The UNDOF Office of Mission Support should expedite the establishment of strategic fuel reserve in compliance with the Fuel Manual; preferably, exclusively under the control of the Mission.	Strategy	Medium	Yes	Fully implemented.	During the conduct of the audit the Mission explained the peculiar circumstance of fuel being obtained from a single Governmental controlled source (the Syrian Company for Storing and Distribution of Petroleum Products - <i>Mahrukat</i> ), which has a monopoly on the supply and delivery of POL products. The Mission also explained



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						<p>that it had made provision for a Strategic Fuel Reserve (SFR) but that the SFR was not held separately or independently from the Missions fuel holdings. The SFR is in fact contained within the overall storage capacity available to the Mission. The SFR also serves the twin objective of “contingency planning” since there are no alternatives to the single source supplier.</p> <p>The SFR is exclusively managed and monitored by the Fuel Unit of the Supply Section. The average weekly consumption of fuel in the Mission is approximately 90,000 Liters and every week the Mission receives approximately 60,000 liters, which is used to keep the storage tanks at full (or near full) capacity. UNDOF’s total fuel storage capacity is 313,500 liters thus the Mission holds an approximate SFR of 223,500 liters, which is adequate to support Mission activities in the event of emergencies for a period of 17.5 days. This capacity coupled with the operating stock of 7.5 days means that the Mission has complete self-sufficiency in the event of an emergency for a period of 25 days. Recent events in Syria and rising fuel prices have also caused UNDOF to avail of more fuel storage and distribution capacity. In this connection, four additional fuel trucks with a total capacity of 55,000 liters are being transferred from UNIFIL. These trucks will further enhance the Missions overall capabilities, in terms of storage and distribution.</p> <p>The Mission is confident that it is fully in conformance with the requirements of the Fuel Manual as it pertains to the establishment of an SFR and it therefore considers the</p>

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						recommendation to be fully implemented.
48	The UNDOF Office of Mission Support should expedite its evaluation and take prompt and appropriate measures to ensure that rations reserves are maintained in accordance with the reserves requirements per the Food manual.	Strategy	Medium	Yes	Fully implemented.	<p>Again the Mission agrees with the thrust of the observation/recommendation, however, it reiterates the view that the guidance contained in the Food Manual is not unilaterally applicable and that it is the prerogative of every Mission to determine and establish the level of ration reserves to be held in theatre considering the specific operational environment, and the risks to be mitigated.</p> <p>As noted previously, UNDOF pursues a policy of maintaining a 30 day reserve of dry and frozen rations, and a 15 day reserve of CRP's.</p> <p>At any given time, all positions, including the kitchens at the facilities in Camp Fauour and Camp Zouani hold a 7 day operating stock of fresh, frozen and dry rations. The exception being the 4 remote locations on Mt. Hermon, which are authorized to hold and maintain a 14 operating stock consistent with the needs of the positions and the restocking and distribution schedules for these locations.</p> <p>In light of the aforementioned the Mission is of the opinion that the recommendation has been fully implemented and it therefore requests that the recommendation be closed.</p>