

United Nations  Nations Unies
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. Taye-Brook Zerihoun
A: Deputy Special Representative of the Secretary-General
United Nations Mission in the Sudan (UNMIS)

DATE: 3 January 2007

REFERENCE: AUD-7-5:26 (07-00692)

for William Petersen
FROM: Dagfinn Knutsen, Acting Director
DE: Internal Audit Division, OIOS

SUBJECT: **OIOS Audit No. AP2006/632/10: Fuel management at UNMIS**

OBJET:

1. I am pleased to present herewith our final report on the audit of above subject, which was conducted from July to September 2006.
2. We note from your response to the draft report that UNMIS has generally accepted the recommendations. Based on your response, I am pleased to inform you that we have closed recommendations 7, 10, 12, 20, 24 and 26 in the OIOS recommendations database. In order for us to close out the remaining recommendations (i.e., 1 to 6, 8, 9, 11, 13 to 19, 21 to 23, and 25), we request that you provide us with the additional information as discussed in the text of the report. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. OIOS is reiterating recommendation 8 and requests that you reconsider your initial response concerning this recommendation. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e. recommendations 1, 3 to 8, 16, 17 and 22) in its annual report to the General Assembly and semi-annual report to the Secretary-General.
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.
4. I take this opportunity to thank the management and staff of UNMIS for the assistance and cooperation provided to the auditors in connection with this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations
Mr. Philip Cooper, Director, ASD/DPKO
Mr. Kiplin Perkins, Director of Administration, UNMIS
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Mika Tapio, Programme Officer, OIOS
Mr. M. Akram Khan, Chief Resident Auditor, UNMIS

Office of Internal Oversight Services

Internal Audit Division



Fuel management at UNMIS

Audit no: AP2006/632/08
Report date: 3 January 2007
Audit team: Nawal Yadav, Auditor-in-Charge
Abdul Malik Usmani, Auditor
Violas Otieno, Auditor
Catherine Gatungo-Lewis, Audit Assistant

EXECUTIVE SUMMARY
Fuel management at UNMIS (Assignment No. AP2006/632/10)

OIOS conducted an audit of fuel management at the United Nations Mission in the Sudan (UNMIS) from July to September 2006. The main objective of the audit was to obtain reasonable assurance on the adequacy and effectiveness of internal controls over fuel management.

The management of fuel at UNMIS needs significant improvement in the following areas:

- The Fuel Unit's ability to properly discharge its fuel management functions is hampered by the staffing situation in the Unit. Only 13 of the 30 approved posts had been filled at the end of July 2006. Also, the Chief of the Fuel Unit is the only staff member in Khartoum with the technical know-how and institutional memory about fuel operations in the Mission. Over-reliance in one person for the implementation of a large contract creates undue risks for the Mission in terms of continuity of operations;
- The amended contract for the supply of fuel to the Mission for nine months effective from 25 January 2006 until 24 October 2006 would result to an additional cost of \$9 million representing operation and maintenance (O&M) charges, although the UN had the option to extend the contract at the original terms whereby a lower rate was in effect for the equivalent of the O&M charges, i.e., administrative charges, under the previous contract. The reasons for agreeing to pay the new O&M charges were not known to the Mission Management as the contract was re-negotiated by the United Nations Procurement Service at Headquarters;
- The contractor billed and the Mission paid the monthly O&M charges for 10 non-operational fuel sites out of 28 fuel sites, which in OIOS' opinion should not have been paid for and resulted in the wasteful expenditure of \$205,729;
- The contractor was paid for fuel equipment at rates higher than the rates provided for in the contract. Moreover, some additional items of equipment, not provided for in the contract, were procured from the contractor, without any formal amendment to the contract. The total excess payment on both counts was \$921,319;
- There was a delay of over nine months in determining the final price for fuel deliveries after the first shipment and adjusting the account with the contractor;
- The monitoring of fuel consumption to detect and address any abuse is weak.

OIOS made a number of recommendations to address the above weaknesses. *UNMIS generally accepted the recommendations and has initiated action to implement many of them.*

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 - 4
II. AUDIT OBJECTIVES	5
III. AUDIT SCOPE AND METHODOLOGY	6
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Management of turnkey fuel operations	7 - 15
B. Operation and maintenance charges	16 - 22
C. Payments to vendors	23 - 41
D. Contract administration	42 - 46
E. Monitoring of fuel consumption	47 - 63
F. Reserve stock of diesel and Jet A-1 fuel	64 - 72
G. Safety of fuel installations	73 - 76
V. ACKNOWLEDGEMENT	77
ANNEX I – Comparison of administrative charges, savings and payment of operation and maintenance charges	

I. INTRODUCTION

1. OIOS conducted an audit of fuel management at the United Nations Mission in the Sudan (UNMIS) from July to September 2006. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. Timely provision of petroleum, oils and lubricants (POL or fuel) in sufficient quantities is operationally vital for the Mission. Accomplishment of the Mission's mandate is closely linked with fuel supply and any disruption would have an immediate strategic impact on the Mission. The Fuel Unit in the Mission is responsible for the management of contracts with vendors for the supply of POL as well as their distribution, storage, issuance and control.
3. The Mission had a budget of \$73 million for petroleum products in the financial year 2005-2006. The supply and management of POL at UNMIS is governed mainly by two contracts – one with SkyLink Aviation, Inc. for the Mission, and the other with Petronas Marketing Sudan Limited specifically for the Darfur region. The SkyLink contract was awarded by the United Nations Procurement Service at Headquarters (UNPS), while the Petronas contract was awarded locally by the Mission. Both contracts are considered short-term as they were intended to run for a period of around one year while a new comprehensive long-term contract covering the entire Mission area and the Mission's requirements for a period of six years is being finalized.
4. The comments made by the management of UNMIS on the draft report have been included in the report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES

5. The objectives of the audit were to:
 - (a) Assess the adequacy of controls over fuel management;
 - (b) Verify compliance with established rules, regulations, policies and procedures on fuel management;
 - (c) Assess the contractor's compliance with the fuel contract terms and provisions;
 - (d) Ascertain whether there was adequate documentation supporting the ordering of fuel products, their receipt, distribution and utilization, and fuel balances on hand to obtain reasonable assurance that there was no loss to the Organization through mismanagement, abuse, theft or other undesirable practices;
 - (e) Ascertain whether the Mission's health, safety and environmental practices with regard to fuel operations were in compliance with the established UN and country rules; and
 - (f) Determine whether there was a plan that ensures continuity of fuel supply to the Mission in case of contingencies.

III. AUDIT SCOPE AND METHODOLOGY

6. The audit covered the period from the inception of the Mission in March 2005 to June 2006 and the operations of the Fuel Unit in the Mission area, excluding Darfur; hence, the audit covered fuel being supplied by SkyLink only. Since the award of the fuel contract to SkyLink was done by the UNPS, the present audit did not cover the procurement process relating to the SkyLink fuel contract. The audit process involved file review, physical verification during site visits and interviews with key Mission personnel, such as, Fuel Unit staff and the Supply Section Chief. Contractor's personnel and contingents were also interviewed.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Management of turnkey fuel operations

Vacancy rate in the Fuel Unit

7. The Fuel Unit in the Supply Section of UNMIS initially had an authorized staffing level of 25 which was increased to 30 on 20 March 2006. The Unit had a vacancy rate of 57 per cent at the end of July 2006 as illustrated below:

Table 1: Staffing and vacancy rate in Fuel Unit as of July 2006

Posts	Professional	Field Service Staff	National Staff	Total
Budgeted	3	13	14	30
Filled	1	7	5	13
Vacant	2	6	9	17

8. Because of delays in filling the vacancies in the Fuel Unit, the following tasks have not been performed satisfactorily:

- (a) Development of a Mission-specific SOP for POL;
- (b) Determination of price for each shipment received;
- (c) Analysis of consumption summary data; and
- (d) Development of a contingency plan for fuel management.

9. The Fuel Unit provided the Human Resources Section of the Mission with a recruitment memo for vacant positions on 30 November 2005, of which only two had been recruited by the end of September 2006. In light of the forthcoming long-term high-value fuel contract, filling of vacancies in the Fuel Unit is of utmost importance.

Recommendation 1

The UNMIS Administration should expedite the process of filling vacancies in the Fuel Unit (AP2006/632/10/01).

10. *The UNMIS Administration accepted recommendation 1 and explained the various actions taken by the Mission to fill the vacancies. The Chief of Integrated Support Services (CISS) has designated a staff member to liaise with the Personnel Management and Support Service (PMSS) of the Department of Peacekeeping Operations (DPKO) to address the shortfall in Mission staffing. Recommendation 1 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Reliance on key personnel

11. The Chief of the Fuel Unit is the only international staff member responsible for fuel in Khartoum and also the only one with the technical know-how and institutional memory in relation to fuel operations in the Mission. A military staff officer acts as the Deputy Chief of the Unit, and, with the normal tour of duty of military officers of six months to one year, by the time the incumbent gains knowledge of the operational details of the Unit, he or she becomes due for repatriation, leading to another cycle of learning for his or her replacement. There is no other person in the Unit with sufficient institutional memory to provide backup support in the event the Chief is away from the Mission. This situation could lead to over-reliance on the Chief and hamper the continuity of fuel operations.

12. The impact of the absence of an international staff member as the deputy was evident in the following conditions noted by OIOS during the course of the audit:

(a) In the absence of the Chief of Fuel Unit from the mission area recently, there was no other staff member capable of providing information on technical matters or queries raised by OIOS; and

(b) The Fuel Unit had not finalized the pricing (until 24 September 2006) of the second, third and fourth shipments of fuel which were imported during September-December 2005 (see related findings in paragraphs 17 and 18 of this report). This delay could have been avoided if there had been adequate backup staffing support.

Recommendation 2

The UNMIS Administration should appoint an international staff member to act as the Deputy Chief of the Fuel Unit in order to minimize the excessive reliance on the Chief of the Unit and to build institutional memory (AP2006/632/10/02).

13. *The UNMIS Administration accepted recommendation 2 and stated that the appointment of an international staff member as Deputy Chief of the Fuel Unit is a valid requirement. Although the Deputy of the Unit is a qualified military officer (Major), the military officer's tour of duty is for a one year period. The Mission has requested additional posts at the P-3 level in the 2007/08 budget. Alternatively the Mission may be able to make internal adjustments to obtain a post for this purpose. Recommendation 2 remains open pending confirmation by UNMIS that it has been implemented.*

SOP on fuel management

14. There is no Mission-specific Standard Operating Procedure (SOP) on fuel management, and the DPKO draft SOP, a fairly comprehensive document, is being used to provide direction for the Mission's fuel operations. However, the DPKO draft SOP is predominantly designed for fuel operations managed by UN staff as opposed to the turnkey operations in UNMIS. The absence of a Mission-specific SOP for turnkey fuel operations by the contractor worsens the problem of the lack of institutional memory in the Fuel Unit and inadequate backup to the Chief Fuel Unit.

Recommendation 3

The UNMIS Administration should develop and implement Standard Operating Procedures on fuel management that are specific to the Mission's operations (AP2006/632/10/03).

15. *The UNMIS Administration accepted recommendation 3 and stated that the long term fuel contract will be implemented soon, and based on the new contract's provisions, the Fuel Unit will draft the Mission's fuel management SOP. Recommendation 3 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

B. Operation and maintenance charges

Extension of SkyLink contract with unfavorable terms

16. Amendment #1 to the contract with SkyLink, effective 25 January 2006, allowed the contractor to charge the Mission \$2.3 million per month as operation and maintenance (O&M) costs for the first six months and \$2.15 million per month for next three months of the extension period, in lieu of administrative charges provided for in the original contract. The total expected O&M charges to be paid for the extended period of nine months would be \$20.25 million.

17. The Fuel Unit explained that this amendment was done directly by UNPS and the Unit had no information about its rationale. Since the contract amendment was done at UNPS, the documents relating to it were not available in the Mission. Hence, OIOS is unable to comment on the new arrangement. However, OIOS noticed following issues relating to the new arrangement:

- (a) Section 2.1 of the original contract states "...[T]he UN may, at its sole option extend this contract on the existing terms and conditions on a month to month basis for up to a total eighteen (18) months including the original term of nine (9)...." Thus, the UN apparently had the right to extend the contract at the previous terms. However, it was not clear why this option of extending the contract at the existing terms was not exercised and why the new terms were agreed with the contractor. Similarly, it was not clear whether the UNPS carried out any exercise to determine if the payment of a fixed sum of \$20.25 million as O&M charges for nine months was a more economical option for the UN as compared to the original terms of the contract.

(b) Section 3 (ii) (a) states "...The O& M costs are set forth in Schedule A (i) to this amendment attached hereto, and replace, *inter alia*, all of the administrative charges previously included under the 'Fixed Costs' indicated in Table D-2 and Annex H to the contract (BAFO)." Based on the cost sheet provided by the Fuel Unit, OIOS calculated the administrative charges that would have been paid for the extended period if the contract had been extended at the original rates and compared them with the O&M charges as agreed in the amended contract. Our analysis showed that the total administrative charges would have been \$6,185,768 for five months, had the contract been extended at the original terms. However, the Mission paid \$11,500,000 as O&M charges as per the amended terms resulting in additional costs of \$5,314,232 during the first five months of the extension of the contract from February to June 2006. Based on that, we estimated the additional cost for the remaining four months (July to October 2006) to be \$3,801,385. Thus, the total additional costs incurred by the Mission due to the amended terms of the contract would be \$9,115,617 for nine months (see detailed calculations at Annex I).

Recommendation 4

The UNMIS Administration should ask the Department of Management at Headquarters to explain why it entered into an unfavorable arrangement for the supply of fuel in UNMIS when it extended the contract with SkyLink, which led to additional costs to the Mission of approximately \$9.1 million, although the contract could have been extended at the original terms (AP2006/632/10/04).

18. *The UNMIS Administration accepted recommendation 4 and stated that the Mission has requested clarification from the Procurement Service on the methodology used to establish the O&M charges. Recommendation 4 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Inappropriate billing of operation and maintenance charges for non-operational sites

19. Amendment #1 to the contract with SkyLink allows the contractor to charge UNMIS a sum of \$2.3 million per month as O&M charges for 28 sites. The Mission could not make 10 sites operational as originally planned. However, the Mission was not deducting from the contractor's bills the O&M charges for the 10 non-operational sites. The Fuel Unit explained that the contract did not have any provision for reducing the charges on account of the non-operational sites for the first six months. It is deemed to be a fixed cost irrespective of the number of sites. The Unit further asserted that the deduction could be possible for the subsequent three months if the sites were handed over to a new contractor as per the provisions of the amendment. On further review of the matter, OIOS noted the following:

- UNPS did not clarify whether the O&M charges for the first six months of the contract extension were fixed, regardless of the number of sites that were operational, or variable, depending on the number of operational sites;

- In his 9 May 2006 response to the Chief Procurement Officer's fax of 4 May 2006, the OIC UNPS stated that he was "...extremely concerned about the fact that only now on the fourth month of the life of the subject amendment, UNMIS has realized that out of the 28 locations a total of 10 are not yet operational/non-existent/not planned for. Please note that the information concerning these specific locations was provided to the Procurement Service by UNMIS through DPKO and constituted a basis for negotiations with SkyLink in January 2006. Amendment No. 1 resulting from these negotiations is self explanatory... Procurement Service is making efforts to rectify the situation with the contractor. However, you will appreciate that UNMIS's oversight has put the Organization into an awkward and weak negotiating position..." The OIC UNPS' response indicates that UNMIS did not properly and promptly supply critical information to UNPS, including the possibility that some sites may not become operational or the schedule when they were likely to become operational.

- On 28 May 2006 the DOA Office sent a fax to UNPS presenting a detailed case for the *prorata* deduction of O&M charges for the non-operational sites. The Mission argued that "... Para (ii) (a) (of the amended contract) does not specify any proportional reduction of O&M rates based on the reduced number of sites being operated during the First Extension period. In fact, it clearly states that for the First Extension period, there shall be a fixed O&M cost of \$2.300 million per month... UNMIS was not requested to review the actual contents of the Contract Amendment, and therefore, did not have the opportunity to clarify or suggest amendment to its contents... The drafting of the Contract Amendment was completed solely by UNPS. UNMIS did not actually receive a copy of Contract Amendment until 14th Feb 2006. It is to be noticed that the Contract Amendment was signed on 3rd Feb 2006."

20. For the first six months of the contract extension, the Mission paid a total of \$184,093 for the non-operational sites. This is a clear case of wasteful expenditure for which the Mission did not get any value for the money spent.

21. For the second extension period of three months, the contractor has already raised two invoices for 25 July to 24 September 2006 at the rate of \$2.15 million per month. On these invoices, the Mission still did not apply a proportional deduction for the non-operational sites even after 25 July 2006 although Section 3 (ii) (a) of the Contract Amendment states "...In the event that, during the second extension period, the UN decommissions any UNMIS fuel sites or transfers any such sites to another contractor, the monthly O&M fee with respect to such decommissions or transferred sites shall be reduced proportionally, i.e., the UN shall only be responsible for the payment of O&M fees for the actual number of days the contractor was providing services at such sites..." After 25 July 2006, the Mission could have treated the non-operational sites as handed-over sites and the amounts pertaining to these locations should have been deducted from the contractor's invoices. However, the Mission still paid the contractor the O&M charges at the full rate of \$2.15 million for the month of July 2006, without deducting any amount for the non-operational sites. The processing of payment for the month of August 2006 was underway at the time of the audit. The total amount of O&M charges for the non-operational sites, paid until July 2006 adds up to \$205,729.

Recommendation 5

The UNMIS Administration, in coordination with the Procurement Service at Headquarters, should recover the overpayment of \$205,729 from the contractor and stop any further payment for the operation and maintenance fees charged to the Mission for the non-operational fuel sites (AP2006/632/10/05).

22. *The UNMIS Administration accepted recommendation 5 and stated the Mission has taken action to recover the overpayment from the contractor for non-operational sites. Recommendation 5 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

C. Payments to vendors

Late finalization of fuel prices and settlement with the contractor

23. Section 3.2 of the contract establishes the price setting mechanism at the time of each import by SkyLink and on presentation of import documents like the bill of lading, supplier's invoice, and copies of five days' Platt register, discharge report, laboratory test report and three quotations. SkyLink had submitted the relevant documentation pertaining to four imports until December 2005 to the Fuel Unit for approval.

24. The Fuel Unit approved the price applicable to the first shipment of June 2005. The approved rate for the first shipment was adopted for all fuel consumption until 24 January 2006. From 25 January 2006, the Fuel Unit, instead of working out the rate applicable to the respective shipments, continued applying the rate of the first shipment with some modifications. It did not determine the applicable rate based on the shipping documents for subsequent shipments, although the contractor had submitted the documents relating to the second, third and fourth shipments as well. As of 24 September 2006, the Fuel Unit had not finalized the pricing for these shipments, imported during September-December 2005. This has resulted in a delay of more than nine months in finalizing the applicable rates for each shipment.

Recommendation 6

The UNMIS Administration should finalize the prices of fuel products applicable to each shipment in a timely manner and settle the contractor invoices before the end of the contract (AP2006/632/10/06).

25. *The UNMIS Administration accepted recommendation 6 and indicated 24 January 2007 as the implementation date for this recommendation. Recommendation 6 remains open pending receipt of documentation from UNMIS showing that it has been implemented.*

Lack of coordination in processing invoices

26. There was confusion in the application of the rates to be applied for fuel shipments after 25 January 2006, the start of the amended contract. The Chief of Fuel Unit's instruction was to use the

price applied to the first shipment minus administrative charges but the Contract Services Unit (CSU), also within the Supply Section, applied another rate, i.e., the rates used for the second shipment which included other charges. The Chief of Fuel Unit discovered the mistake in July 2006 but decided to correct it in the final settlement of the contractor's invoice at the conclusion of the contract in October 2006.

27. CSU explained that the rate they applied was verbally approved by the Chief of Fuel Unit in a meeting. A CSU assistant further stated that, in the same meeting, a SkyLink representative handed over the price sheet to the Chief of Fuel Unit, who verbally approved the rates in the price sheet and passed it on to her. CSU had not received any other price sheet from the Chief of Fuel Unit. This situation is an example of the lack of coordination between the Units in the Supply Section and the need for a clear procedure on the processing of fuel invoices.

Recommendation 7

The UNMIS Administration should institute clear procedures for the processing of fuel contractors' invoices, whereby the roles and responsibilities of the units involved in the processing of invoices are clearly defined (AP2006/632/10/07).

28. *The UNMIS Administration accepted recommendation 7 and stated that it has been implemented. The roles and responsibilities of the units involved in invoice processing had been defined.* Based on the Mission's response, recommendation 7 has been closed.

Payment of \$921,319 for capital costs in excess of the contract

29. The capital costs are set out in Annex D to the contract with SkyLink, which states (in Section 3.5) that the prices given in Annex D shall remain unchanged during the term of the contract, unless the change in price is approved and incorporated into a duly executed amendment in accordance with Article 20 of the UN General Conditions of Contract.

30. OIOS' test check of invoices and information received from the Fuel Unit revealed that the prices for the provision of fuel equipment at different locations were higher than the rates stated in the contract, without a formal amendment. The Task Orders were also issued at higher rates. No justifications were available in the Fuel Unit for the increase in costs in the Task Orders. The total excess payment over the contract rates was \$97,126 (illustrated in Table 2). Moreover, the Mission paid another sum of \$824,194 (see Table 3) for items which were not included in the contract.

Table 2: Excess payment of \$97,125 for equipment paid at rates higher than contract price

Equipment	Total qty in Task Orders (TO-1 to 3)	Contract Rate	Rate Applied	Excess Rate	Total Excess Payment	Remarks
Bladders 250,000 liters	37	\$88,900.00	\$89,656.00	\$756.00	\$27,972.00	
Bladders 45,000 liters	36	\$31,750.00	\$32,292.30	\$542.30	19,522.80	Contract rate of bladders 50,000 liters

Aviation Fuel Trailer	16	\$120,000.00	\$122,956.80	\$2,956.80	47,308.80
Fuel Transfer Pump (Medium)	10	\$27,305.00	\$27,537.20	\$232.20	2,322.00
Total					\$97,125.60

Table 3: Payment of \$824,194 for items not provided in the contract

Equipment	Quantity	Rate	Total Amount
Under Wing Fuel Nozzle	22	\$3,778.36	\$83,123.92
Bladders 125,000 liters	3	\$73,646.00	220,938.00
Vehicle Refueling Terminal	29	\$6,275.92	182,001.68
Fuel Transfer Pump (small)	16	\$21,133.20	338,131.20
Total	70		\$824,194.80

Recommendation 8

The UNMIS Administration should recover the excess amount of \$97,126 paid to the SkyLink on account of payment for capital items over the contract price and obtain the approval of the Procurement Service at Headquarters for procuring additional capital items worth \$824,195 not provided for in the original contract (AP2006/632/10/08).

31. *The UNMIS Administration did not accept recommendation 8, stating that the Mission found the total equipment required and approved by the contract to be insufficient for its operations. Therefore, the task orders issued were actually approved after making an on-the-ground check of requirements. Further review is ongoing to validate the values highlighted by OIOS, and UNPS will be consulted accordingly.* OIOS reiterates recommendation 8, which will remain open pending receipt of documentation from UNMIS showing that it has been implemented.

Two credit notes not adjusted

32. As of the audit date (24 September 2006), two credit notes totaling \$183,483 issued by SkyLink on 29 March 2006 have not been applied against the contractor's invoices. The credit notes resulted from the contractor's own admission (in its 29 March 2006 memorandum to UNPS) that "During the process of fuel reconciliation we realized a certain amount of local fuel was erroneously charged to UNMIS at import rates. We are therefore attaching two fuel credit notes one for Jet A1 \$124,733 and other for Diesel \$58,750".

33. The Contract Management Unit explained that they were not informed by UNPS of the above memorandum and that they only learned about it in a performance meeting with the contractor where they got a copy of the letter. This shows poor coordination between UNPS and UNMIS. It also shows that the Fuel Unit did not have a mechanism to verify whether the fuel being delivered to and consumed by the Mission are sourced locally or are imported. Such mechanism should be in place in the Fuel Unit to split the consumption between local and imported fuel, and to identify the correct charges in the invoice, according to the source of fuel. In the absence of such a mechanism, the contractor could be paid at a higher rate. In the above case, it was the contractor

and not the Fuel Unit, who pointed out the excess payment. The Fuel Unit has yet to confirm if the details provided by the contractor and the amount of the credit note was correct.

Recommendations 9 to 11

The UNMIS Administration should:

- (i) Immediately apply the SkyLink credit notes totaling \$183,483 to the amount payable to the contractor (AP2006/632/10/09);
- (ii) Implement a mechanism to verify the source of fuel being supplied by the contractor to ensure that the Mission is charged the correct rate, depending on the source of fuel (AP2006/632/10/10);
- (iii) Contact the Procurement Service at Headquarters to determine why the Mission was not informed of the credit notes (AP2006/632/10/11).

34. *The UNMIS Administration accepted recommendation 9 and stated that the Mission has sought clarification from UNPS. Necessary action will be taken based on UNPS' advice. Recommendation 9 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

35. *The UNMIS Administration accepted recommendation 10 and stated that it has been implemented. Documents such as the bills of lading, discharge survey reports and recertification test reports are verified by the Chief of the Fuel Unit. Based on the Mission's response, recommendation 10 has been closed.*

36. *The UNMIS Administration also accepted recommendation 11 and stated that the Mission has sought clarification from UNPS. Recommendation 11 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Non-subscription to Platt's Register

37. The price of fuel products is fixed based on the five days Platt's register quotes relating to the bill of lading. Currently, the contractor submits copies of the five days Platt's Register with other import documents at the time of price determination. The Fuel Unit has not subscribed to the Platt's Register and relies solely on the copies submitted by the contractor to verify fuel prices. OIOS considers the Platt's Register a basic document for determining the costs of fuel.

Recommendation 12

The UNMIS Administration should subscribe to Platt's Price Indices to facilitate independent verification of fuel prices (AP2006/632/10/12).

38. *The UNMIS Administration accepted recommendation 12 and stated that Fuel Unit staff have subscribed to the Platt's Energy Bulletin, and are receiving the updates daily. All information regarding changes of fuel prices are available and double-checked with the supporting documents provided by the contractor, before the final decision is made. Platt's prices will be made available to CMU for verification of invoices for more transparency on pricing. Based on the Mission's response, recommendation 12 has been closed.*

Invoices not verified against Fuel Issue Slips

39. The Contract Service Unit (of the Supply Section) and the Contract Management Unit verifies the charges in the invoices submitted by the contractor against the Fuel Issue Slips attached to the invoice. The Air Operations Unit, Transport Section and Engineering Section maintains a copy of the same Fuel Issue Slip, submitted by air operators, drivers and generator technicians. However, these fuel issue slips are not cross checked to provide for a more robust validation of invoices. The CSU and CMU explained that such cross checking will delay the processing of invoices.

40. The absence of document matching even on a test basis increases the risk of loss to the organization through double payment, alteration of the original document or the inclusion of invalid fuel issue slips among those attached to invoices for payment.

Recommendation 13

The UNMIS Administration should cross check, on a sample basis, the Fuel Issue Slips attached to the invoices submitted by the vendor against the copy of Fuel Issue Slips maintained by the Air Operations Unit, Transport Section and Engineering Section, to strengthen the controls over the processing of invoices (AP2006/632/10/13).

41. *The UNMIS Administration accepted recommendation 13 and stated Fuel Issue Sheets are already being cross-checked against the Air Utilization Reports provided by the Air Operations Section. Fuel Issue Sheets were not being crossed checked with the Transport and Engineering Sections' reports because of the limited time within which invoices had to be processed and paid. With the implementation of the Mission Electronic Fuel Accounting System (MEFAS), this will be done electronically in a short period of time. CMU will also perform random checks of fuel slips with Air Operations, Transport and Engineering Sections. Recommendation 13 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

D. Contract administration

Fuel bladders with cracks

42. The Fuel Unit noticed that several large cracks had developed in 16 bladders at different locations because of manufacturing defects. On 4 May 2006, the Chief Supply Section informed SkyLink about the poor quality of bladders and asked them to replace nine out of 16 bladders with major cracks that were still under warranty (at Maridi, Juba, El-obeid, Kadugli, Abeyi and Malakal).

The Chief Supply Section also asked for ultra violet protection (UV) jackets through SkyLink's sub-contractor AMA, free of cost, for all the bladders with cracks. However, five months after the contractor was informed of the cracks, only three bladders were replaced. With the SkyLink contract expiring on 25 October 2006, the contractor may hand over the bladders without replacing the cracked ones.

Recommendation 14

The UNMIS Administration should ensure that SkyLink replaces all cracked fuel bladders without further delay, i.e., before the expiration of the contract and the final settlement of payments to the contractor (AP2006/632/10/14).

43. *The UNMIS Administration accepted recommendation 14 and stated that three out of nine cracked bladders had been already replaced and remaining six bladders are awaiting customs clearance at Khartoum Airport. The UV protection jackets have also been provided to 38 bladders out of 41, and three jackets are awaiting customs clearance at Khartoum Airport. Recommendation 14 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Accountability for vehicle accidents

44. Section 19.1 of the contract with SkyLink states that "...the contractor shall report any accidents, theft or loss of UN equipment or other property or other incidents of a similar nature to the Mission within 24 hours of their occurrence and shall protect and preserve all evidence in connection with the accidents or incidents..." Section 19.2 of the contract further states that "At the UN's sole discretion, the contractor may be required to reimburse the UN for the entire value of any UN equipment or other property that is lost or damaged by the contractor, its personnel, agent or sub-contractors".

45. The Contract Management Unit, in a 5 January 2006 memorandum, stated that there were four UNMIS vehicle accidents involving the contractor's personnel, where one of the vehicles was written off. OIOS also learned that two pick-ups used by SkyLink were damaged in serious accidents and had to be written off. However, the Fuel Unit could not provide the details of the vehicles, date of accident and status of investigation. During our discussion with SkyLink representatives, they also confirmed that these vehicles needed to be written off on the recommendation of the Board of Inquiry (BOI). However, in response to our inquiry, the Chief of the BOI Section confirmed that no BOI was convened for these accidents because there was no record of the accidents. He has asked the Transport Section to provide details of the vehicles allocated to SkyLink, particularly, information regarding the two pick-ups. After reviewing the initial investigation reports and SkyLink report on the accidents, he would make a decision whether or not to convene a BOI. The contract closing date is coming closer but the liability of the contractor was not yet finalized. The total cost of these two pick-ups is \$30,834 (the depreciated cost could not be computed because of missing information).

Recommendation 15

The UNMIS Administration should expedite the investigation of the accidents pertaining to the vehicles assigned to the contractor, recover the loss from the contractor before final settlement of their invoices, and take action to write off the total cost of the vehicles from the books (AP2006/632/10/15).

46. *The UNMIS Administration accepted recommendation 15 and stated the Supply Section has determined that an amount of \$8,614.63 is recoverable from the contractor. A memo to this effect has been forwarded to CMU for recovery. Recommendation 15 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

E. Monitoring of fuel consumption

47. The Fuel Unit is responsible for analyzing consumption data and establishing fuel consumption patterns, as well as identifying any irregularities in fuel consumption. There was no evidence that such analysis was being carried out by the Fuel Unit. The contractor, the Mission's Transport Section, Aviation Section and Engineering Section do not provide the Fuel Unit with information on fuel consumption by vehicles, aircraft and generators.

48. The Unit explained that the lack of consumption analysis was mainly due to the SkyLink's failure to provide the Mission with relevant information on time and the understaffing of the Fuel Unit. The SkyLink management indicated that consumption information was first requested by the Fuel Unit around February 2006. SkyLink sent the summaries of fuel consumption for the period May 2005 to May 2006 in July 2006, and for June and July 2006 on or around 6 September 2006. A timely review of fuel consumption trends would enable the prompt identification of any irregularities, and the implementation of necessary corrective action.

Recommendation 16

The UNMIS Administration should ensure that fuel consumption is monitored and analyzed on a regular basis. To facilitate this, the contractor and the Mission's Transport, Aviation and Engineering Sections should regularly provide the Fuel Unit with fuel consumption information (AP2006/632/10/16).

49. *The UNMIS Administration accepted recommendation 16 and stated that fuel consumption information is provided whenever required. Data relating to October 2006 was being compiled and will be forwarded to the Fuel Unit. With the implementation of MEFAS, along with the long term fuel contract, fuel consumption data will be processed electronically, which will result in a better tracking system and more efficient controls over fuel consumption. Recommendation 16 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Lack of records on stock movements of oils and lubricants

50. The Transport Section in Khartoum and various sector headquarters are involved in the management of oils and lubricants that are used in the servicing of Mission vehicles. However, no record of stock movements was maintained for oils and lubricants on sites visited by OIOS, namely Khartoum, Wau, Kadugli, Kassala, Juba and El-Obeid. Transport Section staff periodically requests for the supply of oil and lubricants in bulk. They maintain work orders for each vehicle serviced in which they record oil and lubricant used. However, neither the Transport Section at Khartoum nor Transport Units at other locations maintained any stock ledgers to show the quantities of oil and lubricants received, issued and the balance in stock.

Recommendation 17

The UNMIS Administration should ensure that the Transport Section maintains stock ledgers at all locations for oil and lubricants showing receipt, issues and balance in stock. In addition, physical verification of stocks and reconciliation with the book balances should be conducted periodically at all locations (AP2006/632/10/17).

51. *The UNMIS Administration accepted recommendation 17 and stated that the Transport Section has instructed all Sector Transport Units to maintain stock ledgers and institute the practice of physical verification at the end of each month. Recommendation 17 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Submission of trip tickets

52. The Transport Section did not have a proper system to track the submission of trip tickets by respective vehicle drivers, a situation attributed to understaffing in the Section. The submission of trip tickets and analysis of the information contained therein is a basic control mechanism to independently confirm completeness and validity of fuel quantities invoiced to the Mission, and to verify the efficiency of fuel utilization by individual vehicles.

53. OIOS' analysis of the trip tickets received by the Transport Section for the month of June 2006 indicated the following:

(a) The Transport Section's own reports, Number of Vehicles Issued and Vehicles Assignment as at 30 June 2006, show different balances of the number of vehicles in the Mission's fleet. The former report shows 1,396 vehicles while the latter shows 1,559. This shows poor record keeping as the two figures should match;

(b) Only 795 trip tickets had been submitted out of 1,396 (assuming that the Number of Vehicles Issued report is the correct one). This signifies that the Transport Section had not received 43 per cent of the trip tickets expected;

(c) Out of the 795 trip tickets received, only 316 were properly filled out, i.e., Fuel Issue Slips attached and agreed to the amounts invoiced by SkyLink in that month and fuel obtained accurately analyzed on the reverse of the trip tickets. The remaining trip tickets were not properly completed. For instance, in some cases fuel issue slips were not attached at all or those attached did not match all the fuel obtained, the quantity of fuel obtained was not mentioned, unrelated fuel issue slips were attached (i.e. some fuel issue sheets related to months other than June 2006 or to vehicles other than that to which the trip ticket relates);

(d) The reverse side of the trip ticket, which should have been used by the Transport Section to certify entries and verify consumption rates, had not been utilized. The analysis of 95 per cent of the 795 trip tickets reviewed for the month of June had not been completed by the Transport Section, a situation attributed by the Mission to the lack of adequate staff in the Section;

(e) The trip tickets for contingent owned equipment (COE) were not required to be submitted to the Transport Section, leaving out from the monitoring process approximately 1,500 diesel consuming vehicles in the Mission;

(f) The Transport Section has also started keying fuel consumption data into the Galileo system but has only been able to partially complete data input for the April to June 2006 trip tickets that had been received. The results of this exercise could not be determined at this stage. We observed that various sectors e.g. Kassala, El Obeid, Kadugli and Juba had taken the initiative of maintaining Excel-based monthly trip logs on which fuel consumption rates are indicated;

(g) The consumption rates computed under both the Galileo system and the monthly trip log referred to above are based on mileage and fuel drawn in the month under review. This results in a distorted rate depending on the frequency with which refueling is done in a particular month. For example, vehicles that do not draw fuel or do not submit fuel issue sheets during the month will have no consumption rate computed in that month, those that do not submit all their fuel issue sheets will have their consumption rate understated, and those that include issue sheets for other months or other vehicles will have their consumption rate overstated.

Recommendations 18 and 19

The UNMIS Administration should:

(i) Ensure that the Transport Section implements a system to monitor the submission of trip tickets and analyze the information contained therein (AP2006/632/10/18); and

(ii) Require all military contingents to submit to the Transport Section the monthly trip tickets pertaining to contingent owned equipment that draw and consume fuel paid for by the Mission (AP2006/632/10/19).

54. *The UNMIS Administration accepted recommendation 18 and stated that the situation regarding submission of trip tickets and fuel coupons and their logging has improved considerably, and this is being monitored by the Trip Ticket and Car Log Unit which was not the case earlier due to shortage of staff. Monitoring of vehicle utilization and fuel consumption is likely to become more effective with the installation of car and fuel logs. Recommendation 18 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

55. *The UNMIS Administration also accepted recommendation 19 and stated that a directive will be issued from Force Headquarters, outlining the contingents' responsibility to submit monthly trip tickets to the Transport Section pertaining to COE that draw and consume fuel. Recommendation 19 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Monitoring consumption of generator fuel

56. The Generator Units in El Obeid are refueled through static tanks that are topped up on a weekly basis. One tank with 12,000-liter capacity serves two 500 KVA generators, the other one with 3,000-liter capacity serves two 125 KVA generators. Fuel top-up is done for both tanks twice a week but neither the tanks nor the delivery bowser are metered, making it difficult to determine or verify the consumption, derive the consumption rate and review such rate for any unusual consumption patterns.

57. The Generator Unit of the Engineering Section is not carrying out any fuel efficiency analysis for the generators located at various locations of the Mission. For example, OIOS' visit to Generator Units in field locations indicated that they had not maintained daily log-books in some locations (e.g., El Obeid and Wau) and had not carried out an analysis of generator fuel consumption in Khartoum, Kassala or Juba. The Generator Unit staff explained that "the generator sets are new and would not be expected to register abnormal quantities" and that the responsible technicians "know roughly how much the generators should be consuming and would be able to detect any consumption beyond the acceptable range". However, without a regular and documented analysis of fuel consumption patterns, any irregularities or misappropriation would not be detected.

58. The OIC Generator Unit was under the impression that the Regional Administrative Officers monitor the fuel consumption of generators at their respective locations. In OIOS' opinion, the Generator Unit has more detailed knowledge of the type of generators, specification of each generator and expected consumption trend. Hence, they would be more competent in analyzing consumption patterns and identifying abnormal trends.

Recommendations 20 and 21

The UNMIS Administration should ensure that:

- (i) The Transport Section provides a metered diesel bowser to the El-Obeid Fuel installation. Alternatively, the generator technician should use a metered fuel pump hooked up to the existing bowsers to

facilitate the measurement of generator fuel received and dispensed (AP2006/632/10/20); and

(ii) The Generator Unit of the Engineering Section maintains log sheets (documenting fuel consumed, number of work hours and capacity of each generator) for all generators in the Mission and analyzes the information contained therein to identify irregular consumption patterns (AP2006/632/10/21).

59. *The UNMIS Administration accepted recommendation 20 and stated a flow meter has been sent to El Obeid, which is now in use during the refilling of generator tanks. The Transport Section has advised that the fuel browser provided to the Engineering Section for dispensing fuel to generators is equipped with a meter. Based on the action taken by UNMIS, recommendation 20 has been closed.*

60. *The UNMIS Administration also accepted recommendation 21 and stated that the Engineering Section does keep daily report sheets for each generator in almost all the Sectors. Due to staffing constraints, generator mechanics only visit some of the generator sites every ten days for performing maintenance tasks, unless there is a break-down which requires immediate attention. Weekly reports are submitted to Mission staff in El Obeid for entering into the Galileo system but because of understaffing, this takes time and results in late entry. However, the Engineering Section plans to get the weekly reports recorded and analyzed. Recommendation 21 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Lack of continuity of record keeping by military contingents

61. Contingents of Troop Contributing Countries (TCCs) are stationed in the Mission for a specific period of time, usually six months to one year. When a contingent is rotated, the exiting team takes along its accounting records for fuel, making it impossible to verify transactions relating to a particular contingent and period. For example, the fuel accounting records of the Nepalese camp at Kassala consist only of transactions commencing on 16 May 2006 when they replaced the previous Nepalese contingent who did not turn over to the current contingent the fuel accounting records pertaining to their tour of duty. In a similar case, the new Bangladeshi contingent in Juba arrived in the Mission area in January 2006 and their fuel accounting records are limited to transactions since their arrival. Troop rotation creates a gap in contingent-related accounting information and the loss of an audit trail when an outgoing contingent takes its accounting records with it.

No guidance on records to be maintained by TCCs

62. Proper records were not maintained at the Egyptian Engineering contingent at Kadugli. They had maintained only a register in Arabic which did not show the stock balances for bulk deliveries. Also, no trip tickets were maintained for the vehicles, rather they had only kept all fuel issue slips in the file (see related finding in paragraph 35 (e) and recommendation number 19 in this report). The contingent explained that SkyLink dispenses fuel to the vehicles only after checking the UN vehicle number and ID card of the driver. The contingent further explained that that senior contingent officers witness the re-fueling of vehicles as an added control.

Recommendation 22

The UNMIS Administration should issue necessary guidance and instructions to military contingents for the proper maintenance of fuel accounting records, including the handover of these records during rotation of military contingents (AP2006/632/10/22).

63. *The UNMIS Administration accepted recommendation 22 and stated that the Force Headquarters will issue a directive outlining the contingents' responsibilities for the proper maintenance of fuel accounting records, including the handover of these records during troop rotations.* Recommendation 22 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.

F. Reserve stock of diesel and Jet A-1 fuel

Unauthorized use by the contractor of reserve stocks

64. On some occasions when the contractor was unable to import fuel on time, it used the Mission's reserve stocks to supply fuel to the Mission without prior authorization, as required by the contract. OIOS' review of the reserve stock movements indicated that SkyLink used a maximum weekly average of 174,342 liters of Jet A-1 diesel reserve and 308,546 liters of diesel reserve August 2005 to August 2006.

65. The contractor is required to maintain adequate operational stock to ensure timely supply of fuel to the Mission. Since the contractor had not maintained adequate operational stock, it utilized the Mission's own reserve. This usage represents a clear case of non-compliance with the contract. Moreover, the contractor is billing the Mission for the same fuel for which the Mission had already paid for.

66. Although UNPS had formally complained to SkyLink about the situation, no instruction was issued to impose liquidated damages against the contractor. Section 13.2 of the contract allows the UN to impose liquidated damages at a rate of 0.5 per cent per business week of delay to the maximum of 10 per cent value of the delayed order placed by UNMIS. OIOS' computation shows that at least \$22,248 should be recovered as liquidated damages for the quantity of reserve stock used by the contractor during August 2005 to August 2006 (the data for September-October 2005 was not complete). The amount of liquidated damages could be higher if complete information becomes available and damages are charged for inadequate operational stock as well.

Recommendation 23

The UNMIS Administration, in consultation with the Procurement Service at Headquarters, should determine and impose liquidated damages against SkyLink, in accordance with Section 13.2 of the contract, for the unauthorized use of the Mission's reserve

stock and for not maintaining adequate stock to meet its contractual obligation (AP2006/632/10/23).

67. *The UNMIS Administration accepted recommendation 23 and stated that the Mission intends to invoke Article 13 to apply liquidated damages. In the meantime, the Fuel Unit is in the process of compiling data to compute the liquidated damages. The figures would then be sent to UNPS for notification to SkyLink. Recommendation 23 remains open pending receipt of documentation from UNMIS showing that it has been fully implemented.*

Reserve stock with subcontractor

68. The Mission maintains fully-paid reserve stocks at subcontractors' premises at UNMIS locations and in quantities specified in Table 4.

Table 4: UNMIS' fuel reserve stocks (in liters) held by sub-contractors

Location	Jet A1 Reserve		Diesel Reserve	
Khartoum	NIBA	1,500,000	Nile Pet	561,000
El Obeid			Nile Pet	163,000
Kassala			Nile Pet	45,000
Rumbek	Dalbit	20,000	Dalbit	20,000
TOTAL		1,520,000		789,000

69. OIOS was informed that UNMIS Fuel Unit officials cannot access the reserve stocks located in the subcontractors' premises, in the absence of SkyLink personnel. The Fuel Officer explained that they had to go through SkyLink to inspect the reserve stocks as they were appointed by SkyLink. The Mission may face difficulties in getting access to its own reserve stocks if SkyLink does not cooperate with the Mission in this regard.

Recommendation 24

The UNMIS Administration should ensure that it has unfettered access to its own fuel reserve stocks held by SkyLink's subcontractors by making the necessary formal arrangements to ensure that such access is enforced at all times without any restrictions (AP2006/632/10/24).

70. *The UNMIS Administration accepted recommendation 24 and stated that in response to the Contract Service Unit's 2 December 2006 memorandum, SkyLink confirmed that UNMIS personnel have unfettered access to inspect the reserve stock held by its subcontractors at any time. The requirement of communicating with SkyLink was to facilitate coordination with its subcontractors. Based on the Mission's response, recommendation 24 has been closed.*

Contingency planning

71. The Mission has created fuel installation facilities for reserve stock at various locations, consisting of 3.145 million liters diesel and 4.885 million liters Jet A-1. However, there were no

other contingency measures, such as the preparation and testing of a contingency plan for fuel operations, to ensure the continuity of fuel supply. Hence, the Mission's operations that rely heavily on the continued supply of fuel could be hampered in case of contingencies.

Recommendation 25

The UNMIS Administration should prepare and test a written contingency plan for fuel operations and regularly update it, in order to ensure the continuity of fuel supply (AP2006/632/10/25).

72. *The UNMIS Administration accepted recommendation 25 and stated that the Fuel Unit will draft the contingency plan for fuel operations after receiving and reviewing the long term fuel contract. Recommendation 25 remains open pending receipt of documentation from UNMIS showing that it has been implemented.*

G. Safety of fuel installations

Fire extinguisher capacity

73. OIOS' review of the fire extinguisher capacity of the Torit team site, which has a fuel storage capacity of 90,000 liters for both diesel and Jet A-1, revealed that eight out of 17 fire extinguishers were out of service. The eight fire extinguishers were sent for servicing to El-Obeid or Khartoum via Juba, more than a month prior to the audit inspection date.

74. Juba, with fuel storage capacity of 772,000 liters for Jet A-1 fuel and 726,000 liters for diesel, has 34 fire extinguishers on site. In addition, eight fire extinguishers were due for servicing and were awaiting transportation to El-Obeid or Khartoum for refilling.

75. Fire extinguishers are subject to the restrictions governing the carriage of dangerous cargo and must be transported to El-Obeid or Khartoum for refilling. The lead time in servicing could place the installations at a greater than normal risk should an incident occur while a number of the extinguishers are out of service or away for servicing.


Recommendation 26

The UNMIS Administration should implement a rotating maintenance schedule for fire extinguishers and provide for standby fire extinguishers that would be put into use in place of those that are away for service. This would ensure that a fuel installation's fire fighting capacity is at no time impaired (AP2006/632/10/26).

76. *The UNMIS Administration accepted recommendation 26 and stated that SkyLink has installed an adequate number of fire extinguishers at each site, and has made concerted efforts in reducing the lead times for servicing the fire extinguishers. The contractor has also ensured that the fire fighting capability of the field fuel installations is maintained. Based on the Mission's response, recommendation 26 has been closed.*

V. ACKNOWLEDGEMENT

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

for 
Dagfinn Knutsen, Acting Director
Internal Audit Division, OIOS

Annex I

Comparison of Administration Charges Savings and Payment of O & M Charges
For the Period Feb 2006 to June 2006

Locations	Total Quantity (Liters)			Administration Charges	Total Administration Charges
	Feb 2006 to June 2006				
	Jet A1	Diesel	Total Fuel		
Port Sudan	46,450	3,654	50,104	0.06	3,006.24
Kasaala	140,107	165,690	305,797	0.00	0.00
Khartoum	3,255,366	910,703	4,166,069	0.01	41,660.69
Kosti	585	27,087	27,672	0.00	0.00
El Obeid	3,950,185	341,934	4,292,119	0.40	1,716,847.60
Ed Damazin	399,961	584,804	984,765	0.49	482,534.85
Kadugli	1,389,888	735,328	2,125,216	0.40	850,086.40
Abyei	95,648	239,785	335,433	0.39	130,818.87
Juba	1,544,181	630,642	2,174,823	0.43	935,173.89
Maridi	88,170	63,093	151,263	0.62	93,783.06
Torit	7,777	58,245	66,022	0.62	40,933.64
Wau	803,090	328,580	1,131,670	0.56	633,735.20
Rumbek	451,175	84,977	536,152	0.62	332,414.49
Malakaal	924,912	409,288	1,334,200	0.54	720,468.00
Bentiu	34,985	111,659	146,644	0.62	90,919.28
Kurmuk		7,911	7,911	0.49	3,876.39
Cauda		40,600	40,600	0.40	16,240.00
Dilling		87,006	87,006	0.40	34,802.40
Aweil		7,324	7,324	0.62	4,540.88
Melut		61,350	61,350	0.62	38,037.00
Bor	19,901	5,727	25,628	0.62	15,889.36
Total	13,152,381	4,905,387	18,057,768		6,185,768.24

I Analysis of Excess Payment:

Payment if the original Contract terms were applied	\$6,185,768.24
O & M Charges Paid (\$2.300 million X 5 months)	\$11,500,000.00
Excess Payment due to payment of O & M charges	\$5,314,231.76

II Expected loss for July 06 to Oct. 06

Total Expected Saving of Admin Charges July 2006 to Oct 2006 [6.186 millionx4 /5]	\$4,948,614.59
O & M Charges for July 2006@\$2.300 million & remaining three months @\$2.150million per month)	\$8,750,000.00
Total Estimated Loss for the extension period of nine months	(\$3,801,385.41)
Total expected loss due to payment of O & M charges for February 2006 to October 2006]	(\$9,115,617.17)

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Fuel management at UNMIS

(AP2006/632/10)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your overall satisfaction with the conduct of the audit and its results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: _____ Title: _____ Date: _____

Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:
 Director, Internal Audit Division-1, OIOS
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA
 By fax: (212) 963-3388
 By E-mail: iad1support@un.org