



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Transport operations in MONUC

25 July 2008

Assignment No. AP2007/620/05

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Alan Doss
A: Special Representative of the Secretary-General
MONUC

DATE: 25 July 2008

REFERENCE: IAD: 08-01602

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AP2007/620/05 - Audit of transport operations in MONUC**

OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 6, 11 and 12 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 1, 4, 10 and 17), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Hany Abdel-Aziz, Director of Mission Support, MONUC
Mr. Gilles Briere, Chief Integrated Support Services, MONUC
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Seth Adza, Operations Review Officer, Department of Field Support
Mr. Byung-Kun Min, Programme Officer, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

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

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EXECUTIVE SUMMARY

Transport operations in MONUC

The Office of Internal Oversight Services (OIOS) conducted an audit of transport in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The overall objectives of the audit were to assess the adequacy and effectiveness of internal controls relating to transport operations, including: (a) reliability and integrity of information; (b) safeguarding of assets; and (c) compliance with applicable regulations, rules and policies. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Internal controls over transport operations in MONUC were ineffective. In addition, there was ineffective management of the transport operations. These weaknesses resulted in the Mission incurring excessive expenditures for vehicle spare parts and could also hamper operations and expose the Mission to risks of theft and irregularities. Following are the areas needing significant strengthening:

- There was inadequate planning for the acquisition of spare parts, which resulted in the accumulation of spare parts inventory totalling \$6.7 million. Over the past three years, purchases exceeded consumption by \$2.5 million, exposing the Organization to the risk of high levels of obsolete stock.
- Physical inventories were not regularly conducted, and 25 per cent of OIOS' test checks identified differences between physical counts and records.
- Procedures for the accounting of cannibalized parts were not in place. For example, 65 vehicles were cannibalized and the salvaged parts were not included in the inventory, posing a risk of thefts going unnoticed.
- Despite the high levels of spare parts, there were considerable delays in the repair of some vehicles. From OIOS' sample of 40 vehicle repairs, five had been in the workshop for more than one year due to the lack of available parts. In Bukavu, there were considerable delays in repairs due to the shortage of fast-moving parts such as shock absorbers, tyres and batteries.
- There was a high number of traffic accidents. For example in 2006/07 there were 1,044 vehicle accidents including seven fatalities. A Traffic Safety Committee had not been established to review road accidents and driving trends and to make recommendations to improve road safety. Penalties for exceeding the speed limit were not always enforced.
- There were 196 vehicles awaiting write-off, some of them since 2005.

OIOS issued several recommendations including improving the planning and budgeting processes for the acquisition and management of spare parts, strengthening internal controls to properly safeguard assets, establishing a mission traffic safety committee, and expediting the vehicle write-off process.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 5
II. AUDIT OBJECTIVES	6
III. AUDIT SCOPE AND METHODOLOGY	7
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Inventory management	8 – 29
B. Repair and maintenance of vehicles	30 – 37
C. Compliance with rules and policies	38 – 51
D. Utilization and safeguarding mission transport assets	52 – 68
V. ACKNOWLEDGEMENT	69
ANNEX 1 – Status of audit recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of transport operations in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The Transport Section provides surface mobility support to civilian staff, military observers and staff officers. The section also provided transport services to the Independent Electoral Commission (IEC) and assisted in the movement of ex-combatants under the Mission's Disarmament, Demobilization, Repatriation, Reinsertion and Reintegration (DDRRR) programme.
3. The mission vehicle holding for the year 2006/07 is shown in Table 1.

Table 1: MONUC Vehicle Holding 2006/07

Type of Vehicle	Approved Holding	Actual Holding
Light/armored	1,636	1,792
Bus, medium vehicles & trucks	302	324
Material handling equipment, engineering & airfield support equipment	215	224
Total	2,153	2,340*

* The actual holding also includes vehicles under write-off process.

4. During the fiscal year 2006/07, the Mission spent \$1.8 million on the acquisition of spare parts, \$0.1 million on the rental of vehicles and \$0.6 million on repairs, liability insurance and acquisition of workshop equipment.
5. Comments made by MONUC are shown in *italics*.

II. AUDIT OBJECTIVES

6. The major objective of the audit was to assess the adequacy and effectiveness of controls relating to transport operations, including:
 - (a) Reliability and integrity of information;
 - (b) Safeguarding of assets; and
 - (c) Compliance with applicable regulations, rules and policies.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered the period from July 2006 to June 2007, and included reviews of the allocation and utilization of surface transport assets, spare parts inventory management, repair and maintenance of vehicles and the vehicle write-off process. OIOS also conducted interviews with relevant staff, reviews and analyses of pertinent records and site visits to Bukavu, Entebbe, Goma, Kinshasa and Kisangani.
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IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Inventory management

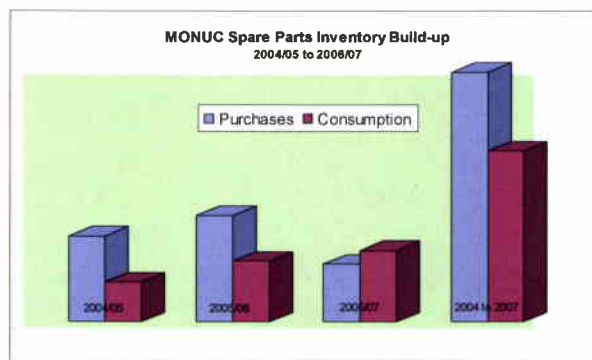
Inadequate planning for acquisition of spare parts inventory

8. The Surface Transport Manual provides that only sufficient spare parts be held to maintain the Mission fleet and that stock levels are calculated based on historical usage rates, delivery times and allow for a limited reserve in case of disruption of spare parts delivery.

9. MONUC did not comply with this guideline and, as of June 2007, had accumulated an inventory of spare parts valued at \$6.7 million. This was due to poor planning and failure to establish the minimum, maximum and reordering levels in Galileo to ensure effective inventory management. The stock of spare parts was acquired over a number of years without considering the previous years' consumptions, condition of vehicles and the local road infrastructure.

10. For planning purposes, OIOS found that arbitrary estimates for spare parts of \$60 per light/medium vehicle and \$90 per heavy vehicle per month was made for the financial year 2006/07. In 2004/05, the actual consumption was only \$1.9 million but parts valued at \$3.4 million were procured increasing inventory by \$1.5 million in one year.

11. The Transport Section has not established an adequate system to monitor stock levels, resulting in the unnecessary purchase of spare parts and the inefficient use of funds. The below chart and table show the excessive purchasing of spare parts.



Year	Opening Balance (\$)	Purchases (\$)	Consumption (\$)	Net Increase (\$)
2004/05	4,308,991	2,690,900	1,239,343	1,451,557
2005/06	5,760,548	3,357,062	1,908,810	1,448,252
2006/07	7,208,800	1,811,324	2,245,718	(434,394)
TOTAL		7,859,286	5,393,871	2,465,415

Recommendations 1 and 2

The MONUC Office of Mission Support should:

- (1) Improve the planning and budgeting processes for the acquisition of spare parts by re-aligning purchases in accordance with UN guidelines and by establishing minimum and maximum stocks and reordering thresholds in the Galileo inventory management system; and**
- (2) Notify other peacekeeping missions of the availability of spare parts to ensure optimum utilization of parts.**

12. *The MONUC Office of Mission Support accepted recommendation 1 and stated that Management agreed with the need to improve the planning, budgeting and acquisition of spare parts. In this regard, an additional module, DFS/LSD/STS Fleet Management System (FMS) was being created in Galileo by 31 October 2008 which would enhance the system to monitor stock levels. Recommendation 1 remains open pending confirmation of the implementation of FMS in Galileo.*

13. *The MONUC Office of Mission Support accepted recommendation 2 and stated that implementation was ongoing. Recommendation 2 remains open pending confirmation that other peacekeeping missions have been notified about the availability of excess spare parts.*

Physical verification of inventories

14. The UN Property Management Manual provides that property must be strictly controlled and accounted for on a regular basis, and that variances identified during physical inspections should be reconciled with the records and the Galileo system updated in a timely manner.

15. To assess the accuracy of inventory records, OIOS randomly selected 48 spare parts valued at \$0.3 million from the Kinshasa, Kisangani, Goma, Entebbe and Bukavu transport stores for physical verification. There were twelve discrepancies between the physical inventory and book balances resulting in an overstatement of inventories by \$36,975. If the sample results were extrapolated to the entire spare parts inventory of \$6.7 million, the overstated value of spare parts would be much higher.

16. Although some stocktaking was done, the Transport Section did not carry out regular physical verification of stores and verify the results against the inventory records. As a result of the lack of this important control, no assurance can be given on the completeness and accuracy of inventory balances.

17. In addition, in the absence of regular stock counts, there was no mechanism to identify slow moving and or obsolete stocks. For example, the Transport Section had stocks of 30 air bag assemblies, 53 panel rockers, 3 engine

assemblies and 98 exhaust pipes valued at \$39,000 for vehicles no longer in use. These vehicles were procured during 1999 to 2001, and had outlived their normal useful life. These spare parts were likely to become obsolete without effective utilization.

Inventory cycle vouchers

18. The inventory cycle voucher (ICV) is a tool in Galileo for adjusting variances found during inventory taking. The Transport Section issued 576 ICVs during fiscal year 2006/07, which included 208 negative vouchers valued at \$172,515 and 368 positive vouchers valued at \$157,651 to adjust the shortages and overages of store items respectively.

19. OIOS' review of 21 sample vouchers showed that 18 were created and approved by the same person. This situation does not provide for adequate segregation of duties and allows thefts to occur unnoticed. Furthermore, the shortages/overages were not properly followed up and investigated. The reasons for the differences were not justified in writing even though they were approved by the Chief Transport Officer (CTO) prior to adjusting the inventory.

20. OIOS also found that all warehouse employees who had access to Galileo had access rights to browse, create and edit ICVs. This is a serious weakness in internal control, as it could lead to the manipulation of inventory balances, and any thefts going unnoticed.

21. In Kinshasa, Kisangani and Bukavu, inventory receiving and issuing functions were not segregated even though there was adequate staff to allow this. These incompatible warehousing functions should be segregated or compensated by stronger supervisory review.

Recommendations 3 and 4

The MONUC Office of Mission Support should:

(3) Strengthen transport inventory controls by: (a) conducting regular physical inventories and systematically following up on discrepancies found; and (b) segregating inventory management duties and having stronger supervisory controls where segregation is not possible to safeguard spare parts and ensure reliability of information; and

(4) Develop and implement standard operating procedures to guide warehousing operations to ensure adequate internal controls are in place to safeguard spare parts and to provide reliable and up-to-date information on inventory levels and movements.

22. *The MONUC Office of Mission Support accepted recommendation 3 and stated that Management agreed with the need to improve the management and*

control of transport stores and would ensure: (a) regular physical verification of stores and verification of the results against inventory done periodically to ensure completeness and accuracy of inventory balances; (b) systematic follow-up on all discrepancies found mission-wide during stocktaking for spare parts to determine and reconcile all discrepancies between physical and book balances; and (c) segregation of inventory management is implemented with due consideration to staffing levels to strengthen controls. Recommendation 3 remains open pending OIOS' verification that adequate internal controls over inventory management have been implemented.

23. *The MONUC Office of Mission Support accepted recommendation 4 and stated that SOPs are being developed and are scheduled to be completed and implemented by 30 September 2008. Recommendation 4 remains open pending receipt of copies of SOPs for warehousing operations.*

Non-accounting of cannibalized spare parts

24. The Surface Transport Manual provides that used spare parts cannibalized from written-off vehicles be accounted for at 50 per cent of the cost of replacement.

25. In Kisangani, spare wheels and jacks were cannibalized from 32 vehicles. The Transport Officer explained that the cannibalized parts were used to repair other vehicles, but was unaware of the need to account for them. Also, in Kinshasa (Agetraf), various parts were cannibalized from 65 vehicles without accounting for the salvaged parts.

Cannibalized vehicles in Agetraf, Kinshasa



26. There is a much higher risk of theft if there is inadequate accounting and tracking of cannibalized spare parts.

Recommendation 5

(5) The MONUC Office of Mission Support should ensure that all cannibalized items are accounted for in the spare parts inventory and procedures for their accounting are disseminated to the relevant staff for guidance.

27. *The MONUC Office of Mission Support accepted recommendation 5 and stated that the Mission had implemented the recommendation with the issuance of an interoffice memorandum (ref. TPT/AT/0045-08, dated 20 March 2008) on the cannibalization of damaged vehicle. Recommendation 5 remains open pending OIOS' verification of the implementation of the guidelines issued.*

Transport spare parts stores were not adequately safeguarded

28. The Entebbe, Goma, Kinshasa and Kisangani transport stores were not adequately secured. Closed-circuit cameras, smoke detectors and other security devices were not installed in and around the premises. Fire extinguishers were only provided in the Entebbe support base.

Recommendation 6

(6) The MONUC Office of Mission Support should increase the security arrangements for transport stores by installing closed-circuit cameras, smoke detectors and fire extinguishers.

29. *The MONUC Office of Mission Support accepted recommendation 6 and stated that the Mission was already in compliance with the recommendation. Fire Extinguishers and smoke detectors had been installed in Utex1 and Chanimetal Transport Stores in January 2008. Requisitions had been issued for the Supply Section to purchase security cameras for Utex1, Chanimetal stores and the workshop area during financial year 2008-09. Based on the information provided, recommendation 6 has been closed.*

B. Repair and maintenance of vehicles

Delays in the repair of vehicles

30. OIOS reviewed a random sample of 40 vehicles from transport workshops in Kinshasa, Kisangani, Entebbe and Bukavu to assess whether vehicle repairs were done in a timely manner. The results summarized in Table 2 showed that repairs of 50 per cent of those sampled were delayed due to the unavailability of spare parts.

Table 2: Repair and maintenance of vehicles

Status	No. of Vehicles	Remarks
Repaired within one week	19	-
Repaired within one month	1	-

Under repair beyond one month	8	Awaiting parts
Under repair beyond three months	7	Awaiting parts
Under repair beyond one year	5	Awaiting parts

31. In addition to the above, in November 2007, 28 vehicles were under repair in Bukavu Transport Workshop. Repairs were delayed due to the lack of fast-moving spare parts such as shock absorbers, stabilization bars, front and rear suspension parts, bearings, tyres and batteries. The off-road periods for these vehicles ranged from 2 to 270 days. Despite the accumulation in the Mission of spare parts worth \$6.7 million, there was an acute shortage of fast-moving parts. These shortages were experienced because re-ordering levels were not established and adequate funds for local purchase of parts were not provided to field offices. The poor local road conditions were also not considered when planning the acquisition of inventory.

32. The delays in repairs adversely affected the Mission's operations. For example, security activities of eight military observer teams in Bukavu were impeded as 11 out of 16 vehicles used for patrolling were off the road for repairs.

Recommendation 7

(7) The MONUC Office of Mission Support should ensure that the Chief Transport Officer plans and maintains a sufficient level of fast-moving spare parts to ensure vehicle repairs are carried out expeditiously.

33. *The MONUC Office of Mission Support accepted recommendation 7 and stated that measures had been taken to reduce delays in the repair of vehicles, which included establishing re-order levels for fast-moving parts and ensuring the provision of adequate funds to field offices for the local purchase of parts. Recommendation 7 remains open pending OIOS' verification of the establishment of re-order levels for fast-moving spare parts and the provision of funds to field offices.*

Inordinate delays in the repair of an aircraft main deck loader

34. On March 2002, the vehicle chassis of a UN-owned aircraft main deck loader, valued at \$320,000 was provided to an airport cargo contractor in Kananga. The loader was severely damaged by the contractor in January 2003. To repair the loader, spare parts valued at \$45,327 were acquired in December 2004, and the loader was sent to Chanimetal Workshop, Kinshasa in September 2005 for repairs. A work order erroneously showed that the repair was completed in October 2005 at a cost of \$56,128 and the loader was handed over to the Transport Section employee in good condition in December 2006.

35. During OIOS' site visit to the workshop in December 2007, the damaged loader was parked outside the workshop along with the new chassis. Due to being left in the open, the condition of the chassis had deteriorated. The loader had simply been stored there since September 2005, and was neither repaired nor handed over to the ultimate users. The air cargo handling operations were hindered due to the shortage of loaders.

Recommendations 8 and 9

The MONUC Office of Mission Support should:

(8) Ensure that the aircraft main deck loader is repaired to ensure effective and efficient air cargo operations; and

(9) Take immediate steps to follow up with the airport cargo contractor to ensure compensation, estimated at \$56,128, is received for the cost of repair for the damage caused by the contractor's staff to MONUC's main deck loader.

36. *The MONUC Office of Mission Support accepted recommendation 8 and stated that work was in progress to repair the main deck loader. Additional spare parts required to complete the repair of the main deck loader had been requisitioned to make it operational by the end of July 2008. Recommendation 8 remains open pending confirmation that the deck loader is operational.*

37. *The MONUC Office of Mission Support accepted recommendation 9 and stated that efforts to recover the cost of repairs from the contractor at the Mission level had failed. In March 2008, the issue was referred to Headquarters and the repair costs form part of the amounts now under dispute with the contractor for final resolution. Recommendation 9 remains open pending the final resolution or recovery of the disputed repair costs.*

C. Compliance with rules and policies

Establishment of traffic safety committee and recognition of UN personnel driving safely

38. The Surface Transport Manual recommends the establishment of a mission traffic safety committee. The role of the committee is to be proactive in developing policy to improve the overall standard of road safety and to reduce traffic violations and vehicle accidents. The manual also provides for the recognition of UN personnel driving safely through a monetary incentive scheme.

39. The MONUC Office of Mission Support had not established a mission traffic safety committee nor implemented an incentive scheme to recognize UN personnel members driving safely. The need to address this is important because in 2006/2007 there were 1,044 vehicle accidents. The statistics show that this included 46 accidents involving injuries to UN staff and third party nationals, 7 deaths, and the writing off of 12 vehicles costing \$400,000.

40. The recognition of safe drivers should motivate staff to drive more carefully. Also, the establishment of a traffic safety committee to monitor driving conduct trends, mission road accidents, as well as recommending policy changes

to improve the overall standard of road safety for Mission staff should have a positive effect and reduce the number of accidents.

Recommendation 10

(10) The MONUC Office of Mission Support should: (a) introduce a scheme to recognize UN personnel driving safely; and (b) establish a mission traffic safety committee to review road accidents and driving trends and to recommend policy changes and action plans to improve road safety.

41. *The MONUC Office of Mission Support accepted recommendation 10 and stated that the Mission was already in compliance with this recommendation. Safe driving week is observed every year to promote awareness and to educate staff on the need to drive defensively.* Recommendation 10 remains open pending the introduction of a scheme to recognize UN personnel driving safely and the establishment of the Mission's traffic safety committee.

Speed limit violations

42. The UN Transport Manual provides that the vehicle speed shall always be adjusted to suit the topography, traffic, road and weather conditions. However, safety must always be the main factor governing the vehicle speed. The manual also provides that the vehicle speed exceeding 10 per cent of the established speed limit is reckless and punishable by withdrawal of driving permit for two to twelve weeks.

43. A review of CarLog data for June 2007 showed that 155 staff members exceeded the speed limit in Kinshasa. This included 19 persons who drove at speeds ranging from 84 to 145 km per hour against the established speed limit of 65 km per hour. The Transport Section warned five staff members and taking a lenient view suspended driving permits of six persons for one to three weeks. In OIOS' opinion, considering the consequences of driving at high speeds and the already high number of accidents (over 1,000 per year), the penalties for speed violations should be consistently and strongly enforced.

44. The Transport Section in Entebbe had allowed a maximum speed limit of 80 km per hour without the approval of the Mission administration. There was no evidence of assessments undertaken to justify the high speed limit. OIOS observed speed violations up to 145 kilometers per hour. There was no evidence to indicate any corrective action taken against the erring staff.

Recommendations 11 and 12

The MONUC Office of Mission Support should:

(11) Enforce the penalty of temporary suspension of driving permits for all speed violations, considering the consequences of driving at high speeds and the already high number of accidents in the Mission area; and

(12) Review the speed limits in Entebbe in accordance with the UN Transport Manual.

45. *The MONUC Office of Mission Support accepted recommendation 11 and stated that all violations are closely monitored and penalties strictly enforced.* Based on the assurances provided by the Mission management that appropriate action has been taken, recommendation 11 has been closed.

46. *The MONUC Office of Mission Support accepted recommendation 12 and stated that an administrative instruction with revised speed limits for MONUC staff driving in Uganda had been issued.* Based on the action taken by the Mission, recommendation 12 has been closed.

Issuance and usage of driving permits

47. The Transport Manual provides that a valid mission driving permit be used to drive UN vehicles. The permit should be issued after passing a mission-administered driving test and on submission of a valid national or international driving license, a successful eye test certification from the Medical Section, as well as a waiver of liability by contractors' staff, where applicable.

48. OIOS reviewed a sample of 20 cases processed for issuance of driving permits. Nine applicants did not submit results of eye tests and six contractors' staff did not provide liability waivers.

49. There was no system established to detect, deactivate or forewarn invalid permit holders. Four staff members drove mission vehicles with expired driving permits and national driving licenses. Two out of 25 permits returned by staff members who left the Mission were not deactivated. In addition, the Mission issued a driving permit that was valid three months beyond the expiry date of one staff member's national driving license. Operating vehicles without a valid driving license is a criminal offence under local laws, which may lead to serious financial and legal implications for the UN in case of traffic accidents.

Recommendations 13 and 14

The MONUC Office of Mission Support should:

(13) Ensure that, prior to issuing driving permits, all relevant tests have been done and that results are documented and kept on file. Permits should never be issued to contractors unless there is a waiver of liability in place; and

(14) Ensure compliance with the UN Transport Manual for the issuance of driving permits and establish adequate internal controls for identifying, and deactivating invalid driving permits, and issuing warnings to those who are found driving without a valid permit.

50. *The MONUC Office of Mission Support accepted recommendation 13 and stated that management would ensure full compliance with procedures regarding the issuance of driving permits. Further instructions had also been issued to remind sector staff to strictly enforce the requirement that all contractors' personnel, including national individual contractor (IC) drivers, should sign a liability waiver statement prior to taking the driving test. Recommendation 13 remains open pending OIOS' verification of compliance with procedures for issuing driving permits, including instructions issued relating to the signing of liability waiver statements for non-UN staff.*

51. *The MONUC Office of Mission Support accepted recommendation 14 and stated that measures had been taken to strengthen controls and establish a system to detect and penalize invalid permit holders. Recommendation 14 remains open pending OIOS' verification of the implementation of a system to detect invalid permit holders.*

D. Utilization of and safeguarding mission transport assets

Rental of vehicles for liaison office in Pretoria

52. MONUC rented vehicles for the liaison office in Pretoria to provide transport to civilian staff, VIP visitors from Kinshasa and to assist in medical evacuations. The vehicle rental costs from July 2004 to July 2007 were ZAR 966,330 (\$144,000). The decision to lease vehicles rather than purchase them was based on a short term six months cost analysis which relied on exorbitant vehicle prices on the South African market. For example, the price of a minibus was shown as \$36,700 whereas, the UN system contract price was only \$15,000 excluding freight charges. In addition, the analysis erroneously showed the price of two light sedans as \$112,750 instead of \$56,400. The UN system contract price for two light sedans was only \$33,000 excluding freight charges.

53. In June 2004, the Office of Mission Support approached the Logistics Support Division at Headquarters for local procurement authority (LPA), considering long term renting was not economical. In February 2006, MONUC again requested an LPA when the proposal to transfer vehicles from the Entebbe Logistics Base was shelved due to strict importation regulations in South Africa. The Mission still waiting for the LPA from UN Headquarters.

54. The uneconomical decision based on erroneous short-term cost analysis, compounded by delays in the procurement or transfer of Mission vehicles, resulted in the inefficient use of funds. The CTO agreed to review the decision of renting vehicles in consultation with the Director of Mission Support.

Recommendation 15

(15) The MONUC Office of Mission Support should carry out a realistic cost-benefit analysis of renting vehicles versus purchasing or transferring vehicles from other missions to its

liaison office in Pretoria, and adopt the most cost-effective option.

55. *The MONUC Office of Mission Support accepted recommendation 15 and stated that management would review the decision of renting vehicles versus purchasing or transferring vehicles from other missions to the liaison office in Pretoria. The Transport and Procurement Sections are planning a joint assessment exercise to conduct the recommended cost-benefit analysis. Recommendation 15 remains open pending the adoption of the most cost-effective option for the provision of transport facilities to the liaison office in Pretoria.*

Inadequate safety equipment in UN vehicles

56. An inspection of 38 vehicles showed that health and safety equipment inside the vehicles was not adequate as shown in Table 3.

Table 3: Inadequate Safety Equipment in Mission Vehicles

Criteria	No. of Vehicles
Lack of fire extinguishers	6
Lack of first aid boxes/empty boxes	24
Non installation of UHF/VHF radios	16
Lack of anti-theft system	5

57. OIOS noted that in vehicles with fire extinguishers, expiry dates were not indicated, and there were no standard operating procedures on their periodic inspection by the Fire Fighting Unit. Moreover, the Transport Section did not ensure that vehicles are equipped with adequate safety equipment to comply with the Minimum Operating Security Standards (MOSS). These standards require that vehicles operating under security phase III environments be equipped with UHF/VHF radios.

Recommendation 16

(16) The MONUC Office of Mission Support should ensure that vehicles are fitted with equipment required to meet the Minimum Operating Security Standards.

58. *The MONUC Office of Mission Support accepted recommendation 16 and stated that a requisition had been made to purchase 500 one-kilogram fire extinguishers. The Medical Section had also provided 250 first aid kits for distribution. Recommendation 16 remains open pending confirmation of the provision of fire extinguishers and first aid medical kits in UN vehicles.*

Delays in the write-off and disposal of vehicles

59. The UN Property Management Manual provides that self-accounting units (SAU) should initiate in a timely manner the process to write off property when it is deemed unusable or uneconomical to repair.

60. In December 2007, 196 UN vehicles were parked at various locations (as shown in Table 4). The vehicles were awaiting write-off and disposal action for periods ranging from 7 to 43 months. Except for Kisangani, the parking areas were not adequately secured to restrict access and mitigate the risk of theft.

Table 4: Location of Vehicles Pending Write-off and Disposal Action

Location	No. of Vehicles
Kinshasa (Agetraf, Chanimetal & Incal)	146
Kisangani	32
Bukavu	11
Goma	7
TOTAL	196

61. OIOS' review of write-off process pertaining to 20 vehicles showed that in 85 per cent of cases, the Transport Section initiated the process one to three years after the vehicles had already completed the recommended life cycle of five years. This makes the vehicles uneconomical to maintain considering the poor road infrastructure in the country and unavailability of spare parts for old vehicle models. The Claims & Property Survey Board Section, Board of Survey (BOS) and the Local Property Survey Board (LPSB) took 3 to 31 months to finalize write-off recommendations after issuance of provisional condemnation certificates due to late physical inspection of vehicles by the BOS or delay in review of cases by the LPSB.

62. The Transport Section handed over 14 written off vehicles in December 2005; 4 in August 2007; and 128 in November 2007 to the Property Disposal Unit. However, the vehicles could not be disposed off because suitable buyers were not identified by the Procurement Section. The Procurement Section conducted three competitive bidding exercises which were unsuccessful in that bidders either did not comply with the terms of the requests for proposals or did not agree with the terms and conditions of the contract. OIOS further observed that the Mission has not established milestones to ensure the timely disposal of written off assets by the concerned sections.

63. Inordinate delays in the completion of the write-off and disposal processes pose a high risk of pilferage of spare parts and expose assets to the elements, thereby reducing their salvage value.

Recommendation 17

(17) The MONUC Office of Mission Support should expedite the write-off and disposal of damaged vehicles, and ensure that such vehicles are adequately safeguarded against theft pending final disposal decisions.

64. *The MONUC Office of Mission Support accepted recommendation 17 and stated that a review is being conducted to reduce delays in the completion of the write-off and disposal processes. Additional measures such as the development of a website to display written-off property for sale to potential*

buyers and the establishment of an account to pay vendors to remove scrap and waste materials were also being considered. Recommendation 17 remains open pending the implementation of procedures to expedite the vehicle write-off and disposal processes.

Unapproved terms of reference for the Vehicle Establishment Committee

65. The role, responsibility and authority of the Vehicle Establishment Committee (VEC) should be defined in an approved terms of reference (TOR). In addition, the UN Surface Transport Manual recommends that the VEC should be composed of senior military and civilian personnel such as Chief Administrative Services, Chief Military Logistics Officer, Chief of Civilian Police Logistics, Chief of Integrated Services, Chief Transport Officer and Chief Finance Services.

66. The MONUC VEC was working without approved terms of reference, and as a result its role, responsibility and authority were not formally determined. The VEC was composed of officers such as Field Office Manager of Kinshasa, Transport Officer, Administrative Assistant and representatives of the Force Commander and Police Commissioner.

67. In the absence of approved TORs, the VEC was not able to function effectively and allocate Mission vehicles to meet operational requirements. For example, the VEC recommendations of May 2006 regarding the withdrawal of 23 surplus vehicles from 13 sections were not implemented. OIOS also observed that the minutes of a VEC meeting held in May 2007 were not approved by the administration and thus the recommendations were not implemented.

Recommendation 18

(18) The MONUC Office of Mission Support should: (a) approve the terms of reference for the vehicle establishment committee; and (b) ensure that the committee's membership is in line with the UN Surface Transport Manual.

68. *The MONUC Office of Mission Support accepted recommendation 18, which will remain open pending the approval of the terms of reference for the vehicle establishment committee and the appointment of the committee members in accordance with the guidelines provided in the UN Surface Transport Manual.*

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	O	Confirmation by the Mission of the implementation of the fleet management module in Galileo	31 Oct. 2008
2	O	Confirmation by the Mission that other peacekeeping missions have been notified about the availability of excess spare parts	Not provided
3	O	OIOS' verification that adequate internal controls over inventory management for transport operations have been put in place	30 Sept. 2008
4	O	Submission to OIOS of SOPs for warehousing operations	30 Sept. 2008
5	O	OIOS' verification of implementation of guidelines issued under IOM, TPT/AT/0045-08	20 March 2008
6	C	Action complete	Implemented
7	O	OIOS' verification of the establishment of re-order levels for fast-moving spare parts and the provision of funds to field offices	Not provided
8	O	Confirmation by the Mission that the main deck loader is operational	30 July 2008
9	O	Submission to OIOS of documentation showing the final resolution or recovery of the disputed repair costs	Not provided
10	O	Submission to OIOS of documentation showing the introduction of a scheme to recognize UN personnel driving safely and the establishment of the Mission's traffic safety committee	Not provided
11	C	Action complete	Implemented
12	C	Action complete	Implemented
13	O	OIOS' verification of compliance with procedures for issuing driving permits, including instructions issued relating to the signing of liability waiver statements for non-UN staff	31 July 2008
14	O	OIOS' verification of the implementation of a system to detect invalid permit holders	31 July 2008
15	O	Submission to OIOS of documentation showing the adoption of the most cost-effective option for the provision of transport facilities to the liaison office in Pretoria	31 July 2008
16	O	Confirmation by the Mission of the provision of fire extinguishers and first aid medical kits in UN vehicles	27 June 2008
17	O	Confirmation by the Mission of the implementation of procedures to expedite the vehicle write-off and disposal processes	31 Dec. 2008
18	O	Confirmation by the Mission of the approval of the terms of reference for the vehicle establishment committee and the appointment of the committee members in accordance with the guidelines provided in the UN Surface Transport Manual	31 July 2008

¹ C = closed, O = open² Date provided by MONUC in response to recommendations