



## **INTERNAL AUDIT DIVISION**

**OFFICE OF INTERNAL OVERSIGHT SERVICES**

# **AUDIT REPORT**

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## **Audit of transport operations in MINUSTAH**

**10 October 2007**

**Assignment No. AP2006/683/05**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

OIOS · BSCI

TO: Mr. Edmond Mulet  
A: Special Representative of the Secretary-General  
MINUSTAH

DATE: 10 October 2007

REFERENCE: AUD- 7-5:10 (07- 00584)

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



SUBJECT: **Assignment No. AP2006/683/05: Audit of transport operations in**  
OBJET: **MINUSTAH**

1. I am pleased to present the report on the above-mentioned audit, which was conducted between December 2006 and February 2007.

2. Based on your comments, we are pleased to inform you that we have closed recommendations 6, 7 and 13 in the OIOS recommendations database as indicated in Annex 1. OIOS is reiterating recommendation 8 and requests that you reconsider your initial response concerning this recommendation. 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 4, 8, 9, 10 and 11), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

4. 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.

cc: Mr. Paul Aghadjanian, CAO, MINUSTAH  
Ms. Susan Desousa, Senior Administrative Officer, Office of the CAO, MINUSTAH  
Mr. Philip Cooper, Director, Department of Field Support  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

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

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## **EXECUTIVE SUMMARY**

### **Audit of transport operations in MINUSTAH**

OIOS conducted an audit of transport operations at the United Nations Stabilization Mission in Haiti (MINUSTAH) from December 2006 through February 2007. The main objective of the audit was to obtain reasonable assurance of the adequacy and effectiveness of controls over ground transport operations. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS identified several opportunities for improvement that require the Mission's attention. The weaknesses summarized below and discussed in the report affect the stability and maintenance of transport operations.

- Vehicle establishment ratios are not aligned with existing policies. Rotation policies do not exist;
- The Mission's fleet usage and maintenance monitoring systems are weak;
- Safety preventive kits and measures need to be in place to manage health and security risks;
- Lack of reorder policies and bin locations for transport spare parts and continuous inventory adjustments weaken the efficiency of the inventory system;
- Mechanisms for monitoring and enforcement of driving regulations are not fully implemented.

OIOS raised a number of recommendations to address the above weaknesses and the other findings noted in the report.

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## **I. INTRODUCTION**

1. The Office of Internal Oversight Services (OIOS) OIOS conducted an audit of transport operations in the United Nations Stabilization Mission in Haiti (MINUSTAH) between December 2006 and February 2007.
2. The Transport Section is part of the Office of Integrated Support Services and is responsible for managing and maintaining ground transportation assets in MINUSTAH. The Section coordinates its activities with the Surface Transport Section at UNHQ, New York, and is a self-accounting unit which raises all requisitions for spare parts, workshop equipment, tools and miscellaneous items for the repair and maintenance of the vehicle fleet. The Section's budget for the period from 1 July 2006 to 30 June 2007 includes 126 posts. The Section is organized into four units: Force Vehicle Inventory Unit (FVIU), Workshop Unit, Warehouse Operations–Stores Unit and, Transport Operations Unit.
3. As of February 2007, the Mission had 869 motorized UN-owned (UNOE) surface transport vehicles and 10 transport workshops.
4. Comments made by MINUSTAH are shown in *italics*

## **II. AUDIT OBJECTIVES**

5. The major objectives of the audit were to assess whether:
  - (a) Ground transport vehicles were managed in compliance with relevant rules, regulations, administrative instructions, guidelines, and SOPs;
  - (b) Vehicles were appropriately allocated and utilized;
  - (c) Maintenance of vehicles was efficient and timely; and
  - (d) Assets were appropriately accounted for and safeguarded.

## **III. AUDIT SCOPE AND METHODOLOGY**

6. The audit focused on motorized UN-owned equipment and surface transportation assets and reviewed all operations performed by the Transport Section. The auditors reviewed relevant information on transport operations from the inception of the Mission and interviewed responsible MINUSTAH officials. Sampling techniques were applied to identify assets and records to be reviewed.
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## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Fleet management framework**

#### Vehicle Establishment Committee and fleet distribution

7. In March 2005, MINUSTAH created the Vehicle Establishment Committee (VEC), which is responsible for implementing policy directives concerning the vehicle establishment (i.e., personnel to vehicle ratios) of the Mission, and proposing adjustments, including the establishment of reserves and rotation and acquisition/disposal policies. Transport SOPs require that VEC meetings be held at least once every quarter. However, the MINUSTAH VEC met only four times since its creation, and its terms of reference are still in draft.

8. MINUSTAH light passenger vehicles are budgeted according to the Standard Cost Manual (SCM) which the VEC adopted on March 2005 as the general standard for calculating vehicle allocations among sections. OIOS reviewed the November 2006 allocation of vehicles (before the temporary vehicle redistribution for supporting the election process) based on the actual staff and holdings, and found that 60 per cent of divisions/sections entitled to hold vehicles, have more vehicles than their entitlement. While specific mission circumstances such as road/terrain conditions, limitations on free vehicle movements, and job functions/necessities may be used to adjust the vehicle establishment ratios, no proposal for adjusting the ratios was made except for the UNPol fleet.

9. The MINUSTAH Administration advised that the Standard Cost Manual ratios are used for budgeting purposes and concurred with OIOS that criteria for vehicle distribution should be adjusted, taking into consideration the Mission's circumstances and needs. The VEC reviews and decides on the vehicle distribution based on requirements and staffing tables. The next VEC will review the allocation of vehicles, but proposals for changing the vehicle establishment ratio require extensive analysis by the Mission and Headquarters.

#### **Recommendation 1**

**(1) The MINUSTAH Administration should finalize the terms of references and schedule regular meetings for the Vehicle Establishment Committee.**

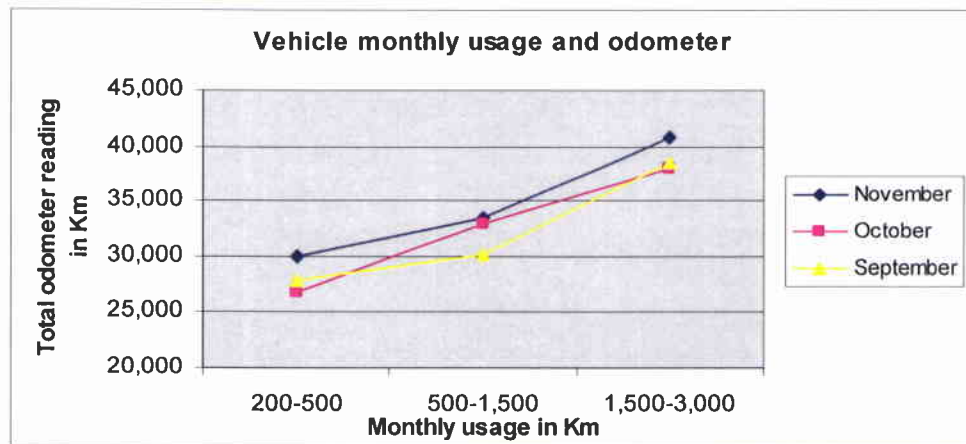
10. *The MINUSTAH Administration accepted recommendation 1 and stated that terms of reference are being reviewed and will be finalized by 20 August 2007. In 2005 and 2006, VEC meetings were held twice a year based on the Mission's requirements. However, in 2007 should there be a requirement to meet more frequently, the Mission shall do so, otherwise, the same frequency will be maintained. Recommendation 1 remains open pending receipt of a copy of the VEC terms of reference.*

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### Fleet rotation policy

11. MINUSTAH follows the general policy adopted by the United Nations for the replacement of UNOE vehicles in Peacekeeping Missions. The Mission transport SOP stipulates the maximum economic life for light passenger vehicles as between 100,000-140,000 Km or 4 to 5 years, whichever comes first. Fleet rotation is required by the same MINUSTAH transport SOP in order to maximize the fleet utility before the end of its economic life. As of January 2007, the Transport Section had not developed the criteria for rotation. OIOS sampled the entire fleet of Nissan Patrols (the most representative Light Passenger Vehicle) in MINUSTAH and found that on average, vehicles with higher monthly usage also had higher odometer readings (see Figure 1). However, if a rotation policy existed, such high mileage vehicles would be rotated and assigned to staff who did not drive as much. If a rotation policy is not developed, the current fleet configuration will soon consist of two extremes; some vehicles approaching the maximum allowed mileage, while others approach the 5 year replacement stage with little usage.

**Figure 1: Vehicle monthly usage and final odometer readings**



Source: CarLog, MINUSTAH

12. In OIOS' opinion, rotation strategies can improve vehicle operation, reduce unnecessary equipment costs and improve overall fleet efficiency. Adequate rotation policies should factor in maintenance, repair, fuel usage costs, operational needs, and weather and road conditions. A cost-benefit analysis of rotation policy needs to be implemented before the condition of the fleet becomes critical.

### **Recommendation 2**

**(2) The MINUSTAH Transport Section should prepare a cost/benefit analysis and identify rotation criteria in connection with developing an efficient vehicle rotation policy.**



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13. *The MINUSTAH Administration accepted recommendation 2 and stated that a cost-benefit analysis will be prepared by 30 September 2007 to identify rotation criteria in connection with developing an efficient vehicle rotation policy.* Recommendation 2 remains open pending receipt of documentation from MINUSTAH showing the establishment of an efficient vehicle rotation policy.

#### Criteria for vehicle write-off

14. As of January 2007, 12 vehicles were written-off and 19 vehicles were pending write-off. Of these vehicles, 17 had Provisional Condemnation Certificates dated 2005, however, none of the vehicles pending write-off or finally written-off had been cannibalized to make use of their parts or otherwise disposed of as required. The Transport Section reuses the spare parts from those vehicles to supplement available stock. However, no log of used spare parts exists. Some of the vehicles were stocked in unprotected areas, and most of them still had the UN plates attached. OIOS sampled 11 vehicles located in the temporary disposal yard and found that the plates were missing from four of these vehicles and that the Mission had no record of lost plates, which are UN property, and could be misused for such purposes as obtaining UN fuel. The Transport Section advised that the lack of storage space limits the ability to cannibalize vehicles, but that by February 2007 cannibalization of written off vehicle had started.

#### **Recommendation 3**

**(3) The MINUSTAH Transport Section should secure all written-off vehicles and those pending write-off, remove UN plates when vehicles are pending write-off and finalize disposal of written-off vehicles as soon as possible.**

15. *The MINUSTAH Administration accepted recommendation 3 and stated that the system will be put in place immediately.* Recommendation 3 remains open pending receipt of documentation from MINUSTAH showing that all written-off vehicles pending final write-off/disposal approvals have been secured, and that disposal action on all vehicles already approved for write-off have been finalized.

#### **B. Vehicle insurance**

16. In 2006, the Mission recorded a total of 211 traffic incidents where the UN driver/vehicle was not at fault. These incidents were estimated to involve total damages of almost \$52,000 to the Organization. The Joint Traffic Unit is responsible for recording all incidents and transmitting reports to the Claims Unit, which is to follow up with insurance companies on the status of current claims. The Claims Unit advised that no follow-up was conducted on incidents which occurred in 2006 where the third party was responsible, irrespective of the amount of damage. The Claims Unit Chief noted that this practice was

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established after several unsuccessful attempts to follow-up with local insurance companies and drivers until July 2005. However, the current practice of not following up has not been formally approved. The Mission did not conduct a cost-benefit analysis to identify criteria to establish whether cases should be followed up with at fault third parties to seek compensation. In OIOS' opinion the Mission Administration, based on a cost-benefit analysis, should formally adopt one policy, establishing damage thresholds and conditions for following up with third parties' insurance companies.

#### **Recommendation 4**

**(4) The MINUSTAH Administration should adopt a formal policy for following up and seeking compensation for damages from third parties' insurance companies and/or third party vehicle owners as a result of traffic accidents where third parties are responsible.**

17. *The MINUSTAH Administration accepted recommendation 4 and stated that necessary actions will be taken to follow up with insurance companies and/or third party vehicle owners.* Recommendation 4 remains open pending receipt of documentation from MINUSTAH showing the adoption of procedures for claiming compensation for damages from third parties' insurance companies and/or third party vehicle owners.

### **C. Monitoring of fleet operations**

#### Liberty mileage and duty trips

18. Mission vehicles remain with international staff after duty hours, and liberty or recreation use of these vehicles is generally allowed where the vehicles in question are temporarily not required for official purposes. Monitoring the use of vehicles is therefore of key importance in order to limit abuse. The Chief Transport Officer is responsible for notifying the Finance Section of all liberty and recreation mileage in the Mission and the names of the drivers. The Finance Section is responsible for obtaining reimbursement from the staff.

19. Since the introduction of the CarLog system, and the elimination of trip tickets, the Mission has no system in place to distinguish between liberty and duty trips except for those liberty trips requiring an approved Movement of Personnel (MOP). Administrative Circular 010/2006 requires the Transport Section to submit bill amounts for liberty usage of vehicles to the Finance Section on the basis of MOPs and the mileage shown in CarLog at a rate of US\$0.08/km traveled. The Transport Section is required to manually reconcile all MOPs issued for liberty purposes with the information recorded in CarLog.

20. OIOS found the manual reconciliation process to be extremely time-consuming and inefficient because: (a) it does not capture all vehicles used for liberty purposes, but focuses only on trips requiring MOPs; and (b) MOPs require extensive investigation due to incorrect or lack of information concerning

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the plate number or the driver's name. Of the 29 MOPs issued for liberty trips in October 2006, 24 had missing or incorrect information and required investigation by the transport officer. Of these 24 MOPs, only five vehicles were identified and reimbursements will be proposed for 633 Km (or US\$50.6). In OIOS' opinion, the current procedure to estimate the reimbursement for liberty mileage is not cost-effective.

21. The Finance Section advised that as of January 2007, no reimbursement for liberty mileage was required of staff. The lack of data and analysis of liberty usage of vehicles did not allow for estimating lost liberty mileage reimbursements in past years. According to the Transport Section full monitoring of vehicle utilization can be achieved by purchasing additional bar-coded driving cards. In the meantime, MINUSTAH Administration needs to automate segregation of vehicle usage based on working hours and bill for liberty mileage, utilizing a certification system similar to those already in place for land line and mobile phones. During the exit conference, the MINUSTAH Administration advised that criteria for the identification of liberty mileage are under review.

#### **Recommendation 5**

**(5) The MINUSTAH Administration should amend Administrative Circular 010/2006 to automate the identification of vehicle use for liberty and establish an adequate billing system.**

22. *The MINUSTAH Administration accepted recommendation 5 and stated that Administrative Circular # 004/2006 was cancelled and a new circular dated 28 June 2007 was issued on Liberty Use of MINUSTAH Vehicles, discontinuing the liberty mileage policy (of charging staff for liberty travel) because of the prevailing security situation in the country and the absence of reliable, safe alternative means of public transportation.* OIOS acknowledges that although the charging of liberty mileage against users of UN vehicles is currently suspended, the Mission still needs to establish an automated mechanism to identify and bill liberty travel should the current suspension of liberty mileage be lifted. OIOS keeps recommendation 5 open pending receipt of documentation from MINUSTAH showing that a mechanism to identify and bill liberty travel has been implemented.

#### Lack of human resources and security and safety measures for Dispatch Unit

23. The Dispatch Unit operates shuttle services to and from HQ and Log Base and taxi services upon demand by the staff. In Port-au-Prince the Unit operates 17 bus routes requiring 46 staff and 33 vehicles. The service is available around the clock. Since January 2007, the Unit was being restructured, and 24 individual contractors previously employed as dispatch drivers were not renewed or replaced. As of February 2007 the Unit had 38 dispatch drivers, of whom 17 are individual contractors while the remaining drivers have limited duration appointments (ALD).

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24. The Unit restructuring was not planned in advance and the lack of dispatch drivers stretched the use of available resources. As a temporary solution, the Dispatch Unit reduced the number of drivers on duty during the week-end and night shifts. Between 10 January and 9 February 2007, 13 dispatch drivers worked 6 shifts per week without the required 48 hours rest/break as recommended in the Surface Transport Manual for safety purposes. Management could not provide data on the number of drivers necessary to function effectively and provide services in accordance with the required standards.

25. OIOS' review of dispatch resources showed that eight medium buses in Port-au-Prince did not have the required VHF/UHF radio; 18 drivers were not provided with HF radios and had to share their equipment; one dispatcher could not respond to a radio test call, because he had no handset while on road service. Of 10 active dispatch vehicles 8 had no first aid kits and 4 had no fire extinguishers. All of the remaining fire extinguishers had never been inspected. Similarly, extinguishers in the workshop areas of Port-au-Prince were not inspected and first aid kits for eye injuries (eyewash centers), were not in place as required in the Safety SOP.

#### **Recommendations 6 and 7**

**(6) The MINUSTAH Transport Section should re-align weekly working hours for dispatch drivers to ensure compliance with safety requirements and develop a plan identifying dispatch routes and needed resources.**

**(7) The MINUSTAH Transport Section should ensure that all dispatch vehicles and workshop areas are equipped with required medical kits/stations, communications equipment and fire extinguishers.**

26. *The MINUSTAH Administration accepted recommendations 6 and 7, and stated that the drivers' weekly schedule and the dispatch routes were established with effect from 15 June 2007 and that workshops were equipped as required.* Based on actions taken by MINUSTAH, recommendations 6 and 7 have been closed.

#### **D. Workshops in the regions and inventory management**

27. MINUSTAH's main transport workshop is located in Port-au-Prince, and is equipped to carry out all levels of vehicle and equipment repairs and scheduled maintenance. Ten regional workshops with limited capacity have been established in all regions. The Transport Section advised that monitoring of the work performed by regional workshops is conducted by reviewing the requisitioning of spare parts required for repairs and comparing weekly reports submitted with the repairs/maintenance actually done. However, no comparative analyses or benchmarks on regional workshops performance exist.

28. In OIOS' opinion, performance analysis is a tool that should be used by management to facilitate decision-making regarding resource utilization and allocation. Performance analysis should provide indications of strengths and weaknesses and assist management in making strategic decisions. In order to assess the current performance of the regional workshops, OIOS compared the time required for standard maintenance and repair work (changing tires, repairing punctures, repairs and maintenance at 5,000 and 20,000 Km) of Nissan Patrols among the workshops located in different regions (see Figure 2). We found that performance of regional workshops was not uniform and Cap Haitien and Fort Liberte showed consistently weak performance.

**Figure 2: Average working hours for standard repair and maintenance of Nissan Patrols in 2006**

Activity	Cap Haitien	Fort Liberte	Gonaives	Hinches	Jaquiel	Jeremie	Les Cayes	Miragoane	PAP	Port de Paix	Average
New tires	5.0	4.0	2.2	1.0	1.7	1.2	1.6	2.6	2.0	4	2.0
Puncture repair	3.2	3.3	2.0	2.0	-	-	1.1	1.1	1.2	1.4	1.6
Maintenance 5.000Km	4.7	5.5	3.9	3.7	2.7	1.6	2.6	3.0	3.1	3.7	3.3
Maintenance 20.000 Km	9.5	6.6	6.6	3.2	5.8	8.0	5.8	3.9	5.2	6.0	5.6

29. Further, OIOS found that the current distribution of staff employed in workshops by region is not aligned with 2006 demand for services and the average working hours per mechanic is not consistent among all sectors. The Cap Haitien Sector (which includes the Cap Haitian and Fort Liberte workshops) if compared with Gonaives and Les Cayes sectors, which have similar fleet composition, has more resources than other sectors and charges on average more working hours (see Figure 3). OIOS could not compare the performance of Port-au-Prince with those of other workshops because of the unique composition of the fleet located in this sector.

**Figure 3: Workshop performance**

	Cap Haitien	Gonaives*	Les Cayes	PAP	Total
Total working hours 2006	4345	2080	1448	22186	30059
Number of staff (Mechanics) in 2007	7	6	6	27	46
Number of vehicles assigned to the sector in 2007	78	73	80	638	869
Average working hours per mechanic	621	347	241	822	653
Average vehicle per mechanic	11.1	12.2	13.3	23.6	18.9

Average working hours for maintenance and repair per vehicle	55.7	28.5	18.1	34.8	34.6
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\*Two mechanics also work as dispatchers

30. The Transport Section could not provide sufficient justifications for the actual distribution of resources as compared with performance. We were informed that the performance of the Cap-Haitien sector could be explained by a lack of adequate tools/machines, but no analysis of historical use of resources and performance exists. The Mission maintains large information databases such as CarLog and Galileo for tracking resource utilization including manpower. However, there appeared to be no comprehensive system for monitoring performance of repair and maintenance activities, and resource allocation decisions were based on ad-hoc requirements and individual knowledge. Management could benefit from systematic analysis of existing data.

31. OIOS sampled 10 vehicles with work orders showing excessive or repetitive use of spare parts. However, the review found that all of these work orders were actually entered and implemented correctly. Furthermore, a review of a sample of 1,487 Nissan Patrol vehicles scheduled for different intervals of regular maintenance showed that 120 of these vehicles (or 8 per cent) exceeded the scheduled maintenance deadline by 500 or more Km and 25 exceeded the deadline by 1000 Km or more. Timely maintenance of vehicles ensures that their performance and expected life are maintained at the expected level. The Transport Unit advised that it intended to initiate an awareness campaign among drivers concerning the need for timely maintenance.

### **Recommendation 8**

**(8) The MINUSTAH Transport Section should identify appropriate benchmarks and evaluation mechanisms in order to maximize performance of the various workshops and ensure efficient distribution and use of resources among workshops in different sectors.**

32. *The MINUSTAH Administration did not accept recommendation 8, stating that MINUSTAH uses a combination of locally-outsourced workshops and internal (Mission) workshops. The Mission added that such use of local and internal vehicle workshops represents a mechanism to maximize the performance of various workshops. OIOS acknowledges the Mission's response but wishes to point out that the recommendation calls for the identification of benchmarks or performance indicators and the evaluation of the workshops' performance against these criteria. Therefore, OIOS is reiterating recommendation 8 and requests that MINUSTAH reconsider its initial response to this recommendation.*

### Management of spare parts

33. The Transport Stores Unit is responsible for planning, accounting for and issuing spare parts required for the MINUSTAH vehicle fleet. Transport spare

parts are accounted for in the Galileo system as expendables at purchase value. As of 14 February 2007, \$1.8 million in transport spare parts was distributed into seven warehouses in the mission area with 90 per cent of the assets stocked in the warehouses in Port-au-Prince.

**Figure 4: Transport spare parts by location as at 14 February 2007**

Region	Port-au-Prince	Cap-Haitien	Gonaives	Les Cayes	Hinche	Jacmel	Miragoane	Total
Quantity	71,152	2,664	1,245	2,869	505	600	134	79,169
Value \$	1,657,086	51,220	38,103	63,788	12,329	12,152	2,651	1,837,330
% to total	90.2%	2.8%	2.1%	3.5%	0.7%	0.7%	0.1%	100.0%

34. OIOS' visit to the main warehouse in Port-au-Prince, located in the basements of the Transport Unit, indicated the following internal control weaknesses over order, receipt, storage and issue of spares:

- Shelves were not fully installed and marked to identify them;
- There was no bin location shown in Galileo for most of the assets;
- The reorder module in Galileo was not filled, and there was no formal reorder policy. Reordering of spare parts was based on ad-hoc knowledge of the stock rotation, availabilities and delivery times.

35. The Transport Stores Unit conducts inventory exercises twice a year. The last inventory was conducted in November 2006. It identified several discrepancies but the exact amount and number of discrepancies could not be determined because the Unit had not finalized the exercise at the time of the audit. Between January and December 2006, 14 Inventory Cycle Vouchers (ICV) with positive and negative variances were entered into Galileo. The December 2005 physical inventory of the Port-au-Prince warehouse recorded a negative variance of \$85,000. OIOS conducted a selective physical verification of spare parts in the Port-au-Prince warehouses and found material differences between actual stocks and stocks recorded in Galileo (after the adjustments proposed based on the November 2006 inventory), in 9 of the 13 asset categories identified.

#### **Recommendations 9 and 10**

**(9) The MINUSTAH Transport Section should identify the causes of inventory discrepancies and lessons learned in order to eliminate or minimize physical discrepancies in future exercises.**

**(10) The MINUSTAH Transport Section should assign bin locations to all expendable assets, identify and develop a**

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**formal reorder strategy taking into account stock rotation, delivery time and other necessary criteria.**

36. *The MINUSTAH Administration accepted recommendation 9 and stated that the Transport Section is in the process of conducting a physical inventory of spare parts, which is expected to be completed by 30 September 2007. Recommendation 9 remains open pending receipt of documentation from MINUSTAH showing the results of the physical inventory of spare parts.*

37. *The MINUSTAH Administration accepted recommendation 10 and stated that the assignment of bin locations to all expendable assets has already started and that it is expected to be completed by 30 September 2007. Recommendation 10 remains open pending receipt of notification from MINUSTAH showing that the bin assignment process has been completed.*

Direct expenditures

38. Financial Rule 105.7 states that expenditures under \$2,500 can be processed as “direct” expenditures without prior obligation in the accounts on an exceptional basis. Such payments are processed as a low-value item in the Sun-System. Direct expenditures are initiated for approved work orders/requisitions of an urgent nature provided that materials/services are neither in stock/in the pipeline for delivery nor available in system contracts<sup>2</sup>. The Field Finance Procedure Guidelines<sup>3</sup>, state that normally three pro-forma invoices should be obtained and care must be taken to ensure that the limit of \$2,500 is not being circumvented by ‘splitting’ the invoices for related items from the same vendor.

39. OIOS’ review of the direct expenditures by the Transport Section for the period July 2006-January 2007 showed that of 14 transactions identified, ten were awarded to the same vendor (Delta Auto Parts) for individual amounts of almost \$2,400 for clutches and batteries. Delta Auto Parts was the only vendor consulted on all surveys (see Figure 5).

40. The Transport Section explained that the Mission experiences an exceptionally high consumption of clutches and batteries and re-supply through the system contract with Nissan Trading Company was not efficient. The Mission requisitions for Nissan batteries and clutches in 2006 did not conform to actual needs. The first substantive requisitions for batteries and clutches in that year were issued in July 2006; while on average 135 days<sup>4</sup> are required between the requisition and initial receipt. In order to comply with the needs for these two items, between July and December 2006, the Transport Section used direct expenditures.

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<sup>2</sup> Field Finance Procedure Guidelines , paragraph 3.2.2

<sup>3</sup> FFPG/2006/Rev.1 of February 2006 approved by Chief FMSS/DPKO and director of the Accounts Division/OPPBA

<sup>4</sup> From an analysis of all transport requisitions issued in the period July 2005 to July 2006.



41. Since 1 August 2006, MINUSTAH has a blanket supply contract for the provision of Nissan spare parts, on an as required basis, with Universal Motor S.A. (the official Nissan dealer in Port-au-Prince). The Procurement Manual (9.4 (1) a. b) states that system contracts shall be the preferred purchase method. OIOS visited Universal Motor S.A. and found that the company had stocks of Nissan batteries (model # 95D31L) on 12 December 2006 and 11 October 2006. However, the Mission purchased the batteries from Delta Autopart, stating in the Asset Disbursement Request Form that Delta Autopart was the only vendor with available stock. The Procurement Section explained that it has no authority to stop any direct expenditure requests and that this weakness was discussed on several occasions with the Administration.

**Figure 5: Direct expenditure transactions for the purchase of Nissan clutches and batteries between July 2006 and January 2007**

Transaction date	US\$ amount	Spare part for Nissan	Vendor invited			Justification
			Winner	Vendor2	Vendor3	
12/1/07	2,467	Clutch & accessories	Delta	Alliance	Football	Only vendor with available stock
28/12/06	2,363	Battery	Delta	Doro	Alliance	Only vendor with available stock
28/12/06	2,435	Clutch & accessories	Delta	Solution	Football	Offering lower price
18/12/06	2,435	Clutch & accessories	Delta	Solution	Football	Offering lower price
12/12/06	2,363	Battery	Delta	N/A	N/A	Only vendor consulted
6/12/06	2,435	Clutch & accessories	Delta	N/A	N/A	Only vendor consulted
11/10/06	2,407	Battery	Delta	Doro	N/A	Only vendor with available stock
10/10/06	2,423	Clutch & accessories	Delta	N/A	N/A	Only vendor with available stock
30/8/06	2,362	Clutch & accessories	Delta	Universal	N/A	Only vendor with available stock
28/7/06	2,413	Battery	Delta	Universal	N/A	Only vendor with available stock

42. The MINUSTAH Administration needs to pay closer attention to the use of direct expenditures and ensure that there is fair competition. As explained

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above, OIOS believes that the lack of an appropriate reorder strategy forced the Mission to satisfy its needs for spare parts by purchasing directly on the market and splitting orders into amounts just below the allowed threshold for direct expenditures. The reasons for not using the blanket supply contract for obtaining Nissan spare parts also need to be further investigated.

#### **Recommendation 11**

**(11) The MINUSTAH Administration should investigate the possibility of improper use of direct disbursement for the acquisition of batteries and clutches during the period between July 2006 and January 2007.**

43. *The MINUSTAH Administration accepted recommendation 11 and stated that the Security Section/SIU has been requested to carry out the investigation.* Recommendation 11 remains open pending receipt of documentation from MINUSTAH showing the results of the investigation on the use of direct disbursement for the acquisition of batteries and clutches during the period from July 2006 to January 2007.

#### **E. Traffic incidents and driving test**

44. In July 2006, MINUSTAH established the Special Investigation Unit (SIU) to control and reduce traffic accidents. Its terms of reference and work plan were approved in August 2006. The Unit operates in transport workshops and includes representatives of the Security and Transport Sections and UN Police. It is responsible for investigating, classifying and maintaining records of all traffic accident cases and for coordinating checkpoints and patrols. Between July and November 2006, 16 checkpoints were established and 336 vehicles inspected for any violations. In October 2006, UNPOL withdrew one of the two vehicles originally assigned to the Unit, which according to Unit staff, affected its capacity to patrol and intervene promptly. However neither the Unit work plan nor its terms of reference identify the need for physical resources to carry out its tasks. The Unit needs to clearly identify resource requirements when planning its activities.

45. The number of traffic accidents increased substantially between 2004 and 2006. This increase was caused primarily by the increase in the number of vehicles in the Mission (see Figure 6). OIOS' review of 322 transport accidents which occurred between June 2006 and February 2007 based on the SIU investigation report found that 139 (or 43 per cent) of these were caused by UN drivers. SIU explained that the large majority of accidents were due to the challenging local traffic conditions.

**Figure 6: Traffic accidents in the period June 2004 to December 2006**

Year	Average monthly traffic accidents		Average accidents per month (% increase from previous year)	Average number of vehicle deployed per month (% increase from previous year)
	Minor	Major*		
2004	49	9	58	264
2005	88	30	118 (118%)	598 (126%)
2006	103	40	144 (22%)	814 (36%)

(Source: SIU) \*Major accidents are those with damage repair cost over US\$500 and/or those with third parties involved.

46. The Driving Testing/Licensing Unit at Port-au-Prince is responsible for testing and issuing driving permits for all UN staff in MINUSTAH. The driving test is generally conducted in areas of the city with no driving challenges. In the opinion of transport and security officers interviewed by OIOS, this test fails to familiarize newly arrived drivers with the actual road/driving conditions prevailing within the mission area.

47. Administrative Circular No.031/2004 sets out the detailed rules concerning vehicle utilization and establishes a preventive/warning system to alert drivers when violations are committed. By using CarLog and the Traffic Cell database, the Mission can monitor speeding and the occurrence of accidents. As of January 2007 no warning for speeding and repeated accidents had been issued to drivers. The Transport Section identified 415 drivers for speeding violations. Of these, 216 could not be warned because the driving license number was not associated with the name of the staff and his/her e-mail account. According to the Transport Section, further cooperation with the Driving Testing/Licensing Unit and Communication and Information Technology Section is required in order to automate the monitoring and warning systems.

### **Recommendations 12 and 13**

**(12) The MINUSTAH Security Section should identify physical resources required for implementing patrolling and check-point tasks.**

**(13) The MINUSTAH Transport Section should strengthen the preventive monitoring mechanisms already in place thereby ensuring that speeding and accident warning systems are applied timely and consistently.**

48. *The MINUSTAH Administration accepted recommendation 12 and stated that the Security Section/SIU has been requested to identify physical resources required for the implementation of patrolling and check-point tasks. Recommendation 12 remains open pending receipt of documentation from MINUSTAH showing the results of the exercise to identify physical resources needed for patrolling and checkpoint tasks.*

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49. *The MINUSTAH Administration accepted recommendation 13 and stated that the CarLog system has been installed in all vehicles. Over-speeding reports are generated automatically and are sent directly to the drivers and the Unit Supervisors. The Transport Section also regularly checks the CarLog reports. Based on the action taken by MINUSTAH, recommendation 13 has been closed.*

## **V. ACKNOWLEDGEMENT**

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

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Action needed to close recommendation	Implementation date <sup>2</sup>
1	O	Submission to OIOS of a copy of the VEC terms of reference	20 August 2007
2	O	Submission to OIOS of documentation showing the establishment of an efficient vehicle rotation policy	30 September 2007
3	O	Submission to OIOS of documentation showing that all written-off vehicles pending final write-off/disposal approvals have been secured and that disposal action on all vehicles already approved for write-off have been finalized	8 August 2007
4	O	Submission to OIOS of documentation showing the adoption of procedures for claiming compensation for damages from third parties' insurance companies and/or third party vehicle owners	8 August 2007
5	O	Submission to OIOS of documentation showing that a mechanism to identify and bill liberty travel has been implemented	Not provided
6	C	Action completed	Implemented
7	C	Action completed	Implemented
8	O	MINUSTAH's reconsideration of its initial response to this recommendation	Not provided
9	O	Submission to OIOS of documentation showing the results of the physical inventory of spare parts	30 September 2007
10	O	Notification from MINUSTAH showing that the bin assignment process has been completed	30 September 2007
11	O	Submission to OIOS of documentation showing the results of the investigation on the use of direct disbursement for the acquisition of batteries and clutches during the period from July 2006 to January 2007	8 August 2007
12	O	Submission to OIOS of documentation showing the results of the exercise to identify physical resources needed for patrolling and checkpoint tasks	8 August 2007
13	C	Action completed	Implemented

<sup>1</sup> C = closed, O = open

<sup>2</sup> Date provided by MINUSTAH in response to recommendations

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Transport operations in MINUSTAH

(AP2006/683/05)

	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"/>
<b>Your overall satisfaction with the conduct of the audit and its results.</b>	<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: \_\_\_\_\_

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*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, OIOS  
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA  
 By fax: (212) 963-3388  
 By E-mail: knutsen2@un.org*