



COE FUEL CONSUMPTION MONITORING AND T/PCC ACCOUNTABILITY

Secretariat Issue Paper #21

Issue Paper Theme: **Major Equipment**

BACKGROUND

Fuel expenditure is one of the biggest expenses (along with reimbursement of personnel, rations and aviation) in DOS. Oversight and monitoring of fuel consumption is a matter of concern to ensure accountability and transparency at all levels in the UN and to preserve its reputation.

The COE received in 2021 around 103 million liters of fuel, of which 27% was delivered to contingents in bulk. From this volume, 40% was unaccounted for and missions didn't receive justification on how the fuel was used. 73% of the volume delivered was monitored through the UN Electronic Fuel Management System (EFMS) from which 3.5 million liters were delivered to equipment without functional odometers (source: EFMS 2021).

The proposal is twofold:

1. Major equipment requirement of operational odometers / hour meter reading for vehicles and kWh / hour meter readings for generators/generators sets. The purpose of this proposal is to ensure that the equipment consumption rates are within accepted parameters and the potential misappropriation is discouraged.
2. T/PCC shall be accountable for fuel received from the UN, including how fuel is distributed, used, managed and stored, and shall adhere to DOS and mission specific control mechanisms (EFMS or alternative mechanisms as per Mission SOP and Fuel Management Guidelines), including the instances when T/PCC collect fuel in bulk and distribute to their equipment by themselves.

Driven by past reports of fuel misappropriation and lack of sufficient monitoring and control mechanisms, the GA issued A/RES/60/266 requesting the Secretary-General to review all aspects of fuel management, including the preparation of a comprehensive fuel management manual, implementation of the electronic fuel accounting system, development of standard operating procedures on fuel management and preparation of an annual fuel procurement plan, and to report on the status of implementation. Accordingly, among other actions, DFS (currently DOS) developed and deployed in the PKO missions the Electronic Fuel Management System (EFMS) in fulfilment of the Resolution. The EFMS identifies individual fuel consuming equipment and users with unique barcodes to ensure accountability on fuel consumed. The system uses scanners to consistently collect accurate fuel transaction related information. The system provides accurate information on equipment consumption, accounts fuel issued and provides alert reports for further review and investigation of irregularities. The system's ability to provide reliable consumption reports and the required oversight depends on accuracy of the fuel transactions



recorded and the availability of functional odometers, hour-meter and/or kWh-meter readings, depending on the type of equipment.

The Financial Report and Audited Financial Statements for 01 July 2020 to 30 June 2021 and Report of Board of Auditors Volume II (ref. A/76/5 Vol. II), states in paragraph 130 (a) ...Deficiencies in Fuel Management Persisted, and adds "...**In some missions, the mileage data was partly unavailable due to faulty or non-existent odometers, making it difficult to conduct fraud risk assessments** on these vehicles, for example at MINUSCA and UNISFA, UNDOF. In paragraph 132 also states "**The Board reiterates that excessive fuel consumption leads to additional costs and may indicate and elevated risk of fraud.**"

The COE Manual 2020 under Chapter 3, Annex A on Principles of verification and performance standards for major equipment provided under a wet lease or dry lease arrangement does not make any reference to the need for functional odometers, hour-meter & kWh-meter for Major Equipment – The Manual provides no incentive to encourage T/PCC to repair or replace faulty odometers.

Additionally, the guidelines on FIELD VERIFICATION AND CONTROL OF COE AND MANAGEMENT OF MOU dated 31 December 2020 Ref. No: DOS/2020.23, Section B.7, Para 2.12 "T/PCCs are encouraged to repair or replace unserviceable odometers. Odometer readings should be checked and recorded against earlier readings reported in Monthly Operational Report. **Any vehicles without working odometers shall still be classified as serviceable with a clarifying remark in the VR.**" COE without working odometers therefore receives fuel without the missions' ability to monitor its usage and as result it is compelled to continue operating despite the risk of potential fuel misappropriation. Without functional odometers the effort and resources invested by the organization in the development and implementation of EFMS as the UNS (UN Secretariat) mechanism to provide full transparency to the use of UN resources regarding fuel consumption is fruitless.

As stated in the referenced Report of Board of Auditors mentioned above, "mileage data was partly unavailable due to faulty or non-existent odometers, making it difficult to conduct fraud risk assessments." The lack of analysis and investigation prevents the UNS from taking measures against recurring acts of fraud, further increasing the risks of additional costs for the organization,

Additionally, relevant information of COE equipment must also be provided to the respective missions (i.e., standard fuel consumption per COE) to compare actual consumption versus established standards to ensure a fair monitoring of fuel consumption.

Finally, a significant number of T/PCC receive the fuel in bulk for its own distribution to the COE and the T/PCC must properly justify in detail the fuel consumption.

PROPOSAL

Proposal 1:

In order to monitor and ensure that the T/PCC equipment fuel consumption is within the acceptable limits, fuel receiving COE must have functional odometers, hour-meter and/or kWh meter readings. The absence or malfunctioning of odometers, hour-meter and/or kWh meters reading does not render an equipment unserviceable



nor prevent contingents from receiving reimbursement and fuel. It is recommended that a revision of the COE manual introducing the serviceability of the odometers and meters as a requirement for the equipment to be considered full in service is introduced. The Working Group is requested to consider introducing an approach to the reimbursement of major fuel-consuming equipment in which equipment that is operational, but without functional odometers or meters for two consecutive quarters, will not be reimbursed till the odometer is functional or the equipment is replaced.

Proposal 2:

The Working Group is requested to consider introducing in the COE manual the mandatory requirement of T/PCC to adhere to the DOS and mission monitoring mechanisms (EFMS or alternative mechanisms as per Mission SOP and Fuel Management Guideline) to account for the fuel delivered in bulk to the respective T/PCC for their subsequent distribution to their equipment.

The purpose of this proposal is to monitor the use of all fuel delivered to the T/PCC to ensure transparency, accountability, and proper use of the UN resources.

PROPOSED MANUAL TEXT

1. Revise paragraph 11 (a), VI.A. Arrival inspection, Chapter 3 Standards, verification and control of contingent-owned equipment for major equipment and self-sustainment (page 25/271) as follows:

a) Major equipment will be counted/inspected in order to ensure that categories and groups and the number delivered correspond with the memorandum of understanding and that the equipment is in operationally serviceable condition, including **functional odometers, hour-meters, kWh meters as appropriate** and painted in United Nations colors, upon arrival in theatre for use in its primary role;

2. Revise paragraph 13 (a), VI.B. Operational readiness inspections, Chapter 3 Standards, verification and control of contingent-owned equipment for major equipment and self-sustainment (page 26/271) as follows:

a) Major equipment will be counted/inspected in order to classify it into categories and groups and to ensure that the agreed number is present and used appropriately **as demonstrated by changes in odometer, hour-meter and kWh-meter readings as appropriate.**

b) Major equipment will be inspected to ensure that it is operational to the extent agreed to in the memorandum of understanding. The United Nations considers that unsafe vehicles endanger the life of personnel and jeopardize the effectiveness of a mission and should not be considered operationally serviceable. The Chief Transportation Officer will review vehicle safety and make recommendations to the Director/Chief of Mission Support and Force Commander/Police Commissioner on this issue. **In addition, equipment must have functional odometer, hour-meter or kWh-meter as appropriate to be considered fully operationally functional and reimbursable.**



3. Revise paragraph 2 (a), Chapter 3, annex A, Principles of verification and performance standards for major equipment provided under a wet lease or dry lease arrangement (page 29/271) as follows:

a) Equipment arriving in theatre must be in a serviceable condition for use in its primary role, **has functional odometer, hour-meter or kWh-meter as appropriate** and must already be painted with United Nations markings.

4. Add new paragraph 12, Chapter 3, annex A, Electrical Equipment (page 30/271)

On performance standards under Electrical Equipment, “A generator set will be considered unserviceable if the hour meter or the kWh meter reading is unserviceable two consecutive quarters and must be repaired or the unit be replaced if lost or damaged beyond in-theatre repair capability.

5. Add new paragraph 44, Chapter 3, annex A, Vehicles (page 39/271)

On performance standards under Vehicles, “A vehicle will be considered unserviceable if the odometer or hour meter reading is unserviceable for two consecutive quarters a quarter and must be repaired or the unit be replaced if lost or damaged beyond in-theater repair capability.

6. Amend paragraph 11, Chapter 3, annex A, Electrical equipment, Principles of verification and performance standards for major equipment provided under a wet lease or dry lease arrangement (page 30/271) by adding the following:

At a minimum, all generators must be fitted with functional hour-meter and all generator sets must be fitted with functional kWh-meter.

7. Introduce a new paragraph in Chapter 2, Annex A following para 18 (Initial provision) – “Fuel management accountability”. The Working Group is requested to consider introducing that:

a) T/PCC shall facilitate and implement the mission specific mechanisms established in each mission to account for the fuel delivered into COE including the use of EFMS as applicable. As such, T/PCC staff involved in the fuel management must be trained by the mission to record, collect, and report fuel information, specifically in those instances when the fuel is delivered in bulk.

b) T/PCC must provide COE information related to fuel consumption, specifically standard fuel consumption rates per sub-category of equipment.

FINANCIAL IMPLICATIONS

The proposal does not have financial impact on T/PCC or UN under the assumption that the T/PCC will have all equipment with functional odometers and no reduction of the authorized reimbursement rate will be applied.

However, there may be potential savings to the UN based on the increased monitoring and control of the fuel issued to the T/PCC. The financial implications will be calculated based on the benchmark with current EFMS data.



PREVIOUS HISTORY

No data is available.