LIMITED REVIEW

# LIMITED REVIEW OF VEHICLE AND FUEL MANAGEMENT AT UN WOMEN





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## **INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)**

Internal Audit Service (IAS)
UN WOMEN

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## **EXECUTIVE SUMMARY**

## **Review objective and scope**

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted a limited review of vehicle and fuel management at UN Women. The review covered the period 2018 to 2022 and was undertaken based on summaries of potential allegations reported to the UN Office of Internal Oversight Services (OIOS) and the results of investigations, referrals and intake procedures, as well as observations from audits and lessons learned conducted by IAS. The aim of the review was to ensure the effective and efficient handling of UN Women's assets and expenses with due care to the interests of the organization.

A number of potential allegations reported on potential misuse of vehicles have highlighted several issues with management of vehicles and fuel including, inter alia, use of official vehicles during and outside working hours for private purposes without proper pre-approval or reimbursement of personal use of official resources; driving under the influence of alcohol; lack of proper vehicle insurance; misuse of fuel and unauthorized selling of vehicle parts.

The purpose of this limited review was to identify potential gaps in UN Women's policies and their compliance reinforcement with regards to the management of vehicles and fuel, and to remind personnel and managers about the standards of conduct related to vehicle and fuel management.

IAS made use of information available in online databases as well as data obtained from Country Offices on their fleet and fuel usage. IAS selected and reviewed supporting documents for vehicles and fuel consumption from 10 Country Offices with the highest expenditure on fuel between 2018 and 2021.

The information that Country Offices provided was <u>incomplete</u> in some instances, <u>despite IAS' requests for further information</u>. IAS was limited to a desk review of manual logbooks; therefore, IAS was not able to validate the routes taken by drivers as indicated in the logbooks, and lacked information on the exact road conditions that would affect the mileage for the routes driven. IAS also did not have access to accurate records indicating the balance of fuel in a given fuel tank upon refuelling, which made it difficult to verify whether the refuelling was justified and reasonable.

#### **Review conclusions**

IAS identified the following areas of good practices:

- The Vehicle Management Policy <sup>1</sup> provides provisions for vehicle and fuel recording and oversight (see issues, however, on some compliance with policy).
- Detailed record keeping efforts were identified in some Country Offices.
- Some offices had a decentralized standard operating procedure on fuel management that included internal controls and reporting procedures, as well as a procedure for the Head of Office to approve monthly reports on fuel consumption.
- Offices usually assign vehicles to a driver who is responsible for maintenance and related follow-up, registration, and insurance. Some used weekly self-certification by drivers, which was submitted for review and action.
- Reporting vehicle management issues to OIOS demonstrated awareness of the reporting duties for a breach of standards of conduct involving vehicle and fuel management.

<sup>&</sup>lt;sup>1</sup> The vehicle management policy

Key areas for improvement include the following:

- Review of the limited sample showed that the Vehicle Management Policy provisions are not consistently complied with. Compliance and risk mitigation against potential misuse of official resources needs to be strengthened across all the offices.
- Awareness about procedures of the official vehicle use for personal purposes needs
  to be enhanced among personnel, including compliance with existing provisions on
  how to obtain approval and reimburse the organisation for use of vehicles, fuel,
  and the driver's time.
- Vehicle and fuel use controls are heavily manual which significantly limits analytical review of data to compare the use of assets over time, between the office vehicles and among the offices to detect potential misuse. Two systems (logbooks and fuel recording) are not easily comparable, and the data therein was found to be of a low quality. Oversight can be much more cost-effective if logbooks and fuel utilization are automated.
- A review of the data on the fleet of vehicles demonstrated that the value for money set out in the Vehicle Management Policy as the number of vehicles appears in general compliant with exceptions of several offices where the number of professional staff members per vehicle exceeds the recommendation in the Vehicle Management Policy.

IAS made six recommendations to address areas for improvement, all of which are ranked as medium priority which means that "action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women". These recommendations are focused on improving monitoring use of vehicles; strengthening compliance with standards of conduct regarding vehicle use; drivers' compliance with mandatory training; and improving oversight of vehicle and fuel management, including efforts to automate monitoring.

## Management comments and action plan

Management accepted the above recommendations and provided action plans which are included in this report. Implementation of some of the recommendations has already begun. Management comments and additional information provided have been taken into account in this report, where appropriate.

Low priority issues are not included in this report but were discussed directly with management.

Lisa Sutton. Director

Lisa Sutton

**Independent Evaluation and Audit Services** 

## **ACRONYMS AND ABBREVIATIONS**

DMA	Division of Management and Administration
ERM	UN Women's corporate platform for Enterprise Risk Management
FAS	Facilities and Administration Section
HR	UN Women's Human Resources
IAS	Internal Audit Service
IEAS	Independent Evaluation and Audit Services
OIOS	UN Office of Internal Oversight Services
SSA	Special Service Agreement
UNDP	United Nations Development Programme
UNDSS	United Nations Department for Safety and Security
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
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## I. BACKGROUND

UN Women has a Vehicle Management Policy for the management of vehicles and fuel. The Vehicle Management Policy, issued on 5 January 2015, outlines the day-to-day management and use of UN Women vehicles. The policy covers topics such as asset registration, proper vehicle use and vehicle maintenance. The Facilities and Administration Section (FAS) of the Department of Management and Administration (DMA) in UN Women headquarters is a policy owner, while the heads of the offices are responsible for the application and consistent administration of UN Women vehicles. The Procurement and Contracts Management Policy, dated 24 November 2021, provides an overview of the procurement activities, related procedures and processes, and defines UN Women's procurement principles, which, by status, governs the procurement of goods, works and services, including vehicles and fuel.

Section 5.9 of the Vehicle Management Policy provides that recording of the use of vehicles and fuel consumption is managed predominantly at the local level. Vehicles are recorded as assets in the UN Women Asset register in Quantum (Atlas until December 2022). Section 5.6 of the Vehicle Management Policy provides clarifications on the recommended models and types of vehicles to be procured, and the number of vehicles that is advised per office. Section 5.6.1 of the Vehicle Management Policy provides that "The number of vehicles provided to a Business Unit will be based on the overall number of established UN-Women professional posts from regular resources (core) covering both national officers and international staff [..]. Each office shall normally be entitled to a vehicle for the Head of Office, plus one vehicle for every three (3) professional staff members. However, as a minimum, offices are allowed one vehicle as the official vehicle for the Head of Office. An additional two vehicles may be purchased if required, one for the administrative/finance function, and one for the programme function." The recommended useful life of vehicles is set at 9 years or 160,000 kilometres.

Section 5.9.1 of the Vehicle Management Policy states that "Each driver shall fill vehicle logs out daily. The log will include (1) time out and in, (2) meter reading out and in, (3) total mileage for each trip, (4) purpose of trip, (5) passenger name, and (6) driver name. The daily logs must be verified and signed by the applicable authority, e.g. an Administrative Officer, the Operations Manager or applicable Project Manager."

Moreover, "The vehicle log and **all exceptional usage approvals** shall be filed in one location and managed by an Administrative Associate. The Operations Manager or most senior operations staff member will **carry out oversight of this filing**." Pursuant to paragraph 5.8.6.1 of the Vehicle Management Policy, a UN Women vehicle can only be driven by an official UN Women driver, or a pre-approved UN Women staff member and **it does not provide that non-UN Women personnel can drive the vehicle on any basis, including if authorized by the Head of Office**.

FAS oversees the organization's assets, including vehicles. The procurement value determines whether the procurement exercise is conducted at headquarters, region, or Country Office level. Vehicles below US\$ 38,000 in value can be procured at the Country Office level, while those above US\$ 38,000 (except for armoured vehicles) require approval from the Director, DMA. The review of the procurement exercise by the Procurement Review Committee can be conducted at headquarters, regional or local level depending on the value of the vehicle involved.

The Vehicle Management Policy stipulates that the Business Unit Operations Manager or Project Manager issue gasoline money or coupons as needed. They should also ensure the full recovery of costs associated with unofficial/private use of vehicles and should enter the average fuel consumption in the vehicle history record once a month and review vehicle mileage. The Business Unit Operations Manager/Project Manager must also alert the Head of Office if any deviations occur in the fuel consumption for a particular vehicle.

When procuring fuel, the Procurement function may use a Participation Level Agreement to leverage an existing Long-Term Agreement from another UN organization or alternatively, conduct a competitive tender process to establish a long-term contract with fuel suppliers. This agreement is a UN contract that UN Women, among other UN agencies, can generally rely on to theoretically purchase fuel at a good rate. UNDP also has numerous Long-Term Agreements with suppliers to provide fuel as required. Country Offices should determine whether it is cheaper to purchase fuel through a Long-Term Agreement, or through UN Women procurement with local suppliers.

## II. Key observations and conclusions

# Observation 1: Lack of oversight of local insurance coverage and misunderstanding of pre-clearance requirements in the acquisition of vehicles

UN Women recognizes the risks of damage or theft of vehicles and therefore, FAS has ensured that UN Women is enrolled in the Global Third-Party liability insurance. In the Asset Management Policy, FAS also recommends that field offices purchase and maintain local liability insurance wherever necessary, e.g. when local law requires such insurance be purchased in order to use the vehicles. Audits showed that such provisions might be overlooked by the field offices assuming that the global insurance would cover the damage. As recommended in the 2021 IAS Audit of Assets and Lease Management<sup>2</sup>, FAS will need to update the Assets Management Policy to include oversight of local insurance in the roles and responsibilities of the Regional Offices and ensure that the annual compliance statement is provided. In response to this recommendation, in 2024 FAS highlighted: "The updated Asset management Policy includes for following roles for Regional Offices: the respective Regional Offices are responsible for providing oversight over the application of this Policy, provided any policy-rated advice, and ensuring the quality assurance of data submitted by Country Offices as part of the Physical Asset Verification. The Policy outline the responsibility for Country Offices to obtain local vehicle insurance where is mandatory; The new form of Asset Certification Memo requires Offices to confirm that all their registered vehicles have local insurance."

The ceiling of US\$38,000 in vehicle value which requires pre-approval is only indicated in the Vehicle Management Policy, and there are no references for the need to such preclearance in the Procurement and Contract Management Policy or related Procedures which is erroneously construed as waiving the pre-clearance obligations for field offices imposed by the DMA directorate and some offices may procure vehicles up to their maximum DoA thresholds without securing DMA clearance; therefore, there is a risk that field offices procure vehicles above the ceiling price of US\$38,000. Several Offices failed

to submit requests for clearance even after being prompted to do so by FAS. The Procurement process does not stop, or flag as an exception, the purchase and payment of vehicles without the necessary clearance.

IAS identified cases where field offices did not request headquarters approval of vehicles exceeding this ceiling. IAS reviewed 16 purchases of vehicles valued above US\$38,000 in 2022 and 2023 and requested DMA for copies of the clearance provided for the purchases. Only 4 of the 16 vehicles had the requisite clearance from DMA on file (as per FAS) on which FAS needs to follow up as post facto transactions, so the control effectiveness is limited. The sampled incompliant vehicle price ranged from US\$39,500 and US\$146,000.

In one case, IAS observed that a vehicle was purchased for US\$48,400 at local level. The vehicle did not meet local management expectations and was replaced for an additional US\$26,000. The waste of resources identified in this case was in large part due to the purchase not being completed or approved by headquarters. While Country Representatives bear the responsibility if they choose to bypass recommended typologies and purchase vehicles with values above the delegated authority, the potential abuse of such delegation of authority when it comes to the purchase of vehicles is not immediately noticed by headquarters. Moreover, in the afore-mentioned case, the Country Representative who deemed the vehicle to be inappropriate was the same person who had authorized the purchase of the vehicle.

Moreover, when vehicles are rented, as opposed to purchased, the Vehicle Management Policy is largely silent on how these vehicles should be managed. This brings a range of risks relating to safety, insurance, misuse, and other irregularities.

## **Recommendation 1 (Medium):**

The Deputy Director Operations, DMA to request that:

(a) FAS, in coordination with Regional Offices and Procurement, to identify the most effective method to establish a connection between initiation of procurement with

<sup>&</sup>lt;sup>2</sup> Issue 6, https://www.unwomen.org/sites/default/files/2022-04/UN-Women-audit-report-2021-009-Asset-and-lease-management-in-UN-Women-en.pdf

pre-clearance, ensuring that no procurements exceeding the limits set in the policy are initiated without prior approval. This includes the opportunity of delegating authority for pre-clearance to officials at the respective Regional Offices. Non-compliance with the Vehicle Management Policy to be documented and reported to the respective supervisors for accountability.

- (b) Procurement and Travel Services (PTS) to update the Procurement and Contract Management relevant procedure(s) to reference the Vehicle Management Policy for specific requirements concerning vehicle purchases, including pre-clearance requirements, when appropriate.
- (c) FAS to periodically evaluate and potentially amend the ceiling amount to ensure continued harmony between the ceiling amount and clearance protocols with other UN organization(s).

## **Observation 2: Fleet management**

IAS also analysed the value for money aspect by determining number of vehicles per office (excluding motorcycles) in relation to the number of professional staff members to assess whether the number of vehicles is justified for the size of the different offices. While the Vehicle Management Policy provides that an office is entitled to one vehicle for every three professional staff members, IAS found that based on the data available some offices exceeded the number of allowed vehicles in relation to the number of professional staff. In addition to vehicles, some offices purchased motorcycles which are 24 in total at the time of this review. The analysis of data below applied following assumptions: vehicles were considered for the whole country office while there might be field offices with vehicles (there is no data per individual location); only vehicles with useful life of less than 9 years were included; the professional staff data excludes non-staff personnel which in some offices are significant in number; and some hardship countries may justify the higher ratio.

Table 1 shows the number and accumulative net book value of the vehicles owned by UN Women by region, average cost per vehicle, number of professional staff per vehicle,

number of countries that exceed the ratio of vehicles per professional staff and the total and average fuel cost. IAS removed 96 vehicles older than 9 years old (useful life) and 24 motorcycles from the total of 298 vehicles to arrive at 178 vehicles used for the analysis.

Table 1. Vehicle count, cost and net book value by region (highest value is highlighted)

Region	No Vehi- cle	No Of- fices	Total vehi- cle cost (US\$)	Average cost per vehicle (US\$)	Profes- sional staff per vehicle <sup>3</sup>	Number of countries exceeded ratio	Fuel cost 2023 (Quan- tum) US\$	Average fuel per ve- hicle 2023 (US\$)
AC	19	10	754,241	39,697	3.5	2	47,688	1,908
AS	18	6	766,554	42,586	3.9	1	56,446	2,171
AP	23	13	1,196,266	52,012	6.8	3	32,038	562
ESA	49	13	2,485,570	50,726	2.6	7	71,524	841
ECA	14	9	389,427	27,816	7.1	1	11,351	516
WCA	55	9	2,575,350	46,825	1.2	8	83,127	1,002
Total	178	60	8,167,408	45,884		22	302,174	7,000

Source: Asset In Service Report, Quantum, 30 November 2023; HR Report; AA Report, Quantum, 31 December 2023

Table 1 shows that the ESA and WCA region has the highest number of vehicles and the highest total fuel cost. The WCA region has the highest overall cost for vehicles purchased.

From the data analysed, IAS noted that the ratio of the requirement of the number of professional staff per vehicle was not always complied with the recommended ratio of 3 professional staff per vehicle. Table 1 shows that 22 of 60 offices with vehicles had less than three professional staff per vehicle. It should be noted that this data could be affected by the offices having a separate official vehicle for the Head of Office. Furthermore, the number of vehicles per professional staff member largely depends on the context of the individual country: the type and number of vehicles per office is determined by factors such as the security situation in the country, field offices and the

<sup>&</sup>lt;sup>3</sup> Included only non-motorcycle vehicles with positive net book value

specific requirements for vehicles in a particular country (e.g. armoured or non-armoured vehicles). The United Nations Department for Safety and Security (UNDSS) issues recommendations on the security situation in a country, which must be adhered to by UN Women.

IAS also analysed the age of vehicles held by UN Women, including the results in the table below. The useful life for vehicles as per UN Women policy is 9 years, which was recently expanded from 7 years. The data shows that the average age of vehicles on hand was 7 years on the organization-wide level. Of the 298 total vehicles, 96 were aged older than 9 years and had a net book value of zero (32 percent). Meanwhile, 68 vehicles were aged 1, 2 or 3 years (24 percent).

Table 3. Vehicles by useful life

Region	Number of vehicles	Average age (years)	Vehicles older than 9 years	Vehicles with NBV of zero
Americas & Caribbean	25	7	6	6
Arab States	26	8	8	8
Asia & Pacific	57	9	29	29
East & Southern Africa	85	7	30	30
Europe & Central Asia	22	8	8	8
West & Central Africa	83	6	15	15
Grand Total	298 <sup>4</sup>	7	96	96

Source: Asset In Service Report, Quantum, 30 November 2023

This data shows that **UN Women's fleet of vehicles has a significant portion of highly aged vehicles.** For the purposes of this review, it is not possible to check whether each of these vehicles is in fully working order. However, the data may indicate that some vehicles should be reviewed to ascertain their continued safety and usefulness to the organization. If they are no longer safely and properly functioning, they should be written off, disposed of and excluded from the Asset In Service report.

UN Women employs 172 drivers<sup>5</sup> in various countries on various contract modalities (see Table 4). Most drivers (61 per cent) are on Service Contracts, with 31 per cent on UN staff contracts and the remaining 8 per cent on other types of consultancy contracts.

Table 3. Drivers by contract type

Row Labels	FTA	PA	TA	sc	SSA	IC	vcc	Total
Americas & Caribbean	5	1		3	3			12
Arab States	4			8			1	13
Asia & Pacific	13	1		18	1			33
East & Southern Africa	14	1		31	6			52
Europe & Central Asia	3		2	10				15
West & Central Africa	9			36	1	1		47
Total	48	3	2	106	11	1	1	172

Source HR Directory, 11 September 2023

### **Recommendation 2 (Medium):**

The Deputy Director Operations, to request that Country Offices review their aged vehicles and properly dispose of those that are no longer in safe working order.

#### FAS to:

- a) Advise if the ratio of vehicles to professional staff needs to be revised to include categories of other non-staff core personnel which might be significant for most country offices, and to monitor and report in the Quantum Fixed Assets module on already exceeded the ratio to DMA.
- b) Consider the use of rental vehicles through the UN Fleet or other management systems to improve the cost-effectiveness by renting vehicles instead of purchasing vehicles in particular country contexts, where such options are available and appropriate.

<sup>&</sup>lt;sup>4</sup> This number includes all vehicles, regardless of type (e.g. motorcycles) and also includes vehicles with an NBV of zero

<sup>&</sup>lt;sup>5</sup> IAS obtained personnel data as of 11 September 2023, including personnel with titles: Driver, Chauffeur, Conductor, Transportation Assistant and Transportation support.

c) Require offices to conduct a cost-benefit analysis (buy vs rent vs lease) and take into consideration the total cost of ownership and methods of disposal within the delegated authority for pre-clearance (as referenced in Recommendation 1).

## Observation 3: Strengthen awareness of standards of conduct around vehicle usage to ensure compliance with existing provisions

Based on the sample reviewed and reports of allegations and audits, IAS observed that while the Vehicle Management Policy includes provisions to ensure vehicles are not misused, compliance is weak. This might indicate a lack of awareness of the provisions related to official use of vehicles, and/or lack of adequate management oversight or tone at the top. Lack of compliance could represent potential misconduct.

Over the past five years, IEAS has received a few limited indications about the use of vehicles by personnel while under the influence of alcohol. While these allegations have not been confirmed by an OIOS investigation, and are likely to remain unconfirmed, if proven, this would represent a serious concern of risk and potential misconduct. Therefore, it is important that UN Women personnel using the organization's vehicles are aware of their duties and standards of conduct when managing or operating vehicles as part of their official duties.

One Country Office purchased four official vehicles with 16 spare tyres, which were apparently provided by the vendor without charge. The tyres were not entered into the list of non-capital assets and were reportedly stolen by personnel. Following these events, IAS recommends recording the delivery of low-value attractive equipment, secure storage and periodic stock counts. Due to the lack of recording, it is difficult to conduct a reasonableness test to closely examine the sum of assets and consumables recorded in Country Office systems.

At the same time, as per the new Asset Management Policy, Fixed Assets are recorded in Quantum as either non-capitalized or capitalized assets starting from the value of \$500. Expansible items such as Tyres do not qualify to be recorded even as non-capitalized assets. Therefore, the accountability for such inventory lays with the Head of Office and Operations Manager, who will need to take appropriate measures for any potential

misconduct in their offices. FAS at HQ being very small team of two cannot provide total oversight and control over all inventory used in the country offices.

Over the past years there have also been several allegations that official vehicles were used for non-official purposes, including by personnel's family members. Such potential misuse of vehicles causes financial loss in terms of fuel, drivers' paid time, maintenance and wear-and-tear costs of cars derived from personal use and raises potential issues with liability insurance. In one case, a driver was apparently instructed by another UN Women staff member to breach local traffic rules following a traffic accident with the office vehicle. In other allegations, Heads of Office have reportedly used official vehicles to transport family members and friends. These allegations were not investigated by OIOS. However, unofficial use of UN Women vehicles includes a requirement that the person using the vehicle for unofficial purposes is aware that they "are not covered by Appendix D" of the Staff Regulations and Rules during the period of unofficial use and the "Request for Use of UN-Women Vehicle for Unofficial Purposes" form also requires that the requestor accepts that they are not covered by Appendix D during that unofficial period. There were also allegations that vehicles were driven by UN Women staff family members contrary to the Vehicle Management Policy.

The Head of Office is permitted to use the official vehicle for unofficial purposes or assign the official vehicle to other staff members for unofficial purposes, provided that the terms of such authorization are clearly documented. However, the process for obtaining such authorization outlined in the Vehicle Management Policy does not address the procedure that should be followed when the Head of Office wishes to obtain such authorization. Ideally, approval should be obtained from the Head of Office's supervisor. Therefore, while the provisions appear to regulate unofficial use, there is a risk of lack of segregation in the approval procedure when an authorization request is made by the Head of Office for their own unofficial use of the vehicle.

As FAS in HQ has no control over the cases of unofficial use or violation of driving laws or regulations locally, the compliance with regulating the unofficial use of the official vehicles remains with Heads of Offices and Operations Managers, including proper measures if case of improper use, without any oversight.

Incidents involving UN Women vehicles should be reported in the Occupational Health and Safety (OHS) Reporting System. Such reporting is encouraged regardless of the

outcome of an incident to ensure that the Safety and Security Team is aware of the incident (there were 4 and 6 reports in 2022 and 2023 respectively). As a result of the report, the Occupational Health & Safety Manager, as part of the Safety and Security Services team can follow-up and determine lessons learned for accountability purposes.

## **Recommendation 3 (Medium):**

FAS and the Occupational Health and Safety team, in consultation with the Internal Policy Management team, to update the Vehicle Management Policy to ensure that:

- (a) The policy prohibits unofficial use of UN Women vehicles by non-UN Women personnel.
- (b) Head of Office requests for unofficial use of vehicles are approved by an appropriate supervisory authority (i.e. Regional Director) and ensure that full reimbursement of fuel, drivers' time and any other costs are monitored, recorded and available for spot checks by Regional Offices.
- (c) Non-compliance with provisions of official use of vehicles and other provisions (refrain from substance abuse, respect of local traffic rules, etc) should represent potential misconduct.
- (d) With support from the Security and Safety Services, include in the Policy a mandatory reporting requirement for all vehicular accidents involving UN Women personnel or UN Women vehicles through the OHS reporting process.

FAS, in collaboration with the Ethics Adviser, to raise awareness among UN Women personnel of their duties and the standards of conduct when managing or operating vehicles as part of their official duties or for personal need.

## Observation 4: Ensure full compliance with mandatory training requirements for drivers

IAS checked the training records in Agora and Quantum (as of October 2023) to ascertain the training completion rate for UN Women drivers. IAS found training records for only 1 of the 172 drivers. This may indicate that drivers are simply not completing the mandatory training courses in the Agora system and are completing the training outside

of the system instead. It could also indicate a system error. From prior field audit missions, IAS has observed that drivers do not always have regular access to computers, the intranet and email. This may create challenges in ensuring they are able to access mandatory and supplementary training, and other information relevant to their roles.

The performance management process includes a learning and development component in which personnel can discuss and be held accountable for completion of mandatory and other important training. Ensuring proper completion of performance assessments for all drivers will help to ensure that training is completed as needed. Moreover, proper training for drivers ensures that drivers are able to conduct daily checks of the basic safety features of the vehicle (tires, oil, lubricants, seatbelts, etc.) to ensure that everything is fully compliant.

## **Recommendation 4 (Medium):**

HR to request that offices:

- (a) Ensure drivers are compliant and up to date with mandatory training, and that training certificates are uploaded to Quantum.
- (b) Ensure performance assessment is regularly done for drivers and provide access to the resources offered by UN Women.

OHS to request that offices:

- (a) Provide opportunities for drivers to attend training after they are involved in a traffic incident.
- (b) Provide drivers with specific driving skills and training, particularly where 4x4 or Armoured Vehicles are utilized, as driving these vehicles requires a specific skill set.

## Observation 5: Improve monitoring and oversight of fuel consumption

Due to manual filing of vehicle use and fuel consumption, it was difficult for IAS to consolidate data to test for trends and potential misuse or waste in fuel consumption. In

many of the sampled by IAS cases, data was incomplete and there is a high probability that it was also inaccurate.

During a fraud risk assessment workshop which IAS partially facilitated, the following inherent risks were identified: (a) fuel is a type of attractive liquid currency which can easily be misused if not adequately controlled; (b) manual recording of fuel management; (c) contextual factors that influence the consumption level of fuel; and (d) purchasing of fuel happening outside of the controlled environment. During its desk review, IAS identified the following issues:

#### Incomplete logbooks

The Vehicle Management Policy states that records are supposed to include information on mileage, fuel consumption and amounts purchased, and odometer readings. However, during its review, IAS found that the records did not allow for consolidation of this information which made it difficult to track any potential misuse or inefficiencies of vehicles or fuel. In some instances, IAS found discrepancies between mileage in fuel reports and logbooks. There were cases where logbooks contained mileage, which could then not be consolidated with the refuelling instances to determine whether the fuel used for a certain number of kilometres was reasonable. IAS observed one instance in which the actual kilometers driven did not match the logbook or the fuel report. There were also two instances in which the fuel card speedometer did not match the logbook records. There was also no fuel refill journey recorded in the logbooks. The Vehicle Management Policy recommends that fuel consumption filing takes place on a daily basis; however, in practice, this did not always occur as no additional controls exist to ensure compliance.

During the audit, IAS was made aware that for the other UN entities that are part of the Fleet Management Task Force, the automation of logbooks by transferring them to an online system has significantly reduced the private use of vehicles and the fuel consumption of vehicles.

#### Limited information about the purchase and consumption of fuel

Fuel is best purchased through Long-Term Agreements (LTA) with reputable sellers or with a Participation Level Agreement to leverage an existing LTA from another UN organization. When purchasing fuel from the local market as opposed to using an LTA

with a recognized and reputable seller, it might be more difficult to determine the quality of the fuel that is being purchased. The purchased fuel may not actually have the stated octane level or could be contaminated in storage. When fuel is purchased with cash on an ad hoc basis from non-recognized sellers, this should be identified in the system and checked for reasonableness of prices.

Most fuel was refilled by drivers using fuel cards pre-purchased by the Country Office from a vendor under a Long-Term Agreement. The Country Offices reviewed for this assignment by IAS maintain a monthly fuel purchase register that includes purchase receipts from drivers, indicating total purchase value but rarely the purchase price or volume (while considering significant fuel price changes over time due to inflation). The cars, drivers or odometer readings for each refill were rarely indicated in the register; therefore, it could not be used to monitor fuel distribution or consumption by each car.

Offices generally did not have satisfactory monitoring mechanisms for vehicle fuel consumption. When deviations occur in the fuel consumption of a particular vehicle, the Head of Office should be alerted. Fuel consumption of Head of Office vehicles should also be similarly monitored and followed up by a supervisory authority.

Table 4 shows the fuel usage by region from 2018 to 2023, excluding fuel costs incurred by implementing partner.

Table 4. Fuel consumption in US dollars by region

Region	2018	2019	2020	2021	2022	2023	Total
AC	31,613	21,976	30,477	36,944	45,598	47,688	214,296
AS	43,406	25,902	9,827	22,311	35,211	56,446	193,103
AP	73,068	33,702	12,239	10,215	28,291	32,038	189,553
ESA	78,838	17,986	22,163	56,081	78,966	71,524	325,558
ECA	6,213	2,701	2,447	11,741	13,332	11,351	47,786
WCA	54,786	86,465	100,111	43,899	84,921	83,127	453,309
Total	287,925	188,732	177,264	181,191	286,320	302,174	1,423,605

Source: Account Activity Analysis Report, Atlas, 31 December 2022; Account Analysis Report, Quantum, 31 December 2023

Fuel costs significantly increased from 2018 to 2022. In 2022, the highest average fuel

cost per vehicle was incurred by Americas and Caribbean region (US\$ 2,399), followed by Arab States region (US\$ 1,956), and East and Southern Africa region (US\$ 1,612). West and Central Africa and Europe and Central Asia had average costs of US\$ 1,544 and US\$ 952, respectively), and Asia and the Pacific region had US\$ 1,230. As discussed above, it is difficult to consolidate and analyse fuel consumption per individual vehicle and understand the causes of the above statistics.

Another observation on fuel consumption is regarding 2020, in which the COVID-19 global pandemic started. All regions experienced below-average fuel consumption in 2020, except West and Central Africa, which had its largest fuel spend from 2018 to 2023. WCARO spent US\$ 100,111 in 2020, while all other regions combined spent US\$77,153. WCARO's average annual spend during the period reviewed was US\$75,552, which was also exceeded by 33 percent during 2020. Most Offices used their vehicles far less during the pandemic but in WCARO it seems to be the opposite based on fuel costs. This is not evidence of fraud or theft, but it does highlight the need for better monthly monitoring of fuel expenditure so that regions can validate their fuel spend and follow-up on any discrepancies or unusual observations.

Due to the high fuel costs during 2020, IAS performed an analysis of fuel costs per vehicle per Office in WCARO, as per the table below. The results show Central African Republic, Niger and Liberia had the highest average fuel cost per vehicle during the pandemic.

Table 5. Average fuel per vehicle in WCARO in US dollars in 2020

Country	Spend 2020	Number of vehi- cles in 2020	Average fuel per vehicle
CAF	12,644	2	6,322
CIV	4,726	4	1,181
CMR	14,530	10	1,453
COD		9	-
GNB	619	-	619
LBR	9,948	3	3,316
MLI	17,898	7	2,557
NER	24,958	6	4,160
NGA		5	-
SEN	869	3	290
SLE	11,048	4	2,762
WCA	2,871	6	479
TOTAL	100,111	59	23,138

Source: Fuel expenses recorded in Atlas AAA report for 2020

Some Country Office's fuel expenses were significant in IAS' view, considering part-time work from home due to the COVID-19 pandemic. There was limited assurance that all fuel was used economically and that fuel was not misused. Outside of this region, one allegation received by OIOS involved the potential manipulation of the odometer to add additional kilometers to justify the increased fuel consumption.

#### Lack of holistic monitoring and oversight

The decentralized nature and manual filing system for use of vehicles results in variations among offices in the management of vehicles and fuel. Notably, the use of fuel is not monitored by FAS as FAS only reviews use of assets. Instead, Country Offices record fuel as an expense at the local level. **Neither UN Women headquarters nor Regional Offices review Country Office expenses for the consumption of fuel.** As a result, the organization does not have a holistic view of the extent to which fuel may have been used, overpaid or lost in a particular year. This is left to individual field offices to manage without oversight through automation.

As a result, the inherent risks of misuse of fuel are not effectively managed by existing controls; therefore, the possibility of fraud, loss or waste may not be detected in a timely manner could be considered elevated.

#### Data quality

In performing the analyses in this report, IAS used data from the Atlas ERP system. IAS found challenges in using the Atlas Asset In Service Report to analyse vehicles. There was no uniform or binary (vehicle or not vehicle) method for identifying all vehicles in the system. IAS manually reviewed the asset descriptions to identify vehicles. The asset descriptions did not follow a uniform naming convention. There was one instance in which an asset was incorrectly classified as a vehicle.

In addition, there is low consistency of data across different systems and databases, which limits the interoperability of the systems. Inconsistent naming conventions and versions are used for offices, countries country codes and Regions. This means that any holistic analysis requires manual adjustment of the data, which can make analysis time consuming and prone to error. This could in turn limit the effectiveness and timeliness of monitoring efforts.

## **Recommendation 5 (Medium):**

The FAS in collaboration with IST, to explore options for leveraging technology to increase internal controls on vehicle usage, including:

- (a) Implementing an electronic and centralized database to automate the tracking of fuel consumption organization-wide for a holistic overview, which would allow potential overconsumption to be identified more easily.
- (b) Using automated logbooks to improve consolidation and monitoring for exceptionally high use of fuel and vehicles and lack of compliance with detailed logbook recording.
- (c) Exploring technologies for fuel consumption and vehicle use, including GPS trackers and fuel tank monitors, already used by some field offices, where considered safe and appropriate.

## **Recommendation 6 (Medium):**

The Director, DMA with support from FAS to communicate to Regional Directors and Operations Managers conduct regular spot checks and reconciliation of fuel consumption to determine whether the fuel consumption is realistic in a particular context; and to identify anomalies and potential excessive fuel consumption among various Country Offices and report such instances to the Director, DMA and FAS.

Heads of Offices ensure that supporting documentation, particularly logbooks, includes a record of all elements required to trace fuel consumption, such as mileage, odometer readings and contains the necessary signatures and approvals. This should also include conducting surprise checks of odometer readings to ensure they are accurately reflected in the logbooks.

## **III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN**

Observation	Recommendation	Responsible Unit	Priority	Agree yes/no	Action Plan	Implementation date
Observation 1: Lack of oversight of local insurance coverage and misunderstanding of pre-clearance requirements in the acquisition of vehicles	Recommendation 1: The Deputy Director Operations, DMA to request that:  (a) FAS, in coordination with Regional Offices and Procurement, to identify the most effective method to establish a connection between initiation of procurement with pre-clearance, ensuring that no procurements exceeding the limits set in the policy are initiated without prior approval. This includes the opportunity of delegating authority for pre-clearance to officials at the respective Regional Offices. Non-compliance with the DOA Policy and Asset Management Policy and Vehicle Procedure to be documented and reported to the respective supervisors for accountability.  (b) Procurement and Travel Services (PTS) to update the Procurement and Contracts Management relevant procedure(s) to reference the Vehicle	DMA Procurement and Travel Services FAS Regional Offices	Medium	FAS Yes	<ul> <li>(a) The regional approach offers many advantages, such as making cost-effective decisions like renting versus buying, tailored to the specific needs of the local context, operational realities, and the structure of local field offices. To optimize this process and to maintain rigorous control over established limits, a workflow will be developed in consultation with relevant stakeholders.</li> <li>The pre-clearance requirement for vehicle procurement to be reflected in the DOA Policy under the "Levels of Delegated Authority for Asset Management" subject to the same oversight mechanisms as other delegations.</li> <li>Necessary updates will be made in the Asset Management Policy and Vehicle Procedure to address the requirements for pre-approval of purchase of vehicles.</li> </ul>	(a)31 <sup>st</sup> Dec 2025
	Management Policy for specific requirements concerning vehicle purchases, including pre-clearance, when appropriate.  (c) FAS to periodically evaluate and potentially amend the ceiling amount to ensure continued harmony between the ceiling amount and clearance protocols with other UN organization(s).				(b) Through the revisions to the Procurement and Contracts Management Policy and Procedures, PTS will ensure that procurement practitioners are informed that the purchase of vehicles may be subject to specific requirements, including pre-clearance where applicable, as outlined in the Asset Management Policy and Vehicle Management Procedure.	(b)28 <sup>th</sup> Feb 2025
					(c) FAS would like to respectfully agree as UN Women mostly align our policies and procedures with UNDP and UN Women usually piggyback on UNDP LTAs for purchase of vehicles. FAS will be considering the review when UNDP is undergoing the next re-evaluation of these terms.	(c)31 <sup>st</sup> Dec 2024
Observation 2: Strengthen awareness of standards of conduct around vehicle usage to	Recommendation 2: The Deputy Director Operations, to request that Country Offices review their aged vehicles and properly dispose of those that are no longer in safe working order.  FAS to:  (a) Advise if the ratio of vehicles to professional staff needs to be revised to	DMA FAS PTS Regional Offices	Medium	FAS Yes	(a) This recommendation to be addressed as a part of the pre-approval process to be developed with Regional Offices and Procurement. Also, as per above recommendation 1, this to be included in the Asset Management Policy/ Vehicle Management Procedure next revision as well as for conditions/ requirements to be outlined in the Contract and Procurement Policy to avoid misunderstanding and incompliance during the vehicles procurement process.	(a)28 <sup>th</sup> Feb 2025
ensure compliance with existing provisions	include categories of other non-staff core personnel which might be significant for most country offices, and to monitor and report in the Quantum Fixed Assets module already exceeded the ratio to DMA.  (b) Consider the use of rental vehicles through the UN Fleet or other management systems to improve the cost-effectiveness by renting vehicles				(b) Lease or rent of vehicles are Procurement contacts/ modalities, therefore, Procurement should be the Responsible Unit to establish these contacts and LTAs as FAS does not have capacity to process lease/ rent agreements of vehicles for Offices. FAS will consider the review of options related to the UN Fleet or other UN agencies	(b)31 <sup>st</sup> Dec 2025
	<ul> <li>instead of purchasing vehicles in particular country contexts, where such options are available and appropriate.</li> <li>(c) Require offices to conduct a cost-benefit analysis (buy vs rent vs lease) and take into consideration the total cost of ownership and methods of disposal within the pre-approval process by the delegated authority (as referenced in Recommendation 1).</li> </ul>				arrangements for vehicle pooling.  (c) FAS and Procurement will address cost-benefit analysis, including cost of ownership vs pooling options when LTAs for rent/ leasing established by Procurement during the development of the pre-approval requirements. Also, as per above recommendation 1, this to be included in the Asset Management Policy/ Vehicle Management Procedure next revision as well as for conditions/ requirements to be outlined in the Contract and Procurement Policy to avoid misunderstanding and incompliance during the vehicles procurement process.	(c)31 <sup>st</sup> Dec 2026
Observation 3: Ensure full compliance with mandatory	Recommendation 3: FAS, in consultation with the Internal Policy Management team, to update the Vehicle Management Policy to ensure that:  (a) The policy prohibits unofficial use of UN Women vehicles by non-UN Women	FAS Internal Policy Management	Medium	Yes	The Ethics Advisor provides policy support as requested but is not responsible for raising awareness specifically on the appropriate use of vehicles. However, the Ethics Advisor does mention the use of UN Women assets (including vehicles) in outreach presentations.	Ongoing (Ethics Advisor)

Observation	Recommendation	Responsible Unit	Priority	Agree yes/no	Action Plan	Implementation date
training requirements for drivers	personnel.  (b) Head of Office requests for unofficial use of vehicles are approved by an appropriate supervisory authority (i.e. Regional Director) and ensure that full reimbursement of fuel, drivers' time and any other costs are monitored, recorded and available for spot checks by Regional Offices.	Team Ethics Advisor Security Section			(a) FAS agreed with this recommendation and has noted that for most it has already included some elements into the PPG update of the new Vehicle Management Procedure, including: "5.4.5 This Procedure prohibits unofficial use of UN Women vehicles by non-UN Women personnel. "The new Procedure has been promulgated.	(a)31 <sup>st</sup> Dec 2024
	(c) Non-compliance with provisions of official use of vehicles and other provisions (refrain from substance abuse, respect of local traffic rules, etc) should represent potential misconduct.				(b) Included in the new procedure "5.4.3 Regional Directors (or the delegate) shall approve requests by the Head of Office for unofficial use of vehicles and ensure that full reimbursement of fuel and drivers' time. Furthermore, any other costs shall be regularly reported and available for spot checks by Regional Offices."	(b)31 <sup>st</sup> Dec 2024
	(d) With support from Security and Safety Services, include in the Policy a mandatory reporting requirement for all vehicular accidents involving UN Women personnel or UN Women vehicles through the OHS reporting process.				(c) Included to the new procedure: A no-smoking and no-substance abuse policy applies to the use of all official vehicles, violation of which may result in misconduct.	(c)31 <sup>st</sup> Dec 2024
	FAS, in collaboration with the Ethics Advisor, to raise awareness among UN Women personnel of their duties and the standards of conduct when managing or operating vehicles as part of their official duties or for personal need.				To (d) Recommendation 3(d) was proposed by the Safety and Security Services and may also be considered in the future revision of the Asset policy/ Vehicle procedure.	(d)31 <sup>st</sup> Dec 2026
Observation 4: Ensure full compliance with mandatory training requirements for drivers	Recommendation 4: HR to request that offices:  (a) Ensure drivers are compliant and up to date with mandatory training, and that training certificates are uploaded to Quantum.  (b) Ensure performance assessment is regularly done for drivers and provide access to the resources offered by UN Women.  OHS to request that offices:  (a) Provide opportunities for drivers to attend training after they are involved in	HR OHS	Medium	Yes	HR agrees with this recommendation. Compliance with mandatory trainings is compulsory for all personnel, including drivers. The same is true for performance assessments or evaluations, which are mandatory for all employees – regardless of category and contract type.  HR will send out a notification to remind the personnel concerned and their managers of their responsibilities and request them to adhere to the current policies and procedures.	31-Dec-2024 (HR)
	<ul> <li>a traffic incident.</li> <li>(b) Provide drivers with specific driving skills and training, particularly where 4x4 or Armoured Vehicles are utilized, as driving these vehicles requires a specific skill set.</li> </ul>					
Observation 4: Improve monitoring and oversight of fuel consumption	Recommendation 5: The FAS in collaboration with IST, to explore options for leveraging technology to increase internal controls on vehicle usage, including:  (a) Implementing an electronic and centralized database to automate the tracking of fuel consumption organization-wide for a holistic overview, which would allow potential overconsumption to be identified more easily.  (b) Using automated logbooks to improve consolidation and monitoring for exceptionally high use of fuel and vehicles and lack of compliance with detailed logbook recording.  (c) Exploring technologies for fuel consumption and vehicle use, including GPS trackers and fuel tank monitors, already used by some field offices, where considered safe and appropriate.	FAS IST	Medium	Yes	While IST is not directly responsible for implementing the technology for internal controls on vehicle usage, it is essential for the business process owners to take the lead in this matter. However, IST can assist by evaluating the technology and solutions once a business case for the systems request is shared with IST and the necessary budget is made available.  (a,b,c) FAS partially agreed with the recommendation and noted that the implementation of this recommendation is tied to Recommendation 2 to the Deputy Director of Operations and visible when the UN Women vehicle pool is updated with modern vehicles that meet specification requirements to support the GPS Trackers and fuel tank monitors. FAS will consider submitting the request to IST for review and the availability of funds to develop automated controls over vehicle usage.  FAS will address necessary changes related to automated controls, logbooks, and impact of technologies for fuel consumption and vehicle use in the next revision of the Vehicle Management Procedure once such technologies are implemented with IST support.	
	Recommendation 6: The Director, DMA with support from FAS to communicate to Regional Directors and Operations Managers conduct regular spot checks and reconciliation of fuel consumption to determine whether the fuel consumption is realistic in a particular context; and to identify anomalies and potential excessive fuel consumption among various Country Offices and report such instances to the	FAS DMA Regional Directors	Medium	Yes	FAS partially agrees with this recommendation and will communicate this recommendation as a part of training or online direct meetings with Regional OMs which will be recorded.  FAS will consider updating roles and responsibilities for OMs, HoOs and Regional Directors once these requirements are addressed to them by DMA Director and accepted.	31 <sup>st</sup> Dec 2026

Observation	Recommendation	Responsible	Priority	Agree	Action Plan	Implementation
		Unit		yes/no		date
	Director, DMA, and FAS.					
	Heads of Offices ensure that supporting documentation, particularly logbooks, includes a record of all elements required to trace fuel consumption, such as mileage, odometer readings and contains the necessary signatures and approvals. This should also include conducting surprise checks of odometer readings to ensure					
	they are accurately reflected in the logbooks.					

# Annex 1: DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES

## **A. AUDIT RATINGS**

Satisfactory	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Some Improvement Needed	The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Major Improvement Needed	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

## **B. PRIORITIES OF AUDIT RECOMMENDATIONS**

High (Critical)	Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
Medium (Important)	Action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women.
Low	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the management of the audited entity/area, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.

UN WOMEN IS THE UN ORGANIZATION
DEDICATED TO GENDER EQUALITY AND THE
EMPOWERMENT OF WOMEN. A GLOBAL
CHAMPION FOR WOMEN AND GIRLS, UN
WOMEN WAS ESTABLISHED TO ACCELERATE
PROGRESS ON MEETING THEIR NEEDS
WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



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