



INTERNAL AUDIT DIVISION

REPORT 2018/041

Audit of payment of entitlements and benefits to the United Nations military personnel in the United Nations Interim Force in Lebanon

The Mission's controls to verify and process entitlements and benefits to military personnel needed improvement to ensure accurate and timely payments

15 May 2018
Assignment No. AP2017/672/09

Audit of payment of entitlements and benefits to the United Nations military personnel in the United Nations Interim Force in Lebanon

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of payments of entitlements and benefits to United Nations military personnel in the United Nations Interim Force in Lebanon (UNIFIL). The objective of the audit was to assess whether UNIFIL implemented adequate and effective control processes to ensure accurate and timely payment of entitlements and benefits to military personnel. The audit covered the period from 1 July 2016 to 30 June 2017 and included a review of daily and recreational leave allowances, mission subsistence allowance and travel and shipment entitlements on commercial flights.

UNIFIL did not sufficiently verify national support elements when excess troops were deployed above the approved strengths in memoranda of understanding. As a result, additional payments of approximately \$1.2 million were made during the 2016/17 financial year for daily allowances and monthly troop costs.

OIOS made five recommendations. To address issues identified in the audit, UNIFIL needed to:

- Require the J1 military personnel branch to identify and report on national support elements upon their initial deployment to the Mission and in monthly troop strength analysis reports;
- Clarify eligibility criteria for payment of excess troops during rotations and if eligible, the maximum number of days payable;
- Clarify the respective responsibilities of J1 military personnel branch and Mission support sections for verifying daily and recreational allowance claims, including distribution of the allowances to individual contingent personnel;
- Establish a centralized database to maintain nominal rolls of military personnel to support troop strength reporting, including their identification numbers, arrival and departure dates and leave records during tours of duty; and
- Provide training and written guidance to its Travel Unit to ensure that travel entitlements for military personnel are processed in accordance with established policies and guidelines.

UNIFIL accepted the recommendations and has initiated action to implement them.

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Audit of payment of entitlements and benefits to the United Nations military personnel in the United Nations Interim Force in Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of payment of entitlements and benefits to United Nations military personnel in the United Nations Interim Force in Lebanon (UNIFIL).
2. The administration of entitlements of uniformed personnel is governed by policies established by the General Assembly and memoranda of understanding (MOU) between the United Nations and the troop contributing countries (TCCs) as well as relevant administrative instructions, standard operating procedures (SOPs) and guidelines promulgated by the Departments of Field Support and Management and UNIFIL.
3. UNIFIL military personnel branch (J1), which is headed by a Chief at Colonel level and assisted by eight staff officers, verifies and processes entitlements and benefits to military staff officers and contingent personnel. The Mission Support Center and Civilian Personnel Section verify and certify entitlements for payment by: the UNIFIL Finance and Budget Management Section (FBMS) for contingent personnel; and by the Kuwait Joint Support Office for staff officers.
4. As of 30 June 2017, UNIFIL had 10,402 military personnel including 203 staff officers. For the financial year 2016/17, the expenditure on military entitlements and benefits was \$13.2 million as shown in Table 1.

Table 1: Expenditure on military entitlements and benefits (in \$'000) for financial year 2016/17

Description	Expenditure	Claimed by
Mission subsistence allowance	5,291	723 personnel
Daily allowance	4,768	28 TCCs
Recreational leave allowance	2,556	23 TCCs
Travel and shipment entitlements*	599	320 personnel
Total	13,214	

Source: OIOS compilation of Umoja records.

* This excludes cost of chartered flights.

5. Comments provided by UNIFIL are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess whether UNIFIL implemented adequate and effective control processes to ensure accurate and timely payment of entitlements and benefits to military personnel.
7. This audit was included in the 2017 risk-based work plan of OIOS due to the financial risks related to the payment and administration of entitlements and benefits to United Nations personnel in UNIFIL.
8. OIOS conducted this audit from December 2017 to February 2018. The audit covered the period from 1 July 2016 to 30 June 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the payment of entitlements to military personnel which included: daily and recreational leave allowances for military contingent personnel, mission subsistence allowance for staff

officers and travel on commercial flights for both staff officers and military contingent personnel and their shipment entitlements.

9. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, (c) analytical reviews of data and (d) sample testing of claims and payment records using an attribute sampling approach, taking into account the monetary value and number of military personnel by countries.

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Daily and recreational leave allowances for military contingent personnel

Inadequate verification of troop strength resulted in payments of higher allowances and troop costs

11. According to the United Nations Contingent Owned Equipment (COE) Manual, each military contingent personnel is entitled to a daily allowance of \$1.28 per day during their tour of duty and recreational leave allowance of \$10.50 per day for up to 15 days of actual leave taken during each six-month period. Any personnel above the strength authorized in the MOU are a national responsibility (called national support element) and are not entitled to reimbursement and support by the United Nations. Payment for troops overlapped during rotations should be properly authorized. TCCs are required to submit monthly troops strength analysis reports (TSARs) and the nominal roll of their personnel to J1 to claim daily and recreational allowances. The Mission Support Center and Civilian Personnel Section are required to verify TSARs prior to certification by the Director of Mission Support and approval by the Force Commander and payments by FBMS. The UNIFIL SOP on processing daily and recreational allowances further requires TCCs to provide proof of distribution of allowances to eligible personnel.

12. TCCs submitted monthly TSARs but did not submit the accompanying nominal rolls and this was not followed up by J1. Although J1 compiled the TSARs, it did not verify their accuracy. A review of TSARs during the audit period showed that 20 of the 28 TCCs had deployed higher numbers of troops that exceeded the authorized level in MOUs¹ resulting in additional 31,254 man-days. As payments were based solely on actual deployed strength without properly verifying TSARs, additional daily allowance and troop costs totaling \$38,884 and \$1.2 million, arising from extra 30,378 man-days and 870 personnel, were paid during the audit period as shown in Table 2.

¹ Annexes A and C of the MOUs for two TCCs had not been updated and showed different levels of authorized strengths. This however had an insignificant impact on the analysis of excess troop levels shown in Table 2.

Table 2: Numbers of troops exceeding the authorized level in MOUs by duration and their financial implications

Duration	Additional man-days in TSARs	Additional man-days and daily allowance paid	Additional number of personnel and monthly troop costs paid
1 to 7 days	3,186	3,186	26
8 to 14 days	4,363	4,363	84
15 to 21 days	6,160	6,160	184
22 to 28 days	747	747	21
4 weeks and longer*	16,798	15,922	555
Total [A]	31,254	30,378	870
Rate of payment [B]		\$1.28	\$1,365
Total additional cost [A x B]		\$38,884	\$1,187,550

Source: OIOS analysis of TSARs for financial year 2016/17 and payment records of daily allowance and monthly troop costs

* This included units from two TCCs with excess troops for consecutive periods of seven and nine months, respectively.

13. In addition, neither J1 nor the Civilian Personnel Section reviewed whether military personnel had exercised up to 15 days of leave before processing claims for recreational leave allowance. On OIOS enquiry through J1, only 7 out of the 23 TCCs that submitted claims during the audit period confirmed that their military personnel had taken the 15 days of leave. A review of five claims for recreational leave allowance totaling \$631,000 out of the \$2.6 million paid during the audit period showed errors in three claims totaling \$93,555 (or 15 per cent of the amount of sampled claims). Errors included duplicated UNIFIL identification numbers, names of military personnel that did not correspond to the identification numbers provided, non-existent identification numbers and three cases of military personnel who had left the mission without completing the six months tour of duty and were therefore not entitled to the allowance. As a result, there was no assurance that payments of recreational leave allowance were made only to eligible military personnel.

14. The Mission paid daily and recreational allowances to TCCs and received confirmation from them of the amounts paid. However, the Mission did not request and TCCs did not provide evidence of distribution of allowances to individual military personnel as required. On OIOS enquiry through J1, only 12 of the 28 TCCs provided evidence of distribution of allowances. In addition, one TCC stated that daily and recreational allowances were distributed to their personnel only upon return to their country after one year of tour of duty. As a result, there was no assurance that individual military personnel received their entitlements in a timely manner.

15. The above occurred because:

- J1 incorrectly considered all cases of troop deployment beyond the authorized level in MOUs were due to rotations, without conducting any checks and obtaining the required authorization for the excess troops. When TCCs submitted their lists of military personnel to J1 on arrival, J1 did not attempt to identify the national support elements by comparing the total troops deployed against the authorized level in MOUs. In addition, the Mission Support Center, Civilian Personnel Section, FBMS and J1 did not question whether the excess troops indicated in the TSARs on arrival and in following months were national support elements. Further analysis of the duration of the over-deployment of troops showed that there were recurring cases of troops exceeding the authorized strength for an entire month and longer, accounting for 16,798 man-days out of the 31,254 man-days as shown in Table 2. For example, there were units from two TCCs with excess troops for consecutive periods of seven and nine months, respectively,

totaling 1,032 man-days. OIOS assessed that such a long duration of excess troops indicated likely presence of national support elements and was not due to rotations;

- In the absence of a policy stipulating the allowable duration and number of overlapping troops during periods of troop rotation that were eligible for payment, FBMS paid daily allowances for the actual number of troops deployed based on approved TSARs. This was despite the fact that approved TSARs showed both the authorized and deployed troop levels;
- J1, Mission Support Center and Civilian Personnel Section did not agree with their respective responsibilities established in the SOP. J1 focused primarily on compiling statistical reports submitted by TCCs and did not consider the verification of entitlement claims as their responsibility, relying instead on the signature of the respective TCC commanders. The Mission Support Center and Civilian Personnel Section signed and certified payments relying solely on J1 for verification, without conducting any other checks. The UNIFIL SOP also did not specify who among J1, the Civilian Personnel Section and FBMS was responsible for obtaining evidence of distribution of allowances; and
- In addition, the Mission did not have a centralized database to maintain records of military personnel including their arrival and departure dates from the Mission to facilitate verification of claims submitted by TCCs. Instead, every month J1 collected a minimum of 134 Excel worksheets from each of the 28 TCCs for statistics on troops' strength. This practice was inefficient and did not effectively support TSARs. Also, TCCs did not keep their records on daily and recreational leave allowances after the troops rotated.

(1) UNIFIL should require J1 military personnel branch to identify and report on national support elements upon their initial deployment to the Mission and in monthly troop strength analysis reports.

UNIFIL accepted recommendation 1 and stated that it was already the practice of J1 to identify and report national support elements in monthly TSARs. J1 had assumed a more direct role in identifying and reporting national support elements and the information was no longer solely provided by the TCCs. For example, the TSAR for a TCC for the month of March 2018 reflected national support elements. Recommendation 1 remains open pending receipt and review of TSARs for all TCCs with excess troops.

(2) UNIFIL should, in consultation with the Departments of Field Support and Management, clarify eligibility criteria for payment of excess troops during rotations and if eligible, the maximum number of days payable.

UNIFIL accepted recommendation 2 and stated that it would seek clarification from the United Nations Headquarters on the timeframe approved for payments of excess troops under the rotation policy and maximum number of days payable. The Mission would communicate the policy to its TCCs, once received. Recommendation 2 remains open pending receipt of the approved criteria for payment of excess troops during rotations.

(3) UNIFIL should clarify the respective responsibilities of J1 military personnel branch and Mission Support sections for verifying daily and recreational allowance claims, including distribution of the allowances to the individual contingent personnel.

UNIFIL accepted recommendation 3 and stated that JI branch was responsible for collecting and verifying the daily and recreational allowance claims from the contingents, including the leave days taken by troops. The Security Section would verify the names in the claims and FBMS would review and reconcile the authorized payments based on the information provided by JI branch. Each paymaster would verify the distribution of allowances to individual contingent members as part of their own internal control and FBMS would continue to receive proof of payment from each paymaster and reconcile against the payment issued. The SOP would be amended accordingly. Recommendation 3 remains open pending receipt of the revised SOP clarifying the responsibilities for verifying claims and obtaining evidence of distribution of allowances to contingent personnel.

- (4) UNIFIL should establish a centralized database to maintain nominal rolls of military personnel to support troop strength reporting, including their identification numbers, arrival and departure dates and leave records during tours of duty.**

UNIFIL accepted recommendation 4 and stated that it would implement appropriate information technology solutions. In the interim, JI branch and the Security Section were working together to ensure that the two share data upon completion of troop rotations. Recommendation 4 remains open pending receipt of evidence that an adequate database has been implemented to maintain and support troop strength reporting and leave records.

B. Mission subsistence allowances and travel entitlements

Processing of mission subsistence allowances was complied with established procedures

16. A review of 329 mission subsistence allowance (MSA) payments to 83 staff officers totaling \$816,121 (15 per cent) out of the \$5.3 million paid during the audit period showed that the payments in general complied with the United Nations administrative instructions on MSA, and criteria established by the Office of Human Resource Management on classification of accommodation.

Need to improve controls over processing of travel and shipment entitlements

17. The COE Manual states that the United Nations is responsible for the deployment and repatriation of military contingents authorized in the MOUs based on the agreed ports of entry and exit. The United Nations Guidelines for TCCs provide that baggage entitlements for military contingent personnel with tour of duty of one year and less than a year are 100 kilograms and 45 kilograms per person, respectively. Accompanied personal effects by air is limited to 45 kilograms, irrespective of the length of tour of duty. Military staff officers are entitled to shipment of 100 kilograms of accompanied baggage by air.

18. A review of 74 transactions amounting to \$69,500 out of \$563,400 travel expenditure identified 10 cases of inaccurate processing of entitlements. This included: four cases of excess air shipment for contingent personnel by 24 to 43 kilograms; two cases of denied air shipments, although eligible, to maritime contingent personnel, while allowing air shipments for other maritime contingent personnel; and four cases of travel to different ports of entry/exit than agreed in the MOUs.

19. The above happened because the Travel Unit did not have written guidance on the handling of military travel entitlements and the staff were receiving varying verbal instructions from their supervisors. While the excess payments to vendors were insignificant, the above could create a perception of unfair treatment among military personnel.

- (5) UNIFIL should provide training and written guidance to its Travel Unit to ensure that the travel entitlements for military personnel are processed in accordance with established policies and guidelines.**

UNIFIL accepted recommendation 5 and stated that it held a training session on 26 April 2018 for its travel processing officers, focusing on the travel entitlements for military personnel. A Job Aid for military travel was designed for this training and presented to the attendees. It would also serve as the written guidance for Travel Unit staff members. However, OIOS noted that the Job Aid did not contain guidance for travel of maritime contingent personnel and to different ports of entry/exit. Recommendation 5 remains open pending receipt of the updated guidance.

IV. ACKNOWLEDGEMENT

20. OIOS wishes to express its appreciation to the management and staff of UNIFIL for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of payment of entitlements and benefits to United Nations military personnel in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNIFIL should require J1 military personnel branch to identify and report on national support elements upon their initial deployment to the Mission and in monthly troop strength analysis reports.	Important	O	Receipt and review of TSARs for all TCCs with excess troops.	30 November 2018
2	UNIFIL should, in consultation with the Departments of Field Support and Management, clarify eligibility criteria for payment of excess troops during rotations and if eligible, the maximum number of days payable.	Important	O	Receipt of the approved criteria for payment of excess troops during rotations.	30 June 2018
3	UNIFIL should clarify the respective responsibilities of J1 military personnel branch and Mission Support sections for verifying daily and recreational allowance claims, including distribution of the allowances to the individual contingent personnel.	Important	O	Receipt of the revised SOP clarifying the responsibilities for verifying claims and obtaining evidence of distribution of allowances to contingent personnel.	30 November 2018
4	UNIFIL should establish a centralized database to maintain nominal rolls of military personnel to support troop strength reporting, including their identification numbers, arrival and departure dates and leave records during tours of duty.	Important	O	Receipt of evidence that an adequate database has been implemented to maintain and support troop strength reporting and leave records.	31 December 2018
5	UNIFIL should provide training and written guidance to its Travel Unit to ensure that the travel entitlements for military personnel are processed in accordance with established policies and guidelines.	Important	O	Receipt of the updated Job Aid covering entitlements of maritime contingent personnel and travel to different ports of entry/exit.	30 November 2018

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNIFIL in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of payment of entitlements and benefits to United Nations military personnel in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNIFIL should require J1 military personnel branch to identify and report on national support elements upon their initial deployment to the Mission and in monthly troop strength analysis reports.	Important	Yes	J1 military personnel branch	30 November 2018	It is already the practice in the Mission that National Support Elements (NSE) are identified by J1 and reported in monthly Troop Strength Analysis Reports. J1 has assumed a more direct role in identifying and reporting NSE and the information is no longer solely provided by the TCCs. A sample TSAR reflecting Austria NSE for the month of March 2018 is attached as Annex A.
2	UNIFIL should, in consultation with the Departments of Field Support and Management, clarify eligibility criteria for payment of excess troops during rotations and if eligible, the maximum number of days payable.	Important	Yes	Finance and Budget Management Section	30 June 2018	UNIFIL will seek clarification from UNHQ regarding the timeframe approved for troops under the rotation policy and if eligible, the maximum number of days payable. Once received, the same will be communicated to UNIFIL TCCs.
3	UNIFIL should clarify the respective responsibilities of J1 military personnel branch and Mission support sections for verifying daily and recreational allowance claims, including distribution of the allowances to the individual contingent personnel.	Important	Yes	J1 military personnel branch; Finance and Budget Management Section	30 November 2018	J1 branch is responsible for collecting and verifying the daily and recreational allowance claims from the contingents. The claims will now be verified with Security Section for accuracy of names. The Finance and Budget Management Section (FBMS) will review and reconcile the authorized payments

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
			Yes			<p>based on the information provided by J1 branch, which should indicate the leave days taken by troops that entitle them for recreational leave allowance (RLA).</p> <p>With regard to verification of daily and recreational allowance claims, including distribution of the allowances to the individual contingent members, this will be maintained by each paymaster for their own internal control. FBMS will continue receiving proofs of payment from each paymaster and reconcile against the payment issued. The SOP shall be amended accordingly.</p>
4	UNIFIL should establish a centralized database to maintain nominal rolls of military personnel to support troop strength reporting, including their identification numbers, arrival and departure dates and leave records during tours of duty.	Important	Yes	J1 military personnel branch; Information and Communication Technology Section	31 December 2018	UNIFIL will implement the appropriate Information Technology solutions to address the recommendation. In the interim, UNIFIL J1 branch is working in close collaboration with Security Section to ensure that data is shared between the two offices when rotations are completed.
5	UNIFIL should provide training and written guidance to its Travel Unit to ensure that the travel entitlements for military personnel are processed in accordance with established policies and guidelines.	Important	Yes	Human Resources Management Section	30 November 2018	A training session was conducted for UNIFIL Travel Processing Officers on 26 April 2018, with focus on the travel entitlements for military personnel. A written Job Aid (herewith attached as Annex B) for military travel was designed for this

Management Response

Audit of payment of entitlements and benefits to United Nations military personnel in the United Nations Interim Force in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						training and presented to the attendees. It will serve as the written guidance for Travel Unit staff members processing the military travel requests in FSS.