



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/094

Audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force

Overall results relating to compliance by UNDOF with established policies and procedures on evacuation and other related entitlements were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

18 November 2013

Assignment No. AP2012/670/02

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AUDIT REPORT

Audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force (UNDOF).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The entitlements of staff and their eligible dependents in relocation and evacuation status are governed by the United Nations Security Policy Manual. The Designated Official (DO), assisted by the Security Management Team (SMT), was responsible for recommending to the Secretary-General, through the Under-Secretary-General for the Department of Safety and Security (DSS), the relocation or evacuation of personnel and/or eligible family members when residual security risks were deemed to be unacceptable. UNDOF was a member of SMT in Syria and played a critical role in identifying UNDOF staff and dependents to be evacuated during the ongoing crisis in Syria. In May and August 2011, UNDOF evacuated 58 persons at a cost of \$1.1 million.
4. Comments provided by UNDOF are incorporated in italics.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of UNDOF governance, risk management and control processes in providing reasonable assurance regarding **compliance by UNDOF with policies and procedures on evacuation and other related entitlements**.
6. The audit was included in the 2012 OIOS risk-based work plan at the request of UNDOF due to concerns raised by staff regarding entitlements paid as well as the financial risks related to the cost of these entitlements.
7. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that policies and procedures: (i) exist to guide the processing of entitlements in the event of evacuation and relocation; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.
8. The key control was assessed for the control objectives shown in Table 1. Certain control objectives (shown in Table 1 as “Not assessed”) were not relevant to the scope defined for this audit.
9. OIOS conducted this audit in October 2012. The audit covered the period from 1 March 2011 to 30 September 2012.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The UNDOF governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding **compliance by UNDOF with policies and procedures on evacuation and other related entitlements**. OIOS made three recommendations to address issues identified. UNDOF successfully evacuated eligible dependents of its international staff and five non-essential staff in May and August 2011. However, there were overpayments of entitlements and a breakdown of the security clearance process by DSS that resulted in the travel of some dependents to Syria after the evacuation process had been announced.

12. The initial overall rating was based on the assessment of the key control presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of one important recommendation remains in progress.

Table 1: Assessment of key controls

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Compliance with policies and procedures on evacuation and other related entitlements	Regulatory framework	Partially satisfactory	Not assessed	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

Overpayments of evacuation related entitlements needed to be recovered

13. A review of the entitlements of all of the 58 staff evacuated during May and August 2011 indicated that UNDOF incorrectly paid entitlements to some staff due to the misinterpretation of the allowances payable under the Security Policy Manual, as detailed below:

- Four of five non-essential staff were evacuated to Israel and Cyprus and were paid daily subsistence allowance (DSA) instead of a security evacuation allowance (SEA). UNDOF paid DSA with the incorrect view that these staff members had neither been evacuated nor authorized to be evacuated by DSS, so they decided to reassign them. This error resulted in total overpayments of \$60,000 to the four staff;
- Based on the advice from the Department of Field Support (DFS), Field Personnel Division, UNDOF paid SEA of \$2,400 to a staff member in respect of a dependent who had not been

officially installed in Syria. In DFS' view, SEA was payable, as the dependent had been scheduled to arrive in the duty station. However, the Security Policy Manual stated that SEA was payable only after being installed and present in the Mission;

- UNDOF paid \$3,600 for a staff member's spouse who was a staff member of UNDOF on special leave without pay. UNDOF incorrectly decided, at the request of the staff member, to change the status of the spouse to that of an eligible dependent; and
- One staff member stayed in the Israeli occupied area within the UNDOF area of operations, and did not relocate to the approved evacuation location. UNDOF incorrectly paid the staff SEA for six months. The staff member was eligible for a relocation allowance of 30 days DSA; however, taking this into account, the staff member was still overpaid by \$22,000. *UNDOF stated that the staff member was not relocated but was reassigned to be able to care for her family, therefore, the Mission had correctly paid DSA for three months, and not SEA for six months.* OIOS reconfirmed that the amount UNDOF paid to the staff member was equivalent to SEA for six months.

14. UNDOF was a family duty station prior to the current crisis, therefore staff members' dependents were entitled to SEA. If dependents were out of the duty station when the evacuation took place, SEA was payable, effective on the expected date of return to the duty station. UNDOF was not consistent in determining the effective date for payment of SEA in one case for which it approved a staff member to bring forward the expected date of return of her/his dependents, although it was known that the evacuation process was in place, and the dependents would not return. This approval resulted in paying the staff member an additional SEA of \$8,769.

15. The above inconsistencies and errors mainly resulted as those responsible for approving entitlements lacked a good understanding of the Security Policy Manual and there was insufficient capacity in the Human Resources Section, as its vacancy rate was 66 per cent at the time of the audit, and included the post of the Chief of Section.

(1) UNDOF should review, with assistance from the Department of Field Support, entitlements paid to staff during the May and August 2011 evacuations. For those payments that did not comply with the United Nations Security Policy Manual, a recovery should be made.

UNDOF accepted recommendation 1 and stated that a review would be conducted together with DFS and for some cases, recoveries would be made. UNDOF further stated that some of the payments were made based on an exceptional arrangement, as advised and approved by DFS and the Office of Human Resources Management to keep staff working for the Mission and caring for their evacuated children other than returning to their home countries. Recommendation 1 remains open pending receipt of evidence of the review of entitlements paid to staff and recoveries of overpayments.

Relocation allowance was not paid to staff

16. DSS approved in July 2011, for security reasons, the movement of UNDOF international staff residing in Damascus to UNDOF Headquarters in Camp Faouar. In accordance with the United Nations Security Policy Manual, staff members affected by such a move, which was described by DSS as "Alternative Work Modalities", were entitled to a maximum of 30 days DSA. As of 31 March 2013, DSA had not been paid to eligible staff members.

(2) UNDOF should review, with the assistance of the Department of Field Support, the entitlements payable to staff that were moved from Damascus to Camp Faouar in July 2011 and take action accordingly.

UNDOF accepted recommendation 2 and provided OIOS with evidence that payments had been made to concerned staff members. Based on the action taken by UNDOF, recommendation 2 has been closed.

Security evacuation allowances were not properly accounted for

17. For the SEAs paid, staff members were required to submit travel claims within two calendar weeks after completion of travel to verify the accuracy of allowances paid for dependents. UNDOF did not obtain travel claims from staff members; but acknowledged this as an oversight, and had subsequently ensured that travel claims were completed.

There were control weaknesses in certifying and approving travel authorizations

18. Financial Rule 105.6 required all obligations, including those relating to travel, to be signed by approving officers designated by the Controller. The 49 travel authorizations used to obligate travel expenditures for evacuees were not approved by an approving officer prior to the issuance of tickets, even though there was sufficient time for this to be done. The travel authorizations were retroactively approved by a staff member of the Finance Section.

(3) UNDOF should, prior to the purchase of air tickets or payment of travel entitlements, ensure that funds are authorized for travel by an approving officer with delegation of authority from the United Nations Controller.

UNDOF accepted recommendation 3 and stated that it had been implemented. Based on the assurance provided by UNDOF that travel authorizations would be approved prior to the purchase of air tickets, recommendation 3 has been closed.

Travel to Syria was incorrectly authorized by the Department of Safety and Security

19. On 12 August 2011, DSS cleared two dependents of a staff member to travel to Damascus to be installed during the evacuation period for UNDOF. The dependents were evacuated four days later, which potentially undermined their safety and incurred unnecessary costs of about \$7,400 in terms of assignment grants.

20. DSS advised that a technical error occurred in granting the security clearance for the two dependents. The Department also reviewed the circumstances of this case and took necessary actions to prevent re-occurrence of such a control breakdown. Also, relevant procedures, as well as roles and responsibilities of individual officials responsible for granting security clearances were revised, clarified and reinforced by DSS, including the provision of a dedicated training on the use of the Travel Request Information Process system. Based on the action taken, no recommendation was made.

IV. ACKNOWLEDGEMENT

21. OIOS wishes to express its appreciation to the Management and staff of UNDOF and DSS for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNDOF should review, with assistance from DFS, entitlements paid to staff during the May and August 2011 evacuations. For those payments that did not comply with the United Nations Security Policy Manual, a recovery should be made.	Important	O	Receipt of evidence that satisfactory action has been taken to review and recover amounts overpaid to staff as a result of the evacuation process.	31 January 2014
2	UNDOF should review, with the assistance of DFS, the entitlements payable to staff that were moved from Damascus to Camp Faouar in July 2011 and take action accordingly.	Important	C	Action taken	Implemented
3	UNDOF should, prior to the purchase of air tickets or payment of travel entitlements, ensure that funds are authorized for travel by an approving officer with delegation of authority from the United Nations Controller.	Important	C	Action taken	Implemented

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNDOF

APPENDIX I

Management Response

MANAGEMENT RESPONSE

Audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNDOF should review, with assistance from DFS, entitlements paid to staff during the May and August 2011 evacuations. For those payments that did not comply with the United Nations Security Policy Manual, a recovery should be made.	Important	Yes	Chief of Mission Support	31 January 2014	<p>Para 13 (a) These staff members formed 10% of the missions international staff. They had no means of caring for their evacuated children other than to return to their home countries. In order to keep these staff working for the mission, management made an exceptional arrangement, approved by DFS and Office of Human Resources Management, to move them to a safe place in either the A side, the United Nations Truce Supervision Organization or the United Nations Peacekeeping Force in Cyprus, from where they continued to work for the mission. The payments made were approved by DFS and Office of Human Resources Management. Nevertheless, UNDOF will review the case once again with DFS.</p> <p>13 (b) Agreed. However, the payment was made based on the advice from the Field Personnel Division, DFS.</p> <p>13 (c) Agreed.</p> <p>13 (d) Disagreed. The staff member was assigned in order to be able to care for her family, therefore, UNDOF had correctly paid DSA for 3 (three) months, and not SEA for 6 (six) months as referred by the OIOS in the report.</p> <p>14. Agreed, that a recovery should be made from the s/m for the period prior to her assignment in UNFICYP.</p>

MANAGEMENT RESPONSE

Audit of evacuation and other related entitlements in the United Nations Disengagement Observer Force

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	UNDOF should review, with the assistance of DFS, the entitlements payable to staff that were moved from Damascus to Camp Faouar in July 2011 and take action accordingly.	Important	Yes	Chief Finance Officer	1 June 2013	Agreed and completed. This has been completed on 1 June 2013.
3	UNDOF should, prior to the purchase of air tickets or payment of travel entitlements, ensure that funds are authorized for travel by an approving officer with delegation of authority from the United Nations Controller.	Important	Yes	Chief of Mission Support	1 Oct 2012	Agreed and completed.

⁵ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁶ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.