



INTERNAL AUDIT DIVISION

REPORT 2015/029

Audit of personnel entitlements and allowances in the United Nations Disengagement Observer Force

Overall results relating to the effective administration of personnel entitlements and allowances in the United Nations Disengagement Observer Force were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

21 APRIL 2015
Assignment No. AP2014/670/01

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AUDIT REPORT

Audit of personnel entitlements and allowances in the United Nations Disengagement Observer Force

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of personnel entitlements and allowances 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 UNDOF budgets for fiscal years 2013/14 and 2014/15 were \$50 million and \$64 million respectively. UNDOF had 1,459 authorized personnel comprising 1,249 military personnel from six contingents, 53 military staff officers, 49 international civilian staff and 108 national civilian staff. UNDOF operated from two locations, Camp Faouar in the east of the Area of Separation (Bravo-side) and Camp Ziouani in the Israeli occupied Golan (Alpha-side).
4. UNDOF administered 14 personnel entitlements and allowances totaling \$7.2 million for the period 1 January 2013 to 30 June 2014 as shown in Table 1.

Table 1: Personnel entitlements and allowances paid during 1 January 2013 to 30 June 2014

<i>Category</i>	<i>Cases</i>	<i>Amounts (\$'000)</i>
For military personnel		
Mission subsistence allowance	53	1 920
Daily allowance	6	826
Recreational leave allowance	6	396
Sub-total	65	3 142
For civilian personnel		
Home leave	24	60
Education grant travel	5	9
Family visit	10	23
Dependency allowance - national staff	91	132
Assignment grant	35	419
Relocation grant - international staff	20	191
Relocation grant - national staff	37	527
Language allowance	9	90
Rest and recuperation	62	77
Danger pay	161	1,687
Additional non-family hardship allowance	62	846
Sub-total	516	4 061
Total	581	7 203

Source: UNDOF Sun and Umoja systems

5. Comments provided by UNDOF are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNDOF governance, risk management and control processes in providing reasonable assurance regarding the **effective administration of personnel entitlements and allowances in UNDOF**.
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 assurances that policies and procedures: (a) exist to guide UNDOF in the administration of personnel entitlements and allowances; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial information.
8. The key control was assessed for the control objectives shown in Table 2.
9. OIOS conducted this audit in August and September 2014. The audit covered the period from 1 January 2013 to 30 June 2014.
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 and analytical reviews, 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**¹ in providing reasonable assurance regarding the **effective administration of personnel entitlements and allowances in UNDOF**. OIOS made four recommendations to address the issues identified. UNDOF had implemented adequate controls over the administration and payment of most of the entitlements paid to civilian staff and military personnel. However, UNDOF needed to: (a) ensure mission subsistence allowance during the first 30 days was paid at the correct rate; (b) implement an annual review of eligibility for dependency allowance for national staff; (c) establish criteria and procedures for the payment of relocation grants to national staff; and (d) clarify staff eligibility to special entitlements to accelerated home leave and additional non-family hardship allowance for all areas of operations, especially the Alpha-side.
12. The initial overall rating was based on the assessment of key control presented in Table 2. The final overall rating is partially satisfactory as implementation of four important recommendations remains in progress.

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective administration of personnel entitlements and allowances	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory

Regulatory framework

Administration of entitlements and allowances needed improvement

13. OIOS used the United Nations Staff Regulations and Rules, and applicable administrative instructions and information circulars, to review controls over the administration of 14 entitlements and allowances. Table 3 shows the results of the audit tests conducted on entitlements and allowances paid to civilian and military personnel from 1 January 2013 to 30 June 2014.

Table 3: Results of audit tests of civilian and military allowances paid from 1 January 2013 to 30 June 2014 (all amounts in \$'000)

Category	Population		Samples Tested		Conclusion
	Cases	Amount	Number	Amount	
For military personnel					
Mission subsistence allowance	53	1 920	5 months	566	With exceptions
Daily allowance	6	826	4 months	151	Satisfactory
Recreational leave allowance	6	396	5 months	231	Satisfactory
Sub-total	65	3 142		948	
For civilian personnel					
Home leave	24	60	9	29	Eligibility not established
Education grant travel	5	9	5	9	Satisfactory
Family visit	10	23	4	9	Satisfactory
Dependency allowance - national staff	91	132	9	17	Eligibility not verified
Assignment grant	35	419	15	171	Satisfactory
Relocation grant - international staff	20	191	11	101	Satisfactory
Relocation grant - national staff	37	527	37	527	With exceptions
Language allowance	9	90	9	90	Satisfactory
Rest and recuperation	62	77	13	5	Eligibility not established
Danger pay	161	1 687	5 months	169	Satisfactory
Additional non-family hardship allowance	62	846	22	300	Eligibility not established
Sub-total	516	4 061		1 427	
Total	581	7 203		2 375	

14. OIOS concluded that UNDOF had adequate controls over the administration of daily allowance, recreational leave allowance, education grant travel, family visit, assignment grant, relocation grant for international staff, language allowance, and danger pay. However, UNDOF needed to improve procedures over the payment of mission subsistence allowance (MSA) to military personnel and dependency allowance and relocation grant to national staff, and to clarify staff eligibility to special entitlements allowances, as outlined in the following paragraphs.

Processing of mission subsistence allowance for staff officers was incorrect

15. According to the administrative instruction on MSA, UNDOF was required to pay MSA to military staff officers at \$168 per day for the first 30 days and \$85 per day thereafter.

16. A review of MSA payments made for the months of May 2013, June 2013, December 2013, March 2014 and May 2014 totaling \$566,449 (30 per cent of the \$1.9 million paid during the audit period) indicated that UNDOF was paying \$85 for the first 30 days instead of \$168, resulting in an underpayment of \$51,567 for the five months reviewed. This resulted as UNDOF Finance and Budget Management Section incorrectly interpreted the administrative instruction that had established a higher rate of MSA for the first 30 days to compensate for expenditures related to the set-up and the normally higher accommodation expenses incurred. The Finance and Budget Management Section was maintaining a position that the higher rate for the first 30 days was not payable as UNDOF was charging staff officers the same rate for accommodation during the first 30 days and thereafter.

(1) UNDOF should seek guidance from the Department of Field Support on the appropriate application of the administrative instruction on mission subsistence allowance.

UNDOF accepted recommendation 1 and stated that it would request guidance from the Department of Field Support (DFS) on the application of MSA. Recommendation 1 remains open pending receipt of evidence that UNDOF has received clarification from DFS and that UNDOF has started applying the administrative instruction in accordance with the clarification.

Procedures over dependency allowance for national staff needed improvement

17. The United Nations Staff Regulations and Rules required UNDOF to conduct a yearly review of the dependency status of national staff to support payments of dependency allowance. UNDOF was required to request staff to re-confirm their reported dependents and their income for verification by the Human Resources Management Section.

18. A review of 9 of the 91 dependency allowances paid to national staff during the audit period indicated that UNDOF continued to pay dependency allowances without verifying whether concerned staff members were eligible for the relevant entitlements. This was because the Human Resources Management Section had not been adequately trained, and had understood that the review of dependency status was no longer required, with staff members submitting their request electronically in Inspira. As a result, there was no assurance that only eligible national staff were being paid dependency allowance.

(2) UNDOF should train human resources staff on the procedures for annually verifying the eligibility of national staff for dependency allowances.

UNDOF accepted recommendation 2 and stated that it would train its human resources personnel on established regulations, rules and administrative instructions on dependency allowances, and would conduct the yearly review of dependency status for its national staff accordingly. Recommendation 2 remains open pending receipt of evidence that an annual review of eligibility for dependency allowance for national staff members has been conducted.

19. *UNDOF accepted recommendation 2 and stated that it would train its human resources personnel of the established regulations, rules and administrative instructions on dependency allowance and would conduct the yearly review of dependency status for its national staff accordingly. Recommendation 2 remains open pending receipt of evidence that an annual review of eligibility for dependency allowance for national staff members has been conducted.*

Administration of relocation grants for national staff needed improvement

20. The relocation of national staff was permitted after authorization by the Department of Safety and Security, and approval by the Designated Official. The Field Finance Procedure Guidelines required UNDOF to develop procedures for the selection of national staff for the purpose of paying relocation grants, as well as those related to the process of relocation and payment of applicable relocation grants. UNDOF was required to submit the developed procedures to DFS and the Office of Human Resources Management (OHRM) for approval.

21. A review of relevant records indicated that approval had been granted by the Designated Official for UNDOF to relocate and pay relocation grants to those national staff who had been relocated. UNDOF approved 37 out of 46 staff requests for relocation at a total cost of \$527,000. However, UNDOF had not established criteria to assess and determine the eligibility of national staff relocations. The procedures were limited to a review by the Chief of Mission Support of the request submitted by a staff member, without specifying the criteria. Once approved by the Chief of Mission Support, the request was submitted to the Chief of Finance for payment of the relocation grant, and to the Security Section to confirm whether the street address to where the staff member was re-locating was within the approved relocations areas. The UNDOF Security Section did not verify whether this was now the staff members' primary residence. Additionally, UNDOF did not obtain approval from DFS and OHRM.

22. UNDOF did not develop procedures or establish a basis to determine eligibility of national staff for relocation because of its decision to review staff relocations on a case-by-case basis. As a result, payment of relocation grants was not transparent and properly supported.

(3) UNDOF should: (a) develop criteria and procedures for paying relocation grants to national staff, which should be approved by OHRM and DFS; and (b) review if all grants paid from 2012 are properly supported, and if not, take appropriate action including financial recoveries.

UNDOF accepted recommendation 3 and stated that it would consult with the Department of Safety and Security in Syria to develop criteria and procedures for the payment of relocation grants to its national staff. Once the procedures had been approved by OHRM and DFS, UNDOF would also review all grants paid from 2012 and would take appropriate action. Recommendation 3 remains open pending receipt of documentation on criteria and procedures for payment of relocation grants for UNDOF national staff and the results of the review all paid grants from 2012.

Eligibility for special entitlements and allowances needed to be reviewed

23. Administrative instructions provided for missions to pay additional entitlements and allowances to staff in hardship locations. These included danger pay, rest and recuperation, additional non-family hardship allowance and accelerated home leave travel every 12 months. An OHRM inter-office memorandum, dated March 2014, provided that staff residing in Camp Faouar in Syria were entitled to danger pay, whereas staff residing in Camp Ziouani in Israeli-occupied Golan were not.

24. A review of 62 staff being paid danger pay, 13 staff taking rest and recuperation breaks, 22 international staff being paid additional non-family allowance and 9 staff taking accelerated home leave entitlements indicated that UNDOF was accurately administering the payment of danger pay to those staff residing in Camp Faouar. However, UNDOF was approving entitlements and allowances related to rest and recuperation, additional non-family hardship allowance and accelerated home leave to all international staff regardless whether they were located in Camp Faouar in Syria or in Camp Ziouani in Israeli-occupied Golan.

25. This resulted as the OHRM-provided list of non-family duty stations did not mention Israeli-occupied Golan, and the Integrated Management Information System did not include Israeli-occupied Golan as a recognized duty station. Also, UNDOF had not sought clarification from OHRM and DFS on staff members' eligibility since 2012 when the Mission started administering these entitlements for its staff. Subsequent to the audit, in January 2015, DFS and OHRM issued a revised information circular on rest and recuperation to clarify that staff in Camp Ziouani in Israeli-occupied Golan were not eligible for rest and recuperation. DFS and OHRM, however, had not clarified eligibility criteria for additional non-family hardship allowances and accelerated home leave.

26. Due to the delayed issuance of the administrative instruction, and because UNDOF had not sought clarification, there was no assurance that only eligible staff were being paid special entitlements and allowances.

(4) UNDOF should, in coordination with DFS, request OHRM to review eligibility of staff residing in Israeli-occupied Golan for additional non-family allowances and accelerated home leave travels, and implement procedures to ensure staff are paid only those entitlements they are eligible for.

UNDOF accepted recommendation 4 and stated that it had requested DFS, in March 2015, to establish Camp Ziouani as a temporary hardship duty station eligible for additional non-family allowance and accelerated cycle of home leave. Recommendation 4 remains open pending receipt of clarification from OHRM on the eligibility of UNDOF staff for additional non-family allowance and accelerated home leave travels.

IV. ACKNOWLEDGEMENT

27. OIOS wishes to express its appreciation to the Management and staff of UNDOF 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

An audit of personnel entitlements and allowances 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 seek guidance from the Department of Field Support on the appropriate application of the administrative instruction on mission subsistence allowance.	Important	O	Receipt of evidence that UNDOF has received clarification from DFS and that UNDOF has started applying the administrative instruction in accordance with the clarification.	30 June 2015
2	UNDOF should train human resources staff on the procedures for annually verifying the eligibility of national staff for dependency allowances.	Important	O	Receipt of evidence that an annual review of eligibility for dependency allowance for national staff members has been conducted.	30 June 2015
3	UNDOF should: (a) develop criteria and procedures for paying relocation grants to national staff, which should be approved by OHRM and DFS; and (b) review if all grants paid from 2012 are properly supported, and if not, take appropriate action including financial recoveries.	Important	O	Receipt of documentation on criteria and procedures for payment of relocation grants for UNDOF national staff and the results of the review all paid grants from 2012.	31 December 2015
4	UNDOF should, in coordination with DFS, request OHRM to review eligibility of staff residing in Israeli-occupied Golan for additional non-family allowances and accelerated home leave travels and implement procedures to ensure staff are paid only those entitlements they are eligible for.	Important	O	Receipt of clarification from OHRM on the eligibility of UNDOF staff for additional non-family allowance and accelerated home leave travels.	31 December 2015

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 in response to recommendations.

APPENDIX I


Management Response


UNITED NATIONS NATIONS UNIES
DISENGAGEMENT OBSERVER FORCE
Office of the Force Commander/Head of Mission
UNDOF Headquarters

Ref: DOF/FC/013/15

Date: 03 April 2015

To: Mr. Eleanor T. Burns, Director
Internal Audit Division, OIOS

From: Maj Gen Purna Chandra Thapa 
Head of Mission and Force Commander
UNDOF

Subject: Response on audit report (Assignment No. AP2014/670/01)

1. Reference is made to your memorandum, IAD: 15-MOI 150301 dated 12 March 2015, regarding draft report on UNDOF.
2. Please find attached our complete comments and action plan on the recommendation.

Best regards,

Management Response

Audit of personnel entitlements and allowances in the United Nations Disengagement Observer Force

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNDOF should seek guidance from the Department of Field Support on the appropriate application of the administrative instruction on mission subsistence allowance.	Important	Yes	Chief Finance Officer	30 June 2015	<ul style="list-style-type: none"> UNDOF will write to Department of Field Support seeking guidance on the application of mission subsistence allowance
2	UNDOF should train human resources staff on the procedures to verify on an annual basis the eligibility of national staff for dependency allowance.	Important	Yes	Chief Human Resource Officer	30 June 2015	<ul style="list-style-type: none"> UNDOF will train its human resources staff on the procedures laid out in administrative instruction regarding review of dependency allowance. UNDOF will ensure review of dependency status of its national staff is done annually as guided by the administrative instructions.
3	UNDOF should: (a) develop criteria and procedures for paying relocation allowance to national staff, which should be approved by OHRM and DFS; and (b) review if all grants paid from 2012 are properly supported, and if not, take appropriate action including financial recovery if necessary.	Important	Yes	Chief Human Resource Officer	31 December 2015	<ul style="list-style-type: none"> UNDOF will develop criteria and procedure with the United Nations Department of Safety and Security in Syria on the payment of relocation to national staff.” UNDOF will review all the grants paid from 2012 once the policy is approved by the Office of Human Resource

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.

Management Response

Audit of personnel entitlements and allowances in the United Nations Disengagement Observer Force

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Management and Department of Field Support and will take appropriate action.
4	UNDOF should, in coordination with DFS, request OHRM to review eligibility of staff residing in Israeli-occupied Golan to additional non-family allowance and accelerated cycle of home leave and implement procedures to ensure staff are paid only those entitlements they are eligible for.	Important	Yes	Chief Human Resource Officer	31 December 2015	<ul style="list-style-type: none"> UNDOF took up the case with Department of Field Support on 5 March 2015 requesting to designate Camp Zouani as temporary duty station.