



INTERNAL AUDIT DIVISION

REPORT 2022/081

Audit of staff entitlements and allowances in the United Nations Interim Force in Lebanon

The Mission needed to strengthen oversight of its processes to improve the administration and management of staff entitlements and allowances

**21 December 2022
Assignment No. AP2022-672-01**

Audit of staff entitlements and allowances in the United Nations Interim Force in Lebanon

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of staff entitlements and allowances in the United Nations Interim Force in Lebanon (UNIFIL). The objective of the audit was to assess the adequacy and efficiency of the administration of staff entitlements and allowances in UNIFIL. The audit covered the period from 1 July 2020 to 30 June 2022 and included civilian staff entitlements and allowances and military personnel entitlements and allowances.

UNIFIL adequately administered leave entitlements, relocation and repatriation grants, language allowance, special post allowance, and special paid leave for civilian personnel. The Mission also appropriately administered per diem allowances for military contingents. During the audit, the Mission took steps to improve procedures for processing the settling-in grant, compensatory time-off and mission subsistence allowance to military staff officers on travel status. However, due to logistical arrangements in a few instances, the Mission paid recreational leave allowance to military personnel who had served in the mission area for less than six months, contrary to related guidance.

OIOS made one recommendation. To address the issue identified in the audit, UNIFIL needed to:

- Seek advice from the Department of Management Strategy, Policy and Compliance on whether recreational leave allowance can be exceptionally paid to military personnel with a period of service of less than six months, arising because of logistical arrangements made by the Organization.

UNIFIL accepted the recommendation and took action to implement it.

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Audit of staff entitlements and allowances in the United Nations Interim Force in Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of staff entitlements and allowances in the United Nations Interim Force in Lebanon (UNIFIL).
2. United Nations civilian staff are entitled to a number of entitlements and allowances including: dependency allowance, danger pay, education grant, language allowance, shipment and relocation, rental subsidy, special post allowance (SPA) and settling-in grant. United Nations Staff Regulations and Rules and applicable administrative instructions and information circulars govern the administration of these entitlements and allowances. Responsibility for their administration in UNIFIL is split between the Human Resources Section (HRS) and the Kuwait Joint Support Office (KJSO). For the financial years 2020/21 and 2021/22, entitlements and allowances administered by HRS amounted to \$2.3 million and \$2.5 million, respectively for 250 international and 590 national civilian staff. HRS consists of 26 staff and is headed by a Chief at P-5 level.
3. Entitlements and allowances for uniformed personnel comprise mission subsistence allowance, daily allowance and recreational leave allowance. Their administration is governed by policies and procedures established by the General Assembly and memoranda of understanding (MOU) between the United Nations and troop-contributing countries (TCCs) as well as relevant administrative instructions, standard operating procedures (SOPs) and guidelines promulgated by the Department of Operational Support (DOS) and UNIFIL. UNIFIL Military Personnel Branch (J1 Branch), which is headed by a Chief at Colonel level and assisted by eight staff officers, processes entitlements and benefits to military staff officers and contingent personnel. HRS verifies and certifies entitlements for payment by the UNIFIL Finance and Budget Management Section (FBMS) for contingent personnel; and by KJSO for staff officers.
4. As of 30 June 2022, UNIFIL had 10,290 military personnel including 210 staff officers. For the financial years 2020/21 and 2021/22, the expenditure on military entitlements and benefits were \$23.2 million and \$28.5 million, respectively.
5. Comments provided by UNIFIL are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of the administration of staff entitlements and allowances in UNIFIL.
7. This audit was included in the 2022 risk-based work plan of OIOS due to the financial and personnel implications associated with poor administration of staff entitlements and allowances in the Mission.
8. OIOS conducted this audit from July to September 2022. The audit covered the period from 1 July 2020 to 30 June 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the administration of staff entitlements and allowances, which included: civilian staff and military personnel entitlements and allowances.

9. The audit methodology included: (a) interviews of key personnel in HRS, J1 Branch and FBMS; (b) reviews of relevant documentation for processing civilian as well as military entitlements and allowances; (c) analyses of the UNIFIL staff entitlement data listed in Table 1; and (d) sample tests of staff entitlement transactions.

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

III. AUDIT RESULTS

A. Civilian staff entitlements and allowances

The Mission adequately administered civilian entitlements and allowances, including strengthening controls over the processing of settling-in grant and compensatory time off

11. Table 1 shows the results of audit tests conducted on entitlements and allowances administered by HRS paid to civilian staff in financial years 2020/21 and 2021/22 up to May 2022.

Table 1: Results of audit tests of civilian entitlements and allowances paid in fiscal years 2020/21 and 2021/22 up to May 2022

<i>Category</i>	<i>Population</i>		<i>Sample Tested</i>		<i>Conclusion</i>
	<i>Cases</i>	<i>Amount (\$'000)</i>	<i>Number</i>	<i>Amount (\$'000)</i>	
Education grant travel	40	75	15	30	Satisfactory
Family visit travel	15	25	10	17	Satisfactory
Home leave travel	210	474	52	143	Satisfactory
Language allowance	202	569	33	85	Satisfactory
Night differential	1,534	51	227	5	Satisfactory
Relocation grant	118	1,204	118	1,204	Satisfactory
Repatriation grant	36	743	36	743	Satisfactory
Settling-in-grant	71	620	44	397	With exceptions
Compensatory time off	181	..	181	..	With exceptions
Special leave with full pay	31	..	31	..	Satisfactory
Special post allowance	21	..	8	..	Satisfactory
Total	2,459	3,761	755	2,624	

12. OIOS concluded that controls over the administration of civilian entitlements and allowances that had been delegated to UNIFIL were adequate and working effectively, except for the administration of settling-in grant and compensatory time-off, as outlined in this report.

Relocation, settling-in and repatriation grants

13. The Mission paid 118 relocation grants, 71 settling-in grants and 36 repatriation grants during the audit period. A review of all relocation and repatriation grants and 44 settling-in grants indicated that the staff members concerned were eligible for the entitlements. Further verification of the various parameters, including staff category, type of appointment, duration of appointment, applicable single and family rates and pro-rata rates for partial payments, indicated that the amounts paid were correctly calculated. Overall,

the Mission had properly managed the payment of relocation and repatriation allowances. In addition, the Mission retained adequate supporting documentation, including separation travel documents and affidavits of repatriation in case of payment of repatriation grants. OIOS verification of the lists of staff members who received settling-in-grants with the housing inspection records maintained by the Security Section indicated that they had established households at the duty station.

14. In one case, however, the Mission mistakenly paid settling-in grant totaling \$11,727 to a staff member recruited from the Economic and Social Commission for West Asia, based in Beirut, who had not changed residence as a direct result of the appointment. Although the Mission had arranged for reimbursement of the full amount paid, it had to ensure that HRS staff verify that staff recruited from Beirut change their residence before processing the settling-in grant. During the audit, the Mission improved its procedures for verifying that staff recruited from Beirut change their residence before processing the settling-in grant including, in one case, requesting a copy of the signed lease from the staff member. Based on the actions taken, OIOS concluded that UNIFIL had established adequate procedures for processing settling-in grants.

Night differential and compensatory time off

15. Night differential (ND) payment is an extra pay equal to 10 per cent of the employee's hourly net pay made to staff who regularly perform extra duties and work at night. Compensatory time off (CTO) is given to staff who are required to work more than the established working hours. The Mission processed 1,534 ND and 181 CTO claims during the audit period mainly for generator operators, security planning and training officers, radio operators and information intelligence officers. A review of the monthly claims of 277 ND (15 per cent) and all 181 CTO absences indicated that the relevant checks were properly carried out and claims were correctly entered into Umoja. The Head of Mission also used his delegated authority to grant CTO to seven staff members in the professional category due to exigencies of service arising from the COVID-19 pandemic.

16. Administrative instruction ST/AI/2000/3 states that CTO may not be used for more than 40 credit hours, and that credits over 40 hours are to be paid at the hourly rate, based on the sum of the staff member's basic salary and language allowance. However, the Mission had taken the position of not paying overtime based on advice from the UNIFIL Legal Unit and DOS. Instead, it allowed staff to use accumulated CTO credits exceeding 40 hours within four months of accrual. However, the Mission had not set up a system requiring staff to claim their CTO within the prescribed timeframe, although HRS submitted quarterly CTO reports to concerned Sections Chiefs so that they could advise the affected staff to claim the CTO before they reached 40 credit hours. In March 2021, the Mission conducted a review of overtime credits and found 26 cases where staff had accumulated CTO credits of more than 40 hours that were not used as required within four months of their accumulation. To address this issue, the Head of Mission issued a one-time moratorium on 11 May 2021, allowing affected staff to reduce their excess CTO credit hours until 31 August 2021. There was a risk that staff would continue to accumulate CTO more than 40 credit hours. The Mission took note of the issue and committed to reinforce the monitoring process to ensure staff members utilize their CTO within four months of accrual.

Language allowance, SPA and special leave with full pay

17. The Mission granted first language allowance to 16 international and 148 national staff and second language allowances to 38 national staff during the audit period amounting to \$569,311. A review of 33 language proficiency certificates of staff members who had acquired this entitlement during their service with the Mission indicated that the Mission managed the language allowance appropriately.

18. Administrative instruction ST/AI/2003/3 laid down provisions for granting SPA to staff members who serve in positions higher their current level, including the applicable type of appointment, length of SPA service, approval procedures and termination of SPA. OIOS review of 8 out of 21 SPA case files managed during the audit period indicated that the Mission applied the provisions of the administrative instruction appropriately.

19. The Mission granted 31 cases of special leave with full pay to 24 staff members during the audit period. A review of the case presentations indicated that entitlements were properly administered for staff members who were granted leave to participate in the United Nations Inter-Agency Games and for staff members who were placed on administrative leave. OIOS did not make a recommendation on this issue.

The Mission continued to address late submissions of travel requests

20. United Nations Staff Regulations require staff to meet certain criteria and conditions to be eligible for home leave, family visit and education grant travels (entitlement travel). HRS was responsible for reviewing all requests for entitlement travel to ensure that these criteria and conditions were met. A review of 52 out of 210 home leave travels, 10 out of 15 family visit travels, and 15 out of 40 education grant travels processed by the Mission during the audit period indicated that the relevant criteria and conditions were met in all cases. The corresponding absences were duly recorded in the Umoja self-service module for staff. The Umoja system automatically recovers travel advances for which expense reports were not submitted within the prescribed timeframe. OIOS concluded that the Mission had adequate controls in place to ensure that staff met the criteria and conditions for granting entitlement travels.

21. The Mission purchased 59 airline tickets for entitlement travel during the audit period as other staff had opted for the lump sum payment option. Compliance rates with the 21-day advance ticketing rule were 65.3 per cent for home leave travel, 66.7 per cent for family travel, 57.1 per cent for education grant travel, as shown in Table 2. The target for this was 100 per cent, with staff required to submit travel requests at least 21 days before travel.

Table 2: UNIFIL compliance with advance purchase of entitlement travel airline tickets in financial years 2020/21 and 2021/22

Travel category	Number of trips	Compliance Rate
Home leave	49	65.3%
Family visit	3	66.7%
Education grant travel	7	57.1%
Total	59	64.4%

22. The low compliance rate was mainly due to late submission of travel requests by staff members. Due to low compliance with advance ticketing requirements, the Mission may not be able to achieve cost efficiency.

23. UNIFIL indicated that this issue had been raised by the Board of Auditors and that it continues to make efforts to ensure compliance with the 21-day advance ticketing requirement. For example, during the audit period, the Mission sent three circulars reminding staff that they must submit requests for travel arranged through UNIFIL 21 calendar days prior to the departure date. Therefore, OIOS did not make a recommendation on this issue.

Segregation of roles in the administration of staff entitlements

24. As of 30 June 2022, the Mission had 16 staff members with active subdelegation to perform HR functions, including the administration of salaries and allowances, annual and special leave, and travel and relocation benefits. The work of the 16 staff was divided as follows: (a) nine HR partners were responsible for approving all staff requests; (b) four HR partners were only responsible for approving requests from local staff; and (c) three staff designated as certifying officers for HR transactions. In addition, there were eight travel processing officers whose duties were limited to: (a) verifying the accuracy of itineraries and travel dates; (b) verifying the justification for late submission of requests; and (c) booking and purchasing tickets after travel requests had been approved; and there were six travel and shipping approvers who were responsible for certifying travel claims.

25. A review of the signed subdelegations of authority and Umoja role allocation for HR and travel processes indicated that the Mission had established and appropriately delineated responsibilities for travel to strengthen financial control. However, one staff member was inappropriately tasked with HR partner and certifying officer roles. As a result, the staff member was able to approve and certify HR transactions. The staff member was assigned the HR partner role in 2015 during the implementation of Umoja. In December 2021, HRS assigned the staff member the role of certifying officer without conducting the required due diligence. Although OIOS did not find any misuse of the inappropriate dual role, this increases the risk of error or fraud due to inadequate segregation of duties. The Mission noted the problem and committed to continue to closely monitor potential conflicts in the assignment of roles, particularly roles with financial implications.

B. Military personnel entitlements and allowances

The Mission improved procedures for payment of mission subsistence allowance

26. Mission subsistence allowance (MSA) is a per diem allowance paid by UNIFIL for the living expenses of military staff officers (MSOs) in connection with their deployment in the Mission. MSA is paid based on MSOs' monthly time and attendance (T&A) from the day they arrive at the duty station until the end of their tour of duty. The T&A file contains supporting documents such as MSOs' monthly time records, extensions of service, and monthly deductions/reimbursements for meals and telephone use. The T&A documentation is prepared by the J1 Branch and reviewed by the HR partner before being electronically transmitted to KJSO for processing MSA payments.

27. A review of T&A records from January to June 2022 indicated that the Mission had properly adjusted MSOs' T&A for all annual leave days taken in advance and for periods of special leave without pay. The Mission properly withheld \$500 of the final MSA payment from all MSOs at the end of their tour of duty until all amounts owed to the Organization were settled. However, the MSA payments submitted to KJSO for the MSOs were not certified even though, as per the SOPs, HRS was supposed to certify payments to the MSOs after verifying their accuracy. There were also delays in recovering MSAs of MSOs when they had also received daily subsistence allowance (DSA) for official travel, as shown in Table 3.

Table 3: Delays in MSA recoveries for MSOs who had received DSA for official business trips in 2022

Personnel No.	Trip No.	Trip days	Location	Trip end date	Payroll recovery date	Delays (in days)
00840631	1243623	3	New York	15/02/2022	29/03/2022	42
00840631	1287297	1	Jerusalem	07/02/2022	28/06/2022	141
00112833	1254059	9	New York	11/03/2022	28/06/2022	109
01030301	1281930	1	Tel Aviv	04/04/2022	28/06/2022	85
01030301	1281993	1	Jerusalem	05/04/2022	28/06/2022	84
10211490	1281995	1	Tel Aviv	04/04/2022	28/06/2022	85
10211490	1281996	1	Jerusalem	05/04/2022	28/06/2022	84
01033815	1273547	10	Entebbe	07/04/2022	28/06/2022	82
10192589	1259475	10	Entebbe	07/04/2022	28/06/2022	82
10198083	1271032	4	Brindisi	07/04/2022	28/06/2022	82
10204807	1293558	4	Entebbe	13/05/2022	28/06/2022	46
10200715	1300258	6	New York	12/06/2022	28/06/2022	16

Source: Umoja

28. This occurred because the monthly T&A for MSOs was submitted prior to the payroll period, i.e., J1 Branch prepared and submitted the T&A to the HR partner prior to the month for which the payroll is being run. OIOS walkthrough of transactions and discussions indicated that the HR partner responsible for reviewing the T&A was not fully conversant with the SOPs on MSA for MSOs. As a result, there was a risk of overpayment of MSA to MSOs as FBMS was required to prepare retrospective reports of DSA payments to the MSOs and submit them to the HR partner so that the MSAs could be recovered for the days on which the MSOs had received DSA.

29. During the audit, the Mission took steps to improve the monitoring of staff absences on official missions by: (a) requiring the receipt of financial travel reports from FBMS by the fifth of each month; (b) requiring staff responsible for travel processing to send copies of airline tickets, approved travel authorizations, and approved expense reports to HRS immediately upon issuance and approval; and (c) reminding all Branch Chiefs to accurately report the actual details of all staff officers' absences and official travel on the attendance sheets forwarded to the J1 Branch. The Mission also trained and directed the appropriate HRS staff to properly certify all monthly requests for staff officer subsistence allowance payments before forwarding them to KJSO for payment processing. Therefore, OIOS did not make a recommendation.

Daily allowance for military contingents

30. Members of military contingents deployed in UNIFIL under an MOU are entitled to a daily allowance of \$1.28 per day while serving in the Mission. These do not include national support element¹ (NSE), which are a national responsibility and are not entitled to reimbursement/support by the Mission. The daily allowance is paid only for days or parts of days spent by contingent members in the Mission area and the total monthly amount for each contingent is paid through a contingent paymaster.

31. As of June 2022, the Mission's troop strength included 519 NSE troops. The Mission maintains a database that records each contingent member's profile (date of birth, gender, nationality, identification

¹ National support element (NSE) are additional personnel provided by the troop-contributing countries at their own expense.

number and national passport number), type of deployment (whether under MOU or NSE), tour of duty (arrival and departure dates) and leave management. This database is used by the J1 Branch to check the troop strength analysis report (TSAR) and the claims submitted by each TCC to manage the payment of daily allowance. The consolidated TSAR, prepared monthly by the J1 Branch, is approved by the Force Commander and certified by the Director of Mission Support prior to payment. A review of 90 of the 599 military contingent daily allowance claims processed during the audit period found that the amount paid correctly reflected the daily strength of contingents deployed at MOU as per the contingent database. The Mission correctly excluded NSE from the payments, which were certified by the relevant officials. The Mission also kept evidence of the distribution of payments to individual contingent members on file. OIOS concluded that controls over the processing of daily allowance for military contingents were generally adequate.

Recreational leave allowance for military contingents

32. Each member of the military contingents deployed in UNIFIL is entitled to recreational leave allowance (RLA) of \$10.50 per day for up to 15 days of leave (i.e., \$157.50) per six-month period of service. The Mission processed 177 claims for RLA amounting to \$3 million from July 2020 to May 2021. Entitlement to RLA only arises after completion of six months or 182.5 days in the Mission.

33. A review of all RLAs processed indicated that the military contingents were eligible, and the payments were accurately calculated and certified. There was also evidence of the distribution of payments. As a result of the arrangements for rotational flights made by the Movement Control/Logistics Division at United Nations Headquarters, military contingent commanders have in a few cases submitted requests for exceptional approval of RLAs for personnel who do not meet the prescribed six-month time limit. This was based on a memorandum dated 3 May 2019, in which the then Acting Director of Mission Support issued guidance on the disbursement of RLA, allowing him, at his discretion, to exceptionally authorize the payment of RLA for a shorter period than six months (one to seven days below the prescribed time limit) if the disruption of the military contingent's planned rotation out of the Mission is due to logistical issues. In this regard, between July 2021 and May 2022, the Mission paid six requests for RLA listed in Table 4 as exceptions for the benefit of three TCCs.

Table 4: Special approval of RLA tours of duty less than six months or 182.5 days

Start date	End date	No. of days	No. of persons	Contingent account	Document number	Posting date	Amount in USD
17/12/2020	15/06/2021	180	26	1300000088	3105601668	01/06/2021	4,095
03/08/2021	29/01/2022	179	3	1300000051	3106061041	23/02/2022	473
20/07/2021	15/01/2022	179	11	1300000051	3106061048	23/02/2022	1,732
22/08/2021	19/02/2022	181	2	1300000051	3106061045	23/02/2022	315
06/12/2021	04/06/2022	180	27	1300000088	3106227866	16/05/2022	4,253
23/10/2021	20/04/2022	179	205	1300000060	3106173410	22/04/2022	32,287
Total							43,155

34. Although the above payments may appear reasonable in the circumstances, MOUs with TCCs stipulate that no RLA is paid when troops rotate in a period of less than six calendar months or 182.5 days. In addition, UNIFIL did not have the delegation of authority to make this exception. Therefore, the Mission needed to seek advice from the Office of Programme Planning, Finance and Budget (OPPFB) in the Department of Management Strategy, Policy and Compliance (DMSPC) to address the dilemma it faced in implementing this policy due to unforeseen logistical constraints.

35. Requests for military personnel wishing to claim RLA are submitted through the Field Support Suite (FSS) database, which is used by FBMS to review the requests and authorize payment. However, in three cases, contingent staff received payments without meeting the mandatory requirement of six months. This occurred because FBMS could not match the lists of military personnel submitted for the RLA with the FSS database, as the J1 Branch had not recorded the identification numbers of military contingent members in the FSS database. UNIFIL needed to consistently record the identification numbers of each member of the military contingent in the Field Support Suite database so that the FBMS can verify eligibility for the recreational leave allowance before disbursement

(1) UNIFIL should seek advice from the Office of Programme Planning, Finance and Budget in DMSPC on whether, exceptionally, a recreational leave allowance can be paid to military personnel with a period of service of less than six months, arising because of logistical arrangements made by the Organization.

UNIFIL accepted recommendation 1 and stated that the Mission had submitted a memo to the Director of Finance Division, OPPFB on 24 November 2022, seeking advice and guidance on the payment of recreation leave allowances when the deployed military personnel must rotate before the completion of six months due to rotation arrangements made by the Organization. Based on the action taken by UNIFIL, recommendation 1 is closed as implemented.

IV. ACKNOWLEDGEMENT

36. 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.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of staff entitlements and allowances 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 seek advice from the Office of Programme Planning, Finance and Budget in DMSPC on whether, exceptionally, a recreational leave allowance can be paid to military personnel with a period of service of less than six months, arising because of logistical arrangements made by the Organization.	Important	C	Recommendation is implemented and closed.	24 November 2022

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by UNIFIL in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of staff entitlements and allowances 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 seek advice from the Office of Programme Planning, Finance and Budget in DMSPC on whether, exceptionally, a recreational leave allowance can be paid to military personnel with a period of service of less than six months, arising because of logistical arrangements made by the Organization.	Important	Yes	CFBMS	24 November 2022	This recommendation has been implemented. UNIFIL submitted a memo to Director Finance Division, OPPFB- DMSPC on 24 November 2022 (see attached), seeking advice and guidance on the payment of recreation leave allowances when the deployed military personnel must rotate before the completion of six months due to rotation arrangements made by the Organization.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.