



INTERNAL AUDIT DIVISION

REPORT 2015/099

Audit of entitlement travel services provided by the Regional Service Centre in Entebbe

Overall results relating to the effective management of entitlement travel services provided by the Regional Service Centre were initially assessed as unsatisfactory. Implementation of one critical and three important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

24 September 2015
Assignment No. AP2014/616/03

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AUDIT REPORT

Audit of entitlement travel services provided by the Regional Service Centre in Entebbe

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of entitlement travel services provided by the Regional Service Centre in Entebbe (RSCE).

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 General Assembly approved the establishment of RSCE, a shared service centre, as part of the Global Field Support Strategy with responsibility for providing non-location dependent administrative and financial support such as the processing of entitlement travels for the following missions:

- United Nations Organization Stabilization Mission in the Democratic Republic of Congo;
- African Union-United Nations Hybrid Operation in Darfur;
- United Nations Mission in the Republic of South Sudan;
- United Nations Interim Security Force for Abyei;
- United Nations Support Office for the African Union Mission in Somalia;
- United Nations Assistance Mission in Somalia;
- United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic;
- United Nations Electoral Mission in Burundi; and
- United Nations Mission for Ebola Emergency Response.

4. The activities of RSCE were governed by the RSCE Steering Committee, which comprised the Assistant Secretary-General of the Department of Field Support (DFS) and directors/chiefs of mission support of the above-mentioned missions. This Committee was responsible for monitoring and providing oversight of the performance of RSCE.

5. The RSCE Entitlement Travel Service Line was responsible for processing entitlement travels including home leave, family visit, and education grant travel and for issuing the related tickets and vouchers for lump sum payments. The RSCE Cashier Service Line was responsible for paying staff based on disbursement vouchers issued by the Entitlement Travel Service Line.

6. The Entitlement Travel Service Line was headed by an Officer-in-Charge at the FS-5 level and the Cashier Service Line was headed by an officer at the P-4 level. As at 31 December 2014, the Entitlement Travel Service Line and Cashier Service Line had 26 posts, representing 7.5 per cent of the budgeted posts of RSCE. The posts and other operational costs of RSCE, including those of the Entitlement Travel Service Line and Cashier Service Line, were funded by client missions based on an agreed cost-sharing arrangement. RSCE had a 2014/15 budget of \$29 million for staff costs and \$15.1 million for operational costs.

7. From 1 January 2014 to 31 December 2014, RSCE processed 5,308 entitlement travels valued at \$6.4 million.

8. Comments provided by RSCE are incorporated in italics.

II. OBJECTIVE AND SCOPE

9. The audit was conducted to assess the adequacy and effectiveness of RSCE governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the processing of entitlement travels by RSCE**.

10. The audit was included in the 2014 risk-based work plan of OIOS because of the operational, compliance and financial risks related to the processing of entitlement travels.

11. The key controls tested for the audit were: (a) regulatory framework; and (b) performance monitoring. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide RSCE entitlement travel services; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

(b) **Performance monitoring** - controls that provide reasonable assurance that metrics are: (i) established and appropriate to enable measurement of the efficiency and effectiveness of RSCE entitlement travel services; (ii) prepared in compliance with rules and are properly reported on; and (iii) used to manage operations appropriately.

12. The key controls were assessed for the control objectives shown in Table 1.

13. OIOS conducted this audit from February to April 2015. The audit covered the period from January to December 2014.

14. 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

15. The RSCE governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of the processing of entitlement travels by RSCE**. OIOS made five recommendations to address the issues identified. RSCE implemented adequate controls to ensure staff members met all the criteria and conditions to be eligible for home leave, family visit and education grant travels. However, RSCE needed to: (a) in consultation with the Department of Management (DM), implement procedures for formally delegating authority to staff responsible for authorizing home leave, family visit, education grant travel and approving related lump-sum options; (b) identify all duplicate payments and initiate recovery of such

¹ A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist 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.

amounts from the respective staff members; (c) in consultation with RSCE Steering Committee, review the key performance indicator (KPI) for entitlement travel services and, if necessary, obtain appropriate approval to revise it; and (d) expedite the recruitment of the Entitlement Service Line Manager and assign a dedicated approving officer to the Service Line.

16. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **unsatisfactory** as implementation of one critical and three important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the processing of entitlement travels by RSCE	(a) Regulatory framework	Unsatisfactory	Partially satisfactory	Partially satisfactory	Unsatisfactory
	(b) Performance monitoring	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

A. Regulatory framework

RSCE properly vetted entitlement travel requests to establish eligibility for entitlement travels of staff

17. The United Nations staff regulations and rules requires staff members to meet certain criteria and conditions to be eligible for home leave, family visit and education grant travel including: qualified duty station; authorized place of home leave or family visit; permanent, continuous, or fixed term appointment; qualified period of service since entry on duty and last entitlement travel; and qualified period for the expiration of employment contract. RSCE was responsible for vetting all entitlement travel requests of the staff of its nine client missions to ensure these criteria and conditions were met.

18. A review of 102 out of 802 family visit travels, 132 out of 1,401 home leave travels and 36 out of 236 education grant travels processed by RSCE from 1 January to 31 December 2014 indicated that the relevant criteria and conditions were met in all cases. OIOS concluded that RSCE had implemented adequate controls to ensure that staff members met criteria and conditions to be eligible for home leave, family visit and education grant travel.

Need to vet staff and formally delegate authority to them to authorize entitlement travel benefits

19. The Secretary-General's Bulletin on delegation of authority and DM administrative instruction on the administration of the United Nations staff rules provide that only individuals with the relevant delegation of authority should perform significant functions in the management of financial and human resources. The Secretary-General's Bulletin on the designation of staff performing significant functions in the management of financial and human resources requires staff members to possess the relevant qualifications before being delegated authority to perform significant functions such as the authorization of home leave, family visit, education grant travels and related lump-sum options. The Bulletin provides that only DM is responsible for vetting whether staff members possess the relevant qualifications.

20. RSCE staff at the FS-4 level were authorizing home leave, family visit, education grant travel and related lump-sum options without being vetted by DM and formal delegation of authority to perform these functions. The immediate supervisor, the Entitlement Travel Service Line Manager, of these staff had also not been vetted by DM and formally delegated the authority to authorize entitlement travels. This was because the Chief of RSCE had not sub-delegated the authority to perform these functions to the staff that were performing them. RSCE was of the view that the 8 April 2013 memorandum from DM requires delegation of authority only for heads of sections/services, e.g., Chief Personnel Officer in the mission, who were typically at P-4 or higher levels and not for staff at the general/field service levels.

21. As a result, there was a risk of improper authorization of entitlement travels. In the view of OIOS, the DM memorandum seeks to mitigate this risk. Although the audit did not find any case of improper authorization of entitlement travels, RSCE needed to implement procedures to mitigate this risk. However, due to competing priorities, it was not practical for the head of RSCE, the only one with the relevant delegation of authority, to directly supervise field service staff.

(1) RSCE, in consultation with the Department of Management, should implement procedures to formally sub-delegate authority to staff, preferably the Entitlement Travel Service Line Manager, for the authorization of home leave, family visit and education grant travel and approval of the related lump-sum options.

RSCE accepted recommendation 1 and stated that it would map in Umoja the authorization of home leave, family visit and education grant travel and approval of the related lump-sum options to the human resources partner and travel shipment approval roles, which require human resources delegation authorization from the Controller. Recommendation 1 remains open pending receipt of evidence that RSCE has implemented procedures to sub-delegate the authorization of home leave, family visit and education grant travel and approval of the related lump-sum options.

Duplicate payments for entitlement travels needed to be identified and recovered

22. The United Nations financial rules require that a commitment for funds be based on a liability recognized by the Organization and supported by an appropriate commitment document. For entitlement travel, a human resources officer is required to commit funds based on a travel claim generated after determining a staff member's eligibility for the requested entitlement travel.

23. RSCE did not use travel claims as the basis for committing funds for entitlement travels. Rather, RSCE committed the funds based on undocumented bulk estimates prepared six months in advance. As a result, it was not possible for RSCE to match travel requests with specific commitments to detect or prevent duplicate payments. For example, a review of a sample of 234 entitlement travels indicated 23 duplicate payments totaling \$44,887. Eleven of these 23 payments had not been recovered.

24. Subsequent to the audit, RSCE integrated the software called Field Support Suite that it used to process entitlement travels with Umoja. This integration has made it possible for RSCE to commit funds for individual travel requests. However, there was still a need for RSCE to identify and recover all duplicate payments made prior to the integration.

(2) RSCE should identify and recover all duplicate payments for entitlement travels.

RSCE accepted recommendation 2 and stated that it would recover all duplicate payments through payroll. RSCE also stated that the recent interface of the Field Support Suite system and Umoja would prevent further duplication of payments for entitlement travels as each commitment would

be linked to the relevant travel request. Recommendation 2 remains open pending receipt of evidence that RSCE has identified and recovered all duplicate payments related to entitlement travels.

Need to establish standard operating procedures for entitlement travel services

25. The United Nations entitlement travel policy requires a staff member receiving benefits for home leave or family visit to stay a minimum of seven days at the authorized location and submit travel claims within 14 days of returning from the visit.

26. A review of 73 out of 333 air tickets related to entitlement travels processed by RSCE during the audit period indicated that staff members had not submitted the required travel claims in respect of 37 travels. Additionally, a review of 102 out of 802 family visit travels indicated that staff members in respect of 10 family visits stayed less than seven days at the authorized location. RSCE had not determined the amount of travel advances to be recovered from these staff members.

27. The above resulted because RSCE had not prioritized the development of standard operating procedures for the processing of entitlement travels due to competing priorities related to a number of change management initiatives such as Umoja and lack of adequate staff. The existing field finance procedures predate the establishment of RSCE and therefore are not relevant to its unique processing requirements.

(3) RSCE should prioritize and allocate resources to the establishment of standard operating procedures for the processing of entitlement travels.

RSCE accepted recommendation 3 and stated that it developed and promulgated a process guide that was being used by staff to process entitlement travels. Based on the action taken by RSCE, recommendation 3 has been closed.

B. Performance monitoring

Need to expedite the processing of entitlement travels

28. The Entitlement Travel and Cashier Service Lines of RSCE are responsible for processing entitlement travels and related payments. The Secretary-General's report on the overview of the financing of the United Nations peacekeeping operations contains the 2013/14 and 2014/15 KPI for entitlement travel services, which is 98 per cent of entitlement travel requests processed within 14 days of receiving such requests. RSCE is required to report its performance against the KPI to the Steering Committee. RSCE is also required to comply with DM administrative instruction on official travel that requires the purchase of a ticket 16 days before travel.

29. A review of RSCE performance reports to the Steering Committee for the period 1 January to 31 December 2014 indicated that, on average, the Entitlement Travel Service Line completed processing only 57 per cent of entitlement travel requests within 14 days. Moreover, a review of 125 tickets purchased by RSCE indicated that 60 tickets were purchased less than 16 days before travel although the travelers had submitted their requests 30 days before the travel date. This was because the position of Chief of Entitlement Travel Service Line had been vacant during 2014 resulting in the absence of a dedicated approving officer for entitlement travels. RSCE also stated that the KPI was ambitious and therefore not achievable and delays by client missions to commit funds had also impacted on the

achievement of the KPI. In September 2014, RSCE obtained the authority to commit funds on behalf of the missions, which eliminated delays attributed to missions.

30. Non-achievement of the key performance indicator meant that the efficiencies and economies of scale envisaged by implementing the Global Field Support Strategy had not been fully realized in respect of entitlement travel services.

(4) RSCE, in consultation with the RSCE Steering Committee, should review the key performance indicator for entitlement travel services and, if necessary, obtain appropriate approval to revise it.

RSCE accepted recommendation 4 and stated that it was in the process of implementing changes in the Field Support Suite system to streamline the processing of entitlement travels and facilitate the generation of KPIs from the Field Support Suite system and Umoja. RSCE also stated that it was working with the service line to set targets for each stage in the processing of entitlement travel services. Recommendation 4 remains open pending receipt of evidence that RSCE has set targets for each stage and included these new targets in relevant working instructions to expedite the processing of entitlement travels.

(5) RSCE should expedite the recruitment of the Entitlement Travel Service Line Manager or in the short-term assign a dedicated approving officer to the Service Line.

RSCE accepted recommendation 5 and stated that the position of the Service Line Manager for Entitlement Travel Service Line would be filled soon and that it had assigned a dedicated approving officer to the Service Line. Recommendation 4 remains open pending receipt of evidence that RSCE has filled the position of the Entitlement Travel Service Line Manager.

IV. ACKNOWLEDGEMENT

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

(Signed) David Kanja
Assistant Secretary-General, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of entitlement travel services provided by the Regional Service Centre in Entebbe

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	RSCE, in consultation with the Department of Management, should implement procedures to formally delegate authority to staff, preferably the Entitlement Travel Service Line Manager, for the authorization of home leave, family visit, and education grant travel and approval of the related lump-sum options.	Critical	O	Receipt of evidence that RSCE has implemented procedures to sub-delegate authority the authorization of home leave, family visit, and education grant travel and approval of the related lump-sum options to a staff for.	1 November 2015
2	RSCE should identify and recover all duplicate payments for entitlement travels.	Important	O	Receipt of evidence that RSCE has identified and recovered all duplicate payments related to entitlement travels.	30 September 2015
3	RSCE should prioritize and allocate resources to the establishment of standard operating procedures for the processing of entitlement travels.	Critical	C	Action taken.	Implemented.
4	RSCE, in consultation with the RSCE Steering Committee, should review the key performance indicator for entitlement travel services and if necessary obtain appropriate approval to revise it.	Important	O	Receipt of evidence that RSCE has set targets for each stage and included these new targets in relevant working instructions to expedite the processing of entitlement travels.	30 November 2015
5	RSCE should expedite the recruitment of the Entitlement Travel Service Line Manager or in the short-term assign a dedicated approving officer to the Service Line.	Important	O	Receipt of evidence that RSCE has filled the position of the Entitlement Travel Service Line Manager.	31 October 2015

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.

³ C = closed, O = open

⁴ Date provided by RSCE in response to recommendations.

APPENDIX I

Management Response

Nations Unies



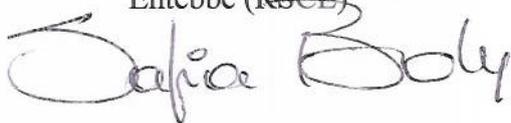
United Nations

Regional Service Centre
Entebbe - Uganda

FACSIMILE

Date: 2 September 2015

Reference: RSCE/Fax/2015/160

To: Ms. Eleanor T Burns, Director Internal Audit Division Office of Internal Oversight Services	From: Safia Boly, Chief Regional Service Centre Entebbe (RSCE) 
Att: Mr. Seth Adza, Chief Audit Response and Board of Inquiry Team.	
Fax No:	Fax No: 198 - 3466
Tel No:	Tel No: 198 - 5015
Subject: RSCE response to the draft report on Audit of entitlement travel services provided by the Regional Service Centre in Entebbe (Assignment No. AP/2014/616/03)	
Total number of transmitted pages including this page: 3	
<ol style="list-style-type: none">1. Please find revised RSCE response to recommendation # one (1) contained in the draft report on the audit of entitlement travel services provided by the Regional Service Centre in Entebbe (Assignment No. AP/2014/616/03).2. Should you have any additional questions and comments please do not hesitate to contact me.	
Drafted by: Beatrice Onyango	Authorized by:

Management Response
Audit of entitlement travel services provided by the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	RSCE, in consultation with the Department of Management, should implement procedures to formally delegate authority to staff, preferably the Entitlement Travel Service Line Manager, for the authorization of home leave, family visit, and education grant travel and approval of the related lump-sum options.	Critical	Yes	Chief-RSCE	01 November 2015	Expected to be mapped in UMOJA as HR Partner which requires HR delegation or Travel Shipment Approver (TSA) which requires delegation Controller with the rollout of UE1 by 1 st November 2015.
2	RSCE should identify and recover all duplicate payments for entitlement travels.	Important	Yes	Chief RSCE/ SDM Allowance and Pay/ SDM Benefits & Entitlements	30 September 2015	All duplicate payments would be recovered through payroll immediately. The recently launched interface between FSS and UMOJA is expected to avoid recurrence of duplication as each commitment would be linked with the appropriate PT8.
3	RSCE should prioritize and allocate resources to the establishment of standard operating procedures for the processing of entitlement travels.	Critical	Yes	Chief RSCE/Chief Financial Reporting	Implemented.	RSCE undertook a comprehensive process documentation, preliminary risk and internal controls analysis of processes in the 1 st quarter of 2015 resulting in the development of internal controls framework methodology and scope documents. In addition, process guides developed for the processing of entitlement travels is already in use in the Service Lines

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
Audit of entitlement travel services provided by the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	RSCE, in consultation with RSCE Steering Committee, should review the key performance indicator for entitlement travel services and if necessary obtain appropriate approval to revise it.	Important	Yes	Chief-RSCE	November 2015	Currently RSCE's Quality Management Unit is working with ICTD to implement changes in FSS that will streamline the process and facilitate generation of appropriate KPIs from FSS and Umoja. QMU is also working with the service line to set targets for each stage in the process and has integrated the new targets into work instructions developed in May 2015.
5	RSCE should expedite the recruitment of the Entitlement Travel Service Line Manager or in the short-term assign a dedicated approving officer to the Service Line.	Important	Yes	Chief-RSCE	October 2015	The position of the Service Line Manager for Entitlement Travel Service Line is expected to be filled in October 2015. ETSL has already been assigned a dedicated Approving Officer in UMOJA (Finance Processor).