



INTERNAL AUDIT DIVISION

REPORT 2017/101

Audit of the payment process in the
United Nations Multidimensional
Integrated Stabilization Mission in Mali

There was a need to strengthen controls over
payment processing and disbursements

29 September 2017

Assignment No. AP2017/641/09

Audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the payment process in MINUSMA. The audit covered the period from 1 July 2015 to 31 January 2017 and included review of: delegation of authority; low-value acquisitions; national and international individual contractors' fees; minimum operating residential security standards claims; mission subsistence allowances; and daily allowances.

MINUSMA had established adequate governance structure, rules and procedures for the processing of the Mission's payments. However, controls over the implementation of these procedures were not effective in the following areas: (a) monitoring of fees paid to international individual contractors; (b) processing of mission subsistence allowances and daily allowances of uniformed personnel; (c) determining staff eligibility for reimbursement of expenses related to minimum operating residential security standards and verification of payments; and (d) processing of payments for low-value acquisitions.

OIOS made nine recommendations. To address issues identified in the audit, MINUSMA needed to:

- Establish controls over fee structure and contract terms and conditions for national and international individual contractors;
- Verify the completeness and accuracy of supporting documents related to entitlements and fees paid to individual contractors and ensure attendance records are adequately maintained;
- Ensure accurate processing and payment of daily subsistence allowances (DSA) to international individual contractors, and prior to payment of troop allowances verify the accuracy of the troop strength;
- Determine and recover any overpayments of DSA and allowances to uniformed personnel;
- Ensure uniformed personnel's entitlements are timely processed;
- Establish two rates for mission subsistence allowance and enforce the requirement on the payment of a reduced rate to uniformed personnel after 30 days of assignment to a duty station;
- Identify outstanding amounts due in respect of United Nations-provided accommodation to individual contractors and make appropriate recoveries, and ensure timely recovery of accommodation from individual contractors for United Nations-provided accommodation;
- In coordination with the Regional Service Centre in Entebbe ensure payments related to minimum operating residential security standards entitlements are made only after the accommodation has been cleared by the Security Section and the staff member's claim for reimbursement is supported by relevant documents; and
- Ensure prior to approval that low-value acquisitions are supported by all required supporting documents.

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

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Audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).

2. From July 2013 (start of the Mission) to June 2016, MINUSMA disbursements were processed by the United Nations Operation in Cote d'Ivoire (UNOCI). Thereafter, payment processing was handled by the Mission's Finance Section and the Regional Service Centre in Entebbe (RSCE). The Finance Section was responsible for processing and paying low-value acquisitions up to \$10,000 and RSCE was responsible for paying: (a) uniformed personnel's daily allowances and mission subsistence allowances (MSA); (b) individual contractors' fees and daily subsistence allowance (DSA); and (c) international staff claims for expenses related to minimum operating residential security standards (MORSS). For the periods 2014/15, 2015/16 and 1 July 2016 to 31 January 2017, the Mission certified and UNOCI or RSCE disbursed \$32 million, \$46 million and \$31 million, respectively as shown in the table.

Table
Expenditures by payment type

	2014/15		2015/16		2016/17*	
	<i>Number of payments</i>	<i>Disbursed amount</i>	<i>Number of payments</i>	<i>Disbursed amount</i>	<i>Number of payments</i>	<i>Disbursed amount</i>
Low-value acquisitions	519	\$1 152 361	429	\$980 764	327	\$1 043 603
Individual contractors	22 217	3 016 163	24 941	9 657 697	49 549	8 848 004
MORSS reimbursement	693	1 288 938	1 156	996 784	697	520 537
MSA and daily allowance	1 771	26 935 673	2 757	34 781 902	1 060	20 769 960
Total	25 200	\$32 393 905	29 283	\$46 417 147	51 633	\$31 182 104

Source: Umoja financial reports

* Up to 31 January 2017

3. The MINUSMA Finance Section is headed by an Officer-in-Charge at the P-4 level, who reports to the Deputy Director of Mission Support and is supported by 31 staff members.

4. Comments provided by MINUSMA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the payment process in MINUSMA.

6. This audit was included in the 2017 risk-based work plan of OIOS due to the operational and financial risks associated with the payment process.

7. OIOS conducted this audit from February to April 2017. The audit covered the period from 1 July 2014 to 31 January 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the payment process handled by MINUSMA, which included: delegation of authority; low-value acquisitions; national and international individual contractors' fees; MORSS claims; MSA; and daily allowances.

8. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of select payment types.

III. OVERALL CONCLUSION

9. MINUSMA had established adequate governance structure, rules and procedures for the processing of the Mission's payments. However, controls over the implementation of these procedures were not effective in the following areas: (a) monitoring of fees paid to international individual contractors; (b) processing of mission subsistence allowances and daily allowances of uniformed personnel; (c) determining staff eligibility for reimbursement of expenses related to minimum operating residential security standards and verification of payments; and (d) processing of payments for low-value acquisitions.

IV. AUDIT RESULTS

A. Delegation of authority

All panels member had the required delegation of authority

10. The United Nations Financial Regulations and Rules and the Field Finance Procedure Guidelines require MINUSMA to establish panels of bank signatories and approving and certifying officers with appropriate delegation of authority. The Mission is required to periodically review and update the panel membership and promptly request the Field Budget and Finance Division of Department of Field Support (DFS) to delete staff members from the panels upon separation from the Mission and ensure proper segregation of duties.

11. MINUSMA established the required panels with appropriate delegation of authority and roles in the Umoja system. Moreover, panel members' user roles in Umoja were deleted from the system upon separation. However, panel memberships were not regularly reviewed and updated nor was the Field Budget and Finance Division of DFS promptly notified of staff movements. OIOS did not issue a recommendation, as the Mission agreed to review periodically the panel memberships.

B. Individual contractors and uniformed personnel's fees and allowances

Need to improve controls over fees paid to national and international individual contractors

12. The administrative instructions on: (a) system of daily subsistence allowance (ST/AI/2014/2); and (b) consultants and individual contractors (ST/AI/2013/4) require the Mission to establish a fee structure for the payment of national individual contractors that would ensure equity and consistency of fees paid. MINUSMA procedural guidelines on the recruitment and engagement of individual contractors and consultants provide that fees should be justified by monthly attendance sheets that are derived from the daily attendance sheets of individual contractors.

13. For national individual contractors, the Mission established a fee structure that was based on the salary scales for locally recruited staff. However, the review of contracts and payroll records for 43 of 1,756 national individual contractors from 12 salary categories showed that the fees paid were not consistent with the established fee structure and respective contracts entered into. Furthermore, a review of 36 of 212 international individual contractors showed that the fees paid were not consistent with respective contracts. For example, in nine categories the daily fees paid were inconsistent with the Mission's established fee structure; and for 31 national contractors that were in the same post category,

the fees paid to them were not identical. The fees paid to four international individual contractors were not consistent with the fees stipulated in the respective contracts resulting in an overpayment totaling \$4,083.

14. The self-accounting units did not keep records of daily attendance sheets to reconcile with monthly attendance sheets that were used to process payment of fees and entitlements to national individual contractors. As a result, there was a risk that the Mission was paying contractors for hours not actually worked. For example, OIOS site visits in Bamako, Kidal and Gao indicated that: (a) 8 of 269 national individual contractors in Bamako and Kidal were indicated as present on the daily attendance sheet although they did not report for duty on that day; (b) 207 of 269 national individual contractors signed the daily attendance sheets for a whole day instead of signing after each part of completed service; and (c) in Gao and Kidal, the daily attendance sheets were not signed by the national individual contractors for two days due to lack of supervision. Additionally, monthly time sheets for national individual contractors were signed off on average 9 days in advance before the end of the month. The Mission indicated that this procedure was established to facilitate the payment process.

15. The above conditions resulted because self-accounting units and human resources and finance officers did not implement effective procedures to verify the completeness and accuracy of documents supporting payments made to individual contractors. There was a risk of financial loss to the Organization resulting from payments in excess of services rendered. There was also a risk of disharmony among individual contractors due to inconsistency in fees paid to individuals in the same post category.

(1) MINUSMA should establish adequate supervisory controls over fee structure and contract terms and conditions for national and international individual contractors.

MINUSMA accepted recommendation 1 and stated that it would improve supervisory controls over implementation of the established fee structure for national and international individual contractors. Recommendation 1 remains open pending OIOS verification that the Mission has consistently implemented the fee structure for national and international individual contractors.

(2) MINUSMA should establish and implement procedures to verify the completeness and accuracy of supporting documents related to entitlements and fees paid to individual contractors and ensure attendance records are adequately maintained.

MINUSMA accepted recommendation 2 and stated that it had taken appropriate measures to ensure that supporting documents for entitlements and fees paid to individual contractors were accurate. Recommendation 2 remains open pending OIOS verification of measures implemented to verify and maintain accurate records of daily attendance of individual contractors.

There was a need to improve procedures to assess eligibility for payment of daily subsistence and recreational allowance

16. Administrative instructions ST/AI/2014/2 and ST/AI/2013/4 and MINUSMA guidelines on the recruitment and engagement of international individual contractors stipulate that international individual contractors are only entitled to receive DSA at the applicable rate when they travel on official business within or outside Mali on behalf of MINUSMA. DSA is paid at 100 per cent for the first 60 days, and thereafter 75 per cent for the days up to 120 days, and 60 per cent after 120 days. The United Nations Contingent-owned Equipment Manual requires MINUSMA to pay contingent personnel a daily allowance of \$1.28 in addition to a recreational leave allowance of \$10.50 per day for up to 15 days of leave taken during each six-month period. The allowance is paid to each contingent's paymaster based on the actual troop strength.

17. Review of records of DSA amounting to \$777,004 paid to 24 international contractors indicated that 91 per cent or \$708,859 of the DSA was paid to contractors not eligible to receive DSA as they were working in their respective duty stations and not on official travel within or outside Mali. This resulted from a practice that the Mission inherited from UNOCI where the Mission paid DSA to international contractors irrespective of whether they were on official travel or not. In addition, from the inception of the Mission in July 2013 to December 2014, the DSA rate was not reduced to 60 per cent for those contractors in the Mission beyond 120 days due to a management oversight. OIOS was of the view that paying DSA to international individual contractors for nine months was not prudent. In most cases, these international contractors were awarded new contracts after complying with the required three-month break between contracts. Subsequent to the audit, the Director of Mission Support issued on 31 July 2017 a guideline to discontinue the practice of paying DSA to international contractors who are not on official travel.

18. MINUSMA paid contingent members the approved rates for daily and recreational allowance. However, there were overpayments as follows: (a) for four contingents, the troop strength submitted by the respective contingent paymasters to the Human Resources Section exceeded the actual troop strength by 166 uniformed personnel resulting in an overpayment of \$22,421; and (b) for nine contingents, the number of troops submitted for the payment of recreational allowances were 319 troops more than the actual troop strength, resulting in an overpayment of \$50,242. The payment requests were prepared by the respective uniformed personnel pillars, reviewed and certified by the Contingent-owned Equipment Unit and Human Resources Section, and then submitted to RSCE for payment.

19. Overpayments resulted as there was no mechanism to reconcile actual troop strength with the troop strength submitted by paymasters for payments, and the Human Resources Section did not implement adequate controls over the processing of DSA payments for international individual contractors and daily allowances for contingent personnel. If control weaknesses are not addressed, there continues to be a risk of financial loss to the Mission due to overpayment of allowances.

(3) MINUSMA should: (a) implement procedures for accurate processing of daily subsistence allowances and ensure that allowances are only paid to eligible international individual contractors on official business travel; and (b) verify the accuracy of the troop strength prior to processing payment of troops' allowances.

MINUSMA accepted recommendation 3 and stated that: (a) effective 1 July 2017, DSA was paid to international individual contractors only when they were on authorized official business travel; and (b) it had established a procedure where the Contingent-owned Equipment Unit would verify the accuracy of the troop strength prior to processing their payments. Recommendation 3 remains open pending OIOS verification of procedures implemented to ensure eligibility to allowances and accuracy of processing and payment.

(4) MINUSMA should determine and recover the total amount of daily subsistence and recreational allowances overpaid to international individual contractors and uniformed personnel.

MINUSMA accepted recommendation 4 and stated that it had conducted a review of daily subsistence and recreational allowances that resulted in the recovery of \$722 of overpayment for the daily allowance paid to a contingent in May 2017. Recommendation 4 remains open pending OIOS verification that the Mission has conducted a comprehensive review of the allowances paid to individual contractors and contingents and recovery of any overpayments.

Timeliness of payment processing needed to improve

20. MINUSMA service-level agreements with UNOCI and RSCE require: (a) advance payment of 15 days' MSA to uniformed personnel no later than two working days after they complete the check-in process; and (b) processing of MSA payments no later than the 19th day of each month.

21. A review of records pertaining to 50 MSA payments to uniformed personnel indicated that in 15 instances, payments of advance MSA were processed on average 23 days after the check-in process was completed. In three instances, it took more than 100 days to process the advance payment. Further, in 46 instances, monthly payments of MSA to uniformed personnel were delayed by an average of 35 days.

22. The above delays resulted from: (a) backlogs related to the migration to the Umoja system; and (b) delays in the submission of MSA advance payment requests to the Human Resources Section for processing. For example, in 14 instances the respective uniformed personnel pillars took an average of 49 days to submit the request for MSA advance payment to the Human Resources Section. This exposed MINUSMA to frustrations from staff that could impact staff morale and hamper the Mission's operations.

(5) MINUSMA should establish and implement effective procedures to ensure that uniformed personnel's entitlements are timely processed.

MINUSMA accepted recommendation 5 and stated that it had developed and implemented an electronic attendance database in the Field Support Suite to enhance and streamline the processing of uniformed personnel's entitlements. Moreover, the Mission provided the concerned staff and uniformed personnel with training on the processing of their entitlements and benefits. This had enabled the Mission in improving the process. Based on the action taken by MINUSMA, recommendation 5 has been closed.

There was a need to improve controls over the processing of MSA

23. The administrative instruction on MSA (ST/AI/1997/6) requires the Mission to establish two different rates: a higher rate applicable during the first 30 days of assignment to the duty station to compensate for expenditures related to the initial set-up and the normally higher accommodation expenses incurred; and a reduced rate applicable thereafter.

24. The Mission had not taken action to implement the provision of the administrative instruction on the payment of a reduced rate after the first 30 days of assignment to the duty station due to an oversight. The Mission only applied one MSA rate of \$138 in processing payments to uniformed personnel even after the first 30 days. There was a risk of financial loss to the Mission which could not be quantified in the absence of an established reduced MSA rate.

(6) MINUSMA should establish two rates for mission subsistence allowance and enforce the requirement on the payment of a reduced rate to uniformed personnel after 30 days of assignment to a duty station.

MINUSMA accepted recommendation 6 and stated that it would review the procedures to establish the two rates for MSA payments. Recommendation 6 remains open pending receipt of evidence that MINUSMA has implemented the required rates for MSA payments to uniformed personnel.

Cost of mission-provided accommodation was not deducted from MSA payments

25. MINUSMA Circular No 02/2016 on approved waiver of rental deduction for Mission-provided accommodation states that where United Nations accommodation is provided, 25 per cent shall be deducted from DSA for staff in Gao and Mopti and 50 per cent for Timbuktu regions, whereas for staff in Kidal, no accommodation fees would be deducted.

26. A review of pay documents for 37 international individual contractors and 47 uniformed personnel deployed to Gao and Timbuktu where United Nations-accommodation was provided during the audit period indicated that MINUSMA did not deduct accommodation fees totaling \$25,475 for 10 international individual contractors. This occurred because the Facilities Management Unit did not establish a mechanism to monitor and report on the use of United Nations-provided accommodation by international individual contractors, which could expose the Organization to financial loss.

(7) MINUSMA should: (a) identify the outstanding amount due in respect of United Nations-provided accommodation to individual contractors and make appropriate recoveries; and (b) establish and implement a mechanism for timely recovery of accommodation fees from individual contractors for United Nations-provided accommodation.

MINUSMA accepted recommendation 7 and stated that, on 23 August 2017, it had promulgated guidelines for timely recovery of rental fees from individual contractors for United Nations-provided accommodation. The Mission would also determine and recover any outstanding accommodation fees. Recommendation 7 remains open pending receipt of evidence that the Mission has identified and recovered the outstanding amount due in respect of mission-provided accommodation.

C. Claims for minimum operating residential security standards

MORSS claims verification and payment process needed improvement

27. According to the MORSS for Mali, MINUSMA is required to reimburse staff for MORSS claims only if: the accommodation is cleared by the Security Section; and the staff member has a valid lease agreement, a contract for security guards and a generator. MINUSMA Circular No. 022/2014 on reimbursement of expenses related to MORSS states that MORSS claims should be supported by the following documents: (a) vouchers for reimbursement of expenses form; (b) MORSS certificate; (c) bills cleared by the Security Section; (d) residential evaluation assessment report cleared by the Security Section for one-time purchase or installation of equipment; (e) valid lease agreements; and (f) receipts of payment of related bills.

28. A review of 150 MORSS claim payments totaling \$130,262 made by the Mission and RSCE indicated that payments were made without one or more of the required supporting documents including MORSS certificates issued by the Security Section, valid lease agreements, receipts of payment made by the claimants, and residential evaluation assessment reports. Additionally, one MORSS claim for \$623 for reimbursement for unarmed security guards was paid twice.

29. In July 2016, MINUSMA transferred the processing of MORSS claims to RSCE, which was expected to make the payment of a flat monthly amount based on payment vouchers cleared by the MINUSMA Security Section and uploaded into Umoja. A review of 95 MORSS claim payments totaling \$74,834 that were processed by RSCE through Umoja indicated that 7 payments totaling \$42,049 were not supported by valid lease agreements and security guard contracts.

30. Moreover, 60 staff accommodations cleared by the Security Section as MORSS-compliant were paid MORSS allowances totaling \$981,468 without documented evidence that the Security Section had properly verified the accommodation and confirmed that the staff member had a valid lease agreement, a contract for security guards and a generator prior to issuing the MORSS certificate.

31. The above resulted because MINUSMA and RSCE management were not ensuring all relevant supporting documentation was in place prior to payment of MORSS entitlements. As a result, staff members may receive entitlements that they are not fully eligible for, resulting in financial loss to the Organization.

(8) MINUSMA in coordination with the Regional Service Centre in Entebbe should take action to ensure the requirement of the minimum operating residential security standards regarding the payment of security allowance only after the accommodation has been cleared by the Security Section and the staff member's claim for reimbursement is supported by relevant documents.

MINUSMA accepted recommendation 8 and stated that, on 23 August 2017, it had promulgated guidelines for MORSS claims. In addition, on 11 September 2017, the RSCE communicated to the staff procedures and forms that were required for reimbursement of MORSS claims, including the requirement for the Mission's security officers to verify the completeness and accuracy of the supporting documents. Recommendation 8 remains open pending OIOS verification of the promulgated procedures to ensure eligibility to MORSS claims and accuracy of processing.

D. Low-value acquisitions

Need to implement effective controls over the processing of payments for low-value acquisitions

32. The Field Finance Procedures Guidelines require MINUSMA to ensure that each payment for low-value acquisitions is supported by: a signed requisition form confirming that items are not available in stock; three pro-forma invoices for approval of the Director of Mission Support in lieu of the three invoices; and a receiving and inspection or service certification report.

33. A review of 38 low-value payments totaling \$182,880 indicated that 24 totaling \$108,252 did not have one or more of the required supporting documents. This occurred because MINUSMA finance officers were not implementing effective supervisory controls to enforce the requirement for low-value payments to be supported by the required documents, which could result in financial loss.

(9) MINUSMA should implement effective supervisory controls to ensure that, prior to approval, low-value acquisitions are supported by all required supporting documents.

MINUSMA accepted recommendation 9 and stated that effective 4 August 2017, the Centralized Acquisition Unit had implemented procedures to improve controls over the processing of low-value acquisitions, which included the required forms that should be reviewed and approved by the Chief Supply Chain prior to processing low-value acquisitions. Recommendation 9 remains open pending OIOS verification of the supervisory review and approval requirement to process low-value acquisitions.

V. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSMA should establish adequate supervisory controls over fee structure and contract terms and conditions for national and international individual contractors.	Important	O	OIOS verification that the Mission has consistently implemented the fee structure for national and international individual contractors.	30 September 2017
2	MINUSMA should establish and implement procedures to verify the completeness and accuracy of supporting documents related to entitlements and fees paid to individual contractors and ensure attendance records are adequately maintained.	Important	O	OIOS verification of measures implemented to verify and maintain accurate records of daily attendance of individual contractors.	30 September 2017
3	MINUSMA should: (a) implement procedures for accurate processing of daily subsistence allowances and ensure that allowances are only paid to eligible international individual contractors on official business travel; and (b) verify the accuracy of the troop strength prior to processing payment of troops' allowances	Important	O	OIOS verification of procedures implemented to ensure eligibility to allowances and accuracy of processing and payment.	30 September 2017
4	MINUSMA should determine and recover the total amount of daily subsistence and recreational allowances overpaid to international individual contractors and uniformed personnel.	Important	O	OIOS verification that the Mission has conducted a comprehensive review of the allowances paid to individual contractors and contingents and recovery of any overpayments.	30 September 2017
5	MINUSMA should establish and implement effective procedures to ensure that uniformed personnel's entitlements are timely processed	Important	C	Action taken.	Implemented
6	MINUSMA should establish two rates for mission subsistence allowance enforce the requirement on the payment of a reduced rate to uniformed personnel after 30 days of assignment to a duty	Important	O	Receipt of evidence that MINUSMA has implemented the required rates for MSA payments to uniformed personnel.	31 December 2017

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 MINUSMA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	station.				
7	MINUSMA should: (a) identify the outstanding amount due in respect of United Nations-provided accommodation to individual contractors and make appropriate recoveries; and (b) establish and implement a mechanism for timely recovery of accommodation fees from individual contractors for United Nations-provided accommodation	Important	O	Receipt of evidence that the Mission has identified and recovered the outstanding amount due in respect of mission-provided accommodation	30 September 2017
8	MINUSMA in coordination with the Regional Service Centre in Entebbe should take action to ensure the requirement of the minimum operating residential security standards regarding the payment of security allowance only after the accommodation has been cleared by the Security Section and the staff member's claim for reimbursement is supported by relevant documents.	Important	O	OIOS verification of the promulgated procedures to ensure eligibility to MORSS claims and accuracy of processing.	30 September 2017
9	MINUSMA should implement effective supervisory controls to ensure that, prior to approval, low-value acquisitions are supported by all required supporting documents.	Important	O	OIOS verification of the supervisory review and approval requirement to process low-value acquisitions.	30 September 2017

APPENDIX I

Management Response



FACSIMILE TRANSMISSION

Date: 25 September		Reference: MINUSMA/ODMS/2017/382
TO:	Mr. Arnold Valdez OIC, Peacekeeping Audit Services Internal Audit Division, OIOS	FROM: Michael Mulinge Kitivi Director of Mission Support 
ATTN:		
FAX NO:		Email Transmission: Minusma-Mars@un.org
SUBJECT: Draft report on an audit of the payment process in MINUSMA (Assignment No. AP2017/641/09)		
Total number of transmitted pages including this page: 8		
<ol style="list-style-type: none">1. Reference to your facsimile IAD-17- 641/09 dated 12 September 2017 on the subject matter.2. MINUSMA formulated its responses to all the recommendations that OIOS considered important contained in the report.3. We have taken note of the aforementioned areas and have already taken the necessary actions to improve the efficiency and effectiveness of MINUSMA operations. Our comments on OIOS's recommendations are attached. <p>Thank you and best regards.</p>		
Drafted by: Boniface MAILU, AA 	Authorized by: John Rodopoulos, SAO 	
Through: Mesfin Akalu, RMCO 		

Management Response

Audit of the payment process in the United Nations Multidimensional Integrated Stabilization Mission in Mali

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA should establish adequate supervisory controls over fee structure and contract terms and conditions for national and international individual contractors.	Important	Yes	Chief Human Resources Management Section	Implemented	MINUSMA has already set the fee rate for Local ICs - the "Grading and base salary for ICs". Regarding internationally recruited ICs, the fees are set in ST/AI/2013/4. The Mission will ensure that payments to local and international ICs are made in accordance with these guiding documents and adhering to the relevant contract terms and conditions.
2	MINUSMA should establish and implement procedures to verify the completeness and accuracy of supporting documents related to entitlements and fees paid to individual contractors and ensure attendance records are adequately maintained.	Important	Yes	Chief Human Resources Management Section	Implemented	The Mission has taken appropriate measures to ensure that supporting documents related to entitlements and fees paid to individual contractors are accurate. This includes the establishment of accurate attendance sheets that should be verified and certified by the relevant Self-Accounting Units (SAU) before they are submitted to the HR Section for further processing of payments.

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

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

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSMA should: (a) implement procedures for accurate processing of daily subsistence allowances and ensure that allowances are only paid to eligible international individual contractors on official business travel; and (b) verify the accuracy of the troop strength prior to processing payment of troops' allowances.	Important	Yes	Chief Human Resources Management Section		<p>With regard to the improvement of processing daily subsistence allowance (DSA) payments:</p> <p>On 8 June 2017, the Mission issued instructions on the removal of DSA payments to international contractors. Starting 1 July 2017, the Mission is paying DSA only to eligible internationally recruited individual contractors during their official business travel.</p> <p>With regard to the verification of the accuracy of troop strength, the Mission has established a procedure whereby the Contingent Owned Equipment (COE) Unit verifies the accuracy of the troop strength prior to processing the payment of troops' allowances. Accordingly, HR cannot receive any payment requests for daily allowance (DA) and recreational allowance (RLA) without the endorsement of the COE Unit confirming the troop strength to be paid.</p>
4	MINUSMA should determine and recover the total amount of daily subsistence and recreational allowances overpaid to international individual contractors and uniformed personnel.	Important	Yes	Chief Human Resources Management Section	Implemented	The Mission has conducted a review and identified a case of overpayment for the Daily Allowance (DA) to the Senegalese Military Contingent while processing May 2017 payments, and the amount has been recovered. The Mission will continue performing similar reviews and, whenever such cases are

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						identified, similar measures will be taken. As previously stated, in order to prevent any future overpayment, all payment requests for DA and RLA must be certified by the COE Unit before submission to HR for further processing and transmission to the RSCE.
5	MINUSMA should establish and implement effective procedures to ensure that uniformed personnel's entitlements are timely processed.	Important	Yes	Chief Human Resources Management Section	Implemented	<p>MINUSMA has developed and implemented electronic attendance in FSS for Uniformed Personnel (UP) so that entitlements are now being processed in a more timely and streamlined manner. It should also be noted that the delay in the processing of some entitlements observed by the audit was mainly related to cases the system omitted upon the rollout of Umoja Cluster 5. Technical issues have caused delays in payments for some officers; however, the problem has been fixed, and all retroactive payments have been fully processed and disbursed. Thus, the issue of processing UP entitlements has been fully addressed.</p> <p>Moreover, the Mission has organized various workshops to provide in-depth briefings on the UP's entitlements and benefits in order to streamline the payroll workflow from Mission HR to RSCE Payroll and the Cashier Office. This has assisted the Mission</p>

Rec. no.	Recommendation	Critical/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						and its personnel in identifying areas of challenges, and agreed points of action were implemented to ensure the smooth processing of all payment requests. These workshops assisted the Mission in identifying and eliminating bottlenecks when making payments to UPs and allowed the Mission to submit more accurate documents to RSCE for further processing.
6	MINUSMA should establish two rates for mission subsistence allowance enforce the requirement on the payment of a reduced rate to uniformed personnel after 30 days of assignment to a duty station.	Important	Yes		Under implementation	The Mission agrees with the recommendation. Currently, a single MSA rate is being followed in line with the OHRM guidelines. The Mission will review the procedure and establish the two MSA rates.
7	MINUSMA should: (a) identify the outstanding amount due in respect of United Nations-provided accommodation to individual contractors and make appropriate recoveries; and (b) establish and implement a mechanism for timely recovery of accommodation fees from individual contractors for United Nations-provided accommodation.	Important	Yes	HR/FMU/Finance	Implemented	On 28 August 2017, the Mission issued guidelines (No. 7/2017) on the “Provision of MINUSMA Accommodation to Internationally Recruited ICs and Consultants,” in which it also established deduction rates for mission-provided accommodations. The guidelines further direct all regional administrative officers to provide, on a monthly basis, a consolidated statement including the names and ID numbers of the ICs availing of Mission-provided accommodations in their respective locations/duty stations. This information is to be submitted to the Human Resources Section, with a copy being sent to

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						<p>the Chief Budget and Finance Officer by—at the latest—the 5th of the following month so that the necessary payroll adjustments can be made.</p> <p>The Mission will further review and identify cases whereby ICs didn't make payment to mission-provided accommodations, if any, and recover outstanding payments</p>
8	<p>MINUSMA in coordination with the Regional Service Centre in Entebbe should take action to ensure the requirement of the minimum operating residential security standards regarding the payment of security allowance only after the accommodation has been cleared by the Security Section and the staff member's claim for reimbursement is supported by relevant documents.</p>	Important	Yes	Chief, RSCE	Implemented	<p>On 23 August 2017, MINUSMA issued guidelines on the updated procedures for eligible Mission personnel who want to claim reimbursement for the purchase and/or installation of MORSS-authorized equipment at their residences as well as for monthly security guards services.</p> <p>In addition, the RSCE established the MORSS refund procedure across all missions, whereby staff are directly dealing with RSCE by presenting all the required documentation. The Chief RSCE, in an email broadcasted to all mission personnel dated 11 September 2017, communicated the new procedures and forms required for reimbursement of security claims, including the requirement for the verification by UNDSS in the concerned staff members' respective mission/office.</p>
9	MINUSMA should implement effective	Important	YES	Central	Implemented	As of 04 August 2017, the

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	supervisory controls to ensure that, prior to approval, low-value acquisitions are supported by all required supporting documents.			Acquisition Unit. (CAU)		<p>Centralized Acquisitioning Unit (CAU) implemented the following procedures to control and monitor requests for Low Value Acquisitions (LVA):</p> <p>Any incoming requests from the Cost Center of Mission Support Division (MSD) for the LVA should include the following supporting documents:</p> <ol style="list-style-type: none"> 1. Request for LVA. 2. Approved IOM from the Section Chief to the Chief Supply Chain Management, with justification for the use of the LVA. 3. Compliance Checklist for the supporting documents. 4. Three (3) proforma invoices (or justification for why fewer than three proforma invoices are provided should be included in the subject IOM). <p>The above-mentioned documents are submitted by the Cost Centers through Cosmos (Annex XI).</p>