



INTERNAL AUDIT DIVISION

REPORT 2016/026

Audit of leave and attendance records
in the United Nations Interim Force in
Lebanon

Overall results relating to the effective
management of leave and attendance
records were initially assessed as partially
satisfactory. Implementation of one
important recommendation remains in
progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

24 March 2016
Assignment No. AP2015/672/04

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AUDIT REPORT

Audit of leave and attendance records in the United Nations Interim Force in Lebanon

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of audit of leave and attendance records in the United Nations Interim Force in Lebanon (UNIFIL).
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 UNIFIL Human Resources Management Section is responsible for administering leave and attendance records in UNIFIL. The Chief Human Resources Officer has the authority to approve eight types of leave for the 308 international and 635 national civilian staff of UNIFIL. The leave types are annual leave, uncertified and certified sick leave of up to 7 and 20 working days respectively, official business travel, special leave without pay not exceeding one year, compensatory time-off and paternity and maternity leave. In addition, the UNIFIL Head of Mission and Director of Mission Support approved administrative leave/force majeure.
4. The Human Resources Management Section had 35 approved posts including 14 international and 21 national staff. The 2014/15 budgeted staff cost for the Section was \$3.9 million.
5. Comments provided by UNIFIL are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNIFIL governance, risk management and control processes in providing reasonable assurance regarding the **effective management of leave and attendance record in UNIFIL**.
7. The audit was included in the 2015 risk-based audit work plan of OIOS because of the operational and financial risks related to management of leave and attendance records.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist for monitoring and overseeing UNIFIL staff members' leave and attendance records; (b) are implemented effectively; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1. One control objective (shown in Table 1 as "Not assessed") was not relevant to the scope defined for this audit.
10. OIOS conducted this audit from September to November 2015. The audit covered the period from April 2014 to June 2015.

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

III. AUDIT RESULTS

12. The UNIFIL governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of leave and attendance records**. OIOS made one recommendation to address the issues identified. UNIFIL controls over the processing and recording of annual leave, certified and uncertified sick leave, official business, special leave without pay, administrative leave and maternity and paternity leave were adequate and working satisfactorily. However, UNIFIL needed to ensure that overtime is pre-approved and compensatory time-off credits of more than 40 hours are not carried over to the next period.

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

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of leave and attendance records	Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

Controls over administering leave and attendance records were satisfactory

14. The United Nations Staff Regulations and Rules and applicable administrative instructions and information circulars provided guidance on administering each of the nine leave types.

15. OIOS conducted tests to assess the adequacy and effectiveness of the established controls. OIOS reviewed whether: (i) staff members obtained their supervisors’ approval before taking the various types of leave; (ii) leave reports were processed and confirmed upon their return; (iii) sick leave was supported by the required documentation; and (iv) official travel was properly approved and recorded. Table 2 shows the results of audit tests conducted.

¹ A rating of “partially satisfactory” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Table 2: Results of audit tests of leave and attendance records

<i>Leave type</i>	<i>Population Cases</i>	<i>Sample of cases tested</i>	<i>Percentage %</i>	<i>Conclusion</i>
Annual leave	8 219	388	5	Satisfactory
Certified Sick Leave	1 772	228	13	Satisfactory
Uncertified sick leave	92	18	20	Satisfactory
Official business travel	437	30	7	Satisfactory
Special leave without pay	10	10	100	Minor exceptions
Compensatory time off	524	54	10	With exceptions
Administrative leave/Force majeure	334	16	2	Minor exceptions
Maternity leave	15	15	100	Satisfactory
Paternity leave	132	15	11	Satisfactory
Total	11 535	774		

16. OIOS concluded that the controls over the processing and recording of annual leave, certified and uncertified sick leave, official business, special leave without pay, administrative leave and maternity and paternity leave were generally satisfactory. However, UNIFIL needed to improve its processing and recording of compensatory time-off, as outlined in the following paragraphs.

Controls over the recording of compensatory time-off needed improvement

17. The administrative instruction on overtime compensation for staff members in the Field Service category (ST/AI/2000/3) requires advance authorization of overtime work. The administrative instruction set a limit of 40 hours of: (a) overtime each month in the interest of staff health and welfare; and (b) compensatory time-off to be granted. The Human Resources Management Section is required not to grant carry-over of compensatory time-off credits of more than 40 hours beyond a four-month period. In addition, the administrative instruction on official travel (ST/AI/2013/3) requires UNIFIL not to grant compensatory time-off for staff who undertake official travel on non-working days while receiving daily subsistence allowances.

18. A review of 54 out of 524 compensatory time-off records (10 per cent) showed that all overtime worked was below 40 hours a month. However, in 11 cases, a total of 125 compensatory time-off days were granted to staff of the Security Section who undertook official travel on non-working days while receiving daily subsistence allowances totaling \$2,480. Further, in 19 cases, no advance authorization of overtime was granted and in 3 cases, compensatory time-off credits exceeding 40 hours were carried over to the next four-month period. This was due to inadequate procedures to approve and monitor overtime work and compensatory time-off. The above control weakness did not result in a sizable impact on the Mission’s operations but may result in duplication of staff entitlements.

(1) UNIFIL should put in place adequate procedures to approve and monitor overtime and compensatory time-off.

UNIFIL accepted recommendation 1 and stated that the Mission issued updated guidance on 16 February 2016 on the applicability, accrual and usage of compensatory time-off, and would start conducting periodic reviews to monitor compliance by September 2016. Recommendation 1 remains open pending receipt of the results of the first review conducted to monitor overtime and compensatory time-off.

IV. ACKNOWLEDGEMENT

19. 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.

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of leave and attendance records in the United Nations Interim Force in Lebanon

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNIFIL should put in place adequate procedures to approve and monitor overtime and compensatory time-off.	Important	O	Submission of the results of the first review conducted to monitor overtime and compensatory time-off.	September 2016

² 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.

³ 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.

⁴ C = closed, O = open

⁵ Date provided by UNIFIL in response to recommendations.

APPENDIX I

Management Response



Office of the Director of Mission Support

Inter Office Memorandum

CONFIDENTIAL

24 March 2016

To: Ms. Muriette Lawrence-Hume, Chief
New York Audit Service
Internal Audit Division, OIOS

From: Major General Luciano Portolano
Head of Mission and Force Commander
UNIFIL

Subject: Draft report on an Audit of Leave and Attendance Records in
UNIFIL (Assignment No. AP2015/672/04)



1. We refer to your memorandum on the above subject, reference No. IAD: 160304 dated 08 March 2016. Please find attached UNIFIL's response to the recommendation contained in the subject draft report.

2. In following the usual procedure, copies of supporting documents will only be provided to MERAO based at UNIFIL HQ and will not be transmitted to you with this Mission's response.

Best regards.

Cc: Mr. Effendi Syukur, Chief Audit Response, Risk Management and BOI Unit, UNIFIL

Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of leave and attendance records in the United Nations Interim Mission in Lebanon

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNIFIL should: (a) put in place adequate procedures to approve and monitor overtime and compensatory time-off and; (a) seek guidance from the Department of Field Support on Mission's practice of granting compensatory time-off to security staff on official travel on non-working days, while receiving daily subsistence allowance.	Important			31 September 2016 Implemented on 16 February 2016	(a) Through the issuance of UNIFIL AC 2016/008, dated 16 February 2016, the mission clearly outlined an updated guidance to all staff members on the modalities relating to the applicability, accrual and usage of CTO, including review periods. These periodic reviews will be performed by HRMS in the timeframe indicated (b) As indicated in the promulgated AC 2016/008 under item 3 (a) related to CTO and payment of DSA, CTO is no longer applicable for staff in receipt of DSA neither on Temporary Duty Assignment (TDY) nor on official business travel within or outside the Mission Area. Therefore, this recommendation has been implemented.

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.