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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION I
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Ms. Laura Londén
A: Chief Administrative Officer, UNAMSIL

DATE: 21 April 2006

REFERENCE: AUD-7-5:73(00218 /06)

FROM: Dagfinn Knutsen, Acting Director
DE: Internal Audit Division-I, OIOS



SUBJECT: **OIOS Audit No. AP2006/622/06: Travel and related entitlements in UNAMSIL/UNIOSIL**
OBJET:

1. I am pleased to present herewith the final report on the above-mentioned audit, which was conducted during February and March 2006. The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations organizations.
2. We note from your response to the draft report that UNAMSIL/UNIOSIL has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 1, 2, 4, 5 and 7 in the OIOS recommendations database. In order for us to close out recommendations 3 and 6, we request that you provide us with additional information as indicated in the text of the report. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status. Please note that OIOS will report on the progress to implement its recommendations, particularly those designated as critical, in its annual report to the General Assembly and semi-annual report to the Secretary-General.
3. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.

I. INTRODUCTION

4. Official travels of UNAMSIL personnel are governed by the United Nations travel policies and procedures. Official travels relate to: (a) rotations and repatriations of military contingents, military observers and civilian police; (b) appointments, separations, home leave, family visits, return to parent duty station, and transfers to other missions of international staff including United Nations Volunteers; and (c) training, conferences, meetings, and medical evacuation. Entitlements for travel vary depending on the category of personnel, the purpose of the travel, and the authorized route of the travel. The end of UNAMSIL's mandate on 31 December 2005 resulted in the repatriation of military contingents/personnel and civilian police, and the separation, transfer and return of international staff and United Nations Volunteers. As

of 31 December 2005, the Mission's travel expenditure totaled \$1.7 million or 72 per cent of the allotment for the fiscal year ending 30 June 2006.

5. The comments made by the Management of UNAMSIL on the draft audit report have been included in the report as appropriate and are shown in italics.

II. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

6. The broad objective of the audit was to ascertain the adequacy and effectiveness of internal controls over the processing of official travels. The specific objectives were to ascertain: (a) the economy and efficiency of travel; (b) the accuracy of entitlements; and (c) the accurate and timely settlement of invoices and travel claims. The audit covered the period July to December 2005 and involved review of relevant documentation and discussions with responsible mission personnel.

III. OVERALL ASSESSMENT

7. Internal controls over the processing of travels and related entitlements were adequate and effective in ensuring that travels were made for authorized official purposes and that travel entitlements were not exceeded. However, there is a need for UNAMSIL and/or its follow-on Mission, UNIOSIL to comply with its own procedures, which OIOS considered to be adequate, for ensuring economy and efficiency of travels. The Mission also needs to consider the need for a travel contract in order to enhance transparency in the procurement of travel services and efficiency of travel administration.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Economy and efficiency of travel

8. UNAMSIL has implemented proper procedures for ensuring that travels are made for authorized official purposes and that travel entitlements are not exceeded. The Mission has also established proper procedures to ensure the economy and efficiency of travels. For each travel, price quotations must be obtained from three travel agencies which had been pre-qualified, through a competitive bidding process, three years ago. The travel agencies were given 12 to 48 hours to respond to each request for quotations. In several cases the Mission had not complied with its own procedures that could ensure economy and efficiency of travels. OIOS' review of all travel authorizations issued during July 2005 and more than 50 per cent of the travel authorizations issued in December 2005 found that the Mission did not request for quotations in respect of 38 per cent of the official travels. In those cases, only one of the three travel agencies was contracted to process the travels. As a result, that travel agency processed more than 70 per cent of the Mission's authorized travels in July and December 2005. The Mission explained that the urgency of some travels and the fact that the other two travel agencies were not accessible, responsive, and generally not competitive in terms of prices made it unnecessary in some instances to obtain competitive bids.

9. In OIOS' view, since travel agencies were typically required to submit quotations within 12 to 48 hours, UNAMSIL could have requested for competitive quotations for each travel initiated at least five days prior to the estimated dates of the travel. It was found that 53 per cent (31 out of 58) of the travels for which UNAMSIL did not request for the quotations in July and December 2005 had been initiated at least five days before the date of travel. Annex II contains a list of travels that were initiated at least five days before the estimated date of travel but for which no competitive quotations were obtained. In OIOS' view, if the Mission had implemented an effective system of identifying cases/travels that do not require bidding, it might have obtained competitive quotations for a more substantial number of travels than it actually did. The Mission needs to establish criteria that could be used in identifying cases/travels that may not require competitive bidding. When certifying and approving travel authorizations, the Mission could ensure that, when necessary, requests for quotations had been circulated and that all quotations had been properly evaluated.

Recommendations 1 and 2

OIOS recommends that UNAMSIL and/or its follow-on Mission, UNIOSIL:

- (a) Establish criteria that could be used in identifying cases/travels that may not require competitive bidding (AP2006/622/06/01); and
- (b) Ensure that, when certifying and approving travel authorizations, requests for quotations had been circulated and that all quotations had been properly evaluated as appropriate (AP2006/622/06/02).

10. *UNAMSIL accepted recommendation 1 and provided documentation showing that criteria and procedures had been established for competitive bidding exercises. UNAMSIL also accepted recommendation 2 and stated that when a travel authorization is presented for certification, documents such as request for bids, quotations received and selection criteria for the most direct/economical routing are also attached.* Based on the Mission's response, OIOS has closed recommendations 1 and 2.

Need to establish a contract for travel services

11. The travel agency which processed more than 70 per cent of UNAMSIL's travels was indeed more accessible, responsive and competitive in terms of prices. However, the competitive advantage which that agency enjoyed had been indirectly facilitated by UNAMSIL by providing uninterrupted power and hence internet connectivity to that travel agency, which had sub-leased space within the Mammy Yoko Headquarters complex owned by West Africa Holding Incorporated to which UNAMSIL guarantees power and water supply. UNAMSIL also provides direct telephone access to the travel agency which enables the latter to gain direct access to the Mission's personnel. The Mission might benefit more by establishing a formal

contract for travel services, particularly for a smaller Mission (UNIOSIL), which would also eliminate most of the processes associated with competitive bidding and the use of several travel agencies. The contract will enhance transparency in the procurement of travel services and also increase the efficiency of travel administration. As part of the management of the contract and in order to ensure competitive prices, the Mission could routinely compare the actual prices of the selected agency with the market rates.

Recommendation 3

OIOS recommends that UNAMSIL and/or its follow-on Mission UNIOSIL consider the need to establish a formal travel contract in order to enhance transparency in the procurement of travel services and improve the efficiency of travel administration (AP2006/622/06/03).

12. *UNAMSIL accepted recommendation 3 and stated that as the Mission is in its final phase of liquidation, a contract for travel services will be established for UNIOSIL. UNIOSIL is preparing to issue a Request for Proposals for travel services and the bidding exercise will culminate in a common contract which can be used by UNIOSIL and the United Nations Development Programme (UNDP). These arrangements are expected to be in place by September 2006.* Recommendation 3 remains open pending confirmation by UNIOSIL that the travel services contract has been established after competitive bidding.

B. Recovery of travel advances

13. Staff members should submit, within two calendar weeks after completing a travel other than under the lump-sum option, a completed travel reimbursement claim in form F.10. Recovery of travel advances, through payroll deduction, should be initiated if a staff member fails to submit a duly completed F.10 form, together with the supporting documentation, in a timely manner. OIOS sought to ascertain whether F.10 claims had been received in respect of 14 official travels made in July and December 2005 and, if not, whether the Mission had promptly initiated the recovery of the related travel advances. As of 27 February 2006, the Mission was able to provide us F.10 claims in respect of only five of the 14 travels. Three of the five claims were received by the Finance Section 23 to 112 days after the travels had been completed. The Mission could not provide us with the F.10 claims in respect of 9 other travels (six travels in each of July and December 2005). Since the travel advances relating to the 9 claims were not included in accounts receivable as of 27 February 2006, we were unable to ascertain if the advances had been properly accounted for. Table 2 contains a list of travel for which F.10 claims could not be provided to us. In all cases where F.10 claims were delayed or could not be located, the Mission did not initiate the recovery of the related travel advances. In OIOS' view, the Mission needs an effective monitoring system for F.10 claims that could be used in initiating the recovery of travel advances where the F.10 have not been received in a timely manner. The responsibility for monitoring F.10 claims needs to be assigned.

Table 2: Travel advances for which F.10 claims could not be provided to OIOS

	PT8 #	Index # of Traveler	Grade & Title	Expected date of return per PT8	Amount of travel advance (US\$)
1	SIL 00861	715396	FS5/B Aviation Asst.	12/18/2005	742
2	SIL 00863	663652	P5/Chief Aviation Affairs	12/15/2005	1,530
3	SIL 00867	031064	Admin/DSRSG	12/18/2005	2,600
4	SIL 00869	72972	USG/SRSG	12/22/2005	1,389
5	SIL 00870	205534	P-5/A Special Asst. to SRSG	12/22/2005	1,389
6	SIL 00816	917451	FS-6/ Radio Technician	12/8/2005	473
7	SIL 00251	135904	P4/8 HIV/AIDS Policy Officer – SRSG	7/24/2005	2,700
8	SIL 00298	217772	Deputy Force Commander	7/15/2005	417
9	SIL 00299	10463	MA to DFC	7/15/2005	417

Recommendations 4 and 5

OIOS recommends that UNAMSIL and/or its follow-on Mission UNIOSIL:

- (a) Implement an effective monitoring system for F.10 claims that could be used in initiating the recovery of travel advances where the F.10 claims have not been received in a timely manner (AP2006/622/06/04); and
- (b) Investigate and hold responsible staff members accountable for failing to properly account for travel advances as accounts receivable pending receipt of the necessary F.10 claims (AP2006/622/06/05).

14. *UNAMSIL accepted recommendation 4 and provided a copy of the information circular issued by the Mission on 7 April 2006 emphasizing the need for Mission personnel to submit F.10 claims in a timely manner. Travel advances will be processed together with a journal voucher for the MSA deduction, and MSA will be recovered for the travel days indicated in the travel authorization. Payroll Unit will continue to offset MSA deduction from accounts receivable on a monthly basis. UNAMSIL also accepted recommendation 5 and stated that an investigation was conducted. F.10 claims indicated in Table 2 above were found and had since been cleared. Based on the Mission's comments, OIOS has closed recommendations 4 and 5.*

C. Travel invoice processing

15. Effective monitoring procedures must be implemented to ensure the effective and efficient processing of travel invoices. OIOS was informed that invoices had been promptly matched against travel authorizations and paid. Furthermore, it was noted that the Mission had met with concerned travel agencies to address issues relating to delayed invoices and payments. Apparently, no list of outstanding travel authorizations had been prepared. Therefore, there is no agreement between the Mission and the travel agencies on outstanding invoices. On a monthly

basis, the Finance Section provides to the Travel Unit a list of outstanding obligations reflecting travels for which invoices have been pending. However, it appears that the list is not been properly reviewed and communicated to concerned travel agencies. The Mission had advised all travel agencies, on 30 December 2005 and 8 February 2006, to submit their invoices in respect of outstanding travel authorizations. However, the communication does not specify the outstanding travel authorizations, and the consequences of not submitting the invoices in a timely manner. As a result, the travel agencies had not complied with the Mission's requirements -- although they were advised to submit their invoices no later than 31 January 2006, as of March 2006, the agencies had not fully done so.

16. Delays in submitting invoices had apparently contributed to one of the travel agencies submitting invoices for travels that had already been reimbursed. Since the Mission does not maintain an accurate list of travels for which invoices had not been submitted, it is OIOS' view that the invoice processing function is not effective and efficient. In November 2005, DPKO promulgated new invoice processing procedures for peacekeeping missions, which require that invoices should be processed by the Finance Section. Previously, the Travel Unit vetted and submitted invoices to the Finance Section for payment. However, the Finance Section had not fully assumed responsibility for invoice processing that should include ensuring that all travels have been promptly invoiced and paid.

Recommendations 6 and 7

OIOS recommends that UNAMSIL and/or its follow-on Mission UNIOSIL:

- (a) Provide a complete list of all travels for which invoices are outstanding to the concerned travel agents and advise them to submit their invoices within a specified date (AP2006/622/06/06); and
- (b) Suspend business with any travel agency that fails to comply with prudent commercial practices including the timely submission of accurate invoices (AP2006/622/06/07).

17. *UNAMSIL accepted recommendation 6 and stated that outstanding invoices until the end of 2004 had been cleared. The Mission will prepare a list of all outstanding travel invoices based on which travel agents will be requested to submit their pending invoices. Recommendation 6 remains open pending receipt of documentation from the Mission showing that it has been fully implemented. UNAMSIL partially accepted recommendation 7 and stated that there were a limited number of travel agents within Sierra Leone to whom this recommendation could be applied. By improving follow-up and monitoring, the Mission will ensure that travel agents submit accurate invoices in a timely manner in accordance with prudent commercial practices. Based on the Mission's response, recommendation 7 has been closed.*

VI. ACKNOWLEDGEMENT

18. We wish to express our appreciation to the Management and staff of UNAMSIL for the assistance and cooperation extended to the auditors during this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations
Mr. Philip Cooper, Acting Director, ASD/DPKO
UN Board of Auditors
Programme Officer, OIOS

Table 1: List of some travels initiated at least five days prior to the estimated travel dates

	PT8 #	Index # of Traveler	Destination	Date of travel request or CAO/CCPO/SRSG memo	Expected departure date per request / memo	Possible bidding period (number of days)
1	SIL-00261	150865	Abidjan	22/06/2005	27/06/2005	(5)
2	SIL-00944	715396	Laayoune	22/12/2005	28/12/2005	(6)
3	SIL-00932	031064	Harare	21/12/2005	03/01/2006	(13)
4	SIL-00931	3428	Harare	21/12/2005	03/01/2006	(13)
5	SIL-00924	663652	Lagos	19/10/2005	31/12/2005	(73)
6	SIL-00913	688020	Harare	19/10/2005	31/12/2005	(73)
7	SIL-00973	72972	New York	13/01/2006	22/01/2006	(9)
8	SIL-00961	205534	Abuja	19/10/2005	31/12/2005	(73)
9	SIL-00960	CIV-331	Kanu	12/10/2005	20/12/2005	(69)
10	SIL-00959	198608	Kinshasa	28/12/2005	02/01/2006	(5)
11	SIL-00958	452285	New York	19/10/2005	31/12/2005	(73)
12	SIL-00957	183185	New York	19/10/2005	31/12/2005	(73)
13	SIL-00801	UNMO1631	CAIRO	04-Nov-05	14-Dec-05	(40)
14	SIL-00816	917451	CONACKRY/DAKAR	30-Nov-05	05-Dec-05	(5)
15	SIL-00819	UNMO1637	KIEV	04-Nov-05	15-Dec-05	(41)
16	SIL-00821	UNMO1555	ZAGREB, CROATIA	04-Nov-05	15-Dec-05	(41)
17	SIL-00828	UNMO1646	FREETOWN-LAGOS-ABUJA	14-Nov-05	16-Dec-05	(32)
18	SIL-00829	UNMO1636	FT-ABUJA	04-Nov-05	15-Dec-05	(41)
19	SIL-00830	UNMO1635	FT-ABUJA	04-Nov-05	15-Dec-05	(41)
20	SIL-00835	UNMO1630	FT-ACCRA-DUBAI-LAHORE	24-Nov-05	20-Dec-05	(26)
21	SIL-00841	UNMO1661	FT-ACC-DUBAI-KUALALUMPUR	04-Nov-05	20-Dec-05	(46)
22	SIL-00843	UNMO1656	FT-ACCRA-AMST-MOSCOW	04-Nov-05	19-Dec-05	(45)
23	SIL-00846	UNMO1655	FT-ACCRA-AMST-MOSCOW	04-Nov-05	19-Dec-05	(45)
24	SIL-00847	UNMO1652	FT-LAGOS	14-Nov-05	18-Dec-05	(34)
25	SIL-00849	UNMO1657	FT-ACC-AMST-MOSC-KYRSGYSTAN	04-Nov-05	19-Dec-05	(45)

26	SIL-00850	UNMO1650	FT-ACC-CAIRO	04-Nov-05	18-Dec-05	(44)
27	SIL-00855	UNMO1666	FT-CONACK-DAKAR-MADRID-LIMA-LAPAZ	04-Nov-05	20-Dec-05	(46)
28	SIL-00859	285164	FT-CONACK-PARIS-NY	05-Dec-05	16-Dec-05	(11)
29	SIL-00873	760615	NAIROBI	19-Oct-05	31-Dec-05	(73)
30	SIL-00875	390148	FT-ACC-JOHANNESBURG	19-Oct-05	31-Dec-05	(73)
31	SIL-00895	579927	FT-ACC-DUBAI-LAHORE	06-Dec-05	22-Dec-05	(16)

Total number of PT8s for which no requests for bids were obtained in Jul and Dec 2005

58

Percentage of travels for which UNAMSIL could have but did not request for quotations July and Dec 2005

53%

UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Travel and related entitlements in UNAMSIL/UNIOSIL

(AP2006/622/06)

	1	2	3	4	5
By checking the appropriate box, please rate:	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your overall satisfaction with the conduct of the audit and its results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

Name: _____ Title: _____ Date: _____

Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:
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