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INTEROFFICE MEMORANDUM

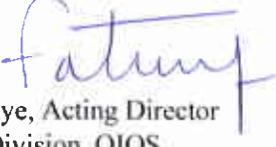
MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Hédi Annabi  
A: Special Representative of the Secretary-General  
MINUSTAH

DATE: 20 January 2009

REFERENCE: IAD: 09- 02126

  
FROM: Fatoumata Ndiaye, Acting Director  
DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AP2008/683/07 - Audit of travel services in MINUSTAH**

OBJET:

**No major weaknesses were found that compromised the overall system of internal control.**

1. I am pleased to present the report on the above-mentioned audit which was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. Based on your comments, we are pleased to inform you that we will close recommendations 1 and 2 in the OIOS recommendations database as indicated in Annex I.

## **I. INTRODUCTION**

3. The Office of Internal Oversight Services (OIOS) conducted an audit of travel services in the United Nations Stabilization Mission in Haiti (MINUSTAH).

4. Official travel undertaken at MINUSTAH is governed by the UN staff regulations and rules, administrative instructions and Department of Peacekeeping Operations (DPKO) Human Resources Handbook. The Travel Unit is responsible for processing official travel of staff including travel on appointment and re-assignment, rotation, repatriation, home leave, family visit, training, and medical evacuation. The Travel Unit also processes official travel of uniformed personnel and United Nations Volunteers.

5. MINUSTAH's travel budgets and expenditures for the financial years ending 30 June 2007 and 30 June 2008 are shown in the tables below:

**Table 1: Official travel**

Travel Category	Year Ended 30 June 2008		Year Ended 30 June 2007	
	Budget	Actual	Budget	Actual
Travel for consultations and meetings	\$108,580	\$77,461	\$133,600	\$93,635
<b>Travel for Training</b>	<b>406,200</b>	<b>405,757</b>	<b>352,400</b>	<b>345,544</b>
Travel within Mission	412,852	361,318	610,700	620,583
<b>Other Official Travel</b>	<b>150,723</b>	<b>211,968</b>	<b>42,800</b>	<b>67,611</b>
Travel for Selection & Assistance (Civ Police)	64,368	85,156	90,000	53,365
<b>Total</b>	<b>\$1,142,723</b>	<b>\$1,141,660</b>	<b>\$1,229,500</b>	<b>\$1,180,738</b>

Source: MINUSTAH Financial Statements

**Table 2: Other travel**

Travel Category	Year Ended 30 June 2008		Year Ended 30 June 2007	
	Budget	Actual	Budget	Actual
<b>Repatriation of Military</b>	<b>\$600,700</b>	<b>\$696,437</b>	<b>\$650,000</b>	<b>\$515,636</b>
Repatriation of United Nations Police	2,424,000	1,967,612	2,102,400	2,055,168
<b>Repatriation of Formed Police Units</b>	<b>285,000</b>	<b>289,242</b>	<b>84,500</b>	<b>39,089</b>
Repatriation of International Staff	350,000	169,509	254,700	240,887
<b>Travel on Mission assignment</b>	<b>381,400</b>	<b>377,450</b>	<b>360,200</b>	<b>358,321</b>
Repatriation of United Nations Volunteers	230,000	166,257	219,900	139,374
<b>Home Leave Travel</b>	<b>1,100,000</b>	<b>1,146,853</b>	<b>1,003,000</b>	<b>968,028</b>
Family Visit Travel	410,000	147,009	122,100	121,943
<b>Travel on Medical Evacuation</b>	<b>120,000</b>	<b>58,253</b>	<b>58,300</b>	<b>5,445</b>
Travel on appointment	135,000	10,538	17,300	75,053
<b>Total</b>	<b>\$6,036,100</b>	<b>\$5,029,160</b>	<b>\$4,872,400</b>	<b>\$4,518,944</b>

Source: MINUSTAH Financial Statements

6. Comments made by MINUSTAH are shown in *italics*.

## II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the administration of official travel in MINUSTAH, and more specifically to assess the adequacy and effectiveness of internal controls and to determine compliance with relevant rules and procedures.

## III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from 1 July 2006 to 30 June 2008. During this period, the Mission's travel budgets totaled \$13 million and 1,293 travel authorizations were issued. The audit included a selected sample of 144 travel authorizations.

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9. The auditors interviewed key personnel, analyzed relevant data, assessed internal controls, and reviewed travel and other relevant supporting documentation.

#### **IV. OVERALL ASSESSMENT**

10. The internal controls over travel services are generally adequate in ensuring that travel is made for authorized official purposes and that travel entitlements were not exceeded. However, the audit identified opportunities for improvement. This included the need to revise its standard operating procedures (SOPs) on the timely completion and submission of travel claims by staff, and to liaise with the Department of Field Support (DFS) to ensure that the contractor who handles the transportation of the personal effects of staff provides invoices to the Mission in a timely manner.

#### **V. AUDIT FINDINGS AND RECOMMENDATIONS**

11. The Travel Unit was adequately staffed and staff's roles and responsibilities were clearly established. The Travel Unit has clear terms of reference and work plans covering the activities under its responsibilities. The Travel Unit's activities were adequately monitored and it regularly submitted reports to the Chief, General Support Services and the Chief of Mission Support for their review.

##### **A. Compliance with guidelines and procedures**

###### Travel services management contract

12. Since its inception in 2004, MINUSTAH has procured its official travel from a local travel agency, Agence Citadelle under the contract signed by UNDP-Haiti in 1998. While there was no formal agreement between MINUSTAH and UNDP, OIOS' review of the arrangements determined that in general the travel agency has provided reliable and professional services to MINUSTAH. However, the Mission might benefit from establishing its own contract for travel services. In this regard, the Mission launched a Request for Proposal (RFP) on 17 May 2008, with bid closing date of 19 June 2008. Two proposals, including one from the current travel agency, were received and at the time of the audit were awaiting technical evaluation.

###### Travel itinerary and ticketing

13. The Mission's travel guidelines require that three different itinerary/quotation options between the origin and destination points must be obtained for each travel and that the optimum price/rate for air tickets selected must be based on the most direct and economic route. Based on a review of a sample of 105 travel authorizations (PT8's) for two financial periods i.e. 2006 - 2007 and 2007 - 2008, the audit found that, due to the limited number of competing airlines, in general, only two quotations were obtained for each travel request. The quotations were mainly obtained from Air France and American Airlines which are the sole long haul airlines operating in Haiti. The travel agency reverted to the Mission's Travel Unit immediately with two options which were properly evaluated by the Travel Unit as required by the SOPs.

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## Travel claims

14. The Travel Claims Unit is responsible for determining staff members' entitlements while on official travel status. The Unit commences the processing of a claim (F10 form) once it is received duly certified by a designated certifying officer.

15. OIOS examined 94 travel claims to determine the accuracy of the DSA rates used and whether: (a) the number of days was overstated; (b) the claim matched the related authorized itineraries; and (c) all supporting documentation was attached. DSA rates varied from month to month as per the circular published by the International Civil Service Commission, and this contributed to some instances where the DSA rates used at the time of preparation of the travel authorization differed from the DSA rates used at time of making the travel claim. The Travel Claims Unit's procedures were in compliance with established regulations and rules. There was an adequate review system in place for reimbursement of claims submitted to the Finance Section. Travel claims reviewed contained the signatures of the Administrative/Certifying Officer and were supported by appropriate documents to enable payment.

### F10 travel claims were not always submitted on time

16. The Mission's SOPs governing travel on official business issued on 28 April 2005 require that each traveler should submit travel claims within 14 days after the date of completing travel. DPKO Human Resources Handbook states that travel advances will automatically be scheduled for recovery from a staff member's pay if the travel claim is not submitted within 60 days of the date of return from official travel. However, the Mission's standard operating procedures/guidelines are silent on what action should be taken regarding claims that are not submitted for processing in a timely manner. Notwithstanding, the Mission staff members were generally timely in submitting their travel claims. Of the 144 claims reviewed, only 19 were moderately delayed – i.e. 16 claims were submitted between 15-20 days and 3 were submitted between 22- 41 days of the staff member returning from the trip.

### **Recommendation 1**

**(1) The MINUSTAH Office of Mission Support should revise its standard operating procedures governing travel on official business to state that advances will be recovered from payroll if travel claims are not submitted within an established timeline.**

17. *The MINUSTAH Office of Mission Support accepted recommendation 1 and stated that they have issued an Administrative Circular Reference CMS/024/2008 on 2 December 2008 whereby staff members are advised that travel claims should be submitted within two weeks after completion of travel. Travel advances that remain outstanding after this period shall be recovered from the staff member's MSA or salary entitlement. Based on the action taken, recommendation 1 has been closed.*

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## **B. Travel within the Mission area**

### Movement of Personnel forms

18. Prior to initiating official travel, a Movement of Personnel (MOP) form should be signed by a designated officer to authorize the trip.

19. OIOS found that the MOPs were completed as per the required procedures and when travel was not authorized; adequate reasons and justification were correctly documented and filed.

### Treatment of travel claims for within Mission travel

20. Travel claims within the Mission area relate to requests for reimbursement for accommodation expenses, meal allowances and other miscellaneous expenses such as purchase of fuel incurred during travel. If expense claims are incurred during travel they should be supported by an authorized MOP showing the dates of travel (departure/return dates). The claim is completed using a travel claim form.

21. The expenditure for travel within the Mission totaled about \$361,000 for the year 2007 – 2008, representing a decrease of 42 per cent compared to the previous financial year expenditure of \$621,000. This resulted due to a smaller travel budget meaning that a more stringent authorization process was necessary together with closer monitoring of travel within-Mission travels. A review of a sample of 50 travel authorizations found that all claims were supported by MOPs and there were detailed explanations in the form of memoranda and e-mails supporting the required travel.

## **C. Invoicing and unliquidated obligations**

### Prompt payment of invoices

22. Based on the review of a sample of 50 travel authorizations, OIOS found that the processing time, from the date invoices were provided to the Finance Section to the date payments were made to the travel agency, took an average of 2-15 days. In OIOS opinion, this is indicative of an efficient processing system, ensuring payment at the earliest opportunity.

### Unliquidated obligations as of 30 June 2008

23. The value of unliquidated obligations as at 30 June 2008 was \$442,501 representing an increase of \$148,249 (50 per cent) compared to the previous year's balance of \$294,251. Tables 3 and 4 below reflect the breakdown of unliquidated obligations and their ageing.

**Table 3: Unliquidated Balances for Financial Year ends 30 June 2007 and 30 June 2008**

Travel by Category	30 June 2007	30 June 2008	Increase/(decrease)
Repatriation of Military Personnel	\$42,649	\$80,451	\$37,802
Repatriation of United Nations Police	152,852	230,453	77,601
Repatriation of Formed Police Unit	0	49,260	49,260
Travel for consultations and meetings	4,250	4,551	301
Travel on mission assignment	12,696	0	(12,696)
Travel for Training	8,578	16,434	7,856
Travel within Mission	36,662	0	(36,662)
Other Official Travel	22,087	27,384	5,299
Home Leave Travel	7,200	0	(7,200)
Repatriation of international staff	5,917	0	(5,917)
Travel for Selection & Assistance (Civ Police)	810	27,997	27,187
Travel on Repatriation - UNV-2611	550	0	(550)
Repatriation of Corrections Officers	0	449	449
Training fees, support and services	0	5,522	5,522
<b>Total</b>	<b>\$294,251</b>	<b>\$442,501</b>	<b>\$148,250</b>

**Table 4: Unliquidated Obligations Aged Balance at 30 June 2008 by Travel Code**

Ageing	Travel by Code			
	2403	2412	2424	2425
Less than 90 Days	\$60,971	\$143,098	\$16,801	\$23,916
Greater than 90 but less than 180 days	12,783	31,506	5,639	1,830
Greater than 180 but less than 360 days	6,697	55,849	4,944	2,251
Greater than 360 days	0	0	0	0
Total	\$80,451	\$230,453	\$27,384	\$27,997

24. The audit found that personal effects claims/expenses for the repatriation of military personnel and UN Police accounted for nearly 70 per cent of unliquidated balances shown in table 3 above. The higher balances for personal effects resulted from the failure of the concerned contractors (HQ System Contract) to provide adequate supporting documentation of their claims including confirmation of the delivery of shipments. Further it was noted that the contractor's invoices are not received on a regular basis resulting in the Unit having to follow up frequently on the status of these documents. This therefore results in the accumulation of a high balance in personal effects.

25. These claims/unliquidated balances are being followed up by the Finance Section on a monthly basis and communicated to the Head of Traffic & Shipping Unit. The Head of Unit stated that the contractor has been informed about the consequences of not providing invoices and related supporting documentation in a timely manner. However no corrective action had been taken by the contractor to address these concerns.

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## **Recommendation 2**

**(2) The MINUSTAH Office of Mission Support should forward its communications with the personal effects contractor to the Procurement Division at Headquarters for appropriate action to ensure that all supporting documents are provided timely.**

26. *The MINUSTAH Office of Mission Support accepted recommendation 2 and stated that a fax had been sent to the PD/UNHQ (fax reference number CMS/08/OF/1050 dated 5 December 2008) requesting that the contractor be reminded to promptly submit invoices and related supporting documents together. Based on the action taken by MINUSTAH, recommendation 2 has been closed.*

## **VI. ACKNOWLEDGEMENT**

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

cc: Mr. Luiz Carlos Da Costa, Principal Deputy SRSG, MINUSTAH  
Mr. Paul Aghadjanian, Chief of Mission Support, MINUSTAH  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
Mr. Seth Adza, Audit Response Team, Department of Field Support  
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS

### **CONTACT INFORMATION:**

#### **ACTING DIRECTOR:**

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,  
e-mail: [ndiaye@un.org](mailto:ndiaye@un.org)

#### **CHIEF, PEACEKEEPING AUDIT SERVICE:**

Eleanor Burns: Tel: +1.212.963.2792, Fax: +1.212.963.3388,  
e-mail: [burnse@un.org](mailto:burnse@un.org)

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	The MINUSTAH Office of Mission Support should revise its standard operating procedures/guidelines governing travel on official business to state that advances will be recovered from payroll if F10 claims are not submitted within an established timeline.	Operational	Medium	C	Action completed	Implemented
2	The MINUSTAH Office of Mission Support should forward its communications with the personal effects contractor to the Procurement Division at Headquarters for appropriate action to ensure that all supporting documents are provided timely.	Operational	Medium	C	Action completed	Implemented

C = closed, O = open