



AUD II-7-4: 5 (475/04)

29 September 2004

TO: Mr. Sergei Ordzhonikidze
Director-General
United Nations Office at Geneva

FROM: Egbert C. Kaltenbach, Director
Internal Audit Division II
Office of Internal Oversight Services

SUBJECT: **OIOS Audit of UNOG Education Grants (AE2004/311/03)**

1. I am pleased to submit the final report on the audit of UNOG Education Grants, which was conducted between March and June 2004 by Esa Pääkkönen and Doremieke Kruithof.
2. A draft of the report was shared with the Director of the Division of Administration on 13 August 2004, whose comments, which were received in 8 September 2004, are reflected in the final report.
3. I am pleased to note that most of the audit recommendations contained in this final report have been accepted and that the UNOG Division of Administration has initiated their implementation. I wish to draw your attention to recommendations 1, 5, 6, 7 and 10, which OIOS considers to be of critical importance.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 30 November 2004. This will facilitate the preparation of the twice yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly Resolution 48/218B.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditors, complete the attached client satisfaction survey form and return it to me under confidential cover.
6. Thank you for your cooperation.

Attachment: Client Satisfaction Survey Form

cc: Ms. C. Bertini, Under-Secretary-General for Management (by e-mail)
Mr. B. Juppín de Fondaumière, Director, Division of Administration, UNOG (by e-mail)
Ms. H. Featherstone, Executive Secretary, UN Board of Auditors
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UNITED NATIONS

**Office of Internal Oversight Services
Internal Audit Division II**

Assignment AE2004/311/03
Audit Report E04/R011

29 September 2004

OIOS AUDIT OF UNOG EDUCATION GRANTS

Auditors:

Esa Pääkkönen
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**Office of Internal Oversight Services
Internal Audit Division II**

OIOS AUDIT OF UNOG EDUCATION GRANTS (AE2004/311/03)

EXECUTIVE SUMMARY

From March to June 2004, OIOS conducted an audit of the administration of the education grant entitlement by UNOG. The audit covered expenditure of US\$ 17.8 million for the academic years 2001/2002 and 2002/2003.

Overall Assessment

- Education grant related activities of UNOG were adequately administered and the majority of key controls were being applied. However, the application of certain important controls lacked consistency and/or effectiveness. In order not to compromise the overall system of internal control, timely corrective action by management is required.

Audit Findings and Recommendations

- In OIOS' opinion, the UN regulations and rules concerning the education grant entitlement, as a result of educational trends and technological developments such as distance and e-learning, do not fully reflect what is currently considered post-secondary education. OIOS recommended that UNOG advocate a revision of the education grant entitlement to bring it up-to-date and to allow more convenient and flexible education arrangements for staff members' children. *UNOG concurred with OIOS' recommendation.*
- OIOS assessed that UNOG expeditiously processed education grant advances and claims; only a few exceptions were found. Moreover, possibly because of the workload, which is intense at certain periods, there were a few errors in processing. OIOS was pleased to note, however, that prompt action was taken to correct any errors found.
- Although the number of cases was limited UNOG had not applied the administrative instruction on 'Recovery of Overpayments Made to Staff Members' (ST/AI/2000/11) in a consistent manner. OIOS recommended a 'one-off recovery' of excess education grant advances paid. It is not appropriate that the recovery of advances is treated in the same manner as the recovery of overpayments. *Action is being taken and an Information Circular will be issued.*
- The certification of education grant claims was not always consistent meaning that staff were not treated fairly. To ensure a more consistent approach, OIOS recommended that

consideration be given by the Human Resources Management Service (HRMS) to centralizing the certification of the education grant claims for complex cases, including special education grant claims and pro-rated education grant claims.

- In OIOS' opinion, the Administrative Instructions relating to the eligibility for the 100 per cent reimbursement of special education need to be reviewed and clarified to ensure UN staff are treated equally. Some officers certified a 100 per cent reimbursement of all the school fees, whilst others only certified 100 per cent of the special educational arrangements provided. OIOS recommended that UNOG raise the issue of special education grant with the Office of Human Resources Management (OHRM) and the Office of Legal Affairs, to clarify the applicable UN provisions. Also, there is a need to obtain a clearer definition of "disabled child" and/or "disability", and to ensure that these are henceforth applied in a fair and consistent manner. *UNOG concurred with OIOS' observations and indicated that they will seek clarification from OHRM.*
- OIOS found several staff members of French nationality, who claimed and received education grant based on their alleged residence in Switzerland, while actually residing in France. OIOS recommended that before obtaining education grant, staff members of French nationality be requested to submit proof of residence in Switzerland. *UNOG claimed in view of the particular geographical situation of Geneva, staff members can establish residence in either or both countries and easily obtain two certificates of residence. An in-depth screening of all attestations/certificates would be extremely time-consuming and not necessarily conclusive.* OIOS re-emphasizes the importance of this issue and trusts that the UNOG is able to define acceptable proof of residence using for example documentation required for rental subsidy as reference.

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I. INTRODUCTION

1. From March to June 2004, OIOS conducted an audit of the administration of the education grant entitlement by UNOG. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors and adopted by the Internal Audit Services of the United Nations Organizations.

2. Education grant is an expatriate benefit which is payable to staff members with respect to the educational expenses of each of their dependant children. A staff member is entitled to an education grant if (i) he or she is regarded as an international recruit under staff rule 104.7 and resides and serves at a duty station, which is outside his or her home country. In addition to that (ii) the child concerned has to be in full time attendance at a school, university or similar educational institution, and (iii) the appointment or the assignment of the staff member has to be for a minimum period of six months or, if initially for a period of less than six months, it has to be extended, so that the total continuous service is at least six months (staff rule 103.20 (b)).

3. The relevant UN staff rules, administrative instructions and information circulars governing the education grant entitlement are:

- Staff Regulation 3.2
- Staff Rules 103.20 and 203.8
- ST/AI/1999/4 “Education grant and special education grant for disabled children” (as amended by ST/AI/2002/1 “Administrative Instruction amending ST/AI/1999/4”)
- ST/AI/2000/6 “Special Entitlements for Staff Members Serving at Designated Duty Stations” (Part II: “Special entitlements related to education grant”)
- ST/IC/1999/51 “Education grant and special education grant for disabled children” (effective as from the school year in progress on 1 January 1999) and Amendment I thereof dated 12 January 2001.
- ST/IC/2002/5 “Education grant and special education grant for disabled children”; including Annex “Education grant entitlements applicable in cases where educational expenses are incurred in currencies stated below” (applicable from January 2002) and Amendment I thereof dated 23 December 2002.
- ST/IC/Geneva/3277 “Reimbursement of the Education Levy” dated 11 November 1985.
- ST/AI/2004/2 “Education grant and special education grant for disabled children” dated 24 June 2004.

4. In Geneva, several organizations make use of the administrative services of UNOG. At UNOG, the Financial Resources Management Service (FRMS) approves the payments and maintains the accounting records. The education grant entitlement is paid by the General Payments Unit (GPU) of FRMS.

5. In September 2000, OIOS issued a proactive investigation report ‘Proactive investigation of the education grant entitlement’ (A/55/352). It was found that the processing and administration of education grant was cumbersome and consideration should be given to simplifying it.

6. A draft of this report was shared with the Director of the Division of Administration on 13 August 2004, whose comments have been reflected in the report in italics. *The UNOG Division of Administration has accepted most of the recommendations made and is in the process of implementing them.*

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to:

- Assess the administration of the education grant entitlement at UNOG;
- Evaluate the adequacy, effectiveness and efficiency of internal controls;
- Evaluate whether adequate guidance and procedures are in place;
- Determine the reliability and integrity of the data available from the present systems;
- Ensure compliance with UN regulations, rules, policies and procedures.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit focused on education grant entitlements covering the period of years 2001 to 2003. In addition, for specific cases, an in-depth review was conducted of staff members claims going beyond the 2001 to 2003 period. The expenditure related to education grant was US\$ 17.8 million during 2001 to 2003. The number of staff members and their children benefiting from the education grant entitlement during the same period was 728 and 1,179 respectively.

9. The audit activities included a review and assessment of the internal control systems, interviews with staff, an analysis of applicable data and a review of the available documents and other relevant records. As a normal audit procedure a third party confirmation was performed by contacting the schools concerned on randomly selected education grants claims.

10. Education grant for UNHCR staff members was excluded from the audit scope as an audit of the UNHCR education grant entitlement had been conducted in 2003.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Regulations, rules and administrative instructions

11. Distance learning has been a mainstream method of post-secondary education for over 40 years. Yet, ST/AI/2004/2, dated 24 June 2004 considers “correspondence courses, including “internet-based courses” as non-admissible “except where such courses are the only available substitute for full-time attendance at a school of a type not available at the duty station, or where such courses are related to academic subjects that are not included in the regular school curriculum but are required for the child’s subsequent education” (Section 3.5 (c)).

12. Today, distance learning is considered as an alternative approach to more

conventional teaching methods, and several universities offer this in addition to their normal full-time attendance curriculum. It is particularly pertinent in today's society where technological developments have made synchronous, multi-site teaching facilities increasingly viable. Further, the Internet has brought dramatic changes to the learning environment, and has led to the development of virtual learning or "e-learning". There is an increase in the number of students enrolling in such courses, which is a cost effective option in comparison to traditional post-secondary education.

13. OIOS noted that distance learning courses are already eligible for reimbursement under WHO rules and procedures, and UNOG, contrary to the present rules, has already exceptionally approved the reimbursement of such a course to a staff member. OIOS would recommend a more active involvement of UNOG in advocating and promoting the revision of the education grant entitlement with the Office of Human Resources Management (OHRM) to bring it up-to-date with current trends and developments and to allow more convenient and flexible educational arrangements for staff members' children.

Recommendation:

- The UNOG Division of Administration should advocate and promote a revision of the education grant entitlement with the Office of Human Resources Management to bring it up-to-date with current trends and developments and to allow more convenient and flexible educational arrangements for staff members' children (Rec. 01).

14. *The UNOG Division of Administration accepted the recommendation concurring that education grant entitlements should be brought up-to-date with current trends and technical developments and take distance and virtual learning into consideration.*

B. Geneva school tax reimbursement

15. Based on Information Circular, IC/Geneva/3277, 'Geneva School Tax', dated 11 November 1985, UNOG continues to reimburse General Service staff an education levy imposed by the Canton of Geneva on staff members' children who attend local secondary schools or the University of Geneva. Although the instruction refers specifically to Geneva, UNOG has expanded its scope of application and has reimbursed education levies imposed elsewhere in Switzerland. Moreover, the reimbursable amounts outlined in the circular are out-dated. In the 80's there was much debate on the tax, but no action has been taken in recent years, nor to OIOS' understanding, have UNOG's concerns over this special levy been raised recently with the Swiss Authorities. Although the amount of money and number of staff involved are not significant (about CHF 30,000 and 40 staff members per school year respectively), considering the passage of time (19 years), this issue needs to be re-addressed.

Recommendation:

- The UNOG Division of Administration should readdress with the Swiss Authorities the education levies imposed on UN staff members by the Canton of Geneva and other Cantons. Based on the result of these discussions, UNOG should review and update the Information Circular, IC/Geneva/3277, Geneva School Tax, dated 11 November 1985 (Rec. 02).

16. *The UNOG Division of Administration agreed to implement the recommendation.*

C. Education grant advance/claims and recovery processing

17. OIOS assessed that UNOG expeditiously processed education grant advances and claims; only a few exceptions were found. Moreover, possibly because of the workload, which is intense at certain periods during the year, there were a few errors found in relation with the processing. Corrective action was subsequently taken.

18. In general, any advances exceeding the actual expenditures incurred were recovered timely after the end of the school year. The procedures adopted, however, were not consistently applied, nor were they in OIOS' opinion compliant with established procedures. For instance, there were repeated postponements in the recovery process on the intervention of HRMS, the reasons and justification of which were not clear or documented.

19. Further, although the number of cases was limited, UNOG had not applied the administrative instruction on 'Recovery of Overpayments Made to Staff Members' (ST/AI/2000/11) in a consistent manner. When an education grant advance was to be recovered in full, UNOG considered it as an 'advance' and recovered it in one instalment. However, when the recovery was the result of an education grant claim settlement, UNOG treated it as an 'overpayment,' that was to be recovered as soon as possible, whilst reducing the staff member's monthly salary by no more than 20 per cent per month, subject to the staff member having a contract of sufficient duration to allow such an approach. This means in practice that recoveries were usually made in several monthly deductions.

20. In OIOS' opinion, there should be a 'one-off recovery' of education grant advances. OIOS would like to point out that it is the responsibility of the staff member to report the payment of excessive advances. Since HRMS deals with such cases favourably at present, in essence by granting staff members an interest free loan, they are sending a wrong message. Moreover, at a time when the UN is trying to streamline and make efficiencies, such a practice generates more administrative work for FRMS.

Recommendation:

- The UNOG Division of Administration should inform staff of their responsibilities in refunding excess amounts advanced for

education grant. Staff should also be informed that in the future, any excess advances will be recovered at once and in full and not be treated in the same manner as overpayments (Rec. 03).

21. *The UNOG Division of Administration agreed with the recommendation and indicated that they have already implemented the second part of the recommendation. All amounts of outstanding education grant advances, whether because of non-receipt of a claim or resulting from overpayment, are now being recovered in full via payroll deduction. UNOG intends to issue an Information Circular to staff on the reimbursement procedure.*

22. OIOS would advocate improved communication between HRMS and the different parts of FRMS to ensure that information flows more smoothly. For example, the recovery of an education grant advance of a staff member who was on special leave without pay (SLWOP) was initiated only when the staff member did not submit the education grant claim. The staff members in the GPU dealing with education grant were generally found to be proficient and knowledgeable on the related UN regulations, rules and procedures. OIOS observed that they often advised HRMS to ensure conformity in the application of the rules and procedures, particularly with reference to the admissible and non-admissible costs.

23. In its report dated 1 September 2000 “Proactive investigation of the education grant entitlement” (A/55/352), OIOS recommended that serious consideration be given to the suggestion that the education grant entitlement be provided on a lump-sum basis for each country in which a school is located. OIOS appreciates that developing a suitable lump sum approach may take time, but would be in accord with HRMS suggestion of simplifying some of the eligible costs such as the textbook allowance. *In many cases, HRMS indicated that it had to spend considerable time to determine if books are eligible or not for reimbursement.* Alternatively A/55/352 recommended, to ensure consistency, the centralization of the processing of the education grant within one office at each of the duty stations. UNOG had accepted this, but has not initiated any action to centralize the administration of education grant, apart from taking over the administration of project personnel. While it may not be practical to centralize the processing of all claims, consideration should be given to centralizing the certification of complex cases as well as those relating to special education grant claims and pro-rated education grant claims. This will ensure consistency and a fair treatment of all staff.

Recommendation:

- The UNOG Human Resources Management Service should centralise the certification of education grant claims for complex cases as well as those relating to special education grant claims and pro-rated education grant claims to ensure consistent application of the entitlement (Rec. 04).

24. *The UNOG Human Resources Management Service has established an A to Z organisational system of work to ensure HR assistants are required to become familiar*

with all types of claims. It was not clear from the response to OIOS' recommendation as to whether steps will be taken to centralize the certification function for certain complex cases.

D. Special education grant

25. In OIOS' opinion, the Administrative Instructions relating to the eligibility for the 100 per cent reimbursement of special education need to be reviewed and clarified. The present provisions are vague and ambiguous. Paragraph 54 of ST/IC/2002/5 leaves the interpretation of the definition of "disabled child" to the Medical Director (or designated medical officer), who "will determine, based on prevailing medical standards, the acceptability of the certificate [attesting to the disability of the child] for the purpose of the special education grant (...)". Moreover, various HRMS Human Resources Officers were applying the provision differently. Some officers certified a 100 per cent reimbursement of all the school fees, whilst others only certified 100 per cent of the special educational arrangements provided. OIOS noted one case where a limit erroneously was set at the country threshold of normal education grant, meaning that the staff member was not reimbursed the full amount for special education grant.

26. This issue has been discussed on a number of occasions. The UN Medical Director requested a recommendation from the former Administrative Committee on Co-ordination (ACC) in 1998, to determine whether children classified as having learning disabilities (LDs) or attention deficit disorder (ADD) qualify as 'disabled'. The AAC did not directly take stand in the issue, as it did not consider it appropriate to impose views over those of the Medical Directors in the medical determination of disability. OIOS did not find any follow-up on this issue.

27. Furthermore, it is interesting to note in this regard that the UN Medical Director referred to a steady increase of requests for children classified as having LDs or ADD, forming 42 per cent of the beneficiaries of the special education grant in UN Headquarters in 1997. The Medical Director stated that these conditions are relatively common, affecting as much as 15 per cent of the population, and that the diagnosis is not made on medical findings but on the basis of psychometric tests and psychological evaluations. Affected children have normal or superior intelligence and, in the Medical Director's opinion, do not require special tutoring but rather such measures as placement in the front row of the classroom and in classes with smaller number of children, allotment of longer periods of time to take examinations, etc. At UNOG, out of the 20 cases concerning special education grant that OIOS selected for review, some 50 per cent related to children that were registered as having 'learning difficulties'.

28. OIOS discussed the differences between the coverage of special education grant and medical insurance in the case of learning difficulties with both the Joint Medical Service (JMS) and the United Nations Staff Mutual Insurance Society. In accordance with section 15.1 in relation with 13.2 of ST/AI/1999/4 and paragraph 55 of ST/IC/2002/5 the staff member is required to provide evidence that he or she has exhausted all other sources of benefits that may be available for the education and training of the child, including those that may be obtained from State and local governments and from the UN contributory

medical insurance plans. Despite this, a 1998 Geneva based working group decided that the education grant entitlement should reimburse all costs related to learning difficulties.

29. OIOS would like to highlight that this decision has a financial impact on the UN, and means that staff members are not treated fairly. For example, if a staff member needs to obtain expert help from outside the education system, which may be necessary for children with severe learning difficulties, they are only eligible for 75 per cent of the school fees. Those that need remedial or extra tuition, which is provided by specialized teachers at a normal school, can benefit from the 100 per cent reimbursement.

30. More attention is required by HRMS to ensure that an up-to-date medical certification is obtained and appropriately filed before certifying eligibility to a special education grant. The applicable UN provisions require that the education grant claim must be accompanied by a medical certificate, which should be submitted to the Medical Director or a designated medical officer for determining the acceptability of the claim. Nevertheless, OIOS found one case (Index No. 28708) where HRMS had exceptionally accepted the provision of the special education grant without any such medical certificate. OIOS also found a case (Index No. 282604) where the staff member's file contained a certification from the JMS only for the school year 1999-2000, though the staff member received special education grant continuously until the school year 2002-2003. OIOS further enquired after the apparently missing certifications from JMS and was told that JMS had certified special education grant for the school years 2001-2002 and 2002-2003 as well. The copies of these certificates had, however, not been attached to the staff member's file. Apart from that the staff member received special education grant for the school year 2000-2001 without any certification from the JMS.

Recommendations:

- The UNOG Division of Administration should raise the issue of special education grant with the Office of Human Resources Management, to clarify the applicable UN provisions, in particular with regard to the definition of "disabled child" and/or "disability" - as well as the costs to be reimbursed under medical insurance and/or special education grant - and to ensure that these are henceforth applied in a fair, equal and consistent manner (Rec. 05).
- The UNOG Human Resources Management Service should not provide special education grant without submission of a medical certificate (section 15.1 of ST/AI/1999/4 in relation with paragraph 54 of ST/IC/2002/5) and without evidence of exhaustions of other sources (section 15.1 in relation with 13.2 of ST/AI/1999/4 and paragraph 55 of ST/IC/2002/5) (Rec. 06).

31. *The UNOG Division of Administration accepted the recommendations. They will seek clarification from OHRM. They also indicated that what constitutes evidence of the exhaustion of other sources will be clarified as well as the type and number of sources available may vary from one country to the other.*

E. P.41 form

32. As a normal audit procedure and to obtain independent third party confirmation, OIOS contacted a number of schools to verify the completeness and correctness of the education grant amounts claimed by staff members. OIOS found that the contact information recorded on the “Certificate of Attendance and Costs and Receipt for Payments” - (form P.41), which is normally filled out and certified by the educational institution, was not adequate for this kind of follow-up. For instance, the form does not require e-mail and/or web site addresses of the schools concerned. This made contacting the schools a cumbersome process, as other means of contact such as telephone, fax and regular mail had to be used.

33. The confirmations OIOS got from the schools were mostly consistent with the information given on the P.41 forms. There were some differences in the indication whether the school had provided books for free or not. OIOS also noted, that in some cases public schools in Geneva indicated that books were not provided for free. To simplify matters, OIOS would recommend that UNOG obtain directly from the Canton of Geneva a list of those schools providing books free of charge for reference to mitigate errors made in filling the P.41 form.

34. OIOS encountered problems with some schools that refused to provide the information requested on the basis of privacy and confidentiality laws. Though the P.41 form already contains a clause for independent confirmation requests by auditors and other relevant UN staff, it is vaguely formulated. OIOS discussed this issue with UNOG’s Senior Legal Officer, who agreed that the particular clause should be clarified and revised. He suggested including a clause on the P.41 form, that would request explicit written consent from the staff member, as well as commitment from the school, to provide the UN with any information related to the education of the child. The clause could read: “By signing this form all the parties, the staff member, the student and the educational institution, agree to make available all information required by the UN in order to obtain confirmation of the information provided by this form”. UNOG will need to raise this issue with OLA and OHRM.

Recommendation:

- The UNOG Division of Administration should raise with the Office of Human Resources Management and the Office of Legal Affairs the issue of including in the P.41 form a clause, enabling the UN to obtain all information needed for verification and confirmation purposes and waiving any conflicting privacy/confidentiality requirements (Rec. 07).

35. *The UNOG Division of Administration accepted the recommendation adding that UNOG intended to review the existing form P.41 and the related procedure in order to simplify them. They further elaborated that by accepting the ‘attestations’ issued by some schools in lieu of the P.41 (provided the required information is supplied), HRMS had*

already gone one step in this direction.

F. Information system support

36. From the systems used (IMIS and Paradox), it was not always easy to reconcile the details to the claim. Moreover, due to the limitations of IMIS and the difficulties some staff experience in using the system, a number of errors were noted. For example, an overpayment of nearly EUR 3,000 was made because the option ‘school at duty station’ was not selected. In addition, OIOS observed numerous cases where UNOG’s General Payments Unit had advised certifying officers to revise different options to ensure the correct outcome. *UNOG has taken action to initiate recoveries of overpayments.*

37. Apart from that, a number of calculation errors were noted, in particular in those cases where a child attended two educational institutes during the same school year. IMIS cannot cope with such a situation and therefore, the reimbursements need to be calculated manually, and put into IMIS thereafter.

38. The guidance in relation to the amount eligible for reimbursement when a child attends two educational institutions within one year is not clear, particularly if this relates to different countries, with different thresholds. In OIOS’ opinion, the eligible reimbursement should be prorated in accordance with the time spent at each institution and the maximum education grant level should be determined prorating the respective country thresholds, but this was not always found to be the case.

Recommendations:

- The UNOG Division of Administration should request an upgrade of IMIS to accommodate the different options necessary to properly process education grant claims (Rec. 08).
- The UNOG Human Resources Management Service should seek clarification from the Office of Human Resources Management on the appropriate method to calculate education grant in cases where a child attends two educational institutions, in different countries with different thresholds, within one school year (Rec. 09).

39. *The UNOG Division of Administration accepted the recommendations, but accentuated that the issue raised of the programmes of studies abroad, implying that the child attends two educational institutions in different countries has been addressed by OHRM in a guideline included in the administrative handbook. UNOG intends to prepare a similar guideline for the benefit of HRMS and FRMS staff.* OIOS had already noted this, but as it was limited to students studying in the United States, who attend an exchange year abroad and are invoiced by their regular institute in US dollars, it gives only limited clarification to the issue raised in this report. OIOS, however, welcomes the initiative of UNOG to issue a guideline, and would like to emphasize the overall need for clarification of the prorating method, not only in the case of temporary (exchange) programs or studies abroad, but also in the case of change of educational institute due to, for example, the staff

member's change of duty station. It needs to be clarified as to whether the two school attendances are prorated separately against the normal school years in each country or in proportion to the attendance of the child during total school year. The prorating principles need to be clearly stipulated and hence consistently applied.

G. Other issues

(a) Education grant for French nationals

40. Some 65 per cent of the UN staff members at UNOG, including French nationals, reside in France. According to staff rule 103.20 (b) (i) staff members are entitled to an education grant in respect of each of their children if they are regarded as an international recruit under rule 104.7 and reside and serve at a duty station, which is outside their home country. Staff rule 103.20 (a) (iii) defines "home country" as "the country of home leave of the staff member under staff rule 105.3" (concerning home leave). Staff rule 105.3 (d) specifies the staff members' 'country of home leave' by stating that it shall be "the country of the staff member's nationality". French nationals who serve in Geneva and reside in France are therefore not entitled to receive education grant.

41. OIOS found one case where a French national staff member (Index No. 323012) who is living in France according to IMIS nevertheless received education grant. In addition to this, OIOS found a case where the staff member had the French nationality, but stated his home country to be another country (Index No. 555434). This then led to the provision of education grant.

42. In light of the staff rules as mentioned before, it is clear that a staff member's home country is in principle the country of his or her nationality. Only in exceptional and compelling cases the Secretary-General may authorize a country other than the staff member's country of nationality as his or her home country, for the purposes of "this" (home leave) rule (staff rule 105.3 (d) (iii) a.). In any such case the staff member will have to provide satisfactory evidence of the fact that he or she maintained normal residence in such other country for a prolonged period preceding his or her appointment; that he or she continues to have close family and personal ties in that country, and that the staff member's home leave there would not be inconsistent with the purposes and intent of staff regulation 5.3. Since this provision is limitative and most of the staff members concerned reside in France (the country of their nationality) at present, it is important that the UNOG administration obtains a copy of the satisfactory evidence as mentioned above, before education grant and/or other benefits are provided to the staff members concerned.

43. OIOS came across several cases, where staff members, who were actually residing in France, claimed and received education grant on the basis of their alleged residence in Switzerland. When going through the 'pages jaunes et blanches' of both Switzerland and France, OIOS found that several staff members have an address in both France and Switzerland (Index Nos. 69823, 86480, 310873, 86422). In at least one of these cases the address of the child was used as the staff member's Swiss 'residence' (Index No. 767286). Others only have an address in France (Index Nos. 697759, 367140, 469188). In most of these cases the address details in IMIS did not correspond with any of the actual addresses

found. An education grant was nevertheless granted in all of these cases.

44. During discussions with HRMS, it became clear that the understanding of the applicable rules in this regard for some staff members seemed to be that French national staff members who reside in France but whose children attend schools in Switzerland are entitled to education grant. OIOS would stress that this is not the case. Since the staff member's residence is a decisive element for eligibility, UNOG should request French nationals to submit proof of residence with their annual education grant claim, in accordance with staff rule 104.4 (e). The address information in IMIS should also be updated on a regular basis and correspond to the address details as provided in the personnel status and the 'carte de légitimation' files.

Recommendations:

- The UNOG Division of Administration should request French nationals, to submit an up to date attestation of residence with their annual education grant claim, in accordance with staff rule 104.4 (e); UNOG administration should update IMIS and personnel files accordingly (Rec. 10).
- The UNOG Division of Administration should review the cases, which raise doubts about a staff member's residence in Switzerland, and should recover any amounts of education grant incorrectly paid (Rec. 11).

45. *The UNOG Division of Administration did not accept Recommendation 10 claiming that what constitutes a valid proof of residence should be clearly defined. They further justified that in view of the particular geographical situation of the duty station, staff members can establish residence in either or both countries and easily obtain two certificates of residence, one for each country. An in-depth screening of all attestations/certificates would be extremely time-consuming and not necessarily conclusive.* OIOS re-emphasizes the importance of the recommendation and trusts that the UNOG Division of Administration is able to define acceptable proof of residence, using for example documentation similar to that required for rental subsidy as reference. OIOS would like to point out, that once the staff members are given the chance to update and clarify their residential status, and as long as HRMS makes sure that personnel status files, 'carte de légitimation' files and IMIS details correspond and are updated on a regular basis, the burden of proof rests with the staff member henceforth (Staff Regulation 1.1 (b) in relation with Staff Rule 104.4 (a), (b), (e)).¹ Appropriate disciplinary action will be undertaken against those staff members found to have submitted a false declaration in this regard.

¹ Please note that the last two sentences of the "application for a "carte de légitimation" in respect of a staff member"- form read: "I hereby certify that the above-mentioned statements are true and that I am not of Swiss nationality. I shall notify the Personnel Service of any change in my status as described above."

46. *The UNOG Division of Administration accepted Recommendation 11 and stated that UNOG is currently reviewing the cases mentioned in the report and will take corrective measures if appropriate.*

(b) Mother tongue tuition

47. For mother tongue tuition, OIOS noticed that the hourly rates paid to teachers differed quite substantially, and were sometimes excessive. In one case, the tuition was as much as CHF 120 per hour, more than one and a half times the hourly rate paid for UN short-term language staff. OIOS also observed that the credentials for the teachers varied, and not all the teachers supplied information pertaining to their qualifications. While appreciating that there is a threshold for the payment of language tuition, consideration should be given to limiting the hourly rate reimbursable to that paid to UN short-term language teachers.

Recommendation:

- The UNOG Human Resources Management Service should limit the maximum reimbursement for mother tongue tuition to the hourly rates paid to UN short-term language teachers. Also, amounts should only be reimbursed on evidence that the language training has been provided by an appropriately qualified teacher (Rec. 12).

48. *The UNOG Division of Administration did not accept the Recommendation claiming that as a threshold already exists for HRMS' certification, it would be counterproductive to establish another threshold.* OIOS reiterates that, even though an overall annual threshold of the maximum payable is established, it is not appropriate that hourly rates in excess of those paid to the UN short-term language teachers, which are already high in comparison to the prevailing market rates, are accepted and paid by UNOG.

V. ACKNOWLEDGEMENT

49. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the staff of the Human Resources Management Service and the Financial Resources Management Service.

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