



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

AA – ICTR (010/05)

18 July 2005

TO: Mr. Adama Dieng, Registrar
International Criminal Tribunal for Rwanda (ICTR)

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

SUBJECT: **Audit of ICTR Administration of Entitlements - Home leave, rental subsidy and security allowance (AA2004/260/02)**

1. I am pleased to submit the final report on the audit of ICTR Administration of Entitlements – Home leave, rental subsidy and security allowance, which was conducted in December 2004 and January 2005 in Arusha by Ms. Mona Romilly and Ms. Doremieke Kruithof. A draft of the report was shared with the Chief, Human Resources Planning Section in May 2005, whose comments, which were received in June 2005, are reflected in the attached final report, in italics.
2. I am pleased to note that all/most of the audit recommendations contained in this final Audit Report have been accepted and that the Human Resources Planning Section has initiated their implementation. The table in paragraph 35 of the report identifies those recommendations, which require further action to be closed.
3. I would appreciate if you could provide Ms Mona Romilly with an update on the status of implementation of the audit recommendations not later than 30 November 2005. 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.
4. 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.
5. I would like to take this opportunity to thank you and your staff for the assistance and cooperation extended to the audit team.

Attachment: Final report and Client Satisfaction Survey

cc: Ms. M. Lee, Chief, Division of Administrative Support Services (by e-mail)
Mr. E. Anguesomo, Chief, Human Resources Planning Section (by e-mail)
Mr. S. Goolsarran, Executive Secretary, UN Board of Auditors (by e-mail)
Mr. M. Tapio, Programme Officer, OUSG, OIOS (by e-mail)
Mr. C. F. Bagot, Chief, Nairobi Audit Section, IAD II, OIOS (by e-mail)
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**Office of Internal Oversight Services
Internal Audit Division II**

Audit Report

**Audit of ICTR Administration of Entitlements - Home leave, rental subsidy and
security allowance
(AA2004/260/02)**

Report Date: 18 July 2005

**Auditors: Mona Romilly
Doremieke Kruithof**



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

**Audit of ICTR Administration of Entitlements - Home leave and rental subsidy
and security allowance (AA 2004/260/02)**

EXECUTIVE SUMMARY

From December 2004 to January 2005, OIOS conducted an audit of ICTR Administration of Entitlements – home leave, rental subsidy and security allowance. The audit covered activities with a total expenditure of US\$6.2 million in 2003 and 2004. Whilst OIOS is pleased to note that the arrangements in place were generally in compliance with UN Regulations and Rules, OIOS noted a number of areas where there was scope to improve the efficiency and effectiveness of current arrangements.

Home Leave

To further enhance existing initiatives explaining to ICTR staff their entitlement to home leave and how to make claims, OIOS recommended that an internal circular should be issued consolidating existing guidance into one circular which should be placed on the ICTR's bulletin board. OIOS also recommended that statistics should be collected on the time required to process home leave requests for the establishment of targets, milestones and a system for tracking and collecting information.

Rental Subsidy

In the opinion of OIOS, ICTR Personnel Administration Unit needed to request the Office of Human Resources Management (OHRM) to provide ICTR with details of rental subsidy paid to staff members to assist the Unit in verifying the accuracy of the information in IMIS. OIOS also recommended that the procedures for applying and receiving rental subsidy be communicated to staff members explaining the documentation required and how staff will be notified of rental subsidy calculations paid in the salary.

In view of the imminent closure of ICTR and the resulting decrease in demand for rented accommodation, the rental ceilings established in 2001 should be reviewed.

Security Allowance

OIOS recommended that ICTR conduct random checks at staff members' residences to ensure that security allowances paid to staff members are justified. In addition, periodic reviews needed to be conducted to ensure that allowances were in line with prevailing local conditions.

July 2005

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I. INTRODUCTION

1. This report discusses the results of an OIOS audit of ICTR Administration of Entitlements - home leave, rental subsidy and security allowance, which was carried out between December 2004 and January 2005 in accordance with the International Standards for the Professional Practice of Internal Auditing.

(a) Home Leave

2. Staff members regarded as international recruits under staff rule 104.7 (a) and not excluded from home leave under staff rule 104.7 (c), who are residing and serving outside their home country and who are otherwise eligible, shall be entitled once in every two years of qualifying service to visit their home country at the expense of the United Nations for the purpose of spending in that country a reasonable period of annual leave. Leave taken for this purpose and under the terms and conditions set forth in this rule shall hereinafter be referred to as home leave. Under the terms and conditions established by the Secretary General, eligible staff members serving at designated duty stations having very difficult conditions of life and work shall be granted home leave once in every twelve months.

(b) Rental Subsidy

3. The rental subsidy scheme operates as part of the UN post adjustment system. The aim of the scheme is to facilitate the settlement of new staff members and to encourage mobility within the common system by subsidizing the rental costs of eligible staff members whose rental accommodations are of reasonable standard but cost significantly more than the average for the duty station.

4. Rental subsidy is processed by the Office of Human Resources Management (OHRM) at UN Headquarters (UNHQ). Staff members submit the completed application with supporting documents to the Human Resource Assistant in the Personnel Administration Unit, ICTR, who after certification by the Human Resources Officer forwards the application to OHRM for processing.

(c) Security Allowance

5. In accordance with UNSECOORD's Directive, SD/2003/6 on Residential Security Measures, the Deputy United Nations Security Coordinator approved new Minimum Operating Residential Security Standards (MORSS) for Tanzania on 20 April 2004 and Rwanda on 30 December 2004. In conjunction with its implementation, ICTR Administration decided to introduce a security lump sum allowance as of 1 July 2004 for staff members in Arusha and 1 April 2005 for Kigali. Prior to the introduction of the lump sum allowance, staff members were reimbursed 80 per cent of expenditure on security measures in accordance with Section B of the United Nations Field Security Handbook effective from 1 January 1995.

6. A draft of this report was shared with the Chief, Human Resources Planning Section 26 May 2005 whose comments, which were received on 30 June 2005, have been reflected in the report in italics. The Human Resources Planning Section has accepted most of the recommendations made and is in the process of implementing them.

II. AUDIT OBJECTIVES

7. The overall objective of the audit was to advise the Registrar, ICTR on the adequacy of arrangements for handling staff entitlements. This involved:

- a) Assessing the adequacy, effectiveness and efficiency of internal controls in the administration of home leave, rental subsidy and security allowance;
- b) Evaluating whether adequate guidance and procedures were in place;
- c) Determining the reliability and integrity of the data available from the present systems; and
- d) Reviewing compliance with UN Regulations and Rules, and administrative instructions.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit focussed on the adequacy of ICTR's arrangements for processing home leave, rental subsidy and security allowance for the period January 2003 to December 2004. It included a review and assessment of internal control systems, interviews with staff, analysis of applicable data and a review of the available documents and other relevant records.

9. The number of ICTR staff members eligible for home leave is approximately 600 international staff based in Arusha, Kigali, The Hague and New York. A total of approximately 330 staff members went on home leave in 2003 at a cost of approximately US\$2 million and 250 staff members in 2004 at a cost of approximately US\$2.7 million.

10. Based on information provided by OHRM at UNHQ, approximately 94 staff members spread over three duty stations received rental subsidy in 2003 at a cost of approximately US\$124,000 and 40 in 2004 at a cost of approximately US\$57,000.

11. A total of approximately 380 staff members claimed security allowance of approximately US\$730,000 in 2003. As a result of the introduction of a lump sum payment for security at ICTR, Arusha from 1 July 2004, expenditures increased to US\$ 1.4 million in 2004 (US\$758,000 in lump sum payments and US\$643,000 for security reimbursement).

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Home Leave

(a) Guidelines on home leave

12. OIOS was pleased to note the proactive stance taken by ICTR in issuing guidance to staff in 2001, 2002, and 2004, explaining their entitlement to home leave and how to go about making claims. The effectiveness of this worthwhile initiative was reduced because the current guidance did not cover all aspects of home leave and the current guidance was not easy to follow being spread over a number of different circulars that have been placed on ICTR's bulletin board.

Recommendation:

To further enhance existing initiatives explaining to ICTR staff their entitlement to home leave and how to make claims, Human Resources Planning Section should issue an internal circular consolidating existing guidance into one circular, ensure its completeness, and consider placing the guidance on the ICTR's bulletin board, together with electronic copies of forms (Rec. 01).

13. *ICTR commented that it has taken note of the Audit Observation and in line with the practice of apprising staff members of their entitlements, all the home leave circulars as well as relevant and the attendant forms will be consolidated for the attention of all staff members.* OIOS notes the response and will close the recommendation upon receipt of a notification that ICTR has issued an internal circular consolidating existing guidance into one circular, ensure its completeness, and consider placing the guidance on the ICTR's bulletin board, together with electronic copies of forms.

(b) Administration of home leave

14. The Personnel Administration Unit administers the home leave of staff members based in Arusha, Kigali and The Hague. Staff members based in New York are administered by the Office of Human Resources Management at UN Headquarters (UNHQ). OIOS was satisfied that the Unit was able to cope with the different classes of duty station.

(c) Entitlement to home leave

15. From a total sample of 73 files over the years 2003 and 2004, OIOS noted that there was no consistency in the use of the forms designed to assist the Human Resource Assistants in processing the entitlement to home leave or type of home leave.

Recommendation:

To assist in processing the home leave entitlement, Human Resources Planning Section, should issue an internal circular to their staff outlining the forms that should be completed by the Human Resource Assistants prior to submission to the Human Resources Officer for certification (Rec. 02).

16. *ICTR commented that the above observations are noted and we would like to comment that this is being done. Human Resources Assistants are constantly apprised of new forms the latest being the new lump sum form. It is to be noted that HR Officers do not certify any home leave travel without the completed leave request, and home leave points.* OIOS thanks ICTR for the clarification and is not in disagreement with the statement made. OIOS is concerned with the absence of any guidance to assist Human Resource Assistants in ensuring that forms are used correctly and in a consistent manner. OIOS will therefore leave the recommendation open pending clarification from ICTR on how they ensure consistent and accurate use of forms by Human Resource Assistants.

(d) Processing of home leave requests

17. OIOS found that the time to process a request could vary between two days and two months. The Units involved in processing home leave requests, Personnel Administration Unit, the Travel Unit and the Payment Unit, had not established timeframes for the processing of home leave requests and no-one was undertaking any monitoring. Consequently, ICTR could not demonstrate the efficiency and effectiveness of current arrangements.

Recommendation:

To ensure the timely processing of home leave requests, ICTR Personnel Administration Unit should collect statistics on the time required to process home leave requests for the establishment of targets, milestones and a system for tracking and collecting information (Rec. 03).

18. *ICTR commented that the audit recommendation is noted and HRPS will act accordingly.* OIOS notes the response and will close the recommendation upon receipt and review of the mechanism and procedures put in place to collect statistics on the time required to process home leave requests for the establishment of targets, milestones and a system for tracking and collecting information.

(e) Taking home leave with less than six months remaining on a contract

19. OIOS was satisfied with the adequacy of current arrangements which required that staff members sign a letter confirming that should the contract not be extended the cost of home leave will be deducted from their repatriation grant.

(f) Submission of travel claims within ten working days

20. OIOS noted that there was no mechanism for the automatic identification of staff who did not submit their travel claims or PT.165 within the stipulated time of two calendar weeks after returning from home leave, in accordance with ST/AI/2000/20 (Official Travel).

(g) Accounting for travel advances

21. In addition, if ICTR provided the ticket, the cost was charged to the travel budget line and was not reflected as a receivable to the staff member pending submission of the claim. The amount received under the lump-sum option was also charged directly against the travel budget line. Any outstanding claim would therefore only be detected when the staff member was due to go on home leave again.

Recommendation:

To ensure that home leave travel claims of ICTR staff members receiving tickets from the organization or amounts under the lump-sum option, are submitted in a timely manner, the Human Resources Planning Section should establish a monitoring mechanism to identify staff members who have not submitted travel claims within the stipulated time of two calendar weeks and request the Finance Section to initiate recovery action as provided by Section 11.2 of ST/AI/2000/20 on Official Travel (Rec. 04).

22. *ICTR commented that HRPS endorses this recommendation. Before the audit observation, HRPS had discussions with ITSS with a view to establish a tracking mechanism in the FPMS for all staff members defaulting on the timely submission of travel claims. This will be in place as soon as the technical requirements are addressed.* OIOS thanks ICTR for the clarification and will close the recommendation upon notification of the monitoring mechanism to identify staff members who have not submitted travel claims within the stipulated time of two calendar weeks and request the Finance Section to initiate recovery action as provided by Section 11.2 of ST/AI/2000/20 on Official Travel.

B. Rental subsidy

(a) Processing of rental Subsidy by OHRM

23. The decision on the eligibility for payment of rental subsidy is made by the Personnel Administration Unit based on the documents submitted by the staff member. After certification by one of the Human Resources Officers, the documents are submitted to OHRM for entry into IMIS and computation. According to information provided by OHRM in December 2004, 62 staff members received rental subsidy in 2003 and 17 in 2004. At the time of the audit, no information had been provided to the Human Resources Planning Section to confirm that the correct amount was charged to ICTR. OIOS was concerned about the lack of this control and requested OHRM, in December 2004, to provide a printout and supporting information to enable a reconciliation to be carried out. OIOS received a printout in March 2005, which showed no information such as staff members' index numbers and payments made, on thirteen staff members. OIOS referred the matter back to OHRM and was sent an updated printout at the end of April 2005 which showed that 94 staff members received rental subsidy in 2003 of which 30 were retroactive payments and 40 in 2004 of which 12 represented retroactive amounts. From a sample of 13 staff members, payments received in 2003 were verified and amounts agreed to the printout. 7 out of the sample also received rental subsidy in 2004 and the amounts were confirmed from payslips requested. Given the different printouts provided by OHRM, OIOS is very concerned that OHRM could be charging ICTR incorrect amounts for rental subsidy, in the absence of any controls over the work performed. *ICTR commented that OHRM is being contacted for the quarterly remittance to HRPS of details of rental subsidy paid to staff members.* OIOS thanks ICTR for the prompt action taken and no further action is proposed.

(b) Guidelines on rental subsidy

24. In a circular dated 12 October 2001 staff members were informed of the maximum reasonable rent for the calculation of rental subsidy and were provided with ST/AI/2000/16 (Rental Subsidies and Deductions). No guidance was provided on documents required to support an application, and there was no evidence to show that staff members were informed about how the rental subsidy received was calculated. In addition, there was no checklist to assist the Human Resource Assistants in vetting rental subsidy applications prior to sending them to OHRM for processing.

Recommendations:

To ensure that ICTR staff members are informed of the procedures for applying and receiving rental subsidy, the ICTR Personnel Administration Unit should issue an internal circular to staff members

explaining the documentation required to support an application for rental subsidy and how staff will be notified of rental subsidy calculations paid in the salary (Rec. 05).

To ensure that rental subsidy documentation submitted by ICTR staff members is in accordance with ST/AI/2000/90 (Rental subsidies and deductions) the ICTR Personnel Administration Unit should develop a checklist to assist Human Resource Assistants in checking the completeness and accuracy of documentation provided (Rec. 06).

25. *ICTR commented that the recommendations are noted. HRPS has issued circulars in the past and will prepare a comprehensive checklist for staff members accordingly. OIOS notes the response and will close:*

- Recommendation 5 upon receipt of a copy of the internal circular to staff members explaining the documentation required to support an application for rental subsidy and how staff will be notified of rental subsidy calculations paid in the salary.
- Recommendation 6 upon receipt of a copy of the checklist to assist Human Resource Assistants in checking the completeness and accuracy of rental subsidy documentation provided.

(c) Rental ceiling

26. OIOS is of the opinion that with the imminent closure of ICTR and a possible decrease in rents at the duty stations in Arusha and Kigali, the current rental ceiling, which had been established in 2001, should be reviewed.

Recommendation:

To ensure the reasonableness of the rental ceiling in Arusha and Kigali, established in 2001, ICTR Personnel Administration Unit should collect and consider updated information on the reasonable maximum rent levels (Rec. 07).

27. At the time of issuing the report OIOS had not received any comment on this recommendation, which will be kept open pending clarification from ICTR on whether it intends to collect and consider updated information on reasonable maximum rent levels.

(d) Reapplication of rental subsidy

28. ST/AI/2000/16 Section 4.2 states that staff members shall reapply annually for a rental subsidy, indicating all changes that may affect their individual situation and the amount of the rental subsidy to which they are entitled. 23 of the 94 staff members paid rental subsidy in 2003, also received rental subsidy in 2004. OIOS sampled 7 of the 23 cases to ensure that a re-application was made. Six of the staff members had re-applied for rental subsidy in 2004 but the application form for one of the staff members was not on file. OIOS felt that although adequate arrangements were in place, the process could be enhanced if staff were sent a reminder that rental subsidy would be withdrawn unless the staff member confirmed no change in circumstances. In view of the small number of cases, OIOS is not raising any formal recommendation.

C. Security Allowance

29. Between the period 1 January 2003 and 30 June 2004 in accordance with Section B of the United Nations Field Security Handbook, staff members were reimbursed for 80 percent of the amount expended on security measures at their residences up to maximum cost of US\$1,000 for the installation of security bars, US\$200 for hiring a security alarm system and US\$300 for hiring security guards. From 1 July 2004, ICTR Headquarters streamlined its residential security allowance scheme reimbursing security costs on the basis of a monthly lump-sum payment, which is included in the payroll of the staff member. For ICTR – Kigali the lump-sum security payment was introduced in February 2005 and payment would be reflected in the staff member's salary as of 1 April 2005. This payment is based on a self-certification procedure whereby staff members complete a declaration confirming that residential security measures approved by UNSECOORD are employed. In conjunction with the Security and Safety Section, OIOS conducted a random check of the residences of ten staff members and verified payments made for security services. Although no problems were found, OIOS was concerned that there is no mechanism in place for random checks to be carried out to justify the security allowance paid.

Recommendation:

To ensure that security allowances paid to ICTR staff members are justified, ICTR Personnel Administration Unit should liaise with ICTR Safety and Security Section to conduct random checks at staff members' residences (Rec. 08).

30. *ICTR commented that the Security reimbursement form certified by HRPS on behalf of staff members only confirms their status as staff members of the ICTR and not the number of Security Guards they have at their premises. This recommendation is being further reviewed in the light further clarification expected from the Auditors.* OIOS thanks ICTR for the clarification and will close the recommendation upon receipt of the mechanism and procedures put in place for conducting random checks to confirm that staff members have taken the necessary action to justify receipt of the security allowance. Should ICTR request assistance, OIOS is willing to provide advice on the development of the mechanism and the procedures.

31. OIOS was satisfied that ICTR was implementing the Minimum Operating Residential Security Standards (MORSS) for Tanzania, which UNSECOORD had authorised as being appropriate for Tanzania. There were however no provisions made in the internal circular for the periodic review of the allowance. OIOS felt that a review was needed to ensure that allowances were in line with prevailing local conditions.

Recommendation:

To ensure that the security allowance paid to ICTR staff is in line with prevailing local conditions, a mechanism should be put in place for conducting periodic reviews of conditions at the duty stations in Arusha and Kigali (Rec. 09).

32. *ICTR commented that this will be done in consultation with the Country UNDP Offices.* OIOS thanks ICTR for the information provided and will close the

recommendation upon notification that a mechanism has been put in place for conducting periodic reviews of security conditions at the duty stations in Arusha and Kigali to determine whether changes are needed in the level of security allowance.

33. OIOS sampled 40 of the 380 staff members receiving lump-sum security allowances during July to December 2004 and checked whether the declaration had been adequately obtained and processed by the Human Resources Planning Section and the Accounts Unit. Declarations were found for all staff members and OIOS was satisfied that the lump-sum payments were adequately processed.

V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS

34. OIOS monitors the implementation of its audit recommendations for reporting to the Secretary-General and to the General Assembly. The responses received on the audit recommendations contained in the draft report have been recorded in our recommendations database. In order to record full implementation, the actions described in the following table are required:

| Recommendation No. | Action Required |
|--------------------|---|
| Rec. 01 | Notification that ICTR has issued an internal circular consolidating existing guidance into one circular, ensure its completeness, and consider placing the guidance on the ICTR's bulletin board, together with electronic copies of forms. |
| Rec. 02 | Clarification from ICTR on how they ensure consistent and accurate use of forms by Human Resource Assistants. |
| Rec. 03 | Receipt and review of the mechanism and procedures put in place to collect statistics on the time required to process home leave requests for the establishment of targets, milestones and a system for tracking and collecting information. |
| Rec. 04 | Notification of the monitoring mechanism to identify staff members who have not submitted travel claims within the stipulated time of two calendar weeks and request the Finance Section to initiate recovery action as provided by Section 11.2 of ST/AI/2000/20 on Official Travel. |
| Rec. 05 | Copy of the internal circular to staff members explaining the documentation required to support an application for rental subsidy and how staff will be notified of rental subsidy calculations paid in the salary. |
| Rec. 06 | Copy of the checklist to assist Human Resource Assistants in checking the completeness and accuracy of rental subsidy documentation provided. |
| Rec. 07 | Clarification from ICTR on whether it intends to collect and consider updated information on reasonable maximum rent levels. |

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|---------|--|
| Rec. 08 | Receipt of the mechanism and procedures put in place for conducting random checks to confirm that staff members have taken the necessary action to justify receipt of the security allowance. |
| Rec. 09 | Notification that a mechanism has been put in place for conducting periodic reviews of security conditions at the duty stations in Arusha and Kigali to determine whether changes are needed in the level of security allowance. |

VI. ACKNOWLEDGEMENT

35. I wish to express my appreciation for the assistance and cooperation extended to the audit team by staff and management of the Personnel Administration Unit of ICTR.

Egbert C. Kaltenbach, Director
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Office of Internal Oversight Services