



INTERNAL AUDIT DIVISION I  
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Ms. Carolyn McAskie  
A: Special Representative of the Secretary-General,  
ONUB

DATE: 21 March 2006

REFERENCE: AUD-7-5:78 (00159/06)

THROUGH:  
S/C DE:

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

A handwritten signature in black ink, appearing to read 'Dagfinn Knutsen', written over the printed name.

SUBJECT: **OIOS Audit No. AP2005/648/15: Fraudulent travel claims in ONUB**  
OBJET:

1. I am pleased to present herewith the final report on the above-mentioned audit, which was conducted between June and October 2005.
2. We note from your response to the draft report that ONUB has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendations 3, 4 and 5 in the OIOS recommendations database. In order for us to close the remaining recommendations (1 and 2), we request that you provide us with the additional information as discussed in the text of the report and a time schedule for its implementation. Please refer to the recommendation number concerned to facilitate monitoring of its implementation status. Please note that OIOS will report on the progress to implement its recommendations, particularly those designated as critical (i.e. recommendations 3 and 5) 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.
4. I take this opportunity to thank the management and staff of ONUB for the assistance and cooperation provided to the auditors in connection with this assignment.

### I. INTRODUCTION

5. In May 2005, a memo from the Mission's Chief of Administrative Services (CAS) to the Chief Administrative Officer (CAO) identified 28 cases of suspected fraudulent travel claims that were submitted by Mission personnel for hotel accommodation expenses in various locations in Bujumbura and the regions in Burundi. Additionally, other individuals were identified who had

claimed and been paid, based on documentation that were also suspected to be fraudulent. The cases were identified by staff members of the Finance Section while undertaking an internal control review process within the Finance Section. Although the total value involved was low, it was agreed that a review was required, since there was likelihood that fraudulent claims were being regularly submitted. Due to limited personnel resources within the Mission, the OIOS Resident Auditor took the lead in reviewing the travel claims assisted by an Investigation Officer from the Mission's Security Section. Also, input was provided by the Finance Section. The review involved 31 Military Observers (MILOBs) who had submitted 224 travel claims valued at approximately \$15,885 (Annex II).

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

## **II. AUDIT OBJECTIVES**

7. The main objectives of the review were to establish if the suspected travel claims were in fact fraudulent and, wherever possible, identify the circumstances that facilitated the fraud to be perpetrated.

## **III. AUDIT SCOPE AND METHODOLOGY**

8. The review concentrated on those ONUB personnel who had submitted their claims but had not yet been paid and were soon to leave the Mission on completion of their tour of duty. In some cases, the Finance Section had already taken corrective action. The Investigation Officer visited each of the hotels identified (Annex I) to establish with the hotel management whether the accommodation expenses claimed were valid. Upon conclusion of visits to the hotels, the Investigation Officer handed the travel claims in stages to OIOS' Resident Auditor for analysis.

## **IV. OVERALL ASSESSMENT**

9. OIOS commends the Finance Section for being vigilant and detecting the fraudulent travel claims and the additional measures it has put in place to avoid paying any fraudulent claims. The Mission needs to determine the validity of 224 travel claims amounting to \$15,885 and take corrective action as appropriate, particularly against staff members who submitted fraudulent claims. As most of the fraudulent travel claims were submitted by Military Observers (MILOBs), some induction training could be given to them to familiarize with UN procedures. Also, adherence to UN regulations and rules to ensure timely submission of claims should be enforced in accordance with ST/AI/257. Based on the audit results, ONUB Administration had taken steps to address most, if not all, control weaknesses.

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

### Validity of travel claims

10. Travel claims from 31 Mission personnel were reviewed. The review included repeated visits to 19 hotels (Annex I) in the Bujumbura area by the Investigation Officer with varying degrees of success. Approximately 224 travel claims (Annex II) with approximately 232 separate invoices for accommodation expenses were checked. The results are as follows:

- The review found 22 travel claims (F.10) submitted by 10 Military Observers (MILOBs), valued at about \$1,239, to be valid.
- A total of 191 travel claims valued at \$13,903 involving 23 MILOBs consisted of invoices fraudulently submitted for payment.
- The Investigation Officer could not substantiate 11 travel claims valued at \$743 involving 4 MILOBs as the hotel either did not cooperate or keep proper records. A further investigation is desirable to determine validity of these claims.

### **Recommendations 1 and 2**

ONUB Administration should:

- (i) Process for payment the 22 valid travel claims valued at \$1,239 submitted by 10 Military Observers. The 191 fraudulent travel claims valued at \$13,903 should not be paid and disciplinary action should be initiated against the 23 Military Observers involved (AP2005/648/15/01); and
- (ii) Determine the validity of the 11 unsubstantiated travel claims valued at \$743 involving 4 Military Observers (AP2005/648/15/02).

11. *ONUB accepted recommendation 1 and stated that the valid claims have been processed and transferred to the respective military observer's bank accounts. The funds have been retained for the other cases and there was no loss to the Organization. The cases were subject to the findings of this audit and upon completion the cases will be forwarded to the Conduct and Discipline Unit. Unfortunately, while awaiting the findings of the audit the Military Observers were repatriated.* OIOS disagrees with the Mission's contention that recoveries could not be effected from repatriated Military Observers due to the delay in receiving the findings of this audit. The audit took place between June and October 2005, and draft findings were communicated to ONUB in writing promptly, on 22 November 2005. ONUB had also provided a written response to these findings, dated 19 December 2005. Therefore, the argument of delay in receiving the audit findings is untenable. Recommendation 1 remains open pending clarification from ONUB as to the reasons for the Mission's failure to effect recoveries from the concerned Military Observers.

12. *ONUB did not accept recommendation 2, stating that it referred the 11 unsubstantiated travel claims to the OIOS Resident Auditor for investigation as the claims were suspected fraudulent and the Administration was unable to establish validity. OIOS should forward the cases to the resident Investigations Division Unit of OIOS for further investigation.* OIOS believes that the Mission should submit these cases to OIOS Resident Investigators, since the terms of reference for OIOS resident auditors, which were communicated to ONUB when the Resident Audit Office was first established in Bujumbura, clearly do not include investigations. Recommendation 2 remains open pending confirmation by ONUB that these claims have been referred to OIOS Resident Investigators for action.

### Problems identified with travel claims

13. The review of 224 travel claims involving 232 separate invoices relating to the 31 MILOBs showed most claims as invalid for a combination of reasons (Annex II):

- The invoice was not consistent with the actual invoice format used by the hotel. The review could not establish how these false invoices were obtained.
- No corresponding copy of the invoice was held by the hotel.
- No record of the individual staying on the days claimed was available at the hotels.
- Reimbursement claimed was in excess of the room rates charged by the hotel.
- The room number indicated in the invoice did not exist.
- The ink stamp authenticating the invoice was not the same as the one used by the hotel. The review could not determine how the ink stamps were obtained although unsubstantiated advice from one Hotelier was that the stamps and the simple receipt book could be obtained locally in the Buyenzi market place, which is an out of bounds area in Bujumbura for ONUB staff.
- The review showed that invoices submitted for one hotel were blank and had been filled out later, after the Movement of Personnel (MOP) was signed. However, no written statement was given by this individual.
- Whilst some MILOBs submitted both valid and fraudulent invoices, OIOS noted that some hotels also had cases where both valid and false invoices were submitted. The review could not determine whether the invoices were always submitted voluntarily or not.
- When comparing both invoice types, it was difficult to detect the differences. In some cases the serial number sequence was the main distinguishing feature that the hotel was able to identify as a 'number not used' for the room rental dates shown. Basic receipt book invoices stamped with the hotel name and initialled were also submitted as proof of payment. Again, the hotels in question were able to show their standard invoice format as well as authenticating stamps, which were different.

### **Recommendation 3**

ONUB Administration should consider giving Military Observers, both newly arrived and those still serving in the Mission, an induction training on the correct process for submitting travel or other related types of claims. They should be reminded that submitting fraudulent claims may result in immediate repatriation and disciplinary measures (AP2005/648/15/03).

14. *ONUB accepted recommendation 3 advising that all MILOBS undertake induction training when they report to the mission, which includes a briefing by Finance Section on submitting claim forms. The need to exercise integrity when submitting claims is being emphasized during the briefings.* Based on the Mission's response, recommendation 3 has been closed.

#### Timely submission of travel claims

15. OIOS noted that more than 145 claims submitted early in 2005, related to travel and accommodation expenses that had occurred between September and December 2004. This violates ST/AI/257 section 19, which states that the traveller is required to submit a travel expense reimbursement claim on F-10 within two weeks after completion of travel.

#### **Recommendation 4**

ONUB Administration should issue a circular reminding staff members to submit travel expense reimbursement claims on F-10 forms within two weeks after completion of travel in accordance with section 19 of ST/AI/257 (AP2005/648/15/04).

16. *ONUB accepted recommendation 4 and commented that the need to observe the two weeks' submission period is being emphasized during the orientation briefings for all ONUB staff members. Due to limited duration of the MILOBS in the mission, the ones that were involved in the fraudulent claims rotated even before this investigation was over and the new ones are well informed.* Based on the Mission's response, recommendation 4 has been closed.

#### Hotels found to be uncooperative

17. OIOS noted that of the 19 hotels used, all but 3 cooperated with the investigating officer when verifying authenticity of invoices obtained from their hotels (Annex I). Repeated visits were undertaken due to an initial reluctance from some and also the need to give the hotels time to gather their records. The 3 hotels that did not cooperate either gave only verbal confirmation that the individual(s) stayed at their hotel but would not cooperate further or did not keep a register or document trail making it difficult to establish the validity of the invoices.

#### **Recommendation 5**

ONUB Administration should issue an administrative circular publishing an approved list of hotels advising ONUB staff that expenses will be reimbursed from those hotels listed. The list should exclude those hotels in Burundi found to have issued fraudulent invoices, unwilling to cooperate with the ONUB review or did not maintain any register or document trail (AP2005/648/15/05).

18. *ONUB accepted recommendation 5 advising that while the investigations were taking place, a circular (IC.45/2005) was issued on 28 July designating one hotel that all staff staying overnight in Bujumbura could seek accommodation. This arrangement was for a period of three*

*months. During this period, the hotel billed ONUB directly for the cost of accommodation at negotiated preferential rates with all supporting documentation, thereby eliminating the need for staff to submit an F10 claim. This was revised and expanded to include six hotels on 1 November 2005 through circular IC.57/2005. The hotels are required to send reports to Finance Section every time service has been provided to ONUB personnel. This report must reach Finance Section within 5 working days after ONUB personnel have completed their stay. The report is compared with the F10 claim eventually submitted to Finance by ONUB staff for payment. OIOS acknowledges ONUB's actions and hereby closes recommendation 5.*

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations  
Mr. Philip Cooper, Acting Director, ASD/DPKO  
Mr. Karsten Herrel, Chief Administrative Officer, ONUB  
UN Board of Auditors  
Programme Officer, OIOS  
Mr. Malick Diop, Chief Resident Auditor, UNMIL

## ANNEX I

## Hotels Visited by ONUB Investigation Officer

Name of Hotel	Number of invoices	Comments
Le Cardinal Guest House	11	Good cooperation and confirmed all invoices were invalid , forged and rates exaggerated
Amahoro	1	Good cooperation, invoice confirmed valid
Arkador, Auberge	6	No record kept by the hotel; simple receipt book used and advised that hotel's copy disposed after payment
Cyrano Sofigest	9	Good cooperation, all were fraudulent invoices
De L'Amitie	46	Good cooperation, some valid and others were of forged rubber stamp
Le Doyen	38	Good cooperation, some valid while others fraudulent
Remhotel	5	Good cooperation
Rossignol	10	Good cooperation, forged rubber stamp
Safari gate	6	Good cooperation, all were false invoices
Source du Nil	69	Valid and false invoices submitted. Good cooperation but confirmation given verbally. No further cooperation.
Star Lodge	2	Verbal confirmation given. No further cooperation.
Palmo	4	Valid and invalid invoices submitted.
New Tourist	5	Good cooperation
Kare Guest House	5	Good cooperation, confirmed all invoices were false as dates do not match with hotel records
Kigobe	1	Good cooperation, invoice confirmed valid
Novotel	3	Good cooperation, all invoices confirmed false
St. Michel	7	Good cooperation, no record of such person staying at hotel- all invoices confirmed as false
Umubano, Maison de Passage	1	Hotel rate forged and exaggerated
Baze Lodge	3	Good cooperation, confirmed hotel rates forged and invalid
<b>Total invoices</b>	<b>232</b>	

## ANNEX II

## Travel claims submitted and reviewed to determine their validity

UN ID	Rank	Milob Name	Total No. of claims		Valid Claims		False Claims		Unverified Claims		Comments
			No of claims	Amount (US\$)	No of claims	Amount (US\$)	No of claims	Amount (US\$)	No of claims	Amount (US\$)	
MO 0031	Major	Alcala, I.	8	1,054.05	-	-	8	1,054.05	-	-	
MO 0033	Major	Jiang, C	18	1,176.12	3	153.03	15	1,023.09	-	-	
MO 0034	Major	Kassaye, M.	9	692.00	-	-	9	692.00	-	-	Already recovered
MO 0035	Major	Martinez, O.	2	124.54	-	-	2	124.54	-	-	
MO 0040	Major	Orlando, M.	2	155.68	-	-	2	155.68	-	-	
MO 0045	Major	Rivas, R.	4	310.93	-	-	4	310.93	-	-	
MO 0050	Major	Welikala, S.	1	13.32	1	13.32	-	-	-	-	
MO 0051	Major	Kodjo, N.	6	330.00	-	-	6	330.00	-	-	
MO 0057	Major	Traore, K.	3	858.83	-	-	3	858.83	-	-	
MO 0059	Captain	Cantrera, J.	4	238.74	-	-	4	238.74	-	-	
MO 0060	Major	De Leon, E.	2	963.68	1	373.00	1	590.68	-	-	
MO 0063	Captain	Mamadou, K.	1	168.00	-	-	1	168.00	-	-	
MO 0064	Major	Mahamane, D.	5	600.00	-	-	5	600.00	-	-	
MO 0072	Captain	Caveto, E.	3	120.09	-	-	3	120.09	-	-	
MO 0074	Major	Mahub, S.	5	188.52	5	188.52	-	-	-	-	
MO 0086	Captain	Saleh, A.	2	79.92	2	79.92	-	-	-	-	
MO 0089	Major	Abdelkaoui, S.	9	650.00	1	70.00	8	580.00	-	-	
MO 0134	Major	Ndegwa, E.	21	1,384.79	-	-	21	1,384.79	-	-	
MO 0137	Sqr. Ldr.	Henry, Y.	31	1,939.11	1	70.79	30	1,868.32	-	-	
MO 0148	Captain	Alksoun, A.	2	106.76	-	-	-	-	2	106.76	Unable to confirm validity, no record
MO 0152	Captain	Koffi, K.	1	120.00	-	-	-	-	1	120.00	Unable to confirm validity, no record
MO 0153	Captain	Dorouwa, N.	16	935.83	5	137.04	11	798.79	-	-	
MO 0156	Major	Lazare, Y.	6	336.35	-	-	-	-	6	336.35	Unable to confirm validity, no record
MO 0158	Major	Gaussou, C.	2	180.00	-	-	-	-	2	180.00	Unable to confirm validity, no record
MO 0163	Major	Doumbia, S.	2	82.76	2	82.76	-	-	-	-	
MO 0164	Major	Reda, T.	7	450.00	-	-	7	450.00	-	-	
MO 0170	Major	Zaier, I.	24	1,035.15	1	70.79	23	964.36	-	-	
MO 0171	Major	Nouni, H.	3	190.00	-	-	3	190.00	-	-	
MO 0172	Major	Snoussi, Z.	15	900.00	-	-	15	900.00	-	-	
MO 0206	Captain	Alfakih, K.	3	150.00	-	-	3	150.00	-	-	
MO 0207	Lt. Commander	Soowamrak, S.	7	350.00	-	-	7	350.00	-	-	
<b>31</b>	<b>Totals</b>		<b>224</b>	<b>\$15,885.17</b>	<b>22</b>	<b>\$1,239.17</b>	<b>191</b>	<b>\$13,902.89</b>	<b>11</b>	<b>\$743.11</b>	



UNITED NATIONS



OIOS Client Satisfaction Survey

Audit of: Fraudulent travel claims in ONUB

(AP2005/648/15)

	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 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"/>
<b>Your overall satisfaction with the conduct of the audit and its results.</b>	<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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