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

AUD: UNON (026/05)

14 February 2005

TO: Mr. Klaus Toepfer, Director-General  
United Nations Office at Nairobi (UNON)

FROM: Egbert Kaltenbach, Director  
Internal Audit Division II, Office of Internal Oversight Services (OIOS)

SUBJECT: **OIOS Audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance (AA 2004/211/03)**

1. I am pleased to submit the final report on the Audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance, conducted between August and September 2004 in Nairobi, Kenya by Obin Silungwe and Humphrey Kagunda. A draft of the report was shared with the Chief, Staff Administration Section in December 2004, whose comments, which were received and discussed in a series of meeting held in January 2005, have been reflected in the final report.

2. I am pleased to note that the audit recommendations contained in this final report have been accepted and that UNON has initiated their implementation. The table in paragraph 37 of the report identifies those recommendations, which require further action to be closed. Please note that we consider recommendations 4, 9, 10, and 11 as being of critical importance.

3. I would appreciate it if you could provide an update on the status of implementation of the audit recommendations not later than 31 May 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. 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.

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 audit report

cc: Mr. A. Barabanov, Chief, DAS, UNON (by e-mail)  
Mr. S. Elmi, Chief, HRMS, UNON (by e-mail)  
Ms A. J. Wilson, Chief, Staff Administration Section, UNON (by e-mail)  
Ms. A. Paauwe, OIOS audit focal point, UNON (by e-mail)  
Mr. S. Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. M. Tapio, Programme Officer, OUSG, OIOS (by e-mail)

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

# **Audit Report**

**Audit of UNON Administration of Entitlements – Education Grant and  
Dependency Allowance (AA 2004/211/03)**

**Report date: 14 February 2005**

**Auditors: Obin Silungwe  
Humphrey Kagunda**



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

**Audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance (AA 2004/211/03)**

**EXECUTIVE SUMMARY**

In August and September 2004, OIOS conducted an audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance. The audit covered approximately US\$4 million paid for education grant in 2003 to 318 staff members of UNON, UNEP and UN-HABITAT spread over 33 duty stations and covering approximately 500 eligible dependents. This audit followed up on work undertaken in 2002.

The audit found that SAS has made progress over the last two years in putting in place controls to safeguard the UN against losses and to ensure that staff receive appropriate entitlements. OIOS did identify some areas where controls over education grant entitlement could be further strengthened. Key areas for improved controls are:

- Guidelines to ensure that receipts or their equivalent are always provided in support of claims where costs have not been itemised on the Certificate of Attendance and Costs and Receipt for Payments (form P.41).
- Improved co-operation with Budget and Financial Management Services to ensure that education grant advances are recovered promptly and staff are not given further advances until the previous one is cleared; ten advances issued in June 2001 amounting to approximately US\$62,000 were still outstanding as at 31 August 2004.
- Discontinuing payment of dependency allowance when eligibility has not been confirmed. This issue was raised in the last audit and SAS has failed to take any action to discontinue payment of staff, who do not confirm eligibility.

Furthermore, more attention needs to be paid to improving the efficiency and effectiveness of the existing processes to enable SAS to demonstrate the reasonableness of resources allocated. Most notable was the need for a mechanism to enable SAS to track and monitor adherence to its target of one month to process education grant claim/advances.

OIOS also noted two areas where conditions for staff needed improvement and recommended that UNON, in co-operation with UNOG, approach the Office of Human Resources Management (OHRM) to suggest:

- Greater flexibility in offering on-line training as an alternative and not as an exception
- Approval to pay penalties imposed by schools when staff are required to move during a school year.

*In its response to the draft report, which OIOS received in January 2005, UNON indicated that it is taking actions in all the areas identified and OIOS would like to thank UNON for prompt action taken in response to its recommendations.*

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## **OIOS Audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance (AA 2004/211/03)**

### **I. INTRODUCTION**

1. This report discusses the results of an OIOS audit of UNON Administration of Entitlements – Education Grant and Dependency Allowance. The audit was carried out in August and September 2004 in accordance with the International Standards for the Professional Practice of Internal Auditing.

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. Staff members eligible for the education grant solely because of mission service as provided by staff rule 103.20 (d) shall also be subject to the following conditions (i) the staff member is detailed for a minimum period of six months to a mission area or, if initially for less than six months, is extended so that the continuous period of mission service is at least six months (ii) the education grant will be payable only in respect of the staff member's period of mission assignment.

4. Eligible staff members may claim the education grant when the following conditions are met;

- a) The child is in full-time attendance at an educational institution at the primary level or above while the staff member is in the service of the United Nations. Education shall be deemed "primary" for the purposes of this instruction when the child is five years or older at the beginning of the school year, or when the child reaches age five within three months of the beginning of the school year;
- b) The entitlement shall terminate when the child ceases to be in full-time attendance at an educational institution, or completes four years of post-secondary studies, or is awarded the first recognized post-secondary degree, whichever is earlier;
- c) There shall be no entitlement beyond the scholastic year in which the child reaches the age of 25, unless the child's education has been interrupted for more than one year by compulsory national service, illness or other compelling reason. In such cases, the grant may be extended for the period of interruption beyond the scholastic year in which the child reaches the age of 25.

5. In 2003, UNON paid a total of approximately US\$4 million to 318 staff members of UNON, UNEP and UN-HABITAT spread over 33 duty stations. The education grant involved approximately 500 qualifying dependents.

6. The UNON Staff Administration Section (SAS) is responsible for education grant claims. The Section is headed by a P-4, supported by 3 Professional (P) and 21 General Service (GS) staff. The Section comprises four Units; three serve UNON, UNEP and UN-HABITAT, and process education grant claims while one is responsible for maintaining personnel records and distributing information. SAS administers over 1500 UNON, UNEP and UN-HABITAT staff of which approximately 1,000 are based in Nairobi.

7. A draft of the report was shared with the Chief, SAS in December 2004 whose comments, which were received and discussed in a series of meeting held in January 2005, have been reflected in the final report.

## **II. AUDIT OBJECTIVES**

8. The overall objective of the audit was to advise Director-General UNON on the adequacy of arrangements for handling staff entitlements. This involved:

- (a) Assessing the administration of the education grant entitlement;
- (b) Evaluating the adequacy, effectiveness and efficiency of internal controls;
- (c) Evaluating whether adequate guidance and procedures were in place;
- (d) Determining the reliability and integrity of the data available from the present systems; and
- (e) Reviewing compliance with UN Regulations and Rules and Administrative Instructions.

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

9. The audit followed up on the work undertaken in 2002 (AA2002/01/1: UNON Staff Administration Section) and focussed on activities in 2003. It involved interviewing staff, reviewing available documents and using audit software to sample and analyse data. It also involved visiting ten schools in the Nairobi area, which covered 30 percent of the eligible dependents.

## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Education Grant Claims**

#### **(a) Prior year audit activities**

10. OIOS recommended that HRMS should develop education grant guidelines specifying eligible expenses, supporting documentation required and how staff members would be informed about the status of their claims. It was also recommended that the guidelines should contain a checklist showing the forms to be used and the expenses to be claimed and staff members should complete and sign a copy of the checklist to show

what documentation they have attached (AA2000/16/3/015). The recommendation was still not implemented when OIOS conducted its follow-up audit in 2002 and OIOS expanded its original recommendation to provide details of the type of information that might go on a checklist to assist Human Resources Officers in screening applications. OIOS recommended that the checklist should include such information as date of birth, contractual status, school certification of attendance, school year and school invoices; and identify which of these should be substantiated and what type of documentary evidence is acceptable (AA2002/01/01/018). Consequently, SAS issued a detailed memorandum to all staff outlining the procedures for the submission and processing of claims and a detailed checklist to be completed by the staff member when submitting the claims. The OHRM monitoring team who visited Nairobi in November 2003, commented in their report issued in March 2004, that, “the check list for education grant is exemplary and constitutes best practice which should be shared with other offices”. Whilst OIOS is pleased to see SAS get credit for the work done, the part of the recommendation requiring staff to be informed of the status of their claims and the collection of statistical data to monitor the processing time is yet to be implemented. The prior recommendations have been closed and the issue is taken up in recommendation 3 of this report.

(b) Processing claims when P.41/B (1-00) is not submitted

11. OIOS reviewed 40 out of 318 claimants, and noted that some staff members were not submitting receipted school bills to support their claims in cases where costs have not been itemized. Although actual receipts are not required when staff members submit a properly completed P.41 (4-99) form, OIOS is of the view that where expenses have been grouped together in lieu of itemizing, staff members should be requested by SAS to provide itemized receipts.

**Recommendation:**

To ensure adequate documentation to support education grant claims, Chief, Staff Administration Section, UNON, should amend existing checklists for use by SAS staff to ensure that receipts, or their equivalent, are always provided in support of claims, where costs have not been itemised on P.41 (4-99). SAS should also consider issuing a note to staff reminding them of this (Rec. 01).

12. *UNON commented that it has been a practice to request receipts only whenever the information on the P.41 (4-99) is incomplete or unclear. However, the checklist would be amended to ensure that receipts or their equivalent are always provided in support of claims where expenses have been grouped together. OIOS thanks UNON for the response and will close the recommendation upon receipt and review of the revised checklist and a note to staff reminding them of this.*

**B. Late Submission of Claims**

13. According to ST/IC/2002/5 Paragraph 15, late claims are subject to staff rules 103.15 (ii) and 212.5 on retroactivity of payments and will be paid only if they are submitted within one year following the date on which the staff member would have been entitled to the payment of the grant. OIOS had found adequate arrangements in place in prior audits and this audit reaffirmed that this continues to be an area, which is

well managed for staff handled directly by SAS. However, OIOS was concerned that claims relating to UNON, UNEP and UN-HABITAT staff at peacekeeping missions in East Timor (United Nations Transitional Administration in East Timor) and Jerusalem (United Nations Truce Supervision Organisation) were submitted over one year late and no explanation was on file explaining why. SAS explained that these claims were approved at UNHQ through the Department of Peace Keeping Operations and believed that the late payment was because of a backlog in New York. However, the date of submission by the staff member was not clear from the documentation. Whilst appreciating the explanation, OIOS maintains that SAS is accountable for the processing of these claims within the rules. OIOS is therefore of the opinion that SAS should ensure sufficient documentation is on file to support payment. Consequently, UNON should not process such payments without documentation confirming that late payment is not due to late submission on the part of the staff member.

### **Recommendation:**

To ensure that UNON Staff Administration Section (SAS) can demonstrate that its responsibilities under ST/IC/2002/5 have been properly discharged, Chief, Staff Administration Section, UNON, should request the Department of Peace Keeping Operations and other UN entities concerned to ensure that education grant claims to be processed by UNON are submitted on time or that the reasons for any late submission are properly documented (Rec. 02).

Chief, Staff Administration Section, UNON, should request the Department of Peace Keeping Operations to send a confirmation that the late request for payment was not the fault of any of the 9 staff members who submitted 19 claims (Rec. 03).

14. *UNON commented that DPKO has had a backlog of education grant claims dating back many years and they are currently clearing this backlog. SAS is providing a service to DPKO by settling claims already certified by them and IOVing their account. The only reason that SAS has to re-certify the claims is so that they could be settled in our IMIS system. Nevertheless, DPKO will be requested to provide documentation to support the re-certification of education grants on their behalf. OIOS thanks UNON for the clarification, which OIOS believes, is important to ensure that UNON can demonstrate that payments have been made in accordance with UN Regulations and Rules. OIOS will close:*

- a) Recommendation 2 upon receipt of the procedures developed to ensure that education grant claims to be processed by UNON on behalf of third parties are submitted on time or that the reasons for any late submission are properly documented.
- b) Recommendation 3 upon receipt of the confirmation that the late request for payment was not the fault of any of the 9 staff members who submitted 19 claims.

### **C. Delays in Processing Claims**

15. The follow-up on the audit of SAS in 2002 found arrangements for processing education grant claims to be adequate except for the lack of a system to ensure that

claims were processed within a targeted time frame and a system to collect statistical data to help monitor actual processing times (AA2002/01/01/019). SAS implemented the first part of the recommendation by incorporating the targeted time frame of one month for processing education grant into the service level agreement signed on 15 June 2004 between UNON HRMS and UNEP / UN-HABITAT. However, at the time of the audit SAS had done nothing to put in place a system to implement the second part of the recommendation and had no means to track adherence to this indicator. A review of claims, combined with discussion with SAS staff, suggested that SAS was not achieving the one-month target date. The absence of such a system means that SAS is unable to demonstrate the efficiency of its operations for processing claims and hence the adequacy of resources assigned to the task. The original recommendation is closed and replaced by the following one.

**Recommendation:**

To enable UNON Human Resources Management Service to assess the efficiency of its operations and to determine the adequacy of current arrangements for processing claims, Chief, Staff Administration Section, UNON, should implement a system similar to that currently used for travel claims, whereby all claims are date stamped when received and an e-mail is issued to staff informing them of the date of receipt of the claim and staff are subsequently informed when processing is complete. Following date stamping, a paper tracer form should be attached to each grant claim form and an electronic equivalent of the form should be created within Lotus Notes. This form should record the history of the grant claim within UNON and will show which staff member saw the claim form, the date they received the claim, and the date it left them. The form should have a box for review and signature by Chief, SAS and one year after the introduction of the system an analysis of the data should be conducted and the results of this review submitted to Chief, DAS for his consideration (Rec. 04).

16. *UNON commented that SAS will liaise with ITS to develop a system for tracking the processing of education grant and to record timelines.* OIOS notes the response and will close the recommendation upon notification of the implementation of a system for tracking the processing of education grant and to record timelines.

**D. Education Grant Travel**

17. OIOS reviewed 40 out of the 80 eligible dependents who received education grant travel in the period under review and concluded that arrangements for handling education grant appeared to be satisfactory with the exception of arrangements for ex-post facto approval. One staff member had his education grant travel approved six months after the travel took place. The staff member has now left the UN. Since OIOS considers this as an isolated case, no further action is recommended

**E. Recoveries of Education Grant Advance**

18. Inadequate arrangements exist for handling recoveries, including poor coordination with Budget and Financial Management Service (BFMS):

- a) Ten staff members' advances totalling approximately US\$62,000 remained outstanding since June 2001. According to ST/IC/2002/5 Section 11, recovery from staff members will take place automatically three months after the end of the academic year for Headquarters staff and four months after the end of the academic year for field staff. SAS management explained that recovery of advances was the responsibility of BFMS. OIOS emphasizes that HRMS and BFMS had a joint responsibility to bring to each other's attention such matters and work together to achieve a solution.
- b) Advances were at times authorised when the previous ones were not yet discharged which is not in accordance with ST/AI/2004/2 Section 6.3. Staff with the following index numbers received education grants before clearing in full the previous one: 155389, 176538, 276508, and 387194. Their total outstanding advances were approximately US\$10,000 and they obtained new advances totalling approximately US\$42,000. SAS explained that the responsibility to enforce this directive rests with BFMS. OIOS emphasizes that SAS and BFMS had a joint responsibility to bring to each other's attention such matters and work together to achieve a solution.

**Recommendation:**

To ensure adequate arrangements are in place for handling recoveries, Chief, Division of Administrative Service (DAS), UNON should request Chief, Staff Administration Section, UNON, and Chief, Budget and Financial Management Service, UNON to hold quarterly meetings to discuss matters of common interest. The first of these meetings should deal with outstanding education grant advances totalling approximately US\$62,000 and the possibility of using IMIS to automatically block a staff member from obtaining a second further education grant advances while the previous one is still outstanding (Rec. 05).

19. *UNON commented that an email alert is now in place to advise staff members of recovery dates of accounts receivable, including education grant and that SAS would initiate meetings with BFMS to resolve the outstanding education grant advances.* OIOS is aware of and is supportive of the excellent initiative to keep staff informed about receivables and will close the recommendation upon receipt and review of evidence that the matter of outstanding education grant advances has been resolved with BFMS.

**F. Special Education Grant**

**(A) Conditions of Entitlement**

20. A total of twenty staff members were receiving special education grant for the period 2003 to 2004: five were Professional staff entitled to both regular and special education grant; the remaining fifteen were GS staff entitled to special education grant under staff rules 103.20 (k) and 203.8 (j). OIOS reviewed all cases and concluded the overall arrangement by SAS for handling these cases appeared to be adequate with the following exception. ST/AI/2004/2, Section 15.1 and ST/IC/2002/5, Paragraph 55 state

that a 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 United Nations contributory medical insurance plans. In all cases tested, there was no evidence that staff members were requested to verify that there were no alternative sources of additional funding available.

**Recommendation:**

To ensure that costs to the UN are minimised, and to comply with ST/AI/2004/2 and ST/IC/20002/5, Chief, Staff Administration Section, UNON, should amend existing forms to require staff members to confirm that there are no alternative means open to them for the special education of their children. To assist in verifying the accuracy of claims from staff members, Chief, SAS should undertake research on the types of alternative sources and benefits that would be possible for staff members and this information should be placed on the intranet (Rec. 06).

21. *UNON commented that SAS would request staff members to sign an undertaking to confirm that there are no alternative means open to them for the special education of their children. The undertaking of research for sources of special education for staff members' children should rest with the parents. SAS does not have the staff resources to undertake research of this nature. However, SAS will obtain clarification from OHRM as to what constitutes proof that no 'alternative means' exist for the special education of their children. OIOS appreciates the prompt action taken in respect of requesting staff members to confirm that there are no alternative means open to them for the special education of their children. OIOS appreciates the position put forward by SAS with respect to research, as well as the fact that SAS will obtain clarification from OHRM on the subject of 'alternative means' for special education. OIOS will close the recommendation upon receipt of a copy of the form to be provided to staff to confirm no alternative means are available to fund special education of their children and notification of the outcome of the request to OHRM on what is meant by 'no alternative means'.*

22. Whilst OIOS considered that SAS arrangements appeared adequate, OIOS was of the opinion that arrangements for handling such cases by the UNON Joint Medical Centre (JMS) need to be strengthened:

- a) There was no documentation indicating that the Chief, UNON JMS had been designated as the medical officer authorized to determine the acceptability of the medical certificate attesting to the disability.
- b) In one case (staff member with index number 697814) the Chief, UNON JMS had not indicated the date on which the entitlement should be reviewed on medical grounds as required by ST/IC/2002/5, paragraph 54.
- c) In one case (staff member with index number 697814) the "medical" certification on which the doctor based her recommendation was a letter from the High School Principal, attesting to the student having learning

disabilities, necessitating him to continue to attend the Learning Support Programme.

**Recommendations:**

To ensure that there is adequate medical information to support claims for special education grant, the Chief, Division of Administrative Service, UNON should request OHRM to designate the Chief, UNON Joint Medical Service as the Medical Officer to determine the acceptability of medical certificates attesting to the disability of children for education grant purposes (Rec. 07).

23. *UNON commented that Chief, DAS has requested the ASG/OHRM for delegation of authority to the UNON Medical Officer to certify disability.* OIOS thanks UNON for the prompt action taken and has closed the recommendation.

To ensure that claims for special education grant are supported by satisfactory medical evidence regarding the child's disability, the Chief, Staff Administration Section (SAS), UNON, should assist the Chief, UNON Joint Medical Service (JMS) in preparing a checklist of actions that the JMS should complete. The completed checklist should be filed in both JMS and SAS personnel records (Rec. 08).

24. *UNON commented that the Chiefs SAS and JMS would work together on a checklist or special education grant.* OIOS thank UNON for the prompt action taken and will close the recommendation upon receipt and review of the checklist to assist JMS in determining whether claims for special education grant are supported by satisfactory medical evidence regarding the child's disability.

(B) Amount of the grant

25. OIOS reviewed and found controls to be adequate except for two out of the eight students entitled to regular education grant who were also certified as qualifying for the special education grant. These students were being reimbursed at 100 percent in contravention of section 14.2 of ST/AI/2004/2:

- a) As there were no special classes provided, staff member with index number 655491 was overpaid US\$1,500. However because the school was not providing accommodation, the staff member was entitled to an additional flat sum amount of approximately US\$3,000 for board. Because of these two adjustments there was an underpayment of approximately US\$2,000. *UNON confirmed that appropriate adjustments would be made to the education grant settlement for staff member with index No. 655491.*
- b) Staff member with index number 67602 had a dependent child receiving special education grant. However, a letter written by the University certifying that the dependent was enrolled as a full time undergraduate student did not indicate that he attended special classes. No overpayment resulted in this case as the error was brought to the attention of SAS before submission of claim to payroll.

(c) Need for clearer guidance

26. As a consequence of the above, OIOS concluded that this is an area where staff could benefit from guidance in determining eligibility, which would also serve to guide Human Resources Officers in assessing the correct entitlement

**G. Physical Verification of Schools/Attendance Records**

27. OIOS visited 10 out of approximately 35 schools based in Nairobi covering 30 percent of the total students receiving education grant and noted the following:

- a) **Retention of P.41 (4-99):** ST/IC/2002/5 Section 16 states that in order to facilitate confirmation of data, a copy of form P.41 (4-99) must be given to the educational institution. Of the ten schools visited, six kept form P.41 (4-99) while the remainder did not. The education institutional management explained that they did not see the need of keeping the form. However, when OIOS explained to them the advantages of keeping the form and the requirement to verify records, should need arise at a later date, they all agreed with the audit team that it was essential that such records were kept. While it is the responsibility of staff members to give a copy of form P.41 to the school, the school is not compelled to keep the form.
- b) **Cash Discounts:** Two of the schools visited offered cash discounts for early payment of fees. This normally resulted in difficulties in filling form P.41 (4-99), as actual receipts did not tally with the tuition amount on invoices. OIOS verified the impact this had on the amount of refund given to qualifying staff members but noted that the computations were based on actual receipts and therefore no overpayments to claimants occurred. The two schools were advised to always state the net amount as tuition so that the balance will agree to the actual amount receipted.
- c) **Penalty charges for early withdrawal from school:** Three of the schools visited charged one term's fee in lieu of notice when a student is suddenly withdrawn from school during the school year because of an unexpected transfer of the parent to another duty station. In OIOS opinion, there appears to be merit in allowing such expenditure, which would normally be inadmissible. SAS should therefore take up the issue with OHRM so that penalties for early withdrawal resulting from transfer of a parent due to exigencies of duty can be considered as admissible costs.

**Recommendations:**

To assist UNON Staff Administration Section (SAS) in ensuring the accuracy and completeness of information received from schools and to minimise the possibility of fraud, Chief, SAS, UNON, should compile a list of schools to which UN staff send their children and track the numbers of children attending these schools. For those schools, which UN students regularly attend a letter should be sent to

the schools giving them a focal point within SAS whom they can contact to discuss any problems/ issues they come across (Rec. 09).

28. *UNON commented that the ST/AI on education grant puts the onus on staff members to supply correct information and to keep appropriate records for the schooling of their children. However, SAS would undertake to provide information to the Nairobi-based schools that have a large number of students administered by UNON. Furthermore, instead of a focal point, SAS would prefer to set up an email address for education grant queries from schools and will liaise with ITS on the matter.* OIOS notes the response and will close the recommendation upon receipt and review of information to be provided to Nairobi-based schools, and the setting up of an email address for education grant queries.

To ensure that staff members who are required by the UN to move in the middle of a school year to another duty station, do not have to bear penalty charges imposed by schools for early withdrawal, Chief, Staff Administration Section, UNON, should seek approval from OHRM to treat this as an admissible cost (Rec. 10).

29. *UNON commented that SAS would address the matter of early withdrawal penalties to be treated as admissible costs to OHRM.* OIOS notes the response and will close the recommendation upon notification of the outcome of discussions with OHRM to treat penalty charges imposed by schools for early withdrawal as an admissible cost.

#### **H. Distance Learning**

30. In its audits of UNOG and UNHCR education grant, OIOS noted that distance-learning courses were not yet eligible for reimbursement. ST/AI/2004/2 considers correspondence 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.” UNON SAS were of the opinion that the ST/AI is sufficient and that they do not see any reason to disallow distant learning courses as long as the conditions in ST/AI/2004/2 are met. OIOS is however concerned that the conditions of Section 3.5 (c) would not allow distance learning as an alternative but only as an exception, though this form of training can be a cost effective alternative to attending classes and is finding very wide acceptance in some countries. Distance learning is especially important for duty stations such as UNON.

#### **Recommendation:**

To ensure that the widest possible training opportunities are offered to staff, Chief, Staff Administration Section, UNON, should liaise with her counterparts in UNOG and suggest to OHRM a modification of Section 3.5 of ST/AI/2004/2 to give greater flexibility in the recognition of on-line training as an alternative rather than as an exception. This would recognise current educational trends and developments and to allow for more convenient and flexible educational arrangements for staff members’ children (Rec. 11)

31. *Comments on distance learning noted. The Chief, HRMS will bring the matter up at the annual Chiefs, HR meeting in New York in 2005.* OIOS notes the response and will close the recommendation upon notification of the outcome of discussions with OHRM to modify Section 3.5 of ST/AI/2004/2 to give greater flexibility in the recognition of on-line training as an alternative rather than as an exception.

### **I. Dependency Allowance**

32. In its prior audit (AA2002/01/1-UNON HRMS SAS), OIOS recommended that SAS should ensure that questionnaires issued to staff members to verify continued receipt of dependency benefits are collected and filed in the staff members files. If the questionnaire is not submitted to SAS as required, the entitlement to dependency benefits should be discontinued as per ST/IC/2001/26 Section 29 (AA2002/01/01/021). By failing to implement the second part of the recommendation, SAS demonstrates that it has failed to discharge its responsibilities to ensure that dependency allowance is only paid to staff that have demonstrated that they qualify.

- a) It was observed that 3 out of the 40 staff members did not send back the dependency questionnaire, but continued to receive the allowance in contravention of ST/IC/2003/56 Paragraph 29.
- b) SAS did not maintain a record of staff members who did not send back the questionnaires. This is an indication that SAS had not intended to do anything about staff members who did not send back the questionnaire.
- c) Staff member with index number 381064 was allowed to receive dependency allowance even though he did not produce proof that his wife's earnings were less than US\$10,000 per annum.

33. The recommendation has therefore been left open, pending SAS taking action to discontinue paying dependency allowance to staff that do not demonstrate that they continue to qualify. OIOS will monitor the situation and take appropriate action should it be proven that failure to implement this recommendation leads to any loss to the UN.

34. *UNON commented that SAS will put in place a system to track the return of dependency questionnaires and will discontinue benefits for staff members who have not returned the questionnaires. However, in some cases if we are for example aware that a child is in full time studies since we are processing the education grant, then the dependency allowance could be continued based on the evidence already in our possession.* OIOS thanks UNON for the positive response and will close the recommendation.

### **V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS**

35. 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 this 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
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Rec. 01	Receipt and review of the revised checklist incorporating the need to attach receipts or their equivalent when expenses have not been itemised.
Rec. 02	Receipt of the procedures developed to ensure that education grant claims to be processed by UNON on behalf of third parties are submitted on time or that the reasons for any late submission are properly documented.
Rec. 03	Receipt of the confirmation that the late request for payment was not the fault of any of the 9 staff members who submitted 19 claims.
Rec. 04	Notification of the implementation of a system for tracking the processing of education grant and to record timelines.
Rec. 05	Receipt and review of evidence that the matter of outstanding education grant advances has been resolved with BFMS.
Rec. 06	Receipt of a copy of the form to be provided to staff to confirm no alternative means are available to fund special education of their children and notification of the outcome of the request to OHRM on what is meant by 'no alternative means'
Rec. 08	Receipt and review of the checklist to assist JMS in determining whether claims for special education grant are supported by satisfactory medical evidence regarding the child's disability.
Rec. 09	Clarification from UNON why it cannot compile a list of schools to which UN staff send their children and track the numbers of children attending these schools. For those schools, which UN students regularly attend why a letter cannot be sent to the schools giving them a focal point within SAS whom the schools can contact to discuss any problems/ issues they come across
Rec. 10	Notification of the outcome of discussions with OHRM to treat penalty charges imposed by schools for early withdrawal as an admissible cost.
Rec. 11	Notification of the outcome of discussions with OHRM to modify Section 3.5 of ST/AI/2004/2 to give greater flexibility in the recognition of on-line training as an alternative rather than as an exception.

## **VI. ACKNOWLEDGEMENT**

36. I wish to express my appreciation for the assistance and cooperation extended to the audit team by staff and management of SAS.

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