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**OFFICE OF INTERNAL OVERSIGHT SERVICES  
INVESTIGATIONS DIVISION**

**REDACTED**

**REPORT OF INVESTIGATION**

**ID CASE NO. 0202/01**

**20 April 2005**

**REPORT INTO THE ALLEGATION THAT AN ECONOMIC COMMISSION OF AFRICA (ECA)  
STAFF MEMBER MISAPPROPRIATED MONEY INTENDED AS DAILY SUBSISTENCE  
ALLOWANCE (DSA) FOR SOME PARTICIPANTS ATTENDING A CONFERENCE IN  
SEYCHELLES.**

**ID CASE No. 0202/01**

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## I. INTRODUCTION

1. The Investigations Division, Office of Internal Oversight Services (ID/OIOS) received a complaint that an Economic Commission of Africa (ECA) staff member misappropriated the sum of US\$12,000 that was intended as Daily Subsistence Allowance (DSA) for five participants attending a conference in Seychelles. This complaint, received in 2001 some two years after the alleged commission of the misappropriation, did not provide the name of the conference, when it was held, or the name of the subject. In the course of its preliminary investigation, soon after receipt of this matter, ID/OIOS learned that the complainant no longer worked at ECA and was inaccessible through other contact numbers given to ID/OIOS. In spite of these difficulties however, ID/OIOS subsequently investigated this case during one of its ECA missions when it found time to do so for the purpose of ascertaining whether the theft could be corroborated and if so, identifying the perpetrator and any system weaknesses.

## II. APPLICABLE LAWS

### 2. Staff Regulation 1.2 (g)

Staff members shall not use their office or knowledge gained from their official functions for private gain, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour. Nor shall staff members use their office for personal reasons to prejudice the positions of those they do not favour.

### 3. Financial Rule 104.9 (ST/SGB/2003/7)

Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Under-Secretary-General for Management.

### 4. Financial Rule 104.10 (ST/SGB/2003/7)

(b) Disbursements shall be recorded in the accounts as at the date on which they are made, that is, when the cheque is issued, transfer is effected or cash is paid out.

(c) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all disbursements.

### **III. METHODOLOGY**

5. ID/OIOS interviewed the ACGD Officer, ECA's Official 1, and other staff members. Investigators also obtained and analyzed documents including personnel records, bank records and the list of participants for the Seychelles conference indicating who was paid DSA.

### **IV. BACKGROUND INFORMATION**

6. ID/OIOS determined that the conference in question was "An Eastern and Southern Africa Sub Regional Meeting" and was held from 15 to 18 February, 1999 at the Berjaja Mahe Beach Resort Hotel in Victoria, Seychelles. It was organized by the African Centre for Women (ACW), now the African Centre for Gender Development (ACGD).

7. This conference attracted over 100 participants, 46 of whom were sponsored by ECA. The rest were sponsored by other international organizations.

8. When ECA finances a conference, a list of participants is prepared and then a travel request (a "PT.8") is prepared for each participant. The PT.8 is certified by the Director of the Division and sent to the Finance Division, which verifies that the correct account number is quoted and that there is sufficient money to honor the request. It is then recorded in the Integrated Management Information System (IMIS), which demonstrates approval of the request. A letter to UNDP referencing the PT.8 number and account number is prepared and the Finance Division approves that letter before it is sent to UNDP for payment to be made to the attendee.

9. Typically when ECA sponsors a conference, it arranges with the UNDP office in the country in which the conference is held to pay DSA to participants. However, there was no UNDP office in the Seychelles. Consequently the airfares and 50 per cent of DSA were paid to participants by UNDP offices in each participant's country and the ACGD Officer was entrusted with the payment of the remaining 50 per cent of DSA to participants while they were at the conference. When UNDP makes its payments, it sends an inter-office voucher (IOV) to ECA indicating the amount of money they have spent and ECA reimburses UNDP. If the DSA was not paid and ticket not issued by UNDP, then an IOV credit is sent to the Finance Division. Cancellation of a PT.8 indicates that that person did not attend the conference, and the UNDP office in question would then issue an IOV credit to ECA.

### **V. INVESTIGATIVE DETAILS**

10. In an inter-office memorandum dated 19 January 2000, Official 3 asked the ACGD Officer to settle relevant claims and to provide supporting documentation for the

US\$49,000 the ACGD Officer had received for payment of DSA and other miscellaneous expenses at the conference. In a subsequent inter-office memorandum dated 17 February 2000, Official 4 specifically questioned the payment of DSA to five people who had apparently not attended the 1999 Seychelles conference.

11. ID/OIOS Investigators observed that of the five PT.8 reference numbers referred to by Official 4 in his memorandum of 17 February 2000, one was repeated and another PT.8 had in fact not been cancelled, leaving three rather than five apparently inappropriately disbursed DSA payments in the amount of US\$3,011. The attendance list showed that the PT.8's in question were for Participant 1, Participant 2 and Participant 3.

12. ID/OIOS obtained the following documentation for the money disbursed to the ACGD Officer for the payment of DSA.

(a) Official 5 authorized Official 6 to pay the ACGD Officer the sum of US\$40,000: US\$35,000 for the remaining half of the DSA to be paid to the conference participants and US\$5,000 for miscellaneous expenses.

(b) Official 5 authorized the payment of a further sum of US\$9,000 to the ACGD Officer for DSA to be paid to the conference participants.

13. Receipt of payment of US\$49,000 was confirmed as follows:

(a) Advice notes from Barclays Bank PLC Independence Square ("Barclays") confirm that US\$49,300 was paid to the ACGD Officer. Barclays overpaid the ACGD Officer US\$300 and debited this amount from UNDP's account.

(b) A letter dated 8 March 2000 from Official 7 of UNDP office in Mauritius, confirmed that the ACGD Officer received US\$49,000: US\$44,000 of which was to pay 50 per cent DSA to participants.

14. In an inter-office memorandum dated 18 February 2000, both Official 2 and the ACGD Officer responded to Official 4's 17 February 2000 inquiry of payment of DSA to persons whose PT.8's were cancelled and had not attended the conference. Official 2 stated that the funds transferred to Seychelles by ECA were managed by herself, the ACGD Officer and the UNDP Officer in Port Louis, Seychelles. She further stated that the amount transferred to pay the remaining 50 per cent of DSA was only made available after the end of the conference, which created chaos in paying participants before their departures. In addition, Barclays did not have sufficient smaller US denominations and proposed the use of French francs. Consequently it was agreed that the ACGD Officer would give Barclays the list of participants and the bank itself would make the remaining DSA payments.

15. That memorandum also stated that:

(a) The ACGD Officer had received US\$5,000 and US\$3,500 to cover miscellaneous expenses. He also received US\$22,000 in notes late 18 February 1999, US\$3,327 in notes and US\$3,300 in travellers' cheques early on 19 February 1999 to facilitate the payment of DSA;

(b) Payment of DSA was handled directly by Barclays' representative in the presence of UNDP Liaison Officer Lucas and the ACGD Officer; and

(c) The bank tellers directly paid participants US\$12,173. The ACGD Officer stated, "The DSA payment included under the bank slip in the amount of US\$10,120.00 and US\$2,053.00 which was made on 19 February 1999 was handled at the bank counter..."

16. According to Barclays' letter dated 27 June 2000 and Official 4's memorandum of March 3, 2000, the ACGD Officer received the sums of US\$22,000 and US\$3,327 in notes and US\$3,300 in travellers' cheques for the payment of participants. The bank paid participants DSA in the sums of US\$10,120 and US\$2,053.

17. When interviewed the ACGD Officer told ID/OIOS that Official 2 had asked him to pay miscellaneous expenses and DSA to the participants of the Seychelles conference. He said that ECA had written to UNDP Mauritius, who asked UNDP HQ for authority to transfer funds to Barclays in Seychelles. The ACGD Officer then cashed the funds and disbursed DSA to participants.

18. He said that on 17 February 1999 he paid the first group of participants at the hotel in the presence of the UNDP Officer. He indicated his payment to participants on the list by placing asterisks against their names. On 18 February 1999 Barclays paid the other participants using the attendance list supplied by the ACGD Officer. Upon receipt of identification from the payees, the bank tellers had the participant sign his/her name on the attendance list and paid the DSA. The ACGD Officer said that he was present when the bank tellers paid the remaining participants and that after the payments were made, the attendance list was returned to him.

19. The ACGD Officer confirmed that it was his responsibility to ensure that participants received their DSA and signed their names against the attendance list upon receipt of their DSA. Lack of a signature against a name meant that that person did not attend the conference.

20. The ACGD Officer provided ID/OIOS with the attendance list during the course of his interview. Of the three queried payments, there was an asterisk only against Participant 1's name on the attendance list.

21. He said that for persons who did not attend the conference, instructions had to be given for their PT.8's to be cancelled. There were no cancellations before the conference but they were four to five after the conference.

22. ID/OIOS Investigators observed that the PT.8's for Participant 1, Participant 2 and Participant 3 were all cancelled after the conference by Official 2.

23. The ACGD Officer explained the cancellation of PT.8's after the conference by saying that some governments substituted participants a few days before the conference. As a result of such late cancellations and/or substitutions it is only after the conference that instructions are given to cancel and amend the relevant PT.8 forms accordingly.

24. ID/OIOS showed the ACGD Officer three cancelled PT.8's.

(a) The ACGD Officer examined the cancelled PT.8 for Participant 1, and said that she had not attended the conference. But when shown a signature and asterisk against her name on the attendance list, indicating payment of US\$1,000 in DSA, he said that he could not confirm whether he had given instructions to cancel the PT.8 and that it was possible that it had been done by the Director.

(b) The ACGD Officer was shown a cancelled PT.8 for Participant 2. Upon seeing a signature against this name (but no asterisk) as having received US\$1,068 in DSA, he told ID/OIOS that the secretaries could have gotten the wrong information or the Director may have given the wrong instructions for the travel to be cancelled.

(c) The ACGD Officer was shown a cancelled PT.8 for Participant 3. Upon seeing a signature against this name (but no asterisk) as having received US\$943 in DSA, he said that it was a mistake similar to that of the case of Participant 2.

(d) In all of these cases the PT.8's were cancelled by Official 2 on 19 March 1999, after the conference.

25. The ACGD Officer explained these discrepancies by suggesting that a bank employee might have tampered with the DSA list and forged signatures of participants who did not attend and then pocketed their DSA. He said that he dealt with the manager; a teller and a go-between person and that any one of them could have falsely signed the DSA list. However, he had previously acknowledged that he had witnessed the payments being made by the Bank staff and he had not raised any questions or concerns then or at any time before being questioned by ID/OIOS Investigators on this point. However, he claimed to be surprised by the discrepancies pointed out by ID/OIOS. He then acknowledged that he had received memoranda from Official 4 asking him to account, amongst other things, for the moneys that he had been given for DSA, but he thought that the matter had been settled despite the unaccounted discrepancies.

26. ID/OIOS, in a telephone interview with Participant 3, asked if she had attended the Seychelles conference and she stated that she had not. She added that she had not been invited to attend and had not received any DSA for this conference.

27. In a second interview with the ACGD Officer by phone, he was told that Participant 3 confirmed that she had not attended the conference. He again said that he had not paid all the participants, Barclays had paid some, and that the situation during payment was chaotic. He said it was difficult to remember whom he paid and there could have been errors.

28. ID/OIOS attempted to interview Participant 1 and Participant 2 but was unable to locate them at the contact numbers provided. ID/OIOS also attempted to locate the UNDP Officer, but the UNDP Liaison office had been closed in 1999 and attempts to locate her through other UNDP contacts proved futile. The ACGD Officer was unable to provide ID/OIOS with the names of bank personnel who were involved with the DSA payments.

29. ID/OIOS interviewed a staff member, who said that each person attending the conference was required to register and that a list of these attendees were then compiled and included in a Report that was prepared on the Conference. She told ID/OIOS that this list is usually accurate but could at times contain errors, for instance if the list was prepared before the conference rather than from the Register, it might not be accurate. ID/OIOS reviewed the list included in the Report and noted that the names of Participant 1, Participant 2 and Participant 3 were not included.

30. When ID/OIOS first asked the ACGD Officer on April 28, 2003 how much money he had received for the payment of DSA, he said that he had only received US\$5,000 for miscellaneous expenses. However when ID Investigators showed the ACGD Officer Barclays' documents with his signature, indicating that he had received US\$22,000, he admitted that it was his signature and that he had in fact received US\$22,000 from the bank for payment of DSA. Although the bank records show that the ACGD Officer had also received US\$3,327 in cash for DSA payment and US\$3,300 in travellers' cheques - a total of US\$28,627, the ACGD Officer said that he could not remember having received these sums of money. He also confirmed that he had signed for the receipt of the funds Barclays paid out. ID reminded the ACGD Officer of the contents of his memorandum of 18 February 2000 where he acknowledged receipt of additional sums and he admitted the contents of that memorandum.

31. The ACGD Officer said that in June 1999 he prepared a report and submitted a certificate of expenses to Officer 8 of the Disbursement Unit. The report was reviewed by Official 2, who signed the memorandum forwarding the report.

32. Official 2 was not present at the time of ID/OIOS's mission to ECA. Consequently, ID/OIOS forwarded certain questions in relation to the Seychelles conference and she furnished answers.

33. ID/OIOS asked Official 2 if she was satisfied that the ACGD Officer gave a proper explanation for the apparent discrepancies and whether there was a final report. She responded by saying that the ACGD Officer had provided a comprehensive explanation of the apparent discrepancies to Official 4. She placed the blame for

improper payment of DSA on Barclays since the bank staff made the payments, but does not take into account the ACGD Officer's acknowledgement of witnessing these same payments or his responsibility for the safeguarding of the funds entrusted to him. She also said that following the ACGD Officer's correspondence of 24 March 2000, a meeting was called by Official 5 to discuss the issue with the ACGD Officer and Official 3. Subsequently, instruction was given by the Director of PPF to close the account with the submitted supporting documents.

34. ID/OIOS reviewed the ACGD Officer's memorandum dated 24 March 2000. In that memorandum the ACGD Officer confirmed that DSA was paid to the bearers of the five PT.8 numbers to which Official 4 referred. He agreed that payment of DSA to non-attendees was a serious matter, but, as had Official 2, placed the blame on Barclays, claiming that the bank had paid the DSAs.

35. ID/OIOS observed that Official 2 and the ACGD Officer stated in their joint memorandum of 18 February 2000 that the ACGD Officer had paid some participants DSA and Barclays paid the rest. However, both Official 2 and the ACGD Officer when interviewed, and the ACGD Officer in his memorandum of 24 March 2000, claimed Barclays had paid all the DSA.

36. In memorandum dated 13 April 2000 from Official 3 to Official 4, Official 3 recommended that an independent investigation be conducted into the matter because despite requests for more documentation and explanations, the ACGD Officer did not properly account for the expenses of the meeting.

## **VI. FINDINGS OF FACT**

Issue 1: Did the ACGD Officer inappropriately use his office for financial gain?

37. The ACGD Officer confirmed at his interviews that he was entrusted with payment of miscellaneous expenses and DSA to participants at the Seychelles conference. In his interoffice memorandum of 18 February 2004, [see paragraphs 14 and 15], he admitted that he had collected US\$28,627 for these payments. Although the allegation was that US\$12,000 had been misappropriated, ID/OIOS found that only US\$3,011 was unaccounted for [see paragraph 11]. The attendance list used for payment of DSA had no asterisk against the name of Participant 3 and Participant 2 (indicating that the Barclays had "paid" them), but there was an asterisk against the name of Participant 1 - a system devised by the ACGD Officer which was used by him to indicate that he had made a specific payment, in this instance indicating that the ACGD Officer had "paid" her [see paragraph 18].

38. The ACGD Officer's theory that the Barclay Bank staff were responsible does not withstand scrutiny. First, he acknowledges that he witnessed the payments made by the Bank; second, while the Bank may have performed this service for him, he retained responsibility for the accounting for the funds given to him; third, nowhere else had The

ACGD Officer claimed that the bank staff took the funds until he was questioned by Investigators including at the time the disbursements were made and later when questioned about the discrepancies by ECA managers.

Issue 2: Did The ACGD Officer appropriately safeguard the cash advances for the conference and did he properly account for these advances as required by Financial Rule 104.9?

39. Official 3 asked the ACGD Officer for an accounting of US\$49,000 he had received for payment of DSA and other expenses at the conference in his inter-office memorandum of 19 January 2000 [see paragraph 10]. In his inter-office memorandum of 18 February 2004, the ACGD Officer admitted collecting US\$38,627 for payment of DSA to participants at the conference [see paragraph 15.a]. However, in his interview of April 28, 2003, he first claimed that he had only received US\$5,000 (for miscellaneous expenses), but then admitted he had received US\$22,000 [see paragraph 30]. The ACGD Officer blamed the chaotic atmosphere during payment of DSA for any discrepancies. However, it is apparent that he did not safeguard and protect the cash advances for the conference as required by Financial Rule 104.9, nor did he provide a proper accounting of these funds.

Issue 3: Did the ACGD Officer keep proper records of payment of DSA and other conference expenses as required by Financial Rule 104.10 (b) and (c)?

40. By the ACGD Officer's admission in paragraph 27, payments of DSA at the conference were chaotic and there could have been errors for which he bears full responsibility as the person assigned to make the disbursement of these United Nations funds. In addition, receipt of funds was indicated only by signature next to a name on the attendance list. This is not proper recording of disbursements as required by Financial Rule 104.10 (b) and (c).

## VII. CONCLUSIONS

41. The signatures for three people on the attendance list, who did not attend the conference, were forged and the disbursements to them unaccounted for, resulting in a loss of US\$3,011 to ECA. There are only two possibilities: first, that the ACGD Officer forged the signatures and retained the money and second, that a bank employee forged the signatures and kept the money despite the ACGD Officer's presence during the disbursement process and he failed to notice or to raise the issue. Either way, the ACGD Officer is responsible for the loss of funds.

42. It is of additional concern that despite questions raised regarding the loss of the funds and the failure to safeguard the money on the part of the ACGD Officer, ECA managers did not take measures to hold him accountable or to determine whether the manner of handling the funds in this case might warrant further scrutiny for the purpose of avoiding similar problems in future.

## VIII. RECOMMENDATIONS

### Recommendation 1

It is recommended that appropriate action be taken against the ACGD Officer, including for being in breach of Financial Rule 104.9 and 104.10 (b) and (c). (ID Rec. No. IV01/202/01)

### Recommendation 2

It is recommended that ECA management review its cash disbursement practices for additional gaps and examine this case for lessons learned to avoid similar problems in future. (ID Rec. No. IV01/202/02)

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