



INTERNAL AUDIT DIVISION I
OFFICE OF INTERNAL OVERSIGHT SERVICES

TO: Mr. William Lacy Swing
A: Special Representative of the Secretary General
MONUC

DATE: ~~17 November~~ 03 December 2004

REFERENCE: AUD-7-5-7 (09/04) 12

FROM: Patricia Azarias, Director
DE: Internal Audit Division I, OIOS

SUBJECT: **Audit of Communications: Telephone billing system in MONUC**

OBJET:

1. I am pleased to present herewith our final report on the above subject, which was conducted from 3 May to 25 June 2004. The audit was conducted in accordance with the professional practice of auditing in United Nations organizations.

2. We note from MONUC's response to the draft report (shown in italics) that the Mission administration has generally accepted the recommendations. Based on the response, we are pleased to inform you that we have closed recommendation 6 in the OIOS recommendation database. In order for us to close out the recommendations 1 to 5, we request that you provide us with additional information as indicated in the text of the report and a time schedule for implementing each of the recommendations. Please refer to the recommendation number concerned to facilitate monitoring of their implementation status.

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 form.

I. INTRODUCTION

4. There are approximately 2,000 staff members, contractors and affiliated agencies using the telephone system operating in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). During May-June 2004, the Office of the Chief Resident Auditor in MONUC conducted an audit of the telephone billing system. The audit was carried out in accordance with the standards for the professional practice of internal auditing in United Nations organizations and included such tests as the auditor considered necessary.

5. There are two types of communication services available within MONUC, namely voice and data, which incurs a recurring cost to the Mission. External access to MONUC's voice network is provided through the use of a unique PIN-code for each user. These services can be accessed by

the use of the regular desktop telephone, cellular telephone, trunking radio, facsimile, electronic mail and the internet, for official UN business, and also for the personal use of staff members. This is further supplemented by the use of Inmarsat and Iridium terminals, which are used mainly at remote team sites by military personnel.

6. Three service providers provide fixed communication lines connectivity to MONUC's voice network, namely: Wind, based in Italy; Sait-Oasis; and Vodacom based in the DRC. These companies provide circuits to the MONUC PABX along with the respective tariffs. These tariffs are programmed into the billing software known as 'Ringmaster' where Least Cost Routing is in place. Least Cost Routing simply means that the system is programmed to choose the service provider that offers the most economical cost for the call. 'Ringmaster' is used to track and log each call by PIN-codes with details of the date, time, duration, number called, cost and the caller's extension number.

7. Inmarsat satellite phones provide portable communication in remote locations especially team sites, which are manned by military personnel. The service providers currently used by MONUC are Xantic, Telenor and Telemidia.

8. Table 1 shows the cost of various communications service providers at MONUC for the period January 2003 to December 2003, broken down by the amounts incurred towards official and personal calls.

Table 1: Summary of communications providers' charges for the period January 2003 to December 2003

Category	Official	Personal	Total
Mobile Cellular phones	\$163,469	\$103,512	\$266,981
PABX-VSAT providers	382,495	1,177,045	1,559,540
Inmarsat providers	2,126,163	87,916	2,214,079
Total	\$2,672,127	\$1,368,473	\$4,040,600

II. AUDIT OBJECTIVES

9. The primary objectives of this audit were to:
- (a) ascertain whether the Mission was obtaining the most cost efficient service from the communications providers.
 - (b) determine whether adequate controls existed to ensure accurate and timely recording, tracking and accountability of all personal and official telephone calls.
 - (c) ascertain whether proper controls were in place for identifying and preventing abuse of the telephone billing system.

III. AUDIT SCOPE AND METHODOLOGY

10. The scope of audit included tracking, billing and recoveries for the use of the communications system, including records, internal controls, and accountability for the period 1 January 2003 to 30 April 2004.

11. The audit reviewed the logs maintained by Ringmaster tracking system, verified monthly telephone bills from service providers and examined recoveries from staff members. Interviews were held with key staff members from the Mission's Communications and Information Technology Section and the Finance Section to determine coordination among sections for timely and accurate recovery of the cost of personal calls made by the staff members. OIOS also analyzed telephone calls made by a selected sample of staff members to identify any instances of abuse.

IV. OVERALL ASSESSMENT

12. The communications system at MONUC is operating effectively and provides a good service for official business as well as personal use by staff members. The audit showed that there was a lack of accountability on the part of senior managers approving official calls, which could be improved by emphasizing the importance of the core value of integrity, and the need for managers to exercise due professional care when reviewing and approving the telephone bills of their staff. In addition, the Telephone Billing Unit should develop effective internal controls to prevent the acceptance of official telephone bills that were not properly reviewed and approved.

V. AUDIT FINDINGS AND RECOMMENDATIONS

A. Accountability

13. The Mission's Telephone Billing Unit is currently staffed with 1 international and 3 national staff members, and 2 UN Volunteers. MONUC currently has approximately 2,000 PIN-code users of the PABX system, close to 400 mobile telephone users and approximately 900 trunking radios, 61 Iridium, 4 Thuraya and 344 active Inmarsat terminals.

14. The duties and responsibilities of the Telephone Billing Unit include receiving telephone bills from the service providers on a monthly basis for review and approval before forwarding to the Finance Section for payment. The Unit also correlates staff members' personal and official calls for effecting appropriate recoveries. Its other responsibilities and activities include:

- Issue and control of new PIN-codes to staff members joining the Mission.
- For staff members leaving the Mission, the Telephone Billing Unit verifies whether there are any outstanding telephone charges from the use of PIN-codes and mobile phones, and in the case of the military personnel, from the use of Inmarsat to ensure all personal telephone costs are recovered.
- Preparation of monthly recovery schedules for transmittal to Finance Section on a timely basis to ensure that all personal calls are accurately deducted from the staff member's monthly MSA (Mission Subsistence Allowance) payments.
- Review of telephone bills selected on a random basis to identify any abuse by staff members.

15. When signing the 'MONUC telephone services request form', the approving officer clearly undertakes that he/she will ensure that the rules governing the use of MONUC telephone services are complied with. Approving officers are responsible for approving actual payments on behalf of the Organization. The approving officer must bear in mind that he/she is held accountable for decisions taken, and may be held financially liable for them.

16. OIOS found several cases where telephone bills marked as official calls were approved by the supervisor without any real review at all. The most common reason cited for not reviewing the bills was the large number of staff members reporting to a supervisor, which does not allow the supervisor sufficient time to review the staff members' bills before approval and timely transmittal to the Telephone Billing Unit. In OIOS' view, this is not acceptable. Section Chiefs and supervisors who approve the bills are expected to know the nature of the official telephone calls made by staff members under their supervision and therefore they should be held accountable to ensure that the calls identified by staff members as official are genuinely so. Furthermore, the Mission needs to identify measures such as suspension of a staff member's PIN-code, mobile or Inmarsat phone in case of repeated abuse.

Recommendations 1 and 2

OIOS recommends that the MONUC Administration:

- (i) Remind approving officers of the need to exercise due professional care when reviewing the telephone bills of their staff, and that they will be accountable for the telephone bills so approved (AP2004/620/06/001); and
- (ii) Develop guidelines indicating action to be taken in case of abuse of the telephone system, including measures such as suspension of the staff member's PIN-code, mobile or Inmarsat phone depending on the nature and extent of abuse (AP2004/620/06/002).

17. *The MONUC Administration accepted recommendations 1 and 2 and stated that an administrative circular will be issued outlining the roles of the approving officer as well as the approving structure by the end of October 2004. Guidelines indicating action to be taken in case of abuse of the telephone system will also be produced by the end of October 2004.* OIOS will close recommendations 1 and 2 once the above-mentioned administrative circular is issued and the guidelines on action to be taken for abuse of the telephone system are developed.

B. Internal control

18. Rules governing the use of MONUC telephone service stipulate that approving officers are Section or Division chiefs, Sector Administration Officer for the headquarters and the sectors, Chief Military Personnel Officer (CMPO) or the Sector Commander for the Military, and the Police Commissioner for Civilian Police (CIVPOL). This means that the immediate supervisor or a manager senior to the supervisor should approve all official calls made. In addition, senior management are not authorized to approve their own official telephone calls.

19. The Telephone Billing Unit receives copies of all cellular phone bills from the two main service providers, namely Vodacom and Celltel, on a monthly basis. It distributes these bills to the

respective staff members, who are then required to identify clearly the official and personal calls made, with a covering form for approval by the staff member's supervisor or section chief.

20. The Telephone Billing Unit receives these bills within a ten-day period to enable it to correlate these bills and identify all the personal calls made by the staff members, and reports these amounts to the Finance Section for accurate and timely recovery.

21. OIOS' review of staff members' telephone bills received by the Telephone Billing Unit, identifying official calls and approval of these official calls, disclosed that some 17 senior management staff members approved their own telephone bills or did not get their bills approved by the proper approving officer. There were also cases where staff members below their own level approved senior managements' official telephone calls.

22. The rules governing the use of MONUC telephone services do not require that bills received by the Telephone Billing Unit with official calls identified, but not properly approved, be charged to the staff member or returned to the staff member to obtain proper approval. Also, when the staff member identifying calls as official or personal knows that his/her supervisor does not review the bills, there is a control weakness that leads some staff members to mark personal calls as official. This leads to abuse, as indicated in Section C below, where the staff members' bills were either approved without thorough review, or were self-approved by the concerned staff member.

Recommendation 3

OIOS recommends that the MONUC Administration ensure that staff members' telephone bills are reviewed and approved by an authorized approving officer. Where proper approval is not obtained, the cost of the telephone calls should be recovered from the concerned staff members (AP2004/620/06/003).

23. *The MONUC Administration accepted the recommendation and stated that an approving structure is being proposed and it is anticipated to be implemented effective November 2004.* OIOS will close recommendation 3 upon the effective implementation of approving structure adopted by the MONUC Administration.

C. Cases of telephone abuse

Case involving self approval of telephone bills

24. OIOS' review of a sample of telephone bills revealed that a senior aviation officer at Kinshasa had been approving his own telephone bills. An analysis of the monthly bills for the period January 2003 to April 2004 disclosed several international calls to Belgium, which were marked as official in some cases and personal in other cases.

25. When interviewed by OIOS, the staff member stated that he did not review his telephone bills in detail. Instead, he had instructed his administrative assistant to identify the calls to Belgium and Peru as personal and all other calls as official. OIOS also identified a list of calls made to other countries, which were marked as official by the staff member, and requested an explanation of the official nature of these calls. The staff member reviewed this list and confirmed that he was trying to locate companies in Greece and New York that could supply 'radars' and 'combi aircraft'

equipment required by the Mission. He also confirmed that all calls to Belgium, France, Spain, Great Britain and Virginia, USA were personal calls.

26. In addition, the staff member had called Belgium using his cellular telephone by accessing the MONUC PABX system. This meant that there is an initial cost from the cellular phone to MONUC PABX, which is listed on the cellular telephone bill as a '89056999' call. These calls were also identified as personal in some cases and official in other cases.

27. The staff member stated that the reason he approved his own telephone bills was because his previous supervisor did not have the time to review his telephone bills. The absence of an approving officer combined with the lack of internal control increases the risk of abuse of the telephone billing system.

Recommendation 4

OIOS recommends that the MONUC Telephone Billing Unit review all PIN-code telephone bills and cellular telephone bills relating to the concerned staff member to identify all calls made to Belgium, France, Spain, Great Britain and Virginia, USA that are marked official, and recover the total cost of these calls from the staff member (AP2004/620/06/004).

28. *The MONUC Administration accepted this recommendation and stated that the Communications Section is in the process of reviewing the staff member's telephone bills using the PIN-code and the cellular phone for the period in question and the cost of the personal calls will be recovered accordingly.* OIOS will close recommendation 4 upon confirmation that the cost of the personal calls made by the concerned staff member has been recovered.

Case involving the abuse of mobile telephone

29. During the early stages of the audit, OIOS found a specific case of abuse of an official MONUC mobile telephone by a military observer. The military observer's mobile telephone bills for the period November 2003 to March 2004 showed numerous calls made to telephone number 9987413 on a daily basis. Many of the calls were placed late at night and lasted up to 50 minutes or longer at a cost of \$15 or more per call.

30. The then MONUC Deputy Chief of Staff approved the November 2003 mobile telephone bill for a total cost of \$356.14 as representing official calls. The bills for December 2003 to March 2004, which totalled approximately \$1,400, were approved by the current Deputy Chief of Staff who, when first questioned on who the military observer was calling on telephone number 9987413, indicated that he did not know and would ask the Observer. The Deputy Chief of Staff later informed OIOS that the military observer stated that the number belonged to an "acquaintance."

31. The Deputy Chief of Staff also mentioned that he approved telephone bills of many military personnel, and only verbally questioned the officers whether the calls were official. If they indicated that the calls were official, he would approve the bills without reviewing the total cost of the bill or any details of the calls made.

32. The total cost of the calls from mobile phone to telephone number 9987413 from November 2003 to March 2004 was \$1,311.07. However, all of these calls were identified and approved as

'official' calls. Telephone charges for February 2004 had been recovered in full from the military observer's April 2004 MSA payment due to late submission of the approved copy of the list of 'official' calls to the Telephone Billing Unit.

33. This case clearly shows abuse of the MONUC mobile telephone by the military observer who was assigned the phone for official purposes, and the lack of internal control to deter such abuse. Based on OIOS' advice, the MONUC Administration took immediate action to recover an amount of \$1,419.88 from the military observer's final MSA before he left the Mission. The Director of Administration also issued a memorandum to the Deputy Chief of Staff reminding him to exercise due professional care in approving telephone bills.

D. Need to emphasize the core value of integrity

34. Integrity is a core value of the United Nations and is embraced as one of its core competencies. All staff members are expected to demonstrate behaviour in accordance with the core values of the United Nations, which include integrity and professionalism. Staff members are expected to remember and practice the core values when carrying out their individual work and this applies especially to senior managers, who have higher level responsibilities and are normally the approving officers for many functions including official telephone charges. A person of integrity does not abuse his or her power or authority, and takes prompt corrective action in cases of unprofessional or unethical behaviour.

35. OIOS is of the opinion that staff accountability can be improved by improving the staff's perceptions of integrity at all levels. Senior managers are the role models for their subordinates, and when senior staff members approve their own telephone bills, their subordinates are aware of this practice. Senior management is thus faced with the task of approving their subordinates' telephone bills, in some cases without proper review, using insufficient time as a reason for avoiding this responsibility.

36. Competent managers and supervisors allocate appropriate amounts of time and resources for completing the required work. Abiding by the values of integrity and professionalism at the workplace and being led by those who also do so is considered a key element to reducing the risk of abuse.

Recommendation 5

The MONUC Administration should communicate to all senior management and supervisors the need to observe the core value of integrity (AP2004/620/06/005).

37. *The MONUC Administration accepted recommendation 5 and has undertaken to issue an administrative circular by the end of October 2004 to communicate to all senior management and supervisors the need to observe the core value of integrity.* OIOS will close recommendation 5 upon review of the administrative circular to senior management on the observance of core value of integrity.

E. Delays in recovering the cost of personal calls

38. On a monthly basis, the Telephone Billing Unit downloads the data from Ringmaster, where each call is logged and identified by the PIN-code and extension. All staff members are required to have their official calls properly approved and forwarded to the billing unit within ten calendar days. The Telephone Billing Unit adjusts the amount to be charged to the staff member, based on the approved official calls, and where necessary indicates the amount charged towards personal calls for the Finance Section to recover the cost of all personal calls from the concerned staff member.

39. OIOS' review of a sample of recoveries from staff members for their personal calls showed that personal calls under five dollars were not recovered from the staff members for the months of January to March 2004, and that a request for recovery was only sent to the Finance section on 01 May 2004. The total recovery of these amounts under five dollars for the three months was \$1,369.

40. Furthermore, in April 2004, the Finance Section was requested to recover PIN-code personal charges for the period February 2003 to March 2004. OIOS believes that the Mission should put in place effective procedures to ensure prompt recovery of telephone charges from staff members.

Recommendation 6

The MONUC Administration should introduce effective procedures to ensure that costs of all personal calls are recovered from telephone users in a timely manner (AP2004/620/06/006).

41. *The MONUC Administration accepted recommendation 6 and stated that the procedure in recovering costs of personal calls is working very well except for a few exceptional cases. There was a conflict between extension numbers and trunking ID numbers where the same digit numbering plan was used on both systems. Telephone Billing Unit was aware of this conflict and with their diligence in following through, they were able to locate the user(s) and recoveries were made accordingly. The PABX feature on the Trunking network has since been deactivated because of the conflicts in reconciling bills on a monthly basis. Based on the Mission's response, OIOS has closed recommendation 6.*

VI. SUMMARY OF FURTHER ACTIONS REQUIRED ON AUDIT RECOMMENDATIONS

42. MONUC's responses to the audit recommendations contained in this report have been recorded in OIOS' recommendation database for monitoring and reporting purposes. Please note that the recommendations shown below remains open pending the provision by MONUC of evidence that they have been implemented as described in the following table.

Recommendation No.	Required evidence of implementation
AP2004/620/06/001	Documentation evidencing the roles of the approving officer and the approving structure.
AP2004/620/06/002	Documentation evidencing the detailed guidelines indicating the action to be taken in the case of abuse of the telephone system.
AP2004/620/06/003	Review of select staff members' telephone bills for evidence of proper approval.
AP2004/620/06/004	Review documentation evidencing recovery of the cost of personal

	calls from the staff member (ID no. 389667).
AP2004/620/06/05	Documentation evidencing communication to all senior management and supervisors the need to observe the core value of integrity.

VII. ACKNOWLEDGEMENT

43. We wish to express our appreciation to the Management and staff of MONUC for the assistance and cooperation extended to the auditors during this assignment.

Copy to: Mr. Jean-Marie Guéhenno, Under-Secretary-General for Peacekeeping Operations
Ms. Hazel Scott, Director, ASD/DPKO
Mr. Marcel Savard, Director of Administration, MONUC
UN Board of Auditors
Programme Officer, OIOS
Mr. Muhammad Akram Khan, Chief Resident Auditor, MONUC



OIOS/IAD-1 Client Satisfaction Survey

The Internal Audit Division-1 is assessing the overall quality of its audit process. A key element of this assessment involves determining how our clients rate the quality and value added by the audits. As such, I am requesting that you consult with your managers who dealt directly with the auditors, and complete the survey below. I assure you that the information you provide will remain strictly confidential.

Audit Title & Assignment No.: Telephone billing system in MONUC
AP2004/620/06

By checking the appropriate circle please rate:

	1 (poor)	2	3	4(excellent)
1. The extent to which the audit addressed your concerns as a programme manager.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. The audit staff's understanding of your operations and objectives.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The professionalism of the audit staff (communications, integrity, professional knowledge and responsiveness)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. The quality of the audit report in terms of:				
-- accuracy and validity of findings and conclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- clarity and conciseness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- balance and objectivity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
-- timeliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. The extent to which your comments were considered by the auditors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Your overall satisfaction with the conduct of the audit and its results.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please comment on any areas in which you have rated the audit team's performance as below your expectations. Also, please feel free to provide 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: _____ Date: _____

Title: _____

Organization: _____

Thank you for taking the time to fill out this survey. Please send the completed survey form as soon as possible to:

by mail: Ms. Patricia Azarias, Director, Internal Audit Division-1, OIOS
Room DC2-518, 2 UN Plaza, New York, NY 10017 U.S.A.
by fax: 212-963-3388
by email: iad1support@un.org