



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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## **UNHCR Liaison Office in Manila, Philippines**

**Embezzlement of UNHCR funds remained  
undetected for a long period due to weaknesses  
in internal control**

**25 March 2009**

**Assignment No. AR2007/141/02**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr António Guterres, High Commissioner  
A: UNHCR

DATE: 25 March 2009

FROM: Fatoumata Ndiaye, Acting Director  
DE: Internal Audit Division, OIOS



REFERENCE: IAD: 09- 02323

SUBJECT: **Assignment No. AR2007/141/02 - Audit of UNHCR Liaison Office in Manila, Philippines**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 2 and 3 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1 to 5) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. L. Craig Johnstone, Deputy High Commissioner, UNHCR  
Ms. Judy Cheng-Hopkins, Assistant High Commissioner, UNHCR  
Ms. Karen Madeleine Farkas, Controller and Director, DFAM, UNHCR  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS  
Mr. Anders Hjertstrand, Chief, Geneva Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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### CONTACT INFORMATION

#### ACTING DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,  
e-mail: [ndiaye@un.org](mailto:ndiaye@un.org)

#### CHIEF, GENEVA AUDIT SERVICE:

Anders Hjertstrand:: Tel +41.22.917.27.31, Fax:+41.22.917.00.11,  
e-mail: [ahjertstrand@unog.ch](mailto:ahjertstrand@unog.ch)

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## **EXECUTIVE SUMMARY**

### **Audit of the UNHCR Liaison Office in Manila**

OIOS conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) Liaison Office in Manila at the request of UNHCR Management upon the identification of a case of embezzlement of UNHCR funds, initially estimated to be about \$140,000, by a staff member in the Liaison Office in Manila. The overall objective of the audit was to determine, to the extent possible, the amount of UNHCR funds embezzled; identify the main internal control weaknesses that allowed this fraud to occur; and identify control measures that would contribute to mitigating the risk of fraud and preventing its recurrence. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Based on the information available and analyses performed OIOS concluded that the amount misappropriated amounted to \$361,775. The misappropriation was the result of several cash withdrawals from a UNHCR bank account without payment vouchers for \$338,810 and illegitimate payments using payment or adjustment vouchers both in US Dollars and Philippine Pesos, double payment of salary and invalid medical claims totalling \$22,965.

The audit also identified additional questionable payments totalling \$103,886. They consisted of doubtful payments both in dollars and in local currency amounting to \$82,314 and missing payment vouchers and supporting documents for payments of an amount of \$21,572.

The internal controls in place did not identify or prevent these fraudulent activities, which went undetected for an extended period of time resulting in a financial loss to the Organization. The major internal control weaknesses identified during the audit were:

- Lack of management action for non-compliance with essential internal controls such as bank reconciliation;
- Inadequate supervision at all levels;
- Absence of key controls such as the validation of requests for transfers of funds; and
- Lack of the segregation of duties and controls to mitigate risks associated with this deficiency.

With the field roll-out of the Management Systems Renewal Project (MSRP), a number of control weaknesses have been corrected by: implementation of the Delegation of Financial Authority Policy; elimination of cash-in-transit transactions; and online bank reconciliation facility. However, MSRP does not fully mitigate the risk of future fraud, and UNHCR needs to pay closer attention to establishing adequate mechanisms to enhance its monitoring capacity in the areas of delegation of authority, receivable accounts (open items) and staff supervisory capacity. Formal and transparent definition of supervisory functions of Regional Representatives and the proper conduct of analytical reviews of field activities are also essential steps to mitigate the risk of potential fraud.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) Liaison Office (LO) in Manila, Philippines. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. In February 2007, the Legal Officer in charge (Head) of the UNHCR LO in Manila reported an irregularity in the transfer of funds to an implementing partner. The UNHCR Regional Representative in Jakarta estimated the amount embezzled at about \$140,000 and suggested to the UNHCR Inspector General's Office that a financial auditor be sent on mission to Manila as soon as possible. In June 2007, a Senior Finance Assistant from the Finance Section, Division of Financial and Administrative Management (DFAM) went on mission to Manila with the objective of reconciling the entries in the books of accounts with the bank statements, which were not performed for several months by the former Senior Administrative/Finance Assistant.
3. On the basis of further enquiries and investigation, the UNHCR Inspector General concluded that the former Senior Administrative/Finance Assistant had been embezzling UNHCR funds. Consequently, the staff member was suspended in February 2007 and summarily dismissed from service in May 2007.
4. Comments made by UNHCR are shown in *italics*.

## II. AUDIT OBJECTIVES

5. The main objectives of the audit were to:
  - (a) Determine, to the extent possible, the amount of UNHCR funds embezzled by the former Senior Administrative/Finance Assistant during her assignment in the Philippines (from July 2000 to February 2007);
  - (b) Identify the main internal control weaknesses that allowed this fraud to occur; and
  - (c) Identify control measures that would contribute to mitigating the risk of fraud and to prevent its recurrence.

## III. AUDIT SCOPE AND METHODOLOGY

6. OIOS reviewed the accounts of the LO for the period July 2000 (the month the staff member joined LO Manila) through February 2007. This included a scrutiny of bank reconciliation reports, bank statements and the electronic data stored in the Field Management Information System (FMIS) used by the LO. As part of the review, and in order to determine to what extent the UNHCR funds transferred to Manila were accounted for, OIOS prepared a cash flow analysis covering the period under review. An in-depth review of the
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payment vouchers available in LO in Manila for the same period was undertaken to identify additional unsubstantiated and doubtful payments.

7. OIOS assessed the internal control systems in the LO. Interviews with staff included the Head of LO in Manila and the Regional Representative in Jakarta whose mission to Manila coincided with the audit mission. Prior to the audit, OIOS also met with representatives of the Inspector General's Office and DFAM. OIOS further met with the Citibank official in Manila responsible for the UNHCR accounts.

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

### **A. Amount embezzled by the former staff member**

8. Based on the information provided and analyses conducted, the amount embezzled by the former Senior Administrative/Finance Assistant totalled \$361,775, as detailed in Table 1.

**Table 1: Amount embezzled by the former staff member**

<b>Particulars</b>	<b>Amount (\$)</b>
Withdrawals from the bank without payment vouchers	338,810
Fraudulent payments using payment or disbursement vouchers:	
In dollars: 7,900	
Dollar equivalent of Pesos: 12,150	20,050
Double payment of salary	2,800
Invalid medical claims	115
<b>Total</b>	<b>361,775</b>

9. In addition to the amount of \$361,775, UNHCR and OIOS identified dubious payments totalling \$103,886. These payments were made from July 2000 to February 2007. They consisted of: (a) payments totalling \$21,572 (see Annex 2 for details) for which payment vouchers and supporting documents were missing; and (b) questionable supporting documents for other payments in both Dollars and Pesos and adjustment vouchers totalling the equivalent of \$82,314 (see Annex 2).

#### Withdrawals from the bank without payment vouchers

10. To determine to what extent transfers made by UNHCR Treasury had been received by Citibank in Manila and duly recorded in UNHCR field accounts, OIOS prepared a cash flow statement for the period from 1 January 2001 to 28 February 2007 (no exceptions were noted for the period from July 2000 to December 2000). The total amount transferred by Headquarters was then compared to the expenditures recorded in FMIS and later in the Management Systems Renewal Project (MSRP) database of the LO. An analysis of the transfers of funds from Geneva to Manila revealed that all funds transferred by UNHCR Treasury had been received by Citibank in Manila.

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However, LO Manila did not record in UNHCR field records some of these transfers (totalling \$82,700) received in 2005 and 2006.

11. The cash flow statement showed that the amount of UNHCR funds unaccounted for was \$338,810 (see Table 2). This amount was fraudulently withdrawn from the bank between 2004 and 2007. A total of 110 cash withdrawal slips for transactions not exceeding \$5,000 were submitted to the bank for payment. OIOS could not confirm whether the Senior Administrative/Finance Assistant had forged the signature of the Head of LO, colluded with another person or resorted to other illegal means to withdraw cash from the UNHCR bank account.

**Table 2: Breakdown of the misappropriated amount**

Period	Amount (\$)
2004	15,000
2005	80,000
2006 (January to September)	158,385
2006 (October to December)	55,005
2007 (January to February)	30,420
<b>Total</b>	<b>338,810</b>

Creation of fictitious receivables to conceal cash withdrawals

12. The former Senior Administrative/Finance Assistant did not record these withdrawals in UNHCR field accounting records as required. Instead, in an attempt to mask the cash withdrawals from the bank, she recorded in FMIS and MSRP a series of “virtual” payment vouchers, i.e. payment vouchers without corresponding physical payments (for instance, \$57,000 on 24 September 2006). These “payments” were recorded in various receivable accounts (most of them in the name of the Senior Administrative/Finance Assistant). These fictitious receivables amounting to \$120,000 are included in the total amount of \$338,810.

Tampering with UNHCR field accounting records

13. OIOS also noted several other cases where the former Senior Administrative/Finance Assistant, in order to hide the discrepancies between the bank statement and the UNHCR accounting records, tampered with the FMIS Field data. This could have been done by running the FMIS Field software on multiple computers or after certain vouchers were approved, using backed-up data to overwrite the existing data files to recreate the approved vouchers with different payees or account codes. For instance:

- On 26 March 2003, an amount of \$1,260 was withdrawn from the bank and re-deposited in April without any recording in FMIS Field. It was shown as another reconciling item in the bank reconciliation statement without explanation. This cash withdrawal was the first non-recorded withdrawal.
- The closing balance as per the printed cash book differed from the opening balance of the following month. The opening balance (as of 1 July 2004) in the US dollar cash book was \$29,674 which did not match

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with the end balance for June 2004 of \$23,674 of both electronic and approved cash books.

Fraudulent payments using payment or adjustment vouchers

14. OIOS' review of payments in dollars revealed that two payments totalling \$7,900 cannot be considered as genuine:

- Payment of \$1,500 for travel (voucher 2P2010 dated 24 November 2004) was confirmed as not received by the travel agency named in the voucher.
- The former Senior Administrative /Finance Assistant initially recorded a payment amounting to \$6,400 as cash in transit and later used an adjustment voucher to charge half of this amount as local travel and the other half as minor alterations to premises. These two charges were not supported. Furthermore, both expenditures were local and should have been paid in Pesos, not in dollars.

15. For the period from October 2006 to February 2007, the Finance Section identified a sum of Pesos 1,110,533 (\$22,200) as irregular and questionable payments relating to vendors reportedly not paid. Vouchers were available for these payments and the amounts were shown as withdrawn from the bank. OIOS noted that cash amounting to Pesos 502,500 (\$10,050) was deposited at the bank during the same period; however these deposits were not recorded as receipts in the UNHCR accounts and their origin could not be traced. It is therefore possible that they had been made by the former Senior Administrative /Finance Assistant to cover embezzlement of vendor payments. The remaining questioned amount of Pesos 608,033 (\$12,150) for the period from 1 October 2006 to 28 February 2007 could not be reconciled to actual vendor payments.

Other doubtful payments

16. OIOS' review of the vouchers from June 2000 to September 2006 (processed under FMIS Field) disclosed other inconsistencies that could be potential financial irregularities. A number of payment vouchers totalling \$82,314 had serious deficiencies.

- Payments made to hotels (for meetings and training) were recorded as expenditure before the conclusion of the events and delivery of services. There was no evidence that the activities took place;
- There were many instances of: (a) payments being made to the representatives/officials of vendors; (b) not having a systematic process to obtain final invoices from vendors; and (c) the Senior Administrative/Finance Assistant withdrawing funds charging the expenditure code and paying the vendors; and
- An instance of multiple payments against the same invoice.

17. A number of payment vouchers (charged to the expenditure codes) were also not available on file. The value of such transactions amounted to \$21,572.

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This combination provided a great opportunity for misappropriation and concealing financial irregularities. Thus, there was no assurance that the corresponding value of goods or services was received.

#### **Recommendations 1 to 4**

**(1) UNHCR should take the necessary measures to formally confirm the responsibility of the former Senior Administrative/Finance Assistant and to determine whether she acted on her own or in collusion with other persons.**

**(2) UNHCR should formally confirm the responsibility of the Senior Administrative/Finance Assistant in falsifying UNHCR accounting records including FMIS field records.**

**(3) UNHCR should further investigate the doubtful payments made, inadequate supporting documents for payments and missing payment vouchers, in order to establish the responsibility of the former Senior Administrative/Finance Assistant.**

**(4) UNHCR should take the necessary measures to report this alleged fraud case to local authorities for further investigation and prosecution.**

18. *The UNHCR Regional Representative in Jakarta explained that over 18 months have elapsed since the fraud was uncovered. After subsequent enquiries, the Senior Administrative/Finance Assistant was found at fault and summarily dismissed in May 2007. Since then the dismissed staff member has not been traceable. Furthermore, UNHCR Regional Representative in Jakarta indicated that there was no realistic possibility to determine if she acted in collusion with other staff members. In such a situation and considering the fact that DFAM and OIOS have already reviewed the vouchers, it was not worth spending additional resources to try and prove the extent of embezzlement in the dubious payments of \$103,886. The UNHCR Administration believed that these dubious payments were also embezzled.*

19. *UNHCR accepted recommendation 4. However, it explained that the Office of Legal Affairs (OLA), New York refused to grant a waiver of the UN privileges and immunities to enable UNHCR to pursue a case against the former staff member in the national courts. Nevertheless, the Legal Affairs Section in UNHCR has been liaising with OLA who in turn will report the matter to the national authorities via the Philippines Permanent Mission in New York.*

20. Based on the actions taken and the explanations provided, recommendations 2 to 3 have been closed. Recommendation 1 remains open pending receipt of evidence that the possibility of collusion between the Senior Administrative/Finance Assistant and other persons, including the officials of the vendors and the bank have been duly considered. OIOS is of the view that the bank managers may not have paid enough attention to inform its client UNHCR

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about a sudden increase in the frequency of cash withdrawals. Recommendation 4 remains open pending receipt of evidence that action has been taken through OLA to report this alleged fraud case to local authorities for further investigation and prosecution.

## **B. Internal control weaknesses**

21. One of OIOS' audit objectives was to identify the internal control weaknesses that allowed this fraud to occur. The following weaknesses were observed.

### Absence of bank reconciliation and bank statements

22. The misappropriation and financial irregularities would have been detected by a thorough review of the monthly bank statements and bank reconciliation by Finance Resources Section at Headquarters. LO did not prepare and submit bank reconciliations or bank statements of the dollar bank account to the Finance Section at Headquarters for more than two years, i.e. from October 2004 to February 2007. This period corresponded to the commencement and peak of the fraudulent activities. During the same period, bank reconciliations and bank statements for the Pesos account were submitted, albeit inconsistently.

23. The Finance Resources Section did not provide evidence that sufficient efforts were made to obtain these essential records. Most significantly, the Finance Resources Section did not report the case at the appropriate level. For instance, the UNHCR Controller, the Director of the Regional Bureau for Asia and the Pacific and the UNHCR Regional Representative in Jakarta who could have intervened had not been duly informed about this significant irregularity.

24. Furthermore, the bank reconciliations (when they were prepared) in many cases contained reconciling items for which details were not available. There is no evidence that this serious lapse was dealt with or reported to the Regional Bureau and the Regional Representation in Jakarta for appropriate action.

25. In the course of 2007, after this case was revealed, the UNHCR Controller took action to identify other country operations that did not prepare a bank reconciliation or failed to submit the required information to the Finance Section at Headquarters on a monthly basis. A strict follow up for compliance with the rules was done. Subsequently UNHCR incorporated the online bank reconciliation facility in the Finance and Supply Chain Module of MSRP. In view of the actions taken by UNHCR, no recommendation is made in the present report.

### Significant chronic outstanding cash in transit and receivable accounts

26. At the roll-out of MSRP at the end of September 2006, an amount of \$83,000 was due from the former Senior Administrative/Finance Assistant. This amount represented about 5 years' worth of her salary. Of this, an amount of \$26,000 had been outstanding for more than a year. In addition she recorded an

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advance of \$57,000 during the week preceding the roll-out to MSRP, without this being noticed by the Finance Resources Section when reviewing the accounts. This fact should have alerted DFAM and prompted a thorough review.

27. At the same time, (MSRP roll-out), the pending items in the cash in transit account amounted to \$110,000. Of this amount, \$57,000 had been outstanding for more than six months (including \$39,000 outstanding for more than a year). Cash in transit items should be matched in the subsequent month when UNHCR Headquarters received monthly accounting transactions by email from the country offices to update the General Ledger. Accumulation of considerable balances for extended periods in this account indicated serious weaknesses.

28. In addition, the amount of outstanding items in cash in transit was reduced by \$97,000 (from \$110,000 to \$13,000) at the end of December 2006 without appropriate justification. The Senior Finance Assistant in the Finance Resources Section at Headquarters explained that the adjustment entries were made by the LO. The Finance Resources Section could not explain on which basis they validated the correctness of these adjustment entries, particularly considering that there were no bank reconciliation reports for the whole of 2006 and for several months in previous years. Had this significant amount of cash in transit been detected by the Finance Resources Section, the misappropriation from November 2006 to February 2007 would have been identified and additional losses of \$67,000 might have been prevented.

29. The notion of cash in transit does not exist any more – with the completion of the roll-out of MSRP (Finance and Supply Chain modules) at the end of 2007, all transfers of funds are recorded online by UNHCR Treasury without using a transit account. In view of this change in process, no recommendation is made in the present report.

#### Lack of segregation of duties

30. Given the size of the office (Head of LO, an Administrative/Finance Assistant and a since discontinued Driver), there was practically no segregation of duties. In spite of this, there was no evidence of any controls in place to compensate for the lack of segregation of duties. The Senior Administrative/Finance Assistant was practically responsible for all the tasks: writing cheques, preparing vouchers and bank reconciliations. She had unilateral access to the FMIS Field system and dealt with the bank.

31. She was also largely involved in the procurement process as most of the vendors addressed their quotations, contracts and invoices to her attention.

32. The Senior Administrative/Finance Assistant had full access to and control over office communications (including the official email box phima@unhcr.org). In particular she inappropriately used this email address to request cash replenishments in the name of the Head of LO.

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33. She was also running the office when the Head of LO was away on mission or on leave. By comparing the leave records of the Head of LO with the transactions' processing dates, OIOS observed that the Senior Administrative/Finance Assistant processed several payment and adjustment vouchers in FMIS when the Head of LO was on leave. It is unclear who approved these vouchers. According to our discussions with the Head of LO, no voucher, particularly payment, was processed during his absence. He explained that vouchers were prepared and approved, where ever possible, before his departure.

34. With the completion of the roll-out of MSRP (Finance and Supply Chain modules), the risk related to the lack of segregation of duties is mitigated by the fact that another UNHCR office can remotely monitor the financial transactions of this office. OIOS noted from the Delegation of Authority Plan (DOAP) of LO Manila that the Regional Representative in Jakarta is now the Approving Officer for Manila and other country operations under his authority. In view of this control, no recommendation is made in the present report.

#### Inadequate supervision by the Head of LO

35. The Head of LO explained to OIOS that he did not have the capacity to closely supervise the work of the Senior Administrative/Finance Assistant. Since he has a protection background, he was not aware of the administrative and financial requirements of UNHCR and the ways of complying with them. He also stated that the only training he had received since he joined UNHCR in 2004 was in relation to the MSRP roll-out in 2006.

36. The failure of UNHCR to ensure that the Head of LO had appropriate knowledge of finance to perform his duties may be seen as a lack of commitment to competence by UNHCR. However, there was no evidence that, when he realized that he could not adequately supervise the activities of the Senior Administrative/Finance Assistant, he requested assistance from Headquarters or Regional Representation, Jakarta for training. Given that he had accepted a function including financial responsibilities, he should be held accountable for his lack of management. Only a thorough investigation, as already recommended, can establish whether he should be held accountable for the financial loss suffered by UNHCR.

#### Unclear supervisory role of the Regional Representation, Jakarta

37. The Regional Representation, Jakarta carried out regular missions on protection related issues but there was little evidence of missions from Jakarta covering administrative and financial issues. The last detailed mission report was made in May 2003 by the then Senior Administrative/Finance Officer in Jakarta. This report was very positive on all the issues and did not identify any exceptions. The former Deputy Regional Representative went on mission twice to Manila (March and September in 2006) but no report confirming that administrative and financial issues were covered was available.

38. The role and responsibility of the Regional Representation, Jakarta in terms of supervision were not clearly established. On the issue of finance, there was no formal reporting line to the Regional Representation, Jakarta. Although the LO has been under the authority of the Regional Representation, Jakarta, the LO was responsible for its own financial and accounting matters and reported directly to UNHCR Headquarters.

39. The most recent version of MSRP introduced a significant change in the role of an external office (regional representation or Headquarters) in terms of monitoring. In addition, with the ongoing Structural and Management Change Process, new regional office structures with clearly defined roles vis-à-vis the offices under their authority are being established. In view of the ongoing actions, no recommendation is made in the present report.

No validation of requests for transfer of funds

40. The total amount of funds requested from the LO exceeded the operational and administrative needs for three years in a row, as shown in Table 3.

**Table 3: Excess funds transferred from Headquarters**

<b>Year</b>	<b>Expenditure</b>	<b>Cash from HQ</b>	<b>Excess Cash</b>
2004	\$275,612	\$295,000	\$19,388
2005	\$198,270	\$268,700	\$70,430
2006	\$170,774	\$385,000	\$214,226
<b>Total</b>	<b>\$644,656</b>	<b>\$948,700</b>	<b>\$304,044</b>

41. The significant excess cash replenishment, particularly in 2005 and 2006, should have alerted UNHCR Headquarters to potential irregularities occurring in Manila. OIOS also observed that the requests lacked details on the payments (operational, administrative and other) to be made in the next month. Also, for about 10 months, there were two requests every month for replenishment of funds. These requests should have been supported by a cash flow statement to show how they arrived at the amount requested.

42. There were no controls to validate requests for replenishment at UNHCR Headquarters. In addition to the UNHCR Treasury, which received the request for funds, the Senior Resource Manager in the Regional Bureau was copied on the request. There was no evidence that these requests were compared to the Letter of Instructions, approved spending authority or the expenditure already recorded.

43. The implementation of the MSRP Treasury Module in November 2007 provides a new feature for comparing the total amount of replenishment with the operational requirements. This issue will also be covered by OIOS in the audit of the post-implementation review of the Treasury module to be carried out later in 2009. For these reasons, no recommendation is made in the present report.

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#### No control on withdrawal slips

44. In Manila, disbursements were made by cheque for the account in Pesos (dollar payments were rare). While UNHCR has detailed instructions to ensure proper control over blank cheques, there was no such control on bank withdrawal slips. The withdrawal slips for dollars were not pre-numbered and blanks were freely available at the bank. Bank withdrawal slips were used by the former Senior Administrative/Finance Assistant to fraudulently withdraw funds. Since the controls related to the use of withdrawal slips will be covered by OIOS in the upcoming audit of the MSRP Treasury Module, no recommendation is made in the present report.

#### Double payment of salaries not identified by the Finance Section

45. The salary for April 2006 for the former Senior Administrative/Finance Assistant was paid twice – once by cheque and again by petty cash. The payment of salaries using petty cash in a country where appropriate banking facilities exist was neither noticed by the Head of LO nor by the Finance Section in Geneva. The salary payment by cash (in excess of \$100) needed approval from the Finance Section in Geneva in terms of UNHCR Manual Chapter 6 Part 4.6.2. However, there was no evidence that this authority was requested and obtained. The Head of LO, while approving the cash-book reports at the end of the month, did not identify this lapse.

46. It is unclear how this transaction, recorded twice and charged to the salary clearing account (HA 5201012), was successfully reconciled by UNHCR Headquarters.

47. OIOS notes that since the introduction of MSRP, particularly the Payroll Module, the risk of charging the salary clearing account twice has been considerably reduced. Given that the charges for salary are processed in MSRP by the Global Service Centre in Budapest and the payment of salary is also made online by the country offices, any discrepancies in the payable account used for salaries, will be detected immediately. In view of this control, no recommendation is made in the present report.

#### Discrepancies between the FMIS Field balances and MSRP General Ledger

48. The former Senior Administrative/Finance Assistant manipulated the FMIS Field records, which was evidenced by a discrepancy between the closing balance at the end of a month and the opening balance of the following month. At Headquarters, a comparison of the print copy of the cash book report received from the field office with the MSRP General Ledger would have exposed this variance and provided a good opportunity to investigate. Although OIOS highlighted this risk in its post-implementation review of MSRP, there was no evidence that the Finance Resources Section had taken any preventive measures. However, with the completion of the Financial and Supply Chain Module of the MSRP roll-out, the physical transfer and manual handling of data disks is no longer undertaken. In view of this, no recommendation is made in the present report.

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Insufficient control over monthly reports at Headquarters

49. OIOS noted that there was no evidence that the monthly reports (the cash book and field accounts summary) from January 2004 to August 2006 received from the LO were reviewed/checked by the Finance Section Headquarters before the transactions were posted to the General Ledger.

50. Under FMIS, the monthly financial data from the field offices was received by email and posted to the General Ledger. The approved hard copies of the cash books and bank reconciliation statements were received by courier/pouch later. For appropriate control procedures, these reports should have been corroborated against the transactions posted to the General Ledger.

51. OIOS noted that the Finance Section in September 2006 had written to the LO that approved cash books for the period from March through to July 2006 had not been received and reminded the LO to send them without further delay. However, the financial data relating to this period had already been received by email and used to update the General Ledger in MSRP. The receipt of the signed reports from the field office several weeks (or months) after the relevant data was already uploaded to the General Ledger provided no incentive to the Finance Section to ensure that the field data matched the data in MSRP.

**Recommendation 5**

**(5) UNHCR Legal Affairs Section should launch an internal inquiry to establish the responsibility of UNHCR managers over the severe internal control deficiencies observed. Adequate measures should be taken to make such UNHCR staff members accountable.**

52. *The UNHCR Administration accepted the recommendation 5 but did not elaborate on the action to be taken.* Recommendation 5 remains open pending receipt of documentation showing that it has been implemented.

**C. Preventive measures**

53. OIOS is of the view that UNHCR may not have properly assessed the risks of using two different accounting systems. As a result, appropriate resources to properly deal with two different systems at the same time were not allocated. OIOS also noted that some key controls in place in FMIS (example: open items reconciliation) did not work as required during the transition to MSRP or have not been adapted to the MSRP environment. In the meantime, new control mechanisms specific to MSRP have not been developed (example: online bank reconciliation).

54. With the completion of the roll-out of MSRP to the field offices at the end of 2007, a number of control weaknesses that existed during the transition period (i.e. when UNHCR was using both MSRP and FMIS) have been addressed.

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55. Some of the principal control features in MSRP contribute to mitigate the risk of financial irregularities although MSRP will not prevent similar cases happening in future. For example, a country office may incorrectly use the receivables account to record a payment for which there was no spending authority or approved budget. MSRP may however help to detect these irregularities earlier and to avoid their reaching such a magnitude.

#### Issuance of purchase orders and three-way matching

56. For procuring goods and services costing over \$1,000, a field office is required to prepare a purchase order (PO). However there is a risk that a field office could prepare a non-PO voucher to pay an invoice exceeding \$1,000. Subsequent to this payment, the field office could request a cancellation or cancel the PO already created. UNHCR needs to strengthen controls to ensure compliance with the requirement to prepare a PO.

57. Controls in MSRP prevent duplicate payments of an invoice. However, there is a risk of a deliberate double recording of the invoice under different name (by adding extra spaces or characters) and processing a payment. Nonetheless, a systematic review of the payments (like reports on vendors or invoices) could identify such exceptions.

58. The risks related to these issues have been considered in OIOS' risk assessment of country operations and will be covered during those audits.

#### Fund replenishments

59. The current practice of recording the replenishments in the MSRP Treasury Module by UNHCR Headquarters has eliminated the 'cash in transit' element. However, the UNHCR Treasury explained to OIOS that the recently rolled-out Treasury Module provides a complete cash flow overview by bank or field location. Furthermore, this facility is used to validate a request for replenishment with the existing and forecasted cash positions by taking into account the outstanding POs and payables. Since these controls will be reviewed separately in the audit of the MSRP Treasury Module, no recommendation is made in the present report.

#### Analytical review

60. In the course of the audit, OIOS did not find any evidence that analytical reviews had been performed that could have easily helped in identifying the misappropriations much earlier in the process: for instance, the quick escalation of cash withdrawals from mid-2004; the absence of any correlation between replenishments and the needs of the programme; the large amount of payments in dollars when a large majority of payments were in local currency; and increased frequency of requests for fund replenishments (in many cases twice a month). These events should have triggered an enquiry. There was a need to develop supervisory tools that encompass analytical reviews. With the completion of the roll-out of MSRP and the out posting of the financial services, significant

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changes have been made by UNHCR with regard to such analytical review. Since there is evidence that the new team in Budapest is currently involved in the analysis of field office data, no recommendation is made in the present report.

#### Necessary transition from processing to supervisory controls

61. During the last decade and particularly during the transitional period from FMIS to MSRP, the Finance Section at Headquarters had to move from processing to supervisory activities and supporting field offices for MSRP. Supervision of field office requires a different skills set including performing analytical reviews of field activities and the quick identification of exceptions to ensure timely action. OIOS believes that there was insufficient involvement of the Finance Section in developing new control mechanisms adapted to this reality. As a result, the supervisory controls in place were not commensurate with the demand of the MSRP system. However, with the full roll-out of MSRP, this situation no longer exists. Therefore, no recommendation is made in the present report.

#### Emerging risks and challenges

62. With the regionalization process, the number of staff needed to ensure a proper segregation of duties and supervision within many UNHCR field offices will be reduced significantly. The involvement of UNHCR Regional Representations or other types of offices playing a supervisory role may not be well understood.

63. In the case of the Philippines, the role and responsibility of the Regional Representation, Jakarta in terms of supervision of financial issues was not clearly established. Under the legacy system, there was no formal reporting line to the Regional Representation, Jakarta and the LO reported directly to UNHCR Headquarters.

64. With MSRP, given that records of transactions are available on line, a Regional Representation will have the opportunity to closely monitor (at least on-line) the activities of the offices under its authority. However, the roles and responsibilities of both the supervising and supervised office need to be clearly established.

65. OIOS noted that satisfactory procedures have been established by the Regional Representation in Jakarta to closely monitor the financial activities of the LO. However, there is no assurance that other Regional Representations, in similar circumstances, have established proper procedures to monitor the offices under their responsibility. DFAM needs to provide guidance and support to ensure consistency on this issue.

#### Presence of international staff

66. OIOS observed a significant increase in the magnitude of the fraudulent activities in the LO, Manila after the departure of the international staff member in June 2004. Before June 2004, bank reconciliation reports were available for

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most months and cash replenishments for the period from January 2001 to December 2003 were in accordance with the operations and administrative requirements. The presence of an international staff member as the Head of LO had obviously/possibly discouraged the former Senior Administrative/Finance Assistant and reduced the opportunities to siphon off funds.

67. However, the presence of an international officer had not prevented the staff member from recording doubtful payments. This means that the supervision by the international staff was not sufficient to prevent the fraud. When signing cheques and payment vouchers, not enough attention was paid to the review of supporting documents and to the coding of expenditures. The same risk exists with MSRP. It could be even higher with electronic approval. In a paperless environment, less attention may be given to the review of hard copy documents or a combination of codes that are mostly numeric.

#### Verification of reference on recruitment of national staff

68. There was no evidence that UNHCR carried out a reference check on the former Senior Administrative/Finance Assistant when she was recruited in 2000. OIOS also noted that out of the three referees mentioned in the personal history document, one did not have a contact address. Compliance with the requirement for reference checks has been included in the ongoing OIOS audit of recruitment of national staff.

#### Plan to strengthen monitoring capacity

69. OIOS was informed that the Finance Section, Budapest plans to strengthen its capacity to monitor the transactions recorded in a field office by various means, particularly in re-performing the bank reconciliations for selected months for a field office. OIOS strongly encourages this practice.

## **V. ACKNOWLEDGEMENT**

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

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	UNHCR should take the necessary measures to formally confirm the responsibility of the former Senior Administrative/Finance Assistant and to determine whether she acted on her own or in collusion with other persons.	Governance	High	O	Evidence that the possibility of collusion between the Senior Administrative/Finance Assistant and other persons, including vendors and the bank, have been duly considered.	31 March 2009
2	UNHCR should formally confirm the responsibility of the Senior Administrative/Finance Assistant in falsifying UNHCR accounting records including FMIS field records.	Compliance	High	C	Action completed.	Implemented
3	UNHCR should further investigate the doubtful payments made, inadequate supporting documents for payments and missing payment vouchers, in order to establish the responsibility of the former Senior Administrative/Finance Assistant.	Compliance	High	C	Action completed.	Implemented
4	UNHCR should take the necessary measures to report this alleged fraud case to local authorities for further investigation and prosecution.	Compliance	High	O	Evidence that the case is reported to the local authorities for further investigation and prosecution.	31 March 2009
5	UNHCR Legal Affairs Section should launch an internal inquiry to establish the responsibility of UNHCR managers over the severe internal control deficiencies observed. Adequate measures should be taken to make such UNHCR staff members accountable.	Governance	High	O	Evidence showing that the recommendation has been implemented.	31 March 2009

1. C = closed, O = open
2. Date provided by UNHCR in response to recommendations.

Review of the vouchers (July 2000 - September 2006)

Month & Yr	Voucher Description	Disbursements in the nature of advances but booked as expenditure or expenditure without proper invoices and receipts (receivables excluded).		No vouchers available on file	
		P	USD	P	USD
Jan-01	3/P/2028 31 Jan charged to 00/AP/PHI/CM/202 (u) 097015010 – airticket cost for Cagayan workshop. There was no invoice only a statement of account. No evidence of travel.		36,546		
Feb-01	3/P/2001 9 Feb charged to 00/AP/PHI/CM/202 (u) 097015010 – airticket cost for the above workshop. There was no invoice only a statement of account. No evidence of travel.		42,637		
Mar-01	3/P/2001 14 Mar charged to account 594 and paid to Gina de Ocampo for stationery for EMTP workshop. However, this was an advance as the receipts for P 21,936 were dated much later than the voucher date.		22,000		
Mar-01	3/P/2003 19 Mar charged to 01/AB/INS/CM/201 (u) P9710998 for EMTP workshop from 22 to 28 Mar 01 in Davao city. No documentation available except for a message from Fernando Protti-Alvarado from INS authorizing expenditure of US\$ 24,944 against the above budget. The cash was withdrawn by Gina.		220,000		
Apr-01	3/P/2004 16 Apr charged to 01/AB/INS/CM/201 (u) P9710998 for EMTP workshop airfare and paid to Wing On. No details except for a statement of account from the company.		90,574		

Review of the vouchers (July 2000 - September 2006)

Apr-01	3/P/2006 18 Apr charged to 01/AB/INS/CM/201 (u) P97j10998 for EMTP workshop venue costs. However, the payee was not Grand Regal Hotel but one Ruby Reyes. The meeting was in Mar 2001. The cheque was cashed on the same day. We noted that Ruby Reyes was the Accounts Executive of the hotel.	186,538		
Jul-01	Another amount was paid in July 2001 (3/P/2019) charging the same code to Ruby Reyes towards the final settlement of hotel bills. We noted that Ruby Reyes was the Accounts Executive of the hotel. A review of the paid cheque noted that it was not crossed.	48,491		
Sep-01	3/P/2003 and 2005 were charged to 01/AB/PHI/CM/202 (u) O97j10999 towards workshop expenses in Cebu. The entire amount was withdrawn by Gina. No details of the workshop were available. This was expensed out before the workshop itself.	150,000		
Sep-01	3/P/2017 and 2018 were charged to 01/AB/PHI/CM/202 (u) O97j10999 towards workshop expenses in Manila. The entire amount was withdrawn by Gina. These were mere estimates and should be treated as advances. However, they were expensed out.	151,785		
Oct-01	3/P/2001 dated 9 Oct was charged to 01/AB/INS/CM/201 (u) P97j10998 towards workshop expenses in Manila. The entire amount was withdrawn by Gina. The supporting documents are unclear and due to the poor quality of the documents and absence of workings, we are unable to ensure the correctness of the charge.	205,000		
Oct-01	3/P/2005 dated 12 Oct was charged to 01/AB/PHI/CM/202 (u) O97j10999 towards TOT training in Manila. Though the payee was Jonel Spring Resort and Hotel, the supporting documents are just estimates and there are links between these two vouchers (2001 and 2005 – the successive receipts from Jonel Spring Resort!).	85,000		

Review of the vouchers (July 2000 - September 2006)

Dec-01	3/P/2000 dated 3 Dec was charged to 01/AB/OCA/CM/200 (u) O2310998 towards advance for 6 <sup>th</sup> APC Plenary Meeting. This amount was paid to Rosalinda Trona, the APC Coordinator. Rosalinda was stated as the name of the payee though, as coordinator, she requested an advance of US\$ 2,000 or P 102,800 only for the Secretariat. The amount was withdrawn on the same day.	420,540		
Dec-01	Related to this meeting another payment was made: 3/P/2001 dated 3 Dec for bus rental for UNHCR delegation. (In Feb 2002, this person refunded P 154,489.12 and it was credited to the above project. There was no statement of account.)	27,500		
Dec-01	3/P/2008 and 2017 were charged to 01/AB/INS/CM/201 (u) P9710998. Cheque was issued in the name of the Director (Lita Enok), Office of Civil Defense. There were no proper documents.	200,000		
Feb-02	3/P/2019 dated 14 Feb was charged to 02/AB/INS/CM/201 and 02/AB/PH/LS/401 towards contribution for Basilan workshop (19 -22 Feb). The amount was paid in to the personal account of the Regional Director, Office of Civil Defence. This is only an advance payment made. UNHCR had issued a PT8 for the same Director to travel to Bali for a seminar from 24 Feb to 2 Mar 2002.	146,500		
Mar-02	3/P/2018 dated 29 Mar to Bacolad Hotel was charged to 02/AB/INS/CM/201 P9710998. No information on the participants or the outcome.	50,820		
Apr-02	3/P/2009 paid in April to Bacolad Hotel was charged to 02/AB/INS/CM/201 P9710998. No information on the participants or the outcome.	51,276		

Review of the vouchers (July 2000 - September 2006)

Mar-03	A cheque for US\$ 1,260 was withdrawn (in cash) but not recorded in the cash book. The withdrawal was made on 26 Mar. The amount was shown as other reconciling item in the bank reconciliation statement but not the voucher number and the date.				
May-03	3/P/2022 dated 28 May Gina was paid P 157,286 (as advance) to pay for the project expenses for emergency management training of trainers slated for 26 – 31 May 2003. On 24 Jun (3/A/5000), she accounted for P 152,070 with receipts and charged 03/AB/JPN/EM/100 (u). However, she did not refund the balance of P 5,216.	5,216			
Jul-03	2/P/2004 dated 25 Aug, US\$ 10,000 was advanced to Pujiono Pujiono under VF 364 towards field operation advances ASEAN meeting in Manila from 25-27 Aug 03. There was an email message from Jakarta (Jakarta, Indonesia) addressed to PHIMA dated 21 Aug to charge a maximum of US\$ 20,000 for this meeting. This email message was sent by fax on 21 Aug. Our verification of Pujiono Pujiono in MSRP disclosed that he was a GL 4 Resettlement Clerk in Indonesia (Tanjung Pinang) who resigned in June 1989 (COB 16 June 1989). There was no other authorization or supporting documents. On the same day, another payment of P 150,000 was made to the same person (3/P/2021) quoting the same description.				
Jul-03	2/P/2003 Travel advance cleared without travel claim.			560	
Aug-03	2/P/2002 dated 25 Aug. Payment was made to The Westin Philippine Plaza towards full payment for 10 rooms for ASEAN regional meeting charging 03/AB/INS/CM/201. There was no supporting document. In the cash withdrawal slip, Pujiono's name was mentioned.			2,400	
Aug-03	3/P/2005 dated 11 Aug Gina was paid (VF 364) as field operation advance for EMTP Davao 13-18 Aug. Neither the voucher nor the authorization was available.				

Review of the vouchers (July 2000 - September 2006)

Sep-03	3/P/2002 dated 1 Sep Phil 7107 Islands Travellers Inc was paid charging 03/AB/PHI/LS/401 (u) O97j10999 towards workshop expenses. For the same RSD training, Rico Salcedo was advanced P 120,000 on 9 Sep.	165,220		
Sep-03	3/P/2005 dated 2 Sept Artsake Visual Communication was paid charging 03/AB/PHI/LS/401 (u) O97j10999 towards EMTP training manual. Neither the voucher nor the authorization was available.		89,000	
Oct-03	3/P/2004 dated 2 Oct Gina was paid charging 03/AB/PHI/LS/401 (u) O97j10999 towards funding support for training activities. Neither the voucher nor the authorization was available. Cheque no 979 dated 2 Oct. The voucher was prepared after the money was drawn from the bank on 1 Oct.		150,000	
Oct-03	3/A/5001 dated 3 Oct Pujjono settled (ASEAN meeting). Most of the supporting documents were provisional receipts (this included engaging a tourist vehicle!)	90,533		
Oct-03	3/P/2007 dated 6 Oct Gina was paid charging 03/AB/PHI/LS/401 (u) O97j10999 towards for training activities for EMTP and capacity building for regional directors. Neither the voucher nor the authorization was available.		75,000	
Oct-03	3/P/2017 dated 23 Oct paid charging 03/AB/INS/CM/201 (t) P97j 10998 to Artsake Visual Communication for manual printing. All these payments to this entity are questionable.	178,000		

Review of the vouchers (July 2000 - September 2006)

Nov-03	3/P/2000 dated 7 Nov UNDP's cheque (no 993) was voided. However, this cheque was cashed on 7 Nov and P 178,000 was withdrawn.	-			
Nov-03	3/P/2008 dated 14 Nov Holiday Inn was paid charging 03/AB/PHI/LS/401 (u) 097j10999 towards workshop expenses. The documentation is dubious. They are estimates.	97,224			
Nov-03	3/P/2018 dated 28 Nov paid charging 03/AB/INS/CM/21 (t) P97j10998 to Artsake Visual Communication for manual printing. All these payments to this entity are questionable.	178,000			
Nov-03	3/P/2022 dated 28 Nov paid charging 03/AB/PHI/LS/401 (u) 097j10997 to Westin Philippine Plaza for rooms. No supporting documents.	128,000			
Dec-03	3/P/2020 dated 17 Dec Felino Castro was paid charging 03/AB/INS/CM/201 (u) P97j10998 for the reimbursement of web hosting, domain name registration and development cost (nothing to do with UNHCR)	106,283			
	<b>Sub-total for the period from Jan 2001 - Dec 2003</b>	<b>3,083,683</b>	<b>2,960</b>	<b>314,000</b>	<b>-</b>

Review of the vouchers (July 2000 - September 2006)

Jan-04	3/P/2012 dated 26 Jan Gina was paid P 85,000 charging VF 364 as operation advances for EMTTP training. Neither the voucher nor the authorization was available.				
Feb-04	3/P/2003 dated 6 Feb Gina was paid P 85,000 charging 04/AB/PHI/LS/401 (u) O97j10998 towards EMTTP training costs. Neither the voucher nor the authorization was available. There was no record to justify this payment.	85,000			
Mar-04	3/P/2004 dated 5 Mar Gina was paid charging 04/AB/PHI/LS/401 (u) O97j10999 towards Regional Directors' Executive Workshop. Neither the voucher nor the authorization was available.	100,000			
Mar-04	3/P/2012 dated 25 Mar Gina was paid charging 04/AB/PHI/LS/401 (u) O97j10999 towards RDC Executive Workshop. Neither the voucher nor the authorization was available.	120,000			
Mar-04	3/P/2013 dated 25 Mar Superweb Inc was paid charging the account 441 towards 3 months internet subscription. This is for a web magazine that has nothing to do with UNHCR's business.		3,630		
Mar-04	3/P/2014 dated 25 Mar Holiday Inn was paid P 25,000 charging 04/AB/PHI/LS/401 (u) O97j10999 towards accommodation for immigration officers training (31 Mar-2 Apr). No details were available except the contract and receipt.		25,000		

Review of the vouchers (July 2000 - September 2006)

Apr-04	3/P/2001 dated 12 Apr Gina was paid charging VF 364 towards field operation advance BI training. Neither the voucher nor the authorization was available.					
Apr-04	2/P/2001 dated 12 Apr Prescilla Duque was paid charging 04/AB/INS/CM/201 (t\$ P97 j10998 as advance for 2 <sup>nd</sup> workshop OCD training 25-28 Apr 04. Neither the voucher nor the authorization was available.					1,500
May-04	3/P/2000 dated 3 May Gina was paid charging 04/AB/PHI/LS/401 (u) 097j10999 towards immigration training advance 4-7 May. Neither the voucher nor the authorization was available.				125,000	
Jul-04	3/A/5002 dated 30 Jul. This amount was an adjustment made in favour of Refugee Law transport. Voucher missing and no documents to support this adjustment.				24,981	
Sep-04	3/P/2014 dated 24 Sep Gina was paid charging VF 364 towards refugee curriculum advance. The supporting docs are weak and have no details. See 3/A/5000 25 Nov for the reversal to 04/AB/INS/CM/201.					
Oct-04	3/P/2005 15 Oct Gina was paid charging 04/AB/INS/CM/201 (t) O23k11080 as NDCC advance for 3 <sup>rd</sup> executive workshop (15-17 Oct). The supporting documents are weak.				125,148	

Review of the vouchers (July 2000 - September 2006)

Oct-04	2/P/2006 and 2008 dated 29 Oct for replenishment of Peso account – US\$ 5,000 each. The vouchers are not available. They don't appear in the bank statement as well. Appears to be made to balance the bank statement.				
Nov-04	2/P/2001 dated 9 Nov Rico Salcedo was paid charging 04/AB/INS/CM/201 (\$ 023k11080 towards ticket reissuance to Gilbert Sembrano. This invoice from the agency was already paid using a faxed copy on 22 Oct (2/P/2004).	1,445			
Nov-04	2/P/2004 dated 19 Nov Gilbert Sembrano was paid (\$1,356) charging 04/AB/INS/CM/201(\$ 023k11080 towards ticket and other expenses. Four payments were issued for Pr. Sembrano travelling to San Remo. Only one payment amounting to \$1,356.01 (made to the traveller who was authorized to buy its own tickets) should be considered as legitimate. According to an exchange of correspondence, the Office was requested to claim a refund for two tickets not used because the traveller could not land in Europe elsewhere than in Italy. There was no mention of any refund in UNHCR records. Total questionable payments: \$2 990	1,545			
Nov-04	3/P/2000 to 2002 dated 8 and 9 Nov. Paid charging 04/AB/PHI/LS/401 (u) 097 j10999 relating to RSD procedural manual. Poor supporting documents.		274,033		
Dec-04	3/P/2001 dated 6 Dec Prescilla Duque was paid charging 04/AB/INS/CM/201 (t) P97j10998 towards 4 <sup>th</sup> NDCC executive workshop. This voucher was not available.			125,100	
Dec-04	3/P/2015 and 2017 dated 17 Dec Danex Enterprises was paid charging 621 and 04/AB/PHI/LS/401 (u) 097 j10999 for the procurement of computers. One of the receipts from this supplier was dated 1 Feb 2005 (receipt 5609 P 81,000) and the other was dated 20 Dec (receipt 5634 P 161,000).		243,000		

Review of the vouchers (July 2000 - September 2006)

Dec-04	3/P/2000 dated 2 Dec Gina was paid charging VF 364 towards staff development activities. Later, P 40,889.51 was charged to 317. All the expenses appear to be dubious.	63,700				
May-05	3/P/2005 3 May Gina was paid P 100,000 towards immigration officers workshop advance Westin Plaza 4 and 5 May 2005 debiting VF 364.	-				
May-05	2/P/2008 dated 31 May According to the cash book approved, it was a US\$ 5,000 transfer to the Peso bank account. However, according to the FOAS data, the amount was debited to VF 364 SALCEDO towards law school internship project. The FOAS data had been apparently tampered with. Furthermore, this voucher was not available.					-
Jun-05	2/P/2004 and 2005 dated 30 Jun Paid to Stars Travel (US\$ 480) and Ruben Fondevilla (US\$ 215.80) for APC Beijing meet and charged to 05/AB/INS/CM/201. These vouchers were not available.					695
Dec-05	2/P/2003 dated 15 Dec Paid to Singtel for sat phone charging HGM/53772/651/0/934 for US\$ 1,495. The voucher was not available. However, the amount was withdrawn by cash.					1,495
	Sub-total for the period from Jan 2004 - Sep 2006	734,511	2,990	580,081		3,690
	Grand total	3,818,194	5,950	894,081		3,690
	Sub-total for the period from Jan 2001 - Dec 2003	\$ 61,674	\$ 2,960	\$ 6,280	\$	-
	Sub-total for the period from Jan 2004 - Sep 2006	\$ 14,690	\$ 2,990	\$ 11,602	\$	3,690
	Grand total	\$ 76,364	\$ 5,950	\$ 17,882	\$	3,690

Review of the vouchers (July 2000 - September 2006)

	\$	82,314	\$	21,572
<b>Expenses in the nature of advances, poorly documented etc.</b>				
Jan 2001 - Dec 2003	\$	64,634		
Jan 2004 - Sep 2006	\$	17,680		
	\$	82,314		
<b>Expenses with vouchers missing</b>				
Jan 2001 - Dec 2003	\$	6,280		
Jan 2004 - Sep 2006	\$	15,292		
	\$	21,572		