



International Peace Operations - Benefits Audit

Final Report

May 2010

Internal Audit

Access to Information (ATI) Assessment

An assessment of this report with respect to provisions in the *Access to Information Act* produced no exemptions; therefore this report is presented in its entirety.

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Executive Summary

For 20 years, Canada has deployed police officers to international peace missions around the world. The missions assist in rebuilding and strengthening police services in countries that have experienced conflict or upheaval. The International Peace Operations Branch (IPOB) is responsible for managing the deployment of Canadian police officers to various missions around the world. On behalf of the Government of Canada, the branch provides a variety of services such as medical, logistical and administrative support to peacekeepers and their families as well as operational updates to government and police partners. Currently, there are 14 peace missions underway in 9 different countries. At any given time, there could be up to 219 police officers in mission from 19 agencies across the country. Police serving in missions receive several benefits and allowances while overseas.

In June of 2007, the RCMP's Audit and Evaluation Committee approved an audit of International Peace Operations - Benefits as part of the Risk-Based Internal Audit Plan for the period from April 2007 to March 2009. As per the terms of reference for this audit, the objective was to provide reasonable assurance that allowances and benefits paid were accurate, timely and compliant with relevant governmental and departmental policies and regulations.

The audit focused on the management controls in place related to the allowances and benefits paid to RCMP members and police partners deployed to international peace missions. Files were reviewed for members in mission from January 01, 2006 to December 31, 2008. A review of information systems such as the financial system (TEAM) and Human Resources Management Information System (HRMIS) was limited to those controls that had a direct impact on peace operations allowances and benefits.

The audit concluded that allowances and benefits paid to police officers in peace missions are generally timely; however, improvements in the accuracy of the payments as per relevant governmental and departmental policies and regulations is required. As a result, the following is recommended: a policy is developed to define the personnel data required to administer the allowances and benefits; the database is reviewed for errors and omissions, and corrections are made where required; procedures to calculate and administer the allowance and benefit process are defined and documented in accordance with policy; a post-mission quality assurance function within IPOB is performed for all members returning from mission; and the need for service standards relating to the timeliness of allowance and benefit payments is assessed.

1. Background

The Government of Canada has placed a renewed emphasis on international affairs and Canada's role of pride and influence in the world. As a result, the RCMP re-examined its international policing activities to ensure continued contribution against transnational crime and to international peace and security at all levels of the organization. International policing continues to be a strategy underpinning all of the organization's activities and operations.

For 20 years, Canada has deployed police officers to international peace missions around the world. The missions assist in rebuilding and strengthening police services in countries that have experienced conflict or upheaval. By building the capacity of foreign police to maintain law and order, Canadian police, in cooperation with international partners, help create a safer and more stable environment. This initiative paves the way for long-term development and can also prevent illicit activities from spilling across borders into other countries, including Canada.

The International Peace Operations Branch (IPOB) is responsible for managing the deployment of Canadian police officers to various missions around the world. The branch provides a variety of services such as medical, logistical and administrative support to peacekeepers and their families as well as operational updates to government and police partners. Located at the RCMP Headquarters in Ottawa, IPOB is a diversified team of professionals, including police, civilian, and public service personnel. The branch is part of International Policing (IP), which falls under Federal and International Operations (FIO).

Foreign requests for Canadian police assistance come from organizations such as the United Nations or from specific countries. The decision to deploy Canadian police is made within the framework of the Canadian Police Arrangement, a partnership between the Department of Foreign Affairs and International Trade, the Canadian International Development Agency, Public Safety Canada and the RCMP. The Canadian Police Arrangement is designed to help Canada respond to increased demands for Canadian police participation in international missions without affecting policing at home.

Currently, there are 14 peace missions underway in 9 different countries. At any given time, there could be up to 219 police officers in mission from 19 agencies across the country.

2. Audit Objective, Scope and Approach

2.1 Objective:

The objective of the audit engagement was to provide reasonable assurance that:

- Allowances and benefits paid were accurate, timely and compliant with relevant governmental and departmental policies and regulations.

2.2 Scope:

The audit focused on the management controls in place related to the allowances and benefits paid to RCMP members and police partners deployed to international peace missions. For the purposes of this audit, the terms “allowance(s)” and “benefit(s)” were used interchangeably as is common practice within IPOB.

Files were reviewed for members deployed from January 01, 2006 to December 31, 2008.

A review of information systems such as the financial system (TEAM) and the Human Resources Management Information System (HRMIS) was limited to those controls that had a direct impact on peace operations benefits and allowances.

The following allowances and benefits were examined:

- Foreign Service Allowances: Operations Foreign Service Premium (OPS FSP), Hardship Allowance (HA), Hardship Allowance Bonus (HAB), and Risk Allowance (RA);
- Post Specific Allowance (PSA);
- Home Leave Travel Assistance (HLTA) and Family Reunion Travel Allowance (FRTA);
- Vacation Travel Allowance (VTA); and
- Living Expenses.

A description of each can be found in Appendix B.

2.3 Approach:

The audit engagement was planned and conducted in accordance with the Internal Auditing Standards for the Government of Canada.

The planning phase of the audit commenced in October 2008, while fieldwork began in May 2009 and concluded in November 2009. Fieldwork included audit procedures that were considered necessary to gather sufficient evidence to provide reasonable assurance that the audit objective was met. These tests included, but were not limited to: interviews, observations, review of supporting documentation, sampling of transactions, and analytical reviews.

The audit criteria used to develop the required audit tests were based on applicable policies, rules, regulations, and legislation, including the Canadian Police Arrangement, the Treasury Board (TB) Policy on Internal Audit, and the *Canadian Institute of Chartered Accountants* “*Criteria for Control*” (CoCo) model.

The audit universe or total population consisted of all benefit payments received by personnel on an international peace mission, between January 1, 2006 and December 31, 2008, broken down into individual months. Based on the population, various samples for audit testing were determined. A statistical sample of transactions was randomly selected from this population for testing of overall compliance with elements (i.e. all elements related to the employee selected) within the scope of the audit. Other directed samples (based on data analysis or judgment) were established for the various benefit transactions/activities included in the audit scope.

3. Management's Response to the Audit

I would first and foremost like to thank the Audit Team for the professionalism and conscientiousness demonstrated throughout this process. I would also like to acknowledge the tremendous engagement and commitment of the IPOB personnel, including the public servants in Missions Benefit within Integrated Program Services (IPS).

As a means to providing context to the results of the Audit of the Missions Benefit Unit within IPOB, it is important to note that the audit focussed on activities covering a 3 year period from January 1, 2006 to December 31, 2008. Furthermore, during this same period, international policing evolved from a strategic priority to a key management strategy. In addition, IPS underwent tremendous growth and high turnover in staff both at the leadership level (Officer in Charge (OIC) and Director) and the public service level.

The IPS unit developed and continues to steward and foster excellent working relationships within the RCMP as well as work collaboratively and efficiently with Treasury Board Secretariat of Canada and the Department of National Defence vis-à-vis guidance surrounding policy and governance as well as the exchange of information in areas of mutual concern.

This was the first audit ever conducted of this area and we support the findings and recommendations of the audit team. The Director General International Policing has met with the OIC IPS to review the results of this audit report. While we recognize the enormous work that lies ahead, work has already commenced towards addressing some of the deficiencies and the implementation of sustainable solutions in support of the recommendations of the Audit Team.

Mike Cabana
Acting Deputy Commissioner
Federal Policing

4. Principal Findings and Management Responses

The following summarizes the main audit findings based on the results described in Appendix A. For each recommendation presented, management is expected to:

- State whether they agree or disagree with the finding and recommendation;
- Articulate the action to be taken;
- Identify the position responsible for implementing the action plan; and
- Provide a completion date (month and year).

4.1 Audit Findings

Audit Finding 1 : Personnel File and Microsoft Access Database	
Observation / Cause / Impact:	
<p>Generally, data was accurate in the personnel and database files. There were instances, however, where there was incomplete and/or incorrect information available for calculating operational allowances and benefits.</p> <p>These issues were primarily the result of a lack of policy detailing the information that must be included in the members paper file and in the database.</p> <p>These internal control weaknesses resulted in:</p> <ul style="list-style-type: none"> • Lack of a clear audit trail; and • Members receiving incorrect payments. 	
Audit Recommendation 1	Management Action Plan
<p>The D/Commr. Federal Policing should ensure that:</p> <p>1. a) A policy is developed to define the personnel data required to administer the allowances and benefits; and</p> <p>1. b) The database is reviewed for errors and omissions, and corrections are made where required.</p>	<p>1. a) Agree. A form has been created and affixed for completion to each deployed personnel file. The form is completed in accordance to the RCMP Pay Policy. This has been included in the Missions Benefit Procedure Manual to ensure conformity and clarity for new employees.</p> <p>Procedure Manual creation date: September, 2010</p> <p>1. b) Agree. A thorough review of the elements contained in the database will be conducted and changes/revisions recorded. In addition, ad hoc spot checks will be carried out on all mission personnel files on a regular</p>

	<p>basis.</p> <p>Review completion date: May, 2010</p> <p>Position responsible: Director, IPOB</p>
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Audit Finding 2 : Allowances and Benefits

Observation / Cause / Impact:

It was found that there was a high rate of inaccurate allowance and benefit payments. In addition, the current post-mission quality assurance process is insufficient.

A review of Accounts Payable and Compensation policy documentation did not reveal any standard(s) or benchmark(s) with respect to what would constitute a “timely” payment of allowances and benefits. Therefore, auditors’ judgement was used when assessing the timeliness of payments; and it was found that there were very few, if any, payments that were considered untimely.

The following allowances and benefits are grouped based on similar type of error and impact.

Foreign Service Allowance (FSA) & Post Specific Allowance (PSA)

FSA payment errors were primarily caused by: improper point calculations prior to mission; improper interpretation of mission in/out dates; and no formal business practice within IPOB to conduct a post-mission quality assurance review on the accuracy of member allowance and benefit payments.

PSA payment errors were primarily caused by inaccuracies in the instructions given in the deployment letters sent from IPOB to Compensation or Accounts Payable. The most financially significant errors occurred when missions were extended, from 9 months to 12 months or more, and the member became entitled to an additional PSA entitlement that was not always applied.

Control weaknesses relating to FSA and PSA payments led to over/under payments ranging from \$5-\$325 for the sample month, and at times in excess of \$2,000 for the entire mission.

Home Leave Travel Assistance (HLTA) / Family Reunion Travel Allowance (FRTA) & Vacation Travel Allowance (VTA)

HLTA/FRTA errors were primarily the result of providing members with the wrong leave benefit. For example, a member with dependants would be given HLTA, rather than the FRTA to which the member was entitled (and vice-versa).

VTA errors were generally the result of not paying the VTA allowance to members who had their mission extended to 12 months or more. In terms of supporting documentation, there were instances where no Travel Certification Form or receipts were on file. In addition, if members returned early from mission there was often no documentation on file regarding recovery action required or not required.

Control weaknesses relating to HLTA/FRTA resulted in members being allowed additional leave benefits and leave inequities between members on mission. Errors in VTA payments led to eligible members not receiving the VTA, and the potential for non-recovery of advanced funding where the full VTA advance could not be substantiated.

Living Expenses

Living expense errors were generally the result of an incorrect conversion rate being applied to convert from local to Canadian currency (rent and utilities). Inaccurate meal reimbursement was generally due to incorrect calculation of daily allowances.

Control weaknesses relating to living allowances led to over/under payments of living allowances to members.

Audit Recommendation 2	Management Action Plan
<p>The D/Commr. Federal Policing should ensure that:</p> <p>2. a) Procedures to calculate and administer the allowance and benefit process are defined and documented in accordance with policy;</p> <p>2. b) A post-mission quality assurance function within IPOB is performed for all members returning from mission; and</p> <p>2. c) The need for service standards relating to the timeliness of allowance and benefit payments is assessed.</p>	<p>2. a) Agree. An FSA calculation sheet was created, procedures outlined and implemented in May 2009. Procedures will be defined and documented, and be inserted into a Procedure Manual.</p> <p>Completion dates - calculation sheet: in place; Procedure Manual: September, 2010</p> <p>2. b) Agree. Quality assurance practices for all end-of-mission personnel files was implemented in September, 2009 and continues to be in place.</p> <p>2. c) Agree. A service standard relating to timeliness of allowances and benefit payments will be established in close collaboration with National Compensation Services of the RCMP. Roles and</p>

	<p>responsibilities will be outlined to ensure clarity, effective and efficient service delivery.</p> <p>Service standard implementation date: May, 2010.</p> <p>Position responsible: Director, IPOB</p>
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5. Conclusions

5.1 Accuracy and Timeliness of Allowance and Benefit Payments

The audit concluded that allowances and benefits paid to police officers in peace missions are generally timely; however, improvements in the accuracy of the payments as per relevant governmental and departmental policies and regulations is required.

Areas requiring management action as a result of the audit are:




- A policy is developed to define the personnel data required to administer the allowances and benefits;
- The database is reviewed for errors and omissions, and corrections are made where required;
- Procedures to calculate and administer the allowance and benefit process are defined and documented in accordance with policy;
- A post-mission quality assurance function within IPOB is performed for all members returning from mission; and
- The need for service standards relating to the timeliness of allowance and benefit payments is assessed.

Appendix A - Overview by Audit Objective



The following tables present the results of the internal audit. The audit objective is assessed against its corresponding criteria, along with our opinion of the level of risk exposure that exists.

The audit criteria used to develop the required audit tests were based on applicable policies, rules, regulations, and legislation, including the Canadian Police Arrangement, the TB Policy on Internal Audit, and the Canadian Institute of Chartered Accountants “Criteria for Control” (CoCo) model.

The risk ranking (high, medium, low) is based on the level of potential risk exposure we feel may have an impact on the achievement of RCMP objectives, and is indicative of the priority management should give to the recommendations.

Indicators	Risk Ranking
	High exposure/priority
	Medium exposure/priority
	Low exposure/priority

The assessment summarizes the audit observations based on the factual evidence gathered and analysed during the audit. Based on these assessments, issues/themes along with potential causes, impacts, management initiatives and recommendations are summarized in the “Principal Findings” section.

<p>Objective - Provide reasonable assurance that allowances and benefits paid were accurate, timely and compliant with relevant governmental and departmental policies and regulations.</p>	
<p>Criteria 1. Personnel File and Microsoft Access Database - Accuracy and completeness of personal and mission-specific information in file and database</p>	<p>Risk Exposure</p> <p style="text-align: center;"></p>
<p>IPOB maintains a paper file for each deployed police officer for each mission on which they deploy. They also create a Microsoft Access database record for the member, detailing personal information and mission specific information.</p> <p>The points accumulated for service on deployments, used to calculate the operational allowances, were accurate 74% of the time in the database.</p> <p>There were some instances where lack of detail in the paper files affected the assessment of the risk and hardship allowance payments. For example, the files for members on an Afghanistan mission lacked details of the dates which members arrived and departed the Host Nation. For the mission in Haiti, the paper files lacked dates which members moved between Port au Prince and the Regions. In both of these cases the error affected the amount of allowable benefit.</p>	
<p>Criteria 2. Allowances and Benefits - Accuracy and timeliness of payments</p>	<p>Risk Exposure</p> <p style="text-align: center;"></p>
<p><u>Foreign Service Allowances (FSA)</u> For the three year audit sampling period, the accuracy rate of FSA payments decreased from 65% in 2006 to 59% in 2008, for a three year overall rate of 64%.</p> <p>It was found that incorrect payments to individual members were comprised of overpayments, under payments, and omissions. Omissions occurred when a member was not paid a part (HA, HAB, RA, FSP), or all, of the FSA entitlement for the given sample period. Incorrect payments were the primary source of error, with omissions accounting for a relatively small portion.</p> <p>A review of Accounts Payable and Compensation policy documentation did not reveal any standard(s) or benchmark(s) with respect to what would constitute a “timely” payment of FSA. Furthermore, interviews with IPOB, HQ Accounts Payable, HQ Compensation, and Divisional Compensation confirmed this finding. Therefore, auditors’ judgement was used when assessing the timeliness of FSA payments and it was determined that there were very few, if any, payments of FSA that were considered untimely.</p>	

Post Specific Allowance (PSA)

The accuracy rate of PSA payments improved from 8% in 2006 to 50% in 2008 for a three year overall rate of 23%.

Errors were a combination of overpayments, under payments, and omissions.

There were many PSA payments in 2006 and 2007 that were considered untimely as they involved 12 month missions that were paid in a lump sum at the end of the mission rather than from the first month as directed by policy.

Home Leave Travel Assistance (HLTA) and Family Reunion Travel Allowance (FRTA)

The accuracy rate of HLTA/FRTA payments improved from 15% in 2006 to 38% in 2008 for a three year overall rate of 21%.

There were instances whereby a member used the travel benefit, but ended up returning home from mission early (making him/her ineligible for the benefit that was already used). In these cases, IPOB considered the circumstances surrounding the reason for early return, and made a decision as to whether or not they would recover funds used for the travel. As such, we expected to find evidence on file regarding the decision to recover funds, but nothing was found.

It was found that incorrect payments were primarily a result of providing the member with the wrong benefit. For example, a member would be given HLTA, rather than the FRTA to which the member was entitled (and vice-versa). This led to many over/under payments of the benefit. Depending on the location of the mission, the family situation of the member, and the benefit applied, a monetary impact was realized. It should be noted that the most common form of this error was applying the HLTA when FRTA should have been used.

There was sufficient documentation on file to support approval of the members travel prior to departure. In addition, members were paid within the limit of the benefit, and generally in the amount that was both claimed and approved. If the member received the wrong benefit (i.e. HLTA rather than FRTA) the amount paid to the member was within the limit of the benefit applied.

Expense claims were reviewed to ensure proper approval as per Section 34 of the FAA. There was evidence on file that showed 71% of claims reviewed had proper Section 34 approval. Generally, strong supporting documentation, such as receipts, were on file to support expense claims submitted, approved, and paid. Generally, payments of HLTA and FRTA benefits were considered timely.

Vacation Travel Allowance (VTA)

The accuracy rate of VTA payments decreased from 67% in 2006 to 33% in 2008 for a three year overall rate of 55%.

Errors were a combination of:

- No Travel Certification Form or receipts on file;
- Member was extended to a mission greater than 12 months – no VTA paid; and
- Member returning early from mission and no documentation on file regarding recovery action required or not required.

It was found that payments for this allowance were timely.

Rental Receipts/Agreement

It was found that 67% of rental expenses were reimbursed accurately.

All of the rent expense claims that were reviewed had receipts attached to them. Some of the rental agreements were not signed; therefore, rental receipts were used to verify the amount that was reimbursed.

As per policy, the auditor expected that rent expenses would be converted using the first working day of the month in which the rent was payable. However, it was unclear which date was used for conversions (based on calculations) as those that were used did not match the appropriate conversion date. As a result, reimbursements for rental expenses were not always accurate.

Living Accommodation Approval

It was found that 100% of living accommodations were approved prior to occupancy.

Members must have their living accommodation approved by IPOB prior to occupancy. In making its approval decision, IPOB relied primarily on mission security's assessment of the living accommodation in making the decision.

Utility Expenses

It was found that 67% of utility expenses were paid accurately.

All of the expense claims reviewed had a receipt or declaration attached. In addition, the amount reimbursed generally matched the amount claimed by the member. Inaccuracies in the reimbursement of utility expenses were noted when the date that the currency was converted did not match the date on the utility receipt.

Meal Expenses

It was found that 17% of meal expenses were reimbursed according to the applicable TB or Military Foreign Service Instruction (MFSI) rate. Errors were noted as an average rate for the month should have been used to convert meal expenses, but there were instances where the 15th of the month was used instead.

Section 34 Signatory

It was found that 94% of living expense claims contained proper approval as per Section 34 of the FAA.

Telephone Expenses

The MFSI policy does not require members to present receipts upon reimbursement of telephone expenses. An interview with IPOB revealed that verification of receipts was not being done. Instead, the member was paid the lowest call rate for the mission with the condition that substantiation of the expense may be required in the future.

Timeliness of Living Allowances

There is not a benchmark or standard with respect to “timely” payments of member benefits/entitlements. Therefore, auditors’ judgment was used when documenting payments in terms of timeliness. Payments for living allowances were considered timely.

Appendix B - Description of Benefits

The following benefits were included in the scope of the audit:

Operations Foreign Service Premium (OPS FSP): OPS FSP is an allowance payable to a member:

- in recognition of service on operations; and
- to cover expenses not specifically covered by other allowances and benefits.

For the audit sample period, the dollar value of this monthly allowance ranged from \$648 to \$1454.

Hardship Allowance (HA): The intent of the Hardship Allowance is to compensate for the living conditions existing at a specific post. For the audit sample period, the dollar value of this monthly allowance ranged from \$0 to \$735.

Hardship Allowance Bonus (HAB): The intent of the Hardship Allowance Bonus is to compensate a member for repeated deployments. The dollar value of this monthly allowance is based on a percentage of the Hardship Allowance for the mission.

Risk Allowance (RA): The intent of the Risk Allowance is to compensate for the risks associated with a specific post. For the audit sample period, the dollar value of this monthly allowance ranged from \$0 to \$588.

Post Specific Allowance (PSA): The intent of Post Specific Allowance is to assist a member in travelling from the post. PSA is paid to a member at a monthly rate, which reflects:

- 80% of return full economy air fare from the post to Ottawa; or
- 100% of the return fare from the post to Ottawa, if an economy fare is not available for a specific post.

Home Leave Travel Assistance (HLTA) and Family Reunion Travel Allowance(FRTA):

Eligibility for the HLTA/FRTA benefits is as follows:

9 Month Deployment		12 Month Deployment	
With Dependants	Without Dependants	With Dependants	Without Dependants
2 FRTA	2 HLTA	2 FRTA	1 HLTA

The intent of HLTA is to assist a member who is deployed or assigned to a place of duty outside Canada to reunite with their next of kin. For the audit sample period, the dollar value of this monthly allowance ranged from \$1264 to \$6879 depending on the location of the mission and the year in which the travel occurred.

The intent of the FRTA is to minimize the separation in families, where such separation is directly caused by the employee being assigned to a post, the employer provides for telephone calls and for reunion of families at public expense at least once a year. For the audit sample period, the dollar value of this monthly allowance ranged from \$1100 to \$7500 depending on the location of the mission and the year in which the travel occurred.

Vacation Travel Allowance (VTA): The intent of Vacation Travel Allowance is to assist members and their families to take a vacation away from the post during each posting, with more frequent travel provisions for members at more difficult posts. For the audit sample period, the dollar value of this monthly allowance ranged from \$2141 to \$8465 depending on the location of the mission and the year in which the travel occurred.

Living Expenses: Living expenses examined during the audit were: rental expenses, meal expenses, utility expenses, and telephone call expenses. Member eligibility for these expenses varied depending on the location of the mission.