



## INTERNAL AUDIT DIVISION

### REPORT 2015/145

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Audit of entitlements on appointment, reassignment and separation of staff at the Office of the United Nations High Commissioner for Refugees

Overall results relating to effective processing of entitlements on appointment, reassignment and separation of staff were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

24 November 2015  
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# AUDIT REPORT

## Audit of entitlements on appointment, reassignment and separation of staff at the Office of the United Nations High Commissioner for Refugees

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of entitlements on appointment, reassignment and separation of staff at the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. The Personnel Administration and Payroll Section (PAPS) within the Human Resources Staff Services of the Division of Human Resources Management (DHRM) is responsible for processing authorizations and entitlements relating to appointment, reassignment and separation of UNHCR staff. Subsequently, either the Accounts and Financial Service of the Division of Financial and Administrative Management or the field office where the concerned staff member is assigned to makes the payment. PAPS comprises 55 staff members, mainly Personnel Administration Associates who are providing human resources management assistance and guidance to country offices specifically assigned to them.

4. The entitlements on appointment and reassignment of staff include an assignment grant, which comprises a lump sum portion (one or two months of net base salary is payable depending on the category of the duty station and the duration of the assignment) and a Daily Subsistence Allowance (DSA) portion consisting of 30 days DSA in respect of the staff member and 30 days DSA at half rate in respect of each eligible family member authorized to travel. A relocation grant is also paid on appointment and reassignment which is \$15,000 for a staff member with a spouse and/or dependent children and \$10,000 for a staff member without a spouse and/or dependent children. The entitlements payable on separation of staff include relocation grant, repatriation grant, accrued annual leave commutation, as well as termination indemnity in certain cases. A repatriation grant is a lump sum payment that takes into account the length of service away from the staff member's home country.

5. The breakdown of expenditure for the entitlements covered in this audit is presented in Table 1.

Table 1

**Breakdown of expenditure in millions of United States dollars on entitlements related to appointment, reassignment and separation**

	2013	2014
Appointment	4.96	6.67
Reassignment	23.56	22.05
Separation	4.67	5.62
<b>Total</b>	<b>33.19</b>	<b>34.34</b>

6. Comments provided by UNHCR are incorporated in *italics*.

## II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective processing of entitlements on appointment, reassignment and separation of staff**.
8. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR in view of the risks associated with the manual processing of such entitlements given the substantial monetary values involved.
9. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that policies and procedures: (i) exist to guide PAPS and field operations in calculating and processing the payments related to entitlements on appointment, reassignment and separation of staff; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information related to entitlements.
10. The key control was assessed for the control objectives shown in Table 2.
11. OIOS conducted the audit from April to July 2015. The audit covered the period from 1 January 2013 to 31 December 2014.
12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

## III. AUDIT RESULTS

13. The UNHCR governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective processing of entitlements on appointment, reassignment and separation of staff**. OIOS made five recommendations to address issues identified in the audit.
14. There was a need for UNHCR to: (a) ensure full compliance with the rule on payment of assignment grants to spouses; (b) develop a more efficient record management system for personnel files; (c) implement a reference system for rules and policies related to entitlements on appointment, reassignment and separation of staff; (d) establish an automated system to detect erroneous payment of entitlements on appointment, reassignment and separation; and (e) strengthen supervisory controls to detect erroneous payment of entitlements on appointment, reassignment and separation.
15. The initial overall rating was based on the assessment of key control presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress. UNHCR has not accepted a part of one important recommendation. OIOS has closed this recommendation indicating management's acceptance of residual risks arising from not implementing the issue.

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<sup>1</sup> A rating of "**partially satisfactory**" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Table 2  
**Assessment of key control**

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective processing of entitlements on appointment, reassignment and separation of staff	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### **Regulatory framework**

There was a need to ensure full compliance with the United Nations rule on payment of assignment grants to spouses

16. Assignment grant is compensation for costs incurred by a staff member and his/her family members as a result of an assignment involving relocation. If the spouse is a United Nations staff member (either Professional or General Service category) working in another duty station, and the organization has knowledge that the spouse would continue to work at his/her duty station, the travel, shipment or assignment grant in respect of the spouse should not be authorized. The Personnel Administration Associate is required to record information about dependents in the occupation field in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system.

17. Of the 65 payments of assignment grant totalling \$1.3 million reviewed, two cases pertained to staff members whose spouses were United Nations General Service staff working at duty stations different from where the staff members were posted. In both cases, the spouses were authorized to travel and the staff members concerned received assignment grant in respect of their spouses totalling \$15,315. PAPS explained that it determined that such entitlements were not payable when both staff were in the Professional category, but were payable when one of the spouses was in the General Service category.

18. Additionally, a review of information in the Human Resources module of MSRP showed that Personnel Administration Associates did not consistently record that the spouse was working for the United Nations, even though this was mentioned in the status report completed by the staff member, which was the form that contained information related to marital status and dependents.

19. The payment of assignment grants to staff members' spouses already working with United Nations at the General Service level occurred because PAPS applied a practice contrary to the United Nations Administrative Instruction on Assignment Grant, as confirmed by the Office of Human Resources Management (OHRM) at the United Nations Headquarters in New York. As a consequence, staff members received assignment grant for their spouses, whereas the spouses continued to work for the United Nations in other duty stations, and were paid benefits they were not entitled to. The weakness in recording information on spouses in MSRP was due to lack of monitoring to ensure that this requirement was being implemented. As a result, there was a risk that PAPS would not have information relevant to the payment of this entitlement.

**(1) The UNHCR Division of Human Resources Management should establish procedures to ensure that: (a) the rule on payment of assignment grant to a staff member whose spouse is employed by United Nations in another duty station is consistently followed; and (b) the occupation field in the Managing for Systems, Resources and People is completed for all spouses employed by the United Nations.**

*UNHCR accepted recommendation 1 only partially. While accepting part (b) of the recommendation, it did not accept part (a). It stated that payment of assignment grant in the cases referred to by OIOS was made as there was no specific rule preventing the payment of the grant to a spouse holding a contract with the United Nations as a locally recruited staff. As regards part (b) of the recommendation, the Chief of the Personnel Administration and Payroll Section reminded all Personnel Administration Associates about the importance of duly recording in MSRP the information about occupation of spouses employed by the United Nations. During the audit, OIOS sought clarification from OHRM about part (a) of the recommendation. OHRM confirmed that where the spouse is a United Nations staff member working in another duty station, and UNHCR has the knowledge that the spouse would continue to work at his/her duty station, the organization should not authorize travel, shipment or assignment grant in respect of the spouse. Based on the responses received, recommendation 1 has been closed. For recommendation 1 (a), this unaccepted issue will be reported to the General Assembly indicating management's acceptance of residual risks.*

There was a need to have a more efficient record management system for personnel files

20. UNHCR records need to be maintained in accordance with the May 2012 guidance on the UNHCR Office File Plan, which provides a hierarchical filing structure designed to ensure that significant office records, such as personnel files, are filed in a logical manner. Systematic filing ensures legal compliance with record keeping responsibilities and provides continued availability of records. Appropriate arrangements should also be in place to ensure that records are kept safe from fire and natural disasters. To further enhance records management, the UNHCR digitization policy issued in 2015 requires all digitization projects to be planned and managed with a clear strategy to optimize the investment of resources.

21. The following shortcomings were observed in records management at PAPS, with particular reference to records related to the processing of entitlements on appointment, reassignment and separation of staff:

- (a) Personnel files were classified in alphabetical order and kept in lockable cabinets in the corridor. This presented challenges when inserting records of new staff, as it resulted in a cascading effect of resetting the order of filing in all the cabinets. As a result, some files were left in a separate filing room in an interim hanging folder for long durations. The personnel files were also stored in each Personnel Administration Associate's working box, which meant that documents intended for placement in one personnel file could be located in three different locations. The method of filing also did not ensure that personnel files were adequately safeguarded against fire and natural disasters given the manner of storage described above.
- (b) There was significant redundancy regarding the information kept in the personnel files because documents were mainly printed copies of information already available in MSRP (such as copies of the personnel action forms and copies of pre-authorized vouchers) and other printed documents that the Personnel Administration Associates already had in soft copy (such as e-mails and documents provided by staff members through e-mails).

22. The above weaknesses arose because PAPS lacked a clear strategy for enhancing its record management. It had planned to implement a digitization project in 2015, aimed at digitizing the personnel data it was managing; however, this proposal was deferred to 2016. As a consequence, the tracing of individual personnel files was time consuming and resulted in inefficiencies in calculating and reviewing entitlements on appointment, reassignment and separation of staff.

**(2) The UNHCR Division of Human Resources Management should implement a record management system, developed on the basis of digitization of the contents of personnel files, that facilitates speedy access to records and increases the efficiency of processing entitlements.**

*UNHCR accepted recommendation 2 and confirmed its commitment to digitize the personnel files by the end of 2017. Recommendation 2 remains open pending receipt of evidence of the implementation of a record management system that facilitates access to records and increases the efficiency of processing entitlements.*

A reference system needed to be implemented for rules and policies related to entitlements on appointment, reassignment and separation of staff

23. The Policy on the Development, Management and Dissemination of UNHCR Internal Guidance which forms the basis for the UNHCR Guidance Management System states that a clear and coherent written guidance system supports more effective, efficient and accountable management. Therefore, policies, rules and guidance documents related to entitlements on appointment, reassignment and separation of staff should be clear, coherent and accessible in one reference system.

24. The Personnel Administration Associates processing entitlements on appointment, reassignment and separation needed to consult on a regular basis various documents that were not coherent with each other and not accessible in one location. Such documents included the Staff Administration Management Manual, United Nations Administrative Instructions and Information Circulars, the Staff Administration Management Instructions, internal PAPS instructions, clarifications from the UNHCR Legal Affairs Service and the PAPS Process Manual. Therefore, the Personnel Administration Associates spent significant amounts of time establishing what was relevant in the rules, policies and guidelines related to the processing of entitlements and interpreting them. PAPS also did not have a repository of exceptions to enable the Personnel Administration Associates, especially when they were new, to refer to past cases that could assist them in processing entitlements. This resulted in an increased risk of errors and inconsistencies in the application of rules and procedures.

25. PAPS recognized the above weakness, which it had not yet had time to address. However, it had commenced a new project called CORES (Common Reference System) to formally compile policy clarifications related to human resources management and to facilitate the application of rules and procedures related to, *inter alia*, entitlements.

**(3) The UNHCR Division of Human Resources Management should implement a system to enhance accessibility and consistent application of rules and procedures related to entitlements on appointment, reassignment and separation of staff.**

*UNHCR accepted recommendation 3 and stated that the CORES project had been designed and a DHRM staff member entrusted with the responsibility of implementing it within the first half of 2017. Recommendation 3 remains open receipt of confirmation of the implementation of CORES project to enhance accessibility and consistent application of the rules and procedures related to entitlements on appointment, reassignment and separation of staff.*

The Managing for Systems, Resources and People system needed a bolt-on solution to automate the calculation and payment of assignment and relocation grants

26. An enterprise resource planning system should facilitate the flow of information between business functions inside the organization. The key objective of implementing such a system is to integrate and bring together the diverse and disparate functions of the organization into a single environment and make the operations run more efficiently. Therefore, the processing and payment of entitlements on appointment and reassignment of staff should also be fully integrated in MSRP through its various modules.

27. The assignment grant and relocation grant payments were paid through the MSRP Finance and Supply Chain module and were not linked to the MRSP Human Resources and Payroll module. Therefore, data already available in the Human Resources and Payroll module, such as the salary scale, marital status and post-adjustment multiplier, could not be automatically accessed by the system and used to compute and pay assignment grants. Although UNHCR had implemented automated processes in MSRP (known as bolt-on) for some payments, the assignment grant and relocation grant calculations were done manually.

28. As a consequence of not having an integrated system for the payment of assignment grant and relocation grant, the Personnel Administration Associates had to manually compute these entitlements outside MSRP for 955 reassignments in 2013 and 985 reassignments in 2014. Given the number and frequency of reassignments within UNHCR, manual computation was labour intensive, time consuming and prone to error. This situation occurred because DHRM had not adequately explored and pursued the possibility of integrating the two MSRP modules, thereby enabling automated computation and payment in MSRP.

**(4) The UNHCR Division of Human Resources Management should coordinate with the Managing for Systems, Resources and People (MSRP) upgrade team to develop and integrate a bolt-on solution in MSRP for automated calculation of assignment and relocation grants and to explore the possibility of integrating the payment of entitlements through an automated pay cycle.**

*UNHCR accepted recommendation 4 and stated that DHRM would explore, within its MSRP upgrade project, the possibility of developing a bolt-on for the automated calculation of the assignment and relocation grants. DHRM would further explore in 2017, within the last stage of the MSRP upgrade project, the possibility of payroll off-cycle payments. Recommendation 4 remains open pending receipt of confirmation of the development of a bolt-on solution for the calculation of assignment and relocation grants, as well as an automated solution for integrating entitlement payments into the payroll cycle.*

Supervisory controls needed to be strengthened to detect erroneous payment of entitlements on appointment, reassignment and separation

29. The payment of entitlements on appointment, reassignment and separation of staff members in UNHCR should be made in accordance with United Nations Secretariat instructions on Assignment Grant and Repatriation Grant. The PAPS Process Manual contains a checklist which requires the Personnel Administration Associate to run a report in MSRP (called “HAP226”) that includes information on assignment and relocation grants paid, including any other payments such as advances made to the staff member. The UNHCR Manual requires the Approving Officer to ensure that the payments are legitimate, adequately supported and have not been paid beforehand.



30. From a review of 77 cases related to payment of entitlements on reassignment, appointment and separation of staff, OIOS observed errors in six cases aggregating to \$51,611. This included four cases of double payments totalling \$30,000 and two cases of underpayment totalling \$21,611 where the staff members did not receive the total amount to which they were entitled. One of the overpayments was detected by the staff member himself and the overpayment was subsequently duly refunded to UNHCR. During the audit, UNHCR initiated corrective action to recover the overpaid amounts in the remaining three cases and to ensure that staff who were underpaid received the correct amounts.

31. These errors occurred because of inadequate supervisory review and because PAPS did not routinely run the required MSRP reports to identify payments made previously. Since the calculation process was done outside MSRP, the risk of errors and inaccuracies was not adequately mitigated by any other existing controls.

**(5) The UNHCR Division of Human Resources Management should implement procedures for supervisory review of payments made to staff members related to appointment, reassignment and separation to detect any over or under-payments.**

*UNHCR accepted recommendation 5 and stated that DHRM would explore the possibility of developing a specific new MSRP query, in consultation with the Division of Financial and Administrative Management, for auditing purposes, and such a query would then be run on a regular basis on sampled cases. Recommendation 5 remains open pending receipt of confirmation of the implementation of procedures for reviewing payments made to staff members related to appointment, reassignment and separation to detect any over or under-payments.*

#### **IV. ACKNOWLEDGEMENT**

32. OIOS wishes to express its appreciation to the Management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of entitlements on appointment, reassignment and separation of staff at the  
Office of the United Nations High Commissioner for Refugees**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Division of Human Resources Management should establish procedures to ensure that: (a) the rule on payment of assignment grant to a staff member whose spouse is employed by United Nations in another duty station is consistently followed; and (b) the occupation field in the Managing for Systems, Resources and People is completed for all spouses employed by the United Nations.	Important	C	Recommendation 1 (a) closed without implementation: management accepted responsibility for residual risks arising from not implementing the issue.  Recommendation 1 (b) action taken.	Not provided  Implemented
2	The UNHCR Division of Human Resources Management should implement a record management system, developed on the basis of digitization of the contents of personnel files, that facilitates speedy access to records and increases the efficiency of processing entitlements.	Important	O	Submission to OIOS of evidence of the implementation of a record management system that facilitates access to records and increases the efficiency of processing entitlements.	31 December 2017
3	The UNHCR Division of Human Resources Management should implement a system to enhance accessibility and consistent application of rules and procedures related to entitlements on appointment, reassignment and separation of staff.	Important	O	Submission to OIOS of evidence of the implementation of CORES project to enhance accessibility and consistent application of the rules and procedures related to entitlements on appointment, reassignment and separation of staff.	30 June 2017
4	The UNHCR Division of Human Resources Management should coordinate with the Managing for Systems, Resources and People (MSRP) upgrade team to develop and integrate a bolt-on solution in MSRP for automated calculation of	Important	O	Submission to OIOS of evidence of the development of a bolt-on solution for the calculation of assignment and relocation grants, as well as an automated solution for integrating entitlement payments into the payroll cycle.	30 April 2017

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of entitlements on appointment, reassignment and separation of staff at the  
Office of the United Nations High Commissioner for Refugees**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	assignment and relocation grants and to explore the possibility of integrating the payment of entitlements through an automated pay cycle.				
5	The UNHCR Division of Human Resources Management should implement procedures for supervisory review of payments made to staff members related to appointment, reassignment and separation to detect any over or under-payments.	Important	O	Submission to OIOS of evidence of the implementation of procedures for reviewing payments made to staff members related to appointment, reassignment and separation to detect any over or under-payments.	31 March 2016

# **APPENDIX I**

## **Management Response**

## Management Response

**Audit of entitlements on appointment, reassignment and separation of staff at the  
Office of the United Nations High Commissioner For Refugees**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Human Resources Management should establish procedures to ensure that: (a) the rule on payment of assignment grant to a staff member whose spouse is employed by United Nations in another duty station is consistently followed; and (b) the occupation field in the Managing for Systems, Resources and People is completed for all spouses employed by the United Nations.	Important	a) No b) Yes	Head, Human Resources Staff Services	b) 4 November 2015	a) The UNHCR Division of Human Resources Management (DHRM) maintains that in the absence of any specific rule which would prevent the payment of the assignment grant in respect of a spouse holding a contract with the UN as a locally recruited staff, it is not in a position to accept part a) of the recommendation.  b) The Chief of the Personnel Administration and Payroll Section has addressed an instruction to all Personnel Administration Associates highlighting the importance of duly recording in MSRP such situations.
2	The UNHCR Division of Human Resources Management should implement a record management system, developed on the basis of digitalization of the contents of personnel files, that facilitates speedy access to records and increases the efficiency of processing entitlements.	Important	Yes	Head, Human Resources Staff Services	End 2017 at the latest	DHRM takes due note of OIOS recommendation and confirms its commitment to digitalize the PER/IND files by the end of 2017.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

**Audit of entitlements on appointment, reassignment and separation of staff at the  
Office of the United Nations High Commissioner For Refugees**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	The UNHCR Division of Human Resources Management should implement a system to enhance accessibility and consistent application of rules and procedures related to entitlements on appointment, reassignment and separation of staff.	Important	Yes	Head, Human Resources Policy and Planning Service	June 2017	DHRM takes note and fully agrees with this recommendation. The CORES project (Common Reference System) has been designed and a DHRM staff member has been entrusted with the responsibility of implementing it within the first half of 2017 (initial planned date for project completion).
4	The UNHCR Division of Human Resources Management should: (a) coordinate with the Managing for Systems, Resources and People (MSRP) upgrade team to develop and integrate a bolt-on solution in MSRP for automated calculation of assignment and relocation grants and to explore the possibility of integrating the payment of entitlements through an automated pay cycle.	Important	Yes	Head, Human Resources Staff Services	April 2017	DHRM takes note of the recommendation and agrees that mistakes occurred in the payment of a few assignment and relocation grants amounting to some 2 per cent of the total financial volume of audited transactions. DHRM will therefore explore, within its MSRP upgrade project, the possibility of developing a bolt-on for the automated calculation of the assignment and relocation grants. If technically feasible, such a bolt-on could be activated in early 2017. DHRM will further explore in 2017, within the last stage of the MSRP Upgrade Project, the possibility of payroll off-cycle payments.

## Management Response

**Audit of entitlements on appointment, reassignment and separation of staff at the  
Office of the United Nations High Commissioner For Refugees**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The UNHCR Division of Human Resources Management should implement procedures for supervisory review of payments made to staff members related to appointment, reassignment and separation to detect any over or under-payments.	Important	Yes	Head, Human Resources Staff Services	First quarter 2016	DHRM will explore the possibility of developing a specific new MSRP query, in consultation with DFAM which owns the Finance Module, for auditing purposes and such a query will then be run on a regular basis on sampled cases.