



# **INTERNAL AUDIT DIVISION**

## **REPORT 2023/016**

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### **Audit of education grant disbursements at the Regional Service Centre Entebbe**

**Controls over the processing of education grant benefits were adequate; however, there was a need to integrate flexible working arrangements into the processing of education grant benefits**

**8 May 2023**

**Assignment No. AP2022-616-02**

# **Audit of education grant disbursements at the Regional Service Centre Entebbe**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of education grant disbursements at the Regional Service Centre Entebbe (RSCE). The objective of the audit was to assess the adequacy and effectiveness of control processes over education grant disbursements at RSCE. The audit covered the period from January 2020 to August 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas, which included: (i) receipt of claims and requests for advances; (ii) processing and recovery of advances against education grants; (iii) information systems and delegation of authority; (iv) performance management; and (v) management of procedures, roles and responsibilities.

Overall, controls over the processing of education grant benefits at RSCE were adequate. Controls were in place to ensure that: (a) all processed advances and claims were adequately supported; (b) computation of education grant claims and advances was in line with the respective administrative instructions and information circulars; (c) computations were accurate; and (d) only eligible staff members received education grant benefits. However, OIOS noted the need to integrate flexible working arrangements into the processing of education grant benefits to ensure that staff members who telecommute from their home country for more than two-thirds of their child's school year have their claims prorated in line with existing policies.

OIOS made one recommendation which required RSCE to coordinate with the client missions to develop a mechanism that ensures RSCE is notified periodically of all instances of approved flexible working arrangements where a staff member telecommutes from their home country or country of permanent residence so that staff education grant benefits can be processed accurately. RSCE accepted the recommendation and proposed three alternative courses of action it would evaluate and consider implementing to effectively address the recommendation.

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# Audit of education grant disbursements at the Regional Service Centre Entebbe

## I. BACKGROUND

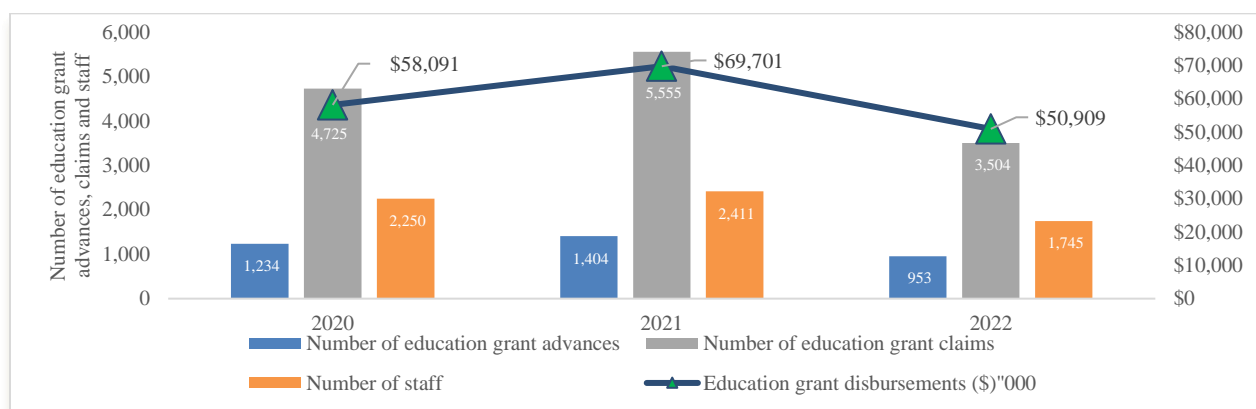
1. The Office of Internal Oversight Services (OIOS) conducted an audit of education grant disbursements at the Regional Service Centre Entebbe (RSCE).

2. The Regional Service Centre in Entebbe (RSCE) was established by the General Assembly in 2010 as part of the Global Field Support Strategy (GFSS) to improve responsiveness and address the needs of field missions. The RSCE currently provides a full range of administrative, logistics and information and communications technology services to nineteen Client Missions<sup>1</sup> in Africa, representing over 77 per cent of all United Nations peacekeeping and special political missions worldwide. By consolidating services previously located in various field missions in a less volatile, more family-friendly regional location, the Centre aims to provide efficient, client-orientated and scalable services while reducing the missions' footprints to United Nations field missions across Africa.

3. The administrative instructions and information circulars set rules and procedures for submitting and processing education grant claims and advance requests.<sup>2</sup> At RSCE, the education grant advances and claims are processed by the Education Grant Service Line (EGSL). The Service Line has a total approved staffing capacity of 17 staff, however there were 3 vacant posts. The Service Line is divided into three teams reporting to an Education Grant Service Line Manager, who reports to the Service Delivery Manager, Travel, Claims and Education Grant Section.

4. Between 1 January 2020 and 31 August 2022, RSCE processed 3,591 advances and 13,784 claims for education grant transactions. A total of \$178.7 million was disbursed during that period. Details are shown in figure 1 below.

**Figure 1: Education grant disbursements from 2020 to 2022 (\$'000)**



Source: RSCE Umoja Enterprise Core Component

5. Comments provided by RSCE are incorporated in italics.

<sup>1</sup> Client missions include: UNMISS, UNSMIL, OSESS, OSESG, UNITAM, MINURSO, UNISFA, MINUSCA, MONUSCO, UNOWAS, CNMC, UNOCA, UNOAU, MINUSMA, UNSOS, UNSOM, PoE Somalia, RSCE and UNMAS.

<sup>2</sup> Education grant and related benefits (ST/AI/2018/1/Rev1), Special education grant and related benefit for children with a disability (ST/AI/2018/2), Education grant and related benefits (ST/IC/2018/7), Special education grant and related benefits for children with a disability (ST/IC/2018/8 and ST/IC/2022/8)

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess the adequacy and effectiveness of control processes over education grant disbursements at RSCE.
7. This audit was included in the 2022 risk-based work plan of OIOS due to the risks associated with processing and paying education grant entitlements, including the risk of fraud.
8. OIOS conducted this audit from November 2022 to February 2023. The audit covered the period from January 2020 to August 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas which included: (i) receipt of claims and requests for advances; (ii) processing and recovery of advances against education grants; (iii) information systems and delegation of authority; (iv) performance management; and (v) management of procedures, roles and responsibilities.
9. The audit methodology included: (a) interviews with key personnel, (b) a review of relevant documentation, (c) analytical review of data, and (d) testing of education grant disbursements using judgmental sampling.
10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Processing claims and recovery of advances against education grant**

#### Controls over the processing of education grant claims were adequate

11. A staff member is eligible to receive an education grant when the staff member meets all the following conditions:
  - a) is an international recruit under staff rule 4.5;
  - b) holds a fixed term, continuing or permanent appointment; and
  - c) serves outside their recognized home country.
12. The education grant payable to eligible staff members is computed based on qualifying admissible expenses paid by the staff member and the maximum entitlement is \$34,845 per child per academic year. Eligible staff members are required to submit a claim for payment of the education grant within two months upon completion of their child's academic year, upon cessation of the child's attendance or before the date of separation of a staff member. A claim for education grant benefits is done by submission of form P45 and form P41 which details the fees paid and certified by the school.
13. OIOS reviewed a judgemental sample of 120 education grant claims and advances that were processed during the audit period to ensure that: (a) all processed advances and claims were adequately supported; (b) computation of education grant claims and advances was in line with the respective administrative instructions and information circulars; (c) computations were accurate; and (d) only eligible staff members received education grant benefits. OIOS found no anomalies in the processing of education grant claims.
14. EGSL had implemented a checklist that included a number of verifications that needed to be carried out while processing education grant claims and advances before approval for payment. These included an assessment of fraud risk, staff and their dependent's eligibility for education grant benefits and

completeness and accuracy of submitted requests. Any anomalies identified by the EGSL processing team were either sent back to the staff member for clarification or to ensure the completeness of the documents submitted. In instances of suspicious claims, preliminary verification of the submitted documents was done through direct confirmation with the subject schools. In addition, once a claim was entered in Umoja by a processor, it was reviewed by an approver before being released for payment. All supporting documents used to process an education grant claim or advance were stored and archived in the individual staff permanent files online and were all accessible on demand. Based on the review of the controls embedded in the process and selected cases, OIOS concluded that the controls were adequate and effective.

#### Education grant advances were recovered in a timely manner

15. Eligible staff members who pay all or a portion of the education fees at the beginning of the academic year may apply for an advance against their entitlement by completing form P45. When an advance is requested for the first time, the request must be accompanied by invoices or other official documentation from the educational institution attesting to the fees payable.

16. The administrative instruction on education grants stipulates that recovery of education grant advances shall occur four months after the end of the relevant school year or on separation from service. No advance shall be authorized for subsequent years until previous advances have been cleared.

17. As part of the built-in system controls in Umoja, processors are required to enter an education grant advance recovery date of four months after the end of the school year. Therefore, the failure of a staff member to submit his/her education grant claim within four months after the school year triggered an automatic recovery of the entire advance from the staff member's pay in the subsequent month.

18. OIOS noted that RSCE had entered the correct recovery dates when creating the education grant advances in Umoja, and the automated recovery was functioning properly. As of 31 December 2022, 34 education grant advances totaling \$363,000 were overdue for recovery. OIOS confirmed that all these advances related to staff members who had taken special leave without pay or had separated from the organization, but their final payments had not yet been processed. RSCE clarified that pending advances would be recovered from the final payments of separated staff and payroll of those on special leave without pay once the staff members resumed their duties. Since these were exceptional cases and there were mechanisms in place to recover the related outstanding balances, OIOS did not make a recommendation.

#### Controls over the processing of special education grants were adequate

19. Staff members are eligible for special education grants when the Medical Services Division of the Office of Human Resources Management certifies that the staff members child: (a) is unable, by reason of physical or mental disability, to attend a regular educational institution and therefore requires special teaching or training, on a full or part-time basis, to prepare them for full integration into society; or (b) while attending a regular educational institution, requires special teaching or training to assist them in overcoming the disability.

20. OIOS reviewed 20 special education grant disbursements to ensure that the eligibility criteria were met for special education grants and established that RSCE had implemented adequate controls over their processing. In all the 20 cases reviewed, RSCE reviewed the dependency information and confirmed that the child's disability was certified by the United Nations Division of Healthcare Management and Occupational Safety and Health. In addition, all admissible expenses were reimbursed at 100 per cent within the overall maximum ceiling of \$45,600 before January 2022 and \$51,584 from 1 January 2022.

Need to engage with field missions to strengthen recording and reporting of flexible working arrangements

21. Paragraph 5(c) of ST/IC/2019/15 on flexible working arrangements (FWAs) require that staff members who telecommute from their home country for more than two-thirds of the school year have their claims prorated based on the period that they have spent away from their home country compared to the school academic year. Staff members are required to have their FWAs approved manually outside Umoja and enter the details of their approved FWAs in Umoja. The P45 form also contains a provision for staff members to attest and declare the dates when they worked outside their duty stations.

22. OIOS analysis of Umoja attendance records of 435 staff members from a selected mission from 1 January 2020 to 31 August 2022 indicated that 270 staff with education grant applications had been granted FWAs outside the duty station ranging from 3 to 431 days during the period under review. A further review of a randomly selected 20 of the 270 staff that applied for education grants revealed that none declared on the P45 forms that they were working away from their duty station on FWA. Of the 20 staff, 14 used outdated P45 forms which did not contain the provision to declare FWA. The remaining 6 staff used the updated P45 forms and attested that they were not telecommuting away from their duty station; however, Umoja leave records indicated that they had been telecommuting on FWA. While OIOS determined that none of the 20 selected staff members had been on FWA for periods amounting to two-thirds of their children's school year, this presented a risk of overpayment in qualifying cases where FWA is not declared on the P45 form. RSCE solely relied on the declaration of FWA on the P.45 form by staff members to assess if the related education grant entitlements needed to be prorated.

23. While attestation on the P45 form was the only control RSCE relied on to ensure adherence to the provisions of ST/IC/2019/15 on FWA, OIOS noted that this control was not effective, as indicated in the tests above. Further, RSCE management also raised concerns that field missions' staff were not consistently recording FWAs in Umoja, which presented a financial risk in the computation of staff benefits. As a good practice, OIOS noted that RSCE developed and commissioned an online application to record and monitor the FWAs of its own staff rather than relying on the diligence of staff members to upload manually approved FWAs in Umoja. Insights from this application could be shared with the Business Process Improvement (BPI) Network to enhance the existing methods of recording of FWAs.

24. Since FWAs have become a common practice in the post-COVID-19 era, there is a need for RSCE to coordinate with client missions and develop a mechanism to ensure that RSCE is notified about approved FWAs that impact staff education grant benefits so that these are accurately integrated into the processing of education grant benefits.

- (1) RSCE should, in coordination with the client missions, develop a mechanism to ensure that RSCE is notified of all approved flexible working arrangements periodically so that education grant benefits could be processed accurately.**

*RSCE accepted the recommendation and stated that, as an interim measure, RSCE in coordination with its client missions, would introduce an automatic or manual notification to the Human Resources business partner responsible for time and attendance at RSCE for cases of flexible working arrangements (FWA) that impact staff education grant benefits. In addition, the end-to-end education grant processing will also be revised to incorporate validation of FWA where applicable. RSCE further stated that as a long-term solution, through the Business Process Improvement fora, RSCE would request for the development of an end-to-end Umoja education grant module that will incorporate the validation of FWA, which impacts staff education grant benefits.*

## **B. Performance Monitoring**

### Key Performance Indicators related to the processing of education grant benefits were satisfactorily attained

25. As part of their overall strategy to improve client service delivery, RSCE developed two Key Performance Indicators (KPIs) to monitor and improve on the time taken to process staff education grant requests:

- a) KPI 4.1 requires the EGSL to process 96 per cent of education grant requests within 4 weeks; and
- b) KPI 4.2 requires the EGSL to ensure that: (i) 90 per cent of non-compliant education grant requests are returned to the staff members within 14 calendar days; and (ii) 100 per cent of non-compliant education grant requests are returned to the staff members within 20 calendar days.

26. OIOS reviewed 10 quarterly KPI performance results from 2020 to mid-2022. In 9 of 10 quarters, RSCE had achieved the KPI 4.1 target score of 96 per cent, while KPI 4.2 was not met in 5 out of the 10 quarters. RSCE attributed the low performance of KPI 4.2 to inefficiencies in the claim review process, and in May 2022, RSCE streamlined the process by removing the need for preliminary reviews of education grant claims by the human resource business partners in the Missions. In RSCE's view, this step was not adding value to the process in terms of controls. This intervention led to an improvement in the performance of the KPI. OIOS reviewed KPI 4.2 results from May 2022 to March 2023 and noted that 292 of 307 (95 per cent) education grant requests were returned within 14 days which met the provisions of KPI 4.2.

27. Based on the improvements noted and additional context provided by RSCE management, OIOS did not make a recommendation.

### Reports from Umoja could provide insights in the management of education grant benefits

28. The Quality Assurance and Business Intelligence Unit (QABI) in RSCE is responsible for monthly, quarterly and annual reporting on service delivery and performance. It is also responsible for providing ad-hoc reporting requests and facilitating the extraction of on-demand reports from various systems by line managers within RSCE. The RSCE performance and reporting methodology recognizes that a well-developed business intelligence solution is essential to ensure that standard and ad-hoc reports can be generated efficiently and with high data integrity.

29. The performance and reporting methodology envisaged future real-time performance monitoring using business intelligence reports, emphasizing that this depended on identifying and documenting individual business intelligence requirements. OIOS noted that RSCE was unable to generate complete reports of education grants benefits processed, citing deficiencies in the capability of Umoja Business Intelligence module to generate versatile reports. This exerted additional pressure on EGSL staff whenever there were requests for education grant benefits data from oversight bodies as they had to employ manual workarounds to generate data which was not always complete. OIOS, for example, had to consolidate data from the Field Support Suite and Umoja systems as RSCE was not able to provide a complete data set of all education grant benefits processed for the period under review.

30. Following the audit, the EGSL submitted a request to the Business Process Improvement Network at RSCE on 12 April 2023 for their review and recommendation to develop a business intelligence report for the EGSL data set. In addition, a recommendation was also made for process improvement to have an end-to-end Umoja Education Grant which will eliminate the need for the various systems in use for the processing of education grant benefits.



31. In the interim, EGSL was using the QABI Unit working in collaboration with the Field Technology Section to continue to give priority to escalated education grant data reporting needs as and when the need arose. Given the actions taken by RSCE, OIOS did not make any recommendation.

#### **IV. ACKNOWLEDGEMENT**

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

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of education grant disbursements at the Regional Service Centre Entebbe

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	RSCE should, in coordination with the client missions, develop a mechanism to ensure that RSCE is notified of all approved flexible working arrangements periodically so that education grant benefits could be processed accurately.	Important	O	Receipt of evidence that, a suitable mechanism which ensures that RSCE is periodically notified of all instances of approved flexible working arrangements that impact staff education grant benefits to enable accurate processing of staff education grant benefits, has been implemented.	31 May 2024

<sup>3</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>4</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>5</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>6</sup> Date provided by RSCE in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of education grant disbursements at the Regional Service Centre Entebbe

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	RSCE should, in coordination with the client missions, develop a mechanism to ensure that RSCE is notified of all approved flexible working arrangements periodically so that education grant benefits could be processed accurately.	Important	Yes	Director RSCE/ SDM Travel, Claims & Education Grant Section.  <i>( Proposed given the need to work in collaboration with the client missions, Business Process Improvement Group and the fact that the matter is secretariat wide risk.)</i>	12 months from date of published OIOS audit report.	<p>The introduction of Flexible Work Arrangements (FWA) brought about redesigning the P45 (5-21) for regular Education Grant (EG) to capture the element of FWA where the staff member telecommuted from their home country or country of permanent residence. The recommendation, therefore, should be limited to FWA that impact Education grant benefit.</p> <p>It should also be noted that the FWA impact on Education Grant benefit is a secretariat wide risk.</p> <p>The mechanisms to ensure the benefit is processed accurately include the following:</p> <ul style="list-style-type: none"> <li>i. As an interim measure, RSCE in coordination with its client missions will introduce automatic or manual notification to HR Partner responsible for Time and Attendance at RSCE for FWA cases that impact the benefit. The end-to end Education Grant processing will also be revised to incorporate the FWA validation as applicable.</li> <li>ii. In addition, as a long term solution, through the Business Process Improvement fora, RSCE will request for development of full-fledged Umoja Education Grant module that will integrate FWA as an UMOJA validation step for processing of Education Grant requests that have FWA impact.</li> </ul>

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.