



INTERNAL AUDIT DIVISION

REPORT 2023/081

Audit of education grants processed by the Kuwait Joint Support Office

KJSO established an adequate operational framework and identified risks relating to education grants but needed to strengthen fraud mitigating measures and the controls over the processing of education grants

21 December 2023

Assignment No. AP2022-618-01

Audit of education grants processed by the Kuwait Joint Support Office

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of education grants processed by the Kuwait Joint Support Office (KJSO). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control measures to ensure education grant payments to staff are legitimate, accurate, adequately supported, and efficiently and timely processed. The audit covered the period from 1 January 2019 to 31 August 2022 and included: (a) operational and performance management framework; and (b) processing of education grants in compliance with policies for education grant advances and claims and information and communications technology systems used to process education grants.

KJSO established an adequate operational framework, identified risks, actively started to monitor conflicting staff user roles in Umoja, and took action to improve its performance in processing education grants. While KJSO correctly assessed staff eligibility for education grants, documentation to identify staff telecommuting outside the duty station was inadequate. In addition, KJSO did not monitor and recover some overdue education grant advances. Also, in one case reviewed, an education grant was paid to a staff member for three students for whom the school did not confirm attendance.

OIOS made five recommendations. To address issues identified in the audit, KJSO needed to:

- Develop a mechanism for client missions to report on approved flexible working arrangements and staff members' presence in the missions.
- Strengthen controls over the deferral of recovery and settlement of education grant advances.
- Establish arrangements for checking the validity of special education grant certifications and initiate recovery from the staff without the valid certification.
- Ensure that staff members comply with the requirement to provide original education grant documents.
- Enhance its fraud mitigation and response measures by contacting educational institutions to periodically verify the documentation presented for education grant claims and referring potential fraud cases to investigation bodies.

KJSO accepted all recommendations and has initiated actions to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. AUDIT RESULTS	2-10
A. Operational and performance management framework	2-4
B. Processing of education grants	5-10
IV. ACKNOWLEDGEMENT	10

ANNEX I Status of audit recommendations

APPENDIX I Management response

APPENDIX II

- A. Client missions processed for education grant by KJSO from January 2019 to August 2022
- B. Education grants processed by KJSO from January 2019 to August 2022

Audit of education grants processed by the Kuwait Joint Support Office

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of education grants processed by the Kuwait Joint Support Office (KJSO).
2. KJSO operates as a shared service centre for 20 United Nations entities, including peacekeeping and special political missions spanning 13 locations across Asia, Europe, the Middle East and the Americas (appendix II.A). The core functions of KJSO include processing finance, human resources, travel and payroll transactions and providing support services to missions through service-level agreements (SLAs). The SLAs outline respective roles and responsibilities of the missions and KJSO. KJSO is governed by a two-tier governance structure established by the Department of Operational Support (DOS): a) the Joint Regional Service Centre Entebbe (RSCE) - KJSO Steering Committee which reports to the Under-Secretary-General of DOS; and b) the KJSO Client Board.
3. Education grant (EG), which is governed by the staff regulation 3.2 and staff rule 3.9, provides eligible staff members serving outside their home country with financial support to cover part of the cost of educating a child. Regular EG is available to internationally recruited United Nations staff¹ for admissible educational expenses paid on behalf of their children up to the school year in which the child completes four years of post-secondary studies or attains a first post-secondary degree, whichever comes first, subject to the upper age limit of 25 years. Staff may also avail of special education grant for a child with a disability. Special EG is payable to all United Nations staff members employed under a fixed-term or a continuing appointment and whose child's disability is certified by the Division of Healthcare Management and Occupational Safety and Health (DHMOSH). From the academic year in progress on 1 January 2022, EG is paid on a sliding scale up to a maximum of \$34,845 plus a boarding lump sum of \$5,300² per year. Special EG is paid up to a maximum of \$46,284 without boarding or \$51,584 with boarding.
4. The policies for EG and related benefits are issued through administrative instructions³. DMSPC decisions on the procedures for submission and processing of claims are conveyed to staff members through information circulars on education grant and related benefits⁴.
5. From 1 January 2019 to 31 August 2022, KJSO processed 7,141 EG requests and paid \$69.9 million in EG claims to 1,069 staff in the 20 missions. Table 1 indicates a summary of EG entitlements processed by year and appendix II.B of this report provides a yearly breakdown of EG advances and claims processed by KJSO for individual client missions.

¹ Internationally recruited staff under the United Nations staff rule 4.5; hold a fixed-term or continuing appointment,; reside and serve at a duty station outside their home country, and are assigned for a minimum period of six months in a duty station.

² The maximum payable amount was increased from \$30,566 to \$34,845 and boarding assistance from \$5,000 to \$5,300 effective 1 January 2022.

³ ST/AI/2018/1 dated January 2018 with subsequent revisions and amendments on 6 September 2018, 11 August 2021, and 3 May 2022.

⁴ ST/IC/2018/7 dated March 2018 and its updates through ST/IC/2022/8.

Table 1

Summary of education grant processed by KJSO from January 2019 to August 2022

	2019	2020	2021	2022 (January to August)	Total
Claims*	\$20,291,338	\$19,030,652	\$20,014,406	\$10,595,027	\$69,931,423
Advances*	\$9,855,970	\$10,375,843	\$10,494,800	\$6,989,380	\$37,715,993

Source: Umoja generated report from January 2019 to August 2022

* Includes special education grant

6. KJSO is headed by a Chief at the P-5 level and has 84 approved staff posts with an annual budget of \$8.2 million, including \$7.5 million for staff costs and \$691,000 for operational costs. EG is processed by KJSO’s 16 human resources (HR) partners, comprising 2 Professional, 7 General Services and 7 Field Services staff. The HR Unit is headed by a Chief Human Resources Officer at the P-4 level. \$

7. EG for KJSO client missions is processed through the Field Support Suite (FSS) and Umoja. The applicant staff member uploads the EG application (EG form P.45 Claim for payment and/or request for advance) and supporting documents in FSS. Mission HR reviews and approves the EG application in FSS and submits it to KJSO for further processing. The EG related functions in KJSO are split into two groups: (i) HR partner 1, comprising 11 staff, who check the admissibility of expenses and enter data in the Umoja Enterprise Central Component; and (ii) HR partner 2, comprising 5 staff, who review data entered in Umoja and approve EG claims.

8. Comments provided by KJSO are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control measures to ensure education grant payments to staff are legitimate, accurate, adequately supported, and efficiently and timely processed.

10. This audit was included in the 2022 risk-based work plan of OIOS as part of the global thematic audit of EG in the United Nations Secretariat due to the risks associated with processing and paying EG entitlements, including the risk of fraud.

11. OIOS conducted this audit from August 2022 to June 2023. The audit covered the period from January 2019 to 31 August 2022. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the EG, which included: (a) operational and performance management framework; (b) processing of education grants; and (c) information technology systems.

12. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of data; and (d) testing of EG claims and payments using judgmental sampling, including staff confirmation of original EG documents, confirmation from schools for student attendance, confirmation from DHMOSH on the eligibility and certification of special education grant and accuracy of Umoja EG automated modules for calculations of EG payments.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Operational and performance management framework

KJSO established an adequate operational structure and identified risks related to education grants

14. Requirements and conditions for processing of EG were established by Department of Management Strategy, Policy and Compliance (DMSPC) and DOS. KJSO developed and established a structure aligned with those requirements and developed workflow procedures and internal controls, which ensured proper segregation of duties and oversight of the work conducted. This included the requirements for HR partner 1 to verify staff eligibility for EG, review documents submitted and enter EG application details in Umoja, while HR partner 2 reviewed and approved the work of HR partner 1 for EG payments. KJSO also provided additional guidance to staff members on preparing and submitting EG requests, attaching required supporting documents, and uploading documents to FSS.

15. KJSO identified risks and mitigating controls for the processing of EG entitlements. The risks identified included: (i) high volume of workload with a short delivery time; (ii) absence of integration between Umoja and FSS; (iii) EG requests based on forged documents; (iv) EG paid for non-eligible children; (v) Umoja unable to detect duplicate payments/deductions; and (vi) human error.

16. OIOS review of the mitigating controls implemented by KJSO to respond to the risks indicated that KJSO: (i) verified the amounts paid to staff through payroll for accuracy and reasonableness; (ii) provided specific EG training for all HR partners, including competency-based EG certification from DOS and internal cross-training of finance and payroll staff; (iii) used business intelligence and data analytics to monitor performance and identify EG related issues; and (iv) ensured staff awareness of the Anti-fraud and Anti-corruption Framework of the United Nations and other related policies on staff conduct and discipline. However, more efforts are needed in mitigating fraud risk, as explained in paragraphs 44 to 46 of this report.

KJSO started to actively monitor staff user roles on education grant processing in Umoja

17. Since November 2015, KJSO used Umoja to process education grants. The Umoja user role guide defined access rights to the Umoja system for individual user roles. User roles are provided to HR partner 1 to input EG applications into Umoja and HR partner 2 to approve them before processing for payment. Separate HR partner 1 and HR partner 2 user roles ensure segregation of duties in Umoja. Pursuant to the requests by staff first reporting officers, Security Liaison Officers grant staff access and assign user roles in Umoja and they are also responsible for modifying, periodically monitoring and removing user access.

18. OIOS review of user role provisioning in Umoja for KJSO staff as of October 2022 identified the following control gaps:

- (i) Twelve of the 16 HR partners processing EG in Umoja had conflicting roles. The conflict occurred as HR partners were assigned HR user roles PA.01 - HR Partner ALL and PA.07 - HR Partner ENT (Entitlements). Both user roles could enter and approve related personnel information/actions for staff members (including submitting a request to create an index number). In addition, PA.07 could then enter and approve relevant entitlements in ECC. This posed a risk of fictitious personnel actions or information, including EG entitlements entered and approved by the same user.

(ii) The finance and HR workflow tables in Umoja were not configured or updated properly, resulting in 382 user roles assigned to staff that were incompatible with their related functional roles and responsibilities.

(iii) When staff changed functional roles or joined from other missions, their user roles in Umoja were not updated, which caused issues with 119 staff workflow tables. These tables were not configured or updated to remove the roles, so the staff retained Umoja enterprise roles and functions associated with previous job functions or those from other duty stations. This was due to the provisioning or de-provisioning process not being completed. As a result, even though their functional roles and responsibilities had changed, they could still process EG transactional data.

19. OIOS had already raised similar issues in its report on an advisory engagement on the enhancement of the system of internal control in KJSO issued on 27 December 2022 and recommended areas of improvement. Since KJSO has started to actively monitor Umoja user roles, OIOS did not make a recommendation.

KJSO was taking actions to improve its performance targets

20. KJSO had set a key performance indicator (KPI) target of processing 96 per cent of EG requests within 42 days before the year 2022, and within 28 calendar days from 2022 onwards. The timer begins once KJSO receives the request through FSS and ends when the request is entered into Umoja by HR partner 1 and processed by HR partner 2 for payment.

21. FSS has a built-in functionality to track the steps and process flow, documenting the time it took the missions and KJSO to process the request. For the audit period, EG requests in FSS took 1 to 2 days on average to be approved by the mission HR, while it took 9 to 18 days for KJSO to approve requests in FSS and process in Umoja. Table 2 indicates the average processing time of the missions and KJSO to process EG in FSS and Umoja.

Table 2

Average time for mission HR and KJSO HR partners to process education grants

	2019	2020	2021	2022
Average of KJSO processing days	14	9	13	18
Average of client missions' processing days	1	1	2	2

Source: Business Intelligence report analyzed by OIOS

22. KJSO weekly and quarterly performance reports for the audit period indicated KJSO generally met the KPI requirement, except for the first and second quarters of 2022. KJSO processed 97.8 per cent, 99.8 per cent, and 98.2 percent of all EG requests within the established 42 days for the year 2019, 2020 and 2021, respectively. In 2022, to improve the timeliness of processing EG, the target changed to 28 days and 87.9 per cent transactions were processed within the newly established timeframe. The target was missed in 2022 mainly due to lockdown of Umoja in the initial part of the two quarters of 2022 to implement system enhancements.

23. KJSO took various actions to prevent delays in processing EG. For example, it periodically discussed recurring errors with the respective HR units of client missions. Additionally, the Chief KJSO Human Resources monitored the list of all outstanding claims in FSS daily. In May 2023, KJSO established its management dashboard in Power BI, which tracks all services, including EG processing time from staff member's submission in FSS to completion of the process in Umoja system by payment to staff or denial of the claim.

B. Processing of education grants

KJSO correctly assessed staff eligibility for education grants and utilized Umoja to compute admissible and inadmissible expenses

24. Umoja system is used to assess staff member's eligibility for EG and includes an inbuilt drop-down menu which provided a listing of both admissible and inadmissible EG expenses.

25. OIOS randomly selected and reviewed 50 education grant claims and advances processed during the audit period. All reviewed transactions were processed according to the established policies and procedures, staff were eligible for EG, and payments were correctly calculated and paid. OIOS review of Umoja embedded controls indicated that they functioned as intended and the system automatically calculated all admissible expenses and disallowed inadmissible expenses once initiated by the HR partners.

Need to adequately document staff telecommuting from their home country to allow for the proration of EG payments

26. The United Nations Staff Regulations and Rules⁵ and the Secretary-General's bulletin on flexible working arrangements (FWA)⁶ guide staff on requesting and agreeing on work outside the official duty station. In situations where a staff member was on special leave without pay, worked on a part-time basis or conducted work under FWA outside of the duty station for more than two thirds of the academic year, the amount of EG and related benefits should be prorated. Staff are required to have signed agreements with their supervisors prior to proceeding with FWA. Staff members are also required to record the FWA periods in Employee Self-Service module in Umoja.

27. KJSO did not have the required information to prorate payments based on staff presence in or outside of the mission. Staff members were not required to include in their EG applications the approved FWA agreements to indicate they were working away from the duty station. Mission HRs were also not required to certify staff presence in the mission before approval of EG applications in FSS. This would have allowed KJSO to check for eligibility or/and to calculate the prorated amount related to those who are working away from their official duty stations. However, a revised EG form (EG form P.45) was implemented in 2022 for EG payments corresponding to school year 2021-2022 that required staff to indicate if they were telecommuting from home country or country of permanent residence and to indicate the period not present within the mission.

28. The revised P.45 EG form should allow the monitoring of staff by missions, and adjustments to EG payments by KJSO for staff outside their recognized duty station based on the period of eligible service compared to the full academic school year. However, attestation on the P.45 form for staff presence in the duty station and input of the details of FWA in Umoja (time and attendance) by staff may be inadequate. For example, in its audit of education grants processed by the Regional Service Centre Entebbe⁷, OIOS noted that staff did not consistently record FWAs in Umoja or accurately complete the attestation on the P.45 form. This presented a financial risk in the computation of staff entitlements where prorated amounts should be applied to the entitlement. OIOS notes that as FWAs has become an increasing practice for staff in missions, KJSO should develop a mechanism, such as verification by the mission HR as to staff presence in the mission and require notification to be sent to KJSO on staff approved FWAs. The mechanism should be integrated into KJSO's processing of entitlements.

⁵ ST/SGB/2018/1/Rev.1

⁶ ST/SGB/2019/3

⁷ OIOS report 2023/016 dated 8 May 2023

- (1) KJSO should, in coordination with the client missions, develop a mechanism for human resources units to attest to the staff member being in mission and for notification to be sent to KJSO of all approved flexible working arrangements to ensure accurate processing of education grant entitlements.**

KJSO accepted recommendation 1 and stated that it would formally request all client entities to release a template broadcast at least on a quarterly basis, but most especially closer to the EG submission periods, stating the requirement for staff to upload approved FWA forms as part of their EG submissions and for the mission HR to certify the accuracy of FWA absences before KJSO processes EG requests. Additionally, KJSO will emphasize the same during the quarterly Chief Human Resource Officers' meetings.

Boarding assistance was paid for eligible children

29. The staff regulations and rules⁸ allow payment for boarding assistance to staff serving in field duty stations (classified as A-E) whose children are boarding to attend school outside the duty station at the primary or secondary level. Eligible staff members received boarding assistance through a lump-sum payment of \$5,000 or \$5,300 (effective 1 January 2022) per child per academic year. Staff claim boarding allowance in the EG form P.45 by ticking the appropriate box and providing the duration when the child was boarding. The duration of boarding was required despite boarding allowance provided as a lump sum.

30. KJSO indicated that they paid boarding assistance automatically to staff who claimed EG for a child at the primary or secondary school level irrespective of whether the staff claimed for boarding by ticking the box on the EG Form P.45 and providing the duration when the child boarded. DMSPC had widened the meaning of the term boarding beyond educational institutions' boarding accommodations and explained that a lump sum is paid for each eligible child attending school at the primary or secondary level regardless of the cost incurred. Mission HR is required to provide policy guidance and training to staff on their eligibility for boarding assistance and on the accurate completion of the EG forms.

31. For the academic year starting from April to November 2020 and ending in March to July 2021, boarding of \$1.15 million was paid to 180 staff based on claims for 237 children. OIOS selected a random sample of 69 boarding grant payments of \$345,000 (29 per cent). All boarding assistance paid were for eligible children at the required school level.

Need to monitor and recover over-due education grant advances

32. Eligible staff may request advance payment against EG entitlements. Within two months after completion of the academic year, staff are required to submit claims of the actual amounts paid to schools for their dependant's education. During the processing, claims submitted by staff are reviewed, amended and the EG payments are made based on calculated admissible expenses. If advances paid exceed the claims submitted, the excess amounts are recovered from staff salary within three months of the end of the academic year or upon separation from services, whichever comes first. The staff member shall not receive payment of any new EG advances until all outstanding EG advances are settled.

33. The human resources module in Umoja automatically triggers recovery of outstanding advances based on the due date established in the system at the time of EG advance payments. While the Umoja automated recovery was properly triggered during the processing of EG claims, an analysis of all EG advances and a review of those with over-due balances for the audit period showed that a total of \$1,091,728

⁸ ST/SGB.2018/1/Rev.2

(consisting of \$389,352 advances from 2015 to 2021 and \$702,376 for 2022) remained over-due for 39 staff members as of 30 September 2022.

34. As of February 2023, KJSO through reconciliation of staff accounts identified recoveries that were not reflected in staff accounts, with under-recoveries of \$180,042 from 11 staff members and over-recoveries of \$134,375 from 15 staff members. KJSO indicated that differences were mainly due to exchange rate fluctuations that required additional actions by KJSO to clear over-due amounts in Umoja and recoveries processed through staff payroll that were not properly recorded in staff EG Umoja accounts. Staff payroll and EG Umoja accounts needed to be reconciled by KJSO Finance Unit to clear or recover over-due balances.

35. Additionally, the non-recovery of advances from staff was also attributed to KJSO HR partners-initiated changes to the recovery date in Umoja. Staff and the mission management may request KJSO HR partners to make changes to the recovery date for various reasons, including delayed receipt of EG related documents from educational institutions, especially during COVID-19 restrictions. OIOS noted that during COVID-19, KJSO HR partners received exceptional instructions from some missions to delay staff EG recoveries and/or to issue new EG advances without making recoveries. EG claims were therefore exceptionally approved for payment prior to clearing previous advance EGs. These exceptional requests and approvals were, however, not documented, though the initial changes made to the recovery date reflects the HR partners who initiated the change. However, Umoja does not maintain an audit trail of details leading to the final processing of EG, as once further processing of the changed EG dates takes place, all prior information is lost in Umoja. Additionally, this resulted in new EG advances being granted even when previous advances were still outstanding.

36. OIOS noted that KJSO procedures required HR partners to receive prior approval by the KJSO Chief Human Resources and document it before changing the recovery date in Umoja. Once the approval is granted, the recovery date in Umoja is to be populated before processing new EG advances. However, KJSO did not develop adequate controls to ensure: (i) documentation is maintained of the staff request to delay recovery; (ii) approval is granted by the Chief Human Resource Officer prior to HR partners changes to the Umoja generated dates of EG advance recovery; (iii) new recovery dates are entered in Umoja; (iv) new EG advances are not paid until prior recoveries are processed; (v) changes in recovery dates in Umoja are monitored; and (vi) advances are recovered timely.

37. Delayed recoveries processed via payroll has the risk that recovery can only be done if there are sufficient funds in the staff member's salary account to offset recovery amounts. Inadequate monitoring and reconciliation of staff members' EG advances and recoveries resulted in over- and under-recoveries of advances.

(2) KJSO should take additional measures to strengthen controls over the deferral of recovery dates, and settlement of education grant advances.

KJSO accepted recommendation 2 and stated that it would: (i) update the EG process guide, (ii) develop and issue automated notifications to staff members as reminders of upcoming recoveries, and (iii) share business intelligence reports on over-due recoveries with mission HR.

Need for verification of approval certification for the granting of special Education Grant

38. Information circular on special EG and related benefits for children with disability⁹ required that staff provide a medical report and relevant supporting documents attesting to their child's disability. Staff

⁹ ST/IC/2018/8

members whose children are eligible to receive special EG must ensure that updated medical and academic progress reports are submitted to DHMOSH prior to the expiration of the next medical review date. DHMOSH approval certificates for children with special needs are uploaded to Umoja by DHMOSH.

39. For the audit period from 2019 to 2022, 49 staff with an estimated EG payments of \$9 million were in receipt of special EG. Information on the disability medical certificates for the children were available in Umoja and these were relied upon by KJSO HR partners to verify the children's disability status. Based on information obtained from DHMOSH, OIOS determined that 10 children (20 per cent) on special disability did not have a current DHMOSH approval, 3 children's records did not include the medical certification number of DHMOSH approval, and 2 children did not have expiration/renewal dates but was referenced with the date 9999 which is an infinite date in Umoja indicating no expiration. KJSO indicated that they relied on DHMOSH certification for children with special needs in Umoja. However, some approvals for recurring special education requests may be pending and so KJSO may not have verified the expiration dates for special education grant prior to making new payments. Where certificates are expired or missing, KJSO did not request updates from staff or from DHMOSH.

40. KJSO and mission HR had not established a system that included checking the validity of DHMOSH special education grant certifications and ensuring a child is entitled to special EG before processing. KJSO also did not maintain or monitor the DHMOSH certificates. While it is the responsibility of staff member to ensure the renewal of the certification for special EG, the service level agreement between KJSO and client missions indicated that it is the responsibility of KJSO to ensure data are accurate in processing payments. Lack of verification of personnel records led to payments of special EG to staff who had not obtained DHMOSH certificate or whose certification expired, which may result in overpayments of entitlements.

(3) KJSO should: (i) establish arrangements for checking the validity of Division of Healthcare Management and Occupational Safety and Health (DHMOSH) special education grant certifications before processing special education grants; and (ii) initiate recovery from the staff who received special education grant without the valid special education grant certification from DHMOSH.

KJSO accepted recommendation 3 and stated that it would request DHMOSH to provide a copy of all special education grant approvals for their clients, ensure recoveries of advances are in accordance with Section 9 of ST/AI/2018/1, and will continue to liaise with the special education grant medical team in DHMOSH and mission Chief Human Resources Officers in circumstances when exceptional extension of the recovery date is required.

Staff did not maintain records of original EG documents for five years

41. Staff members are required to retain, for a period of five years from the date of submission of the claim for payment, all relevant information, such as documentation provided by the educational institution, medical records, outcomes of applications for benefits provided by state or local government and medical insurance invoices, receipts, cancelled cheques and bank statements documenting expenditure. The checklist provided by the United Nations to staff when submitting claims (EG form P.46(03-21) reminded staff members to have available within 30 days for monitoring purposes original documentation to be provided to HR, DOS or OIOS upon request. Failure to do so will result in the immediate recovery of monies and discontinuation of benefits and could result in disciplinary actions.

42. OIOS coordinated with KJSO to request original documents from a random sample of 100 (9.35 per cent) staff in receipt of EG from 2019 to 2022. In response, documents were received from 47 staff (47 per cent). Forty-one staff provided original EG related documents, and four staff whose documents were

sent via e-mail by the educational institutions during COVID-19 restrictions provided scanned copies certified by the mission HR. Two staff provided documents that were not original with no justification and 53 staff did not provide documentation as requested as they did not respond or refused to comply with the request. This included three staff who indicated that they had to obtain original documents from the schools as the documents were mislaid during their reassignments to another duty station. Other staff indicated they were unaware of the requirement to keep original documents for verification purposes. KJSO had never requested staff to present original EG documents. The inadequate attention given to ensuring that original documents are preserved for future verification elevated the risk of staff using fraudulent documents for EG claims.

(4) KJSO should liaise with human resources units of client missions and take measures to ensure that staff members comply with the requirement to provide originals of education grant documents as requested.

KJSO accepted recommendation 4 and stated that it would update the internal control and process guides and share them with mission HR. Additionally, periodic broadcasts are to be disseminated to the missions as reminders of the EG policy, including the need for staff to be able to provide original supporting documents when requested and the possibility of funds recovery, benefits discontinuation and/or disciplinary actions for non-compliance.

Need to strengthen fraud risk mitigation measures

43. Managers are required to identify and mitigate risks that may affect operations under their responsibility. Systematic fraud risk assessments should be undertaken in accordance with the Secretariat's enterprise risk management and internal control policy and methodology. Additionally, the United Nations staff regulations and rules¹⁰ state that if a claimant makes a submission or a claim that is fraudulent, contains a material representation, or omits a material fact, all claims related to the incident by that claimant shall be denied, all compensation or benefits payable to the claimant in relation to the claim shall be terminated, and all payments made in relation to the claim shall be subject to recovery.

44. OIOS randomly sampled 111 staff EG claims related to 222 schools for staff dependent children and requested schools to confirm children's attendance. Responses were received from 200 schools confirming attendance of which 156 schools (78 per cent) responded immediately (same day or following day) and 44 (22 per cent) required the parents' intervention to facilitate student's consent to release information to OIOS.

45. Twenty-two cases, for which attendance was not confirmed by the schools were related to: (a) one staff member with eight children enrolled in schools, however, three of the children were not acknowledged by the schools as being in attendance. EG payments for the three students not recognized by the school amounted to \$76,171; (b) five students who attended schools that ceased operation subsequent to staff members receiving EG advance; and (c) 14 schools who for different reasons, including protocols from universities and requirement to provide consent, invoked the data privacy protection and regulation as a justification for not complying with the OIOS request.

46. While it is the responsibility of the staff member to ensure accurate and complete information is submitted on EG claims, KJSO is expected to institute appropriate controls to prevent and address risks of fraud and corruption, such as verifying student's enrollment and educational institution existence based on suspicious EG claims. The existing P.41 EG form only contains a provision requesting the educational institution to return the original EG forms signed by the educational institutions to the staff member and

¹⁰ Article 1.9 of ST/SGB/2018/1/Rev.2

retain a copy to facilitate confirmation of the information, which might be performed by the United Nations on a periodic and routine basis. OIOS noted that obtaining consent from educational institutions is a challenge when seeking to verify documents and details of children’s attendance and expenses paid to the school for children EG.

- (5) KJSO should enhance its fraud mitigation and response measures by: (i) implementing procedures to contact educational institutions to periodically verify existence of schools, student attendance, and documentation presented for education grant claims; and (ii) referring to investigation bodies potential fraud cases, including the case for the three students not in attendance at schools.**

KJSO accepted recommendation 5 and stated that it would update the KJSO EG process guides with the procedures for verification of school documents and child attendance, and the internal control focal points would periodically monitor the actions taken by KJSO HR partners. In addition, it would report the potential fraud case identified by this audit to OIOS for investigation.

IV. ACKNOWLEDGEMENT

47. OIOS wishes to express its appreciation to the management and staff of KJSO 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 grants processed by the Kuwait Joint Support Office

Rec. no.	Recommendation	Critical ¹¹ / Important ¹²	C/ O ¹³	Actions needed to close recommendation	Implementation date ¹⁴
1	KJSO should, in coordination with the client missions, develop a mechanism for human resources units to attest to the staff member being in mission and for notification to be sent to KJSO of all approved flexible working arrangements to ensure accurate processing of education grant entitlements.	Important	O	Development of a mechanism to inform KJSO of staff members presence/absence in/from the missions.	30 April 2024
2	KJSO should take additional measures to strengthen controls over the deferral to recovery dates, and settlement of education grant advances.	Important	O	Receipt of evidence of the updates made to the education grant process that includes the approval process for deferred recovery of education grant advances.	30 April 2024
3	KJSO should: (i) establish arrangements for checking the validity of Division of Healthcare Management and Occupational Safety and Health (DHMOSH) special education grant certifications before processing the education grants; and (ii) initiate recovery from the staff who have received special education grant without the valid special education grant certification from DHMOSH.	Important	O	Establishment of the necessary arrangements for checking the validity of special education grant with DHMOSH and initiating the recovery from staff if a valid special education grant certification is not provided.	30 April 2024
4	KJSO should liaise with human resources units of client missions and take measures to ensure that staff members comply with the requirement to provide originals of education grant documents as requested.	Important	O	Receipt of evidence that KJSO liaised with the human resources units in missions for the provision of original supporting documents when requested and took disciplinary actions on staff that did not comply with the requests.	30 April 2024
5	KJSO should enhance its fraud mitigation and response measures by: (i) implementing procedures	Important	O	Implementation of procedures to periodically contact schools to verify documentation used for	30 April 2024

¹¹ 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.

¹² 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.

¹³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

¹⁴ Date provided by KJSO in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of education grants processed by the Kuwait Joint Support Office

Rec. no.	Recommendation	Critical ¹¹ / Important ¹²	C/ O ¹³	Actions needed to close recommendation	Implementation date ¹⁴
	to contact educational institutions to periodically verify existence of schools, student attendance, and documentation presented for education grant claims; and (ii) referring to investigation bodies potential fraud cases, including the case for the three students not in attendance at schools.			education grant claims and reporting to investigative bodies on the potential fraud case.	

APPENDIX II

A. Client missions processed for education grant by KJSO from January 2019 to August 2022

Client mission	
1.	United Nations Assistance Missions in Afghanistan (UNAMA)
2.	United Nations Assistance Missions in Afghanistan and for Iraq (UNAMI)
3.	United Nations Investigative Team to Promote Accountability for Crimes Committed by Da'esh/ISIL (UNITAD)
4.	United Nations Integrated Office in Haiti (BINUH)
5.	Special Adviser of the Secretary General on Cyprus (SASG-Cyprus)
6.	Office of the Special Envoy of the Secretary-General for Yemen (OESGY)
7.	Office of the Special Envoy of the Secretary-General for Syria (OSES)
8.	United Nations Disengagement Observer Force (UNDOF)
9.	United Nations Peacekeeping Force in Cyprus (UNFICYP)
10.	United Nations Interim Force in Lebanon (UNIFIL)
11.	United Nations Logistics Base/United Nations Global Service Center (UNLB/UNGSC)
12.	United Nations Mission to Support the Hudaydah Agreement (UNMHA)
13.	United Nations Mission in Kosovo (UNMIK)
14.	United Nations Military Observer Group in India and Pakistan (UNMOGIP)
15.	United Nations Regional Center for the Preventive Diplomacy for Central Asia (UNRCCA)
16.	United Nations Special Coordinator for Lebanon (UNSCOL)
17.	United Nations Special Coordinator for the Middle East Peace Process (UNSCO)
18.	United Nations Truce Supervision Organization (UNTSO)
19.	United Nations Verification Mission in Colombia (UNVMC)
20.	Panel of Experts on Yemen (PoE-Yemen)

B. Education grant processed by KJSO from January 2019 to August 2022 (in United States dollars)

	2019		2020		2021		2022		Totals	
	Claims	Advances	Claims	Advances	Claims	Advances	Claims	Advances	Claims	Advances
BINUH	928,049	470,075	812,581	682,086	863,617	541,173	535,827	524,018	3,140,074	2,217,352
OSASG Cyprus	80,959	68,773	98,429	103,840	169,134	93,650	104,797	32,998	453,319	299,261
OSES	257,190	143,042	256,371	151,291	273,081	242,774	170,281	136,459	956,923	673,565
OESGY	584,483	258,832	550,586	373,488	532,320	409,471	315,043	386,466	1,982,432	1,428,256
UNAMA	3,483,996	1,275,191	3,308,751	1,296,375	3,392,997	1,519,521	2,183,692	1,044,245	12,369,435	5,135,332
UNAMI	4,014,990	1,528,383	3,661,728	1,470,471	3,573,755	1,716,530	2,116,733	1,116,107	13,367,206	5,831,491
UNDOF	695,488	385,473	665,884	315,493	566,105	202,137	477,589	244,017	2,405,067	1,147,120
UNFYCIP	303,174	256,460	388,920	211,654	361,279	123,578	75,927	107,879	1,129,301	699,571
UNIFIL	3,006,699	1,526,151	2,614,394	1,572,859	2,952,814	1,525,405	1,031,655	713,509	9,605,562	5,337,924
UNITAD	701,993	237,113	760,229	244,230	816,742	343,764	368,377	242,181	2,647,340	1,067,288
UNLB	1,305,055	854,215	1,121,450	1,015,437	1,452,993	857,284	547,542	483,787	4,427,040	3,210,723
UNMHA	574,510	337,923	603,707	387,094	638,700	389,085	460,066	375,409	2,276,983	1,489,511
UNMIK	1,092,637	456,621	1,145,859	610,676	1,166,768	633,223	620,356	300,969	4,025,621	2,001,488
UNMOGIP	330,768	235,000	419,527	222,026	440,780	267,537	165,690	220,423	1,356,766	944,985
UNRCCA	128,398	47,712	103,332	43,979	154,207	59,112	92,148	56,870	478,084	207,673
UNSCO	275,166	285,981	310,832	280,997	290,956	418,128	257,346	283,064	1,134,300	1,268,171
UNSCOL	143,512	126,036	178,659	116,996	254,563	106,152	31,247	0	607,981	349,184
UNTSO	1,191,794	763,677	1,054,869	618,400	1,104,310	571,037	616,282	408,139	3,967,254	2,361,254
UNVMC	1,042,595	599,312	974,544	658,452	1,009,284	475,237	424,428	312,840	3,450,851	2,045,842
POE-Y	149,884	0	0	0	0	0	0	0	149,884	0
Totals	20,291,338	9,855,970	19,030,652	10,375,843	20,014,406	10,494,800	10,595,027	6,989,380	69,931,423	37,715,993

Source: Umoja generated report from January 2019 to August 2022

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	KJSO should, in coordination with the client missions, develop a mechanism for Human Resources Units to attest to the staff member being in mission and for notification to be set to KJSO of all approved flexible working arrangements to ensure accurate processing of education grant entitlements.	Important	Yes	Elizabeth Muchai, KJSO CHRO	April 2024	KJSO to formally request all client entities to release a template broadcast at least on a quarterly basis but most especially closer to the EG submission periods, stating the requirement for staff to upload approved FWA forms as part of their EG submissions and for the mission HR to certify the accuracy of FWA absences before KJSO processes EG requests. KJSO to emphasize the same during quarterly CHRO meetings.
2	KJSO should take additional measures to strengthen controls over the recovery and settlement of education grant advances and the deferral of recovery of education grant advances.	Important	Yes	Elizabeth Muchai, KJSO CHRO	April 2024	(i). KJSO Process guides to be updated. (ii). Automated notifications to staff members as reminders of upcoming recoveries (ii). BI reports to be shared with mission HR
3	KJSO should: (i) establish arrangements for checking the validity of Division of Health-Care Management and Occupational Safety and Health (DHMOSH) special education grant certifications before processing the education grants; and (ii) initiate recovery from the staff if the valid special education grant certification is not provided by DHMOSH.	Important	Yes	Elizabeth Muchai, KJSO CHRO	April 2024	(i). KJSO to request DHMOSH to copy all SEG approvals for KJSO clients to KJSO. (ii). Recoveries of advances shall be in accordance with Section 9 of ST/AI/2018/1. KJSO to continue liaising the SEG medical team in DHMOSH and mission CHRO in circumstances when exceptional

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² 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.

Rec. no.	Recommendation	Critical¹/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						extension of the recovery date is required
4	KJSO should liaise with Human Resources Units of client missions and take measures to ensure that staff members comply with the requirement to provide original copies of education grant documents as requested.	Important	Yes	Elizabeth Muchai, KJSO CHRO	April 2024	KJSO internal IC and process guides to be updated and shared with mission HR. Periodic broadcasts to be disseminated to the mission as reminders of the EG policy including mainly the need for staff to be able to provide original supporting documents when requested and the possibility of funds recovery, benefits discontinuation and/or disciplinary actions for non-compliance.
5	KJSO should enhance its fraud mitigation measures by: (i) implementing procedures to contact educational institutions to periodically verify existence of schools, student attendance, and documentation presented for education grant claims; and (ii) referring to investigation bodies potential fraud cases including the case for the three students not in attendance at schools.	Important	Yes	Elizabeth Muchai, KJSO CHRO	April 2024	(i). KJSO process guides to be updated with the procedures for verification of documents and attendance. KJSO internal controls focal points to periodically monitor actions taken by KJSO HR (ii). Potential fraud cases, starting with those already identified by this audit will be referred to OIOS for investigation.