



INTERNAL AUDIT DIVISION

REPORT 2020/050

Audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund

**The Pension Administration needs to
strengthen the regulatory framework and
application of policies relating to disability
benefits**

**10 December 2020
Assignment No. AS2020-800-01**

Audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund (UNJSPF). The objective of the audit was to assess the adequacy and effectiveness of internal controls over the administration of disability benefits in the Pension Administration. The audit covered risk areas relating to disability benefits which included a review of: (i) policies and procedures guiding the administration of disability benefits; (ii) award and disbursement of disability benefits as well as review of their continued eligibility; and (iii) the process of suspending and discontinuing disability benefits.

The audit indicated that the Pension Administration needs to ensure practical and consistent application of the certain policies relating to disability benefits.

OIOS made seven recommendations. To address the issues identified in the audit, the Pension Administration needed to:

- Prepare terms of reference documenting the various roles and responsibilities of the Medical Consultant in relation to the Pension Board, the Fund, as well as the Medical Directors of specialized agencies;
- Bring to the attention of the Pension Board the need to clarify the rules concerning the referral of disability cases to other Staff Pension Committees, including the criteria and procedure for such referral;
- Strengthen the monitoring of disabled child benefits for timely submission of necessary documents to prevent delays in disbursement;
- Assist the taskforce established by the Pension Board in developing a framework to enable practical application of Article 33 (f) of the Fund's Regulations, considering the need for: (i) beneficiaries to report their paid employment; (ii) possible consequences for not abiding by the requirement; and (iii) exceptional and retroactive application of the Article to beneficiaries who have reached their retirement age;
- Assist the taskforce established by the Pension Board in clarifying the types of activities which require reporting to the Staff Pension Committee for its consideration in determining continued eligibility for disability benefits; and
- Bring to the attention of the Pension Board the need to amend the Fund's Administrative Rules relating to suspension of disability benefits to ensure that consistent practices are followed by all the Staff Pension Committees.

The Medical Consultant needed to include in the report to the Pension Board the accumulated incidence rates of disability benefits for each member organization to enhance transparency and oversight.

The Pension Administration and the Medical Consultant accepted the recommendations and have initiated action to implement them.

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Audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund (UNJSPF).

2. Established in 1949 by the General Assembly, UNJSPF provides retirement, death, disability and related benefits for the staff of the United Nations¹ and 23 other member organizations. The membership in UNJSPF is open to international and intergovernmental organizations which participate in the common system of salaries, allowances and other conditions of service of the United Nations.

3. A disability benefit is payable to a participant of the Fund who is found to be incapacitated for further service due to injury or illness constituting an impairment to health which is likely to be permanent or of long duration. It is paid at the rate to which the participant would have been entitled if he or she had remained in service until normal retirement age. A benefit is also provided to a disabled child of participants in the form of a child benefit. A child benefit normally ceases when the child reaches the age of 21. However, when a child is found to be incapacitated for substantial gainful employment due to illness or injury on reaching 21 years of age or at the time of the participant's entitlement, the benefit is available or continues to be available to the "child" regardless of age.

4. The determination of incapacity for the purpose of awarding disability benefits is made in accordance with Articles 33, 36 and 37 of the Fund Regulations and Section H of the Administrative Rules. The authority for making this determination is delegated by Article 4 to the Staff Pension Committees (SPC) of the member organizations. While the Pension Administration serves as the secretariat of the United Nations SPC, the SPCs of the 23 other member organizations (collectively referred to as "specialized agencies") have their own secretariats. The SPC secretaries provide administrative support for the SPCs in coordination with the designated Medical Officers and the Human Resources/Executive Offices of the respective organizations. The Pension Administration provides support and guidance to the SPC secretaries of specialized agencies on policy issues and in the application of the relevant Regulations and Rules on disability benefits.

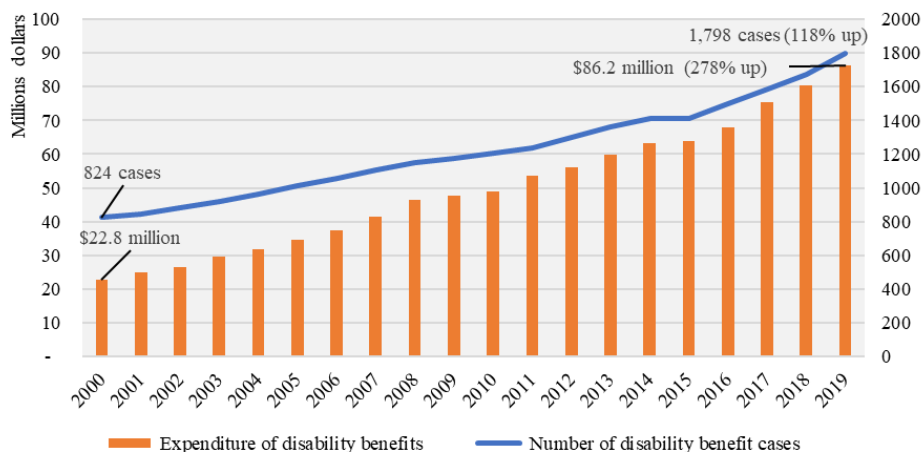
5. Medical conditions of beneficiaries are periodically assessed for their continued eligibility. The interval for such review is determined by each SPC in accordance with the Administrative Rules and is normally set at 5 or 10 years. The periodic review continues until beneficiaries reach 55 years of age if their normal retirement age is 60 or 62, or until 58 years of age if their normal retirement age is 65. For disabled child benefits, the review continues until beneficiaries reach 55 years of age.

6. All participants, whether from the United Nations or from the specialized agencies, are subject to the same provisions of the Fund Regulations and Rules. However, the processes of the United Nations for award and review of disability benefits differ from those of the agencies due to the unique role of the Director of the United Nations Medical Services as the Medical Consultant of the Pension Board. The processes followed by the United Nations and the specialized agencies are shown in Annexes I and II.

¹ Includes the United Nations Secretariat and its field missions, regional commissions, the United Nations Development Programme, the United Nations Children's Fund, the United Nations High Commissioner for Refugees, and all other United Nations funds and programmes.

7. As of 31 December 2019, 1,798 disability benefits were being paid, which accounted for 2.2 per cent of the total number of pension benefits. Disability benefits have rapidly grown over the past 20 years as shown in Figure 1. The number has increased by 118 per cent from 824 to 1,798 cases and the expenditure has grown by 278 per cent from \$22.8 million to \$86.2 million. During the same period, the number of participants had increased by 77 per cent. The growth of the overall pension benefits was 67 per cent in number and 76 per cent in expenditure, which indicates that disability benefits have grown at a much higher rate than other types of benefits.

Figure 1: Growth of main disability benefits in number and expenditure over the past 20 years



8. As of 31 December 2019, the average age at award was 48.7 years in the United Nations and 50.9 years in the specialized agencies. 52.8 per cent of recipients of a disability benefit were female and 47.2 per cent were male. 71.9 per cent of recipients of disability benefits previously held a position in the General Service category whereas 23.3 per cent were in the Professional category and 4.8 per cent in the Field Service and other categories².

9. Comments provided by the Pension Administration and the Medical Consultant are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

10. The objective of the audit was to assess the adequacy and effectiveness of internal controls over the administration of disability benefits in the Pension Administration.

11. This audit was included in the 2020 risk-based work plan of OIOS due to the risk that potential weaknesses in administration of disability benefits may have an adverse impact on the Fund, its beneficiaries, or member organizations.

12. OIOS conducted this audit from July to October 2020. The audit covered the cases of disability benefits which were awarded, being paid, suspended or discontinued from 1 January 2017 to 31 December 2019. Based on an activity-level risk assessment, the audit covered risk areas in the administration of disability benefits, which included: (i) policies and procedures guiding the Fund's administration of disability benefits; (ii) award and disbursement of disability benefits as well as review of their continued eligibility; and (iii) the process of suspending and discontinuing disability benefits.

² Based on active main disability cases as of 31 December 2019

13. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; (d) survey questionnaire; and (f) sample testing of disability benefits using a stratified sampling method.

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

III. AUDIT RESULTS

A. Policies and procedures guiding the administration of disability benefits

15. Policies and procedures serve as an essential element of internal control by guiding the implementation of accepted practices. The policy and procedural framework for the administration of disability benefits are set out in Article 33 (participant), Article 36 (child) and Article 37 (secondary dependent) of the Regulations, Section H of the Administrative Rules, and Section D of the Rules of Procedure. In addition, for participants of the United Nations, the Fund is guided by the Administrative Instruction on termination of appointment for reasons of health (ST/AI/1999/16). Upon awarding of disability benefits by the SPCs, the Chief Executive of Pension Administration certifies the awards, the Fund's Pension Entitlements Section processes the benefits, and the Payments Unit makes disbursements. These aspects are managed in the same way as all other benefits. The main elements of the policy and procedural framework for the administration of disability benefits are summarized in Annex III. Based on a review of the policy and procedural framework for disability benefits, OIOS noted the following.

Need to document the roles and responsibilities of the Medical Consultant to the Pension Board

16. Section D of the Rules of Procedures for the United Nations SPC includes three provisions relating to the Medical Consultant, namely: (i) the appointment of a Medical Consultant to assist the Pension Board on all medical questions; (ii) the role of the Medical Consultant in the uniform application of medical standards; and (iii) reporting requirements. Traditionally, the United Nations Medical Director has been the Medical Consultant to the Pension Board.

17. Accordingly, the Medical Consultant reviewed the disability cases relating to participants of the United Nations and made medical recommendations to the United Nations SPC for its review and decision. The Medical Directors of specialized agencies played a similar role as the designated Medical Officers for the respective SPCs. The Medical Consultant maintained regular contact with the designated Medical Officers of the other SPCs to ensure uniform application of medical standards. Further, the Medical Consultant prepared a biennial report on disability benefits for the Pension Board.

18. In addition, the Medical Consultant performed other functions which were not specified in the procedural framework for disability benefits. For example, Section K.7 of the Fund's Administrative Rules provides for a medical board or independent medical evaluation in cases where there is a dispute on medical conclusions by a SPC. However, the procedures for applying the above rule were not specified. In such cases, the Medical Consultant assisted the member organizations in drafting the terms of reference for Independent Medical Evaluations (IME) and the medical boards, and identifying medical doctors who may undertake IME or sit on the medical boards. Further, the Medical Consultant advised the Pension Board on the adoption of medical standards for participation in the Fund (Article 41 of the Regulations). The Medical Consultant was also actively involved in establishing criteria to determine the extent of information that can be shared with SPCs to ensure the protection of the beneficiaries' privacy.

19. It is pertinent to note that the Fund does not have a dedicated Medical Consultant, and the United Nations Medical Director is not employed by the Fund. The job description for the United Nations Medical Director states that “acting as a medical adviser to the Pension Board” is one of the several responsibilities of the incumbent. The Fund, based on a cost-sharing agreement, reimburses the United Nations for the various medical services provided to the Fund, including the services of the United Nations Medical Director as a Medical Consultant to the Pension Board. According to the cost-sharing agreement signed in 2020, the Fund is required to reimburse approximately \$260,000 annually to the United Nations on account of various medical services. The estimate included 15 per cent of salary cost at the Director level, 100 per cent of salary cost of a P-3 professional, and additional 15 per cent of salary cost of a P-3, and 3 per cent of the salary cost of a General Service staff. However, the cost-sharing agreement was not supported by details of the medical services provided to the Fund. In light of the cost-sharing agreement between the Fund and the United Nations, it is essential that the services being rendered by the Medical Consultant to the Fund are specified to ensure that the expectations are clearly understood.

(1) The Pension Administration, in consultation with the Medical Consultant, should prepare terms of reference documenting the various roles and responsibilities of the Medical Consultant in relation to the Pension Board, the Fund, as well as the Medical Directors of specialized agencies.

The Pension Administration accepted recommendation 1 and stated that the terms of reference will be drafted in coordination with the Medical Consultant. There will also need to be consultation with the Medical Directors of the member organizations, SPCs and the Pension Board. The terms of reference will be submitted for the consideration of the Pension Board at its July 2021 session. Recommendation 1 remains open pending receipt of the terms of reference of the Medical Consultant detailing his/her roles and responsibilities in relation to the Pension Board, the Fund and the Medical Directors of specialized agencies.

There were procedures for applying the medical standards in the member organizations

20. Article 41 (a) of the Fund’s Regulations states that “every staff member of each member organization ... determined to be medically fit for employment by the member organization shall be accepted as medically fit for participation in the Fund.” Article 41 (b) states that a participant who knowingly fails to disclose relevant medical information or who falsifies information shall not be entitled to receive a disability benefit.

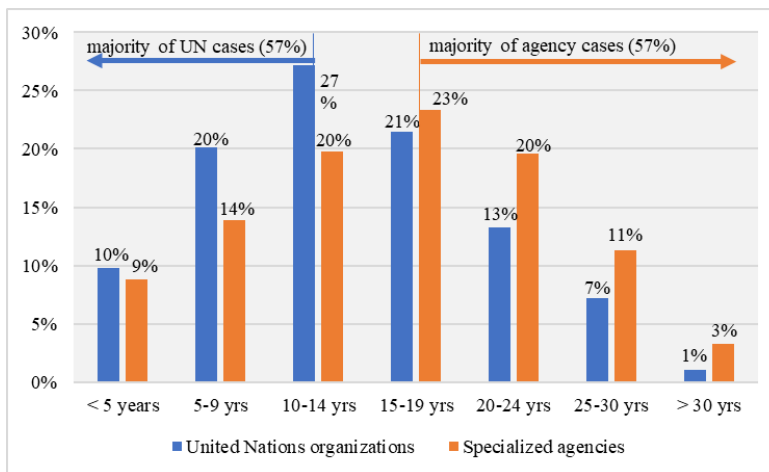
21. At the inception of the Fund in 1949, the Joint Benefit Committee required “any employee, before admission to the full benefits, to undergo a medical examination.” It was subsequently decided that the Medical Offices of each member organization can conduct medical examinations for the purpose of enrolling staff in UNJSPF. The need for consistent medical standards was discussed multiple times in the past; in July 2010, the Pension Board requested that the Pension Administration explore the possibility of establishing a standard for medical examinations for purposes of participation in the Fund. After a series of discussions in its subsequent sessions, the Pension Board decided in 2016 that the standard of fitness for employment is determined by each member organization, and that would be the basis for determining medical fitness for participation in the Fund.

22. The standards of fitness for employment among the member organizations were similar to a large extent. However, the procedures for applying the standard through medical clearance differed from one member organization to another. For example, the United Nations adopted a new policy on medical clearance in January 2018 which allowed staff to self-report their medical conditions in the questionnaire without being examined by a physician. Additional evaluations may be requested if the Medical Officers detect an increased occupational health risk. If the staff member’s response to the questionnaire did not

fully and accurately describe their medical condition, there were no means to detect it later, in the absence of periodic evaluations.

23. Disability beneficiaries of the United Nations have historically shown a slightly shorter duration of contributory service as compared to the specialized agencies. As of 31 December 2019, the majority (57 per cent) of recipients of a disability benefit had contributory service of up to 14 years in the United Nations whereas in the specialized agencies, the majority (57 per cent) was distributed over 15 to 37 years of contributory service as shown in Figure 2.

Figure 2: Distribution of disability beneficiaries by length of contributory service



24. Further, in the past 10 years (2010 to 2019), there were five awards of disability benefits to staff with less than one year of contributory service. Four of the five belonged to the United Nations and they were all awarded in 2019. Two of the four cases were accident-related, and the other two cases seemed to indicate that the staff members had some medical issues which were being managed at the time of their appointment.

25. According to the Medical Consultant, the new procedures for medical clearance have brought cost savings to the United Nations as it was estimated that the previous procedures cost the organization about \$7 million to detect one case where a candidate was found medically unfit for employment. The Medical Consultant further explained that the previous procedures for medical clearance did not reflect the current best practices.

26. In terms of the magnitude of financial impact by using different entry-level medical procedures among the Fund’s member organizations, the Committee of Actuaries concluded in 2016 that it would not lead to a significant effect on the financial status of the Fund. Also, although not applied during the period 2017 to 2019, Article 41 (b) describes the action to be taken if staff fail to disclose comprehensive and accurate medical information at the time of their entry into the Fund.

Need to clarify the policy and establish a procedure concerning referral of disability cases to other SPCs

27. It is essential to protect the confidentiality of disability cases and the privacy of beneficiaries. The process to ensure this should be formally established and complied with. Pursuant to Article 6 of the Fund’s Regulations, the authority to decide the eligibility of a staff member for a disability benefit is delegated by the Pension Board to the SPC of the organization by which he or she is employed. This arrangement seems reasonable as each organization has the personnel and financial records of its staff, and its SPC is familiar

with the internal policies and processes of the organization. Moreover, a designated Medical Officer of the organization often undertakes medical assessments of staff at an early stage when the staff avails leave on medical grounds.

28. During the period from 2017 to 2019, there were two instances where the staff member's eligibility for disability was determined by a SPC other than their employing organization's SPC. These exceptional arrangements were attributed to concerns regarding confidentiality in one case, and lack of the full complement of SPC members in the other. In the former case, despite the intention to prevent identification of the applicant, the SPC members who reviewed the case were informed of the name of the SPC which referred the case, and that the referral was due to concerns regarding confidentiality. This could have, along with other information on the case file, led to the identification of the applicant.

29. Additionally, in the absence of an established policy and procedure for referral of disability cases to other SPCs, there were no objective criteria for selecting the alternate SPC in such cases. This gave room for arbitrariness and speculation as to the motive for selecting a particular SPC as the alternate. The Fund's Regulations and Rules did not explicitly allow or disallow the referral of disability cases to other SPCs. The criteria and procedure for such referrals need to be clarified in the Regulations or Rules to ensure transparency, fairness and consistency. This should include the parties that are competent to make such referral decisions, and the required level of anonymization when confidentiality is a concern.

(2) The Pension Administration should bring to the attention of the Pension Board the need to clarify the rules concerning the referral of disability cases to other Staff Pension Committees, including the criteria and procedure for such referral.

The Pension Administration accepted recommendation 2 and stated that the Chief Executive will prepare the amendments to the Administrative Rules in consultation with SPCs and present them for the consideration of the Board at its July 2021 session. Recommendation 2 remains open pending receipt of documentation showing that it has been implemented.

B. Award of disability benefits

The Pension Administration was effectively playing its role as the secretariat of the United Nations SPC

30. SPC secretariats are an important and integral part of the Fund's governance structure. Acting as the focal point for UNJSPF matters in their respective organizations, they provide the administrative assistance that is essential to the Fund's operations. In administering disability benefits for United Nations staff, the Legal and Compliance Unit (LCU) of the Pension Administration plays the central role in facilitating the process. In coordination with the Medical Consultant and the Human Resources/Executive Offices of the United Nations, LCU prepares for, arranges, and follows up the meetings of the United Nations SPC which normally take place in April and November every year to discuss issues relating to disability benefits.

31. During the period 2017 to 2019, the United Nations SPC awarded 309 main disability benefits and 47 child disability benefits. OIOS' review of the documentation and sequence of events prior to the meetings of the United Nations SPC indicated that LCU followed the internally developed timelines which started three to four months prior to the meeting date and managed the process in an organized manner. Further, OIOS' review of 35 randomly selected cases (or 10 per cent of the 356 disability benefits awarded from 2017 to 2019) showed that 34 cases (97 per cent) were handled by following each step without delay. In the sole remaining case, the review was postponed because the request for award of a disability benefit had been prematurely submitted by the employing organization.

32. Based on the process walk-through and sample reviews, OIOS concluded that the Pension Administration was effectively fulfilling its role of providing administrative support to the United Nations SPC in the process of awarding disability benefits.

Main benefits were processed in a timely manner but monitoring of disabled child benefits needs to be strengthened

(a) Processing of main disability benefits

33. For effective monitoring of benefit processing, the Pension Administration has established a key performance indicator (KPI) in the UNJSPF strategic framework, which is to process 75 per cent of pension benefits at initial separation within 15 business days. Based on the benchmarking report provided by the Pension Administration, OIOS' calculation of the time taken to process main disability benefits in 2017, 2018 and 2019 showed that the Pension Administration met the KPI in all three periods (see Table 1).

Table 1: Time taken to process disability benefits in 2017, 2018 and 2019

Year	Within 15 business days	16 to 30 business days	31 to 45 business days	More than 45 business days	Total
2019	118 (89%)	14 (10%)	0 (-)	1 (1%)	133 (100%)
2018	126 (85%)	13 (9%)	6 (4%)	3 (2%)	148 (100%)
2017	94 (86%)	9 (8%)	4 (4%)	2 (2%)	109 (100%)

Source: IPAS reports

34. While the Fund's benchmarking report showed that most disability benefits were processed in a timely manner, there were certain limitations in calculating the KPI because of the methodology used to produce the report at the time of the audit. The KPI was previously calculated as the number of days taken from receipt of the required separation documents for benefit processing to the release of the benefits for payment. In the benchmarking report, the counting started from the date on which the last step was taken before calculating the benefit, meaning that if an issue arose after receiving the separation documents, the counting stopped at that point; a new counting started from the day on which the issue was resolved. Although some issues would require action by participants or member organizations, other issues might have been within the control of the Pension Administration. The methodology did not accurately reflect in the KPI the time taken by the Pension Administration to process such actionable issues.

35. To ensure that all cases with issues are followed up as required, the Pension Administration adopted a new methodology in July 2020 in which counting starts from the date of receipt of documents, pauses when an issue arises, and then resumes from where it was paused after the issue is resolved. In July 2020, the Pension Board recommended that the Fund management: (i) review the use of the current performance indicator to assess its continued accuracy and relevance; and (ii) look to develop and implement new KPIs that would provide more meaningful assessments of performance. The methodology, accuracy and relevance of KPIs will be reviewed in a separate OIOS audit planned to take place in 2022.

(b) Processing of disabled child benefits

36. There were about 1,400 awards of child benefits every year, including 30 to 45 benefits to disabled children. The current KPI does not cover child benefits as it is designed to only measure the processing of pension benefits which are payable to participants at their separation, such as regular and early retirement benefits, main disability benefits and withdrawal settlements. Also, a child benefit was normally requested at the same time as main benefits (i.e., parent), and thus the performance in processing of main benefits was indicative of the processing of child benefits to a large extent.

37. For child benefits to disabled beneficiaries, the timing of the request was often different from that of parents. OIOS' review of 117 child benefits which were awarded to disabled children from 2017 to 2019 indicated that 15 cases (whose applications were submitted a few months to several years after separation of the parents) took more than one year to disburse the benefit. Although many of the delays were caused by late submission of the required documents, and workflows were already created in the Integrated Pension Administration System (IPAS), the record did not show adequate follow-up on these cases. As of 30 September 2020, 8 of the 15 cases had been disbursed. Issues causing delays need to be identified in a timely manner through active monitoring after award of child benefits to beneficiaries with disability.

(3) The Pension Administration should strengthen the monitoring of disabled child benefits for timely submission of necessary documents to prevent delays in disbursement.

The Pension Administration accepted recommendation 3 and stated that it will develop a procedure to ensure workflows related disabled child benefits are monitored. A Business Intelligence report will be created to facilitate this monitoring. Recommendation 3 remains open pending receipt of evidence that monitoring of disabled child benefits has been strengthened.

Reporting of disability incidence rates needs to be strengthened

38. In April 2018, the Secretary-General launched a process to develop a policy, action plan and accountability framework to strengthen system-wide mainstreaming of the rights of persons with disabilities (i.e., the United Nations Disability Inclusion Strategy). It considers employment policy/strategy, including provisions to retain employees with disabilities, as one of the indicators of the accountability framework.

39. For the purpose of awarding a disability benefit, disability is defined by Article 33 (a) of the Fund Regulations as being "incapacitated for further service in a member organization reasonably compatible with his or her ability due to injury or illness constituting an impairment to health which is likely to be permanent or of long duration." The Article is applied in relation to the participant's present post and therefore, staff are considered disabled when they are incapable of performing their present duties in the concerned member organization, regardless of their ability to perform duties other than those for which they were hired. Therefore, a staff member may be capable of performing other duties or working in an alternative arrangement elsewhere, while being considered as "incapacitated for further service" under Article 33 (a).

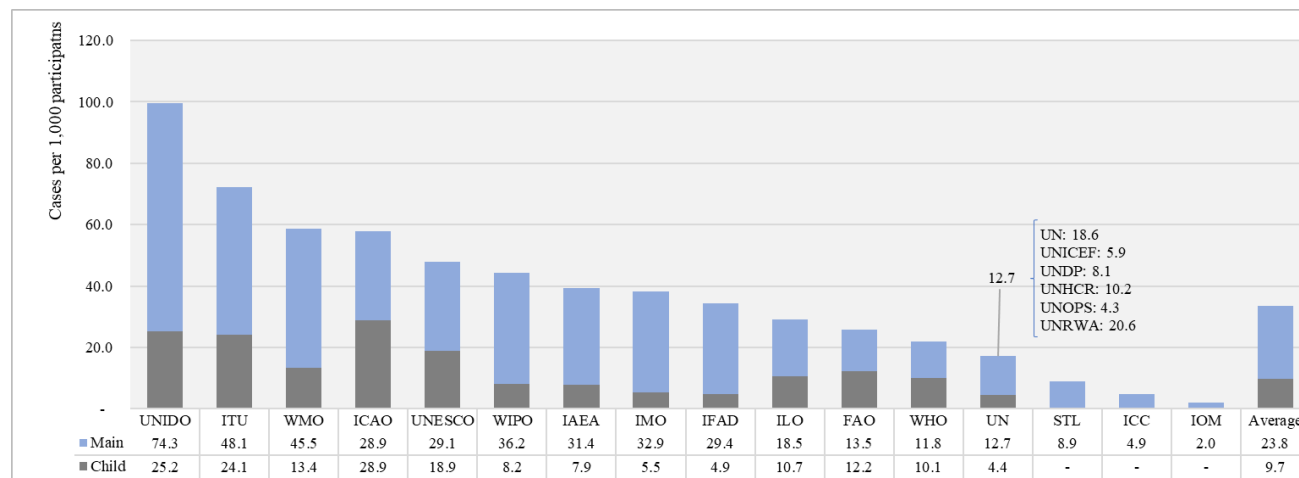
40. There were indications in several cases that beneficiaries may have returned to employment under other employers, or actively engaged in other pursuits. For example, in two cases, there were indications that the beneficiaries may have started working immediately after separation from the member organization. In two other cases, the beneficiaries appeared to have started engaging in other pursuits before the award of disability benefits. The Fund's policy allows beneficiaries to work while disabled. However, in the absence of a framework, the amounts of their disability benefits were not adjusted for paid employment, as explained later in the present report.

41. Despite the risks and challenges associated with the current definition of disability in the Fund's Regulations, narrowing down the definition may not be feasible without a thorough analysis of its implications. This is due to the limited flexibility to change the assigned duties of staff in the member organizations, where posts are linked to and approved for the performance of specific duties. Nonetheless, some member organizations were more proactive than others in accommodating staff with illness or injury, and cautious in awarding disability benefits. For example, one of the United Nations organizations has implemented a unique rotational programme and other measures to encourage staff with illness or injury to

continue working. Through active case management, which started in the early stage during staff member's sick leave, this organization has maintained a low incidence rate of disability. Also, one specialized agency decided to place beneficiaries (who were awarded a disability benefit) on special leave without pay for one year instead of terminating their appointments so that they could return to the agency if their medical condition improved during the time.

42. As of 31 December 2019, the average number of active main disability benefits per thousand participants was 23.8 among 18 member organizations with more than 100 participants (see Figure 3).

Figure 3: Incidence rate of disability per thousand participants for all active cases as of 31 December 2019



Excludes the member organizations with zero active disability case (i.e. ICCROM, ICGEB, ITLOS, IPU and CTBTO) and member organizations with less than 100 participants (i.e. EPPO, ISA and WTO).

Average calculation includes ICCROM and ICGEB which had more than 100 participants and no active disability case.

43. Based on a previous OIOS recommendation in 2009, the Medical Consultant's reports to the Pension Board for 2012 and 2014 provided cumulative statistics relating to disability benefits for each member organization. However, this practice was discontinued in 2016. Instead, the Medical Consultant's report began providing the disability statistics for only the latest biennium. As the incidence rates of disability can fluctuate every year, OIOS is of view that cumulative statistics for each member organization, along the lines shown in Figure 3 based on all active cases at the end of the respective biennium, could provide a more comprehensive picture to the Pension Board on the trends in incidence of disability cases across various member organizations over the years. In light of the significant increase in disability benefits disbursed by the Fund, such statistics may be useful to the Pension Board in exercising its oversight role and identifying any good practices among the member organizations.

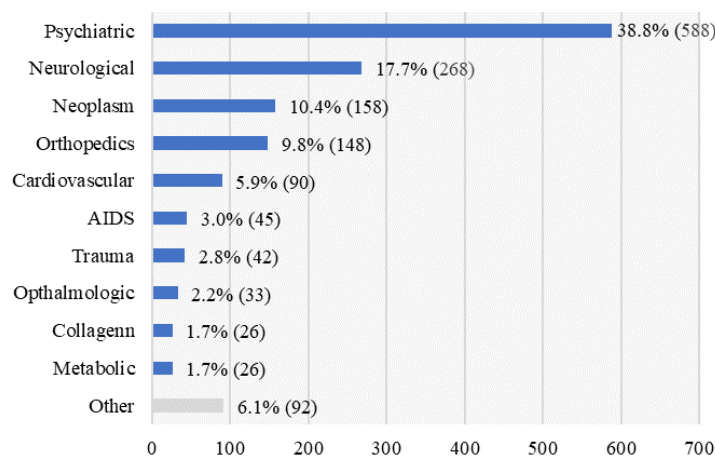
(4) The Medical Consultant should include in the report to the Pension Board the accumulated incidence rates of disability benefits for each member organization to enhance transparency and oversight.

The Medical Consultant accepted recommendation 4 and stated that the information will be included in the report to the Board under Section D of the UNJSPF Rules of Procedure to be presented at the July 2021 Board session. Recommendation 4 remains open pending receipt of the Medical Consultant's report to the Pension Board showing the accumulated incidence rates of disability benefits for each member organization.

Trends in disability cases by diagnostic categories and duty stations

44. The psychological health of its workforce has been a matter of importance to the United Nations which has introduced policies and initiatives to reduce mental health issues in the workplace. Psychiatric cases have continuously represented the largest proportion of main disability benefits: 588 or 38.8 per cent of the 1,516 disability benefits awarded in the past 20 years were psychiatric cases as shown in Figure 4 below.

Figure 4: Distribution of disability cases from 1998 to 2017 by diagnostic category



Source: Medical Consultants reports from 1998 to 2017 (20 years)

45. Table 2 shows the 10 duty stations (countries) with the highest incidence of disability cases. There seems to be no correlation between hardship at the duty station and the number of disability cases from those duty stations. In fact, half of the duty stations with the 10 highest disability incidence rates were in the 'H' category (headquarters).

Table 2: Duty stations (countries) with the ten highest incidence rates

No.	Duty station*	Hardship category	Disability awards			Total no. of staff**	Incidence rate
			United Nations	Specialized agencies	Total		
1	Bosnia and Herzegovina	A-B	10	1	11	147	7.48%
2	Netherlands	H	27	9	36	598	6.02%
3	Austria	H	96	138	234	3,912	5.98%
4	France	H	0	67	67	1,316	5.09%
5	Serbia	A	5	0	5	107	4.67%
6	Togo	B	4	3	7	151	4.64%
7	Israel	A	9	1	10	236	4.24%
8	Switzerland	H	215	216	431	10,662	4.04%
9	Haiti	C-D	20	3	23	587	3.92%
10	United Kingdom	H	3	10	13	334	3.89%

Note: All duty stations are placed by the International Civil Service Commission in one of six categories: H for headquarters and similar designated locations and A to E for all other duty stations with E being most difficult in conditions of life and work.

*Excludes duty stations which have less than 100 staff such as Montenegro (incidence rate of 8.70%) and Croatia (6.38%)

**2017 figures available on <https://www.unsystem.org/content/total-staff-organization>

46. In October 2018, the United Nations launched the five-year mental health and well-being strategy based on the results of a survey of staff. Other member organizations have also implemented measures to address the health issues of staff.

C. Review of continued eligibility for disability benefits

The Pension Administration effectively played its role as the secretariat of the United Nations SPC in the review process

47. In accordance with Article 7 of the Fund Regulations, LCU of the Pension Administration facilitates the process of eligibility review for the United Nations SPC. It maintains the list of beneficiaries whose eligibility review is due or overdue and initiates the process by notifying them of an upcoming SPC review about three months prior to the meeting date. LCU also notifies beneficiaries of the next review date at the time of award and notification of their continued eligibility.

48. From 2017 to 2019, the United Nations SPC reviewed 172 main and 113 child disability cases for their continued eligibility. OIOS selected a sample of 30 cases to test whether the cases were reviewed at the interval set by the SPC in the previous review. The test showed that 27 of the 30 cases (90 per cent) were reviewed as scheduled. In one case, the review was postponed to a subsequent meeting but completed within 12 months from the originally scheduled date. In two cases, the review was overdue for more than one year because the beneficiaries did not submit the medical reports on time. In both cases, LCU notified the beneficiaries of the upcoming SPC review on time and followed up on the cases by sending reminders.

49. Based on the process walk-through and the sample review, OIOS concluded that the Pension Administration was effectively fulfilling its role of facilitating the process of reviewing continued eligibility by the United Nations SPC.

The Pension Administration adequately supported the secretariats of specialized agencies' SPCs

50. For eligibility review of cases relating to specialized agencies, it is the responsibility of the respective SPC secretariats to facilitate the review process and follow up on overdue cases. The Pension Administration supports these SPCs by providing the data, answering inquiries, and reviewing the SPCs' decisions for consistent application of the Regulations.

51. During 2017 to 2019, the SPCs of specialized agencies reviewed 84 main and 97 child disability cases for their continued eligibility. OIOS' sample review of 20 cases showed that 14 (70 per cent) were reviewed as scheduled. In two cases, the review was postponed but completed within one year from the scheduled date and in four cases, there were delays of more than one year. This was either due to late submission of medical reports by beneficiaries or unavailability of reliable data at the time in IPAS.

52. OIOS' analysis of sample cases, review of responses to the questionnaire and interviews with the SPC secretaries indicated that the support provided by the Pension Administration to the secretariats of the specialized agencies' SPCs was generally adequate.

Need to establish a framework for applying the policy concerning paid employment of beneficiaries

53. Article 33 (f) of the Fund's Regulations provides that the Pension Board may prescribe the extent to which, and the circumstances in which, a disability benefit may be reduced when the beneficiary, although remaining incapacitated, is nevertheless in paid employment. However, there has been no instance where payments to a beneficiary were reduced due to his or her reemployment. The Pension Administration

has discontinued benefits in cases where a beneficiary was working, and there was sufficient medical evidence that they were no longer eligible to receive the benefit. The Pension Administration discontinued three main and three child disability benefits between 2017 and 2019.

54. In the Pension Board's session in 2020, while noting the difficulty in applying Article 33 (f), the United Nations SPC proposed a framework for its application. The Pension Board decided to establish a taskforce to address this matter.

(a) Requirement to report paid employment while in receipt of a disability benefit

55. In the award letter to beneficiaries, the Pension Administration asks beneficiaries to inform the Fund if they engage in or anticipate engaging in paid employment. The letter also states that beneficiaries are required to certify their continued eligibility in the certificate of entitlements which is signed and submitted annually to the Pension Administration. However, there is no document explaining what kind of activities would impact their eligibility for a disability benefit. As such, all of the beneficiaries whose cases were viewed by OIOS, including those who were found by the SPCs to have returned to employment, certified their continued eligibility in the certificate of entitlements every year. For the application of Article 33 (f), beneficiaries must first understand that it is their obligation to report their paid employment, and the requirement should be clearly written in the award letter and related documents.

(b) Scope of application

56. Continued eligibility for a disability benefit is periodically reviewed until 55 years of age for beneficiaries whose retirement age is 60 or 62, or until 58 years of age when their normal retirement age is 65. Once beneficiaries reach this age, their current and past eligibility for a disability benefit is no longer questioned because beneficiaries would become eligible for a normal retirement benefit within five to seven years thereafter, had they continued working in the Organization. There is also no recourse for the Fund even if beneficiaries are found to have illegitimately received disability benefits in the past. OIOS noted one case where the beneficiary, who was 54 years old at the time of the award and therefore not subject to further review, seemed to have started working in his home country immediately after the award and continued to work full-time while receiving disability benefits. There were similar cases of which OIOS became aware during the audit. In exceptional cases, the Fund's policy should allow the Pension Administration to retroactively apply Article 33 (f) even after beneficiaries have reached 55 or 58 years of age.

(c) Possible consequence as a deterrent

57. As previously mentioned, beneficiaries must be required to report without delay their paid employment when receiving a disability benefit. At the same time, they must be aware of the possible consequences of failing to abide by this requirement. Although the number and financial impact of disability benefits is currently relatively lower compared to other types of benefits, there is a risk that abuse could increase if such "double-dipping" is left unaddressed. It is therefore important to establish an effective deterrent by signaling possible consequences in case of abuse.

58. Further, in addition to paid employment, there is a need to clarify the types of activities which beneficiaries must report to the SPC secretariat for the SPC's periodic review of their continued eligibility. Some activities, though not employment, could generate intermittent income, such as authoring publications, providing private tuitions, or consultancy. There were indications that some beneficiaries may have founded for-profit or non-profit organizations of their own and actively engaged in their operations, which might suggest recovery from their medical condition. While disability benefits should not in any way prevent beneficiaries from pursuing their professional or personal interests, there should be

some clarity as to what sorts of activity should be reported to appropriately inform the eligibility review by the SPC.

- (5) The Pension Administration should assist the taskforce established by the Pension Board in developing a framework to enable practical application of Article 33 (f) of the Fund’s Regulations, considering the need for: (i) beneficiaries to report their paid employment; (ii) possible consequences for not abiding by the requirement; and (iii) exceptional and retroactive application of the Article to beneficiaries who have reached their retirement age.**

The Pension Administration accepted recommendation 5 and stated that it will support the taskforce in its review and preparation of its recommendations. The report of the taskforce containing the proposed recommendations will be presented for the consideration of the Board at its July 2021 session. Recommendation 5 remains open pending receipt of evidence of the assistance provided by the Pension Administration to the taskforce for developing the framework for application of Article 33 (f) of the Fund’s Regulations.

- (6) The Pension Administration should assist the taskforce established by the Pension Board in clarifying the types of activities which require reporting to the Staff Pension Committee for its consideration in determining continued eligibility for disability benefits.**

The Pension Administration accepted recommendation 6 and stated that it will support the taskforce in its review and preparation of its recommendations. The report of the taskforce containing the proposed recommendations will be presented for the consideration of the Board at its July 2021 session. Recommendation 6 remains open pending receipt of evidence of the assistance provided by the Pension Administration to the taskforce in clarifying the types of activities which require reporting to the SPC for consideration in determining continued eligibility for disability benefits.

D. Suspension/discontinuation of disability benefits and recovery of overpayments

Need for a consistent procedure for the suspension of disability benefits

59. Policies and procedures concerning the suspension of disability benefits should provide adequate guidance to all the SPCs and bring uniformity to their practice.

60. According to Section H of the Fund’s Administrative Rules, disability benefits may be discontinued where a beneficiary has recovered from the underlying illness or injury. Also, disability benefits may be suspended where a beneficiary fails to submit the medical report for the review of continued eligibility or fails to provide medical information in which the SPC can confirm that the beneficiary remains incapacitated. These are the controls to avoid potential overpayment in cases where the beneficiary may not continue to be eligible for the benefits.

61. OIOS reviewed a sample of 25 overdue cases where no medical review had been performed for more than two years due to non-submission of medical reports. The review showed that in 16 cases (64 per cent), the benefit had not been suspended, and all 16 cases belonged to the specialized agencies’ SPCs. The United Nations SPC had one case which was overdue for more than two years and the benefit was suspended in a timely manner in accordance with the United Nations SPC’s procedure on suspension of disability benefits.

62. OIOS noted that there was no standardized procedure for suspension of disability benefits among the specialized agencies' SPCs. In 2010, the United Nations SPC adopted a procedure to suspend disability benefits if beneficiaries fail to submit medical reports for one full year after their medical review was due. Although the Pension Administration encouraged the specialized agencies to follow a similar procedure, the Disability Manual for SPCs of Agencies allowed each SPC to develop its own procedure. While the Administrative Rule which is applicable to all the member organizations laid down the principle of suspension/discontinuation, it did not provide guidance about the timing of benefit suspension.

63. Since the Fund Regulations did not explicitly provide for recovery of overpayments where the beneficiary was no longer incapacitated, it is essential that SPCs suspend the benefit payment in a timely manner in accordance with the standardized procedure, which should be consistent across all member organizations.

(7) The Pension Administration should bring to the attention of the Pension Board the need to amend the Fund's Administrative Rules relating to suspension of disability benefits to ensure that consistent practices are followed by all the Staff Pension Committees.

The Pension Administration accepted recommendation 7 and stated that the Chief Executive will prepare the amendments to the Administrative Rules in consultation with SPCs and present them to the Board at its July 2021 session. Recommendation 7 remains open pending receipt of documentation showing the decision of the Pension Board on the amendment to the Fund's Administrative Rules relating to suspension of disability benefits.

Suspension of disability benefits due to other reasons

64. The provisions related to suspension and forfeiture applicable for other periodic benefits are equally applicable to disability benefits. The disability benefits which may be suspended under Section H of the Administrative Rules could also be suspended for other reasons such as failure to submit a Certificate of Entitlements (CE), failure to submit payment instructions, returned payments by bank or failure to accept payments. A beneficiary who has submitted medical reports on time could still be suspended due to other reasons.

65. The annual exercise by the Pension Administration to obtain a duly signed CE from beneficiaries was another control to ensure the continued eligibility of all types of periodic benefits, including disability benefits. The sample review of 20 disability cases, which had been suspended, showed that 18 of the 20 cases (90 per cent) were suspended due to non-receipt of signed CE. All of the 18 suspensions in the CE process belonged to beneficiaries of main disability benefits, primarily as beneficiaries of disable child benefits were not required to submit a CE because of being paid with main or survivor's benefit. Hence, they were not subject to the signature verification which was mandatory for main disability benefits until they reach 75 years old. The gaps relating to the CE, suspension and forfeiture process were covered in the OIOS audit of certificate of entitlements in 2018, hence OIOS does not make a recommendation in this regard.

Recovery of overpayments

66. Administrative Rule H.7 provides for discontinuing and reinstatement of disability benefits. However, the Fund Regulations did not specifically provide for recovery of overpayments where the beneficiary was no longer incapacitated or was in gainful employment, without providing information to the Fund. While overpayments may happen due to wrong calculation of benefits, or due to overlap of benefit payment for beneficiaries who have rejoined the service, the scope of OIOS' review was limited to recovery of overpayments due to late reporting of the death of beneficiaries entitled to disability benefits. The

recovery of overpayments in such cases can be made from the survivor benefits or from the estate of the beneficiary. The provisions were applicable to disability benefits like other periodic benefits. A sample review of 30 death cases of beneficiaries entitled to disability benefits showed that the Pension Administration had appropriately opened the workflows for recovery of overpayments. There were a few cases where information relating to death was delayed. However, in the majority of those cases, the Pension Administration had recovered the overpayment from survivor benefits. For the rest of the cases, recovery proceedings were initiated in a timely manner by sending the instructions to the bank to recall the excess payments made. OIOS concluded that the controls over the process of recovering overpayments in relation to disability benefits were adequate.

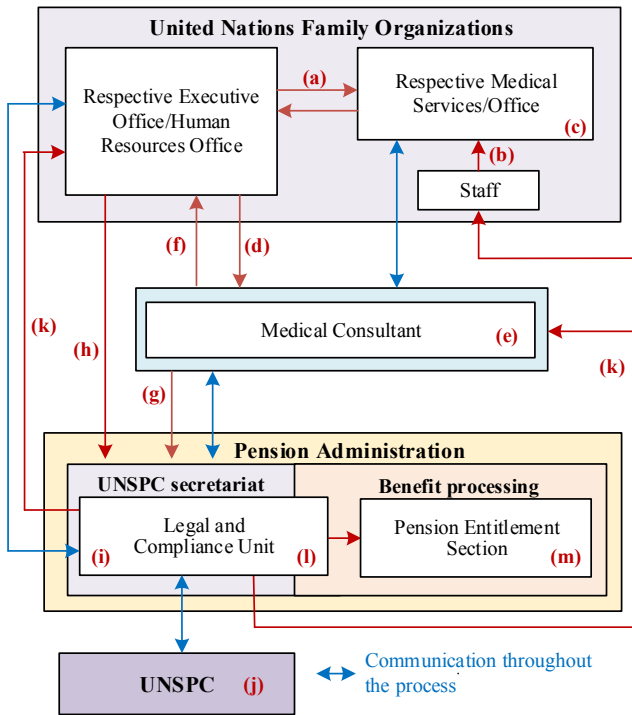
IV. ACKNOWLEDGEMENT

67. OIOS wishes to express its appreciation to the management and staff of the Pension Administration, the Secretariat of the Pension Board, the Medical Consultant, and the Secretaries of SPCs for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

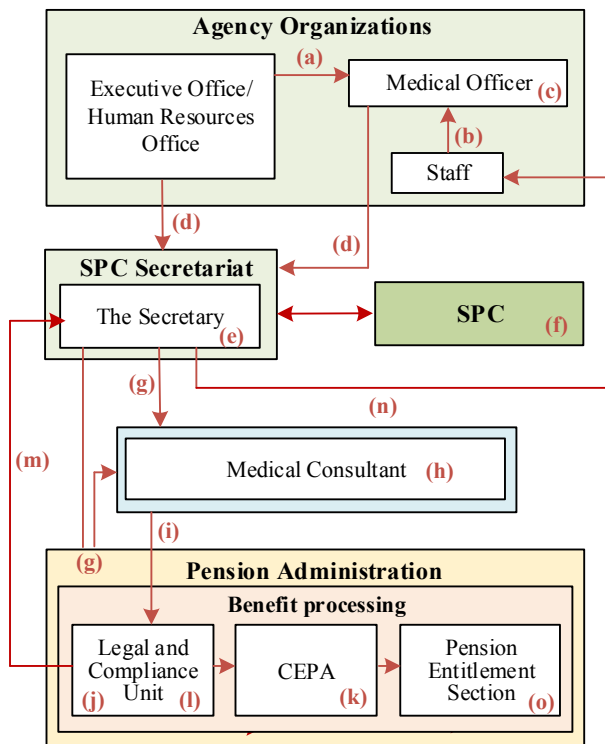
Flowchart: Award of disability benefits

a. The process followed by the United Nations organizations

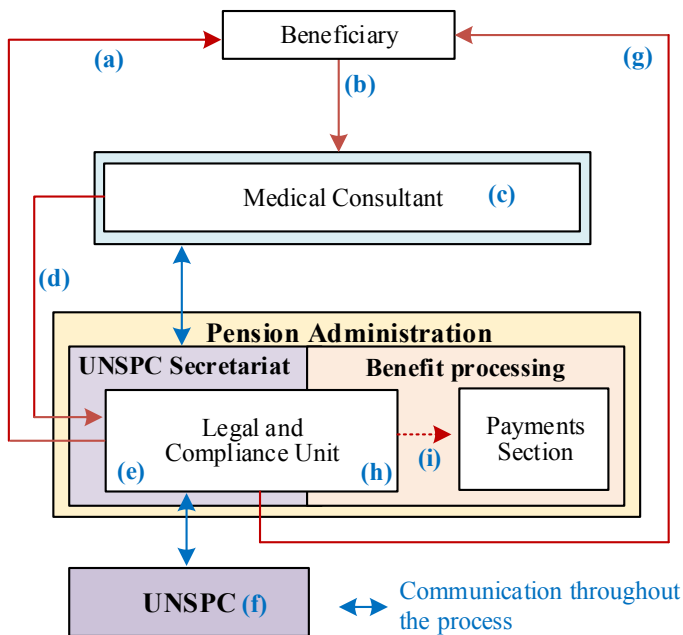


- (a) Request a medical assessment for a possible disability benefit
- (b) Submit medical reports of his/her treating physician(s)
- (c) Review the case and make a medical conclusion
- (d) Submit the case with the conclusion (c) to the Medical Consultant
- (e) Assess the case and prepare a recommendation
- (f) Inform the organization of the recommendation
- (g) Submit the recommendation to the secretariat of UNSPC
- (h) Submit the request for award of a disability benefit
- (i) Compile documentation for UNSPC's review and decision
- (j) Review the case and determine its eligibility for award of a disability benefit
- (k) Inform the employing organization, the participant and the Medical Consultant of the award
- (l) Update the participant's record in IPAS
- (m) Process the benefit after receiving necessary documents from the employing organization and the staff

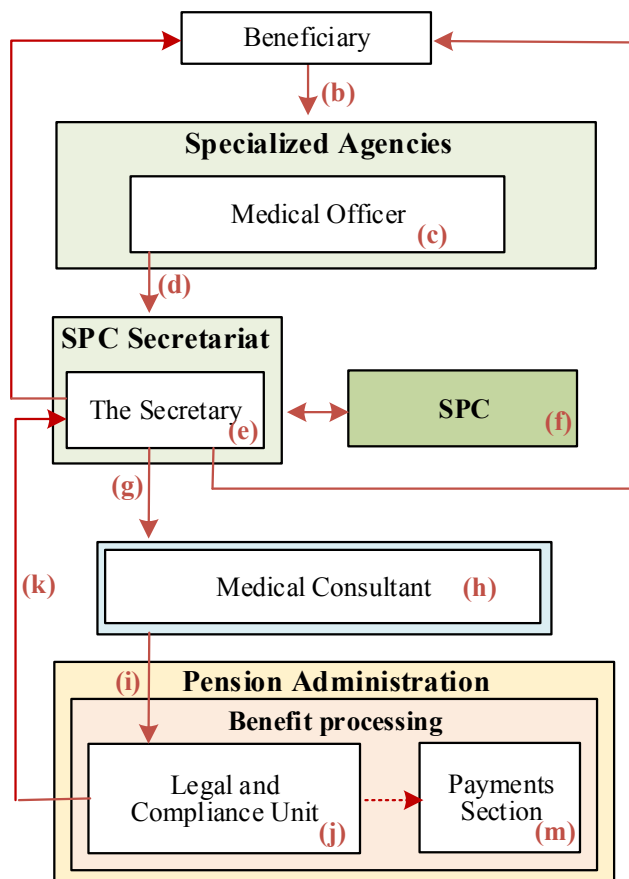
b. The process followed by the specialized agencies of the United Nations



- (a) Request a medical assessment for a possible disability benefit
- (b) Submit medical reports of his/her treating physician(s)
- (c) Make a medical assessment and prepare a recommendation
- (d) Submit the recommendation to the SPC secretariat
- (e) Compile documentation for the SPC's review and decision
- (f) Review the case and determine its eligibility for award of a disability benefit
- (g) Submit the SPC's decision and related documents directly to the Medical Consultant or through the Pension Administration
- (h) Makes a medical assessment
- (i) Conveys his/her agreement/disagreement based on (h)
- (j) Review consistent application of the Fund Regulations and Rules
- (k) Certify the award
- (l) Update the participant's record in IPAS if certified, otherwise recommend reconsideration of the case by the SPC
- (m) Inform the SPC secretariat of the award, if certified
- (n) Inform the staff of the award
- (o) Process the benefit after receiving necessary documents from the employing organization and the staff

Flowchart: Review of continued eligibility**a. The process followed by the United Nations organizations**

- (a) Send a reminder letter requesting medical reports to be submitted to the Medical Consultant for review
- (b) Submit medical reports of his/her treating physician to the Medical Consultant
- (c) Make a medical assessment and prepare a recommendation
- (d) Submit the recommendation to the Secretariat of UNSPC
- (e) Compile the documentation for UNSPC's review and decision
- (f) Review the case and determine, continuation, suspension or discontinuation of the benefit
- (g) Send a letter to notify the beneficiary of the decision
- (h) Update the beneficiary's record in IPAS
- (i) For suspended and discontinued cases, notify the Payments Section for action

b. The process followed by the specialized agencies of the United Nations

- (a) Send a reminder letter requesting medical reports to be submitted to the Medical Officer for review
- (b) Submit medical reports from his/her treating physician(s) to the designated Medical Officer
- (c) Make a medical assessment and prepare a recommendation
- (d) Submit the recommendation to the SPC Secretariat
- (e) Compile the documentation for SPC's review and decision
- (f) Review the case and determine its continued eligibility, suspension or discontinuation
- (g) Submit the decision to Medical Consultant
- (h) Make a medical assessment
- (i) Submit the case to the Pension Administration
- (j) Review consistent application of the Fund Regulations and Rules and update the beneficiary's record in IPAS
- (k) Inform the SPC Secretary of continuation, suspension or discontinuation of the benefit
- (l) Send a letter to notify the beneficiary of the SPC's decision
- (m) For suspended and discontinued cases, notify the Payments Section for action

Main elements of the policy and procedural framework for disability benefits

Source		Main provisions
Fund Regulations		
1	Article 33- Disability benefit	This article detailed six provisions related to disability benefits namely: (a) eligibility requirements; (b) commencement of the benefit; (c) rate at which benefit is payable; (d) minimum benefit payable; (e) conditions for discontinuation of benefit; and (f) provision for the reduction of disability benefit if the beneficiary of disability benefit is in paid employment.
2	Article 36-Child's benefit	This article has seven provisions related to child benefit namely: (a) eligibility requirements; (b) applicability of benefit for a child over the age of 21; (c) applicability of child benefit provisions in case the participant chooses early retirement benefit; (d) rate at which benefit is payable; (e) provisions related to the rate of child benefit payment in case of no surviving parent or surviving spouse is not a natural or adoptive parent and does not have custody of a child;(f) maximum limit for payment of child benefit and (g) provision for recalculation of benefits to achieve the purpose of (e) and (f) above.
3	Article 37- Secondary dependents benefit	This article stipulated: (a) eligibility requirements for secondary dependents benefit; (b) conditions where secondary dependent's benefit is not payable; (c) rates at which secondary dependent's benefit is payable; and (d) applicability of provisions in case of more than one person is eligible for the secondary dependent's benefit.
4	Article 41-Medical evaluation	Every staff member of each member organization who fulfils the requirements of article 21(a) for participation in the Fund and is determined to be medically fit for employment by the member organization shall be accepted as medically fit for participation in the Fund. (b) A participant who knowingly fails to disclose relevant medical information, or who falsifies information, shall not be entitled to receive a disability benefit under article 33(a) unless the condition giving rise to the disability is determined medically to be unrelated to the information that was not disclosed or was falsified.
5	Article 4(d)	The Board may appoint a Standing Committee which shall have the power to act on behalf of the Board when it is not in session and may, subject to article 7, delegate its powers under these Regulations to the staff pension committees of the member organizations.
6	Article 48- Jurisdiction of the United Nations Tribunal	This Regulation stipulated procedures for submission of applications alleging non-observance of these Regulations arising out of decisions of the Board the United Nations Appeals Tribunal and its jurisdiction, appeal procedures.
7	Article 7- Pension Administration	This article stipulated the role of the Chief Executive of Pension Administration to perform under the authority of the Board to certify for payment all benefits properly payable under these Regulations.
8	Article 8- Secretariat of the Staff Pension Committees	(a) The secretariat of the Board shall serve as the secretariat of the United Nations Staff Pension Committee; (b) A secretary to the staff pension committee shall be appointed by the chief administrative officer of each other member organization on the recommendation of the committee.
Administrative Rules		
9	Section H of the Administrative Rules	This Section detailed provisions related to disability benefits namely; (a) the role of the Standing Committee in case of staff committee is not able to take a unanimous decision; (b) procedures for application of Article 33, 36 and 37 for award and review of disability benefits by staff pension committees; (c) procedures for timelines for review of disability benefits (d) conditions for suspension and termination of disability benefits.
10	Section K- Review and Appeal	This section procedures review and appeal procedures for disability benefits cases decided by staff pension committees, including the role of the Standing Committee and the role of the independent medical board and provision for appeal to the United Nations Appeals Tribunal from the decision of the Standing Committee, acting on behalf of the Board.
Rules of Procedure for the United Nations Staff Pension Committee		
11	Section D of the Rules of Procedure.	This Section stipulated procedures for the appointment of a Medical Consultant to assist the Board in all medical questions, the role of the medical consultant in the uniform application of medical standards and reporting requirements.
Secretary-General's Administrative Instructions		
12	ST/AI/1999/16- Termination of Appointment for Reasons of Health	This administrative stipulated the definition of disability, conditions for termination for reasons of health and procedures for application of disability benefit.

STATUS OF AUDIT RECOMMENDATIONS

Audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	The Pension Administration, in consultation with the Medical Consultant, should prepare terms of reference documenting the various roles and responsibilities of the Medical Consultant in relation to the Pension Board, the Fund, as well as the Medical Directors of specialized agencies.	Important	O	Receipt of terms of reference of the Medical Consultant detailing his/her roles and responsibilities in relation to the Pension Board, the Fund and the Medical Directors of specialized agencies.	31 August 2021
2	The Pension Administration should bring to the attention of the Pension Board the need to clarify the rules concerning the referral of disability cases to other Staff Pension Committees, including the criteria and procedure for such referral.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	28 February 2022
3	The Pension Administration should strengthen the monitoring of disabled child benefits for timely submission of necessary documents to prevent delays in disbursement.	Important	O	Receipt of evidence that monitoring of disabled child benefits has been strengthened.	31 December 2021
4	The Medical Consultant should include in the report to the Pension Board the accumulated incidence rates of disability benefits for each member organization to enhance transparency and oversight.	Important	O	Receipt of the Medical Consultant's report to the Pension Board showing the accumulated incidence rates of disability benefits for each member organization.	31 August 2021
5	The Pension Administration should assist the taskforce established by the Pension Board in developing a framework to enable practical application of Article 33 (f) of the Fund's Regulations, considering the need for: (i) beneficiaries to report their paid employment; (ii) possible consequences for not abiding by the	Important	O	Receipt of evidence of the assistance provided by the Pension Administration to the taskforce for developing the framework for application of Article 33 (f).	28 February 2022

³ 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.

⁴ 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.

⁵ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁶ Date provided by the Pension Administration/the Medical Consultant in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of disability benefits in the Pension Administration of the United Nations Joint Staff Pension Fund

	requirement; and (iii) exceptional and retroactive application of the Article to beneficiaries who have reached their retirement age.				
6	The Pension Administration should assist the taskforce established by the Pension Board in clarifying the types of activities which require reporting to the Staff Pension Committee for its consideration in determining continued eligibility for disability benefits.	Important	O	Receipt of evidence of the assistance provided by the Pension Administration to the taskforce in clarifying the types of activities which require reporting to the SPC for consideration in determining continued eligibility for disability benefits.	28 February 2022
7	The Pension Administration should bring to the attention of the Pension Board the need to amend the Fund's Administrative Rules relating to suspension of disability benefits to ensure that consistent practices are followed by all the Staff Pension Committees.	Important	O	Receipt of documentation showing the decision of the Pension Board on amendment to the Fund's Administrative Rules relating to suspension of disability benefits.	28 February 2022

APPENDIX I

Management Response

UNITED NATIONS JOINT STAFF PENSION FUND
CAISSE COMMUNE DES PENSIONS DU PERSONNEL DES NATIONS UNIES

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MEMORANDUM

Ref:

New York, 7 December 2020

To / A: Ms. Eleanor Burns
Director Internal Audit
Division
OIOS

From / De : Rosemarie McClean 
Chief Executive of Pension
Administration
UNJSPF

Subject / **UNJSPF response to draft report audit of disability benefits in the Pension**
Objet: **Administration of the United Nations Joint Staff Pension Fund**

1. This is in response to your memorandum dated 23 November 2020, in which you submitted for the Fund's review and comments, the draft report on the above-mentioned audit.
2. As requested, **Annex I** contains the Fund's comments to the audit recommendations, including action plan and target dates. Other comments and clarifications to the report are presented in **Annex II**.
3. The response to recommendations 1 and 4 has been confirmed with Dr. Bernhard Lennartz. The response to recommendation 2 was consulted with the Chair of the Pension Board.
4. The Pension Administration wishes to thank OIOS auditors for the completing the audit and making recommendations to strengthen the Fund's processes and internal controls.

cc.: Dr. B. Lennartz, Acting Director Healthcare Management & OSHOSO/DOS
Mr. D. Penklis, Deputy Chief Executive
Mr. J. De Preter, Secretary United Nations Joint Staff Pension Board
Ms. M. O'Donnell, Chief of Operations
Ms. D. Mapondera, Chief Legal and Compliance Unit
Ms. K. Manosalvas, Risk Officer, Audit Focal Point

Annex I
Management Response to the audit of disability benefits in the Pension Administration

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Pension Administration, in consultation with the Medical Consultant, should prepare terms of reference documenting the various roles and responsibilities of the Medical Consultant in relation to the Pension Board, the Fund, as well as the Medical Directors of specialized agencies.	Important	Yes	Chief Executive of Pension Administration/ Medical Consultant.	August 2021	The terms of reference will be drafted by the Pension Administration in coordination with the Medical Consultant. There will also need to be consultation with the Medical Directors of the member organizations, SPCs and the Pension Board. The Terms of Reference will be submitted for the consideration of the Pension Board at its July 2021 session.
2	The Pension Administration should bring to the attention of the Pension Board the need to clarify the rules concerning the referral of disability cases to other Staff Pension Committees, including the criteria and procedure for such referral.	Important	Yes	Chief Executive of Pension Administration	February 2022	The Chief Executive of Pension Administration will prepare the amendments to the Administrative Rules in consultation with Staff Pension Committees and present them for the consideration of the Board at its July 2021 session.
3	The Pension Administration should strengthen the monitoring of disabled child benefits for timely submission of necessary documents to prevent delays in disbursement.	Important	Yes	Chief Pension Entitlements Section	December 2021	The Fund will develop a procedure to ensure workflows related disabled child benefits are monitored. A Business Intelligence report will be created to facilitate this monitoring.
4	The Medical Consultant should include in the report to the Pension Board the accumulated incidence rates of disability benefits for each member organization to enhance transparency and oversight.	Important	Yes	Medical Consultant	August 2021	Medical Consultant will include the information in the Medical Consultant's report to the Board under Section D of the UNJSPF Rules of Procedure to be presented at the July 2021 Board session.

¹ 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.

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
5	The Pension Administration should assist the taskforce established by the Pension Board in developing a framework to enable practical application of Article 33 (f) of the Fund's Regulations, considering the need for: (i) beneficiaries to report their paid employment; (ii) possible consequences for not abiding by the requirement; and (iii) exceptional and retroactive application of the Article to beneficiaries who have reached their retirement age.	Important	Yes	Chief Executive of Pension Administration/ Taskforce	February 2022	Pension Administration will support in the Taskforce in its review and preparation of its recommendations. The report of the Taskforce containing the proposed recommendations will be presented for the consideration of the Board at its July 2021 session.
6	The Pension Administration should assist the taskforce established by the Pension Board in clarifying the types of activities which require reporting to the Staff Pension Committee for its consideration in determining continued eligibility for disability benefits.	Important	Yes	Chief Executive of Pension Administration/ Taskforce	February 2022	Pension Administration will support in the Taskforce in its review and preparation of its recommendations. The report of the Taskforce containing the proposed recommendations will be presented for the consideration of the Board at its July 2021 session.
7	The Pension Administration should bring to the attention of the Pension Board the need to amend the Fund's Administrative Rules relating to suspension of disability benefits to ensure that consistent practices are followed by all the Staff Pension Committees.	Important	Yes	Chief Executive of Pension Administration	February 2022	The Chief Executive of Pension Administration will prepare the amendments to the Administrative Rules in consultation with Staff Pension Committees and present them to the Board at its July 2021 session.

Annex II
Factual comments to the Draft report of the audit of disability benefits
in the Pension Administration of the United Nations Joint Staff Pension Fund

1. **Paragraph 34:** The Fund respectfully requests OIOS to remove in the final report the reference to the previous methodology for the performance indicator for benefit processing and the changes introduced in 2020, which could create confusion about the rationale for the changes introduced and are not relevant for the audit of disability benefits. It needs to be clarified that before and after the methodology changes, the performance indicator for benefit processing accurately measured the amount of time a case took to be completed, including the amount of time taken by the Fund to resolve issues.

2. **Paragraph 40:** Following further review and as illustrated by evidence separately shared with OIOS audit team, the Fund notes that without requesting an explanation from the individual, OIOS cannot conclude that individuals may have returned to employment under other employers. The Fund reiterates that any possible assessment on this aspect should consider the amount of earnings since using the amount paid as a benefit would imply that the individual may not have been eligible for the benefit. The Fund further emphasizes that article 33(f) allows beneficiaries to work while disabled and the Board has now established a taskforce to develop the framework for its application.