Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2015/015

Audit of overtime at the United Nations Headquarters

Overall results relating to effective use of overtime were partially satisfactory. Implementation of two important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

10 March 2015
Assignment No. AH2014/512/02

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AUDIT REPORT

Audit of overtime at the United Nations Headquarters

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of overtime at the United Nations Headquarters (UNHQ).

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

3. Overtime at UNHQ means time worked in excess of the scheduled workday or in excess of the scheduled workweek or time worked on official holidays, provided that such work is properly authorized. Compensation for overtime is governed by the United Nations Staff Rules, which provides that a staff member in the General Service, Security Service or Trades and Crafts categories, who is required to work in excess of the established workweek shall be given compensatory time off or may receive additional payment under conditions established by the Secretary-General.

4. In 2013, staff members at UNHQ worked approximately 168,000 hours of overtime on which expenditure of $10.3 million was incurred (see Table 1).

Table 1
Analysis of overtime by Department/Office in 2013 (*Amounts in United States dollars*)

Department/Office	*Number of staff*	*Hours*	*Amount*
Department of Economic and Social Affairs	65	898	54,798
Department of Field Support	77	6,067	340,619
Department for General Assembly and Conference Management	294	15,114	918,863
Department of Management	359	33,979	2,168,916
Department of Political Affairs	24	1,023	55,975
Department of Public Information	92	2,535	158,461
Department of Peacekeeping Operations	58	4,667	242,611
Department of Safety and Security	347	92,404	5,622,729
Executive Office of the Secretary-General	42	9,078	545,943
Office for the Coordination of Humanitarian Affairs	23	1,367	79,093
Other	41	1,128	67,780
Total	**1,422**	**168,258**	**10,255,787**

Source: IMIS

5. Comments provided by the Department of Management (DM) are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of the UNHQ governance, risk management and control processes in providing reasonable assurance regarding **effective use of overtime**.

7. This audit was included in the 2014 OIOS work plan due to risks related to potential misuse of overtime.

8. The key controls tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that policies and procedures: (i) exist to guide the authorization, review and approval of overtime at UNHQ; (ii) are implemented consistently; and (iii) ensure financial and operational information is reliable and produced with integrity.

9. The key control was assessed for the control objectives shown in Table 2.

10. OIOS conducted this audit from February to July 2014. The audit covered the period from January to December 2013. The audit team focused on three departments: the Department of Safety and Security (DSS), the Office of Central Support Services (OCSS) in DM, and the Department for General Assembly and Conference Management (DGACM), which cumulatively authorized over 85 per cent of the overtime for the period under review.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. OIOS reviewed the policies and procedures in place for overtime, including those relating to prior authorization, review and approval of overtime. On a sample basis, OIOS analyzed overtime pertaining to around 1,000 staff members in DSS, OCSS and DGACM. The testing covered authorizing, recording, certifying and monitoring of overtime, as well as a review of how overtime was distributed among staff members within the same function. The audit team met and discussed with the responsible managers in the various divisions and offices at UNHQ.

III. AUDIT RESULTS

12. The UNHQ governance, risk management and control processes examined were **partially satisfactory**[1] in providing reasonable assurance regarding **effective use of overtime**. OIOS made two recommendations to address issues identified in the audit. The Office of Human Resources Management (OHRM) did not update the conditions governing compensation for overtime following the inclusion of the Security Service category of staff members in the Staff Rule on overtime and compensatory time off in 2009. A new administrative instruction incorporating the necessary guidance was being prepared. OCSS needed to strengthen controls to ensure the necessary preapproval of overtime.

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

13. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of two important recommendations remains in progress.

Table 2
Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	**Accurate financial and operational reporting**	**Safeguarding of assets**	**Compliance with mandates, regulations and rules**
Effective use of overtime	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

Guidance on the compensation for overtime needed to be updated

14. The Secretary-General's 2009 bulletin on the procedures for the promulgation of administrative issuances required administrative instructions to be issued by the Under-Secretary-General for Management or other designated official to prescribe instructions and procedures to implement *inter alia*, the Staff Regulations and Rules.

15. The 2013 Staff Rule on overtime and compensatory time off stated that the conditions for granting compensatory time off or making additional payments to staff members required to work in excess of the established working week would established by the Secretary-General. OHRM, which was responsible for drafting and coordinating administrative issuances relating to the Staff Rules, was yet to update the conditions for compensating overtime.

16. In the absence of the updated conditions, the provisions in Appendix B to the 2002 Staff Rules were being applied to determine overtime compensation. These provisions were outdated because they did not provide guidance on overtime compensation to the Security Service category of staff members, who were not specifically mentioned in the 2002 Staff Rules. The Security Service was included in the Staff Rule on overtime in 2009; however, there was no clarity on how to allocate overtime compensation between compensatory time off and overtime payment. In contrast with the rest of departments and offices at UNHQ, DSS mainly paid security officers for overtime instead of granting them compensatory time off for the first 40 hours of overtime worked during a four month period.

17. OIOS was informed that a new administrative instruction on recording of attendance and leave, with a corresponding Annex on the conditions governing compensation for overtime work at UNHQ, was being prepared. However, five years had elapsed since the Security Service category of staff members was first included in the Staff Rule on overtime.

(1) OHRM should update the instructions and procedures required to implement the Staff Rule on overtime and compensatory time off to include all categories of staff.

DM accepted recommendation 1 and stated that a draft administrative instruction revising the 1999 instruction on "Recording of attendance and leave", which would include the conditions governing

overtime and compensatory time off for staff at UNHQ, had been prepared. The draft instruction clearly specified that the provisions also applied to staff in the Security Service. The draft instruction had been submitted to the Office of Legal Affairs for review and clearance. Recommendation 1 remains open pending promulgation of the administrative instruction on recording of attendance and leave.

It was not possible to ascertain whether overtime was pre-approved in some departments

18. Appendix B to the 2002 Staff Rules required that overtime-related work must be authorized by the proper authority.

19. The Broadcast and Conference Support Section in OCSS issued standard operating procedures to guide the authorization of overtime. The procedures specified that a Request for Overtime Work form must be approved at least five days prior to the day on which a staff member was required to work overtime, or as soon as the staff became aware of such an operational requirement in advance. However, most authorizations for overtime work in the Section were granted on the same day or one to two days before overtime was worked. The authorization of overtime was done for payment rather than operational purposes.

20. In DGACM, it was not possible to ascertain whether overtime was pre-authorized. DGACM explained that in instances where the work programme was predictable, the duration of overtime hours required could not always be stipulated in advance as staff needed to complete the work at hand. Other instances such as emergency meetings, late document submissions and overnight processing of documents did not allow for preauthorization of overtime and the team leader made a decision on whether overtime could be allowed. In both instances however, the programme manager monitored and approved overtime post facto. DGACM acknowledged that the procedures on overtime authorization needed strengthening and stricter monitoring and issued updated guidelines on overtime work in the department in November 2014. In view of the action taken by DGACM, OIOS did not make a recommendation on this issue.

21. DSS implemented adequate procedures to ensure prior authorization of overtime.

22. Absence or improper application of procedures to authorize overtime-related work made it difficult to manage overtime, which could result in unnecessary expenditures.

(2) OCSS should implement mechanisms to comply with the provisions of its standard operating procedures on approving overtime.

DM accepted recommendation 2 and stated that OCSS would review and strengthen the existing mechanisms for managing overtime to ensure that they adhere to the existing Standard Operating Procedures, including the 40 hours per month limit and the timing of advanced approval. Recommendation 2 remains open pending notification of measures implemented to improve the overtime approval process.

IV. ACKNOWLEDGEMENT

23. OIOS wishes to express its appreciation to the Management and staff of DM, DGACM and DSS for the assistance and cooperation extended to the auditors during this assignment.

(*Signed*) David Kanja
Assistant Secretary-General for Internal Oversight Services

ANNEX I

STATUS OF AUDIT RECOMMENDATIONS

Audit of overtime at the United Nations Headquarters

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	OHRM should update the instructions and procedures required to implement the Staff Rule on overtime and compensatory time off to include all categories of staff.	Important	O	Promulgation of the administrative instruction on recording of attendance and leave.	31 July 2015
2	OCSS should implement mechanisms to comply with the provisions of its standard operating procedures on approving overtime.	Important	O	Notification of measures implemented to improve the overtime approval process.	30 June 2015

[2] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.
[3] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.
[4] C = closed, O = open
[5] Date provided by DM in response to recommendations.

APPENDIX I

Management Response

Management Response

Department of Management

United Nations Nations Unies

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

CONFIDENTIAL

TO: A: Ms. Muriette Lawrence-Hume, Officer-in-Charge
New York Audit Service, Internal Audit Division, OIOS

DATE: 13 February 2015

THROUGH: Christian Saunders, Director
Office of Under-Secretary-General for Management

REFERENCE:

FROM: DE: Mario Baez, Chief, Policy and Oversight Coordination Service
Office of the Under-Secretary-General for Management

SUBJECT: OBJET: **Draft report on an audit of overtime at the United Nations Headquarters (Assignment No. AH2014/510/02)**

1. With reference to your memorandum dated 13 January 2015, please find attached the comments of the Department of Management on the above subject draft report.

2. Thank your for giving us the opportunity to provide comments on the draft report.

15-00364
13 Feb 2015

APPENDIX I

Management Response

Audit of overtime at the United Nations Headquarters

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OHRM should update the instructions and procedures required to implement the Staff Rule on overtime and compensatory time off to include all categories of staff.	Important	Yes	Chief, Policy and Conditions of Service Section, HRPS/OHRM	1 July 2015	A draft administrative instruction revising ST/AI/1999/13 on "Recording of attendance and leave", which will include the conditions governing overtime and compensatory time off for staff at United Nations Headquarters, has been prepared, and the required consultations with staff representatives and management completed. The draft instruction clearly specifies that the provisions also apply to staff in the Security Service. The draft instruction has been submitted to the Office of Legal Affairs for review and clearance.
2	OCSS should implement mechanisms to comply with the provisions of the standard operating procedures on managing overtime.	Important	Yes	Chief, Administrative, Finance and Personnel Section, Facilities Management Service	30 June 2015	OCSS will review the existing mechanisms for managing overtime and will strengthen them to ensure that they adhere to the existing Standard Operating Procedures, including the 40 hours per month limit and the timing of advanced approval.

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

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

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Management Response

Audit of overtime at the United Nations Headquarters

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	DGACM should develop and implement procedures to guide the planning for and prior authorization of overtime.	Important				

Management Response

Department for General Assembly and Conference Management

United Nations Nations Unies

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

POSTAL ADDRESS: UNITED NATIONS, ROOM S-3065 NEW YORK NY 10017 USA TEL:(212) 963 8362 FAX:(212) 963 8196

THE UNDER-SECRETARY-GENERAL FOR GENERAL ASSEMBLY AND CONFERENCE MANAGEMENT

TO: Ms. Muriette Lawrence-Hume, Officer-in-Charge
A: New York Audit Service, Internal Audit Division, OIOS

DATE: 27 February 2015

THROUGH:
S/C DE:

FROM: Tegegnework Gettu
DE:

SUBJECT: **Draft report on an audit of overtime at UNHQ (Assignment No. AH2014/510/02)**
OBJET:

1. Thank you for your memo of 24 February 2015 transmitting the amended version of the draft report on an audit of overtime at United Nations Headquarters.

2. We are grateful that you have taken our comments into consideration. As it stands now, we have no further comments and we take note of the report.

3. We take this opportunity to thank you for working with us on this and other matters, and we look forward to further collaboration with your office on future audit exercises.

Management Response

Department of Safety and Security

United Nations Nations Unies

DEPARTMENT OF SAFETY AND SECURITY

OFFICE OF THE UNDER-SECRETARY-GENERAL

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

DATE: 23 February 2015

TO: Ms. Muriette Lawrence-Hume
A: Officer-in-Charge
New York Audit Service
Internal Audit Division, OIOS

FROM: Peter Drennan
DE: Under-Secretary-General

SUBJECT: **Draft report on an audit of overtime at the United Nations Headquarters**
OBJET:

1. Thank you for sharing the above draft report with me.

2. The Department of Safety and Security has no comments on this report.