



INTERNAL AUDIT DIVISION

REPORT 2019/106

Audit of the upgraded Payroll Module of the Managing for Systems, People and Resources system at the Office of United Nations High Commissioner for Refugees

The Payroll Module upgrade generally achieved its objectives, but there was a need to implement controls over master data, ensure a proper trail, rollout the automation of the field earnings and deductions project and comprehensively assess payroll risks

**13 November 2019
Assignment No. AR2019/166/03**

Audit of the upgraded Payroll Module of the “Managing for Systems, People and Resources” system at the Office of United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the upgraded Payroll Module of the Managing for Systems, People and Resources (MSRP) system at the Office of United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the MSRP Payroll Module upgrade achieved its objective of improving the operational efficiency over the administration of payroll processing and in ensuring interoperability with the Finance and Supply Chain Module. The audit covered the period from January 2018 to June 2019 and included a review of: project upgrade benefits realization; master data maintenance; human resources data recording; payroll processing; segregation of duties; posting to the general ledger; payment processing; and risk analysis.

The Payroll Module upgrade generally achieved its objectives, but there was a need to implement controls over master data, ensure a proper trail, rollout the automation of the field earnings and deductions project and comprehensively assess payroll risks.

OIOS made four recommendations. To address issues identified in the audit, UNHCR needed to:

- Implement adequate controls to ensure that the MSRP Payroll Module records and retains information on users adding/modifying/deleting master data such as salary scales and allowances data along with the date/time stamp of the action;
- Ensure that the MSRP Payroll Module logs the user ID that is used to record the recurring one-time positive inputs, or which performs data override along with the date/time stamp of the action;
- Ensure that a formal plan of action is in place to rollout the Monthly Online Deductions and Earnings Module to field offices with specific timelines and to secure the necessary funding for its implementation; and
- Ensure that a comprehensive risk assessment is carried out for the payroll processes in accordance with applicable guidance.

UNHCR accepted the recommendations and has initiated action to implement them.

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Audit of the upgraded Payroll Module of the “Managing for Systems, People and Resources” system at the Office of United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the upgraded Payroll Module of the Managing for Systems, People and Resources (MSRP) system at the Office of United Nations High Commissioner for Refugees (UNHCR).
2. UNHCR launched PeopleSoft based MSRP, its enterprise resource planning (ERP) system, project in 2002 to replace the mainframe based legacy systems for human resources (HR), supply management, finance and budget management. The MSRP Payroll Module (Version 8.9) was rolled-out in June 2007 to replace legacy systems, including the: (a) Regular Payroll system for international staff members and local staff members in Geneva; and (b) Field and Short-term Payroll system for field based local staff members.
3. With the cessation of support for the PeopleSoft/Oracle legacy version, UNHCR became solely responsible for ensuring that the different technological components continued to work as an integrated system to support the business. Facing the risk of system collapse due to compatibility issues between applications, databases and hardware, UNHCR launched the MSRP Upgrade Project in 2013 to update the ERP system. The new version of the upgraded MSRP HR and Payroll Module was launched in May 2016. The upgrade was necessary to maintain the interoperability of the new version of the MSRP HR Module (including Payroll) with the Finance and Supply Chain Modules. The costs to upgrade the Payroll Module were not distinct from the overall costs to upgrade the HR Module, which amounted to \$3 million.
4. The Global Payroll Section (GPS) under the Human Resources Staff Service, Division of Human Resources (DHR) is responsible for the processing, verification and disbursement of salaries of 12,500 staff members (about 3,500 professional, 1,000 national officers, and 8,000 general service) in 130 countries. GPS’ responsibilities included: implementing changes to salary scales, post adjustment multipliers and allowances; setting up and maintenance of banking and salary distribution information; processing salary advances; effecting contributions to third party entities like the United Nations Joint Staff Pension Fund; and settling other entitlements payable to staff such as education grant. At the time of audit, GPS functioned with 21 staff members (two Professional staff, two National Professional Officers and 17 General Service associates) and was provided information technology support by two Professional staff members and a General Service associate.
5. Staff in the Professional and higher categories are recruited internationally and are paid on the basis of salary scales applied worldwide as established by the United Nations General Assembly on the recommendation of International Civil Service Commission (ICSC). Salary scales for staff members in the National Professional Officer and General Service categories are established based on the best prevailing conditions of service at the duty station. While there was one global salary scale for all Professional staff, there were about 260 distinct salary scales for staff in the National Professional Officer and General Service categories in field duty stations. The total amount paid through the UNHCR payroll for 2018 was \$900 million.
6. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess whether the MSRP Payroll Module upgrade achieved its objective of improving the operational efficiency over the administration of payroll processing and in ensuring interoperability with the Finance and Supply Chain Module.

8. This audit was included in the 2019 risk-based work plan of OIOS due to the inherent risks pertaining to the design, development and implementation of the upgraded system, which could adversely affect the timely and accurate delivery of payroll processes, including salaries, allowances and benefits calculations throughout the Organization, which if incorrectly performed, could impact the Organization's resources.

9. OIOS conducted this audit from June to September 2019. The audit covered the period from January 2018 to June 2019. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in payroll processing, which included: project upgrade benefits realization, master data maintenance, HR data recording, payroll processing, segregation of duties, posting to the general ledger, payment processing and risk analysis.

10. The audit methodology included: (a) interviews of key personnel; (b) reviews of relevant documentation; (c) analytical reviews of payroll/financial data; (d) sample testing of payroll/financial data downloaded from MSRP; and (e) walkthrough of the control processes with payroll/finance staff members.

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

III. AUDIT RESULTS

A. Project upgrade benefits realization

12. Based upon analytical checks, review of documents and discussions with GPS, OIOS assessed that the Payroll Module upgrade was technical in nature, and all the formulas and business rules remained the same as in the legacy version. By performing the technical upgrade and retaining the processes and functionalities from the previous version, UNHCR mitigated the obsolescence risk and ensured the continued interoperability of the new Payroll Module with the upgraded MSRP Finance and Supply Chain Module. As noted in the assessment contained in subsequent sections of this report, the Payroll upgrade project achieved most of its important objectives.

13. Nonetheless, OIOS observed that some functionalities available in the new version were not used by GPS. For instance, the business case for the upgrade envisaged that the new version offered off-cycle payroll for ad-hoc payments, enabling staff payments to be executed through the Payroll Module and also use vendor's pay simulation facilities. However, DHR explained that the monthly payroll service was fully configured to meet UNHCR's business needs and hence the need to use off-cycle payroll or other simulation options available in the new version did not arise. Similarly, the new version provided for improved payroll reporting. However, GPS was of the view that additional payroll reports available in the new version were not needed, since they used customized and in-house developed PeopleSoft/Structured Query Language based reports. These were cost effective, efficient and provided assurance on the payroll processing results. Since the upgrade, DHR has made further improvements to capture and process the local deductions (such as garage and private communication costs) and earnings (such as overtime to national staff) directly in the Payroll Module. DHR was also exploring the technical requirements to settle official travel claims through Payroll Module.

B. Master data maintenance

There was a need to implement controls to track changes to master data on salary scales and allowances

14. Master data is defined as the consistent and uniform set of identifiers and extended attributes that describes the core groups such as staff members, vendors and operational sites. Master data affects the efficient flow of documents and transactions throughout the MSRP system. Inaccurate, incomplete, invalid or untimely creation or maintenance of master data can affect multiple areas in MSRP, and processes should be in place to provide assurance that modifications to master data are valid, duly authorized and adequate audit trails exist to confirm data integrity.

15. The payroll processing business cycle is reliant on a number of key master data such as the up-to-date salary scales and allowances pertaining to 130 countries held in the system. As part of internal control, data stored in these master tables should be updated/modified by an established and functioning process with sufficient audit trail. The Office of Human Resources in the Department of Management Strategy, Policy and Compliance regularly emailed DHR the salary changes. The revised salary scales were in spreadsheets, with data protection and attached to email messages. GPS used a spreadsheet-based monthly log that detailed the salary scale changes (such as the country, revision number, file name, effective date, currency and comments) implemented in MSRP. All the implemented salary scales and logs were saved in eSafe which is UNHCR's documents repository.

16. GPS implemented the salary scale changes either in the same month or in the following month. Using a dedicated interface, the salary scale spreadsheet files were imported into MSRP. After each import, GPS conducted extensive tests to validate the accuracy of the salary scale data modifications. The number of salary scale revisions aggregated to 157 for the audit period or about 9 every month.

17. OIOS tested the salary scales implemented in MSRP with salary scales stored in eSafe for three countries and identified no exceptions. OIOS also reviewed the spreadsheets-based testing process put in place by the GPS to confirm the accuracy and completeness of salary scale changes and concluded that a satisfactory methodology was in place.

18. Nonetheless, OIOS noted weaknesses in the process. While changes to the HR critical master data (such as job and position) were captured in an audit log, the changes to the salary scales lacked an adequate trail in the system. MSRP did not capture the particulars of what modifications occurred to the salary scale data, who made them and when these were made. The same situation was observed for the modification of allowances (such as dependency and language) and the system did not log the changes.

19. Consequently, there was a risk that any inappropriate or incorrect modification to the master data such as changes to salary scales and/or allowances would impact the integrity of the payroll results and data and the user who modified the data would remain undetected. This occurred because of inadequate internal controls to track modifications in the system.

(1) The UNHCR Division of Human Resources should implement adequate controls to ensure that the MSRP Payroll Module records and retains information on users adding/modifying/deleting master data such as salary scales and allowances data along with the date/time stamp of the action.

UNHCR accepted recommendation 1 and stated that the structure of PeopleSoft payroll master data module was fully known at the time of conducting a fit-gap analysis for Global Payroll in 2004-2005.

At that time, UNHCR took an informed decision of not customizing any module for Global Payroll, while designing and implementing robust controls outside the ERP to overcome the deficiency of the product. These controls were well documented and have worked flawlessly over the past 13 years. UNHCR DHR would re-visit the master data structure and liaise with the Division of Information Systems and Telecommunications (DIST) to explore, test and implement technical/workflow options to log user ID and timestamp on changes to master data. Recommendation 1 remains open pending receipt of evidence confirming that the information on users adding/modifying/deleting master data such as salary scales and allowances along with the date/time stamp of the action is logged in the MSRP Payroll Module.

C. Payroll processing

Personnel actions that had an effect on payroll were generally processed on time

20. HR management information systems should meet requirements for reliable, up-to-date, descriptive and analytical information on staffing and compensation related information.
21. Though MSRP is an online and real-time processing system, the related HR records were not always updated. The primary reason was that the HR Module was implemented only in half of the UNHCR country operations world-wide. In the remaining country operations, the HR Module had not been rolled out and they relied on their Regional Offices or the Personnel Administration Section (PAS) in DHR, Budapest for the recording of their personnel actions. OIOS has reported on the general issue of delays in processing HR actions in its audit report (Report 2018/091 – Audit of the upgraded HR Module at the Office of the United Nations High Commissioner for Refugees) and pointed out that some of the delayed transactions had a payroll effect.
22. To assess if delays in data recording by HR had a payroll effect, OIOS reviewed HR actions processed between 1 January 2018 and 30 June 2019 where the action date (or the date PAS processed a transaction in the HR Module) was a month later than the action effective date and identified 860 such personnel actions.
23. Of these 860 cases, two-thirds pertained to actions that granted/revoked Special Post Allowance and Personal Grade Award where the HR process was subject to several conditions. For instance, to be considered for Special Post Allowance, a staff member must have: at least one year of continuous service; discharged for a period exceeding three months the full functions of a post which has been classified and budgeted at a higher level; and demonstrated the ability to fully meet performance expectations. Similarly, to be considered for Personal Grade Award, a staff member must be close to retirement, completed five years of continuous service with UNHCR on positions at the staff member's current personal grade, not have received any disciplinary measures, and consistently demonstrated satisfactory service.
24. Since these were not normal events, PAS explained that country operations took time to assess each case, which led to delays in processing personnel actions and in effecting payments. Based on audit tests, OIOS concluded that personnel actions pertaining to salary payments were generally processed within a month, and that any delays were adequately explained.

Internal processes to verify payroll data were satisfactory

25. Appropriate and satisfactory processes should exist to confirm that calculation of monthly salaries and allowances covers all active UNHCR staff members recorded in the HR Module.

26. MSRP Payroll Module uses employee data defined in the HR Module (such as job and personal data) for processing monthly salaries and allowances. OIOS observed that GPS had instituted a number of controls to ensure that payroll processing provided assurance on the results and outputs. In order to strengthen internal controls and oversight mechanisms within GPS, a new position of Senior Payroll Associate (Compliance) was established effective 1 January 2019. Reporting directly to the Chief of GPS, the Senior Payroll Associate conducted extensive tests on payroll data using spreadsheet based tools and processes.

27. The GPS team ran over 40 reports every month from MSRP for control and testing purposes. Every test performed was satisfactorily documented in eSafe folders. Most of the tests were conducted using spreadsheet based tools. In particular, OIOS noted that the GPS team compared, for all staff members, the net pay of the current month with the net pay of the previous month. This test was performed twice every month: once on the first day of the data freeze and another on the last day of the freeze before the payroll data was finalized. Any variance within a defined range (Professional \pm \$1,000; General Service \pm \$500) was reviewed. The GPS team also checked the reason for the variance (such as retroactive payments, mid-month termination, post-adjustment changes, Special Post Allowance) with the job data changes. Furthermore, additional tests (based on certain sampling methodology like every *n*th record) were also performed.

28. The GPS team also verified payment of child allowances in certain countries that had set complex eligibility conditions. The tests also focused on staff members with negative pay and retroactive pay scale changes to inactive staff (such as staff with special leave without pay and separated staff). The number of staff members that were tested was 1,410 in May 2019 and 1,217 for November 2018 or about 10 per cent of the total staff on payroll. OIOS was satisfied with the controls in place to test payroll results.

There was a need to record details of who made changes to payroll data and when these were made

29. Critical job, personal and employment data stored in the HR Module forms the basis for payroll processing and subsequent payments to staff members and an appropriate audit trail should exist for all adjustments that impact payroll calculations.

30. Though MSRP HR Module was the primary source of data for payroll processing, GPS also entered/modified data directly into the HR / Payroll Modules for processing. For example, critical HR actions, such as job changes and staff separations during the data freeze period were done to avoid errors and to ensure consistency in payroll processing. However, these HR actions processed during the freeze period were controlled and monitored by PAS and hence carried no significant risks.

31. In addition, GPS also entered/modified data directly into the HR / Payroll Modules to effect recoveries from staff members using the one-time positive input (OTPI) functionality and to modify values in payroll elements by override (due to exceptions).

32. OTPIs could be either exclusively one-time (example: final emoluments on separation or amount due on account of disciplinary measures) or could be mass or recurring in nature. For the exclusively one-time OTPIs and mass OTPIs there was a trail to identify the user who processed the transaction along with the date/time stamp. Based on its testing, OIOS was satisfied with the functioning of the process.

33. However, there was an issue with the adequacy of the audit trail for recurring OTPIs and OIOS noted that 1,373 GPS initiated transactions were processed through recurring OTPIs between 1 January 2018 and 30 June 2019. These pertained to recovery of salary advance, validation/restoration of pension fund contribution amount and recovery of education grant advance over specified number of months. Once the monthly amount and the duration were specified, the system would automatically process the monthly deduction. However, it was not possible to establish the user who setup these transactions as the Payroll Module did not capture the user ID and the date/time stamp.

34. Similarly, the Payroll Module has the functionality to override values in payroll elements that impacted the payroll results. GPS used this functionality to implement ICSC's notification to protect the post adjustment multiplier of a country against a temporary decline or to enable staff to retain the previous administrative place of assignment under certain conditions. There were 900 override instances between 1 January 2018 and 30 June 2019. More than two-thirds pertained to post adjustment multiplier protection. OIOS noted that the Payroll Module did not record the user who carried out the overrides and the date/time these were executed.

35. In the above instances, because of the lack of a proper trail, it would be difficult to establish accountability in case of errors or unauthorized modifications to data.

(2) The UNHCR Division of Human Resources should ensure that the MSRP Payroll Module logs the user ID that is used to record the recurring one-time positive inputs, or which performs data override along with the date and time stamp of action.

UNHCR accepted recommendation 2 and stated that that the issue pertaining to recurring positive input and data override was fully known and that UNHCR designed and implemented robust controls outside the ERP to overcome the deficiency of the product. These controls were well documented and have worked flawlessly. DHR would re-visit the recurring positive input and data override and liaise with DIST to explore, test and implement technical/workflow options to log user ID and timestamp on data changes. Recommendation 2 remains open pending receipt of evidence confirming that information on users performing recurring one-time positive inputs and data overrides is logged in the MSRP Payroll Module along with the date and time stamp of action.

D. Payments and reconciliation

The process to post the payroll data to the General Ledger was satisfactory

36. Information stored in the General Ledger is the basis for the preparation of UNHCR's financial statements. As part of internal control measures to ensure proper accounting, integrity and completeness of payroll costs, a reconciliation of monthly payroll data processed in the Payroll Module and posted to the General Ledger has to be performed.

37. A review of processes involved in the transfer of data from the Payroll Module to the General Ledger noted that the mapping between payroll elements and General Ledger accounts was well defined. The Accounts and Finance Section of the Division of Financial and Administrative Management had also put in place processes and spreadsheet based tools to review, compare and integrate payroll data into the General Ledger. The processes identified data inconsistencies such as budget and chart-field errors in payroll costs that originated from the Payroll Module. Upon rectification of errors, the General Ledger was updated with payroll data. All related workings (mostly spreadsheet based files) were stored in the eSafe.

38. A review of data transfer results and reconciliations for May 2019 and November 2018 did not find any unexplained variances. OIOS tests identified some minor variances (for instance, in overall earnings and deductions for January and May 2019 between MSRP reports. GPS investigated and confirmed that the variances were due to a reporting bug and raised an incident in the Global Service Desk system to resolve it. OIOS was satisfied with the process and the adequacy of controls.

There was a need to formalize an action plan to rollout the automation of field earnings and deductions project

39. Controls are expected to be in place for the accurate, safe and secure transfer of financial/payroll data to the bank.

40. Staff members in the Professional category and in the Field Service category have the option to be paid in not more than two currencies, i.e. that of the duty station and a single other currency of their choice. Salaries of staff in the General Service and National Professional Officer categories are normally paid in local currency and based on prevailing conditions at each duty station.

41. GPS paid salaries and allowances to professional staff and all staff at Headquarters duty stations (Geneva, Copenhagen and Budapest) directly to their bank accounts. For payment to General Service staff in the field and the local currency part of professional staff salaries, GPS provided the Monthly Payment Advice (MPA) to country operations. These offices processed payment vouchers locally and paid staff members serving in the field using designated transit or clearing accounts.

42. While processing these payments, the country operations generally included other amounts due to/from the staff members such as overtime, personal telephone costs and local travel settlements. This practice has been ongoing for several years. However, existing arrangements had the following deficiencies:

- In most cases, the final amount paid to staff would not correspond to the net pay amount specified in the MPA.
- Field offices developed other standalone database systems (based on Excel or Access) to process local deductions and earnings that would be difficult to maintain, lacked transparency and also were prone to errors.

43. To alleviate these constraints and to make the process efficient, GPS launched a module in MSRP at the end of 2018 called the Monthly Online Deductions and Earnings (MODE). The objective was to enable the field offices to record the local earnings and deductions of the staff members directly in a MSRP Payroll Module page so that data would be picked up and processed by GPS every month. MODE was implemented in Turkey, Lebanon and Copenhagen in 2019 and would be implemented in Jordan before the end of 2019. GPS also added that there was a plan to implement MODE in Greece, Kenya, Italy, Uganda, Tanzania, Nigeria and Cameroon in 2020.

44. OIOS appreciates the initiative of GPS. However, GPS has not developed a formal plan with defined timelines and resource requirements to successfully implement the project. Furthermore, implementing MODE in country operations with multiple locations and with a significant number of staff members (such as Kenya – 350, Uganda – 450, Afghanistan – 200, Iraq – 240, and the Democratic Republic of the Congo - 280) would no doubt reduce the number of lines in salary payment vouchers but the work load could remain unchanged as these offices would still have to process hundreds of payment vouchers every month.

45. GPS explained that they were also exploring the possibility of transferring salary amounts directly to bank accounts of staff members in large operations after implementing MODE and were working with the UNHCR Treasury to establish the requirements/infrastructure (such as agreements with local banks and validation/maintenance of staff bank accounts). Once MODE was implemented along with the direct bank transfer process, the practice of transmitting the MPA would be discontinued and the country operations would not process any salary payments locally. This was expected to release vital resources for other operational activities.

(3) The UNHCR Division of Human Resources should ensure that a formal plan of action is in place to rollout the Monthly Online Deductions and Earnings Module to the field offices with specific timelines and to secure the necessary funding for its implementation.

UNHCR accepted recommendation 3 and stated that field rollout of MODE module is planned to take place mainly in 2020 and that DHR would share with OIOS a formal rollout plan by 31 January 2020. Recommendation 3 remains open pending receipt of a formal plan of action containing specific timelines and funding information to rollout MODE to the field offices.

E. Risk management

There was a need to identify the risks in the payroll processes

46. The UNHCR Policy for Enterprise Risk Management (ERM) requires that field operations and Headquarters entities identify and prioritize risks and implement appropriate risk treatments relevant to their specific context. They are also required to complete an initial risk assessment for inclusion in the Corporate Risk Register and to perform risk reviews for annual/biannual planning.

47. In line with the above, there was a need for the adoption of a systematic approach to the assessment of payroll processing risks as part of overall risk management strategies. The risks identified by DHR and listed in the Corporate Risk Register related mainly to the personnel administration and management and there were no distinct payroll risks (such as maintenance of master data, segregation of duties and data reconciliation). The only risk that pertained to unauthorized or fraudulent payroll processing caused by access control violations to the payroll system was closed due to mitigation measures put in place. Considering the specialized, dynamic, technical and mission-critical nature of payroll activities such as: (a) salary processing in over 100 different currencies and scales; (b) UNHCR's staff rotation policy; (c) the skills set available in-house; (d) the evolving direct payment processes to the field staff members; and (e) the payroll system's strategic position in the organization (between HR and the Finance), there was a need for a holistic approach to the identification of risks. Accordingly, there was a need for DHR to revisit the risk management process pertaining to payroll activities and devise applicable mitigation measures.

(4) The UNHCR Division of Human Resources should ensure that a comprehensive risk assessment is carried out for payroll processes in accordance with applicable guidance.

UNHCR accepted recommendation 4 and stated that DHR would liaise with ERM and/or the Division of Financial and Administrative Management, as appropriate, to develop a comprehensive risk register for Global Payroll. UNHCR DHR would embark on this project during 2020 and would provide the detailed plan to OIOS by 31 December 2020. Recommendation 4 remains open pending receipt of evidence confirming that a comprehensive risk assessment has been performed for the payroll processes in accordance with applicable guidance.

Segregation of duties was satisfactory

48. UNHCR's High-Level Internal Control Framework with focus on Financial Management (UNHCR/OG/2015/5) specifies that when selecting and developing control activities, management needs to consider whether the duties are divided and segregated among different people to reduce the risk of error, inappropriate or fraudulent actions. This segregation of duties generally entails dividing the responsibility for recording, authorizing and approving transactions, and handling the related asset.

49. UNHCR had implemented segregation of duties through promulgation of various policies and procedures regulating the roles of creation, certification and approval of various types of transactions. OIOS review noted that there was a clear segregation of duties between HR and payroll functions. All granting of access rights and modifications thereto for the Payroll Module functions was processed by raising incidents through the UNHCR's Global Service Desk system. OIOS reviewed the users and related roles granted and was satisfied with the process.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of the upgraded Payroll Module of the “Managing for Systems, People and Resources” system at the Office of United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Division of Human Resources should implement adequate controls to ensure that the MSRP Payroll Module records and retains information on users adding/modifying/deleting master data such as salary scales and allowances data along with the date/time stamp of the action.	Important	O	Submission to OIOS of evidence confirming that the information on users adding/modifying/deleting master data such as salary scales and allowances along with the date/time stamp of the action is logged in the MSRP Payroll Module.	30 June 2020
2	The UNHCR Division of Human Resources should ensure that the MSRP Payroll Module logs the user ID that is used to record the recurring one-time positive inputs, or which performs data override along with the date and time stamp of action.	Important	O	Submission to OIOS of evidence confirming that information on users performing recurring one-time positive inputs and data overrides is logged in the MSRP Payroll Module along with the date and time stamp of action.	30 June 2020
3	The UNHCR Division of Human Resources should ensure that a formal plan of action is in place to rollout the Monthly Online Deductions and Earnings Module to the field offices with specific timelines and to secure the necessary funding for its implementation.	Important	O	Submission to OIOS of a formal plan of action containing specific timelines and funding information to rollout the Monthly Online Deduction and Earnings Module to the field offices.	31 January 2020
4	The UNHCR Division of Human Resources should ensure that a comprehensive risk assessment is carried out for payroll processes in accordance with applicable guidance.	Important	O	Submission to OIOS of evidence confirming that a comprehensive risk assessment has been performed for the payroll processes in accordance with applicable guidance.	31 December 2020

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

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

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

APPENDIX I

Management Response

MANAGEMENT RESPONSE

**Audit of the upgraded Payroll Module of the “Managing for Systems, People and Resources” system at the
Office of United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Human Resources should implement adequate controls to ensure that the MSRP Payroll Module records and retains information on users adding/modifying/deleting master data such as salary scales and allowances data along with the date/time stamp of the action.	Important	Yes	Chief of Section (Global Payroll), DHR	30 June 2020	UNHCR DHR informs OIOS that the PeopleSoft payroll master data module structure at the time of conducting a fit-gap analysis for Global Payroll during the years 2004-2005 was fully known. At that time, UNHCR took an informed decision of not customizing any module for Global Payroll, while designing and implementing robust controls outside the ERP to overcome the deficiency of the product. These controls are well documented and have worked flawlessly over the past 13 years, as also experienced by OIOS during its review. This being said, UNHCR DHR shall revisit the master data structure and liaise with UNHCR DIST to explore, test and implement technical/workflow options to log user ID and timestamp on changes to master data.
2	The UNHCR Division of Human Resources should ensure that the MSRP Payroll Module logs the user ID that is used to record the recurring one-time positive inputs, or which performs data override along with the date and time stamp of action.	Important	Yes	Chief of Section (Global Payroll), DHR	30 June 2020	UNHCR DHR informs OIOS that the PeopleSoft payroll recurring positive input and override data module structure at the time of conducting a fit-gap analysis for Global Payroll during the years 2004-2005 was fully known. At that time, UNHCR took an informed decision of not customizing any module for Global Payroll, while designing and implementing robust controls outside the

⁵ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

⁶ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

MANAGEMENT RESPONSE

**Audit of the upgraded Payroll Module of the “Managing for Systems, People and Resources” system at the
Office of United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						ERP to overcome the deficiency of the product. These controls are well documented and have worked flawlessly over the past 13 years, as also experienced by OIOS during its review. This being said, UNHCR DHR shall revisit the recurring positive input and override data module and shall liaise with UNHCR DIST to explore, test and implement technical/workflow options to log user ID and timestamp on data changes.
3	The UNHCR Division of Human Resources should ensure that a formal plan of action is in place to rollout the Monthly Online Deductions and Earnings Module to the field offices with specific timelines and to secure the necessary funding for its implementation.	Important	Yes	Chief of Section (Global Payroll), DHR	31 January 2020	UNHCR DHR accepts this recommendation and informs OIOS that field rollout of Monthly Online Deductions and Earnings (MODE) module is planned to take place mainly in 2020. DHR will share with OIOS a formal rollout plan by 31 January 2020.
4	The UNHCR Division of Human Resources should ensure that a comprehensive risk assessment is carried out for payroll processes in accordance with applicable guidance.	Important	Yes	Chief of Section (Global Payroll), DHR	31 December 2020	UNHCR DHR accepts this recommendation and shall liaise with ERM and/or DFAM, as appropriate, to develop a comprehensive risk register for Global Payroll. UNHCR DHR will embark on this project during the year 2020 and will provide the detailed plan to OIOS by 31 December 2020.