



INTERNAL AUDIT DIVISION

REPORT 2017/124

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

There was a need to strengthen the policy framework, control and monitoring procedures, and staff skills to address critical and unmitigated risks, including fraud risks, in the processing of education grant entitlements

1 December 2017
Assignment No. AR2017/162/02

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees (UNHCR). The audit covered the period from 1 January 2015 to 31 December 2016 and included a review of the implementation of the applicable Administrative Instructions on the payment of education grant and special education grant, as well as the adequacy of information systems and performance measurement mechanisms used in managing education grant entitlements.

OIOS concluded that UNHCR was exposed to critical, unmitigated risks associated with education grant entitlements. UNHCR therefore needed to: (a) harmonize, as closely as possible, its instructions and practices on education grant with those of the United Nations; (b) enhance staff skills and strengthen procedures for identifying fraud indicators; (c) communicate as a deterrent measure relevant details of the identified potentially fraudulent cases to all staff members to remind them of their responsibilities; (d) strengthen monitoring of the timely submission of claims and recovery of advances and improve monitoring of education grant travel processes; and (e) ensure that proper scrutiny of education grant claims is not hindered by incomplete and inaccurate information provided by staff members and difficulty to verify and reconfirm the information directly with the educational institutions.

OIOS made two critical and five important recommendations. To address the issues identified in the audit, UNHCR needed to:

- Use the ongoing deliberations on the harmonization of human resources policies and procedures United Nations-wide as an important opportunity to align UNHCR instructions and practices on education grant with those of the United Nations Secretariat and other United Nations system organizations; and seek legal opinion on recovery of \$52,270 incorrectly disbursed in contravention of the United Nations Staff Regulations and administrative issuances (**critical**);
- Recover overpayments amounting to \$33,034 made to staff members and reimburse underpayments of \$12,291; and implement a robust monitoring and compliance function for education grant processing;
- Implement a training programme for enhancing the skills and capacity of staff in the Personnel Administration and Payroll Section in detecting fraud; implement procedures for confirming a pre-established percentage of the claims with educational institutions; and recover potentially fraudulent payments amounting to \$275,448 (**critical**);
- Communicate generic information on the potentially fraudulent cases identified in this audit to staff members and remind them of their responsibilities;
- Ensure timely submission of education grant claims and recovery of advances;
- Strengthen monitoring mechanisms over education grant travel; and
- Conduct an information campaign to educate staff on the completion of education grant claim forms; and include provisions in the claim forms whereby staff members agree and give prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.

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

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. OVERALL CONCLUSION	2
IV. AUDIT RESULTS	2-10
A. Regulatory framework	2-10
V. ACKNOWLEDGEMENT	10
 ANNEX I	 Status of audit recommendations
APPENDIX I	Management response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. Education grant is a benefit payable to staff members who are internationally recruited under Staff Rule 104.7 and meet the following criteria: (a) reside and serve at a duty station outside their home country; (b) have dependent children in full-time attendance at an educational institution; and (c) have an appointment or assignment for a minimum of six months. Special education grant is paid to staff members with a permanent, continuing or fixed-term appointment, who have children with special educational needs. The management of education grant entitlements is covered by Staff Rules 103.20 and 203.8, and UNHCR Administrative Instructions issued in 2015 and 2016. These Instructions are mostly based on the provisions embodied in the United Nations Administrative Instruction ST/AI/2011/4, Information Circular ST/IC/2014/12/Rev.1, and ST/IC/Geneva/2013/14 on the management of education and special education grant. Under UNHCR Inter Office Memorandum 78/2001 on Education Grant Travel, internationally recruited staff are entitled to education grant travel in respect of children for whom education grant is payable and whose place of study is outside the duty station.

3. The Personnel Administration and Payroll Section (PAPS) of the Human Resources Staff Services, Division of Human Resources Management administers the education grant entitlements in UNHCR. PAPS is divided into the Personnel Administration Unit and the Payroll Section. The former certifies the entitlement of the staff member for the claims or the amount of advance based on the completeness of documentation and information, and the latter calculates the claims and the amount of advances and makes the payment to the staff member. PAPS is headed by a Chief at the P-5 level. As at 31 December 2016, PAPS had 92 authorized posts. The Personnel Administration Unit consisted of 72 staff posts and the Payroll Section of 20 staff, 8 of whom performed calculations and payments of education grant entitlements. Requests for payment for education grant are to be promptly submitted to PAPS on form P.45. The Certificate of Attendance and Costs and Receipt for Payments is to be submitted on a P.41 form, which should be certified by the school. The claim should be accompanied by evidence of the child's attendance, education costs and other specific amounts paid by the staff member.

4. In 2015 and 2016, UNHCR processed 7,601 education grant claims and requests for advances totaling \$56.0 million. For the two-year period from 1 January 2015 to 31 December 2016, the education grant expenses amounted to \$51.6 million. The education grant travel expense for the same two-year period amounted to \$0.9 million. As at 31 December 2016, the account code 320004 (Education Grant Prepayment), a receivable account, had a balance of \$9.5 million.

5. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of education grant entitlements at UNHCR.

7. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with processing and payment of education grant entitlements, including the risk of fraud.

8. OIOS conducted this audit from April to August 2017. The audit covered the period from 1 January 2015 to 31 December 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas related to processing and payment of education grant entitlements, including the implementation of the applicable Administrative Instructions on the payment of education grant and special education grant including education grant travel, as well as the adequacy of information systems and performance measurement mechanisms used in managing education grant entitlements.

9. The audit methodology included: (a) review of relevant documentation, (b) interview of key personnel, (c) confirmation of attendance and costs with the select educational institution; (d) analytical review of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system; and (e) testing and recalculation of selected random samples. OIOS tested: (i) 374 education grant claims amounting to \$4.4 million; and (ii) 212 cases of advances for education grant totaling \$2.8 million. The reviewed claims and advances of \$7.2 million represented 13 per cent of the total claims and advances paid by UNHCR in 2015 and 2016. OIOS also reviewed 44 cases of education grant travel totaling \$195,687, or 22 per cent of the total population.

III. OVERALL CONCLUSION

10. OIOS concluded that UNHCR was exposed to critical, unmitigated risks associated with education grant entitlements. In the absence of harmonization of UNHCR instructions and practices with those of the United Nations, the organization was exposed to financial and reputational risks, and the audit identified numerous errors in processing of claims that had led to both overpayments and underpayments. There was also an urgent need to enhance staff skills and strengthen procedures for identifying fraud indicators in education grant claims. In addition, there was a need to strengthen monitoring of the timely submission of claims and recovery of advances, and to improve monitoring of education grant travel processes. As a deterrent measure, UNHCR needed to communicate relevant details of the potentially fraudulent cases identified in this audit to all staff members, in order to further remind them of their responsibilities. Finally, UNHCR needed to ensure that proper scrutiny of education grant claims is not hindered by incomplete and inaccurate information provided by staff members and the difficulty to verify and reconfirm the information directly with the educational institutions.

IV. AUDIT RESULTS

A. Regulatory framework

UNHCR needed to harmonize its instructions and practices on education grant with those of the United Nations Secretariat

11. The UNHCR instructions and practices were at variance with those of the United Nations Secretariat. The UNHCR reimbursements were more generous; in some cases, significantly, even though its Administrative Instructions were based on the United Nations Secretariat issuances. In the sample of cases reviewed by OIOS, this resulted in payments of at least \$110,656 in education grant entitlements which would not have been permitted in the United Nations Secretariat.

12. In the following cases, the UNHCR Administrative Instructions permitted expenses that the United Nations Administrative Instruction ST/AI/2011/4 or the ST/IC/2014/12/Rev.1 did not:

- The United Nations Secretariat instructions allowed expenses for private tuition in the mother tongue of the staff member, but not of his/her spouse. However, UNHCR permitted reimbursement of the expenses for private tuition in the mother tongue of both the staff member and the spouse. OIOS reviewed five claims that pertained to the mother tongue of the spouse. In these cases, UNHCR disbursed a total of \$6,458.
- The United Nations instructions allowed reimbursement for the cost of lunch of the child only for primary and secondary levels; however, UNHCR permitted reimbursement of such expenses also at the tertiary level. The audit identified one such case in the sample reviewed where the child was enrolled in post-secondary course. UNHCR paid \$1,697 to the staff member in this case.
- In 15 cases, UNHCR reimbursed lunch supervision charges at primary and secondary schools aggregating to \$4,358 where such expenses were not payable in the United Nations Secretariat.
- The United Nations instructions stated that when a child with disabilities attended a regular educational institution and no special arrangements were made at that institution for the child concerned, reimbursement should be at the 75 per cent rate, while additional admissible educational expenses incurred for special teaching and training outside the educational institution would be reimbursed against the special education grant at the 100 per cent rate. In four cases reviewed, totaling \$106,729, UNHCR reimbursed 100 per cent of the educational expenses at regular schools in Switzerland and the Netherlands, although there was no evidence that special arrangements were made for the children concerned. In these cases, UNHCR disbursed a total of \$21,699.
- In the United Nations Secretariat, boarding expenses were admissible only when a child attends school outside the “duty station” which means the country or area not within commuting distance notwithstanding national boundaries where the staff member is serving. In five claims reviewed involving three staff members, UNHCR reimbursed boarding expenses of \$24,174 although the child studied within the country where the staff member was posted.

13. In addition to the above, a significant departure from both the United Nations Secretariat’s and UNHCR’s own rules identified by OIOS involved a staff member posted within his home country who was exceptionally granted education grant for school year 2014-15. UNHCR stated that the posting to the home country was approved by the High Commissioner under the 2008 Policy on Employment of Persons with Disabilities. OIOS observed that the High Commissioners’ decision was for the appointment of the staff member to a post by means of an executive decision; however, there was no reference to any entitlements. The decision to avail education grant to the staff member in his home country was exceptionally taken by PAPS. The Administrative Instructions on education grant had no enabling provision for the granting of such an exemption, particularly one which was contrary to the United Nations Staff Regulations. Therefore, in the opinion of OIOS, the administrative decision to permit education grant reimbursement in this case resulted in an expenditure of \$52,270, which should not have been authorized.

14. Non-alignment of UNHCR instructions and practices on education grant and special education grant with those of the United Nations Secretariat exposes UNHCR not only to financial risks, but also reputational risks. Donors, Member States and public at large expect consistency in payment of entitlements in the United Nations common system, and those organizations applying more liberal and generous rules are not likely to be seen in a positive light. In addition, exceptions to the rules that are favourable to a staff member may prompt other staff members to request equal treatment.

(1) The UNHCR Division of Human Resources Management should: (a) use the ongoing deliberations on the harmonization of human resources policies and procedures United

Nations-wide as an important opportunity to align UNHCR instructions and practices on education grant with those of the United Nations Secretariat and other United Nations system organizations; and (b) seek legal opinion on recovery of the payment of \$52,270 incorrectly disbursed in contravention of the United Nations Staff Regulations and administrative issuances.

UNHCR accepted recommendation 1, while noting that as a separately administered organ of the United Nations there was no legal requirement or overall institutional interest for UNHCR to mechanically adopt Secretariat issuances. However, UNHCR was mindful that misalignment with United Nations Secretariat instructions could cause reputational risks and that it was regularly consulting with the Secretariat and other organizations for a more uniform approach on the implementation of the revised benefits for the school cycle 2017-18. This exercise would most likely result in eliminating or reducing substantially any misalignment. With regard to 1(b), UNHCR would seek legal advice and conform its actions accordingly. Recommendation 1 remains open pending update on progress achieved in harmonizing UNHCR's instructions and practices with those of the United Nations Secretariat and other United Nations organizations and receipt of the legal opinion on the issue of recovery of the amount incorrectly disbursed.

There were errors in prorating claims and other errors that led to overpayments and underpayments

15. UNHCR is required to put in place control arrangements for ensuring that education grant rules are appropriately and consistently applied in determining and calculating admissible and non-admissible educational expenses. According to the Administrative Instructions on education grant, the school year is normally established from the educational institution certificates and usually runs from the fall to the spring or follows the calendar year. Under the rules, if the child has attended different schools during the school year, the amount would be prorated according to applicable entitlements if the attendance is less than two-thirds of the school year. OIOS identified exceptions to these rules, as listed in Tables 1 and 2.

Table 1: Overpayments due to erroneous calculation of claims

No. of cases	Nature of error	Over payment (in \$)
1	Claims for one child attending two schools for school year 2014-15 were combined and treated as one composite claim and were not prorated.	8,402
1	Instead of segregating costs for board and lunch, actual costs for board and lunch were combined, resulting in incorrect payment of flat sum for board.	91
1	Staff member was paid 75 per cent of the claims when the entitlement should have been only at 50 per cent as the staff member was on temporary appointment in the first half of the school year, during which no education grant should be paid.	3,140
4	Field trips beyond commuting distance of 50 miles were erroneously considered admissible.	3,162
9	Private tuition lessons were provided by entities other than the school where the child regularly attended regular curriculum. Claimants did not submit proof of payments such as paid cheques or copies of original cheques with bank statements of fund transfers.	9,365
1	A staff member was paid the cost of actual board of \$9,410 instead of paying flat sum for board of \$3,525 when the child attended a school that did not provide board.	5,350
1	Capital development fee was not prorated based on the partial attendance of the child in school.	1,788
3	UNHCR paid fixed amount of textbooks to staff members even though the schools indicated in the P.41 form that textbooks were provided free of charge or the staff member did not opt for fixed amount of textbooks in P.45 forms. UNHCR reimbursed 75 per cent of fixed amount of textbooks instead of prorated amount for the child attendance of less than two-thirds of school year.	736
2	Costs of registration as approved by PAPS for reimbursement were paid to staff members at 100 per cent instead of 75 per cent as per the Administrative Instruction.	1,000
	Total overpayments	\$33,034

Table 2: Underpayments due to erroneous calculation of claims

No. of cases	Nature of error	Under payment (in \$)
14	Fixed amounts for textbooks were not reimbursed to staff members when the schools did not provide textbooks free of charge. OIOS observed cases where staff members were paid fixed amount for textbooks even if they did not select the option for fixed amount of textbooks in form P.45.	4,567
1	Flat sum for board was not reimbursed to a staff member when the child attended school outside the duty station and the school did not provide food and lodging.	3,823
1	Maximum allowance was erroneously prorated when the child attended 8 of 10 months of school year or more than two-thirds.	2,892
1	Erroneous amount of previous claim was deducted from the recalculated or subsequent adjustment of the claim (\$7,629 was deducted instead of \$7,231).	398
1	Capital development fee paid was prorated instead of the whole amount.	337
1	School discounts were not offset against inadmissible expenses before deducting from admissible expenses.	274
	Total underpayments	\$12,291

16. These overpayments and underpayments occurred because of inadequate awareness of staff processing the claims of their complex nature and lack of effective supervision over claim processing and approval. PAPS had also not established appropriate levels of authority or threshold of amounts for reviewing and approving the claims and advances for education grant. For the 374 cases tested for school years 2015 and 2016, the lowest amount of claim/advances per staff member was \$1,029 while the highest was \$226,283 and all of them received the same level of scrutiny regardless of the vast difference in amounts. As a result, the risk of error was not adequately mitigated.

(2) The UNHCR Division of Human Resources Management should: (a) recover the overpayments of \$33,034 from the staff members concerned and reimburse the underpayments of \$12,291; (b) implement arrangements for reviewing and approving claims on the basis of defined thresholds; and (c) implement a robust monitoring and compliance function for education grant related entitlements to ensure harmonized application of the rules.

UNHCR accepted recommendation 2(a) and stated that DHRM could confirm overpayment of \$18,033 and underpayment of \$7,752 and that recoveries would take place if allowed under relevant rules. UNHCR accepted recommendations 2(b) and (c) and would implement them under the new education grant scheme for school year 2017-18. Recommendation 2 remains open pending full recovery of all identified overpayments and reimbursement of underpayments; and receipt of evidence of implementation of the reviewing and approving thresholds and the monitoring and compliance function.

There was a critical need to enhance staff skills and strengthen procedures for identifying fraud indicators

17. The UNHCR Strategic Framework for the Prevention of Fraud and Corruption commits UNHCR to promoting and adhering to the highest standards of probity and accountability in the use of its resources. Fraudulent acts include forging or falsifying of documents and making false statements to obtain a financial or other benefit to which a person is not entitled. While it is the responsibility of the staff member to ensure accurate and complete information is submitted, managers are expected to institute appropriate controls to prevent and address fraud and corruption risks. In the context of education grant, managers should: (a) identify the types of risks to which activities within the area of responsibility are exposed; (b) assess the identified risks and risk mitigation options, and design and implement cost effective prevention and control

measures; and (c) establish and implement measures to prevent the recurrence of fraud and corruption. Paragraph 3.3 of the Administrative Instruction on education grant provides that incorrect or falsified information will result not only in the rejection of the claim and/or recovery of the overpayment/advance, but may also lead to disciplinary measures under the United Nations Staff Regulations and Rules.

■. Education grant payments are premised on the accuracy and validity of information in the prescribed education grant claim forms, and for this reason are susceptible to opportunistic alteration and falsification of amounts. It is therefore of utmost importance that staff are trained to use a discerning eye to detect red flags suggesting potential fraud in the claims. ■

■ OIOS, through its audit tests for proactive identification of red flags in select samples, identified potentially fraudulent transactions ■

20. For the 2014-15 and 2015-16 claims, the potentially fraudulent payments aggregated to \$185,725. When OIOS expanded its search for fraud markers and checked the claims for one of the staff members for previous years, the total value of irregular claims made by the two staff members in question amounted to \$386,644 and the volume of potentially fraudulent payments increased to \$275,448. These cases were referred by OIOS to the Inspector General's Office.

(3) The UNHCR Division of Human Resources Management should, as a matter of priority, implement: (a) a training programme for enhancing the skills and capacity of staff in the Personnel Administration and Payroll Section in detecting fraud indicators related to education grant claims; (b) procedures for confirming a pre-established percentage of the education grant claims with the educational institutions; and (c) recovery of potentially fraudulent payments amounting to \$275,448 if substantiated by the Inspector General's Office.

UNHCR accepted recommendation 3 and stated that DHRM would implement recommendations 3(a) and (b) regarding training of PAPS staff on fraud detection and confirmation of claims with the educational institutions on sampling basis. DHRM would also recover the amounts indicated in recommendation 3(c), as and when the investigation results are available. Recommendation 3 remains open pending implementation of training on detection of fraud indicators; evidence that procedures have been put in place for confirming a pre-established percentage of the education grant claims with the educational institutions; and recovery of potentially fraudulent payments.

(4) The UNHCR Division of Human Resources Management should, as a deterrent measure, communicate relevant generic information on the potentially fraudulent cases identified

in this audit to all staff members, in order to further remind them of their responsibilities and also to advise them that a more vigorous and robust review would henceforth be conducted.

UNHCR accepted recommendation 4 and stated that DHRM would implement it once the investigation results are available. Recommendation 4 remains open pending receipt of the memorandum to staff reminding them of their responsibilities and advising them of the more robust review of future education grant claims to be conducted by DHRM.

There was a need to strengthen monitoring of the timely submission of claims and recovery of advances against education grant

21. UNHCR is required to put in place control arrangements for ensuring that the Administrative Instruction is appropriately and consistently applied in granting, settling and monitoring of claims and advances against education grant. The Administrative Instructions on education grant for 2015 and 2016 required that an advance against education grant for the school year would be automatically recovered from the staff member's salary if the relevant documentation to settle the advance was not submitted within four months following the last day of completion of the school year.

22. In 18 cases, OIOS identified significant delays in submission of claims by staff members. For example, in 2016, one education grant claim for \$9,352 for school year 2014-15 was submitted by the staff member seven months from the end of school year. In 2015, 17 claims totalling \$197,570 for education grant claims for school years 2012-13 and 2013-14 were submitted with delays ranging from 6 to 21 months from the end of the respective school years. Of these 17 claims, 5 pertained to staff members who had obtained education grant advances totaling \$100,351. Thus, due to late submission, UNHCR paid and recognized the expenses in the year following the school year, resulting in understatement of expenses for the current year and overstatement of expenses in the following year by \$206,922.

23. OIOS noted in two cases that the excess of advance of \$11,273 over claims was recovered from staff members' salary in two and three instalments. This was contrary to the provision in section 2.2 of the United Nations Administrative Instruction ST/AI/2000/11 which stipulated that unlike overpayments to be recovered, advances should be recovered immediately and in full against the monthly payments received by staff members. In addition, instead of deducting the excess of advance over the amount of claims, UNHCR had agreed to deduct the excess advance of \$30,081 in nine cases reviewed by OIOS from the proceeds of the staff member's education grant advance for the subsequent school year. This practice defeated the purpose of obtaining the full amount of advance to ensure payment of tuition for the subsequent school year. This also contradicted the rule that no advance should be authorized for a subsequent school year until previous advances have been cleared by settlement of the relevant claim or repayment of the advance previously granted.

24. OIOS also reviewed the status of \$9.5 million worth of education grant advances as at 31 December 2016. These advances were not recovered immediately and in full within four months following the last day of completion of the school year. Three advances totaling \$86,361 for school year 2013-14 were recovered in installments only from August 2015 to July 2017. Fifteen advances totaling \$107,795 for school year 2014-15 were recovered in installments and in various months in 2016 to 2017. These weaknesses occurred due to lack of adequate and appropriate action in monitoring the recovery of advances which resulted in unliquidated advances.

(5) The UNHCR Division of Human Resources Management should strengthen its monitoring arrangements for ensuring that: (a) education grant advances are immediately recovered in full if staff members fail to submit their claims within four

months from the end of school year; and (b) excess advances are recovered in full from the staff member's salary or through cash collection from the staff member and not from the proceeds of the subsequent school year's advance.

UNHCR accepted recommendation 5 and stated that DHRM would implement recovery of education grant advances if staff members failed to submit their claims within the prescribed period. With the planned implementation of the new online self-service tool in 2018, the practice of recovering excess advance from the subsequent school year's advance had been discontinued. Recommendation 5 remains open pending receipt of evidence of the systematic recovery of advances within four months after end of school year; and implementation of the new scheme where advances are not deducted from the subsequent advance.

There was a need to strengthen monitoring in the management of education grant travel

25. Under Inter Office Memorandum 78/2001 on Education Grant Travel, internationally recruited staff are entitled to education grant travel in respect of children for whom education grant is payable and whose place of study is outside the duty station. UNHCR pays the return travel expenses once or twice during each scholastic year, as applicable, for each eligible child between the educational institution and the duty station. Staff members may also avail themselves of the lump sum payment option. Inter Office Memorandum/72/2013 on UNHCR Travel Policy states that staff members on official travel are issued with travel authorization and requests them to submit a self-certification form in case of lump sum option or a travel claim in case of non-lump sum option within two weeks upon return from travel. Staff members should retain the original travel documentation, i.e. used airline tickets, boarding passes, printed electronic boarding passes, and hotel receipts for two years. They should also be ready to provide the original travel documentation to PAPS or auditors at any time; otherwise, this may result in immediate recovery of the related travel expenses.

26. While UNHCR generally ensured that staff members granted with education grant travel were eligible and the number of travels was correctly regulated, OIOS observed weaknesses in other aspects of management of education grant travel in its sample of 44 cases totaling \$195,687, which were due to inadequate monitoring and management supervision. These included:

- One staff member was erroneously granted education grant travel in the amount of \$4,663 even though the children studied at the duty station of the staff member. Another staff member was paid \$4,107 but did not immediately inform PAPS that the education grant travel did not occur. These amounts were recovered by PAPS in the course of the audit.
- In 24 cases of travels totaling \$106,691, the self-certification form or travel claims were not submitted on time, with delays ranging from 11 days to 22 months. There were also four cases totaling \$12,530 which did not have a self-certification form or travel claim.
- In eight cases totaling \$37,450, the claims were not supported by boarding passes or passport stamps or certificate of school attendance. In three cases totaling \$15,717, the actual travel dates deviated from the planned by more than 30 days.
- There were 11 cases of recoveries of lump sum or actual travel costs incurred totaling \$34,073. In six of these cases totaling \$16,601, the recovery was made in one installment and in five cases amounting to \$17,472, the recovery was made in two to nine installments. In all these 11 cases UNHCR made its recoveries late, up to 18 months from the time it was established that the travel had not been undertaken. This was disadvantageous to UNHCR due to the lapse of time between

the period from the grant of the entitlement and the actual recovery, since such recovery should have taken place immediately.

(6) The UNHCR Division of Human Resources Management should strengthen monitoring mechanisms over education grant travel to ensure that: (a) planned dates of travel align with the dates in the travel authorization; (b) staff members systematically submit the self-certification form or travel claim after each planned leg of travel for gaps of more than six months between the first and second leg of travel; and (c) periodic checks are conducted to verify that staff members submit proof of travel such as copies of boarding passes.

UNHCR accepted recommendation 6 and stated that DHRM would ensure that PAPS staff follow the stated objectives in the processing of the related entitlement. Recommendation 6 remains open pending receipt of evidence of strengthened monitoring mechanisms to ensure that: (a) planned dates of travel align with the dates in the travel authorization; (b) staff members systematically submit the self-certification form or travel claim after each planned leg of travel for gaps of more than six months between the first and second leg of travel; and (c) periodic checks are conducted to verify that staff members submit proof of travel such as copies of boarding passes.

Proper scrutiny of education grant claims was hindered by incomplete and inaccurate information provided by staff members and the difficulty to verify the information with the educational institutions

27. UNHCR Administrative Instructions on education grant require staff members to ensure that the education grant claim forms and supporting documentation include the name, email address, telephone number and/or fax number of the contact/responsible person at the educational institution, and the address of the school website.

28. OIOS observed that staff members for the most part complied with the provision of the required information on the claims submitted. However, the review also noted certain recurring deficiencies regarding accuracy and completeness of information in the P.45 and P.41 forms, which OIOS associated with lack of awareness of the staff members. These included: (a) erroneous and inconsistent dates of the school year and child's attendance during the school year; (b) lack of a breakdown of other mandatory and optional expenses as basis for determining if admissible or not; (c) currency not indicated against the amounts paid; and (d) inconsistencies between the breakdown of payments in item 12 of P.41 with the details of payments in items 6-10 of the P.41.

29. Another omission related to lack of contact information of the school or contact person, name of certifying officer, date of certification by the school, and absence of the seal of the educational institution. One school could neither be reached by telephone nor replied to the confirmation request sent by OIOS, using the contact information provided in the P.41 form. Another P.41 form lacked any contact details for the school and it could be identified only from the seal used. In a breach of procedure, and without PAPS contacting the school in question, the claim, worth \$6,452, was paid to the staff member.

30. Out of 374 cases reviewed, OIOS sought direct confirmation from the schools of the child's attendance records and associated costs pertaining to 208 claims and sent subsequent reminders for those who did not respond. There was a response for 58 claims or at a 28 per cent rate. OIOS also contacted a number of schools directly by telephone. In 11 of these cases, the schools requested for consent from the student/parent before they released the information requested. One school also requested a signed copy of the student's card or passport in addition to the consent. The existing P.41 form only contained a provision requesting the educational institution to return the original to the staff member and retain a copy to facilitate confirmation of the information which might be performed by the United Nations on a periodic and routine

basis. In the absence of easier procedures for obtaining consent, not only OIOS but also UNHCR and its other oversight bodies are constrained from seeking confirmation of costs and attendance, and proper scrutiny of the claims is hindered.

(7) The UNHCR Division of Human Resources Management should: (a) conduct an information campaign to educate staff on the information requirements in the education grant claim forms, especially concerning the recurring deficiencies identified in this audit; and (b) consult with the UNHCR Legal Affairs Service on the inclusion of provisions in the P.41 and P.45 forms stipulating that upon applying for education grant, the staff member gives prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.

UNHCR accepted recommendation 7 and stated that the Administrative Instruction to be issued in 2018 would inform staff members of the actions needed from them to ensure the completeness and accuracy of the information submitted for claiming education grant. On recommendation 7(b), DHRM would consult the Legal Affairs Service and consider the inclusion of revised Terms and Conditions in the education grant claim forms. Recommendation 7 (a) remains open pending the conduct of an information campaign to educate staff on the information requirements in the education grant claim forms, especially concerning the recurring deficiencies identified. Recommendation 7(b) remains open pending revision of the P.41 and P.45 forms stipulating that upon applying for education grant the staff member gives prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.

V. ACKNOWLEDGEMENT

31. 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 management of education grant entitlements at the Office of the 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 Management should: (a) use the ongoing deliberations on the harmonization of human resources policies and procedures United Nations-wide as an important opportunity to align UNHCR instructions and practices on education grant with those of the United Nations Secretariat and other United Nations system organizations; and (b) seek legal opinion on recovery of the payment of \$52,270 incorrectly disbursed in contravention of the United Nations Staff Regulations and administrative issuances.	Critical	O	Submission to OIOS of: evidence of the update on progress achieved in harmonizing UNHCR's instructions and practices with those of the United Nations Secretariat and other United Nations organizations; and receipt of the legal opinion on the issue of recovery of the amount incorrectly disbursed.	30 June 2018
2	The UNHCR Division of Human Resources Management should: (a) recover the overpayments of \$33,034 from the staff members concerned and reimburse the underpayments of \$12,291; (b) implement arrangements for reviewing and approving claims on the basis of defined thresholds; and (c) implement a robust monitoring and compliance function for education grant related entitlements to ensure harmonized application of the rules.	Important	O	Submission to OIOS of evidence of: full recovery of all identified overpayments and reimbursement of underpayments; implementation of the reviewing and approving thresholds; and establishment of a monitoring and compliance function.	30 June 2018
3	The UNHCR Division of Human Resources Management should, as a matter of priority, implement: (a) a training programme for enhancing the skills and capacity of staff in the Personnel	Critical	O	Submission to OIOS of evidence of: implementation of training on detection of fraud indicators; implementation of procedures for confirming a pre-established percentage of the	31 December 2018

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.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	Administration and Payroll Section in detecting fraud indicators related to education grant claims; (b) procedures for confirming a pre-established percentage of the education grant claims with the educational institutions; and (c) recovery of potentially fraudulent payments amounting to \$275,448 if substantiated by the Inspector General's Office.			education grant claims with the educational institutions; and recovery of potentially fraudulent payments.	
4	The UNHCR Division of Human Resources Management should, as a deterrent measure, communicate relevant generic information on the potentially fraudulent cases identified in this audit to all staff members, in order to further remind them of their responsibilities and also to advise them that a more vigorous and robust review would henceforth be conducted.	Important	O	Submission to OIOS of the memorandum to staff reminding them of their responsibilities and advising them of the more robust review of future education grant claims to be conducted by DHRM.	31 December 2018
5	The UNHCR Division of Human Resources Management should strengthen its monitoring arrangements for ensuring that: (a) education grant advances are immediately recovered in full if staff members fail to submit their claims within four months from the end of school year; and (b) excess advances are recovered in full from the staff member's salary or through cash collection from the staff member and not from the proceeds of the subsequent school year's advance.	Important	O	Submission to OIOS of evidence of the systematic recovery of advances within four months after end of school year; and implementation of the new scheme where advances are not deducted from the subsequent advance.	30 June 2018
6	The UNHCR Division of Human Resources Management should strengthen monitoring mechanisms over education grant travel to ensure that: (a) planned dates of travel align with the dates in the travel authorization; (b) staff members systematically submit the self-certification form or travel claim after each planned leg of travel for gaps of more than six months between the first and second	Important	O	Submission to OIOS of evidence of strengthened monitoring mechanisms to ensure that: (a) planned dates of travel align with the dates in the travel authorization; (b) staff members systematically submit the self-certification form or travel claim after each planned leg of travel for gaps of more than six months between the first and second leg of travel; and (c) periodic checks	31 January 2018

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	leg of travel; and (c) periodic checks are conducted to verify that staff members submit proof of travel such as copies of boarding passes.			are conducted to verify that staff members submit proof of travel such as copies of boarding passes.	
7	The UNHCR Division of Human Resources Management should: (a) conduct an information campaign to educate staff on the information requirements in the education grant claim forms, especially concerning the recurring deficiencies identified in this audit; and (b) consult with the UNHCR Legal Affairs Service on the inclusion of provisions in the P.41 and P.45 forms stipulating that upon applying for education grant, the staff member gives prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.	Important	O	Submission to OIOS of evidence of: (a) the conduct an information campaign to educate staff on the information requirements in the education grant claim forms; and (b) revision of the P.41 and P.45 forms stipulating that upon applying for education grant the staff member gives prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.	30 June 2018

APPENDIX I

Management Response

Management Response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments (to be published)
1	The UNHCR Division of Human Resources Management should: (a) use the ongoing deliberations on the harmonization of human resources policies and procedures United Nations-wide as an important opportunity to align UNHCR instructions and practices on education grant with those of the United Nations Secretariat and other United Nations system organizations; and (b) seek legal opinion on recovery of the payment of \$52,270 incorrectly disbursed in contravention of the United Nations Staff Regulations and administrative issuances.	Critical	Yes	Head of HR Policy and Planning Service & Head of Human Resources Staffing Service	June 2018	<p>UNHCR DHRM agrees to the recommendation, while highlighting, as far as paragraph (a) is concerned, that UN administrative issuances ('AIs') shall not apply to UNHCR as a separately administered organ of the United Nations, unless those issuances expressly so provide, or unless UNHCR has expressly accepted their applicability, as clearly indicated in ST/SGB/2009/4 on "Procedures for the promulgation of administrative issuances" and ST/SGB/2015/3 on the "Organization of the Secretariat of the United Nations".</p> <p>UNHCR DHRM therefore stresses that there is no legal requirement or overall institutional interest to mechanically adopt Secretariat issuances. It is entirely consistent with the letter and spirit of ST/SGB/2009/4 for a separately administered agency to adopt its own administrative issuances on condition that they are in full adherence to the UN Staff Regulations and Rules.</p> <p>This being said, UNHCR DHRM fully appreciates that the concerns raised by the Auditors refers mainly to the fact that misalignment may lead to reputational risks, though it has also to be stressed that such a</p>

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.

Management Response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments (to be published)
						<p>misalignment with the UN Secretariat does not result in fact in misalignment with the way several other UN Organizations have until now implemented this benefit. It is here worth noting that following the ICSC decision to substantially revise the EG entitlement, DHRM is regularly consulting with the UN Secretariat and other UN Organizations for a more uniform approach on the implementation of the revised benefits for the school cycle 2017/2018. This exercise will most likely result in eliminating or reducing substantially any misalignment.</p> <p>Concerning recommendation 1 (b), UNHCR will seek legal advice and will conform its action accordingly, while keeping OIOS informed.</p>
2	<p>The UNHCR Division of Human Resources Management should: (a) recover the overpayments of \$33,034 from the staff members concerned and reimburse the underpayments of \$12,291; (b) implement arrangements for reviewing and approving claims on the basis of defined thresholds; and (c) implement a robust monitoring and compliance function for education grant related entitlements to ensure harmonized application of the rules.</p>	Important	Yes	Head of Human Resources Staffing Service	June 2018	<p>UNHCR DHRM has analyzed all the cases referred to under part (a) of this recommendation and partially agrees with OIOS findings. UNHCR DHRM confirms the overpayment of US\$ 18,033.40 and an underpayment of US\$ 7,752.64</p> <p>UNHCR DHRM also highlights that recoveries will take place if allowed by the relevant rules governing this specific process (e.g. a recovery is normally implemented if the overpayment took place within a two-year period preceding the discovery of the overpayment).</p> <p>UNHCR DHRM accepts the recommendation under items (b) and (c) and shall implement them as we move into the new education grant scheme in place for the school year 2017-2018.</p>

Management Response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments (to be published)
3	The UNHCR Division of Human Resources Management should, as a matter of priority, implement: (a) a training programme for enhancing the skills and capacity of staff in the Personnel Administration and Payroll Section in detecting fraud indicators related to education grant claims; (b) procedures for confirming a pre-established percentage of the education grant claims with the educational institutions; and (c) recovery of potentially fraudulent payments amounting to \$275,448 if substantiated by the Inspector General's Office.	Critical	Yes	Head of Human Resources Staffing Service	December 2018	<p>UNHCR DHRM accepts this recommendation (for implementation within the first semester of 2018) under items (a) and (b) and will explore trainings options to enhance the capacity of the staff in Personnel Administration and Payroll Section to detect fraud claims. DHRM also welcomes OIOS offer to provide information sessions to staff dealing with EG claims on analyzing and detecting potential fraud.</p> <p>UNHCR DHRM will in addition put in place a procedure for monitoring and compliance through a sampling approach by June 2018, so as to spot check cases with the related educational institutions.</p> <p>UNHCR DHRM will also take action on the recovery of the amounts indicated under item (c), as and when the investigation results are available.</p>
4	The UNHCR Division of Human Resources Management should, as a deterrent measure, communicate relevant generic information on the potentially fraudulent cases identified in this audit to all staff members, in order to further remind them of their responsibilities and also to advise them that a more vigorous and robust review would henceforth be conducted.	Important	Yes	Head of Human Resources Staffing Service	December 2018	UNHCR DHRM accepts this recommendation and shall implement it, once the investigation results are available as per 3 above.
5	The UNHCR Division of Human Resources Management should strengthen its monitoring	Important	Yes	Head of Human Resources	June 2018	UNHCR DHRM, as per part (a) of this recommendation, will implement recovery of education grant advances if staff members fail to

Management Response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments (to be published)
	arrangements for ensuring that: (a) education grant advances are immediately recovered in full if staff members fail to submit their claims within six months from the end of school year; and (b) excess advances are recovered in full from the staff member's salary or through cash collection from the staff member and not from the proceeds of the subsequent school year's advance.			Staffing Service		submit their claims within the period indicated in the UNHCR AI for education grant. For part (b) of the recommendation, UNHCR DHRM would like to highlight that with the new online self-service tool implemented as part of the changes to the EG scheme, the mechanism of recovering excess advance from the subsequent school year's advance has been discontinued. Excess advances will be recovered from staff salaries or staff will be asked to reimburse the related amount to UNHCR bank account as soon as the issue is identified. This change will take effect from 2018 with the processing of the claims for the school year 2017-18 under the new EG scheme.
6	The UNHCR Division of Human Resources Management should strengthen monitoring mechanisms over education grant travel to ensure that: (a) planned dates of travel align with the dates in the travel authorization; (b) staff members systematically submit the self-certification form or travel claim after each planned leg of travel for gaps of four months or more between the first and second leg of travel; and (c) periodic checks are conducted to verify that staff members submit proof of travel such as copies of boarding passes.	Important	Yes	Head of Human Resources Staffing Service	Jan 2018	UNHCR DHRM accepts this recommendation in terms of objectives outlined under parts (a) and (c) and will ensure that staff of Personnel Administration and Payroll Section closely follow those objectives in the processing of the related entitlement. UNHCR DHRM accepts recommendation under part (b) partially, as discussed further with auditors, but only in respect of travel whose return leg is expected to take place more than six (6) months after the first leg of the travel. This approach may then not generate any unmanageable additional workload.

Management Response

Audit of the management of education grant entitlements at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments (to be published)
7	The UNHCR Division of Human Resources Management should: (a) conduct an information campaign to educate staff on the information requirements in the education grant claim forms, especially concerning the recurring deficiencies identified in this audit; and (b) consult with the UNHCR Legal Affairs Service on the inclusion of provisions in the P.41 and P.45 forms stipulating that upon applying for education grant, the staff member gives prior consent for the release of education grant related information on costs and attendance to UNHCR and its oversight bodies without the need for any additional consent.	Important	Yes	Head of Human Resources Staffing Service	June 2018	<p>UNHCR DHRM accepts the recommendation under part (a) and will take steps to inform, through the next AI on EG being issued in 2018, staff members on the actions needed to be taken by them to ensure the completeness and accuracy of the information submitted for claiming education grant.</p> <p>For part (b) of this recommendation, UNHCR DHRM will consult the Legal Affairs Service and consider the inclusion of revised Terms and Conditions in the education grant claim forms.</p>