



## INTERNAL AUDIT DIVISION

### REPORT 2017/082

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Audit of education grant disbursement  
at the United Nations Framework  
Convention on Climate Change

There was a need to strengthen controls in  
administration of education grant  
entitlements

18 August 2017  
Assignment No. AA2017/241/02

# **Audit of education grant disbursement at the United Nations Framework Convention on Climate Change**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective management of education grant disbursement at the United Nations Framework Convention on Climate Change (UNFCCC). The audit covered the period from 1 January 2015 to 31 December 2016 and included a review of: processing of education grant advances and claims; roles and responsibilities; delegation of authority; information system for processing of education grants; and performance monitoring.

Reimbursement of tuition, which formed the bulk of education grant expenses, was managed adequately. However, UNFCCC needed to strengthen controls in the administration of education grant entitlements.

OIOS made three recommendations. To address issues identified in the audit, UNFCCC needed to:

- Seek the Secretary-General's *ex post facto* approval to waive the provisions of Staff Rule 3.9 (f) and ST/AI/2011/4 in the case of former staff to whom inadmissible education grant of \$34,464 was paid;
- Implement paragraph 19 of ST/IC/2014/12/Rev.1 which requires staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; require the concerned staff members to provide, within a reasonable time, documentary proof for the flat sums for board paid to them; and deduct any flat sums paid without the required documentary proof; and
- Ensure that staff members sign form P.45 which requires full disclosure of all scholarships, bursaries or similar grants when submitting education grant claims and requests for advances against education grant.

UNFCCC accepted the recommendations and has undertaken to implement them.

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# **Audit of education grant disbursement at the United Nations Framework Convention on Climate Change**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of education grant disbursement at the United Nations Framework Convention on Climate Change (UNFCCC).
2. UNFCCC is an international treaty established as an overall framework for intergovernmental process to combat climate change. The Convention was ratified by 192 countries and came into force in 1994. The Convention was complemented by the Kyoto Protocol (or the Protocol) which was adopted in December 1997 and has 192 Parties. The Protocol established legally binding emission reduction requirement for 37 industrialized countries. The ultimate objective of both treaties is to “stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system.”
3. The Conference of the Parties (COP) is the Convention’s supreme legislative body which is supported by the UNFCCC secretariat. Based on the COP decision 14/CP.1 (and subsequent decisions), UNFCCC is institutionally linked to the United Nations Secretariat which provides administrative support to the Convention through the United Nations Office at Geneva (UNOG). The services provided are covered by a memorandum of understanding signed between UNOG and UNFCCC which includes approval of disbursements, payroll, treasury and medical services, among others. Authority to certify expenditures remains with the Executive Secretary of UNFCCC, who may further delegate that authority.
4. As of 31 December 2016, UNFCCC had a total of 449 staff members with fixed-term contracts. UNFCCC processed and paid requests for advances and claims for education grant for the benefit of 137 children of 71 staff members for the school year 2015-16. For the school year 2015-2016, UNFCCC processed and disbursed a total amount of \$2 million towards education grant claims.
5. Education grant at UNFCCC was processed by seven Human Resources (HR) partners (General Service staff), who sent requests to UNOG to pay the education grant advances and/or claims. The Team Lead (P-3) post for staff entitlements was vacant at the time of audit. Therefore, HR partners were concurrently supervised by the Team Lead of Talent Acquisition (P-3) who reported to the Chief, Human Resources Unit (HRU).
6. Comments provided by UNFCCC are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective management of education grant disbursement at UNFCCC.
8. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with the administration of education grant disbursements, including the risk of fraud.
9. OIOS conducted this audit from February to May 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 in education grant disbursement, which included: the processing of advances and

claims, roles and responsibilities, delegation of authority, information system for processing of education grants, and performance monitoring.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; (d) testing of randomly selected sample of transactions; and (e) confirmation of the information provided by staff members in form P.41.

### **III. OVERALL CONCLUSION**

11. Reimbursement of tuition, which formed the bulk of education grant expenses, was managed adequately. However, UNFCCC needed to: (i) seek *ex post facto* approval of the Secretary-General for the inadmissible payment of \$34,464 made to former staff members; (ii) implement paragraph 19 of ST/IC/2014/12/Rev. 1 which requires staff members to provide documentary proof for flat sums for board; and (iii) ensure that staff members certify form P.45 so that they are fully aware of the requirement to disclose all scholarship(s), bursaries or similar grants when they are submitting education grant claims and requests for advances against education grant.

### **IV. AUDIT RESULTS**

#### **A. Processing of education grant advances and claims**

##### **i) Tuition**

Reimbursement for tuition, which formed the bulk of education grant expenses, was managed adequately

12. Tuition amounting to approximately \$734,799 for 79 children, is the bulk of education grant expenses in the total amount of \$905,385 for the 44 tested on sample basis for school year 2015-16. Generally, HRU applied the eligibility criteria established in the United Nations Staff Regulations and Rules and Administrative Instruction ST/AI/2011/4 on education grant and special education grant for children with disability. These rules/regulations/instructions established that, among other requirements, eligible staff members must be international staff members with a fixed-term, permanent or continuing appointment, residing and serving outside their recognized home country, and eligible children must be in full time attendance in primary level or above while the staff member is in the service of the United Nations.

13. OIOS review of entries in Umoja and expenses shown on the completed P.41 forms showed that generally, HR partners had correctly verified and entered in Umoja both admissible and non-admissible expenses. OIOS obtained direct confirmation from 15 selected schools regarding the attendance of dependent children and the amount of tuition paid by the staff members. No discrepancies were noted.

14. There were only three cases when advances against education grant were not settled by the staff members as of recovery date set in Umoja. This is because concerned staff members were on long sick leave and could not obtain the necessary documents to settle their advances on time. There was also one isolated case of the 44 cases reviewed, where tuition for mother tongue amounting to \$1,940 was erroneously classified by the HR partner as tuition fees. These anomalies were subsequently corrected. OIOS therefore concluded that processing and disbursement of tuition was managed adequately.

Need to address the inadmissible payment of \$34,464 made to former staff members

15. The UNFCCC is institutionally linked to the United Nations based on COP decision 14/CP.1 and subsequent decisions. In the note on the institutional arrangement for the UNFCCC secretariat, the

Secretary-General advised that the head of the UNFCCC secretariat shall be accountable to the Secretary-General as the Chief Administrative Officer of the Organization, including for the observance of the Financial and Staff Regulations and Rules of the United Nations (Designation of a permanent secretariat and arrangements for its functioning, FCCC/CP/1995/5/Add.4). The UNFCCC secretariat's Bulletin B/2014/1 (Observance of the United Nations issuances at the secretariat and procedures for the promulgation of UNFCCC administrative issuances) provides that the Executive Secretary administers the staff of the secretariat in accordance with United Nations Staff Regulations and Rules and that the following United Nations administrative issuances are to be observed at the secretariat, unless a particular administrative issuance clearly provides that it applies only to the United Nations Secretariat and not the UNFCCC secretariat, or the secretariat has determined its non-applicability: (a) Secretary-General's Bulletins; (b) Administrative Instructions; and (c) Information Circulars.

16. Staff Rule 3.9 (f) provides that the amount of the grant to be paid when the staff member's period of service or the child's school attendance does not cover the full school year shall be pro-rated under conditions to be defined by the Secretary-General. Section 5 of ST/AI/2011/4 stipulates that the amount of the grant relating to expenses for school attendance shall be prorated based on the period of school attendance, or the period of service of the staff member, compared to the full school year when the period of attendance or service covers less than two thirds of the school year. In 2015, the restructuring of the Sustainable Development Mechanism (SDM) programme resulted in separation of 28 staff members as of 31 January 2016, of which 7 claimed education grant for school year 2015-16.

17. UNFCCC did not prorate the 2015-16 education grant for all the SDM staff who were separated in January 2016, as required by Staff Rule 3.9 (f) and ST/AI/2011/4. This resulted in payment of tuition fees for the children of five staff members for the full school term (August 2015 to June 2016) amounting to approximately \$76,588 out of which \$34,464 (prorated amount) should not have been paid. For one of the seven staff members in question, the school prorated the amount in form P.41 based on actual period of school attendance of the child. Accordingly, UNFCCC paid the staff member the correct amount based on the prorated amount in form P.41. Another staff member did not claim tuition fee but only lunch expenses certified by the school for the period the child attended the school. Since UNFCCC did not have the authority to waive the applicability of Staff Rule 3.9 (f) and ST/AI/2011/4, it is essential that the Convention obtains *ex post facto* approval from the Secretary-General for the inadmissible education grant paid to these staff.

**(1) UNFCCC should seek the Secretary-General's *ex post facto* approval to waive the provisions of Staff Rule 3.9 (f) and ST/AI/2011/4 in the case of former staff to whom inadmissible education grant of \$34,464 was paid.**

*UNFCCC accepted recommendation 1 and stated that it will apply for ex post facto approval of the Secretary-General or his delegate to waive the relevant provisions. Recommendation 1 remains open pending receipt of evidence that UNFCCC has sought the Secretary-General's ex post facto approval to waive the relevant provisions of Staff Rule 3.9 (f) and ST/AI/2011/4.*

ii) Educational expenses

Assessment of educational expenses were generally satisfactory

18. Section 3.5 of administrative instruction ST/AI/2011/4 on "Education grant and special education grant for children with disability" lists expenses that are admissible and non-admissible. Of the 44 sample cases reviewed, OIOS noted that HR partners processing claims and settlement of advances against education grant, scrutinized the claims and correctly applied the provisions of ST/AI/2011/4. HR partners excluded claims which were not admissible such as school trips which were not within commuting distance

or sports fees that were not certified as necessary by the schools. OIOS concluded that education expenses were correctly assessed.

iii) Boarding and text book expenses

Need to obtain documentary proof for flat sums for board paid

19. Paragraph 19 of ST/IC/2014/12/Rev.1 on “Education grant and special education grant for children with a disability” states that if the child does not reside with the staff member, the staff member will be required to submit documentary proof in the form of invoices, receipts, cancelled cheques, electronic funds transfer or bank transfer statements that the flat sums for board and textbooks have been used for the intended purposes. Further, paragraph 31 of ST/IC/2014/12/Rev.1 provides that no additional supporting evidence is required if the staff member claims the reimbursement for textbooks at or below the fixed rate.

20. Of the 44 cases reviewed, UNFCCC disbursed a total of \$96,200 as education grant relating to boarding fees, of which \$18,379 related to boarding provided by the local schools and \$77,821 related to flat sums for board for 16 children who attended school outside the duty station country. However, only two staff submitted documentary proof supporting flat sums for board totaling \$16,400. There were no supporting documents for a total of \$61,421 paid to staff members for flat sums for board. HRU did not request staff members to provide the required documentation in support of these claims. UNFCCC needs to ensure that these requirements are implemented.

**(2) UNFCCC should: (i) implement paragraph 19 of ST/IC/2014/12/Rev.1 which requires staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; (ii) require the concerned staff members to provide, within a reasonable time, documentary proof for the flat sums for board paid to them; and (iii) deduct any flat sums paid without the required documentary proof.**

*UNFCCC accepted recommendation 2.* Recommendation 2 remains open pending receipt of evidence that UNFCCC has: (i) required staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; (ii) required the concerned staff members to provide documentary proof for the flat sums for board paid to them; and (iii) deducted any flat sums paid without the required documentary proof.

iv) Private tuition

21. Expenses for private tuition are only admissible for tuition in the language of the duty station, when the local school certifies this as a precondition for admittance; or as a required supplement to correspondence courses for which expenses are admissible; or as a required supplement to the regular school programme. During the period under review, no staff member claimed expenses for private tuition.

v) Summer courses

22. Expenses for summer courses are admissible only when the school certifies that such courses are a pre-requisite for further attendance during the subsequent regular school year and for the school’s regular diploma. During the audit period, no staff member availed education grant for summer courses.

vi) Treatment of scholarships, bursaries or similar grants

23. The audit sought to verify whether staff members disclosed all scholarships, bursaries or similar grants on P.45 forms and also whether the educational institution certified those scholarships, bursaries and

similar grants in P.41 forms. The audit also sought to establish whether the scholarships were correctly applied to the education grant claimed.

24. OIOS noted that UNFCCC staff members used outdated P.45 and P.41 forms based on ST/AI/181/Rev.9, which did not require staff members to disclose and certify all scholarships, bursary or similar grant(s) in respect of the child/children; and the educational institution to certify non-UN scholarships or grants that the child/children received. During the audit, HRU updated the education grant forms posted on the intranet so that staff members would use the new forms for upcoming submissions of education grant claims and requests for advances against education grant.

25. OIOS also noted that in only 4 of the 44 cases reviewed, staff members had certified the P.45 form submitted to HRU. By not providing the required certification, the Organization maybe disbursing funds even if the child/children received non-UN scholarships, grants or financial assistance. Further, staff members may not be held accountable for failure to disclose all non-UN scholarships, grants or financial assistance received.

**(3) UNFCCC should ensure that staff members sign form P.45 which requires full disclosure of all scholarships, bursaries or similar grants when submitting education grant claims and requests for advances against education grant.**

*UNFCCC accepted recommendation 3 and confirmed implementation with the education grant claims from the 2016-17 school year. Recommendation 3 remains open pending receipt of evidence that staff members have signed form P.45 for education grant claims and requests for advances against education grant for the 2016-17 school year.*

vii) Education grant travel

26. ST/IC/2014/12/Rev.1 requires that within two weeks of completion of the child's education grant travel, the staff member must submit a travel claim to the executive or administrative officer concerned, regardless of whether any claim for reimbursement of the education grant has been made. Submission of the claim is required to verify that travel has been undertaken as authorized, as well as for the purpose of certification of the travel expenses for which reimbursement is claimed. Ten children out of 44 sample tested availed of education grant travel in 2015-16. Staff members chose lump sum option for eight children, and UNFCCC issued tickets for two children. Travel arrangements including purchase of tickets were finalized within 16 calendar days before travel as required by ST/AI/2013/3 on "Official Travel". Staff members generally complied with the timelines for submission of claims as HR partners sent reminders to concerned staff members. OIOS concluded that processing of education grant travel was generally satisfactory.

## **B. Roles and responsibilities**

### HR Partners were adequately trained to process education grant

27. As of 31 December 2016, UNFCCC had a total of 449 staff members with fixed-term contracts. At the time of audit there were seven HR partners who were mapped to process staff entitlements, including education grant disbursements in Umoja. All second level HR partners approving the claims and settlement are at G-6 level. Two of the seven HR partners were trained as trainers for Umoja HR processes who in turn trained the other HR partners. All seven HR Partners completed the basic Umoja online training. HR partners discussed issues and challenges in their weekly meetings led by the Officer-in-Charge of Staff



Administration in order to find common solutions and make consistent decisions across the team. OIOS therefore concluded that HR partners were adequately trained in processing education grant claims.

### **C. Delegation of authority**

#### Delegation of authority was adequate

28. The UNFCCC HR partners' roles in Umoja were approved by the Office of Human Resources Management (OHRM) after the UNFCCC HR partners met specific requirements and conditions, such as training, minimum grade level, and role combination to avoid conflicts and lack of segregation of duty. According to the Umoja roles guide, an HR delegation of authority is required for the role of HR partner processing entitlements. Based on ST/SGB/2015/1 (Delegation of authority in the administration of the Staff Regulations and Rules), this delegation is given to officials on a functional basis rather than personal.

29. UNFCCC implemented the two-level mechanisms (first and second level HR partners) in processing education grant claims and settlement of advances as required in the Umoja roles guide. The guide requires the: (a) first HR partner to check admissibility of expenses against the documents submitted by staff member (offline) and enter data in the Umoja Central Component (ECC) based on applicable admissible/non-admissible expenses; and (b) second level HR partner to review the information, enter the settlement date and approve the claim for payment; in case the request cannot be approved, return the claim to the staff member with explanation; and perform reviews of sample claims. In view of the duly approved mapping for the HR partners involved in processing education grant claims and requests for advances in Umoja and the establishment of necessary mechanisms required in the Umoja roles guide, OIOS concluded that delegation of authority was adequate.

### **D. Information system for processing education grants**

#### Processing of education grant in Umoja was generally effective

30. For efficient and effective management of education grant processing, the data in Umoja needs to be reliable, accurate and current.

31. The advances against education grant for the school year 2015-16 were processed through the Integrated Management Information System (IMIS) because UNFCCC started using Umoja from 9 November 2015. The subsequent settlement, claims and advances for education grant for school year 2016-17 were processed in Umoja. The audit showed that management identified and corrected errors in the Umoja data related to dependency status for children who received education grant for the school year 2015-16. No errors were detected in the dependency information for education grant advances processed for school year 2016-17. Therefore, OIOS concluded that the use of Umoja to process education grant was generally effective, considering that UNFCCC HR partners used the new system for the first time in 2016.

### **E. Performance monitoring**

#### Performance monitoring of education grant processing was generally satisfactory

32. Staff members processing entitlements had performance goals such as: increase efficiency and effectiveness of HR processes through implementation of Umoja in staff entitlements; ensure effectiveness and efficiency of administration of entitlements; as HR partner, be responsible for on-boarding to separation of professional staff members, providing consistent, accurate and helpful advice on entitlements and benefits, in accordance with regulations and rules; and enter and approve all personnel information/actions

in Umoja ECC (P and G staff) related to personnel administration and entitlements. The performance of each individual staff member was assessed against these goals. HRU held monthly meetings to monitor and discuss workloads. During peak season, HRU devoted time to discuss issues relating to processing of education grant to ensure consistency amongst HR partners and to facilitate efficiency in processing. OIOS therefore concluded that performance monitoring of education grant processing was generally satisfactory.

## **V. ACKNOWLEDGEMENT**

33. OIOS wishes to express its appreciation to the management and staff of UNFCCC 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 education grant disbursement at the United Nations Framework Convention on Climate Change

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNFCCC should seek the Secretary-General's <i>ex post facto</i> approval to waive the provisions of Staff Rule 3.9 (f) and ST/AI/2011/4 in the case of former staff to whom inadmissible education grant of \$34,464 was paid.	Important	O	Receipt of evidence that UNFCCC has sought the Secretary-General's <i>ex post facto</i> approval to waive the relevant provisions of Staff Rule 3.9 (f) and ST/AI/2011/4.	31 December 2017
2	UNFCCC should: (i) implement paragraph 19 of ST/IC/2014/12/Rev.1 which requires staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; (ii) require the concerned staff members to provide, within a reasonable time, documentary proof for the flat sums for board paid to them; and (iii) deduct any flat sums paid without the required documentary proof.	Important	O	Receipt of evidence that UNFCCC has: (i) required staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; (ii) required the concerned staff members to provide documentary proof for the flat sums for board paid to them; and (iii) deducted any flat sums paid without the required documentary proof.	30 April 2018
3	UNFCCC should ensure that staff members sign form P.45 which requires full disclosure of all scholarships, bursaries or similar grants when submitting education grant claims and requests for advances against education grant.	Important	O	Receipt of evidence that staff members have signed form P.45 for education grant claims and requests for advances against education grant for the 2016-17 school year.	30 November 2017

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNFCCC in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of education grant disbursement at the United Nations Framework Convention on Climate Change

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNFCCC should seek the Secretary-General's <i>ex post facto</i> approval to waive the provisions of Staff Rule 3.9 (f) and ST/AI/2011/4 in the case of former staff to whom inadmissible education grant of \$34,464 was paid.	Important	Yes	Chief, HRU/AS	31/12/2017	<b>Aug 2017:</b> UNFCCC accepts to apply for <i>ex post facto</i> approval of the Secretary-General or his delegate to waive the relevant provisions.
2	UNFCCC should: (i) implement paragraph 19 of ST/IC/2014/12/Rev.1 which requires staff members to provide documentary proof for flat sums for board beginning with school year 2015-16; (ii) require the concerned staff members to provide, within a reasonable time, documentary proof for the flat sums for board paid to them; and (iii) deduct any flat sums paid without the required documentary proof.	Important	Yes	Chief, HRU/AS	30/04/2018	<b>Aug 2017:</b> UNFCCC accepts this recommendation.
3	UNFCCC should ensure that staff members sign form P.45 which requires full disclosure of all scholarships, bursaries or similar grants when submitting education grant claims and requests for advances against education grant.	Important	Yes	Chief, HRU/AS	30/11/2017	<b>Aug 2017:</b> UNFCCC accepts this recommendation and confirms implementation with the education grant claims from the 2016-2017 school year.

<sup>1</sup> 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.

<sup>2</sup> 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.