



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Efficiency, effectiveness and quality of services provided to beneficiaries by the United Nations Joint Staff Pension Fund (UNJSPF)

The overall high quality of service provided to beneficiaries by UNJSPF could be further enhanced through increased accountability for the benefit payment process, effective communication, efficient use of staff resource capacity and increased automation of processes

26 December 2008

Assignment No. AS2008/800/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Bernard Cochemé, Chief Executive Officer

DATE: 26 December 2008

A: United Nation Joint Staff Pension Fund

REFERENCE: IAD: 08- 02070

FROM: Dagfinn Knutsen, Director

DE: Internal Audit Division, OIOS 

SUBJECT: **Assignment No. AS2008/800/01 – Audit of the efficiency, effectiveness and quality of services provided to beneficiaries by the United Nations Joint Staff Pension Fund (UNJSPF)**
OBJET: **Assignment No. AS2008/800/01 – Audit of the efficiency, effectiveness and quality of services provided to beneficiaries by the United Nations Joint Staff Pension Fund (UNJSPF)**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 5, 6, 7, 12 and 13 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendations 3 and 4. In OIOS' opinion however, these recommendations seek to address significant risk areas. We are therefore reiterating them and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2, 4, 9, 11, 15, 16, 17 and 19), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Jaana Sareva, Secretary to UNJSPB Audit Committee
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. William Petersen, Chief, New York Audit Service, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

CONTACT INFORMATION

DIRECTOR:

Dagfinn Knutsen, Tel: +1.212.963.5650, Fax: +1.212.963.2185,
e-mail: knutsen2@un.org

DEPUTY DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

CHIEF, NEW YORK AUDIT SERVICE:

William Petersen: Tel: +1.212.963.3705, Fax: +1.21.963.33.88,
e-mail: petersenw@un.org

EXECUTIVE SUMMARY

Audit of the efficiency, effectiveness and quality of services provided to beneficiaries by the United Nations Joint Staff Pension Fund

OIOS conducted an audit of the efficiency, effectiveness and quality of service provided to beneficiaries by the United Nations Joint Staff Pension Fund (UNJSPF or the Fund). The overall objective of the audit was to assess the adequacy of and compliance with policies and procedures related to the payment of pension benefits. The audit also assessed the mechanisms for performance measurement and monitoring beneficiary satisfaction, as well as the capacity of resources to provide efficient and effective services to beneficiaries. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In general, UNJSPF provided a high quality of services to its beneficiaries. The audit, however, identified several areas for improvement relating to the measurement and monitoring of performance against benchmarks, documentation and dissemination of policies and procedures, monitoring of client satisfaction and ensuring sufficient staff resources capacity. More specifically:

- Policies and procedures needed to be fully developed and formalized to ensure the delivery of high quality services to beneficiaries in accordance with the Fund's Second Management Charter, and Quality Management and Communication policies.
- There were significant delays by member organizations in the submission of separation documents, and the Fund was not always able meet the 15-working day benchmark for processing initial benefits. In OIOS' view, there is a need for the Fund to consider introducing an interim payment of pension benefits within 60 days of separation date to avoid hardship on beneficiaries.
- Performance reports needed to be better compiled to provide for effective management reporting and more meaningful statistics to member organizations. The Fund also needed to regularly benchmark its performance with industry practices, in keeping with its Quality Management Policy.
- Administrative Rule J.2 (c), which calls for the payment of benefits in amounts not less than contribution made, was not always complied with due to the Fund's inability to effect payments in certain currencies under the existing banking arrangements.
- The Fund needed to monitor the beneficiaries' satisfaction on a continuous and systematic basis. OIOS' client satisfaction survey revealed that overall, beneficiaries were satisfied with the quality of services, but the results supported the need for improving effectiveness in a number of areas.
- The Fund needed to assess staff resource needs, including training of staff in benefits processing and related matters, increasing process automation and information technology tools, and developing a database and/or a case digest system for the storage and retrieval of complaint and appeal cases.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 - 6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Accountability framework/policies and procedures	9 - 38
B. Performance measurement mechanism	39 - 58
C. Monitoring, communication and management reporting	59 - 77
D. Resource capacity	78 - 101
E. Prior audit recommendations	102 - 103
V. ACKNOWLEDGEMENT	104
ANNEX 1 – Status of Audit Recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the efficiency, effectiveness and quality of service provided to beneficiaries by the United Nations Joint Staff Pension Fund (UNJSPF or the Fund). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The Fund was established in 1949 by the General Assembly and comprises the Secretariat, with the responsibility for the administration of the Fund, and the Investment Management Service (IMS), with the responsibility for the investment of the Fund's assets. The Fund's mandate is to provide retirement, death, disability and related benefits for the staff of the United Nations and the other 21 organizations admitted to membership in the Fund. In 2007, the annual benefit payments by the Fund amounted to \$1.6 billion, with over 55,000 periodic payments made in 15 currencies to beneficiaries in some 190 countries.

3. The core service that the Fund provides to its beneficiaries is payment of regular (monthly) benefits, lump-sums, and withdrawal settlements. The Pension Entitlements and Client Servicing Section (PECSS) at UNJSPF in New York is responsible for processing pension entitlements, including initial pension payments, lump-sums and withdrawal settlements, and for attending to clients' queries and complaints in accordance with Article 45 of the Regulations, Rules and Pension Adjustment System of the Fund (the Rules and Regulations). The Client Servicing Section at UNJSPF Geneva mirrors the functions of PECSS in the New York office. The Payments Unit of the Financial Services Section in New York is responsible for processing monthly payroll and financial monitoring, with the Financial Services Section in Geneva mirroring certain functions, as well as serving as the back-up site for business continuity and disaster recovery.

4. The Fund's objective as stated in the Management Charter for 2005 – 2007, is to deliver good quality service to various clients in line with the Quality Management and Communication policies that were adopted in 2002 – 03. The main goals and objectives of the Quality Management Policy are to: (i) enhance service to the various clients/constituents of the Fund; (ii) set clear and measurable objectives that can be evaluated based on ongoing performance reports; (iii) position UNJSPF favourably in comparison with other pension funds; and (iv) prepare for future International Organization for Standardization (ISO) 9000 certification. The strategy for quality management was to be achieved through performance, efficiency, conformity with regulations and rules and client satisfaction, and through expressed commitments to participants/beneficiaries and their respective associations and/or federations, to the Pension Board and to member organizations.

5. Sections 2 (a) to (g) of the Quality Management Policy stipulate that the commitments to beneficiaries and their associations and federations would be achieved by: (a) making procedures, forms and information simple and easy to understand; (b) paying lump-sums, monthly benefits and withdrawal settlements in a timely manner; (c) assuring regularity of pension payments; (d) listening to beneficiaries needs and consulting through questionnaires; (e) informing retiree associations; (f) responding to queries within 15 working days; and (g) responding to telephone queries immediately.

-
6. Comments made by the UNJSPF Secretariat are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to assess:
- (a) The adequacy of policies and procedures related to the payment of pension benefits, and of the internal controls to ensure compliance with them;
 - (b) The adequacy of established mechanisms for performance measurement and for monitoring beneficiary satisfaction;
 - (c) The capacity of resources to provide efficient and effective service to beneficiaries; and
 - (d) Follow-up on prior related OIOS audit recommendations.

III. AUDIT SCOPE AND METHODOLOGY

8. The methodology included the review of relevant documents including policies and procedures and interviews with key staff. OIOS performed process walk-throughs based on the process flowcharts that were recently done by a consulting firm. OIOS also conducted a customer satisfaction survey. An auditing software tool was used to generate a sample for the survey and for analyzing the results, as well as to generate the sample of customer complaints selected from the complaint log for testing the Fund's responsiveness and resolution of complaints. A sample of pension benefit payments was also tested for timeliness.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Accountability framework/policies and procedures

Significant delays in the submission of separation documents resulting in delayed initial benefit payments

9. The framework for the administration of pension benefits is set out in the Regulations, Administrative Rules, and Rules of Procedure of the UNJSPF, which are supplemented by an Administration Manual. Article 4 of the Regulations states that "the Fund shall be administered by the UNJSPF Board, a Staff Pension Committee for each member organization, and a Secretariat to the Board and to each such committee. A set of terms of reference was developed as the authority to assist the Secretaries of the Staff Pension Committees in discharging their responsibilities in relations with the Fund, their employing member organizations, participants and beneficiaries.

10. Upon separation of a participant, which is the trigger for becoming a beneficiary, the Staff Pension Committee will inform the Secretary of the participant's

last day of service and will provide such further information as required for the purpose of computing the entitlements (Administrative Rule J.1), and, to provide conditions of completion of verification for items not previously verified, checking the instructions for payment forms and notification to the Fund, in accordance with the Administrative Manual, Section E.

11. Notwithstanding these rules and regulations, the audit found that there was no clear linkage of the accountabilities of UNJSPF, member organizations and Staff Pension Committees for the entire benefit payment process. In view of the fact that control over the provision of separation documents is external to the Fund, and the associated risks to the timely payment of initial pension benefits, there is a need for setting a specific timeframe for member organizations to submit separation documents, and for establishing clear procedures for follow-up with member organizations by UNJSPF to help ensure timely submission. The current arrangements have not been effective in ensuring the delivery of timely benefit payments, and are counter-productive to the Fund's objective to meet its benchmark of processing payments within 15 days of receipt of separation documents.

12. In 2005, OIOS had conducted a horizontal audit on the submission of separation documents (AS2001/94/1) which concluded that while the responsibility for delays in the submission of documents rested largely with member organizations, there were areas where UNJSPF could improve upon, by establishing a timeframe and electronic format for submitting separation documents, better communication and training. UNJSPF partially implemented the recommendation to establish performance standards for processing benefits within 15 working days from the separation date, but did not provide clear instructions to member organizations on the timing of submission of separation documents. UNJSPF management explained that the Fund could only request such standards but has little control over a member organization's policies and procedures, and therefore they should not be held accountable for delays caused by the member organizations, which were outside of their control.

13. According to Section 2(f) of the Quality Management Policy, from the time that the Fund receives all the documents, they have a target of 15 days to deliver the first payment to the beneficiary. However, based on General Procedure # 2, the UNJSPF Secretariat initiated the countdown to delivery of entitlement payment only upon receipt of all documents from the member organizations, without taking into consideration the substantial delays that often occur prior to receipt of all documents from member organizations.

14. A review of the performance statistics of the Geneva office for the period 2004 – 2007 showed significant delays in the submission of the separation documents by member organizations, a condition that precluded the Fund from delivering on its fiduciary responsibility for beneficiaries to receive their first benefit payment with little disruption in income. Such delays could cause undue hardship to recent retirees, and should be mitigated. For example, the Geneva office's performance reports (see Table 1) for the period January to April 2008 showed that whereas the Fund generally operated within the 15 day benchmark, it took an average of 241 days, as high as 739 days, for member organizations to submit separation documents.

Table 1: Comparative analysis showing UNJSPF Geneva office processing time versus total processing time from separation date by work-type

Initial benefit type (Work type)	January – December 2007			January – April 2008		
	Days from receipt of all separation documents	No. of days: Final release after receipt of all separation documents	No. of processing days: Final release to separation date	Days from receipt of all separation documents	No. of days: Final release after receipt of all separation documents	No. of processing days: Final release to separation date
Withdrawal Settlements (310)	262	15	277	312	14	326
Residual (315)	454	12	467	710	29	739
Retirement (320)	152	15	168	104	15	119
Retirement with 2-Track (326)	32	12	44	34	15	50
Disability (330)	120	14	133	97	8	105
Death in Service (335)	440	17	456	292	29	320
Average	224	15	239	226	15	241

Recommendation 1

(1) The UNJSPF Secretariat should engage member organizations and pension secretaries in developing a strategy and formal agreements for ensuring timelier submission of separation documents, and report periodically to the Pension Board on significant delays.

15. *The UNJSPF Secretariat accepted recommendation 1 and stated that the UNJSPF, as part of its Quality Management Policy, has initiated reporting of performance statistics on benefit processing to the Fund's member organizations. Starting from 2003, the Fund provides annual performance reports as regards processing initial separation cases comprising withdrawal settlement and retirement benefits to member organizations mainly administered by New York such as the UN, the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic Commission for Latin America and the Caribbean (ECLAC).*

16. *In New York, an Excel report of open separation cases missing the Separation Notifications (PF4) is sent on a weekly basis to the UN, UNICEF (org 04 and 05) and UNDP (org 31, 53 and 73) for their review. This report can be enhanced further to include agencies and other member organizations. The Fund recognizes, as incidental to this issue, the need to make a fuller distinction between the separation code for deferred benefit or deferment of choice and normal/early retirement (deferred benefits are treated as normal retirement). With this distinction the Fund*

could go with more meaningful data to the member organizations and local Staff Pension Committees. The timely submission of separation documents will be an agenda item of the next meeting with the Staff Pension Committee secretaries in early 2009. Recommendation 1 remains open pending notification of action taken by the Fund to send weekly performance reports to agencies and other member organizations, and the outcome of deliberations on timely submission of separation documents at the 2009 Staff Pension Committee secretaries meeting.

Inadequate documentation and communication of policies and procedures

17. Internal procedures of the Fund comprise General Procedures that are promulgated by the Chief Executive Officer of the Pension Fund, and operational procedures that are promulgated by the Chief of Operations for New York, and the Chief of the Office for Geneva. Section 2(a) of the Quality Management Policy states that the quality of service provided to beneficiaries could be achieved by “making procedures, forms and information simple and easy to understand”. OIOS found that there was a need to improve policy documentation and dissemination in several areas, as outlined in the following paragraphs.

Bank charges

18. Article 47 (b) of the Fund’s Regulations states that benefits shall be calculated in United States (US) dollars and shall be payable in any currency selected by the recipient, at the rate of exchange for US dollars obtained by the Fund on the date of payment. However, the regulations and rules do not clearly specify that the Fund is only responsible for remitting payments, and that any correspondent bank charges are to be borne by the beneficiary.

19. OIOS noted that some benefit payments attracted a funds transfer fee charged by the corresponding banks. This condition of unexpected bank charges, which decrease the pension amount received by the beneficiaries, may cause dissatisfaction. On average, UNJSPF received about 5 complaints from beneficiaries per month regarding bank charges by the corresponding banks. During 2007, the Fund opened a total of 113 cases under work type 720 Bank Charges. OIOS tested a random sample of these cases and observed that some retirees had complained about incurring bank fees of up to 10 percent of their pension amount. Mainly, the complaints were filed by newly retired beneficiaries who were unaware of such charges.

20. In the view of OIOS, although the Fund deals with this matter through the Retiree Associations and the issue of bank charges is a standing matter on their agenda, as well as in the CEO’s Annual Letter, the Fund could be more proactive in informing new retirees about the potential bank charges that may be imposed by corresponding banks in the processing of their benefit payments, which has led to beneficiary dissatisfaction.

Payment of initial benefit entitlements

21. There was no policy in place for making interim benefit payments by a set time following separation date, resulting in some beneficiaries having to wait for long periods of time before receiving their first benefit payment. The liability of the Fund

begins from the date of separation. Hence, there is a need to prevent disruption of income to beneficiaries by enabling the first payment of benefits within a reasonable time following the date of separation. OIOS is of the view that the Fund should implement a policy of paying a reduced estimated benefit payment to beneficiaries within 60 days of separation (or benefit creating event). This policy shift would require the introduction of a procedural change to have staff members send in separation notice forms along with payment instructions directly to the Fund, 60 days prior to separation, in addition to, but not in lieu of, notifying their employing organization to which the separation document should be sent simultaneously. The policy shift would also require the Fund to establish appropriate controls to minimize any risks of loss to the Fund.

22. UNJSPF management believes that making payments before all documents are finalized could be complicated, as it was not a sure basis for making the payments. However, in OIOS' view, the establishment of an interim payment policy should be given priority by the Fund in order to ensure that all beneficiaries receive their benefits within a reasonable time frame to minimize hardship for those beneficiaries whose organizations cannot submit their separation documents in a timely manner.

Two-track estimates

23. Detailed procedures for providing estimates for the two-track calculations and for handling customer queries, including walk-ins and telephone calls, were not formalized, documented and communicated to relevant staff. Moreover, some procedures had not been updated to reflect the current practices. For example, two-track benefit calculation procedures needed to be updated to include the latest revision of the pension adjustment system. In OIOS' view, much reliance was being placed on the institutional memory of long serving staff. However, with the recent high turnover of staff and retirement of individuals in key areas of operations, the lack of clearly documented procedures increases the risk of inaccurate calculations and inconsistency in responding to customer queries. These conditions may also slow down the response rate and lower efficiency due to unfamiliarity with steps needed to be taken, all of which may lead to beneficiary dissatisfaction.

Repository of policies and procedures not kept up-to-date

24. UNJSPF did not have an updated repository of policies and procedures pertaining to the servicing of beneficiaries. The Knowledge Management System is deemed to serve as such repository, but it had not been updated regularly and did not contain all of the procedures. Procedures for processing various types of benefit payments were not complete, and were therefore not readily available in the Knowledge Management System to staff responsible for processing benefit entitlements and payments, and attending to beneficiary queries.

Recommendations 2 to 4

The UNJSPF Secretariat should:

- (2) Establish and document standard operating procedures for all areas of benefit processing including two-**

track processing, and client servicing, ensuring that they are formalized, updated regularly and readily available in the Knowledge Management System to the relevant staff;

(3) Take a more proactive approach in informing the beneficiaries about their responsibility for bank charges that may be imposed on the remittance of their pension payments in accordance with Article 47 (b) of the regulations; and

(4) Implement a policy of making an interim reduced benefit payment to beneficiaries within 60 days of separation (or benefit creating event) to minimize disruption of income to beneficiaries.

25. *The UNJSPF Secretariat accepted recommendation 2 and stated that a number of standard operating procedures on benefit processing, including client servicing, are already in existence, although it is recognized that some of them may be in need of updating as changes are implemented. Updating current benefit processing procedures for inclusion in the Knowledge Management System is an on-going project and is part of the Fund-wide training initiative. Recommendation 2 remains open pending the development of standard operating procedures for two-track processing, the updating of those procedures relating to client servicing, and the inclusion of the same in the Knowledge Management System.*

26. *The UNJSPF Secretariat did not accept recommendation 3, stating that the Fund can only confirm that for the currencies which it has set up as payroll currencies (with the exception of CFA payments), remittances should be received without deduction of fees, but even then, in isolated cases some beneficiary banks seek to impose administration fees for the crediting of a payment originating outside local clearing systems. Information is already provided by the Fund through its ongoing interaction with retiree associations and information in the CEO's Annual Letter. This issue is also discussed during the annual meeting with Federations of Associations of Former International Civil Servants (FAFICS) and the written resume of those meetings serve to raise general awareness of the issue. OIOS is of the opinion that UNJSPF should consider sending a one-time communication to all beneficiaries clarifying the Fund's policy regarding bank charges, and ensuring that all new beneficiaries are officially informed in writing of this policy. Recommendation 3 will remain open pending action by the UNJSPF to formally inform the beneficiaries about the Fund's policy on bank charges.*

27. *The UNJSPF Secretariat did not accept recommendation 4, stating that the Fund has a streamlined process that requests only a separation document, benefit election and payment instructions. Without any of these documents, it would not be prudent or feasible to initiate any payments. Additionally the Fund is not able to make payments unless it is in receipt of separation documents. In any case, there are several reasons why this recommendation cannot work: (a) Current system limitations need to be considered - introducing a major change to PENSYS at this point seems inefficient; but also (b) This would mean double work and reconciliation (initial calculation and final calculation); (c) There would be an enormous potential for error in interim benefit processing - duplicate payment, partial calculation remaining*

incomplete, etc.; (d) Double bank charges would be levied by making two payments; (e) Confusion for the beneficiary since an interim payment would not match any estimate that would have been provided, which will result in more complaints, inquiries, etc. Moreover, there is often good reason for the delay in the member organization and in the Fund. Indeed, the delay may be deliberate in cases if there is a suspicion of fraud. The Fund is not accountable for delays with member organizations, and it pays quickly when all is in order.

28. OIOS maintains that beneficiaries' initial pension benefit payments should not be delayed by factors beyond their control, and that such delays may cause the beneficiaries undue hardship associated with the interruption of their income. OIOS is also of the view that this good practice, which is already in place in many public and private pension schemes, could be implemented by UNJSPF with proper planning and preparation, if such a policy was deemed to be beneficial to the welfare of the member organizations' participants. UNJSPF should also consider this recommendation to ensure that the new pension adjustment system will have the capability to accommodate interim payments. Recommendation 4 remains open pending the implementation of a policy for interim reduced payments to beneficiaries within 60 days of their separation.

Risk of non-compliance with rule J.2 (c) when processing withdrawal settlements

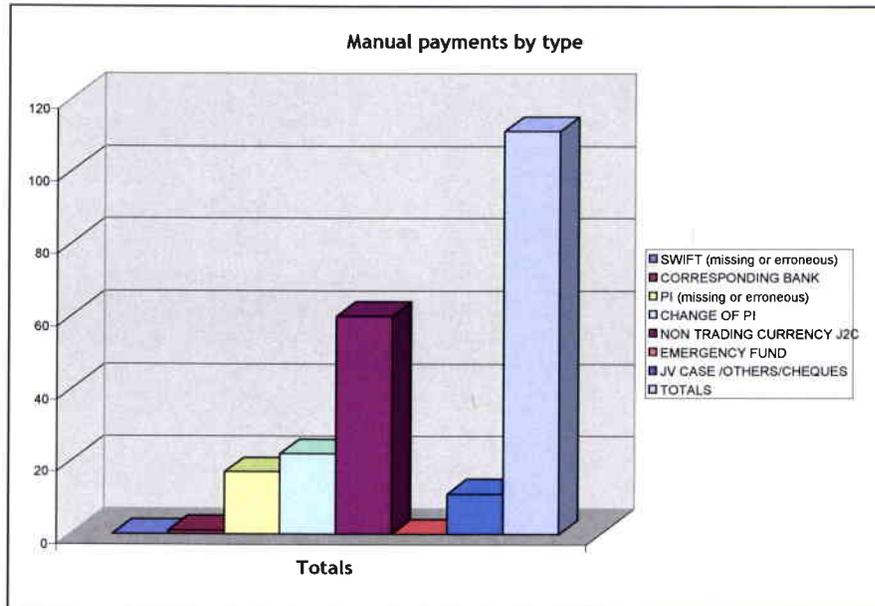
29. Section 2(b) of the Quality Management Policy requires payment of lump-sum monthly payments and withdrawal settlements in a timely manner. UNJSPF management reported that due to the continuing decline of the US\$, most withdrawal settlement for General Services (GS) participants for periods of contribution of less than five years fell under Section J of the Administrative Rules: Computation and Payment of Benefits, J.2 (c), which stipulates that "in the case of a participant whose remuneration under the terms of appointment was expressed in a currency other than dollars and who selects such currency for the payment of a withdrawal settlement under article 31(b)(i), the Chief Executive Officer shall be authorized [as an incident of making payment under article 47(b)] to make such payment at a rate of exchange which will ensure that the amount paid to the participant shall not be less than the amount deducted from his remuneration for the purpose of article 25."

30. OIOS reviewed the monthly performance reports produced by the Geneva office for April and May 2008 and took note of management's comments that the payments of these withdrawal benefits in the currencies requested by the beneficiaries, were often not executable and required manual payment in US\$ counter value. Management had also indicated that in some cases, the amount finally paid was lower than the sum of the personal contributions that was in non-US\$ currencies, at the risk of violating rule J.2 (c). Furthermore, the Fund is not able to determine the actual amount in local currency received by the beneficiary. At the time of reporting, the Geneva office reported processing 71 J.2 (c) cases from January to June 2008.

31. The performance reports also showed the types of manual payments (see Figure 1) processed by the Geneva office, many of which had been returned by the Fund's paying bank for reasons such as missing swift numbers, correspondent bank information, erroneous account, etc. These payments had to be reprocessed manually, resulting in delayed payments and beneficiary dissatisfaction. For the month of April

2008, over 60 per cent of manual payments issued [May 2008: these accounted for 70 per cent] were on account of the Fund's primary bank's inability to issue payments in the selected currencies, for example, Franc de la Communauté Française d'Afrique [franc of the French Colonies of Africa (FCFA)] currency. The inability of UNJSPF to make benefit payments in a timely manner because of non-tradable currencies is a concern that needs to be addressed. In addition, the manual processing of payments is time consuming, prone to errors and consumes already scarce staff resources.

Figure 1: Manual payments in the Geneva office as at April 2008



Recommendations 5 and 6

The UNJSPF Secretariat should:

- (5) Ensure compliance with administrative rule J.2 (c) that provides for the payment of withdrawal settlement benefits in all currencies, in amounts not less than the respective amounts contributed by beneficiaries; and
- (6) Explore ways to reduce the level of manual payments.

32. *The UNJSPF Secretariat accepted recommendation 5 and stated that the Fund takes all measures to comply with the provisions of the Pension Regulations. In the case of J.2 (c) payments, the staff is aware of the need to respect the minimums applicable regarding the amount deducted from remuneration. However, this requires what is referred to as the J.2 (c) test to be applied and is therefore dependent upon the careful attention of calculator, auditor, and releaser. The Fund is aware of one case where an underpayment was made and will consider ways to make good the shortfall. It should be pointed out that the case in point arose in part because of a technical*

constraint over payments being made into the country in question, which meant that the usual flag in the system regarding the J.2 (c) test was suspended. The Fund is not aware of other instances. Based on the response provided and noting the difficulty the Fund would have in determining whether an underpayment may have occurred in any other cases, recommendation 5 has been closed.

33. *The UNJSPF Secretariat accepted recommendation 6 and stated that as a general rule, unless in exceptional circumstances: e.g., armed conflict, political unrest, or breakdown of banking system, the Fund seeks to minimize the number of manual payments. Based on the explanation provided, recommendation 6 has been closed.*

More frequent review of new disability cases needed

34. Article 33 (b) of the UNJSPF Secretariat Regulations and Rules states that "The benefit shall commence on separation or, if earlier, on the expiration of the paid leave due to the participant." New disability cases were reviewed by the Fund (for UN Headquarters, UNHCR, and UNICEF) and the local Staff Pension Committees, on average, every six months. This practice may result in a beneficiary waiting several months before their cases are reviewed, contrary to intent of Article 33 (b). The infrequent review of new cases could result in disruption of income to beneficiaries and possibly cause undue hardship. Furthermore, the electronic tracking of disability cases could be improved. OIOS polled the Association of Public Pension Fund Auditors regarding their respective agencies' policy on disability cases and, based on the 24 responses received, the practice is to conduct monthly review of disability cases.

35. *The UNJSPF Secretariat stated that as per article 33, illness or injury constituting an impairment to health needs to be permanent or of long duration and therefore the cases are well known in advance (extensive use of sick leave entitlements) by Human Resources offices and the Medical Service who make recommendations to the Staff Pension Committees to award the disability. These recommendations are normally made, and the benefit awarded, well before the person has separated from service and used all his/her sick and annual leave entitlements. No staff members need to incur any financial hardship, as Section 4 of ST/AI/1999/16 (which sets the procedure for submissions) provides that staff are placed on special leave with half pay until the UN Staff Pension Committee (UNSPC) decision. The same policy applies in other member organizations. The Secretariat is not aware of any individual cases where the periodicity of Staff Pension Committee meetings, which was standardized exactly to streamline the case administration and regularize meetings to facilitate on-time submissions, would have caused undue hardship for beneficiaries. The Secretariat consulted UNSPC on the frequency of UNSPC meetings on 19 November 2008 (305th meeting) and the Committee stated that "as it was not aware of any instances of hardships as a result of its meetings being held twice per year, it would retain the current arrangement. However, the Committee decided to keep the matter under review as and when needed. It was noted that the current arrangement is resulting in a systematic approach to the management of cases with the UN organizations covered by the UNSPC." OIOS takes note of these comments and acknowledges the Fund's efforts to consult with UNSPC on the issue, which has decided to keep the matter under review.*

Delays in processing emergency fund cases

36. The 1973 Pension Board meeting created an emergency fund to be utilized to provide beneficiaries financial assistance when faced with unforeseen hardship relating to illness, death etc. OIOS tested the 57 cases closed in 2007 and 2008 for timeliness. These cases were processed by the Client Service Section, and according to the nature of the requests, needed to be dealt with expeditiously.

37. OIOS found that the emergency fund cases (work type 970) were not processed in a timely manner, although such cases should be given priority. OIOS' review showed that there were two cases dating back to 2005 that were open for 1216 and 872 days, respectively; and 18 cases dating back to 2006 were open for up to 820 days. Of the 32 cases processed in 2007, there were 11 cases were open for over 300 days.

Recommendation 7

(7) The UNJSPF Secretariat should ensure that emergency fund cases are processed in a timely manner, and cases closed to reflect this status.

38. *The UNJSPF Secretariat accepted recommendation 7 and stated that the Fund has always tried to process emergency fund cases on a priority basis. However, staffing constraints/changes may have resulted in delays in the past in processing of emergency fund cases, but most delays are occasioned by failure to provide appropriate documentation. Emergency fund cases are now given top priority. Based on the response provided by UNJSPF, recommendation 7 has been closed.*

B. Performance measurement mechanism

Performance measurement and reporting need to be improved

39. OIOS found that the performance measurement system used within the Fund centered on monthly performance reports submitted to the CEO. OIOS reviewed monthly performance reports for 2007 and noted that there were inconsistencies in their content from month to month, and that they did not contain any information or analysis on customer complaints. For example, there were no detailed activity reports by the Pension Entitlements and Client Services Section (PECSS) for the months of June and July; the reports contained only graphs and some statistics. Also, there was no October activity report from the Payments Unit.

40. Performance statistics provided to member organizations also needed to be improved: the criteria for calculating the internal 15-day benchmark for processing benefit was not clearly communicated to the member organizations and beneficiaries to enable proper interpretation of the performance statistics. The statistics were distorted by the practice of keeping Work type 901 cases (beneficiaries' complaints) open after they have been processed. The Geneva office had begun follow-up exercises with UNHCR and the World Health Organization (WHO), but needed to extend these exercises to all member organizations on a quarterly basis.

41. Furthermore, the performance statistics provided to member organizations allow for comparison with the average aggregate performance statistics for all member organizations submitting separation documents to the Geneva office, which is an ineffective benchmark since most organizations have long delays in submitting documents (Table 1 refers). While UNJSPF was able to process initial benefit payments on average between 14 and 15 days, the individual performance reports of member organizations for 2007 also showed delays for the highest seven member organizations ranging from 275 days to 609 days, compared to the overall average of 263 days.

42. The methodology of using the same data classification for three types of retirement benefits – normal, early and deferred retirement benefits – under work type 320, distorted the average period provided in the statistics. The calculated periods for deferred retirement benefits were very long compared to those for normal and early retirement. In the case of a deferred retirement benefit, the period is calculated between separation date and the date that the participant takes a decision for deferment or the date that the retirement benefit will be deemed to become a deferred retirement benefit after 36 months, and only at that time would the related work type 320 be ‘closed’. Therefore deferred cases generally have ‘long’ periods between dates of separation and when all documents are received, compared to much shorter time periods for normal and early retirement cases.

43. In the view of OIOS, there is a need to analyze the effect on the statistics of including deferred retirement benefits in the work type 320 cases. At the time of reporting, the Geneva office indicated that it was in consultation with the New York office to resolve this matter.

Recommendations 8 to 10

The UNJSPF Secretariat should:

(8) Enhance its performance reporting system to include information and analysis on customer complaints, ensuring that performance reports are prepared consistently by all departments involved;

(9) Monitor and analyze the performance statistics of member organizations regarding the submission of separation documents on a quarterly basis and provide clear interpretation of the statistics against internally developed benchmarks; and

(10) Review the calculation methodology used for performance statistics of member organizations, including creating a separate work type code for deferred retirement benefits, to ensure more meaningful performance reports.

44. *The UNJSPF Secretariat accepted recommendation 8 and stated that the UNJSPF is examining the use of a Customer Relationship Management (CRM) tool to*

enhance its services to its clients. One key area to be enhanced is the means for clients to submit questions and comments to the Fund. Clients will be offered a dropdown menu with subject categories; one category will be focused on customer complaints. Messages submitted under each category and subcategory will be submitted to the relevant office; each case will be assigned a tracking number so it can be traced and reported on throughout its lifespan. The CEO requested the Chiefs of PECSS and the Geneva Office to include a section on complaints in their monthly reports. Recommendation 8 remains open pending implementation of the CRM tool and receipt of the revised monthly reports from the Chiefs of PECSS and the Geneva Office including a section on complaints.

45. *The UNJSPF Secretariat accepted recommendation 9 and stated that part of the expected functionality of the data warehouse is the ability to create more meaningful reports that can be generated with less effort and therefore more frequently, and holding more detail and meaningful information. At present, the full implementation of the data warehouse is postponed in anticipation of the procurement of a business intelligence tool which is pending procurement action by the UN as part of a coordinated approach. Recommendation 9 remains open pending implementation of the data warehouse functionality capable of generating more meaningful performance reports.*

46. *The UNJSPF Secretariat accepted recommendation 10 and stated that it recognizes that as a consequence of Article 32, certain statistics can be skewed. It is examining ways to improve the processing of Article 32 cases that will remove the period between the time the initial deferment instruction is received and a benefit election is made. Recommendation 10 remains open pending action by the Fund to improve the calculation methodology for the Article 32 cases through the removal of the period between the time the initial deferment instruction is received and a benefit election is made.*

Inadequate benchmarking and monitoring of industry best practices

47. The commitment to quality management and quality assurance by the Fund's management is evidenced by the Quality Management Policy that was developed in 2002-03. One of the goals of this Policy is to position UNJSPF favourably in comparison with other pension funds, and to stay informed of the industry's best practices in the field of pensions. OIOS found, however, that the Fund did not regularly benchmark its performance with the industry practices, in keeping with the objective set forth in the Quality Management Policy. UNJSPF management indicated that it plans to engage a company that specializes in benchmarking public and private pension funds for consulting in this area.

Recommendation 11

(11) The UNJSPF Secretariat should develop a plan for regular benchmarking of the Fund's performance with other public pension funds, assign the benchmarking functions to a designated staff member, and formalize the related procedures as part of the Quality Management Policy.

48. *The UNJSPF Secretariat accepted recommendation 11 and stated that this need was recognized in the Whole Office Review. The UNJSPF acknowledges the need to enhance its benchmarking functions and has started the recruitment of a P-3 who will be the designated focal point and contact assigned to work closely with an external provider specialized in Pension Administration Benchmarking. Recommendation 11 remains open pending the establishment of a framework to conduct regular benchmarking of the Fund's administration activities.*

Delayed benefit payments

49. General Procedure # 2 of UNJSPF states that payments of new benefits should be effected within four weeks from the date of receipt of the required documentation. The Second Management Charter (2005-2007) states that one of management's objectives is to process all benefits within 15 working days. OIOS noted that these benchmarks were not always complied with, which could lead to beneficiary dissatisfaction.

50. In three of ten cases reviewed (see Table 2), the Fund took longer than 45 days from the "All Documents Received Indicator" to process work type 330 and work type 420 benefit payments, which resulted in disruption of income to beneficiaries.

Table 2: Processing time for benefit payments

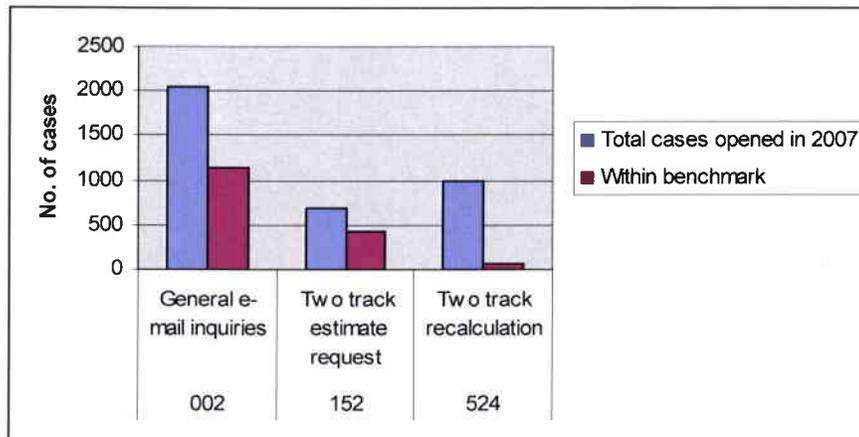
Work Type	Pen #	Separation Date	Doc Received Date	Release Date	Aging (Rel-Doc Rec'd)
Initial Disability (330)	157181	20/02/2004	23/05/2007	09/07/2007	47
Revised Retirement (420)	77490	31/07/2005	09/01/2006	18/12/2007	708
Revised Retirement 420	65710	28/02/2006	09/11/2006	03/04/2007	145

Two-track estimate and recalculation turnaround time not met

51. The requirements of the Quality Management Policy to process all cases within 15 working days had not been fully complied with. Information from the PENSYS system shows that during 2007 the Fund received 681 requests from beneficiaries to provide two-track estimates. As shown in Figure 2, approximately 63 per cent (429 cases) of the two-track estimates were provided within the 15 calendar day benchmark, but it took over 60 days to process approximately 11 per cent of the requests (76 cases).

52. Processing times for the two-track recalculation were also reviewed during the audit. During 2007, the Fund opened 989 cases (see Figure 2) for changes of the two-track benefit option [recalculation], out of which only approximately six per cent of the cases were processed within the benchmark time. More than 94 per cent of cases received during the year were delayed in processing, thus not meeting the benchmark. Information from PENSYS shows that as of 31 December 2007, there were a total of 641 open cases for the two-track conversion. Out of these, 79 cases (approximately 12 per cent) had been outstanding for over 60 days, with 15 outstanding for over 300 days.

Figure 2: Actual case processing time vs. benchmark in the New York Office



53. The client service representatives informed the beneficiaries that, in practice, the processing time for the two-track recalculation was five to six months from the date of submission of the PENSYS E10 application form for the declaration of country of residence. UNJSPF management commented that the two-track benefit process is a complex operation because of the need to calculate the effect of currency fluctuations, which resulted in significant increases in workload, but recognized that not all staff in PECSS had the expertise to process the backlog of cases in a timely manner. The Fund defines a backlogged case for regular benefit payment from the effective date of payment, while for a work type 524 (two-track cases) it is from the quarter following receipt of the E10 form and proof of residence.

E-mail queries and complaints follow-up were not timely

54. For complaints or serious issues raised by both beneficiaries and participants, a work type 901 is opened in PENSYS and the case is normally assigned to the Chief of Operations. Often this work type triggers other work types to be opened to resolve the underlying issue. OIOS observed that the total number of complaints (14 cases outstanding as of 31 December 2007) was insignificant compared to the number of beneficiaries of the Fund. Nevertheless, work type 901 cases remained open and pending although the cases had been resolved and related actions had been completed. This condition gives a misleading picture of the Fund's performance in addressing beneficiaries' complaints. Each work type 901 case should be closed in the system to correctly indicate that the action has been taken and the issue has been resolved.

55. For e-mail queries from both beneficiaries and participants, a work type 002 is opened in PENSYS and the case is assigned to a responsible individual. Figure 2 shows that during 2007, the Fund received a total of 2,055 e-mail queries from beneficiaries. Approximately 56 percent of all work type 002 cases were closed within the benchmark processing time of 15 working days. However, 905 (44 percent) of these closed cases were processed in more than 15 working days, thus not meeting the benchmark. As of 31 December 2007, PENSYS showed a total of 173 cases open for general e-mail queries, of which 136 (79 per cent) had been outstanding for more than 15 days.

56. In the Geneva office, all incoming mail was vetted by the Chief of Client Services, Records Management and Distribution Unit (CSRMU) and passed on to the staff for codifying, scanning and validation, in the Ascent Capture system. The office sought to respond to queries within 24 hours. Clients coming in person were seen primarily by appointments, for which an electronic appointment schedule was maintained. However, there was no mechanism for analyzing queries with a view to informing about the level of client satisfaction.

Recommendations 12 and 13

The UNJSPF Secretariat should:

(12) Make every effort to comply with the internally established benchmarks of 15 working days for processing payments to new beneficiaries, and for addressing queries and complaints; and

(13) Review all work type 901 cases that are marked as outstanding in PENSYS, and close those for which appropriate action has been taken in order to reflect the accurate status of the case and improve performance statistics.

57. *The UNJSPF Secretariat accepted recommendation 12 and stated that it does make every effort to comply with the established benchmarks according to the Fund's Quality Management Policy. Performance in both PECSS and the Geneva office are reported against quality measures each month to the CEO. However, resource constraints, sudden bottlenecks because of increases in one particular area (e.g. two track), the complexity of investigation (e.g. non receipt of payment), or complaint (e.g. bank charges), makes meeting the benchmark a challenge. Moreover, amongst a population as diverse, elderly and wide-spread, meeting performance expectations all the time, every time, is highly demanding. It has to be recognized that meeting the benchmark in all cases is not possible. Based on the explanation provided by the UNJSPF, recommendation 12 has been closed.*

58. *The UNJSPF Secretariat accepted recommendation 13 and stated that work type 901 has been abolished and it is expected that case status data will improve in accuracy. Based on the action taken by the UNJSPF, recommendation 13 has been closed.*

C. Monitoring, communication and management reporting

Monitoring and analysis of beneficiary satisfaction needs to be improved

59. Overall, there was not a proper system in place to monitor queries and complaints, a condition which UNJSPF management expects to address as part of its Customer Relation Management project planned for the 2010-2011 budget.

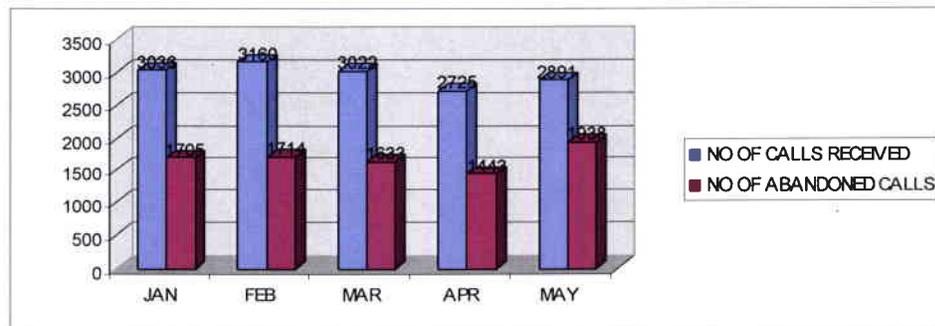
60. CSRMU, within the PECSS, is the primary contact point for the beneficiaries of the Fund. CSRMU attends to queries and/or requests from the participants and

beneficiaries who walk-in to New York office of the Fund and to written queries sent via e-mail as well as to telephone calls. Telephone calls coming into the Client Services Unit in New York are routed via the Automatic Call Distribution system managed by the Information Technology Services Division (ITSD) of the United Nations Secretariat.

61. Complaints received by telephone were not systematically monitored and logged, as the Ascent system did not have a separate work type for beneficiary complaints. Moreover, there was no clear criterion for opening a work type to record the specific complaint in the system; the opening of cases was left to the judgement of the CSRMU staff. CSRMU did not review and analyze on a regular basis the daily statistical reports from ITSD, and not all the features of the system were fully utilized to benefit and improve client service. As a result, management may not have a complete and up-to-date picture of the volume of workload that CSRMU is facing.

62. OIOS obtained the Automatic Call Distribution reports for the months of January to May 2008 and analyzed the volume of telephone calls (see Figure 3). On average, CSRMU received 3,000 telephone calls each month out of which only 1,600 were answered. In other words, 57 percent of all telephone calls to the Fund were not answered by the client service representatives due to unavailability of staff. The longest average time the callers had to wait for the line to be answered was approximately 40 minutes. The above factors are indicative of the lack of resources dedicated to handling customer calls, which UNJSPF management plans to address once the professional staff, currently under recruitment, comes on board.

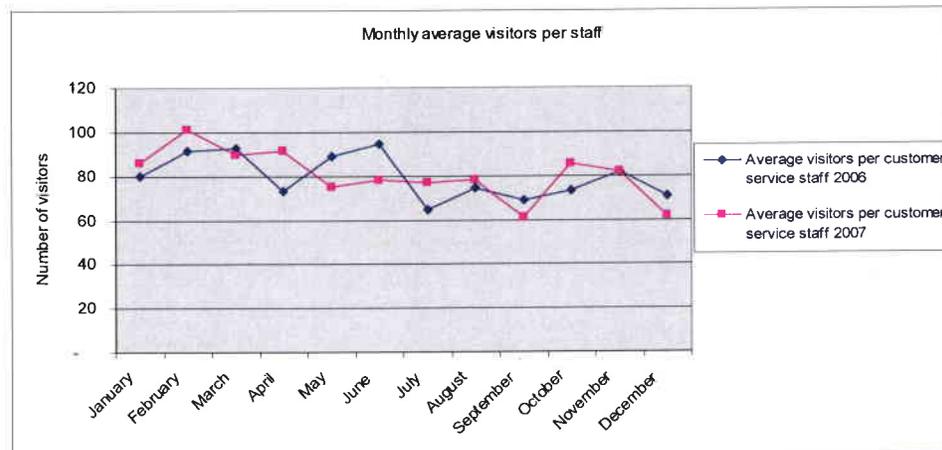
Figure 3: Unanswered calls vs. total calls received through the Automatic Call Distribution system for the period January to May 2008



63. The CSU in the Geneva office planned to implement an interactive voice response (IVR) system in June 2008 to enhance the handling of telephone calls. The flow chart for the IVR system shows that calls will be directed to four experienced staff in the areas queried. A potential bottleneck exists due to the small pool of experts to address all areas of the benefit payment process, conditions that could still result in slower than expected response rate to telephone calls. At the time of audit, the testing and fine tuning of the IVR project was being done to validate the prompts and initial website appraisal. Following the tests, a series of enhancements were requested from the United Nations Office at Geneva (UNOG). At the time of reporting, management indicated that the system has been fully implemented.

64. OIOS reviewed the visitor logs for 2006 and 2007 (see Figure 4) to assess the level of staffing in the client service area and observed that there were no significant changes in the number of participants and beneficiaries seeking advice at PECSS in New York office. On average, client service staff serviced three visitors per day both in 2006 and 2007, and such workload for walk-ins appeared to be reasonable.

Figure 4: Monthly average visitors serviced per staff member in the New York office in 2006



65. UNJSPF informed OIOS that as soon as a full staffing complement (at the professional level) is on board in New York, the CSRDMU intends to undertake a full review of its work processes to see how services could be further improved, including introducing a Client Relationship Management system. The IVR system in Geneva is relatively new and thus far, informal feedback does not suggest any major issues for users. More formal reviews will be completed over time. In light of the information provided by UNJSPF, no recommendation is raised.

A case digest for appeal cases could improve efficiency of the appeals process

66. As outlined in the Quality Management Policy, one of the measurable indicators of beneficiary satisfaction is the number of appeal cases brought to the Standing Committee and eventually to the United Nations Administrative Tribunal (UNAT). In accordance with the UNJSPF Administrative Rules, active participants would at first need to request a review of an administrative decision concerning the alleged non-observance of the UNJSPF Regulations by their respective Staff Pension Committee. If the participant is not satisfied with the outcome of the review undertaken by the Staff Pension Committee, she/he may appeal the Committee's decision to the Standing Committee of the Board. The appeal would be considered in the first instance by the Standing Committee, acting on behalf of the Pension Board. An appeal of a decision of the Standing Committee to UNAT is also available to beneficiaries in accordance with the Statute and Rules of the Tribunal.

67. There were approximately three to four appeal cases brought to the Standing Committee each biennium, which is insignificant considering the number of retirees. During the period from 2000 to 2006 there were a total of ten cases brought to UNAT out of which eight were rejected, and in two cases, the Tribunal ruled for the

participants, citing a departure from the Regulations and Rules. These statistics are indicative of the high quality of the services and administrative decisions taken by the Fund. However, the Fund did not have a case digest system where all appeal cases and their outcomes could be stored for easy reference, hence there is no repository of knowledge and experience relating to appeal cases. Records of prior appeal cases and rulings on these cases could serve as a legal framework when dealing with similar cases in the future, thus increasing the efficiency of the process.

Recommendation 14

(14) The UNJSPF Secretariat should implement a case digest system as a repository of appeal cases and rulings for use by the United Nations Administrative Tribunal and the UNJSPF staff.

68. *The UNJSPF Secretariat accepted recommendation 14 and stated that this is one of the objectives of the Legal Office, identified in the 3rd Management Charter. The scope of the project, as well as the required resources, would need to be first determined and agreed to, after which the implementation will start in 2009. Recommendation 14 remains open pending the implementation of a case digest system.*

Client satisfaction surveys were not effectively carried out and analyzed

69. In accordance with the Quality Management Policy, "for the Fund, quality policy should encompass more than mere efficiency of its processes and procedures. Because its ultimate mission is to deliver services..., the Fund should establish how its clients can be served. One possible way to achieve this objective is to continuously monitor the gap between quality offered and expected by its clients by means of surveys, questionnaires and direct contacts."

70. UNJSPF did not monitor the beneficiaries' satisfaction on a continuous and systematic basis, which posed the risk of a decline in the quality of services provided. Although the New York office had conducted client satisfaction surveys over the past several years, the results had not been analyzed to provide meaningful information to management. OIOS analyzed the actual surveys for years 2002-2008 that were collected by UNJSPF from beneficiaries visiting the New York office. During this period, a total of 393 survey forms were filled out by the beneficiaries. From the review and analysis of the survey results, OIOS established that on average, 69 percent of the respondents found that the level of services provided by the Fund was excellent, and 72 per cent of the beneficiaries thought that the customer service assistants did an excellent job in attending to their questions. Only one per cent of the beneficiaries were dissatisfied with the level of customer service.

71. The Geneva office had launched a client satisfaction survey in April 2008. The office reported that of the 38 visitors who completed the survey, which deals with two main areas (reception and quality of services) the average satisfaction score was 90 per cent, with the weakest item being telephone availability (80 per cent) and the strongest being the relevance of information provided (95 per cent).

72. As part of the audit, in June 2008, OIOS conducted a client satisfaction survey in both English and French, covering the areas of benefit payments, information technology (IT) systems/tools, website and queries, and sought suggestions for improvement. A representative sample of 116 was randomly determined from the universe of the 2007 Certificate of entitlements listing, using a software tool. Of the 397 surveys issued, a total of 160 responses were received, which was a response rate of over 40 per cent. Of the total respondents, 81 per cent were regular retirees, 15 per cent surviving spouse, and 2 per cent were on disability. Sixty nine per cent of the respondents were being serviced by the New York office and 27 per cent by the Geneva office; the other 4 per cent did not respond to this question.

73. A total of 10 survey envelopes were returned to sender undelivered, and two retirees indicated that they had not received the most recent certificate of entitlement. These cases require the urgent attention of the Fund. OIOS provided UNJSPF with the names of the beneficiaries concerned for review and follow-up.

74. The survey results revealed that 86 per cent of the respondents were generally satisfied/very satisfied with the level and quality of services, and 97 per cent indicated that they usually received timely monthly payments. The survey also showed that 36 per cent [58] of the respondents contacted UNJSPF in the last 18 months, with some beneficiaries indicating that they did so regarding more than one type of service. Therefore, there were 76 responses that addressed specific types of services received by the beneficiaries, mainly including 34 per cent [26] related to the certificate of entitlement (CE) process, 32 per cent [24] about the normal retirement benefit payments, 9 per cent [7] on the two-track benefit, and other types of services accounted for 25 per cent [19]. The beneficiaries contacted UNJSPF by one or more means; most (37 per cent [32]) of the respondents used email; mail (31 per cent [27]), telephone (21 per cent [18]), while others, including walk-in and appointments accounted for 9 per cent [9].

75. In terms of their experience with UNJSPF, the survey results highlighted that while 85 per cent [132] respondents were satisfied/very satisfied with information on their benefit entitlement upon retirement, 6 per cent [9] were dissatisfied/very dissatisfied with the information provided. In terms of the level of satisfaction with the information provided on adjustments to benefits, 4 per cent [7] were dissatisfied/very dissatisfied, while 87 per cent [135] were satisfied/very satisfied; the remainder did not express an opinion or were neither satisfied nor dissatisfied. Sixty-nine per cent [111] were satisfied/very satisfied with the CE exercise, and 44 per cent [70] were satisfied/very satisfied with the two-track benefit payments processes. The survey results also showed that 68 per cent [109] had not used the website in the last 18 months. Of the 45 beneficiaries who had used the website, 92 per cent [42] were satisfied/very satisfied with the ease of use of the website and 67 per cent [35] were satisfied/very satisfied with the sufficiency of information and the ability to find information on the website. Only 2 per cent of the respondents indicated that they were dissatisfied, and the remainder did not express an opinion.

76. Comments from the respondents included the following: (a) while the Fund responded predictably to inflation by way of the cost of living adjustment, it did not satisfy members who were hit hard by the ongoing rise in food and energy prices; and

(b) the Fund needs to: (i) expedite mailing of the annual letter; (ii) encourage retirees to use the national associations of former UN Civil Servants as partners in solving pension problems; (iii) designate a senior officer for communication of queries from overseas retirees; (iv) be more flexible in the CE process by allowing, for example, agencies of the country where retirees live to certify that they are alive; (v) address the seeming understaffing issue; and (vi) receive communications in French and Spanish.

Recommendation 15

(15) The UNJSPF Secretariat should implement procedures for the continuous monitoring of beneficiary satisfaction, and for conducting periodic client satisfaction surveys of beneficiaries, analyzing and capturing the results to identify appropriate improvement measures.

77. *The UNJSPF Secretariat accepted recommendation 15 and stated that a client satisfaction survey is already in place for walk-in clients in both offices. Recommendation 15 remains open pending the implementation of periodic satisfaction surveys across the beneficiary universe, to supplement the current practice of surveying walk-in clients, which may not be representative of the Fund's client base.*

D. Resource capacity

Inadequate staff resources capacity renders the delivery of service less than efficient

78. The lack of sufficient staff resources within the core functional areas of the Fund to carry out both the current workload and to reduce the high level of long outstanding cases has resulted in long benefit processing times in both the New York and Geneva offices. Insufficient resources were cited by management of the New York office as one of the main reasons for not being able to process benefits and monitor long outstanding work types. Staff mobility and retirements have resulted in vacancies in the core functional areas of the Fund which, together with the lack of sufficient formal training in the benefits processing, could result in the delivery of less than optimal quality services, which has implications for beneficiary satisfaction. UNJSPF management indicated that it will seek to address the staffing issue in the 2010-2011 budget.

79. A new organizational structure of the Geneva office that was put in place in 2007 reflects the split between the Finance and Information Systems (FISS), as recommended in a prior OIOS audit recommendation. In the case of the Geneva office organizational structure, a lack of adequate segregation of duties existed whereby the Legal Officer, IT Officer and Chief of Clients Service and Records Management Section were involved in both the finance and benefit payment functions. The Chief of Client Services and Records Management Section had been acting as officer-in-charge of the Finance Unit, and the Former Chief, FISS, who is now the IT Officer, was certifying the weekly vouchers. Management attributed these conditions to the insufficiency of staff resources.

80. There is a need to develop a short term plan to increase staff resources to address open cases. A review of performance statistics showed that the Geneva office, although on average met the processing times for benefits, had not been able to decrease the number of backlog cases. Management attributed this to the lack of sufficient staff resources to carry out the current workload and the high level of long outstanding cases. For the Finance Unit, there were four posts (one Professional Post (P-3) and three General Service (GS) posts), but only one GS post was occupied part-time within the Finance Unit, as due to the high volume of work and shortage of staff in Pension Entitlement Section (PES), the other three staff were functioning in that area. Therefore, the Finance Unit may not be adequately staffed and trained to deal with current workload and to enable the Geneva office to provide back-up support if called upon in the event of a disaster.

81. OIOS also found a lack of adequate formal training at the Geneva Office in the benefits processing area. An internal training programme was established in March 2008, but there was no documented evidence that the staff had been trained in pension fund related matters. Based on the training track, it could take up to three years for the new GS recruits to be operationally ready to perform effectively. Of the total (12) approved posts, seven were filled by new recruits in the PES, Finance and Client Service areas. The implementation of the training plan may be hindered by the volume of work in the Geneva office, given the large number of open cases.

Recommendation 16

(16) The UNJSPF Secretariat should review the current workload statistics and perform trend analysis to determine whether additional resources should be sought to resolve the case processing time lag, while efficiently carrying out current tasks.

82. *The UNJSPF Secretariat accepted recommendation 16 and stated that workload statistics are reviewed on a regular basis at different levels and in different contexts. Monthly activity reports are provided to the CEO from all areas, including Operations. They include specific reference to workload and the extent to which quality standards are being met. The Fund will request additional staff resources in the 2010-2011 Budget. Recommendation 16 remains open pending notification of the results of the workload review and actions taken to address processing time lags.*

Management of processing, performance monitoring and web application systems could be further enhanced

83. Increased automation of benefit payment process and better management of IT tools could enhance the effectiveness in delivering quality service, regarding automatic closing of all work types in PENSYS once certified, updating the CE tracker, establishing a central repository of policies and procedures pertaining to servicing of beneficiaries, a digest where all appeal cases are stored and a management information system that, unlike the current Operations Information System, would be supported by the Information Management Systems Section (IMSS) to ensure the accuracy integrity of the data. UNJSPF management indicated that some of these

projects were included in the planned IT initiatives, which would be implemented as prioritized by IMSS.

PENSYS

84. Although PENSYS was programmed to automatically close an open work-type once certified, there were exceptions that had to be manually closed by the Geneva Office. According to Geneva office staff, these exceptions can account for as many as 50 per cent of the cases closed in a week. The audit identified 16 cases requiring manual closure in the Geneva office for the July 3rd certification of benefit payments. This condition requires the staff to manually close the case in the system, which is a time consuming process.

85. The PENSYS system is programmed to automatically generate a proforma entitlement letter at the completion of work type 320 cases, which is supposed to include the Fund's letterhead and a facsimile of the Pension Entitlement Section Chief's signature. OIOS noted several problems with the automatically generated letters during its review of the Geneva office. The letters generated by PENSYS were not ready for mailing since they were missing the UNJSPF letterhead and the facsimile of the Chief's signature. This condition therefore required staff to manually reproduce and sign the entitlement letter. Also, the letter inaccurately stated that a copy of Regulations and Rules was enclosed when it actually was not. The French version of the letter was all in capital letters, giving an unprofessional impression to the recipients.

Lawson accounting system

86. CSRMU attends to queries from the beneficiaries who walk-in to the New York office of the Fund, as well as to written queries sent via e-mail and telephone calls. Many queries relate to the payment of the pension benefits, information which can be found in the Lawson accounting system. However, CSRMU staff did not have access to the Lawson system. Due to the nature of their work, client service representatives should be supplied with all relevant tools and resources, including access to the Lawson system, to enable them to handle customer queries efficiently and effectively.

Management reporting system

87. PECSS in the New York office used the Operations Information System, which was developed in-house in 2002 to provide daily management information to analyze status of work types/cases in the queue, and workload by staff [also used in Geneva since 2006]. However, this tool is only available for cases assigned to PECSS and was not supported by IMSS. According to the Fund, the tool is a Visual Basic based script that does not make any changes to the data and merely re-formats data from PENSYS into a more user-friendly format. Nevertheless, the accuracy of outputs produced by the tool had not been independently tested. Further, area managers outside PECSS do not have an official tool to monitor the daily workload, status of cases in the queue, or performance of staff.

88. Operational managers and senior management need to have a tool that would enable them to determine the cases assigned to their group or section, identify any potential or existing backlogs and distribute the cases evenly and efficiently among available staff resources. Lack of such an operational performance monitoring tool prevents management from having complete and up-to-date information regarding the workload and performance of the Fund. UNJSPF is in the process of procuring a business intelligence tool for the data warehouse that will include the tool for monitoring all of the work types by status, processing time and other performance indicators. The procurement process was being handled by the UN Procurement Division as a systems contract, and according to the Fund management, they were experiencing some delays due to litigations facing the potential vendor.

Website

89. One of the main communication vehicles is the UNJSPF website, where participants and beneficiaries can find pertinent information relating to the Fund, including several documentation and tools geared towards beneficiaries. However, website was not always accessible in areas served by UNJSPF and not widely accessed by retirees. IMSS had issued just over 3,000 personal identification numbers (PIN) for accessing the website. The Fund reported that 1,914 beneficiaries had used the website in 2008 to request PIN (password) to access the beneficiary tools (CE and two track tracking systems). The website could be enhanced to include up-to-date frequently asked questions (FAQs) and by providing quarterly statements for retirees.

Certificate of Entitlement Tracker

90. The absence of special software to link the scanning process to the online certificate of entitlement (CE) tracker precluded automated updating. Although the annual CE exercise is conducted in October/November of each year, the CE tracker was not updated until several months later; as at May 15 2008, the CE tracker had not been updated to reflect the 2007 exercise. Statistics showed that 3,439 beneficiaries had checked the status of their CE in 2008 using the online CE tracking application. The Geneva office simply transmits CEs to New York and the staff therefore had limited responsibility in the CE process. In the view of OIOS, more involvement of the Geneva office in the CE exercise could streamline and expedite the process.

Estimate calculator

91. The web-based estimate calculator was developed to provide the best available preliminary estimate to participants and beneficiaries. Statistics showed that more than 13,000 benefit estimates are run per month. OIOS is of the view that more current information could make the tool more effective and add impact to the overall process. Annual reporting by member organizations and participant reconciliation exceptions provided to agencies once per year (about July) hindered reconciling differences on an ongoing basis, a condition which slows down the finalization of separation documents, as estimates have to be prepared manually. The Annual Statements for participants are available about May of each year, so persons retiring at the beginning of the year would not have current information. Related issues were raised in the audit of financial accounting and reconciliation (AS2006/801/02).

Recommendations 17 to 19

The UNJSPF Secretariat should:

(17) Assess the current information needs of the staff and managers involved in servicing beneficiaries and procure a common tool to satisfy these needs. The tool should be centrally supported and maintained by the Information Management Systems Section;

(18) Provide read-only access to the Cash Book and Accounts Payable sub-systems of the Lawson accounting system for Client Service and Record Management Unit staff who handle customer queries, and train them in specialized pension matters and in the use of the Lawson system; and

(19) Coordinate with the Information Management Systems Section to improve automation of the benefit entitlement process to enable automatic closing of work-types and updating of the online Certification of Entitlement tracker and estimate calculator, and by improving the system-generated letters.

92. *The UNJSPF Secretariat accepted recommendation 17 and stated that the Fund has implemented the data warehouse phases 1 and 2. The scope of the project included performance reporting and established management information reports (MIR). The tool used for the project was the IBM business intelligence (BI) solution, Alphablox, which provided interactive reporting as well as sorting, and graphing data. All of the databases are being replicated to the data warehouse server each day. However, with the limitation of the existing BI tool, the Fund cannot provide the business community with the ability to perform drill down and other ad-hoc reporting. After reviewing some leading BI solutions, the Fund has come to agree in principle to use COGNOS as the BI tool for the following reasons: (a) Many UN agencies are already using COGNOS; (b) IBM's acquisition of COGNOS makes the integration with various systems of the Fund seamless' and (c) COGNOS is one of the leading BI solutions in the market.*

93. *Once the Fund has the BI tool in place, then access to all the systems including Lawson can be provided under one platform. The Fund has been informed that all procurement/legal issues with COGNOS have been resolved and the case is expected to be heard by the Headquarters Contracts Committee (HCC) in December 2008. Recommendation 17 remains open pending implementation of the business intelligence tool and COGNOS.*

94. *The UNJSPF Secretariat accepted recommendation 18 and stated that the need for the Client Service and Record Management Unit to have access to payment information has been recognized. Once a request is generated, IMSS could provide access to the Lawson Cash Book and Accounts Payable systems to the authorized CSRMU staff. Client Servicing staff should have a read-only access to Lawson Cash Book and Accounts Payable. However, the Lawson system is complex and is not easy*

to navigate for an occasional user. An alternative would be to provide the required information through the data warehouse, which is awaiting procurement of the business intelligence tool that will provide the query and reporting functionalities. Recommendation 18 remains open pending the granting of the read-only access to cash book and accounts payable modules in Lawson and the provision of the relevant payment information to the client servicing staff through the data warehouse.

95. *The UNJSPF Secretariat accepted recommendation 19 and stated that PENSYS is programmed to automatically close an open work type (under 151, 152, 300's, 400's and 500's) after the entitlement letter was generated by the system. The PENSYS case closing procedures are as follows:*

- (a) Work type 310, 410, 315, 415 – PENSYS closes cases during the weekly PENSYS/Lawson interfacing job which creates the payment notifications and downloads payments to Lawson. This job runs every Wednesday.*
- (b) Work type 320, 326, 330, 335 – A Content Manager (CM) nightly job creates and prints the entitlement letters and closes the case.*
- (c) Work type 151, 152, 420, 426, 430, 435, 524, 527, 535, 540, 550, 551, 555, 595 – a bi-weekly job generates entitlement letters and closes the cases.*

96. *There are two types of system-generated entitlement letters:*

- (a) The entitlement letters created by the Data Text Merge (DTM) system – For work type 320, 326, 330, 335. The DTM is a letter generating software system residing on the AS400 platform. It tightly integrates with CM and PENSYS. The DTM letter generates digitalized letter head and signature. The letter is printed either in English or French (which includes the French special characters). DTM letters were not always scanned by the time a case was finalized in PES. For Geneva, a specific queue is used to gather all released cases and close cases from that queue. This allows time for DTM letters to be scanned while providing a means of identifying cases where a PENSYS letter is require..*
- (b) The entitlement letters created by PENSYS – for all other work types. The PENSYS letter contains only text. It does not contain the UNJSPF header and the Chief signature.*

97. *The procedures for printing of the PENSYS letters are as follows:*

- (a) A bi-weekly PENSYS batch job imports all of the available PENSYS letters into a Microsoft Word document and sends the Word document to the requesting PECSS user through a secure e-mail facility.*
- (b) The PECSS user loads the UNJSPF headers and the Chief's signatures to all the letters by using the Microsoft Word mail merge option.*
- (c) The PECSS user prints the reformatted letters and mails them to the beneficiary.*

(d) *The work type 540 (death after service) French version of the entitlement letter is printed in capital letters, since the PENSYS mainframe environment does not provide “accents”*

98. *With regard to the website, IMSS is working with the new FSS business analyst on the project of providing quarterly statements for retirees on the UNJSPF website.*

99. *As regards the Certificate of Entitlement Tracker:*

(a) *Standard CE processing usually takes place from October current year to May/June of next year. The 2007 CE processing was concluded in June 2008; therefore it is possible that in May 2007 the tracker was not 100% updated.*

(b) *According to the CE processing procedures, the tracker is updated after CSRMU receives the returned CEs and scans them to the CM. Please see General procedure 2001-68.*

(c) *New procedures and an upgrade to the technology in receiving the electronic copy of CEs could accelerate the process and ultimately the upcoming IPAS project should address the issue.*

100. *The web-based estimate calculator :*

(a) *Uses the most current available Pensionable Remuneration (PR) data in PENSYS for calculation of benefits; and*

(b) *Does accept user input of forecast PR rates. Participants separating, for instance, at the beginning of the year, may enter their current year PR data to obtain the most accurate results. The latest PR may be obtained from the payroll payment stub.*

101. OIOS acknowledges the progress made by the Fund in automating the entitlement letters and closing of cases in PENSYS. Recommendation 19 remains open pending completion of actions to improve the automation of the benefit processing, addressing the areas of CE tracker and estimate calculator, and the establishment of new procedures and upgrade of the system to enable electronic copy of CEs in the context of the IPAS project, as well as the availability of quarterly statements for retirees on the website.

E. Prior audit recommendations

Need to assess the implementation of prior related audit recommendations

102. The audit issues and related recommendations raised in prior OIOS audits are relevant to enhancing the quality of service and information provided to beneficiaries, performance and process efficiency (Table 3). Most of the recommendations were in the process of being implemented at the time of the reporting.

Table 3: Relevant Prior Audits of UNJSPF

No.	Audit No.	Audit Name	Issue(s)
1.	AS2007/800/01	Data security	Compliance with and certification in International Organization Standards (ISO) 9000, one of the goals and objectives of the Quality Management Policy aimed at ensuring integrity of data.
2.	AS2003/800/01 AS2007/800/03	Certificate of entitlement	The degree to which signature and physical verification is conducted.
3.	AS2004/800/02	Benefit entitlements for surviving spouses and divorced surviving spouses	Improvement in forms.
4.	AS2001/94/1	Horizontal audit on submission to the UNJSPF of separation documents by member organizations	Need for establishing a timeframe and electronic format for submitting separation documents, better communication and training.
5.	AS2004/800/7	Emergency Fund	More timely processing.
6.	AS2006/800/04	Business continuity and disaster recovery	The adequacy of business continuity and disaster recover plan and the capacity of the Geneva office as the replica site.
7.	AS2006/800/02	Financial accounting and reconciliation	The need to reduce the number of participant reconciliation exceptions and to have more frequent reconciliation.
8.	AS2005/800/1	Lawson accounting system	Integrated financial systems
9.	AS2001/68/1 and AS2005/800/2	Geneva Office	A cross section of related issues: IT systems interface with PENSYS, benchmarking for two-track benefit processing, delays in addressing queries etc.

103. OIOS will continue to monitor the implementation of these recommendations through the semi-annual and annual follow ups, including updates from the Fund's Annual Recommendation Review Committee meeting.

V. ACKNOWLEDGEMENT

104. We wish to express our appreciation to the Management and staff of UNJSPF for the assistance and cooperation extended to the auditors during this assignment.

ANNEX 1

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
Assignment No. AS2008/800/01 – Audit of Efficiency, Effectiveness and Quality of service to beneficiaries

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNJSPF Secretariat should engage member organizations and pension secretaries in developing a strategy and formal agreements for ensuring timelier submission of separation documents, and report periodically to the Pension Board on significant delays.	Governance	High	O	Notification of action taken by the Fund to send weekly performance reports to agencies and other member organizations, and the outcome of deliberations on timely submission of separation documents at the 2009 Staff Pension Committee secretaries meeting.	Current practice. Expansion and development will be ongoing.
2	The UNJSPF Secretariat should establish and document standard operating procedures for all areas of benefit processing, including two-track processing, and client servicing, ensuring that they are formalized, updated regularly and readily available in the Knowledge Management System to the relevant staff.	Governance	High	O	The development of standard operating procedures for two-track processing, the updating of those relating to client servicing and the inclusion of the same in the Knowledge Management System.	Current and on-going practice.
3	The UNJSPF Secretariat should take a more proactive approach in informing the beneficiaries about their responsibility for bank charges that may be imposed on the remittance of their pension payments in accordance with Article 47 (b) of the regulations.	Governance	Medium	O	Additional action taken by UNJSPF to inform beneficiaries, including formal written communication to all current and future beneficiaries clarifying the rules and regulations on the responsibility for bank charges.	Not provided.
4	The UNJSPF Secretariat should implement a policy of making an interim reduced benefit payment to beneficiaries within 60 days of separation (or benefit creating event) to minimize disruption of income to beneficiaries.	Governance	High	O	Implementation of a policy for interim reduced payments to beneficiaries within 60 days of their separation.	Not provided.
5	The UNJSPF Secretariat should ensure compliance with administrative rule J.2 (c) that provides for the payment of withdrawal settlements benefits in all currencies, in amounts not less than the respective amounts contributed by beneficiaries.	Governance	Medium	C	Action completed	Implemented
6	The UNSJPF Secretariat should explore ways to reduce the level of manual payments.	Operational	Medium	C	Action completed	Implemented
7	The UNJSPF Secretariat should ensure that	Operational	Medium	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
8	emergency fund cases are processed in a timely manner, and cases closed to reflect this status. The UNJSPF Secretariat should enhance its performance reporting system to include information and analysis on customer complaints, ensuring that performance reports are prepared consistently by all departments involved.	Governance	Medium	O	Implementation of the Customer Relationship Management tool and provision of the revised monthly reports from the Chiefs of PECSS and the Geneva Office including a section on complaints.	2010
9	The UNJSPF Secretariat should monitor and analyze the performance statistics of member organizations regarding the submission of separation documents on a quarterly basis and provide clear interpretation of the statistics against internally developed benchmarks.	Governance	High	O	Implementation of the data warehouse functionality capable of generating more meaningful performance reports.	2010
10	The UNJSPF Secretariat should review the calculation methodology used for performance statistics of member organizations, including creating a separate work type for deferred retirement benefits, to ensure more meaningful performance reports.	Governance	Medium	O	Action taken to improve the processing of the Article 32 cases including the removal of the period between the time the initial deferment instruction is received to when a benefit election is made.	2009
11	The UNJSPF Secretariat should develop a plan for regular benchmarking of the Fund's performance with other public pension funds; assign the benchmarking functions to a designated staff member, and formalize the related procedures as part of the Quality Management Policy.	Governance	High	O	Establishment of a framework to conduct regular benchmarking of the Fund's administration activities.	Subject to recruitment
12	The UNJSPF Secretariat should make every effort to comply with the internally established benchmarks of 15 working days for processing payments to new beneficiaries, and for addressing queries and complaints.	Governance	Medium	C	Action completed	Implemented
13	The UNJSPF Secretariat should review all work type 901 cases that are marked as outstanding in PENSYS, and close those for which appropriate action has been taken in order to reflect the accurate status of the case and improve performance statistics.	Operational	Medium	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
14	The UNJSPF Secretariat should implement a case digest system as a repository of appeal cases and rulings for use by the United Nations Administrative Tribunal and the UNJSPF staff.	Operational	Medium	O	Implementation of a case-digest system.	31 December 2011
15	The UNJSPF Secretariat should implement procedures for the continuous monitoring of beneficiary satisfaction, and for conducting periodic client satisfaction surveys of beneficiaries, analyzing and capturing the results to identify appropriate improvement measures.	Governance	High	O	The implementation of periodic satisfaction surveys across the beneficiary universe.	Current practice
16	The UNJSPF Secretariat should review the current workload statistics and perform trend analysis to determine whether additional resources should be sought to resolve the case processing time lag, while efficiently carrying out current tasks.	Governance	High	O	Completion of the work load review and any actions to be taken to address processing time lags.	Budget 2010-2011
17	The UNJSPF Secretariat should assess the current information technology needs of the staff and managers involved in servicing beneficiaries and procure a common tool to satisfy these needs. The tool should be centrally supported and maintained by the Information Management Systems Section.	Information resources	High	O	Implementation of the business intelligence tool and COGNOS.	31 December 2009
18	The UNJSPF Secretariat should provide read-only access to the Cash Book and Accounts Payable sub-systems of the Lawson accounting system for Client Service and Record Management Unit staff that handle customer queries, and train them in specialized pension matters and in the use of the Lawson system.	Information resources	Medium	O	The granting of the read-only access to cash book and accounts payable modules in Lawson and the provision of the relevant payment information to the client servicing staff through the data warehouse.	2010
19	The UNJSPF Secretariat should coordinate with Information Management Systems Section to improve automation of the benefit entitlement process to enable automatic closing of work-types and updating of the online Certificate of Entitlement tracker and estimate calculator, and by improving the system-generated letters.	Information resources	High	O	Improved automation of the benefit processing addressing the areas of CE tracker and estimate calendar, and the establishment of new procedures and upgrade of the system to enable electronic copy of CEs, in the context of the IPAS project, as well as the availability of quarterly statements for retirees on the website.	Not provided.