



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR's Human Resources (PeopleSoft) Module

Procedures and controls over input, processing and output of data and information need to be strengthened to ensure the quality and reliability of management information produced by the Human Resources Management system

27 May 2009

Assignment No. AR2008/162/02

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. António Guterres, High Commissioner
A: United Nations High Commissioner for Refugees

DATE: 27 May 2009

REFERENCE IAD: 09-09507

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS

Fatoumata

SUBJECT: **Assignment No. AR2008/162/02 - Audit of UNHCR's Human Resources (PeopleSoft)**
OBJET: **Module**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, all the recommendations remain open. In order for us to close the 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 recommendation 3. In OIOS' opinion however, this recommendation seeks to address significant risk areas. We are therefore reiterating it and requesting that you reconsider your initial response or provide evidence that alternate measures put in place address this recommendation.
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, 3, 4, 5, 7, 9, 10, 11, 12 and 13) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. L. Craig Johnstone, Deputy High Commissioner, UNHCR
Ms. Judy Cheng-Hopkins, Assistant High Commissioner, UNHCR
Mr. Shelly Pitterman, Director, DHRM, UNHCR
Ms. Karen Madeleine Farkas, Controller and Director, DFAM, UNHCR
Ms. Naginder Dhanao, Director, DIST, UNHCR
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. Christopher F. Bagot, Chief, Geneva Audit Service, OIOS
Mr. Byung-Kun Min, Programme Officer, 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

ACTING DIRECTOR:

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

CHIEF, GENEVA AUDIT SERVICE:

Christopher Bagot: Tel: +41 22 917 2731, Fax: +41 22 917 00 11
e-mail: cbagot@unog.ch

EXECUTIVE SUMMARY

Audit of UNHCR's Human Resources (PeopleSoft) Module

OIOS conducted an audit of UNHCR's Human Resources (Peoplesoft) Module. The overall objective of the audit was to determine whether the implementation of the HR Module achieved the intended objectives, and that adequate procedures and controls existed over input, processing and output of data and information. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

UNHCR adopted the HR Module to manage positions, human resources and the global payroll in 2006/2007. The new HR Module enabled UNHCR to discard multiple information systems (UNHCR's Personnel Information On-line Update System, Regular and FAST Payroll Systems) previously used for human resources management and payroll. UNHCR has rolled-out the new HR Module to 40 country offices and enabled them to record the HR actions directly in the system, run reports and view HR data online. It eliminated the need to use diverse spread sheets or other incompatible systems. The field roll-out has reduced the generation and flow of paper transactions and diminished the centralized data recording at UNHCR Headquarters. However, OIOS identified some control weaknesses that, if not adequately addressed, would expose UNHCR to risks of inefficiencies and ineffectiveness.

UNHCR has not defined a formal strategy to complete the field roll-out. There are still 70 countries using the paper system for HR administration. In addition, there are no clear plans on how the Organization intends to proceed with the roll-out of the HR Module in 2009, the timeframe of the complete roll-out, and the resources still needed to complete the process. These uncertainties expose UNHCR to risks relating to inappropriate allocation and utilization of staffing and other resources.

With a significant number of UNHCR offices still using the paper system, HR data recording is centralized in the Budapest Service Centre (Budapest). There is no standard operating procedure to handle the data transmitted by the field offices for processing; for instance there is no dedicated mail box to receive the data from the country offices, and no method for logging and monitoring the process.

There is no workflow implemented for the personnel administration function in the HR Module. As a result, the data recorded by a HR Assistant is immediately "live" and not subject to subsequent online validation and confirmation by his/her supervisors and managers. Thus, accountability is at a low level and not at the managerial level. In addition, the control processes established for reviewing the audit trails of HR transaction recording was ineffective and needed significant improvements. Audit trails were often lengthy and difficult to interpret.

The Division of Human Resources Management did not establish procedures to verify the HR management issues and practices of the country offices. Currently there is no assurance on HR documentation and maintenance

of individual files by the country offices. The HR data was not always communicated to Budapest on time by country offices that are still using a paper system, with potential consequences on payroll calculations.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1-8
II. AUDIT OBJECTIVES	9
III. AUDIT SCOPE AND METHODOLOGY	10-12
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. <i>Roll-out strategy</i>	13-19
B. Human resources transactions processing	20-33
C. Human resources transactions auditing	34-49
D. Data quality assurance	50-54
E. Security and access controls	55-57
V. ACKNOWLEDGEMENT	58
ANNEX 1 – Status of Audit Recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of UNHCR's Human Resources (PeopleSoft) Module. The audit was conducted between October and November 2008 and in accordance with the International Standards for the Professional Practice of Internal Auditing.
 2. UNHCR introduced the web based PeopleSoft Enterprise Resource Planning System (ERP) known as the *Management System Renewal Project (MSRP)* in Headquarters in 2004. The roll out of the Finance and Supply Chain Modules to the country offices was completed at the end of 2007. Simultaneously, UNHCR also started implementing the Human Resources (HR) and Global Payroll Modules between 2006 and 2007.
 3. There are currently about 5,800 users of the HR Module who could be grouped in the following categories:
 - "Self-service" users, with the least system impacting rights.
 - "Browse" users, who can see data about employees, but cannot change it.
 - "Update" users, who can update but not correct historical data; and.
 - "Correction" users, who can update current, future or historical data.
 4. The various components of the HR Module are: Workforce Administration; Recruitment and Postings; Post (Position) Management, Staff Development and Post Classification. The roll-out strategy consisted of training staff in the use of specific Workforce Administration components and then giving them the appropriate access to those components (in the country or regional offices, access is restricted to the records of the national staff in that country or region). Currently, the HR Module has been successfully implemented in the Headquarters and over 40 country offices.
 5. The previous systems (UNHCR's Personnel Information On-line Update System, Regular and FAST Payroll Systems) in place for HR administration and payroll were mainly used by the various sections of the Division of Human Resources Management (DHRM) and the Budget Section. The country offices had no access to any of these applications. The data from the old systems have been transferred to MSRP, which now constitutes the only central HR data repository.
 6. The Personnel Administration Section (PAS) in DHRM is the major user of the HR Module. PAS is based in the Budapest Service Center (Budapest) and is responsible for the administration of: (a) Professional staff members; (b) field service staff members; and (c) General Service staff based in Geneva and Budapest. National staff members are administered by their respective country offices.
 7. Unlike the Finance and Supply Chain Modules, no workflow for transaction processing has been implemented in the HR Module.
 8. Comments made by UNHCR are shown in *italics*.
-

II. AUDIT OBJECTIVES

9. The main objectives of the audit were to:
- (a) Determine whether UNHCR had met the objectives defined for the implementation of the HR Module;
 - (b) Evaluate the adequacy of procedures and controls over input, processing and output;
 - (c) Determine whether information processing is complete, accurate, and in compliance with relevant regulations and rules;
 - (d) Evaluate the adequacy of procedures and controls over the maintenance and monitoring of the management trail produced by the HR Module;
 - (e) Verify the accuracy of reports generated by the HR Module; and,
 - (f) Determine the adequacy of application-level access control enforced by the HR Module.

III. AUDIT SCOPE AND METHODOLOGY

10. The audit focused on the post-implementation results and security aspects relating to the HR Module. This included a review of the policies and procedures in place. The audit team visited UNHCR Office in Budapest where the Personnel Administration and Payroll Section of DHRM is located to review the tasks performed. During the audit, OIOS analyzed applicable data security controls and conducted tests on the HR Module functionalities. These tests included matching the source documents (from the country offices) to the recorded data; reviewing the entries in the audit report; and reviewing the permission lists and roles provided to the users.

11. The audit team reviewed the "Workforce Administration" component of the system that is widely used by DHRM and the country offices. In addition, the team also reviewed the recording/updating processes of the "Positions Management" used by the Budget Section in the UNHCR Headquarters.

12. The audit was conducted in accordance with ISACA's (Information Systems Audit and Control Association) Information Systems Auditing Standards, guidelines and procedures. OIOS used the relevant processes and control objectives set-out by the Control Objectives for Information and Related Technology (COBIT) to assess the internal controls.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Roll-out strategy

Intended objectives were achieved

13. The new HR Module has achieved its intended objectives and enabled UNHCR to discard multiple information systems (UNHCR's Personnel Information On-line Update System, Regular and FAST Payroll Systems) previously used for human resources management and payroll. UNHCR has rolled-out the new HR Module to 40 country offices and enabled them to record the HR actions directly in the system, run reports and view HR data online. It eliminated the need to use diverse spread sheets or other incompatible systems. *The field roll-out has reduced the generation and flow of paper transactions and diminished the centralized data recording at UNHCR Headquarters.*

Need to specify the strategy and resource allocation to complete the roll-out

14. Professional best practices require that the development and implementation of new application systems are based on a defined, approved and monitored strategy, with detailed responsibilities, milestones, and resource allocations.

15. The development, configuration and implementation of the HR Module have been in progress for approximately three years. Relevant documentation pertaining to the project steering committee (Business Owners Committee, BOC), board minutes, project charter, GANTT charts, team's structure, decision logs, and dashboard, have been prepared and stored in the centralized online repository "Livelink".

16. *The project steering committee met on a monthly basis. It was chaired by the Director of DHRM, and it was composed of project managers, the heads of DHRM units, representatives from Finance, Budget, Medical Service, Information Systems and Telecommunications, and any other office of the organization as deemed necessary by the requirements of the business being performed in the system.*

17. The roll-out plan of the HR Module developed by the Committee in July 2006 envisioned its completion by the end on 2007. However, this deadline was not met. The roll-out of the HR Module to country offices started in 2006 and continued through 2008. At the time of the audit, the HR Module was successfully implemented in over 40 countries. Users of the HR Module in a country where it was rolled out were based in the Branch Office and/or at the Sub-Office. The country offices for roll-out were chosen based on the number of national staff members. Nevertheless, there were still about 70 countries where the HR Module has not yet been rolled out. These offices manually fill and transmit documents to Budapest for data recording in the HR Module.

18. OIOS noted that there was no formal strategy available in UNHCR to complete the field roll-out. Discussions with the DHRM officials revealed that the HR Module implementation would no longer be a 'project' after the end of 2008. In addition, there was no clear information on how DHRM will proceed with the roll-out of the HR Module in 2009, and the timeframe and resources still needed to complete the roll-out. These uncertainties affected the effectiveness of the process and exposed UNHCR to risks relating to inappropriate utilization of staff (for instance, data entry to be made in Budapest) and under-utilization of the system resources.

Recommendations 1 and 2

(1) The UNHCR Division of Human Resources Management should define the time frame to complete the roll-out of the Human Resources Module.

(2) The UNHCR Division of Human Resources Management should establish and allocate the resources required for the roll-out of the Human Resources Module.

19. *The UNHCR Division of Human Resources accepted recommendations 1 and 2 and explained that two main factors delayed the full implementation of the roll-out strategy: (a) focus during the year 2008 was mainly on successfully out-posting Personnel Administration and Payroll Section (PAPS) from Geneva to Budapest; and (b) UNHCR has initiated a regionalization process which will have to be taken into account to further proceed with the roll-out process. Once the PAPS operational response is stabilized and the regionalization process is fully known, the new strategy will be in place for a final roll-out plan focusing mainly, but not only, on a regional approach. Such a strategy will then be gradually implemented from 2010 upon allocation of resources. Recommendation 1 remains open pending receipt of documentation showing that a definite strategy and time frame have been set for the remaining roll-out of the HR Module. Recommendation 2 remains open pending receipt of documentation showing the allocation of the necessary resources to fulfill the roll-out strategy.*

B. Human resources transactions processing

Absence of a workflow process and data input validation mechanisms exposes UNHCR to the risk of processing incorrect information

20. The effectiveness and efficiency of processes is ensured when clear terms of reference exist about the flow of information and the assignment of authority for approval and review. In the case of the UNHCR HR Module, there is a risk that the business processes may not have been configured properly, resulting in incorrect or inadequate controls.

21. UNHCR has not implemented workflow and delegation of authority procedures, as used in the Finance/Supply Chain Module, to approve transactions in the HR Module. The effect is that the data recorded or modified by Human

Resources Assistants is immediately "live", and not subject to additional online validation and confirmation. This condition exposes UNHCR to the risks of processing incorrect HR data, with potential financial consequences.

Recommendation 3

(3) The UNHCR Division of Human Resources Management should introduce a workflow administration for personnel actions to ensure clear accountability.

22. *The UNHCR DHRM did not accept recommendation 3 though it stated that careful consideration was given to this recommendation. In DHRM's view, process workflow would not per se create and/or enhance accountability on HR transactions. Furthermore the build-up of the technical process would require important investment in terms of funds and human resources. This issue had already been analyzed and discussed at the inception of the MSRP project and it was concluded not to introduce workflow. Notwithstanding the above, DHRM agreed that there was a need to enhance accountability and believed that by applying other audit recommendations the required result would be achieved.* OIOS takes note of the explanations provided by UNHCR but reiterates recommendation 3, which will remain open pending receipt of evidence that alternate measures put in place by DHRM have enhanced accountability at the level that could be expected from the use of a workflow.

Limited information about the creation and modification of personnel data

23. To ensure transparency and control of HR transactions, the online facility for viewing personnel actions should include the disclosure of information regarding the creator's user ID and the date/time stamp. This information is analogous to the voucher preparer, approver and date/time details disclosed in the Finance Module. However, while this information is stored in the HR Module, it is not displayed to the relevant users.

24. In addition, OIOS noted that the frequently used report on personnel actions (HHR801) does not display the user IDs and their time stamp (these details were available in the actions generated by the old system). There is risk that outside entities (for example, the Pension Fund) and staff members who get copies of the personnel actions will not readily know the users who created them and the dates of creation.

Recommendation 4

(4) The UNHCR Division of Human Resources Management should modify the HR Module to display relevant information about the users who created and updated the personnel actions along with the date/time stamps. This information should also be visible in the personnel action forms (HHR801).

25. *The UNHCR DHRM accepted recommendation 4 and stated that it agrees that, for transparency's sake, this information should be better displayed.*

Therefore, with the support of DIST and if technically feasible by the end of 2009, an enhancement will be built into the system. Recommendation 4 remains open pending confirmation of the modifications to the system and personnel action forms (HHR801) that show the creator, updater and timestamp.

Need to restructure the HR data recording for the non-rolled out offices

26. OIOS noted that the following scenarios existed in the HR data transaction processing, which is also illustrated graphically:

(a) Data recorded by PAS, Budapest related to:

- The administration of all staff members in the professional category, general service category (both in Geneva and Budapest), and all field service staff. All supporting documents are received and available in Budapest; and

- The administration of all staff members in the general service category in the field where there is no HR Module access. All supporting documents are maintained in the country offices.

(b) Data recorded by country offices (where the HR Module is implemented), related to the administration of all staff members in the general service and national officers based in the country offices. All the supporting documents are maintained in the country offices.

27. Since the data is "live" as soon as it is recorded by a Human Resources Assistant and needs no further online confirmations, UNHCR established a manual, but offline, control procedure to review the transactions recorded. Accordingly, the HR Module generates a transaction trail in the form of a report (called HR Transaction Audit Report). This report is automatically generated and dispatched by email to the Human Resources Officers ("auditors") with the details of all actions initiated the previous day by the Human Resources Assistants ("auditees") reporting to them.

28. The objective of this process is that, by reviewing this report, the Human Resources Officers will be able to verify the correctness of the actions taken by the Human Resources Assistants.

29. OIOS' review of the data recording process in Budapest relating to the professional and general service categories (for Geneva and Budapest) noted no significant weaknesses. However, weaknesses existed in the following circumstances: (a) Data recorded in Budapest for the UNHCR country offices that are still using the paper system; and (b) Data recorded by the country offices where the HR Module has already been rolled out. Furthermore, weaknesses also existed in the review process of the transactions trail in the HR Module. These weaknesses are explained in the following paragraphs.

received by PAS, Budapest and the PAIs where actions had already been initiated. There was also no central repository in PAS, Budapest to provide this type of detail. OIOS observed that it was left to the judgment of the individual staff members in PAS to file a hardcopy of the PAIs or save them on their workstations. This condition exposed the Organization to the risk of not being able to establish the volume of HR-related work pending in Budapest.

32. In addition, OIOS also noted several instances of significant delays by the field offices in sending the PAIs to Budapest. The reasons for the delayed actions by the country offices mostly went unrecorded or unexplained. Several of these delayed submissions had an impact on the payroll and should be addressed. It should be noted that such control mechanisms are necessary until such time as the HR Module roll-out is complete.

Recommendations 5 and 6

(5) The UNHCR Division of Human Resources Management should establish standard operating procedures (SOPs) to handle the Personnel Action Information (PAIs) received from the country offices. The SOPs should include the establishment of a dedicated mail box to receive the PAIs, and procedures to log them upon receipt; record the name of the staff members assigned to act on them; and cross-reference them to the action details in the Human Resources Module.

(6) The UNHCR Division of Human Resources Management should review the delayed Personnel Action Information received from the country offices and identify the reasons for the delay before processing them.

33. *The UNHCR DHRM accepted recommendations 5 and 6 and agreed in full with them. A PAPS working group is being set up so that SOPs can be designed. Recommendation 5 remains open pending receipt of a copy of the SOPs and their implementation. Recommendation 6 remains open pending receipt of a copy of the procedures to review late receipt of the personnel action information from the country offices.*

C. Human resources transaction auditing

The process for auditing changes to personal data is neither comprehensive nor complete

34. The HR Module's data review mechanism relied principally on the HR Transaction Audit Reports. In practice, the "audit" process for a country office which uses the HR Module was that all actions performed by a Human Resources Assistant ("auditee") were captured in a daily HR Transactions Audit report, and emailed to the country's focal point, who could be a Human Resources Officer or an Assistant ("auditor") in PAS, Budapest.

35. Similarly, all actions performed daily by a Human Resources Assistant in Budapest (“auditee”) were captured in a similar HR Transaction Audit Report and emailed to his/her supervisor (again, “auditor”). This process ensured that every action initiated by one staff member, is reported to the attention of another staff member one day later.

36. DHRM established the HR Transactions Audit Report process to capture all the changes made to the HR data by the users who have the relevant authority (HRO and PAS_CORRECT roles) in the HR Module. In particular, this report aimed to capture all the changes that triggered payroll actions.

37. OIOS noted several controls weaknesses in the review mechanisms implemented by UNHCR for the HR Module as follows:

- No documentation was available to explain the control framework designed for the review process (like the Delegation of Financial Authority already established for the Finance and Supply Chain Modules).
- There was no organization chart in PAS to indicate who audited whom, and how the HR roles had been assigned to the staff members worldwide. The MSRP report on ‘auditors and auditees’, generated every quarter, provided no assurance about its completeness as some users were missing. This lack of structured procedures caused contradictions. OIOS noted instances where the activities of some Human Resources Assistants were audited by more than two Human Resources officials. In addition, two Senior Human Resources Officers’ actions were not audited at all. OIOS also noted instances of redundant controls where Human Resources Officers based in country offices were audited by Human Resources Assistants based in Budapest. In general, there was no consistency in auditing the actions performed by Human Resources Officials.
- For country offices where the HR Module has been rolled-out, the criteria and procedure to supervise the HR activities were not specified in a systematic manner. Consequently, gaps and deficiencies existed. OIOS noted instances where the actions performed by Human Resource Assistants in country offices were audited only by staff (Human Resources Officers and Assistants) in PAS, Budapest: they were not audited locally. Since all supporting documents were held at the country level, the “auditor” in Budapest could only check the technical validity of the actions taken and not the justification for the action. For instance, a staff dependent could be recorded correctly, but the “auditor” in PAS would not know whether that dependent actually existed. Since data recorded by a Human Resources Assistant immediately updates the system, there is a risk of inappropriate additions or modifications of data without the knowledge of the local Human Resources Officer, the Administrative Officer or the Representative.

- Some actions performed in the system escaped the scrutiny of PAS “auditors” as they were not configured to appear in the HR Transactions Audit Reports, confirming the incompleteness of the transactions reported in the audit trail. These instances were represented by users who deleted several rows in a master table to fix errors (it should be noted, however, that the deletions were properly recorded as incidents and approved, and they had no effect on the payroll, nor affected the integrity of the databases.)
- The transaction audit process was also not comprehensive. Transactions executed by users with a high level of authority (for example members of the technical support group with MSRP prefix IDs) were not reported to the responsible staff members or country focal points in PAS.

Recommendation 7

(7) The UNHCR Division of Human Resources Management should establish a comprehensive control framework for the Human Resources Transaction Audit process to make it effective and fully functional. The framework should include the high risk actions that should be audited, the levels, locations and categories of staff members involved in the auditing process and how the exceptions identified during the review of the audit reports are to be recorded and dealt with.

38. *The UNHCR DHRM accepted recommendation 7 and stated that it agrees in full with this recommendation and will implement it accordingly. The same PAPS working group that is being set up for the design of SOPs will elaborate the framework for the Transaction Audit process. Recommendation 7 remains open pending receipt of documentation showing that a comprehensive framework for the HR Transaction Audit process has been put in place.*

Audit reports must be re-designed to ensure clarity and comprehensiveness of information

39. The reports generated by the system should be comprehensive, unambiguous, self explanatory and meet the information/decision making needs of the intended readers. Their distribution to users should be updated in accordance with the functional reorganization of offices and staff.

40. The HR Transaction Audit Report currently generated was a complex document with an extensive amount of information. Discussions with staff members in PAS confirmed that these reports were difficult to interpret. In addition, there were no formal procedures for redirecting their distribution when staff assigned as “auditors” were absent from the office.

41. Furthermore, the validation of these reports required supervisors to access the HR Module along with the hard copies of the supporting documents on hand to interpret and confirm the data. Some of the PAS staff members also

explained that, due to other work exigencies, they accorded little or low priority to the review of these audit reports.

42. A positive result achieved through the generation of the HR Transactions Audit Report is to allow officers to view the history of changes to an employee's records. However, the layout of these reports limits their readability because: a) data is sorted by the operator ID (example: Human Resources Assistant) of the person who made changes and not in chronological order; and b) when multiples changes are made to the same staff member in the same day, only the most recent changes are shown.

43. In reviewing the current reporting system, OIOS noted the following control weaknesses:

- The HR Transaction Audit Report differentiated between additions, changes and deletions to data. However, if an operator, while adding a record, took the precaution of saving halfway through completion, any subsequent changes to that new record would have been listed as changes, thus further complicating the analysis of the report.
- Most of the staff members in PAS have the authority to enter and to correct data. The responsibilities for processing HR data are assigned to PAS staff on the basis of a geographical distribution of countries. However, regardless to their geographical responsibilities, PAS staff can access and modify HR data related to any country office, including those that are outside their area of responsibility. UNHCR justified this arrangement with the need to ensure adequate flexibility in reassigning staffing resources within the PAS office, without having to constantly update the access control rights of each staff member. Since the HR Transaction Audit Report received by the focal point of each country/region does not include changes made by staff members who are not reporting to them, there is a risk that data modifications may go unnoticed.

Recommendations 8 to 10

(8) The UNHCR Division of Human Resources Management should revisit the design of the Human Resources Transaction Audit report to ensure that all high risk actions are distinguished from others and attract the attention of the supervisors for necessary action.

(9) The UNHCR Division of Human Resources Management should define procedures in support of supervisors' (i.e. Human Resources Officers and Administrative/Finance Officers) responsibility to review the audit reports, and to enforce accountability in the absence of workflow.

(10) The UNHCR Division of Human Resources Management should modify the Human Resources Transaction Audit Report parameters to include the possibility of running the report for a specific country or a group of countries.

44. *The UNHCR DHRM accepted recommendation 8 and stated that it agrees in full with this recommendation. Therefore, with the support of DIST and if technically feasible, will implement it by the end of 2009. Recommendation 8 remains open pending sight of the redesigned HR Transaction Audit report.*

45. *The UNHCR DHRM accepted recommendation 9 and stated that it agrees in full with this recommendation and will implement it accordingly. This subject will be reviewed by the PAPS working group. In addition, a specific training module for the audit role is being developed and it will be tested in April 2009. Recommendation 9 remains open pending receipt of evidence showing that procedures to support responsibility and enforce accountability of supervisors towards the data have been implemented.*

46. *The UNHCR DHRM accepted recommendation 10 and stated that it agrees with this recommendation while maintaining the importance that all PAPS staff have unlimited access to the module. Recommendation 10 remains open pending sight of the redesigned HR Transaction Audit report that can be run for a specific or a group of countries.*

A training programme for staff members using the HR Module needs to be established

47. The implementation of a new application system should be supported with timely training programmes for all staff involved. Users should be provided the necessary access to the system commensurate with their job functions.

48. In UNHCR country offices that do not have human resources officers, HR data reports were reviewed by administrative or finance officers. However, these officers did not have access to the HR Module and had not received any training to interpret the information contained in the HR data reports. Therefore, there is a risk that errors in processing HR data go undetected.

Recommendation 11

(11) The UNHCR Division of Human Resources Management should establish an appropriate training programme for the Administrative/Finance Officers and Managers in country offices who are responsible for the Human Resources (HR) function and provide them the necessary access rights to the HR Module.

49. *The UNHCR DHRM accepted recommendation 11 and stated that it fully concurs with this recommendation and would like to confirm its willingness to*

fully implement it. PAPS has already initiated the design of a number of training modules targeting both technical users as well as managers. Because of lack of adequate funding for 2009, the training process in 2009 will cover a limited number of countries. However it will be expanded in the later years. In addition, PAPS, in close collaboration with the Global Learning Centre (to be established in Budapest by mid-2009), will design online training modules (other than through workshops) so as to enlarge the number of trainees. Recommendation 11 remains open pending evidence confirming that training programmes are underway for the Administrative/Finance Officers and Managers in country offices who are responsible for HR functions.

D. Data quality assurance

Need to establish a quality assurance process relating to data from the country offices

50. The personnel file or official status file is the repository of documents pertaining to a staff member's official status and career record in the Organization. HR practices require that all relevant papers are regularly placed in the personnel files and none should be removed from them. They provide the source data for calculating various payroll and benefit entitlements. It is therefore vital and mandatory that the information in the personnel files is accurate, complete and verifiable.

51. The original documentation pertaining to Personnel Actions for staff members in the General Service and National Officer categories working in a country office was retained locally in their personnel files according to the delegation of administration of national staff. However, OIOS noted that there was no quality assurance process established by DHRM to ensure that the personnel files in the country offices were properly maintained and HR processes were generally complied with.

52. The results of audits already completed by OIOS in UNHCR country offices have indicated that in several instances the staffing resources of the Human Resources function was not commensurate with the work load, and that many offices did not even have a position for Human Resources Officer. These limitations were especially evident in large country offices (i.e. Democratic Republic of Congo, Sudan, Chad, Georgia and Afghanistan), where the complexities of HR administration increased work accumulation and data recording backlogs.

53. The HR Transactions Audit reports issued by country offices were reviewed by PAS without the supporting documentation. This condition limited the ability of the office to validate the HR transactions reviewed, with a risk that potential errors or frauds would go undetected.

Recommendation 12

(12) The UNHCR Division of Human Resources Management should establish systematic procedures for the

verification and validation of the Human Resources transactions completed by the country offices.

54. *The UNHCR DHRM accepted recommendation 12 and stated that a mission plan targeting operations "at risk" is being developed. In addition, a PAPS mission checklist is being established. However, due to funding constraints, this process will be spread over a number of years. Recommendation 12 remains open pending receipt of evidence that a plan of action has been put into effect to provide assurance of the accuracy of the data provided by the country offices, and in particular the country offices that are at high risk.*

E. Security and access controls

Need to formalize and strengthen the logical access controls process

55. Security controls should ensure the protection of program and data from unauthorized use. Furthermore, a user should have no access by default, and access to data should be explicitly granted by the security administrator through the assignment of roles and permission lists.

56. OIOS noted that PAS authorized the MSRP Security Team to provide access rights to new users (staff members), or to modify existing users' access to the HR Module via email. This process, however, presented some control weaknesses, since PAS did not keep a log or a register of all the requests sent to the MSRP Security Team. In addition, there was no assurance that all PAS requests (initial and subsequent changes) had been implemented as requested in the HR Module. PAS had also not established a process to compare the approved profiles with the actual data in the HR security profile.

Recommendation 13

(13) The UNHCR Division of Human Resources Management should establish a procedure to log the requests made for access rights changes and to compare the approved access rights with the corresponding security profile in the Human Resources Module. This comparison should be performed periodically for all UNHCR offices that use the HR Module. Any exception should be investigated and corrected.

57. *The UNHCR DHRM accepted recommendation 13 and stated that it has since November 2008 set up a working group to review the access rights to the HR Module. It is expected to issue clear guidelines by June 2009. Recommendation 13 remains open pending receipt of documents showing that procedures are in place to log access rights requests and compare them with the security profile in the HR Module.*

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Reco m. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNHCR Division of Human Resources Management should define the time-frame to complete the roll-out of the Human Resources Module.	Strategy	High	0	Documentation showing that a definite strategy and time frame have been set for the remaining roll-out (if any) of the HR Module.	End 2010
2	The UNHCR Division of Human Resources Management should establish and allocate the resources required for the roll-out of the Human Resources Module.	Financial	High	0	Documentation showing the allocation of the necessary resources to fulfill its roll-out strategy.	End 2009
3	The UNHCR Division of Human Resources Management should introduce a workflow administration for personnel actions to ensure clear accountability.	Governance	High	0	Evidence that alternate measures put in place by DHRM have enhanced accountability at the level that could be expected from the use of a workflow.	Not Provided
4	The UNHCR Division of Human Resources Management should modify the HR Module to display relevant information about the users who created and updated the personnel actions along with the date/time stamps. This information should also be visible in the personnel action forms (HHR801).	Operational	High	0	Modifications to the system and personnel action forms (HHR801) that show the creator, updater and timestamp.	End 2009
5	The UNHCR Division of Human Resources Management should establish standard operating procedures (SOPs) to handle the Personnel Action Information (PAIs) received from the country offices. The SOPs should	Operational	High	0	Copy of the SOPs and its implementation.	September 2009

	include the establishment of a dedicated mail box to receive the PAs, and procedures to log them upon receipt; record the name of the staff members assigned to act on them; and cross-reference them to the action details in the Human Resources Module.							
6	The UNHCR Division of Human Resources Management should review the PAs received with delay from the country offices and identify the reasons for the delay before processing them.	Operational	Medium	O	Copy of the procedures to review late receipt of the personnel action information from the country offices.	Immediate		
7	The UNHCR Division of Human Resources Management should establish a comprehensive framework for the Human Resources Transaction Audit process to make it effective and fully functional. The framework should include the high risk actions that should be audited, the levels, locations and categories of staff members involved in the auditing process and how the exceptions identified during the review of the audit reports are to be recorded and dealt with.	Operational	High	O	Documentation that a comprehensive framework for the HR Transaction Audit process has been put in place.	September 2009		
8	The UNHCR Division of Human Resources Management should revisit the design of the Human Resources Transaction Audit report to ensure that all high risk actions are distinguished from others and attract the attention of the supervisors for the necessary action.	Information Resources	Medium	O	Receipt of redesigned HR Transaction Audit report.	End 2009		
9	The UNHCR Division of Human Resources Management should define procedures in support of supervisors' (i.e. Human Resources Officers and Administrative/Finance Officers) responsibility to review the audit reports, and to enforce accountability in the absence of workflow.	Governance	High	O	Evidence showing that procedures to support responsibility and enforce accountability of supervisors towards the data have been implemented.	End 2009		
10	The UNHCR Division of Human Resources Management should modify the Human	Information Resources	High	O	Receipt of redesigned HR Transaction Audit	End 2009		

	Resources Transaction Audit Report parameters to include the possibility of running the report for a specific country or a group of countries.				report that can be run for a specific or a group of countries.	
11	The UNHCR Division of Human Resources Management should establish an appropriate training programme for the Administrative/Finance Officers and Managers in country offices who are responsible for the Human Resources (HR) function and provide them the necessary access rights to the HR Module.	Human Resources	High	O	Evidence confirming that training programmes are underway for the Administrative/Finance Officers and Managers in country offices who are responsible for HR functions.	Underway
12	The UNHCR Division of Human Resources Management should establish systematic procedures for the verification and validation of the Human Resources transactions completed by the country offices.	Human Resources	High	O	Receipt of evidence that a plan of action has been put into effect to provide assurance of the accuracy of the data provided by the country offices, and in particular the country offices that are at high risk.	December 2009
13	The UNHCR Division of Human Resources Management should establish a procedure to log the requests made for access rights changes and to compare the approved access rights with the corresponding security profile in the Human Resources Module. This comparison should be performed periodically for all the UNHCR offices that use the HR Module. Any exception should be investigated and corrected.	Operational	High	O	Documents showing that procedures are in place to log access rights requests and comparing them with the security profile in the HR Module.	September 2009

1. C = closed, O = open
2. Date provided by UNHCR in response to recommendations.

ANNEX 2

*Use this page if the orientation of Annex 2 is portrait. If the orientation is landscape, insert a section break at the end of Annex 1 and continue on the new page. (On the **Insert** menu, point to **Break**, select **Next page** under **Section break types**.) Leave the page blank if not required; do not delete it.*