TO
A — Ms. Catherine Pollard, Assistant Secretary-General
Office of Human Resources Management
Department of Management

DATE: 25 August 2011

Mr. Choi Soon-hong, Assistant Secretary-General
and Chief Information Technology Officer
Office of Information and Communications Technology

Mr. Jun Yamazaki, Assistant Secretary-General and Controller
Office of Programme Planning, Budget and Accounts

REFERENCE: IAD: 11-00538

FROM
DE — Fatoumata Ndiaye, Director
Internal Audit Division, OIOS

SUBJECT: **Assignment No. AT2010/512/02 – Audit of payroll processing at United Nations Secretariat**
OBJET: **in New York Headquarters**

Overall results relating to the accuracy and timeliness of payroll processing in New York Headquarters were partially satisfactory

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 recommendation 1 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide the additional information as discussed in the text of the report and summarized in Annex 1.

3.   Please note that under General Assembly resolution 59/272, a Member State may request that the final audit report be made available. Also, note that pursuant to General Assembly resolution 64/263, OIOS will include the complete management response as an annex to the present report.

4.   Please note that OIOS will report on the progress made to implement its recommendations, in its annual report to the General Assembly and semi-annual report to the Secretary-General.

5.   We wish to express our appreciation to the Management and staff of OHRM, OICT and OPPBA for the assistance and cooperation extended to the auditors during this assignment.

cc: Ms. Angela Kane, Under-Secretary-General, Department of Management
      Mr. Zachary Ikiara, Chief, Policy and Oversight Coordination Unit, Department of Management
      Ms. Susanne Freuh, Executive Secretary, Joint Inspection Unit
      Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors

Mr. Moses Bamuwamye, Executive Secretary, IAAC
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS
Ms. Amy Wong, Programme Officer, Internal Audit Division, OIOS

AUDIT REPORT
Audit of payroll processing at United Nations Secretariat in New York Headquarters

BACKGROUND

Payroll processing at the United Nations Secretariat in New York Headquarters (Secretariat) is managed by the Payroll Operations Unit within the Accounts Division of the Office of Programme Planning, Budget and Accounts (OPPBA). This Unit is responsible for payment of salaries and related allowances to staff members stationed in New York, international staff in peacekeeping missions and the experts stationed in field offices. Payroll processing is supported by the Integrated Management Information System (IMIS) and its web integrated reporting application (WIRe), and management information system reporting facility (IRFA).

OBJECTIVE AND SCOPE

This audit was conducted to assess the adequacy and effectiveness of the Secretariat's risk management, control and governance processes in providing reasonable assurance regarding the accuracy and timeliness of payroll processing in New York Headquarters. The key controls tested for the audit included those related to: (a) regulatory framework; and (b) ICT support systems. The audit covered payroll processing activities related to two key controls for the period 2009-2010.

AUDIT RESULTS

In OIOS' opinion, the Secretariat's risk management, control and governance processes examined were **partially satisfactory** in providing reasonable assurance regarding the accuracy and timeliness of payroll processing.

While procedures have been established for preparing, verifying and processing data and maintaining the supporting application (IMIS), strengthening opportunities exist to improve timeliness of updating and reconciliation of data. Several procedures have been designed and implemented for preparing the data input to the system. However, information about staff movements and personnel actions were not timely processed and reflected in the system. In addition, help desk procedures were not updated and documented. Payroll calculations were correctly processed but the reconciliations of the monthly reports required improvement. The controls pertaining to the application development and database management were adequate.

Controls over the preparation and verification of data input

The human resources module of IMIS had instances where the status of staff members was not correct. There were 250 cases were personnel actions had not been updated during the period January 2001 – January 2010. Furthermore, post incumbency reports did not reflect the updated staffing situation. One of the main causes of this limitation was the delay in transferring data related to the staff members' transfer between duty stations. These delays were attributed to several manual verifications of the data that usually are performed in the duty station receiving the new staff member. Until these verifications are processed (in IMIS) at UNHQ, changes do not appear in the post occupied by the staff member. As a result, staff members were not paid through the payroll system and received advances until the updates were completed in IMIS. Other delays affecting the reliability and completeness of data were represented by those instances when personnel actions were not processed on time (i.e., because of contract

extensions). OIOS identified about 85 transfer cases that still remained to be processed at the time of the audit, and no information was available on the ageing of these cases.

OHRM advised that it is already supporting clean-up by providing exception reports to Executive Offices. The exception reports highlight inconsistencies/errors in IMIS that should be corrected by the Executive Offices. The actual clean-up cannot be performed by OHRM as it does not own the data. The IMIS Human Resources Support Team of OHRM, which processes the IMIS scripts of staff members transferring in or out of UNHQ, resolves script transfer cases within two months on average. Script transfer cases can be resolved quicker (within a day or within a week) if the requesting department processes all actions in a timely manner; the staff member's data in IMIS is "clean" (i.e. ,no overlapping post incumbencies, no corrupted data, etc.);the transfer involves a separated staff member or a staff member on normal movement; and the effective date of transfer is known. All cases received are documented and stored in OHRM's customer relationship management (CRM) application (MyHROnline). Starting in July 2011, the lead of the IMIS HR Support Team will review all script transfer cases that have been unresolved for more than two months (previously it was three months) and send an update to the Heads of the Executive Offices on the pending cases.

OHRM help desk procedures

The case reports generated from the help desk database indicated only the total number of incidents but not their nature. Desktop procedures have not been updated since 2002. The training module was also outdated and contained many links that did not work. Pending the replacement of IMIS with the new ERP/UMOJA, no training on IMIS has been provided in the last five years to new human resources staff. Human resources managers indicated that a significant number of retirements in the recent past have decreased the institutional knowledge on the use of IMIS in the organization. This condition is considered to be the main cause of errors made while recording personnel actions, having an effect on the payroll calculations, and the significant amount of time and effort invested in locating and correcting them.

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(1) OHRM should update its help desk procedures and, in coordination with OICT, ensure that all personnel assigned to payroll-related activities receive adequate training.

OHRM accepted recommendation 1 and stated that the IT Learning Programme (ITLP) has been offering IMIS courses to the staff of the United Nations Secretariat since 2000. IMIS overview is a half-day class offered as an introduction to staff who require broad knowledge of the capabilities of the system and the data that can be retrieved. The overview course gives staff background on how the system works and how it supports the administrative processes of the United Nations. It also shows staff how to navigate and use the system. Staff are also introduced to the support resources available.

The implementation of desk procedures and on-line training is planned for 31 December 2011. A project sponsored by five Executive Offices (DM, DGACM, DPA, OLA, OCHA) is currently underway to help strengthen the IMIS HR Support Team. The project focuses on three areas, HR user training, strengthening IMIS HR desk procedures, and focal point specialized training and workflow However, because of the limited resources working on the project (one professional and two general service staff) and the short time allocated to complete it (six months), the project is focused on the following: (i) Remove all obsolete desk procedures; (ii) Update desk procedures that are affected by the removal of the obsolete ones; (iii) Conduct training on IMIS user sessions where customers make the most mistakes (i.e. Post Incumbency; Appointment; Profile; Entitlements). Additional updates to desk procedures and further training will not be feasible unless the project is extended or more resources are made available.

> *However, the IMIS HR Support team will create detailed standard operating procedures and guidelines on payroll-related personnel actions that will be shared with Payroll/OPPBA.*
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> Recommendation 1 remains open pending receipt of the results of the implementation of desk procedures and on-line training planned for completion by 31 December 2011, as well as terms of reference of the on-going project for strengthening the IMIS HR support team.

Reconciliations of payroll reports

It was not possible to match the number of staff members in the organization's post incumbency report with the number of staff paid included in the earnings and deductions report. While the earnings and deductions report provided comprehensive information about all the staff members' monthly pay slips, it did not include the total amount of each payroll element such as gross salary, post adjustment, etc. Many of the reports generated with the information systems were no longer supported and were not utilized as a reference during payroll processing. However, users in the Executive Offices could still use them making incorrect assumptions on the basis of this information.

> **(2) OPPBA should ensure that variances between the payroll reports generated with WIRe (i.e. earnings and deductions report) are identified, explained and corrected in a timely manner and on a monthly basis; (ii) reports provide both consolidated and detailed information (i.e., processing elements, errors, payments, etc.); and (iii) the reports no longer supported are removed from the production database**
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> *OPPBA accepted recommendation 2 and stated that variances between IRFA reports and WIRe reports have been reported to OICT for analysis. Once the source of the variance is identified, the timeline for correction will depend on the complexity of the reports modifications required and on the availability of OICT resources. At this stage, OPPBA is not yet in a position to estimate an implementation date. Since OPPBA is dependent upon OICT to implement this recommendation, OICT should share the responsibility of implementing this recommendation.*
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> Recommendation 2 remains open pending completion of the coordinated actions to be taken by OPPBA and OICT for correcting the reports related to payroll processing.

ACKNOWLEDGEMENT

OIOS wishes to express its appreciation to the Management and staff of OHRM, OPPBA and OICT for the assistance and cooperation extended to the auditors during this assignment.