



**United Nations  
Office of Internal Oversight Services  
Internal Audit Division II**

# **Audit Report**

**Audit of UNOG Mobility and Hardship Allowance  
(AE2005/311/07)  
Report No. E05/R12  
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Office of Internal Oversight Services  
Internal Audit Division II

**AUDIT OF UNOG MOBILITY AND HARDSHIP ALLOWANCE (AE2005/311/07)**

**EXECUTIVE SUMMARY**

In March to June 2005, OIOS conducted an audit of UNOG Mobility and Hardship Allowance. The audit covered activities with a total expenditure of US\$ 4.8 million in 2003 and 2004.

Overall assessment

- OIOS assessed that the systems and procedures relating to the administration of the mobility, hardship and non-removal allowance, as average. Activities by the Human Resources Management Service (HRMS) and UNOG Payroll Unit were adequately run and although the majority of key controls were being applied, the application of certain important controls lacked consistency or effectiveness. In order not to compromise the overall system of internal control, timely corrective action by management is required.

Mobility element

- The mobility allowance was paid to 44 staff in the years 2003 and 2004. Due to the small number of cases, all of them were reviewed and it was determined that the computation was correct.
- OIOS found several cases where staff members obtained a mobility count even though they were assigned to a duty station for less than one year. In one case it was less than one month. No good reason or justification was on file as to why the staff member was entitled to this. Such incorrect mobility counts may result in future overpayments. On the other hand, two cases were identified where staff members appeared to be eligible for, but did not receive mobility element of mobility and hardship allowance. OIOS recommended that, by exception reporting from IMIS, HRMS review (a) staff members for which a mobility count was granted for an assignment of less than one year; (b) staff members not granted a mobility count for a post incumbency of more than one year, and (c) where eligible staff members meeting the criteria have not been granted mobility, ensure compliance and make the appropriate corrections, where necessary. *HRMS stated that they would request IMIS to provide exception reports, but highlighted that the complexity of the features would require a substantial development effort.*

#### Hardship element

- The hardship allowance was paid to 234 staff in the years 2003 and 2004. The sample selected and reviewed for accuracy of computation, was found to be correct.
- IMIS currently does not initiate reliable corrections to payments for hardship allowance resulting from retroactive category changes of a duty station. As a result the Payroll Unit needs to manually initiate the recalculation in the system. This is a time-consuming exercise and open to the risk of error. OIOS is pleased to note that this regression in IMIS will be automated. *UNOG confirmed that this is scheduled for implementation at UNOG in August 2005.*

#### Non-removal element

- The non-removal allowance was paid to 851 staff in the years 2003 and 2004. The sample selected and reviewed for accuracy of computation was found to be correct. However, problems were found in entering basic data on which the calculations were based on.
- A number of errors and inconsistencies were noted with regard to the entry date to IMIS for reduction of the allowance after five years of service at one duty station. In 32 cases the non-removal reduction date was absent creating a risk that a non-removal allowance could continue beyond the five-year limit. For a further 58 cases the non-removal reduction date entered was not clear and/or obviously erroneous requiring further follow-up. Moreover, OIOS found 31 cases totalling US\$ 32,000 for which recoveries may be required from staff members. These cases need to be reviewed and appropriate action taken.
- OIOS was pleased to note that UNOG Payroll had already conducted a review, based on a snapshot of payments in September 2004. The work performed resulted in a request to HRMS to review many cases where payments continued beyond five years. OIOS commends this initiative, which mitigates the risks associated with internal control deficiencies in IMIS. Nonetheless, the 'snapshot' approach did not identify all the errors and misunderstandings with regard to the allowance and the system. *UNOG indicated that the Payroll Unit was undertaking periodic reviews of non-removal allowance payments.*

#### Internal control systems

- OIOS assessed that internal controls needed to be strengthened. In two cases OIOS found that the appropriate level of authority (UNOG Director of Administration) had not been observed to approve extensions to the mobility and hardship allowance. In OIOS' view appropriate criteria had not been applied and we question the validity of the exception. OIOS recommends that clear criteria be established consistent with other duty stations.
- OIOS found almost 50 Personnel Actions, where Human Resources Officers approved their own entitlements. This is a serious weakness in internal controls and needs to be stopped with immediate effect. Approval should be assigned to another Officer. OIOS recommends that IMIS be enhanced to ensure that individuals are prevented from approving their own Personnel Actions. *UNOG agreed and will seek the support of the IMIS team at UNHQ.*

August 2005

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## **I. INTRODUCTION**

1. From March to June 2005, OIOS conducted an audit of UNOG Mobility and Hardship Allowance (MHA). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The Mobility and Hardship Allowance is an incentive to mobility and to compensate for hardship and non-removal of personal effects and household goods. Staff Rules 103.22 and 203.11, as well as ST/AI/2000/2 (mobility, hardship and non-removal) as amended by ST/AI/2001/9 govern the administration of the allowance.
3. The amount of MHA payable to each eligible staff member is a function of his or her placement on a three-dimension matrix where the hardship element increases in order of difficulty. The mobility element varies according to the number of assignments and the length of service at one duty station. The non-removal element varies according to whether the staff member is entitled to and opts for full removal of household goods. The hardship element depends on the assigned duty station category as defined by International Civil Service Commission.
4. The UNOG Human Resources Management Service (HRMS), as part of the UNOG Division of Administration, is responsible for administering staff members of several UN entities in Geneva, as well as staff members of these organizations in the field. IMIS as the administrative support system is also handling MHA entitlement in HR/Payroll modules.
5. The findings and recommendations contained in this draft Audit Report have been discussed with the officials responsible for the audited activities during discussions and briefings held throughout the audit.

## **II. AUDIT OBJECTIVES**

6. The main objective of the audit was to assess the administration of the mobility, hardship and non-removal allowance at UNOG, and more specifically to:
  - Evaluate the adequacy, effectiveness and efficiency of internal controls;
  - Evaluate whether adequate guidance and procedures are in place;
  - Determine the reliability and integrity of the data available from IMIS;
  - Ensure compliance with UN regulations, rules, policies and administrative procedures.

## **III. AUDIT SCOPE AND METHODOLOGY**

7. The review focused on the administration and payment of mobility, hardship and non-removal elements of the allowance covering the period of 1 January 2003 to 31 December 2004, with disbursements of US\$ 4.8 million paid to approximately 900 staff members. From information made available, OIOS analysed all payments made to staff, and followed-up on unusual or unexpected trends in payments that were identified. OIOS took assurance from the work done by the Payroll Unit in UNOG Financial Resources Management Service (FRMS)

where a review had already been conducted of some elements of the allowance. This enabled OIOS to reduce the size of the sample to be tested and focus on the higher risk areas.

8. The audit activities included a review and assessment of internal control systems, interviews with staff, analysis of applicable data and a review of the available documents and other relevant records.

#### **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

##### **A. Mobility Element**

###### **(a) Accuracy of mobility element calculation**

9. About US\$ 0.3 million was paid under the mobility element of the allowance to 44 staff in the years 2003 and 2004. Due to the small number of staff in receipt of the allowance, all cases were reviewed for accuracy of computation of the mobility element. The amounts were correct in all cases.

###### **(b) Assignment length qualifying for mobility count in IMIS**

10. The Integrated Management Information System (IMIS) does not automatically record whether an assignment is included in the mobility count. Each post incumbency has to be flagged as eligible for mobility or not by the responsible Human Resources Assistant/Officer.

11. OIOS found seven cases were staff members (index numbers 411708, 516029, 544698, 573034, 687059, 816935, and 912158) obtained a mobility count even though they were assigned to a duty station for less than one year. In one case it was less than one month. Although they were not yet eligible for mobility, this count affects future mobility calculations. OIOS appreciates with reference to ST/AI/2000/2, dated 10 March 2000, that if a staff member is assigned to a duty station for a period of one year or longer which is subsequently reduced at the initiative of the Organization to less than one year, this service may be counted as an assignment for mobility count on an exceptional basis. Nonetheless, for the above cases, OIOS found no good reason or justification on file why they were entitled to mobility for these assignments.

12. In addition, OIOS found two cases (index numbers 106770 and 550037) where the staff members met the mobility requirement (i.e., were serving in a duty station classified A to E in their second assignment and had the requirement of five years continuing service) and should therefore be eligible for mobility. In IMIS a mobility count was granted for these assignments, yet the staff members did not receive the mobility element of MHA. The staff member with index number 106770 had served in Geneva for almost three years, and this had not been recognized in the mobility count.

##### **Recommendation:**

- The UNOG Human Resources Management Service should obtain exception reports from IMIS and review cases where (a) the mobility count was granted for staff member assigned to a duty station for less than one year; (b) the mobility count was not granted for a post

incumbency of more than one year, and (c) the mobility element had not been granted to staff members meeting the conditions outlined in section 2.2 of ST/AI/20002/2, to ensure compliance and make appropriate corrections. If a mobility count has been exceptionally granted this should be documented and file accordingly (AE2005/311/001).

13. *The UNOG Division of Administration has accepted the recommendation and indicated that it would submit a formal request to IMIS development team in New York to add such reporting functionality in IMIS. HRMS highlighted that the complexity of the features would require a substantial development effort. In OIOS' opinion, if the IMIS team in New York does not give priority to the request, such reports can also be produced locally from IMIS data using the professional help of the IMIS team at UNOG.*

#### B. Hardship element

##### (a) Accuracy of hardship element calculation

14. About US\$ 2.4 million was paid under the hardship element of the allowance to 234 staff in the years 2003 and 2004. In addition to staff members in receipt of both the mobility and hardship elements of the allowance, OIOS reviewed 17 staff members to whom a waiver (an exception) in IMIS had been granted by HRMS. From the sample selected OIOS reviewed the accuracy of the computations and the amounts paid for the hardship element. The amounts were correct.

##### (b) Changes in duty station category and retroactive hardship element calculation

15. IMIS currently does not initiate reliable corrections to payments for hardship allowance resulting from retroactive category changes to the duty station. For example when a duty station changes retroactively from B to C, the Payroll Unit needs to manually initiate the recalculation in the system of the amount payable. This is a time consuming exercise and open to the risk of error. OIOS understands from discussions with HRMS and FRMS that this regression in IMIS has been fixed and the recalculation will be automated. The enhancement to the system is scheduled be rolled out to UNOG in August 2005.

#### C. Non-removal element

##### (a) Accuracy of non-removal element calculation

16. About US\$ 2.2 million was paid under the non-removal element of the allowance to 851 staff for the years 2003 and 2004. In addition to cases receiving mobility and/or hardship elements together with non-removal element, OIOS sampled 24 staff members under the responsibility of HRMS. From the sample selected OIOS reviewed the accuracy of computations of the non-removal element. The amounts were correct.

(b) Date entry to IMIS for reduction after five years of service at one duty station

17. OIOS received a report on changes made in IMIS to staff members' non-removal reduction dates. This report covered 923 staff members recorded in UNOG's IMIS database. OIOS noted several errors in the input of the non-removal reduction date. OIOS found 32 cases where the field in IMIS was empty; the list is included as Annex 1.

18. Previously the reduction date was not a mandatory data field, but since 2005, OIOS was informed that the system has been enhanced in 2005 and that the non-removal reduction date is now mandatory in IMIS, and if not entered it gives an error message. The system however does not validate the date, so mistakes are not detected. OIOS noted that the system had accepted dates ranging from 1 January 1800 to 1 June 3005.

19. Based on a review of a sample of transactions, the application of five-year limit is not fully clear. ST/AI/20002/2 states that the payment of the non-removal element shall be limited to a period of five years at one duty station. In some cases the reduction date was calculated as five years from each reappointment, in others it was counted from the initial appointment although the eligibility and payments of the non-removal element started at a later date. In a few cases, the non-removal reduction date was the same as the eligibility date for the non-removal element. In total OIOS found 58 cases where the non-removal reduction date entered was not clear or the date was erroneous. These 58 cases identified are listed in Annex 2.

20. Although the amounts involved are insignificant, OIOS found that the reduction date was not consistently applied. Some staff members dealing with IMIS data entry, if the entry date was 1 January 2000, recorded the reduction date, which should be five years from entry date, as 31 December 2004, others as 1 January 2005. To ensure consistency, HRMS should give clear instructions to staff dealing with MHA on what is the appropriate date and how to correctly complete the information required in IMIS. OIOS would suggest that the guidance prepared by the Secretariat of the Economic Commission for Africa (ECA) could serve as a good practice.

21. OIOS found 31 cases, where the non-removal element appeared to have been paid beyond five years of service without an exception being granted. Recoveries of the apparent overpayment with reference to the non-removal element totalling some US\$ 32,000 should be considered. The list of these cases is attached as Annex 3.

22. For the non-removal element, OIOS was concerned to find such a large number of questionable cases; 13 per cent of the 923 cases. OIOS appreciates that UNOG Payroll had conducted a check of the non-removal allowance based on a snapshot of payments in September 2004. The work performed resulted in a request to HRMS to review many cases where the payments were continued beyond five years of the initial appointment to the duty station. OIOS commends this initiative, which mitigates the risks associated with internal control deficiencies in IMIS. However, OIOS' observed a 'snapshot' approach did not identify all the errors and misunderstandings with regard to the allowance. The *UNOG Division of Administration indicated that the Payroll Unit was undertaking periodic reviews of non-removal allowance payments.*

### **Recommendations:**

- The UNOG Division of Administration should submit the non-removal element cases listed in Annexes 1 to 3 to the responsible Human Resource Officers for review and appropriate action. If necessary, Division of Administration should initiate recoveries of about US\$ 32,000 relating to overpayments made (AE2005/311/002).
- The UNOG Division of Administration should conduct periodic reviews of non-removal and mobility element reduction dates as recorded in IMIS, using for example exception reports generated from IMIS to reduce the risk of erroneous payments with regard to the allowance (AE2005/311/003).

23. *The UNOG Division of Administration agreed with recommendation 2 and HRMS has initiated a review of the listed cases. UNOG accepted recommendation 3 and Human Resources Officers have been requested to periodically check reduction dates using reports from IMIS. As such exception reports are not readily available in IMIS, OIOS recommends using the help of the IMIS team at UNOG in generating them.*

#### **D. Exceptions for reduction of entitlement after five years of service at one duty station**

24. According to ST/AI/2000/2 after five years of service at one duty station, the mobility allowance will be reduced and the payment of the non-removal element will be discontinued. Exceptionally, payment of the mobility element may continue at the same rate for a further one year and non-removal may be extended for a further two years upon certification by the UNOG Director of Administration. OIOS found two cases where the certification process was not properly applied. In one case the Officer-in-Charge of HRMS approved an exception via email (for staff member with index number 919716), and in another a Human Resources Officer approved the exception to mobility element by writing “Request approved” and signing a printout of the staff member’s (index number 724768) email request. To ensure consistency in the administration of entitlements, the UNOG Director of Administration should ensure that exceptions be only granted by the correct authority.

25. OIOS was not fully satisfied with the criteria applied by UNOG for these two cases in granting an exception. It was simply on the basis that the staff members had tried to be mobile by applying for posts outside their current duty station. While OIOS appreciates that the limitation of five years is intended to encourage mobility, paragraphs 2.8 and 4.3 of ST/AI/2000/2 of 10 March 2000 on Mobility and Hardship clearly spell out the circumstances for which the maximum five years could be extended. The principle is to grant an exception when it is the Organization that requires the staff member to remain longer at a duty station. The fact that staff members may have tried to move but were unsuccessful is not a valid criterion on which to grant an exception. These two cases should be reviewed by the UNOG Director of Administration, and if not properly justified, action should be taken to recover the amounts incorrectly paid, estimated some US\$ 7,300.

26. For the future, to ensure consistency in the application of exceptions, HRMS, after discussion and clarification with the Office of Human Resources Management, should establish

clear criteria in compliance with ST/AI/2000/2 for granting exceptions to mobility and non-removal element payments beyond five years. Moreover, to improve the service provided to staff members, OIOS would suggest that a reminder be issued to staff of the reduction or discontinuation of mobility and non-removal elements of MHA, similar to the present practice with rental subsidy entitlement.

**Recommendations:**

- The UNOG Division of Administration should review the exceptions granted to staff members (index numbers 919716 and 724768) to determine whether they were in compliance with ST/AI/2000/2. If found not in compliance, the allowance incorrectly paid, estimated some US\$ 7,300, should be recovered (AE2005/311/004).
- The UNOG Division of Administration should ensure that in the future, any exceptions for time limits set for mobility and non-removal elements of Mobility and Hardship Allowance are based on consistent written criteria and approved by the correct authority in compliance with ST/AI/2000/2 (AE2005/311/005).
- The UNOG Division of Administration should inform all staff members of the forthcoming discontinuation of their non-removal element and reduction of mobility element of the Mobility and Hardship Allowance so that those eligible for extension can apply for an exception (AE2005/311/006).

27. *The UNOG Division of Administration has agreed with recommendation 4 and indicated that corrective action will be initiated. HRMS concurred with recommendation 5 and will ensure that in future all exception cases will be presented for approval to the Director, Division of Administration.*

28. *The UNOG Division of Administration did not agree with recommendation 6 stating that it is not logical to inform staff inconsistently on the discontinuation of entitlements and that the associated workload cannot be easily absorbed. OIOS appreciates UNOG's comments but would highlight that a process of informing staff of the discontinuation of entitlements has already been initiated for rental subsidy. OIOS would therefore encourage UNOG to continue to enhance its service to staff members to include other entitlements such as mobility and hardship as well as dependency allowances. In OIOS' opinion the additional workload would be minimal if the present procedure used for rental subsidy be adopted whereby this information is emailed with electronic payslip. With regards to the discontinuation/reduction of non-removal and mobility elements, such information is standard practise in several other duty stations.*

E. Internal controls

29. During the audit OIOS noted that a Personnel Action (PA) to grant mobility was approved by the beneficiary. As a result, OIOS ran a query in IMIS and found 46 cases where Human Resources staff members had approved their own PAs. This is a serious weakness in internal controls, and should be stopped with immediate effect. The approval of a Human Resources Officer's PAs should be delegated to another Officer with the same authority to approve

documents in IMIS. A beneficiary should not approve his/her own PA.

30. OIOS would also suggest that UNOG request an enhancement to IMIS that prevents individuals from certifying or approving their own entitlements.

**Recommendations:**

- The UNOG Division of Administration should ensure that strong internal controls are established over the approving of Human Resources Officers' Personnel Actions. This responsibility should be delegated to another Officer (AE2005/311/007).
- The UNOG Division of Administration should request an enhancement to the Integrated Management Information System to ensure that individuals are prevented from certifying and approving their own Personnel Actions (AE2005/311/008).

31. *HRMS agrees with recommendation 7 and stated that it is actually one of the basic principles of the functioning of HRMS that HRMS staff should not review, process or approve their own entitlements or perform any other actions relating to their own cases. HRMS states that the 46 cases cited were related to the initial input of data to IMIS.* OIOS reviewed the cases mentioned above, and would like to highlight that at least 17 of the PAs in question were entered in 2002 or later and IMIS Release 2 for Staff Entitlements was implemented at UNOG in October 1998.

32. *HRMS also agreed with recommendation 8 and stated that the IMIS team would formulate a request to the IMIS team at UNHQ. UNOG brought up valid concern that it would be necessary to take account of the situation of small departments, which have only one approving officer.* OIOS appreciates UNOG's concerns, but such cases are exceptions and it is the responsibility of user departments to ensure adequate procedures and internal controls are in place, which should not allow individuals to approve their own entitlements.

**V. ACKNOWLEDGEMENT**

33. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the staff of UNOG Division of Administration.

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## ANNEX 1

## List of staff members without non-removal reduction date

<b>Organisation</b>	<b>Index#</b>
Conference Services Division	
1	422053
2	422084
Economic and Social Commission for Asia and the Pacific	
3	620923
4	213910
5	415955
Economic Commission for Europe	
6	45163
7	676643
International Trade Centre	
8	982765
Office for Coordination of Humanitarian Affairs	
9	280141
Office of the High Commissioner for Human Rights	
10	252096
11	317008
UN Framework Convention on Climate Change	
12	89311
13	218966
14	490079
15	538389
16	572665
17	601345
18	692775
19	961431
United Nations Conference on Trade and Development	
20	420496
21	732820
22	218473
23	304470
24	432513
25	471872
26	862340
United Nations Environment Programme	
27	380090
28	764399
United Nations Joint Staff Pension Fund	
29	868021
United Nations Office at Geneva	
30	69005
31	674209
32	908276

ANNEX 2

List of staff members with non-evident or erroneous non-removal reduction date

<b>Organisation</b>	<b>Index#</b>
<b>Conference Services Division</b>	
1	737997
<b>Economic Commission for Europe</b>	
2	218175
3	437867
4	463747
5	530033
6	917465
<b>International Trade Centre</b>	
7	114945
8	297153
9	412734
<b>Joint Inspection Unit</b>	
10	68834
<b>Office for Coordination of Humanitarian Affairs</b>	
11	64539
12	106770
13	240648
14	246094
15	356047
16	388510
17	531594
18	544711
19	550729
20	567731
21	617566
22	669910
23	671699
24	746645
25	912158
26	913392
<b>Office of Internal Oversight Services</b>	
27	382199
<b>Office of the High Commissioner for Human Rights</b>	
28	237003
29	525386
30	545687
31	547103
32	573034
32	586202
34	620923
35	622328

36	676876
United Nations Compensation Commission	
37	544617
United Nations Conference on Trade and Development	
38	550037
39	573086
40	628239
United Nations Convention to Combat Desertification	
41	567985
United Nations Environment Programme	
42	72035
43	247427
44	307895
45	365966
46	485304
47	572599
United Nations Office at Geneva	
48	213910
49	248223
50	368822
51	560454
52	601476
53	642175
54	687936
55	739719
United Nations System Staff College	
56	47050
57	275646
58	387970

## ANNEX 3

## List of possible recovery cases

	<b>Index #</b>	<b>Recovery amount US\$</b>
1	45163	355
2	56282	1,171
3	69849	1,803
4	88284	145
5	165403	777
6	204148	647
7	252096	3,922
8	317008	1,700
9	420496	1,803
10	432513	3,471
11	436034	390
12	455110	172
13	471872	870
14	500546	172
15	511338	518
16	544664	1,233
17	548142	2,603
18	549567	691
19	551412	172
20	552087	164
21	558948	400
22	560010	859
23	560031	1,978
24	563830	95
25	566295	112
26	571721	153
27	587289	259
28	621961	2,390
29	704606	172
30	764014	850
31	811422	1,812
<b>TOTAL</b>		<b>31,859</b>