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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

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

CONFIDENTIAL

TO: Mr. Sergio Arvizu, Chief Executive Officer
A: United Nations Joint Staff Pension Fund

DATE: 18 October 2016

REFERENCE: IAD: 16- 00546

Mr. Christian Saunders, Director
Office of the Under-Secretary General for Management

FROM: Gurpur Kumar, Deputy Director
DE: Internal Audit Division, OIOS



SUBJECT: **Detailed results of an audit of management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund**
OBJET: **the United Nations Joint Staff Pension Fund**

While the Fund Secretariat had established taskforces and obtained additional resources, effective steps are needed to improve performance and reduce delays in processing of pension benefits

1. Attached please find the detailed results of the above-mentioned audit.
2. We would appreciate receiving your comments and clarifications, including confirmation of factual accuracy by 1 November 2016. Please note that your comments on the detailed audit results will be considered while preparing the draft audit report. Therefore, it is important that we receive your comments. When commenting on the recommendations, please provide your responses to the detailed audit results in the attached form:
 - Annex I: Audit recommendations – Please comment on each recommendation and indicate whether or not the recommendation is accepted. OIOS considers recommendations 4 and 5 as critical and recommendations 1 to 3 and 6 to 12 as important.

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I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund (UNJSPF).
2. UNJSPF was established by the General Assembly to provide retirement benefits and social security protection (death, disability and other related benefits) for the staff of the United Nations and 22 other member organizations.
3. The strategic framework of UNJSPF reaffirmed a strong commitment to a service-oriented pension fund. It recognized that pensions are a critical element of the overall conditions of service for all staff, and that pensions were an integral part of the package of pay and benefits that determines the competitiveness and attractiveness of organizations as employers in the labour market. The UNJSPF Quality Management Strategy defined the strategies to achieve quality services as: (i) working with the input of employing organizations towards ensuring that there was no more than one month's delay between the last salary and the first benefit payment; (ii) paying lump-sums, monthly benefits and withdrawal settlements within 15 business days after receipt of the required documentation; (iii) becoming more proactive in following up on non-receipt of documentation from the member organizations; (iv) responding to participants'/beneficiaries' queries within 15 working days; and (v) listening to participants' requirements and consulting with them through questionnaires and surveys.
4. The total administrative expenses of UNJSPF for the biennium 2014-2015 amounted to \$154 million of which \$86 million related to the Fund Secretariat. The budget estimate of administrative expenses for UNJSPF for the biennium 2016-2017 was \$182 million of which \$94 million related to the Fund Secretariat, representing an increase of 9.3 per cent from the previous biennium. The Fund had 126,892 participants and 71,474 periodic benefits as of 31 December 2015. Table 1 shows the changes in the number of participants and periodic benefits during the last five years.

Table 1
Increase/decrease in the numbers of participants and retirees

<i>Year</i>	<i>Number of participants</i>	<i>Number of periodic benefits</i>	<i>Increase/decrease of retirees</i>
2011	120,774	65,387	-
2012	121,098	67,677	3.5 %
2013	120,294	69,980	3.4 %
2014	122,759	72,367	3.4 %
2015	126,892	71,474	-1.2%

Source: The UNJSPF financial statements, Revised budget estimates for biennium 2016-2017

5. The services provided by the UNJSPF Secretariat included:
 - a. Establishing and maintaining records for all participants and beneficiaries;
 - b. Calculating and processing all types of pension benefits/entitlements upon separation from service or death of a participant or retiree, including disability, survivor's, and children's benefits;
 - c. Collecting, pooling and reconciling contributions;
 - d. Establishing all benefits/entitlements under the regulations, rules and administrative procedures, and payment of monthly benefits, lump-sums and withdrawal settlements;
 - e. Providing pension administrative services for more than two thirds of all active participants as the local Staff Pension Committee (SPC) for organizations of the United Nations family,

including the United Nations Secretariat and its field missions, the United Nations Development Programme (UNDP), the United Nations Children’s Emergency Fund (UNICEF), the United Nations High Commissioner for Refugees, and all other United Nations funds and programmes. The United Nations agencies had their own SPC.

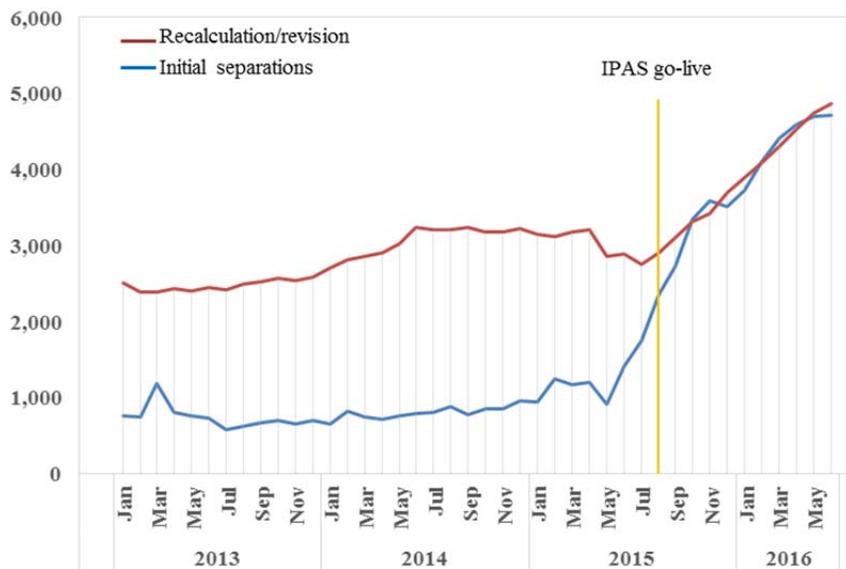
6. In its resolution 70/248 dated 22 January 2016, the General Assembly noted with concern the delays in the receipt of payments by some new beneficiaries of the Fund, and stressed the need for the Pension Board to take appropriate steps to ensure that the Fund addresses the causes of such delays, and in this regard requested an update in the context of the next report of the Pension Board.

7. On 3 August 2015, the Fund rolled out the Integrated Pension Administration System (IPAS) to replace the legacy pension entitlement system (Pensys), the financial accounting system (Lawson), the content management system, as well as other stand-alone information and communications technology (ICT) systems.

8. As of 12 June 2016, there were approximately 4,709 outstanding initial separation cases¹ and 4,870 outstanding recalculation and revision benefits². Chart 1 shows the accumulation of outstanding cases from 1 January 2013 to 12 June 2016.

Chart 1

Accumulation of outstanding separation cases and benefits from 1 January 2013 to 12 June 2016



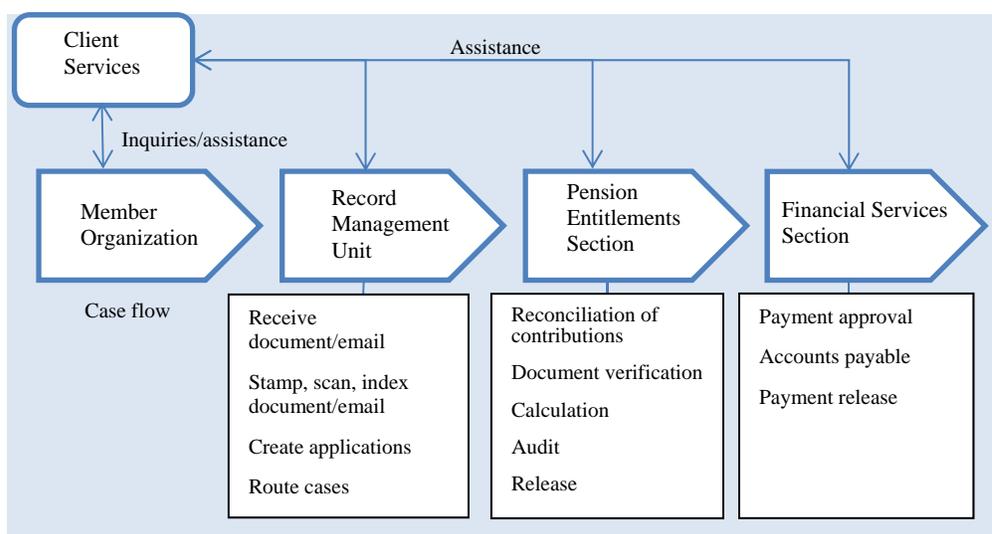
Data source: IPAS and Pensys extracts

9. Benefit processing principally involved the Operations Section (which was composed of the Client Services Unit (Client Services), the Records Management and Distribution Unit and the Pension Entitlement Section) and the Payments Unit of the Financial Services Section. Once a case was processed and released by the Operations Section, it moved to the Payments Unit for disbursement. Illustration 1 indicates the flow of pension benefits processing.

¹ Initial separation cases with a complete set of the required documents received and not released to the Payments Unit as of 12 June 2016, including pending cases which required follow-up after application started, deferment of payment or choice of benefit cases (Article 32) which were not gone through initial processing or elapsed 36 months.

² Includes all revision and recalculation benefits, previously known as 400’s and 500’s series work types.

Illustration 1:
Pension benefit process in UNJSPF



II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

10. The audit was conducted to assess the adequacy and effectiveness of UNJSPF governance, risk management and control processes over the effective management of delays in processing of all types and stages of pension benefits. This included identification of causes and institution of effective measures to ensure a substantial reduction in the number of outstanding cases of all types in a time-bound manner to mitigate the hardship caused to beneficiaries by the delays in payment of their pension benefits.

11. This audit was included in the OIOS 2016 risk-based work plan due to the risk that unmitigated delays in processing of pension benefits could have an adverse impact not only on the reputation of UNJSPF as a provider of retirement and related benefits but also on the United Nations as a fair, competitive employer.

12. OIOS conducted the audit from 1 June to 31 August 2016. The audit covered the period from 1 January 2013 to 31 August 2016 and included a review of internal controls relating to the management of delays in processing of pension benefits in the areas of: (i) strategic planning and risk assessment; (ii) performance monitoring; and (iii) ICT support.

13. The audit team conducted an activity-level risk assessment to identify and assess specific risks, and the related controls in mitigating those risks. Through interviews, analytical reviews, data analysis, sampling, surveys, walk-throughs and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. OVERALL ASSESSMENT

14. The Fund Secretariat had established taskforces and obtained additional resources amounting to \$3.2 million in July 2016 to address the delays in processing of pension benefits. However, the Fund needed, *inter alia*, to: (i) systematically update its risk register based on inputs from the concerned managers and develop appropriate mitigation plans to eliminate the delays in a time-bound manner; (ii)

expedite the recruitment for long vacant positions; (iii) establish key performance indicators for all of its benefit processing activities; (iv) take effective steps to improve its performance in regard to client services and processing of pension entitlements; (v) establish performance metrics to monitor and report on all types of outstanding cases; (vi) establish operational level agreements to define responsibility and accountability for timely submission and follow-up of incomplete documentation; and (vii) review duplicate “open” and “pending” cases after the requested documents are received. Additionally, the Department of Management should request the Fund Secretariat to provide complete information on all types of outstanding cases and establish performance metrics in consultation with the Fund for all outstanding cases, as well as standard templates for consistent monitoring and reporting.

III. AUDIT RESULTS

A. Strategic planning and risk assessment

Risk factors which caused delays in pension processing were not adequately assessed and mitigated

15. The UNJSPF risk management policy stated that proactive (rather than reactive) management of risks was its objective; risk management was to be an integral part of all organizational processes to determine appropriate mitigation strategies to manage them. Managers and supervisors were accountable for risk management actions in their respective areas of responsibility; the Fund’s governing bodies were required to provide adequate oversight and control in accordance with their respective roles and authority. Also, managers, in close coordination with the Risk Officers, were required to ensure that relevant risk information remains current, or is appropriately re-evaluated in case of specific events or circumstances that could affect the risk profile of their areas of responsibility.

16. The Fund Secretariat had not been updating its risk register and risk treatment and action plans on a regular basis, with inputs systematically collected from the concerned managers/supervisors, to reflect the likelihood and consequences of foreseeable events which might have an adverse impact on the timely processing of pension benefits. For example, during the testing and transition of IPAS, there were blackout periods of 40 days from 13 to 31 May 2015 and 13 July to 1 August 2015. The non-availability of the production system for pension processing during these blackout periods was one of the main factors that caused the accumulation of outstanding cases. The Fund stated that to ensure continuity of periodic benefit payments to 72,000 retirees and beneficiaries during IPAS transition, two blackout periods and parallel testing were needed. The Fund stated that the backlog was the consequence of the priority given to payroll processing during IPAS implementation. This had been acknowledged in the quarterly meeting of the UNJSPF Enterprise-wide Risk Management (EWRM) Working Group on 21 April 2015.

17. OIOS agrees that prioritization of payroll processing during the ramp up of IPAS was appropriate and necessary. However, after IPAS went live in August 2015 and the Fund successfully processed the payroll for existing beneficiaries, the UNJSPF Risk Maps as of October 2015 and January 2016 as well as the IPAS project risk register did not recognize that the risks arising from the blackout periods had already materialized. During this period, there were resultant delays in processing other pension cases. On 20 October 2015 (i.e. after IPAS went live), another quarterly meeting of the EWRM Working Group took place to discuss significant events and related risks. The IPAS project manager, chair of the IPAS Steering Committee and the Chief of Operations, as well as other managers, attended this meeting. The risk of delays in processing new cases was not included in these discussions. Therefore, there were no related risk-mitigating plans, which contributed to accumulation of outstanding cases. On 20 January

2016, the Fund included the risk of delays in pension processing in its risk register³ as a “moderate” risk. OIOS notes that by this time, the General Assembly had become concerned by the delays in receipt of payments by some new beneficiaries. The first action to mitigate the accumulation of outstanding cases, which was the establishment of a taskforce, was initiated in February 2016, which was six months after the blackouts had caused the accumulation of cases. The delay in taking mitigating actions in turn contributed to delays in processing/payment of benefits to beneficiaries.

18. Additionally, IPAS brought significant changes in operational processes and the ICT environment of the Fund. Although the IPAS project was not formally closed for the post implementation phase, the Fund discontinued the IPAS project risk register from August 2015. Therefore, the risks arising from missing functionalities or bugs in the application, and their impact on pension processing during the post implementation phase, have not been assessed and documented since IPAS went live in August 2015. Some of the missing or erroneous functionalities in IPAS that were causing delays in processing of pension benefits have been explained in Section C of the present report.

19. Since 2013, the Fund’s enterprise risk register recognized the risk of “failure to match contributions from the member organizations to participant accounts”. In 2015, the Fund did not re-evaluate the likelihood of its occurrence due to the implementation of the new system (IPAS) and did not prepare a risk treatment and response plan. In the absence of a mitigation plan, the 2016 year-end reconciliation process, which did not function as expected and required manual intervention and correction of data inconsistency, also contributed to delays in processing of pension benefits.

20. In January 2016, the Fund attributed the causes of accumulated delays in processing benefits to: (a) increase in new pension benefit cases due to downsizing of the several missions; (b) increase in the number of beneficiaries; (c) delays in transmission of the required documents from the member organizations; and (d) expected ramp up activities of IPAS. As shown in Chart 1, the accumulation of outstanding cases predominantly occurred in 2015. OIOS review of the figures presented in the Fund’s financial statements and operations performance reports showed that the total number of new pension benefit cases (i.e., separations) and number of beneficiaries did not increase from 2014 to 2015. Additionally, OIOS reviewed 20,059 cases from 2013 to 2015 to analyze the time taken by the member organization to transmit mandatory separation documents⁴ to the Fund. The analysis showed no significant or consistent surge during the period. Table 2 indicates the number of separations and periodic benefits, and the time taken by member organizations to transmit to the Fund all the required documents for 2013, 2014 and 2015.

Table 2
Separations, periodic benefits, and average time taken to receive all the required documents

<i>Year</i>	<i>Number of new separations⁵</i>	<i>Number of periodic benefits</i>	<i>Average business days taken from separation to all documents received</i>
2013	10,415	69,980	113
2014	8,361	72,367	124
2015	7,263	71,474	127

Sources: UNJSPF financial statements, Standardized Operations Performance Report, Pensys extract.

³ In the 2015 Risk map, risk no. 17 was “miscalculation of pension obligations and payments”. In the April 2016 risk map, risk no. 17 was updated to include delays: “miscalculation or delayed pension obligations and payments.”

⁴ The mandatory documents are: (i) separation notification; (ii) separation personnel action (for United Nations family organizations); and (iii) payment instruction.

⁵ Number of new separations processed during the year.

21. Updating the enterprise risk register on a timely basis with active participation of the concerned managers and identifying the causes and appropriate mitigating actions would strengthen the Fund's risk management practices relating to the processing of pension benefits.

(1) The UNJSPF Secretariat should strengthen its risk management efforts relating to delays in processing of pension benefits by: (i) proactively updating its risk register with inputs systematically collected from the concerned managers based on assessment of anticipated and foreseeable events as well as actual experiences; and (ii) developing appropriate mitigation plans to eliminate the delays in a time-bound manner.

Some vacancies in the Operations Section had remained unfilled for long periods

22. The Operations Section is responsible for processing pension benefits and responding to client inquiries by telephone, email, fax and post as well as in person. The quality of these services has a direct bearing on satisfaction of beneficiaries as well as the reputation of the Fund Secretariat as a service provider.

23. As of 31 July 2016 several posts in the Section were vacant, some of them for prolonged periods of time (see Table 3).

Table 3

Time taken to fill vacancies in the Operations Section as of 31 July 2016

<i>Post</i>	<i>Vacant since</i>	<i>Date vacancy announced</i>	<i>Date vacancy filled</i>	<i>Number of months post was vacant</i>
<i>Client Services</i>				
Client Services Chief (P-4)	December 2014	March 2016	July 2016	19
Benefits Officer (P-3)	March 2014	Not announced	Not started	> 29
Benefit Assistant (G-6)	January 2012	June 2015	Not yet filled	> 56
<i>Pension Entitlement Section</i>				
Benefits Officer (P-3)	September 2011	July 2014	Not yet filled	> 60
Benefit Assistant (G-6)	December 2013	May 2015	Not yet filled	> 32
Benefit Assistant (G-6)	December 2013	May 2015	August 2015	20
Benefit Assistant (G-6)	December 2013	May 2015	August 2015	20
Benefit Assistant (G-6)	June 2015	Not announced	Not started	> 14
Benefit Assistant (G-6)	June 2015	Not announced	Not started	> 14
Benefit Assistant (G-5)	January 2015	December 2015	February 2016	13

Source: The UNJSPF recruitment and vacancy control sheet

24. While the Fund Secretariat used temporary appointments for certain posts in some instances, OIOS is of the view that temporary appointments are not a durable solution for managing vacancies and the related workload, particularly when effective and efficient service delivery to beneficiaries is at stake. Unlike the United Nations Secretariat, where departments are required to provide explanations to the governing bodies for posts that remain unfilled beyond a certain duration, there was no such practice in UNJSPF. Also, in the United Nations Secretariat, due to limitations on the use of temporary appointments to fill regular posts, hiring managers were required to fill posts on a regular basis to assure effective programme delivery, rather than recruit temporary staff. There were no such limitations in UNJSPF, which allowed the Fund's hiring managers to keep vacancies unfilled for long periods and/or resort to the use of temporary appointments for regular functions.

(2) The UNJSPF Secretariat should: (i) expedite the recruitment for long vacant positions in the Operations Section; and (ii) include appropriate explanations in its annual reporting to the Pension Board on the reasons for posts remaining vacant for more than a year.

B. Performance monitoring

Key performance indicators need to encompass the entire pension process

25. The Fund defined key performance indicators (KPIs) for its operations in its strategic framework for the biennia 2014-2015 and 2016-2017 as follows: (i) “increased percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days” (i.e. arrow A of Illustration 2); and (ii) “increased percentage of incoming correspondence through mail and e-mail responded to within 15 business days”. Additionally, for the Payments Unit of the Financial Services Section, the KPI was “timely, accurate and secure benefit payments” (i.e. arrow B). However, these KPIs did not cover all the steps in benefit processing and measured only part of benefit processing (i.e., arrows A and B). There were no KPIs for the Records Management and Distribution Unit (i.e., arrow C), which also performed important functions relating to pension processing. The Unit managed and controlled the distribution of all incoming work (i.e. scanning incoming documents for action; creating the case in the system and routing to the respective units; and attending to the general email inbox). Any backlog in the Unit or incorrect routing of incoming documentation would delay the work of other units involved in processing pension benefits.

Illustration 2

Steps of processing new separation cases and definition of outstanding cases

Process Owner	Step	Description	Indicators
Employing organizations	1	Separation processed by employing organization	
	2	Required documents sent to UNJSPF	
Records Management/UNJSPF	3	Documents received and stamped	C
	4	Documents scanned	
	5	Documents indexed (All documents received) Application automatically created in IPAS	
Pension Entitlement/UNJSPF	6	Cases assigned to Calculator	A
	7	Case calculated by Calculator	
	8	Case reviewed by Auditor	
	9	Case released for payments by Chiefs	
Payments/UNJSPF	10	Payment approved	B
	11	Payment released	

↔ Existing indicators

↔ Indicators not available

↔ Outstanding cases reported by UNJSPF

26. OIOS reviewed 9,241 cases relating to three entities⁶ during the period from 2013 to 2015 to determine the time taken from the point at which documents left the organizations to the point at which

⁶ Documents obtained from UNDP, UNICEF and the Department of Field Support.

they were input into the system by the Record Management and Distribution Unit. Of these, complete information was available for 3,568 cases. Further review of 3,568 cases indicated that it took on average 53 days from dispatch of documents by member organizations to inputting them in the system by the Record Management and Distribution Unit. Due to non-availability of data showing the dates on which documents were received by the Fund, OIOS could not determine what proportion of 53 days was attributable to the Record Management and Distribution Unit. OIOS is of the opinion that the Fund Secretariat needs to establish an appropriate KPI for this part of the pension process to facilitate effective monitoring of the Unit’s performance.

(3) The UNJSPF Secretariat should establish key performance indicators for the functions performed by the Records Management and Distribution Unit to enable effective monitoring of its performance.

Need to establish a reliable system for collecting and reporting performance data

27. The guidelines on results-based budgeting require that a reliable system be developed for collecting the data for measuring performance, including identification of the sources of information and the methods of collecting the data. As reported in previous OIOS audits (Reports 2015/022 and 2015/186), the Fund Secretariat had not formally defined the procedures, standard measurement methodology and sources of data for compiling and reporting of performance, which may compromise the credibility and reliability of the performance reported. The present audit showed that source data for reported performance was either unavailable or inconsistent, as discussed later in this report. Since the recommendations made in the previous audit reports were still under implementation, no additional recommendation is made at this time on the matter.

Need to strengthen the effectiveness of Client Services

28. Client Services plays an important role in facilitating all the stages of pension processing to ensure that pension benefits are processed promptly. The principal tasks performed by Client Services were: (i) responding to general inquiries received via email, fax or post; (ii) answering customers’ inquiries over the telephone; and (iii) attending to walk-ins.

29. In the strategic framework for the 2016-17 biennium, the Fund defined the KPI for Client Services as “increased percentage of incoming correspondence through mail and e-mail responded to within 15 business days”. The actual percentage of incoming correspondence responded to within 15 business days during the previous (2014-15) biennium as reported by the Fund was 72 per cent (see Table 4 below). OIOS could not verify the accuracy of figures reported by the Fund due to inconsistency between the source data and records in IPAS. There were no KPIs for assessing the efficiency of Client Services in answering telephone calls and attending to walk-ins.

Table 4

Performance indicators of Client Services for three biennia 2013 to 2016 as reported by UNJSPF

<i>Percentage of incoming correspondence through mail and email responded to within 15 business days</i>	
Actual performance for 2012-2013	92 per cent
Actual performance for 2014-2015	72 per cent
Target performance for 2016-2017	75 per cent

Source: UNJSPF budget documents for the biennia 2014-2015 and 2016-2017

30. OIOS review of the relevant email folder of Client Services on 24 August 2016 showed that the last “high priority” email responded to by Client Services was dated 22 June 2016 (i.e., two months since receipt). Similarly, OIOS observation on 2 August 2016 with regard to “medium/low priority” emails showed that the oldest batch of “medium/low priority” emails that was waiting to be assigned to Client Services for response was dated 22 April 2016 (i.e., more than three months since receipt). These were compared to the target of 15 business days for responding to incoming correspondence through mail and e-mail. The Fund stated that some email inquiries were sent to and answered by Client Services staff directly and did not go through the general email box for tracking and assignment.

31. Client Services had a hotline to respond to inquiries received by telephone. Since the hotline was not toll-free, the cost of the calls had to be borne by the concerned callers. The Fund used an automatic call distribution (ACD) system to manage incoming phone calls. In order for the staff to receive telephone calls, they need to be logged into the ACD system. OIOS review of log-in records for February 2014, 2015 and 2016 for the Fund’s New York office indicated that Client Services staff were logged into the system and available for receiving telephone calls only for 16, 24 and 11 hours in total in February 2013, 2014 and 2015 respectively, as shown in Table 5.

Table 5
Number of hours Client Services staff in New York were logged into the ACD system in February 2014, 2015 and 2016

<i>Representative</i>	<i>February 2014</i>	<i>February 2015</i>	<i>February 2016</i>
1	6.5	6.5	0.0
2	4.5	10.5	4.0
3	1.0	0.0	0.0
4	0.0	6.5	7.0
5	4.0	0.5	0.0
Number of hours Client Services staff were available to receive calls during the month	16.0 hours	24.0 hours	11.0 hours
Average time for which Client Services staff were available to receive calls (per day)	48 minutes	1 hour 12 minutes	33 minutes

Source: ACD system data; based on an eight hour business day, New York office

32. Further review of calls that were recorded through the hotline of the New York office in February 2014, 2015 and 2016 indicated that the percentage of answered calls to all calls received during working hours was 2.5, 5.7 and 3.3 per cent respectively, as shown in Table 6 below. There was no provision for callers to leave voicemails if their calls were not answered. This very low level of response to telephone calls was contrary to the UNJSPF Quality Management Policy which stated that the Fund should respond immediately to telephone calls during working hours.

Table 6
Number of calls received and answered by the New York office in February 2014, 2015 and 2016

<i>Month Year</i>	<i>Total number of calls</i>	<i>Number of calls answered</i>	<i>Percentage of calls answered</i>
February 2014	1,867	47	2.5 %
February 2015	2,046	117	5.7%
February 2016	2,613	86	3.3%

Source: ACD system data

33. ACD had the capability to produce various reports to evaluate the performance of telephone response; however there were no formal management reports or systemic monitoring of performance with regard to the hotline.

34. In July 2016, the Pension Board approved the implementation of a pilot tier-1 call centre to improve Client Services' capacity to answer phone calls. The Fund was planning to outsource this task to the United Nations International Computing Centre (UNICC).

35. In view of the significant delays in responding to inquiries received through email, particularly those categorized as "high priority", and the very low level of response to telephone calls, OIOS is of the opinion that the Fund Secretariat needs to take effective action to improve the services provided to clients in accordance with the goals of its Quality Management Policy.

(4) The UNJSPF Secretariat should: (i) establish measurable metrics to assess the performance of Client Services in regard to responding to telephone calls and walk-ins; and (ii) take corrective action to ensure that the delays in responding to emails as well as the very low level of response to telephone calls from clients are effectively addressed.

Need to address the sharp decline in the performance indicator of the Pension Entitlement Section

36. Table 6 below shows the performance indicators of the Pension Entitlement Section for the latest three biennia and actual performance against these indicators. These figures relate to cases for which the Fund had received all the required documents, i.e., (i) an original payment instruction form from the separating participant; (ii) a separation notification form from the member organization; and (iii) a separation personnel action form from the United Nations family member organization. The last column of Table 7 shows the figures calculated by OIOS based on data extracted from Pensys and IPAS.

Table 7

Performance indicators of the Pension Entitlement Section compared to the actual results from 2013 to 2016

<i>Budget Year</i>	<i>Cases completed within 15 business days</i>		
	<i>UNJSPF Target</i>	<i>Actual</i>	
		<i>UNJSPF</i>	<i>OIOS Calculation*</i>
2012-2013	80%	74%	n/a 72% (2013)
2014-2015	77%	63%	56% 70% (2014) 39% (2015)
2016-2017	75%	n/a	n/a 24% (1 January to 17 June 2016)

Source: UNJSPF budget documents for the biennia 2014-2015 and 2016-2017

*OIOS calculation based on data extracted from Pensys and IPAS.

37. As evident from Table 7, there was a sharp decline in the actual percentage of cases completed within 15 business days, from 70 per cent in 2014 to 39 per cent in 2015, and 24 per cent in 2016 (up to 17 June 2016). There was a variance between the figure reported by the Fund as actual performance for 2014-2015 (63 per cent) and the figure computed by OIOS for the same biennium, which was 56 per cent. The figure reported by the Fund did not include the period after IPAS implementation (i.e. August-December 2015). In the strategic framework, the Fund explained that there were some transitional issues about document receipt dates that resulted in inconsistent statistical data concerning the benefit processing periods after IPAS implementation.

38. OIOS is of the opinion that there is a critical need for the Fund Secretariat to address the sharp decline in the performance indicator of the Pension Entitlement Section in 2015 and 2016 in order to demonstrate its strong commitment to the goal of being a service-oriented pension fund.

(5) The UNJSPF Secretariat should implement appropriate measures to address the sharp decline in the performance indicator (i.e. percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days) of the Pension Entitlement Section.

Need to establish performance metrics for the secretariat of the United Nations Staff Pension Committee

39. The Regulations and Rules of UNJSPF established that the Fund Secretariat serves as the secretariat of the United Nations Staff Pension Committee (SPC), including United Nations funds and programmes. These organizations were collectively referred to as United Nations family organizations and accounted for more than two-thirds of the Fund's beneficiaries. According to the terms of reference (TOR) for SPCs and their secretariats, the Fund works in partnership with member organizations to ensure that it receives correct information from them with regard to their staff members. Like the secretariats of other SPCs (i.e. 22 secretariats of the agency SPCs), the secretariat of the United Nations SPC is responsible for, *inter alia*: (i) communicating with and servicing the needs of participants in their respective member organization; and (ii) facilitating the provision of the required human resources and financial information relating to separation of staff members.

40. Additionally, according to the TOR for SPCs and their secretariats, the Fund is responsible to monitor (through spot checks, trend analysis, analysis of variances, and requests of information) the compliance of United Nations family organizations with the Fund's Regulations and Rules, and should seek to help and collaborate in resolving issues.

41. The Fund received approximately \$21 million for the biennium 2014-2015 from the United Nations for the SPC secretariat services of United Nations family organizations. However, no metrics were defined in the Fund's strategic framework to measure and monitor the performance of the Fund in its role as the secretariat of the United Nations SPC.

42. According to the Fund's communication dated 7 July 2016, there were 11,128 cases with incomplete documentation. Of these, 2,889 related to former staff members (i.e. inactive participants). OIOS review of cases relating to former staff of United Nations family organizations showed that whereas 61 per cent of open cases were ready for processing with a complete set of the required documents, 39 per cent of open cases required follow-up by the Fund with United Nations family organizations to obtain missing documents. In the case of other member organizations, 87 per cent of their open cases were ready for processing and 13 per cent required follow-up by the secretariat of their respective SPCs to obtain the missing documents.

43. The Fund stated that it does not have the responsibility to follow-up on missing documentation/data. However, OIOS notes that according to the TOR of SPCs and their secretariats, SPC secretaries are responsible for the administration of several pension matters starting from the staff member's entry into the Fund, up to his/her separation from service. While the ultimate responsibility for timely submission of documents lies with member organizations, the SPC secretariat is responsible for monitoring, alerting, and recommending appropriate actions to the administrative offices of the member organizations in regard to timely submission of documentation/data. Moreover, since the human resources or administrative officers of United Nations family organizations do not have access to the records maintained by the Fund, it is imperative for the Fund to proactively inform them of missing documents to facilitate the process.

44. In view of the absence of any benchmarks or metrics defined in the strategic framework, it was unclear whether the Fund's performance of its role as the secretariat of the United Nations SPC was at an

acceptable level. OIOS is of the opinion that the Fund needs to take appropriate measures to address the apparent high percentage of cases requiring follow-up of missing documents by the secretariat of the United Nations SPC.

(6) The UNJSPF Secretariat should: (i) establish performance metrics in the strategic framework to measure and monitor its performance as the secretariat of the United Nations Staff Pension Committee; and (ii) address the apparent high percentage of cases requiring follow-up of missing documents.

Performance metrics announced on the Intranet did not cover all outstanding cases

45. As evident from Chart 1, there was an increase in accumulation of outstanding cases (i.e., cases with all the required documents completed and ready to be processed) since August 2015 before which there were blackout periods (non-availability of the ICT system) due to transition from Pensys to IPAS. On 1 March 2016, the Department of Management (DM) of the United Nations Secretariat announced on the United Nations Intranet (iSeek) that the serious delay in processing pension payments for “newly retired/separated staff” had been a source of concern for several months. This announcement stated that the CEO of the Fund had acknowledged that a serious backlog exists, mainly due to the delay in introducing IPAS in August 2015. The iSeek announcement further stated that the CEO had given his personal assurances that the backlog would be eliminated, and that by the end of May 2016, payments would be processed within 3-4 weeks of receipt of all the required documentation. Upon request by DM, the Fund Secretariat established three “quality checkpoints” or performance indicators (known as “Q-Gates”). The three “Q-Gates” established were to reduce the backlog by: (i) at least 35 per cent by 31 March 2016; (ii) at least 70 per cent by 30 April 2016; and (iii) by 100 per cent by 31 May 2016. Subsequent iSeek announcements in the following months stated that the number of cases in the backlog was 3,436 as of 1 March 2016. However, this represented a subset of all outstanding cases and only constituted the “initial separation cases” that were ready to be processed as of 1 March 2016.

46. OIOS review of the cases reported by the Fund as “backlog”, which formed the basis for its performance indicators “Q-Gates”, showed that:

- a. There were around 300 “deferment of payment or choice of benefit” cases known as “Article 32 cases” which had been already processed in Pensys and migrated into IPAS (i.e. the required initial processing was completed and the status was changed to “Pending Payment Instruction”). Under Article 32 of the UNJSPF Regulations and Rules, beneficiaries are given a 36-month period to decide a form of payment (i.e. lump-sum, deferred payment, etc.). While payments may be deferred to a later time, the standard operating procedures required the Fund to review the beneficiaries’ pension contributions and other key information, as well as verify documentation at the time of the application. These processed Article 32 cases in the backlog had gone through the initial processing and did not require any further processing until they reach to their due dates, i.e. 36 months after separation or until beneficiary communicates his/her choice to the Fund along with the payment instruction. Including these 300 processed cases in the “backlog” resulted in reporting over-performance.
- b. Some unprocessed Article 32 cases were not included in the backlog. Reconciliation at the time of application is an important step for Article 32 cases because when there are discrepancies in pension contribution or incomplete documentation, the information may not be easily available during and after 36 months due to closure of the missions/country

offices or other unforeseeable reasons. There were 305 Article 32 cases⁷ as of 1 March 2016 which were not included in the “backlog”.

- c. There were approximately 852 cases⁸ that were opened before 1 January 2014 and ready to be processed as of 1 March 2016 were not included in the “backlog”.
- d. Cases that were already assigned to the Pension Entitlement Section before 1 March 2016 and being processed were not included in the “backlog” and their status was not monitored through “Q-Gates”. There were 554 such cases.
- e. Recalculation and revision benefits (i.e. survivors’ benefits due to death after service, child’s benefit coming into payment, correction of the initial calculations and others) were not included in the “backlog”. UNJSPF Standard Operations Procedures⁹ required that top priority be given to the processing of survivors’ benefit, disability benefits and reinstatements of benefits that were suspended upon re-entry into the Fund and for surviving spouse benefits in order to minimize any interruption or delay in the payment of a benefit. There were 4,091 outstanding recalculation and revision benefits that were not included in the “backlog”. Of these, 1,409 cases¹⁰ were assigned high priority in IPAS, including at least 883 cases relating to death after service.

47. On 6 June 2016, another iSeek announcement reported that the Fund Secretariat had cleared 97 per cent of the backlog of 3,436 cases, leaving only 95 cases (3 per cent) to be processed/paid in June 2016. However, OIOS review indicated that 1,368 of these 3,436 cases were yet to be processed/paid as of 31 May 2016. The breakdown of 1,368 unprocessed/unpaid cases is shown in Table 8. The Fund counted only the cases that had not been assigned to the Pension Entitlement Section as “not processed” (i.e., the 95 cases falling under arrow D in Illustration 2). All other cases including those before processing, in process, or other unprocessed cases were considered “processed”.

Table 8
Breakdown of 1,368 unprocessed/unpaid cases in the backlog of 3,436 cases as of 31 May 2016

<i>Status of cases</i>	<i>United Nations family organizations</i>	<i>Agencies</i>	<i>Total</i>
Unprocessed Article 32 cases	467	322	789
Cases before processing	61	83	144
Cases in process	96	78	174
Cases requiring follow-up	95	71	166
Cases not assigned (the Fund’s definition of backlog)	19	76	95
Total	738	630	1,368

Source: Entitlement workflow extracted as of May 31 2016

48. In a subsequent iSeek announcement dated 9 May 2016, DM and the Fund Secretariat expressed concern about the number of new cases received in the meantime. OIOS review indicated that there were 3,417 initial separation cases¹¹ received between 1 March and 31 May 2016. Although the Fund processed a portion of these cases, OIOS analysis of IPAS data showed that as of 12 June 2016, there

⁷ 17 June 2016 raw data extracted by Enterprise Systems Section (Due to the lack of standard identifier for Article 32 cases in IPAS, the presented figure might not reflect the exact number of Article 32 cases.)

⁸ Excluded Article 32 cases

⁹ The Procedure General No. 2 Rev. 1

¹⁰ IPAS view – Outstanding high priority recalculation benefits

¹¹ Letter from the Under-Secretary-General for Management dated on 27 June 2016

were still approximately 4,709 outstanding initial separation cases¹² for which a complete set of the required documents had been received and were either ready for processing or required follow-up. In addition to these, there were 4,870 outstanding recalculation and revision benefit cases¹³.

49. The information provided by the Fund, which served as the basis for “Q-Gates”, did not include all types of outstanding cases. DM stated that during its meetings with the Fund, it had requested information on all cases but it did not have the means to verify the reported figures. OIOS is of the view that while it is no doubt important to expedite the payment of pension benefits to newly retired staff, it is also important to address the other outstanding cases that were not covered by “Q-Gates” and establish appropriate metrics to monitor their clearance.

50. Limiting “Q-Gates” to only cases relating to a portion of initial separation benefits gave the appearance that the outstanding cases of other benefit types were less important.

- (7) The UNJSPF Secretariat should: (i) establish performance metrics to monitor and report on all types of outstanding cases including cases that were not previously covered by “Q-Gates”; and (ii) disseminate periodic progress updates on all types of outstanding cases for the information of the Fund’s beneficiaries at large until the outstanding cases are reduced to an acceptable number.**
- (8) The Department of Management should: (i) request the UNJSPF Secretariat to provide complete information on all types of outstanding cases; and (ii) establish new “Q-Gates” in consultation with the UNJSPF Secretariat for all outstanding cases, as well as standard templates for consistent monitoring and reporting.**

Need to define responsibility and accountability between UNJSPF and member organizations

51. The Fund’s strategic framework reaffirmed strong commitment to service-orientation and to reflect in all its activities the best conditions of security, accountability and social responsibility.

52. OIOS performed an aging of the benefit cases to determine the time taken by the Fund to process cases after all the required documents were received. The analysis (see Table 9 below) showed a steep increase in the percentage of cases that took more than 60 business days to process, after the receipt of all the required documents. From 2 per cent in 2013, the percentage of cases that took more than 60 business days to process shot up to 38 per cent in 2016 (1 January to 12 June 2016). The target indicated in the Fund’s strategic framework for processing such cases was a maximum of 15 business days.

Table 9

Increase in the percentage of cases which took more than 60 business days to be processed

<i>Year</i>	<i>Processed cases that took more 60 business days after all documents were received</i>
2013	2 %
2014	2 %
2015	14 %
2016 (up to 12 June)	38 %

Source: Pensys extract, IPAS extract I

¹² Initial separation cases with a complete set of required documents received and not released to the Payments Unit as of 12 June 2016, including pended cases which required follow-up after application started, cases of deferred pension benefits (Article 32) which were not processed (incomplete reconciliation of contributions, document verification etc.) and/or elapsed 36 months.

53. OIOS selected the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) for further analysis of long outstanding cases. In a memorandum dated 12 July 2015, the MONUSCO Director of Mission Support requested assistance from the United Nations Headquarters in facilitating the benefit processing for 467 former national staff members who were separated from the Organization between March 2012 and May 2015. The majority of these cases were recognized by the Fund as cases with incomplete documentation or requiring additional clarification.

54. OIOS analysis showed that there were 180 outstanding cases relating to MONUSCO staff as of 12 June 2016. Of these, 73 cases were ready to be processed after all the required documents had been received. OIOS review of ten longest outstanding cases, which had not yet been paid after one year or more, showed that in five cases, the former staff members had died in service. These cases should have been given the highest priority, but the surviving beneficiaries had not been paid for more than 4.5 years since the staff members' death.¹⁴ Also, four of the five death-during-service cases were not included in the Fund's "backlog". In another case, the former staff member had died after service without receiving his pension benefits. Some of these cases are explained below:

- a. In one of the five death-during-service cases, a former staff member had died in 2006. The separation notification form was received in December 2007, followed by the separation personnel action form in September 2008 and the payment instruction in April 2013. Client Services contacted the surviving spouse through the MONUSCO human resources office in May 2016 to request the documents that were marked as "received" in IPAS. The former staff member had a surviving child who was 16 years old at the time of her death. The child was a designated beneficiary and was yet to receive benefits as of 31 August 2016.
- b. Another retiree who had separated from MONUSCO on 31 December 2009 died in October 2010 before he received his pension benefits. As of 31 August 2016, no pension benefits were calculated or paid to his surviving beneficiary. There was a three-year gap in communication with this retiree/surviving beneficiary (first on 18 June 2010 and next on 14 November 2013).
- c. In IPAS, four of five staff members who had died during service and one after service were shown as active participants.
- d. In all the ten cases reviewed, payment instructions submitted to the Fund by the former staff members or surviving beneficiaries (which were only valid for a period of one year) had already expired.

55. According to the UNJPSF Regulations and Rules, the right to survivor's benefit would be forfeited if, for five years after the first payment has been due (i.e. the first day of the following month after death), the beneficiary has failed to submit payment instructions or has failed or refused to accept payment. Inadequate follow-up of missing documents by the Fund could result in loss of benefits for beneficiaries.

56. While considering the revised budget estimates of the Fund for the biennium 2016-2017, the Pension Board authorized¹⁵ the CEO to implement a measure for provisional payment for beneficiaries who selected periodic benefits and that had not been paid within three months of receipt of all

¹⁴ In four of the five death-in-service cases, the date of death was not available. Death date was conservatively estimated based on contribution activities in IPAS.

¹⁵ JSPB/63/R.42

documentation required for processing the benefit. The provisional payment was limited to 80 per cent of the estimated monthly periodic benefit payable. The Board noted that this measure would entail more work for the Fund Secretariat and may require additional resources.

57. UNJSPF accepted only the original form of certain documents for benefit processing. Non-availability of alternative methods for transmitting documents (such as electronic signatures) posed challenges in receiving all the required documents promptly after separation. At the conclusion of the sixty-third session of the Pension Board, a “Note from the Participants Group” called for an “acceleration and simplification of claim processing” by leveraging the enterprise resource planning systems to create an automated data exchange between the Fund and all member organizations.

58. Web-based Self Service applications for participants, retirees, beneficiaries and member organizations were part of the operating model planned to be achieved with the implementation of IPAS. In August 2016, the Fund had deployed Member Self Service (for participants, retirees and beneficiaries) with limited functionality. Some key functionalities enabling beneficiaries to track the status of their benefit process and history of correspondence were yet to be included in Member Self Service. Similarly, Employer Self Service was designed to improve communication and efficiency of information exchange between the Fund and member organizations; however, it was also yet to be fully deployed. Important functionalities such as: (i) viewing correspondence generated in IPAS and addressed to the reporting entity; (ii) Message Center (i.e., sending messages and/or files to the Fund); (iii) viewing and editing contacts information in the member organization; and (iv) uploading images and attachments were yet to be deployed.

59. Be it the initial benefits, reinstatements or survivor’s benefits, the Fund’s reputation as a service provider that promptly fulfills its social responsibility, particularly towards beneficiaries in a vulnerable situation, would be adversely affected if benefit payments are not processed and missing documents are not followed-up in a timely manner. OIOS is of the opinion that UNJSPF, as the ultimate owner of benefit processing, needs to take appropriate measures to clarify responsibility and accountability between the Fund Secretariat and the member organizations in regard to timely submission and timely follow-up of incomplete separation documents by establishing operational level agreements and leveraging the use of ICT systems to exchange separation data and documents.

(9) The UNJSPF Secretariat should: (i) establish operational level agreements in coordination with member organizations to define responsibility and accountability for timely submission and timely follow-up procedures (frequency/format) of incomplete documentation; and (ii) expedite full deployment of Employer Self Service, exploring the feasibility of transmission of digitally signed separation documents from the member organizations (through Employer Self Service) thereby eliminating the mailing and scanning processes.

Need to establish performance metrics for the Fund Secretariat’s taskforce

60. In order to deal with the accumulation of outstanding cases, the Fund established an *ad hoc* taskforce in February 2016 to process the “backlog” and respond to telephone and email inquiries from clients. On 11 July 2016, the Fund requested additional resources of \$3,228,700 for the establishment of a “dedicated temporary taskforce” (18 General Temporary Assistance and two P-5 posts). The roles of the two new P-5 posts were not directly related to the mandate of this taskforce as the organization chart in its TOR did not reflect these two posts.

61. In the budget proposal, the Fund justified the additional resources on the grounds that they were needed due to “the surge in the volume of separations mainly due to the experienced and anticipated downsizing of peacekeeping missions”. While requesting additional resources, the Fund did not present to the Pension Board the existing volume of outstanding cases and benefits (all entitlements, revisions and recalculations that were ready to be processed). OIOS determined that the average number of cases received monthly from January to June 2016 was 28 per cent more than the monthly average of 2015. However, the increase was mainly due to the collective efforts of the Fund and the member organizations to expedite the submission of missing documents. OIOS analysis showed that 65 per cent of the cases received (i.e. became ready to be processed) in March, April and May 2016 were aged cases whose separation dates ranged from 14 February 2003 to 31 December 2015.

62. The Fund informed the Pension Board that IPAS had significantly increased the operational capacity of the Fund, despite the operations “having been chronically understaffed”. The initial plan was for the temporary taskforce to operate on specific types of benefit cases for 17 months during which time the Fund would evaluate the need for a more permanent requirement in the next cycle, or disband it if the workload could be managed by the Fund's regular staff. OIOS is of the view that the Fund needs to monitor the performance of the taskforce based on clearly defined metrics against the actual workload, which should form the basis for either supporting the need for additional regular posts or its disbanding.

<p>(10) The UNJSPF Secretariat should establish appropriate performance metrics to measure and evaluate the performance of its dedicated temporary taskforce to form the basis for either supporting the need for additional regular posts or disbanding of the taskforce.</p>

C. ICT support

The Fund needs to establish clear specifications for reports

63. Before the implementation of IPAS, the Fund used Business Intelligence to produce performance reports which measured the efficiency of benefit processing and performance of the various units. These reports included statistics of processed and outstanding cases and comparative analysis against benchmarks, as well as an analysis of cases by various benefit types. After IPAS go-live in August 2015, the Fund was yet to decide on a tool that would be used for reporting and monitoring.

64. At the request of the Chief of Operations in October 2015, an IPAS subject matter expert extracted the “IPAS Status of Entitlements report” into Excel and developed further statistics on cases processed each week since IPAS went live. This included statistics on the cases processed and under process by each unit and staff as well as a breakdown of cases by pension type and by the member organization. These statistics were produced every week. However, the Fund was yet to systematically use these reports to manage the delays in processing of pension benefits. On 22 February 2016, a report containing backlog cases was produced using the data set from the “IPAS Status of Entitlements report”. The Fund did not test and verify this report because there was no agreed definition of “backlog” at that time.

65. In January 2016, the Fund's Enterprise Systems Section (ESS) commenced implementation of a pilot reporting tool using Business Intelligence based on IPAS data. It included a graphical dashboard with several reports which enabled the monitoring of outstanding cases, new cases, released cases, as well as reports that were used in the financial statements. ESS presented the report descriptions and criteria to the Fund on 3 May 2016. At the time of the audit, the Fund stated that it had not verified and approved the reports in the Business Intelligence tool. However, the Fund used some of the figures from these reports in its financial statements for the year ended 2015.

66. In February 2016, the Fund requested a data manager to extract IPAS data to serve as the basis for the official announcements on the status of the “backlog” that were issued by UNJSPF through DM on the United Nations intranet. However, the data set that supported this report did not include certain benefit types and the cases that were initiated before 2014, as already explained earlier in the report.

67. These three reports (i.e., the reports generated from the “IPAS Status of Entitlements report”, the Business Intelligence report prepared by ESS, and the report for the Fund’s official announcements) yielded different number of records in the “backlog”, as shown in Table 10. All three reports: (i) used the same data source (i.e. IPAS); and (ii) excluded 3,417 initial separation cases that were received after 1 March 2016. The differences in the figures were mainly due to: (i) different periods covered; (ii) exclusion/inclusion of certain benefit types; (iii) different benefit processing steps performed by the various units; and (iv) different date used to flag “all documents received”.

Table 10
Number of cases and percentage of backlog in three different reports of the UNJSPF

As of (2016)	Number of cases and clearance percentage of backlog					
	Data extract supporting the official announcements of UNJSPF		Reports developed by ESS (BI reports)		Analysis of data from “IPAS Status of Entitlements report”	
		%		%		%
1 March	3,436	0	4,052	0	4,079	0
31 March	2,195	36	3,348	17	3,425	17
30 April	1,054	69	2,790	31	2,866	30
31 May	98	97	2,389	41	2,448	40

Source: Data all sourced from IPAS, IPAS extract I

68. The IPAS subject matter expert and ESS analyzed the variances between the reports, highlighting the differences in February 2016 and April 2016 respectively. The results of the analysis were not used to update the Fund’s official announcements. The significant variances in the reports described above had occurred due to the absence of documented criteria and specifications for identification of outstanding cases. The Fund therefore needs to define report parameters such as descriptive report headers, description of each field, calculated fields, selection/filtering/grouping criteria, and exclusion criteria to be able to test and verify its reports, and to achieve accurate, consistent results.

(11) The UNJSPF Secretariat should establish the requirements and specifications for its standard operational and performance reports and implement them to manage delays in processing pension benefits.

Duplicate “open” and “pending” cases need to be reviewed after the requested documents are received

69. There were multiple “un-pended” (open) and/or “pending” entitlement workflow cases pertaining to the same beneficiaries. As of 12 June 2016, around 444 such cases¹⁶ were identified among which there were examples of up to five entitlement workflows created for one single beneficiary. These repetitive open and “pending” cases needed to be reviewed and consolidated because each document might be mistakenly associated with different cases for the same beneficiary. As a result, these beneficiaries

¹⁶ These duplicates were within “open” and “pending” cases. “Voided”, “deleted” and “invalidated” duplicates were not included in this figure.

might never get paid (unless manually checked) since none of their cases could reach the “ready for processing” stage even though all documents were received.

70. While processing a case, some additional documents such as birth certificate or marriage certificate could be needed to complete the process. In these circumstances, the Fund asks the beneficiary or member organization for the required documentation and assigns a “pending” state to the case until the requested document is received. Upon receipt of the document, the case is expected to be “un-pending” (i.e., its status becomes “open”). However, due to lack of automatic “un-pending” functionality in IPAS, such cases remained “pending” even though the requested documents had since been received. OIOS is of the view that these cases should be reviewed and manually “un-pending” for processing. If this is not done, processing of such cases would be further delayed. Although the Fund had created a “high priority issue” ticket on this matter in October 2015, the issue was yet to be resolved.

(12) The UNJSPF Secretariat should: (i) consolidate duplicate “open” and “pending” records for the same beneficiary under one case; and (ii) identify “pending” cases for expedited processing when the required documents are subsequently received.

Issues relating to data consistency and quality needed to be addressed

71. Processing of pension benefits depends heavily on ICT systems. Effective and efficient use of an ICT system depends on the completeness, validity and consistency of the underlying data. Additionally, effective performance monitoring requires reliable, consistent and accurate data.

72. According to the official communication issued by the Fund on 7 July 2016, the IPAS database contained around 30,000 entitlements benefit records (including deleted, voided, open, closed, “pending” and duplicate records).

73. During IPAS transition, the Fund performed data cleansing, data migration and validation activities. OIOS observed the following with regard to the consistency and quality of data in IPAS:

- a. There were 3,158 cases whose pension application status was indicated as “paid” even though the entitlement workflow status was “open” as of 12 June 2016. This impacted the accuracy and consistency of data and reports.
- b. Identifiers to differentiate certain types of cases such as “Article 32 cases” were not built in IPAS and not filterable because they were written in a text field in various formats (Art32, Art-32, Article 32, etc.). This made it difficult to identify these cases and accurately report their status.
- c. There were total of 1,659 cases where the separation date was blank even though all three required separation documents were received as of 12 June 2016. This may compromise the integrity of data and accuracy of certain reports.

74. In the strategic framework for the 2016-2017 biennium, one of the priorities that the Fund had identified for the biennium was the on-going refinements that would need to be made to IPAS during the post implementation period. The Fund stated that fine tuning of all processes was required to further enhance efficiency and productivity. Since the status of IPAS enhancements will be reviewed in an audit of IPAS post implementation in 2017, OIOS does not make any recommendation at this time.

Missing or erroneous functionalities in IPAS were causing delays in processing of pension benefits

75. ICT systems should be tested and accepted by the business users according to the functional and performance requirements before go-live to enable continuity and efficiency of business processes. In its proposed budget for the biennium 2016-2017, the Fund stated that several layers of testing both by the IPAS team (verification testing) as well as by the business community (validation testing and user acceptance testing) were performed during 2014-2015.

76. OIOS interviews with the Fund's staff and review of the IPAS error tracking system (JIRA) to identify system-related factors that possibly caused delays in benefit processing indicated the following:

a. Issues relating to human resources interfaces and year-end processing:

The Financial Services Section updates the contributions and pensionable remuneration of participants annually as part of the year-end process. The functionalities for year-end process were in the original scope of the IPAS deliverables. However, they were not delivered at the time of IPAS acceptance testing and go-live. When year-end functions were used in production environment in 2016, some of the functions did not work as expected and the Fund had to temporarily suspend the human resources interfaces to avoid interference with year-end processing. It required the Pension Entitlement Section to manually correct data inconsistencies. Due to the urgent need to complete year-end processing, priority was given to this task. Therefore, the performance of the Section in processing pension benefits was adversely affected

b. Slow system performance:

Response time (i.e. speed of page loading) was highlighted as a negative factor which adversely affected the efficiency of benefit processing by the Fund's users¹⁷. OIOS walk-through of the benefit calculation process at different times on a given day on multiple occasions showed that: (i) it took 3-15 seconds to process a request (retrieving a document) depending on the time of the day; (ii) working on multiple documents at the same time (a usual process to review a case) was difficult because the user had to wait for each document to load. Additionally, the IPAS error/issue tracking system took over 15 hours to run the year-end schedule batch. This issue was reported in April 2016 and was still open at the time of the audit. Performance requirements and benchmarks were not documented as part of acceptance criteria of IPAS; therefore, specific performance tests were not conducted prior to go-live.

c. Issues related to flagging certain cases that were ready for processing:

In cases relating to United Nations family organizations where the separation notification and payment instruction had been received, they were: (i) not automatically flagged as "document completed and ready to be processed"; and (ii) not placed in the relevant queues for processing. If the Fund had received these two documents, but not the separation personnel action form, the case could still be processed because the separation personnel action could be retrieved by the Fund through the human resources interface with the concerned United Nations family organization.

¹⁷ OIOS conducted a survey to assess potential causes of delays in pension processing and 15 staff responded to the survey. In response to the question "How does IPAS impact your efficiency in processing pension benefits", all of them indicated that the "Response time negatively impacted" their efficiency.

d. Other:

A third party consulting firm performed a review of IPAS implementation against the approved High Level Business Case in May 2016. There were findings in the report related to IPAS functionality impacting efficiency of benefit processing as follows:

- (i) The majority of workflows were routed to the relevant Unit's general queue for the Unit Chief to distribute. This was a time consuming process, with Chiefs also using other tools outside the system (e.g. spreadsheets to manage the work). The other workflows which were not automatically routed required a Benefit Assistant in the Record Management and Distribution Unit to go into IPAS to redirect the workflow;
- (ii) Certain document types caused an error when they were uploaded to IPAS, resulting in the whole batch failing; and
- (iii) Limited use of barcodes on forms, which stopped the ability to route this to the correct Unit.

77. OIOS therefore concluded that the above-mentioned issues relating to IPAS had an impact on processing of pension benefits. The Fund stated that these aspects had already been identified by the Fund's management or external consultants. Since these issues will be reviewed in an audit of IPAS post implementation in 2017, OIOS does not make any recommendation at this time.

Some members of the taskforce performed functions without a second authorization

78. OIOS review of the roles assigned in IPAS to members of the *ad hoc* taskforce indicated that two staff members (as "calculators") were also privileged users who could create new user accounts and change the roles of users without a second authorization in the system. This situation posed the risk that several user accounts could be created for end-to-end processing and used by one single individual, which could go undetected in the absence of an automated alert mechanism.

79. Similarly, two other staff members whose names were not included in the taskforce terms of reference were assigned "calculator" roles as well as privileged roles. One of them had been assigned the two conflicting roles long before the taskforce was established.

80. OIOS is of the view that in the absence of automatic alerts to the Fund's security officer regarding the activities of privileged IPAS users, the risk of fraud needs to be appropriately mitigated. The previous OIOS audit of ICT security (Report 2015/014) recommended that the Fund Secretariat should strengthen its access controls and manage the risks stemming from lack of segregation of duties. Since the recommendations made in the previous audit report were still under implementation, no additional recommendation is made at this time.

V. ACKNOWLEDGEMENT

81. OIOS wishes to express its appreciation to the Management and staff of UNJSPF for the assistance and cooperation extended to the auditors during this assignment.

AUDIT RECOMMENDATIONS

Audit of management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund

Rec. no.	Recommendation	Critical ¹⁸ / Important ¹⁹	Accepted? (Yes/No)	Client comments ²⁰
1	The UNJSPF Secretariat should strengthen its risk management efforts relating to delays in processing of pension benefits by: (i) proactively updating its risk register with inputs systematically collected from the concerned managers based on assessment of anticipated and foreseeable events as well as actual experiences; and (ii) developing appropriate mitigation plans to eliminate the delays in a time-bound manner.	Important		
2	The UNJSPF Secretariat should: (i) expedite the recruitment for long vacant positions in the Operations Section; and (ii) include appropriate explanations in its annual reporting to the Pension Board on the reasons for posts remaining vacant for more than a year.	Important		
3	The UNJSPF Secretariat should establish key performance indicators for the functions performed by the Records Management and Distribution Unit to enable effective monitoring of its performance.	Important		
4	The UNJSPF Secretariat should: (i) establish measurable metrics to assess the performance of Client Services in regard to responding to telephone calls and walk-ins; and (ii) take	Critical		

¹⁸ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

¹⁹ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

²⁰ Please indicate feasibility and realistic timelines for implementation of the recommendation.

CONFIDENTIAL: DETAILED AUDIT RESULTS FOR COMMENTS

Rec. no.	Recommendation	Critical ¹⁸ / Important ¹⁹	Accepted? (Yes/No)	Client comments ²⁰
	corrective action to ensure that the delays in responding to emails as well as the very low level of response to telephone calls from clients are effectively addressed.			
5	The UNJSPF Secretariat should implement appropriate measures to address the sharp decline in the performance indicator (i.e. percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days) of the Pension Entitlement Section.	Critical		
6	The UNJSPF Secretariat should: (i) establish performance metrics in the strategic framework to measure and monitor its performance as the secretariat of the United Nations Staff Pension Committee; and (ii) address the apparent high percentage of cases requiring follow-up of missing documents.	Important		
7	The UNJSPF Secretariat should: (i) establish performance metrics to monitor and report on all types of outstanding cases including cases that were not previously covered by “Q-Gates”; and (ii) disseminate periodic progress updates on all types of outstanding cases for the information of the Fund's beneficiaries at large until the outstanding cases are reduced to an acceptable number.	Important		
8	The Department of Management should: (i) request the UNJSPF Secretariat to provide complete information on all types of outstanding cases; and (ii) establish new “Q-Gates” in consultation with the UNJSPF Secretariat for all outstanding cases, as well as standard templates for consistent monitoring and reporting.	Important		
9	The UNJSPF Secretariat should: (i) establish operational level agreements in coordination with member organizations to define	Important		

CONFIDENTIAL: DETAILED AUDIT RESULTS FOR COMMENTS

Rec. no.	Recommendation	Critical ¹⁸ / Important ¹⁹	Accepted? (Yes/No)	Client comments ²⁰
	responsibility and accountability for timely submission and timely follow-up procedures (frequency/format) of incomplete documentation; and (ii) expedite full deployment of Employer Self Service, exploring the feasibility of transmission of digitally signed separation documents from the member organizations (through Employer Self Service) thereby eliminating the mailing and scanning processes.			
10	The UNJSPF Secretariat should establish appropriate performance metrics to measure and evaluate the performance of its dedicated temporary taskforce to form the basis for either supporting the need for additional regular posts or disbanding of the taskforce.	Important		
11	The UNJSPF Secretariat should establish the requirements and specifications for its standard operational and performance reports and implement them to manage delays in processing pension benefits.	Important		
12	The UNJSPF Secretariat should: (i) consolidate duplicate “open” and “pended” records for the same beneficiary under one case; and (ii) identify “pended” cases for expedited processing when the required documents are subsequently received.	Important		