



INTERNAL AUDIT DIVISION

REPORT 2017/002

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

While the Fund Secretariat had established task forces and obtained additional resources, effective steps are needed to improve performance and reduce the number of outstanding cases of various types

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

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund (UNJSPF). 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) information and communications technology support.

While the Fund Secretariat had established task forces and obtained additional resources, effective steps are needed to improve performance and reduce the number of outstanding cases of various types.

OIOS made 2 critical and 10 important recommendations. To address issues identified in the audit, UNJSPF needed to:

- Strengthen its risk management efforts relating to delays in processing of pension benefits by 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 developing appropriate mitigation plans to eliminate the delays in a time-bound manner;
- Expedite the recruitment for long vacant positions in the Operations Section; and include appropriate explanations in its annual reporting to the Pension Board on the reasons for posts remaining vacant for more than a year;
- Establish key performance indicators for the functions performed by the Records Management and Distribution Unit to enable effective monitoring of its performance;
- Establish measurable metrics to assess the performance of Client Services in regard to responding to telephone calls and walk-ins, and 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 (**CRITICAL**);
- Implement appropriate measures to address the sharp decline in the performance (i.e. percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days) of the Pension Entitlements Section (**CRITICAL**);
- Establish performance metrics in the strategic framework to measure and monitor its performance as the secretariat of the United Nations Staff Pension Committee, and address the apparent high percentage of cases requiring follow-up of missing documents;
- Establish performance metrics to monitor and report on all types of outstanding cases including cases that were not previously covered by “Q-Gates”, and 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;

- 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 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;
- Establish appropriate performance metrics to measure and evaluate the performance of its dedicated temporary task force to form the basis for either supporting the need for additional regular posts or disbanding of the task force;
- Establish the requirements and specifications for its standard operational and performance reports and implement them to manage delays in processing pension benefits; and
- Consolidate duplicate “un-pended” and “pended” records for the same beneficiary under one case, and identify “pended” cases for expedited processing for which the required documents were already received.

The Department of Management (DM) needed to: (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. DM accepted the recommendation.

The UNJSPF Secretariat accepted all 11 recommendations and requested the closure of three recommendations since those issues would be covered in the end-to-end review being conducted. The Fund requested closure of five other recommendations (including the two critical recommendations) on the grounds that the recommendations were “overtaken by events”, the “risk has been eliminated”, “there are no delays”, or “there is no backlog”. The Fund stated that as of end of December 2016, there were only “367 presumed actionable cases (cases for which the Fund has received the three separation documents to process the case)”.

OIOS is of the view that these recommendations cannot be closed because the Fund’s definition of “backlog” did not include all types of outstanding cases. The audit showed that 305 Article 32 cases, 852 cases opened before 1 January 2014 that were ready to be processed, and 554 cases assigned to the Pension Entitlements Section before 1 March 2016 were not included in the “backlog” reported by the Fund as of 1 March 2016 even though all three separation documents had been received for these cases. In addition, there were 4,091 outstanding recalculation and revision cases which were not included in the “backlog” reported by the Fund. Furthermore, of the 11,128 cases with incomplete documentation reported by the Fund on 7 July 2016, there were 2,889 outstanding cases relating to former staff members (i.e. inactive participants).

As the owner of benefit processing, the Fund is responsible for following up on incomplete documents or data in accordance with the UNJSPF Quality Management Policy which states that “the Fund will become more pro-active in following up on non-receipt of documentation from member organizations for cases in which it has been informed that the participant has separated”. The Policy further states that “extra effort will be made to follow up on the non-receipt of documentation, and it is anticipated that once the information from the organizations is received in an automated fashion,

delays will be minimized”. OIOS notes that the Fund’s Integrated Pension Administration System had the capacity to generate follow up letters in 30, 90 and 270 days to pursue these cases but the Fund was yet to use this functionality effectively and systematically.

Additionally, the UNJSPF Secretariat was yet to fully address the two critical recommendations relating to: (i) efficient and effective resolution of complaints or queries received by Client Services relating to benefit processing; and (ii) demonstration of substantial improvement in the performance of the Pension Entitlements Section in terms of processing of benefits within 15 business days after receipt of the three separation documents.

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

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 the UNJSPF Secretariat for the biennium 2014-2015 amounted to \$86.7 million. The revised budget estimate for administrative expenses of the Fund Secretariat for the 2016-2017 biennium was \$92.7 million, representing an increase of 6.9 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 benefits awarded during the last five years.

Table 1
Increase/decrease in the numbers of participants and benefits awarded

<i>Year</i>	<i>Number of participants</i>	<i>Number of periodic benefits</i>	<i>Benefits awarded during the year</i>	<i>Increase/decrease in benefits awarded</i>
2011	120,774	65,387	12,050	-
2012	121,098	67,677	10,630	-11.8%
2013	120,294	69,980	11,707	10.1%
2014	122,759	72,367	9,611	-17.9%
2015	126,892	71,474	8,037	-16.4%

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, the United Nations Children’s Fund, 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 benefits cases. Chart 1 shows the accumulation of outstanding cases from 1 January 2013 to 12 June 2016.

Chart 1
Accumulation of outstanding cases from 1 January 2013 to 12 June 2016



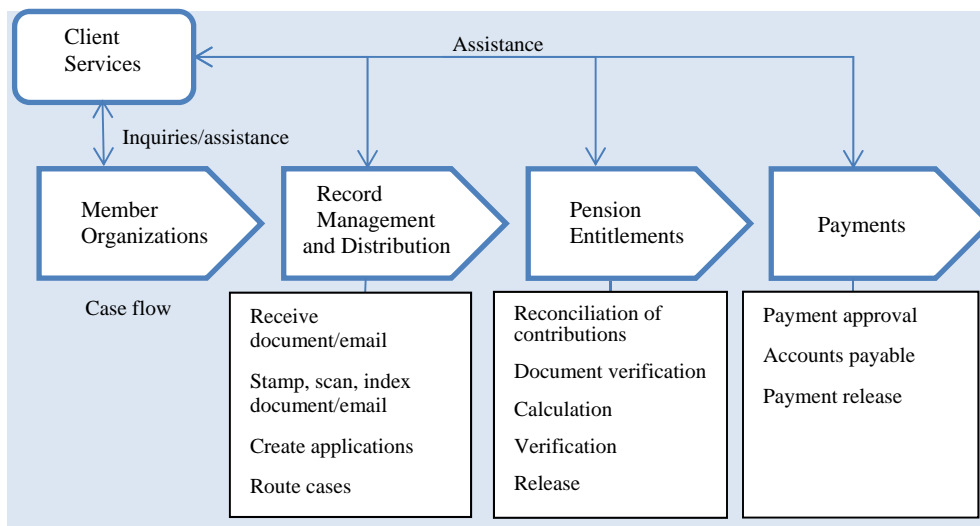
Data source: IPAS and Pensys extracts

“Accumulation” depicted above represents: (i) initial separation cases for which the three required documents had been received but were yet to be released; and (ii) recalculation and revision cases that had started but were yet to be completed.

¹ Initial separation cases with three required documents received and not released to the Payments Unit as of 12 June 2016, including deferment of payment or choice of benefit cases (Article 32) which had not gone through initial processing or elapsed 36 months. Within the 4,709 cases, the status of 975 cases were “pending” (i.e., cases once reviewed and then pending for future action due to the need for additional documents) and the status of 3,734 cases was “open” (i.e. cases ready to be reviewed).

9. Illustration 1 shows the flow of pension benefit processing.

Illustration 1:
Pension benefit process in UNJSPF



10. Comments provided by the UNJSPF Secretariat and the Department of Management (DM) are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

11. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective management of delays in processing 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.

12. 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.

13. 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.

14. The audit methodology included interviews with key personnel, review of relevant documentation, data analysis, sampling, surveys, walk-throughs and tests of controls.

III. OVERALL CONCLUSION

15. The Fund Secretariat had established task forces and sought additional resources 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 (KPIs) 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.

IV. AUDIT RESULTS

A. Strategic planning and risk assessment

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

16. 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.

17. 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.

18. 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 the risks of “delayed pension obligations” arising from the blackouts periods. On 20 October 2015 (i.e., after IPAS went live), another quarterly meeting of the Enterprise-wide Risk Management (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 register² 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 task force, 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.

19. Additionally, IPAS brought significant changes in the Fund’s operational processes and ICT environment. 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, were not assessed and documented since IPAS went live in August 2015. Instead, these issues were recorded in the IPAS error tracking system (JIRA) without assigning an implementation date, and some of these remained open for more than a year. Missing or erroneous functionalities in IPAS that caused delays in processing of pension benefits are explained in Section C of the present report.

20. Similarly, 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 recognize the increased likelihood of occurrence of this risk with the implementation of the new system (IPAS). Consequently, there was no risk treatment and response plan to manage this risk. This risk materialized when the 2015 year-end reconciliation did not function as expected, requiring manual intervention and correction of data inconsistency. This in turn contributed to delays in benefit processing.

21. 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 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 awarded benefits did not increase from 2013 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 documents³ to the Fund. The analysis showed no significant or consistent surge during the period. Table 2 indicates the number of separations and benefits awarded, and the time taken by the member organizations to transmit to the Fund all the required documents for 2013, 2014 and 2015.

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

<i>Year</i>	<i>Number of new separations processed during the year</i>	<i>Benefits awarded during the year</i>	<i>Average business days taken from separation to all documents received</i>
2013	10,415	11,707	113
2014	8,361	9,611	124
2015	7,263	8,037	127

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

² 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 revised to include delays as follows: “miscalculation or delayed pension obligations and payments.”

³ The mandatory documents are: (i) separation notification; (ii) separation personnel action (for United Nations family organizations); and (iii) payment instruction.

22. 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.

The UNJSPF Secretariat accepted recommendation 1 and stated that it is already implemented. There are no delays. There is no backlog. The Fund Secretariat's risk register is continuously updated with input from managers and staff about possible future risk events. Risk management reports are quarterly presented to the EWRM working group and at the meetings of the Audit Committee. The Fund Secretariat opportunely developed and implemented effective action plans to prevent and eliminate delays in benefit processing. These action plans were documented with risk treatment and response plans, specifying any resources required and monitoring indicators. As per the Fund's EWRM policy, risk treatment and response plans are prepared for high-level residual risks. The audit showed that even though outstanding cases started to accumulate since May 2015, the Fund reflected this reality in the risk register as a "moderate risk" only in January 2016 by which time payments to beneficiaries were already suffering delays. The classification of this risk as "moderate" implied that no risk treatment and response plan was necessary. Nevertheless, the Fund prepared a risk treatment and response plan in April 2016 which was incomplete because it did not include the required resources and monitoring indicators for each treatment action listed in the plan. Also, the risk treatment and response plan prepared subsequently in October 2016 did not contain relevant monitoring indicators and did not describe the resources required to implement the mitigation actions. The report (A/71/621) of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) observed that "the increase in the number of separations and associated claims could have been anticipated, and the Secretariat and the Fund could have taken measures to prepare for and process the claims in a more timely manner". This corroborates the audit finding that the Fund's risk register and mitigation plans were not being updated based on actual or anticipated events. Further, in its resolution 71/265 dated 18 January 2017, the General Assembly expressed serious concern at the continued delays in the receipt of payments by some new beneficiaries and retirees of the Fund and once again stressed the need for the Pension Board to take appropriate steps to address the causes of such delays. Additionally, as further explained in paragraph 48 below, OIOS review of the IPAS data extract showed that the Fund's definition of "backlog" did not include all outstanding cases of various types. OIOS therefore maintains that corrective action is required to strengthen the Fund Secretariat's risk management efforts in order to protect the reputation of UNJSPF as an efficient provider of retirement and related benefits. Recommendation 1 remains open pending receipt of: (i) the risk treatment and response plan to address the delays in processing all outstanding cases of various types; and (ii) evidence of implementation of the plans.

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

23. 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.

24. As of 31 July 2016 several posts in the Section were vacant, some of them for prolonged periods of time (see Table 3). *The Fund stated that due to the specialized knowledge required, some of the posts (Benefit Assistant posts) were difficult to fill with external candidates, and existing staff did not have enough seniority to apply for higher-level posts.*

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 Entitlements 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: UNJSPF recruitment and vacancy control sheet

25. 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.

The UNJSPF Secretariat accepted recommendation 2 and stated that there are no long-term vacant positions in Operations. Nine out of 10 positions in the Operations Section that OIOS reported “vacant” have already been filled. One position is under recruitment. The Fund’s management has repeatedly reported to the Pension Board on human resources risks derived from the growth and complexity of its operations, the complex and lengthy recruitment process and the difficulties encountered in recruiting candidates with the requisite specialized skills and experience. While OIOS takes note of the UNJSPF Secretariat’s comment that 9 out of 10 long vacant positions have since been filled, it is unclear whether the underlying causes for their remaining vacant for a long time were addressed. Information provided by the Fund showed that as of 1 January 2017, the Operations Section had 13 vacant posts (2 P-3, 1 P-4, 3 G-6, 4 G-5 and 3 G-4) and 9 other posts were “under recruitment”. These need to be filled expeditiously to deal with benefit processing effectively. In its report A/71/621, the ACABQ noted the vacancy rate of almost 13 per cent (with 6 of the vacancies directly dedicated to benefit processing) and stated that

“the Fund should focus on expeditiously filling the vacant posts and thus be in a better position to address the additional workload caused by surges”. Accordingly, the ACABQ recommended against establishing 9 of the 18 new temporary posts requested by the Fund for benefit processing. OIOS therefore maintains that corrective action is required to strengthen vacancy management and reporting to the Pension Board on specific reasons for posts that remained unfilled for more than one year in order to ensure accountability for the Fund Secretariat’s human resources. Recommendation 2 remains open pending receipt of evidence of: (i) action taken to expedite the recruitment of vacant positions in the Operations Section; and (ii) appropriate reporting to the Pension Board on the specific reasons for each post that remained unfilled for more than a year.

B. Performance monitoring

KPIs need to encompass the entire pension process within the Fund Secretariat

26. The Fund defined KPIs 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”. 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 covered 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 such as managing the distribution of all incoming work (i.e. scanning incoming documents; 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

27. OIOS reviewed 9,241 cases relating to three entities 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 they were input into the system by the Records 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 the member organizations to inputting them in the system by the Records 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 Records Management and Distribution Unit. OIOS is of the opinion that the Fund Secretariat needs to establish an appropriate KPI for the stage from document receipt to input in the system 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.

The UNJSPF Secretariat accepted recommendation 3 and stated that Operations has established a performance indicator to monitor the performance of its Records Management and Distribution Unit. The indicator monitors the stage from document receipt to upload (average 5 business days). The supervisor of the Records Management and Distribution Unit will report on the performance against this indicator on a weekly basis. Recommendation 3 remains open pending receipt of the updated strategic framework showing the KPI for document receipt and uploading by the Records Management and Distribution Unit and evidence that its performance is being monitored.

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

28. 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 was made on this matter.

Need to strengthen the effectiveness of Client Services

29. Client Services plays an important role in addressing inquiries and complaints from participants and beneficiaries concerning their benefits. The Fund's Quality Management Policy recognizes that quality management would greatly miss its objective if it does not put enough emphasis on client satisfaction. The principal tasks performed by Client Services in the New York and Geneva offices 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.

30. In the strategic framework for the 2016-2017 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 (2014-2015) 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

31. OIOS review of the relevant email folder of Client Services in New York 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 email. 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.

32. 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

33. 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 three, seven and four 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 states 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>Number of calls abandoned</i>	<i>Number of calls answered</i>	<i>Percentage of calls answered</i>
February 2014	1,329	47	3%
February 2015	1,565	117	7%
February 2016	1,920	86	4%

Source: ACD system data

34. The ACD system 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.

35. 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.

36. 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.

The UNJSPF Secretariat accepted recommendation 4 but stated that the recommendation is overtaken by events and the risk is eliminated. The Fund Secretariat has already taken effective actions (addressing the chronic understaffing in Client Services, especially in the New York office); implemented a pilot Call Centre that is working effectively since October 2016; and has defined performance metrics for answering telephone calls and emails related to Member Self Service (MSS). The Call Centre has a service target of answering all MSS calls and emails received in a month. The audit showed that the quality of services provided to clients was significantly deficient compared to the goals set out in the Fund's Quality Management Policy which states that "every effort will be made to respond to correspondence within 15 days of receipt". In the context of the delays in processing of pension benefits, it became critical for the Fund to ensure a robust response from Client Services to address the concerns of beneficiaries. OIOS review of the MSS feature introduced by the Fund showed that MSS did not provide information about the status of the separation case or receipt of documents sent to the Fund. Therefore, the number of answered calls related to MSS was not a relevant metric for measuring the resolution of client queries relating to benefit processing. It is pertinent to note the observations of the Board of Auditors in their report A/71/5/Add.16 which states that: (i) as confirmed by the Fund's management, no information on the handling of complaints or queries was available for the period following the implementation of IPAS (i.e., post July 2015); and (ii) there was no reporting system in place in IPAS with regard to resolution of queries received by Client Services and the processing time taken by them for resolving the queries. Recommendation 4 remains open pending receipt of: (i) the performance metrics established for addressing client enquiries relating to benefit processing; and (ii) evidence that the performance of Client Services is monitored periodically to ensure that client enquiries are addressed efficiently and effectively.

Need to address the sharp decline in the performance of the Pension Entitlements Section

37. Beneficiaries should be paid their entitlements promptly. In its strategic framework and budget documents, the Fund had established a performance indicator of 15 business days to achieve this objective.

38. Table 7 below shows the performance indicators of the Pension Entitlements Section for the latest three biennia and actual performance against these indicators. These figures relate to cases for which the Fund had received the three 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 Entitlements Section compared to the actual results from 2013 to 2016

<i>Budget Year</i>	<i>UNJSPF Target</i>	<i>Cases completed within 15 business days</i>	
		<i>UNJSPF</i>	<i>Actual 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.

39. 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.

40. 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 Entitlements 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 (i.e. percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days) of the Pension Entitlements Section.

The UNJSPF Secretariat accepted recommendation 5 but stated that the recommendation is overtaken by events and the risk is eliminated. The Fund has achieved extremely high processing rates of new initial separations, there is no longer any backlog in benefit processing and a significant portion of new benefits is processed and/or paid during a 4-week period. Over 13,400 benefits were paid in 2016. The monthly average of new benefit entitlements paid during 2016

exceeds 1,100 significantly surpassing longer-term averages under the “old legacy” system. OIOS notes that the performance indicator in the strategic framework for the Pension Entitlements Section does not measure the number of cases processed/paid during a month or year. The performance indicator is the percentage of benefit cases processed within 15 business days after receipt of all required documents. While OIOS review (see Table 7) showed that only 24 per cent of cases were processed within 15 days during the period 1 January to 17 June 2016, the report of the Board of Auditors (A/71/5/Add.16) states that only 14 per cent of death-in-service cases were processed within the benchmark of 15 days, whereas for retirement and withdrawal cases it was only around 8 per cent. Further, according to the UNJSPF financial statements (see Table 1), the Fund awarded 12,050 benefits during 2011 (or 1,004 benefits per month under the legacy system Pensys), as compared to the average monthly processing rate of 1,100 for 2016 under IPAS. This was despite a significantly lower number of staff for benefit processing in 2011. OIOS therefore maintains that corrective action is required to address the sharp decline in the performance of the Pension Entitlements Section as compared to the established benchmark of 15 days. Recommendation 5 remains open pending receipt of evidence showing that there has been substantial improvement in terms of processing of benefits within 15 business days by the Pension Entitlements Section.

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

41. 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 (i.e., the Fund) is responsible for assisting the SPC, *inter alia*, in: (i) communicating with and servicing the needs of participants in their respective member organizations; and (ii) facilitating the provision of the required human resources and financial information relating to participation and separation of staff members and monitoring, alerting, and recommending appropriate actions in this regard to the administration of the member organization.

42. According to the TOR for SPCs and their secretariats, the Fund is also 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.

43. 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.

44. 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.

45. 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 the member organizations, the SPC secretariat is responsible for assisting the SPC in 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.

46. 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 incomplete documents.

(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.

The UNJSPF Secretariat accepted recommendation 6 and requested its closure as this topic will be analyzed as part of the "end-to-end review" being conducted. The UNJSPF Secretariat stated that as per the Fund's Regulations and Administrative Rules and the terms of reference of the SPCs, the ultimate responsibility for follow up on missing documentation and data rests with member organizations/employing organizations, including United Nations family organizations. OIOS is aware that member organizations own their data, processes and internal controls and are responsible for providing the Fund with complete information with regard to the staff members' employment, remittance of contributions and separation from service. However, as the owner of benefit processing, the Fund is responsible for informing the member organizations of issues relating to separation cases and performing necessary follow up on incomplete documents or data. Such an expectation is consistent with the Fund's Quality Management policy, which states that "the Fund will become more pro-active in following up on non-receipt of documentation from member organizations for cases in which it has been informed that the participant has separated". Further, the Policy states that "extra effort will be made to follow up on the non-receipt of documentation, and it is anticipated that once the information from the organizations is received in an automated fashion, delays will be minimized". Before IPAS, the Fund had a process for periodic follow up of missing and invalid documents. This requirement was also built in IPAS to generate follow up letters in 30, 90 and 270 days. However, the Fund was yet to start utilizing this follow up functionality effectively and systematically. The audit showed that the percentage of cases with missing documents pertaining to United Nations family organizations (supported by the Fund as the SPC secretariat) was 39 per cent compared to 13 per cent for other SPC secretariats. The Fund received \$21 million for the 2014-2015 biennium from the United Nations for SPC services but there were no performance benchmarks or indicators in the strategic framework to measure and assess the results. OIOS is of the view that this is inconsistent with the principles of results-based budgeting in the United Nations, which require that inputs (resources) are derived from desired results, and that performance is measured in terms of results achieved. OIOS therefore maintains that the Fund should address these issues. Recommendation 6 remains open pending receipt of: (i) the updated strategic framework with KPIs for the Fund's SPC secretariat functions; (ii) evidence that actual performance is measured, monitored and reported with

reference to the KPIs established; and (iii) evidence of actions taken to 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

47. 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, 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 Chief Executive Officer (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.

48. 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 cases as of 1 March 2016 which were not included in the “backlog”.
- c. Approximately 852 cases 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 Entitlements 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 Procedures 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 cases⁴ were assigned high priority in IPAS, including at least 883 cases relating to death after service.

49. On 6 June 2016, another iSeek announcement stated that the Pension Fund reported to DM 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 Entitlements 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 31 May 2016

50. In an 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 cases 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 were still approximately 4,709 outstanding initial separation cases for which a complete set of the required documents had been received and were either ready for processing or required additional communication (i.e. postal/electronic mail to inform the member organization and/or beneficiary of issues relating to the benefit case). In addition to these, there were 4,870 outstanding recalculation and revision benefit cases.

51. The information provided by the Fund, which served as the basis for “Q-Gates”, did not include all types of outstanding cases. 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. *DM stated that it has no way of verifying accuracy of the data provided by the Fund, and that the onus is*

⁴ IPAS view – Outstanding high priority recalculation benefits

on the Fund to ensure that what they provide to United Nations management is accurate and complete. DM also stated that subsequent iSeek articles of 14 July, 11 August, 9 September and 11 October 2016 have shown continued concern of the United Nations management with the totality of outstanding cases.

52. 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.

The UNJSPF Secretariat accepted recommendation 7 and requested its closure as this topic will be analyzed as part of the “end-to-end review” being conducted. The UNJSPF Secretariat stated that not all outstanding cases are actionable by the Fund. OIOS used un-tested data sources and its own definition to estimate the number of outstanding cases, which resulted in an incorrect and over-stated number of outstanding cases. The Fund has established metrics and continuously monitors and reports on the processing of all types of outstanding cases that are “actionable by the Fund”. It is not the Fund’s responsibility to establish performance metrics, monitor and report on the submission of separation documents to allow processing of cases that are non-actionable by the Fund. As explained in paragraph 48 above, OIOS review of IPAS data extract showed that the Fund’s definition of “backlog” (i.e., 3,436 cases as of 1 March 2016) did not include all outstanding cases of various types that required action by the Fund. In addition to these cases, OIOS is of the view that pending cases which require additional information/documents still need action by the Fund, such as informing the member organization or beneficiary of the additional document(s) needed, and following up periodically on these cases to avoid expiration of documents already received. Unless the Fund follows up on these cases by using the built-in functionality in IPAS to generate follow up letters/reminders, they would continue to remain unactioned and cause delays and hardship to the concerned beneficiaries. OIOS therefore maintains that the Fund needs to disclose its full caseload, follow up effectively on the missing documents in accordance with its Quality Management Policy, and establish performance metrics for all types of cases that were awaiting processing. Recommendation 7 remains open pending receipt of: (i) performance metrics established for monitoring and reporting on all outstanding cases of various types including those not previously covered by “Q-Gates”; and (ii) evidence of dissemination of periodic updates on all types of outstanding cases.

(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.

DM accepted recommendation 8 and stated that it will continue requesting the Pension Fund Secretariat to provide complete information on all types of outstanding cases on a monthly basis until outstanding cases are processed within a reasonable time. Based on the information provided by the Pension Fund Secretariat on the outstanding cases by type, Q-Gates will be established to track processing time of various outstanding cases. Recommendation 8 remains open pending receipt of “Q-Gates” established in consultation with the Fund for all types of outstanding cases, and the templates developed for their consistent monitoring and reporting.

Need to define responsibility and accountability between UNJSPF and member organizations

53. 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.

54. 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 than 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

55. 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.

56. 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 10 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 4.6 years on average since the staff members' death. 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-in-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.

57. 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.

58. While considering the revised budget estimates of the Fund for the biennium 2016-2017, the Pension Board authorized 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 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.

59. 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.

60. 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 the 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 Centre (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.

61. 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 member organizations in regard to timely submission and follow up of incomplete separation documents by establishing operational level agreements and leveraging the use of ICT systems to exchange separation data and documents. *The Fund stated that it will conduct an end-to-end review with the support of an external consultant and in coordination with the member organizations to clarify the roles and responsibilities of the Fund and member organizations. The review will encompass identification of opportunities to streamline the process and improve coordination.*

(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.

The UNJSPF Secretariat accepted recommendation 9 and requested its closure as this topic will be analyzed as part of the “end-to-end review” being conducted. The UNJSPF Secretariat stated that as per the Fund’s regulations, the member organizations have the obligation to provide on time, accurate and complete information and documents to the Fund. The Fund does not have the responsibility to follow up on missing documentation/data. The Fund works in partnership with the employing organizations and try, to the extent it can and resources available, to facilitate the duties of the employing organizations. OIOS notes that according to the Fund’s Quality Management Policy, “the Fund will become proactive in following up on non-receipt of documentation from member organizations for cases in which it has been informed that the participant has separated”. Further, the Policy states that “extra effort will be made to follow up on the non-receipt of documentation, and it is anticipated that once the information from the organizations is received in an automated fashion, delays will be minimized”. The Policy also recognizes that overall efficiency could be achieved “by incorporating the planned quality performance standards in service level agreements among its units ... and partners in order to build a continuous quality chain”. The Fund’s position that it is not responsible for follow up of missing documents is therefore contrary to its Quality Management Policy. Recommendation 9 remains open pending receipt of the results of the end-to-end review or other relevant evidence showing: (i) operational level agreements between the Fund and member organizations describing the responsibility and follow up procedure (frequency/format) for incomplete documents; and (ii) action plans to improve transmission of separation documents between member organizations and the Fund.

Need to establish performance metrics for the Fund Secretariat’s task force

62. In order to deal with the accumulation of outstanding cases, the Fund established an *ad hoc* task force 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 \$3.2 million for the establishment of a “dedicated temporary task force” (18 General Temporary Assistance and two P-5 posts) to focus on the less complex initial entitlement cases. The roles of the two new P-5 posts were not directly related to the mandate of this task force as the organization chart in its TOR did not reflect these two posts. In its report A/71/621 dated 18 November 2016, the ACABQ recommended against the establishment of the two P-5 posts and only recommended approval of 9 of the 18 additional posts requested by the Fund. Thus, the additional resources recommended by the ACABQ and subsequently approved by the General Assembly were in the amount of \$1.3 million.

63. In its proposal for additional resources, the Fund justified them 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.

64. 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 task force 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 in addition to filling the vacancies against regular posts (discussed under recommendation 2), the Fund needs to monitor the performance of the task force based on clearly defined metrics against the actual workload, which should form the basis for either supporting the need for establishing additional regular posts or downsizing and eventually disbanding the task force.

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

The UNJSPF Secretariat accepted recommendation 10 and stated that the risk is eliminated. The metric was established by the Pension Board at its sixty-third session in July 2016. The number of cases is being monitored weekly. As reported to the Pension Board, the objective of the task force is to clear approximately 3,000 surge cases over a period of 17 months and provide other support that is needed during IPAS stabilization. OIOS notes that the request for additional resources which was submitted to the Pension Board did not indicate the metrics that would be used to measure the performance of the task force, as well as measurable criteria to determine when the task force, which was established as a temporary measure, would be disbanded. In its report A/71/621, the ACABQ recommended against the establishment of the two P-5 posts and only recommended approval of 9 of the 18 additional posts requested by the Fund. The Committee considered that “the estimated increase in the number of separation cases could be managed with a smaller number of positions than requested”. OIOS is of the view that the Fund may have been able to make a better case for the additional resources by laying down clear, measurable criteria for winding down the task force based on specific performance metrics. Recommendation 10 remains open pending receipt of performance metrics to assess the performance of the task force and measurable criteria to determine its downsizing and eventual disbanding.

C. ICT support

The Fund needs to establish clear specifications for reports to monitor outstanding cases

65. 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.

66. 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 and used by the Chief of Operations for monitoring purposes. 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 same 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.

67. 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.

68. In February 2016, the Fund management 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.

69. 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

<i>As of (2016)</i>	<i>Number of cases and clearance percentage of backlog</i>					
	<i>Data extract supporting the official announcements of UNJSPF</i>	<i>%</i>	<i>Reports developed by ESS (BI reports)</i>	<i>%</i>	<i>Analysis of data from “IPAS Status of Entitlements report”</i>	<i>%</i>
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

70. 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.

The UNJSPF Secretariat accepted recommendation 11 and stated that it has achieved significant progress in the implementation of a business intelligence tool and dashboard, a fully tested application is expected to go-live in 2017. OIOS has been provided with the specifications of the reports currently used by management to monitor benefit processing. OIOS maintains that the Fund needs to document the requirements and specifications such as selection/filtering/exclusion criteria and formula for calculated fields to accurately identify outstanding cases. The Fund did not provide such specifications to OIOS. Currently, the list of outstanding cases that the Fund management uses to monitor the “backlog” is not a computer-generated report. In the absence of clear specifications, the Fund cannot test and validate the output of any of the reports produced. Additionally, OIOS identified several issues relating to data consistency and quality as explained later in the report. The Fund needs to clean the duplicate and inconsistent data to be able to test the accuracy of its reports. This matter was also raised in the report of the Board of Auditors (A/71/5/Add.16) which pointed to “non-removal of inconsistencies in existing data”. Recommendation 11 remains open pending receipt of documented specifications for standard operational and performance reports, such as selection/filtering/exclusion criteria and formula for calculated fields to monitor outstanding cases.

Duplicate “un-pended” and “pending” cases need to be reviewed after receipt of requested documents

71. 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 cases⁵ 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 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.

72. 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 the 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-pended” (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-pended” 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 “un-pended” and “pending” records for the same beneficiary under one case; and (ii) identify “pending” cases for expedited processing for which the required documents were already received.

The UNJSPF Secretariat accepted recommendation 12 and stated that this issue had already been duly recognized by Operations before the audit and flagged for automation. Workaround is already in place. Automated solution will go-live in first quarter of 2017. OIOS agrees that addressing this issue in IPAS will prevent recurrence in future. However, to eliminate further adverse impact on the already affected beneficiaries, the Fund needs to take action to merge the

⁵ These duplicates were within “open” and “pending” cases. “Voided”, “deleted” and “invalidated” duplicates were not included in this figure.

affected cases. Recommendation 12 remains open pending receipt of: (i) evidence of merged duplicate cases; (ii) evidence that “pending” cases for which documents were already received have been reviewed and processed; and (iii) evidence that the system issue has been addressed in IPAS.

Issues relating to data consistency and quality needed to be addressed

73. 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.

74. 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).

75. 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.

76. 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 did not make any recommendation at this time.

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

77. 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.

78. 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 processing were in the original scope of IPAS deliverables. However, they were not delivered at the time of IPAS acceptance testing and go-live. When year-end functions were used in the 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 Entitlements 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 users⁶. 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. *The Fund stated that improvements to the imaging tab will be introduced at the end of October 2016 and batch processing at year-end was being reviewed for improvement.*

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.

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

⁶ 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.

not automatically routed required an Benefit Assistant in the Records 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.

79. 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 did not make any recommendation at this time.

Some members of the task force performed functions without a second authorization

80. OIOS review of the roles assigned in IPAS to members of the *ad hoc* task force 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.

81. 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 task force was established.

82. 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 was made on this matter.

V. ACKNOWLEDGEMENT

83. 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.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	C/ O ⁹	Actions needed to close recommendation	Implementation date ¹⁰
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	O	Receipt of: (i) the risk treatment and response plan to address the delays in processing all outstanding cases of various types; and (ii) evidence of implementation of the plans.	Not provided
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	O	Receipt of evidence of: (i) action taken to expedite the recruitment of vacant positions in the Operations Section; and (ii) appropriate reporting to the Pension Board on the specific reasons for each post that remained unfilled for more than a year.	Not provided
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	O	Receipt of the updated strategic framework showing the KPI for document receipt and uploading by the Records Management and Distribution Unit and evidence that its performance is being monitored.	31 December 2017
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	Critical	O	Receipt of: (i) the performance metrics established for addressing client enquiries relating to benefit processing; and (ii) evidence that the performance of Client Services is monitored periodically to ensure that client enquiries are addressed efficiently and	Not provided

⁷ 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.

⁸ 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.

⁹ C = closed, O = open

¹⁰ Date provided in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	C/ O ⁹	Actions needed to close recommendation	Implementation date ¹⁰
	calls from clients are effectively addressed.			effectively.	
5	The UNJSPF Secretariat should implement appropriate measures to address the sharp decline in the performance (i.e. percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days) of the Pension Entitlements Section.	Critical	O	Receipt of evidence showing that there has been substantial improvement in terms of processing of benefits within 15 business days by the Pension Entitlements Section.	Not provided
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	O	Receipt of: (i) the updated strategic framework with KPIs for the Fund's SPC secretariat functions; (ii) evidence that actual performance is measured, monitored and reported with reference to the KPIs established; and (iii) evidence of actions taken to address the apparent high percentage of cases requiring follow up of missing documents.	Not provided
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	O	Receipt of: (i) performance metrics established for monitoring and reporting on all outstanding cases of various types including those not previously covered by "Q-Gates"; and (ii) evidence of dissemination of periodic updates on all types of outstanding cases.	Not provided
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	O	Receipt of "Q-Gates" established in consultation with the Fund for all types of outstanding cases, and the templates developed for their consistent monitoring and reporting.	Not provided
9	The UNJSPF Secretariat should: (i) establish operational level agreements in coordination with member organizations to define responsibility and	Important	O	Receipt of the results of the end-to-end review or other relevant evidence showing: (i) operational level agreements between the Fund	Not provided

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical/ Important ⁸	C/ O ⁹	Actions needed to close recommendation	Implementation date ¹⁰
	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.			and member organizations describing the responsibility and follow up procedure (frequency/format) for incomplete documents; and (ii) action plans to improve transmission of separation documents between member organizations and the Fund.	
10	The UNJSPF Secretariat should establish appropriate performance metrics to measure and evaluate the performance of its dedicated temporary task force to form the basis for either supporting the need for additional regular posts or disbanding of the task force.	Important	O	Receipt of performance metrics to assess the performance of the task force and measurable criteria to determine its downsizing and eventual disbanding.	Not provided
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	O	Receipt of documented specifications for standard operational and performance reports, such as selection/filtering/exclusion criteria and formula for calculated fields to monitor outstanding cases.	31 December 2017
12	The UNJSPF Secretariat should: (i) consolidate duplicate “un-pended” and “pended” records for the same beneficiary under one case; and (ii) identify “pended” cases for expedited processing for which the required documents were already received.	Important	O	Receipt of: (i) evidence of merged duplicate cases; (ii) evidence that “pended” cases for which documents were already received have been reviewed and processed; and (iii) evidence that the system issue has been addressed in IPAS.	31 December 2017

APPENDIX I

Management Response


 UNITED NATIONS JOINT STAFF PENSION FUND
 CAISSE COMMUNE DES PENSIONS DU PERSONNEL DES NATIONS UNIES

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MEMORANDUM

Ref:

New York, 31 January 2017

To / A: Mr. Gurpur Kumar, Deputy Director,
 Internal Audit Division, OIOS

From / De : Paul Dooley, Deputy CEO - United
 Nations Joint Staff Pension Fund

Subject / Objet: UNJSPF secretariat response to draft report audit of management of delays in processing of pension benefits in the UNJSPF (Assignment No. AS2016/800/03)

1. In response to your memorandum dated 9 December 2016 (IAD-16-00672), please find in the attached Annex the Fund secretariat's response to the draft report on the audit of management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund. As agreed on 10 January 2017 with Ms. Heidi Mendoza and Mr. David Kanja, this memorandum replaces the response to the draft report submitted on 28 December 2016.

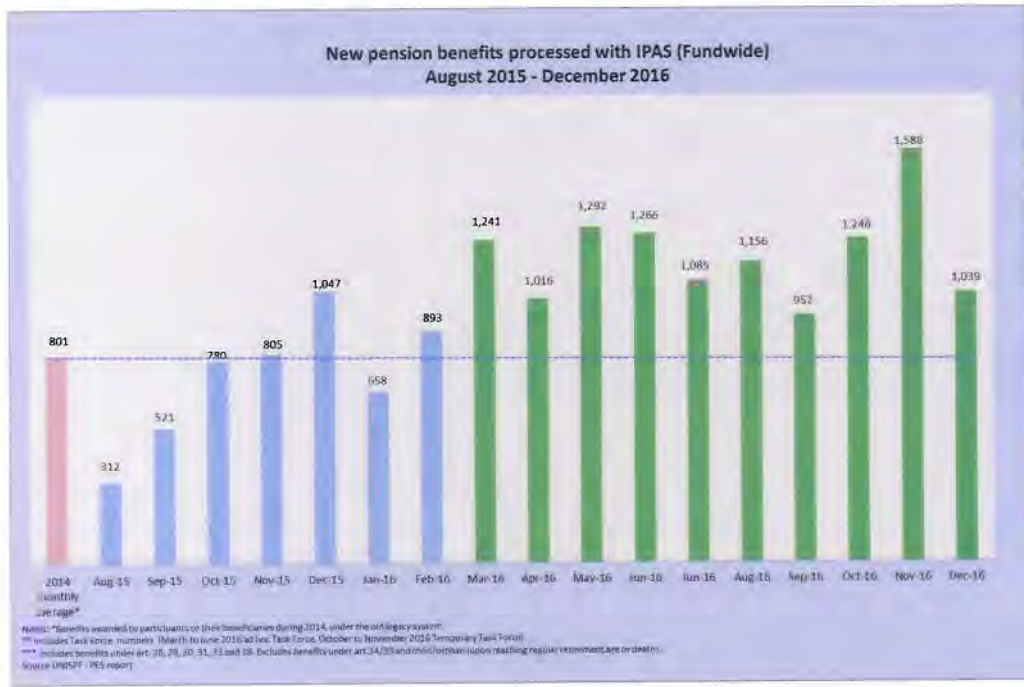
2. The Fund secretariat would like to emphasize that the scope and objective of the audit, "delays in processing of pension benefits" involved an earlier period. Considering the great dynamism of the current environment, the actions taken and initiatives implemented, the current risk status of the issues has changed. Most observations contained in the draft report and the associated risks either have been overtaken by events or have been resolved already.

3. During the intervening period, the Pension Board held its sixty-third session and had the opportunity to review carefully and extensively the situation, issues, limitations, and external factors. The Board also considered the complete process including external factors and the roles and responsibilities of the different parties involved in the separation to payment process. As a result, the Board approved additional resources for the Fund as well as a set of initiatives and actions. These actions have already been successfully deployed or implemented, thereby increasing significantly and steadily the average number of benefits paid per month and decreasing steadily the processing time, as is further explained below. Please refer to the Pension Board report to the General Assembly A/71/9 paragraphs 310-313 for details regarding the initiatives and additional resources approved.

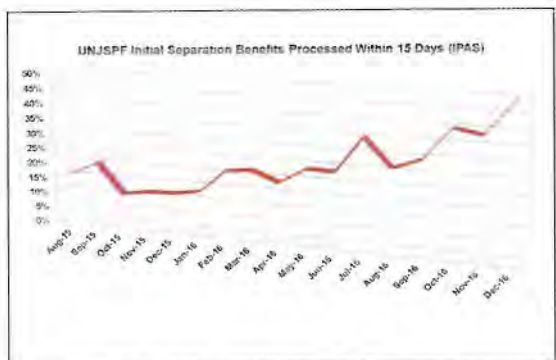
4. In terms of processing new benefits, the rate achieved by the Fund in the last year is very high and the number of outstanding actionable benefits is very low so that there are fewer "actionable" initial separation cases awaiting processing than in any recent times. There is no longer any "backlog" of actionable cases and there are no significant processing delays. At the end of December 2016, there were only 367 actionable outstanding initial separation cases, representing a small fraction of an average month's processing and a reduction of around 90% of the balance as of 1 March 2016.

5. The monthly average of new benefit entitlements paid during 2016 exceeds 1,100 significantly surpassing longer-term averages under the "old legacy" system. During November, the Fund paid 1,588 benefits, which represents arguably an historical high in the number of new benefits processed and paid in a month.

6. The monthly average of new benefits paid in the first few months after implementation of the new system (August 2015 – December 2015) was approximately 690. As mentioned, the monthly average reached in 2016 exceeds 1,100. Therefore, there is a significant and steady improvement in processing observed during the period (see chart below). This extraordinary improvement is due to the successful implementation of initiatives presented by the Fund’s management and approved by the Pension Board.



7. The processing time for initial separation benefits also continues to improve steadily. During December 2016 -even considering the high number of separations and cases sent to the Fund-, nearly half of all initial separations were processed within 15 business days and the great majority were processed and/or paid during a calendar month.



*Source: UNJSPF – PES report preliminary figures.

8. A comprehensive set of additional operational and client services improvement actions and projects were also carefully reviewed and approved by the Pension Board during its 63rd session in July 2016. Most of these have already been successfully implemented with excellent results. Among them, a pilot Call Centre was approved to support the Fund’s New York Client Services activities (including responding to emails and answering calls). The pilot Call Centre in New York was effectively established and is fully operational since 1 October 2016. The Call Centre created additional dedicated capacity to

answer client enquiries and is operating effectively. It is also highlighted that the monthly call response level in the Fund’s Geneva Office is very high with around 90% calls serviced.

9. The Fund’s management appreciates the productive meetings with OIOS managers and with the internal audit team, where the Fund was given the opportunity to provide background information and important context especially regarding the measures reviewed and approved by the Pension Board as well as management’s decisions and actions which led to the successful implementation of the most important, large scale and complex IT and operational undertaking in the Fund’s history. IPAS involved the replacement of all legacy systems and processes with a new integrated platform all at the same time. Considering the complexity of the IPAS implementation, as well as the recommendation of the Pension Board to ensure a smooth and controlled deployment of the pension benefit deployment, the Fund’s management sought to ensure that the IPAS implementation was successful while minimizing any possible disruption to the Fund’s global payroll and to incorporate new benefits in a controlled manner. In this regard, it is important to note that this preventive risk-based approach for IPAS implementation allowed the Fund secretariat to complete the successful implementation of IPAS. Since August 2015, the Fund has paid with 100% efficacy more than 1,190,000 pension payroll payments accurately and on time to more than 74,000 retirees and beneficiaries residing in 190 countries (see table below for distribution of benefits per type).

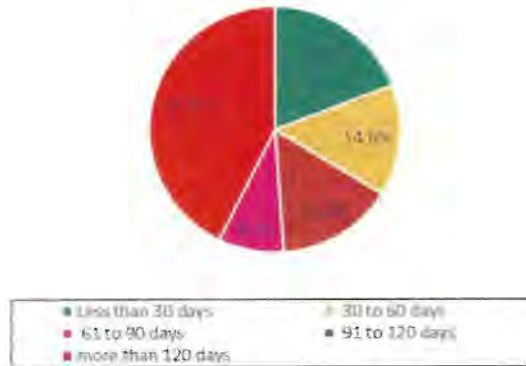
Benefit Type	Dec-16
Retirement	27,625
Early Retirement	16,105
Survivor	12,196
Children	9,742
Deferred Retirement	7,460
Disability	1,497
Secondary Dependent	40
Total Entitlements	74,665*

*Source: UNJSPF – PES report preliminary figures

10. Similarly, the Fund reiterates its request that the final audit report present clearly the past situation and issues identified as well as the careful and exhaustive review by the Pension Board during its sixty-third session. The report should also recognize the important progress made and the current situation where most risks have been eliminated or mitigated. Some of the areas where notable progress has been made are: the Fund has achieved its highest processing rate; there is no longer any backlog; the processing time is approaching a calendar month; the Fund has successfully deployed a new member self-service module which already has more than 60,000 registered users; and the Fund has implemented successfully a pilot Call Centre improving significantly its ability to service calls and emails.

11. Furthermore, the Fund secretariat kindly requests that the final audit report considers and presents the complete operational process as well as the many issues and problems external to the Fund that have a direct impact on the separation to payment process. The overall process cannot be performed by the Fund alone. It requires the participation of three parties who have distinct roles and responsibilities. The employing organizations that need to send (complete and accurate) separation documentation and information to the Fund, the separating staff that needs to provide payment instructions and elect a benefit, and the Fund that reviews eligibility, calculates and pays the entitlement. Considering that the audit’s central scope was on delays, the audit should present the time taken by the employing organizations to submit the separation documentation to the Fund and compare this with the more involved processes performed by the Fund. The chart below shows that during December in more than 40% of cases the employing entities sent the required separation documentation to the Fund with delays of at least 120 days.

Time required by employing organizations to send
separation documentation to the Fund
New Benefit Entitlements
December 2016



12. As previously informed to OIOS, the Pension Board also approved in July 2016 during its sixty-third session, management’s recommendation to conduct an end-to-end review of the overall process. The objective of the review is to understand long-standing or “systemic” bottlenecks, structural issues and to create awareness of the roles and responsibilities related to separation and forwarding of separation documentation and information to the Fund, and to look for possible opportunities to streamline the overall process (please refer to A/71/9 par. 280). This review was launched on 7 October. The Fund together with a representative number of Member Organizations (including the United Nations Departments of Management and Field Support) are working together in the mentioned end-to-end review, which is progressing well and should have results available for the consideration of the Pension Board at its sixty-fourth session in July 2017.

13. The Fund secretariat kindly requests that its comments to the report and responses to the audit recommendations be considered when preparing the final audit report and attached in their entirety to the final report to be published on the OIOS website.

14. We look forward to a continued effective and efficient working relationship of mutual trust and collaboration between management and auditors.

cc: Ms. H. Mendoza
Mr. S. B. Arvizú
Mr. D. Kanja
Ms. E. Burns
Ms. M. O’Donnell
Ms. J. Sareva
Mr. D. Cataldo Dell A’ccio
Ms. K. Manosalvas

Fund secretariat's response to Draft Report Audit of management of delays in processing of pension benefits in the United Nations Joint Staff Pension Fund

Executive Summary

Recommendation	Response	Current Condition of the Risk	Supporting Evidence provided to OIOS
1. Update risk register and develop mitigation plans to eliminate delays	Accepted. Implemented. Closure requested.	Risk eliminated. <u>There are no delays. There is no backlog.</u> The Fund is processing and paying the great majority of new benefits in approximately one month. During December 2016 -even considering the high number of separations and cases sent to the Fund-, 75% of actionable benefits received during the month were processed and/or paid during the same month. During November 2016, the Fund paid 1,588 benefits, which represents arguably an historical high in the number of new benefits processed and paid in a month. Risk mitigation plans were discussed and approved by the Pension Board during its sixty-third session in July 2016 and have been already implemented to ensure all separation cases <i>actionable</i> by the Fund were urgently processed and any delays effectively addressed. The Fund assesses risks on a continuous basis with input from managers and staff about possible future risk events.	Operational reports on number of cases pending processing. Only 367 cases at end of December 2016. Processing rate of 1,100 cases per month. List of initiatives and actions approved by Pension Board implemented (Pension Board Report (A/71/9)). Risk register updated quarterly.
2. Expedite recruit of vacant positions in Operations and annual reporting to Pension Board	Accepted. Implemented. Request to be closed or merged with recommendation 3 audit of HR management (2015/147)	Risk mitigated. <u>There are no long-term vacant positions in Operations.</u> The Fund's management has repeatedly reported to the Pension Board on human resources risks derived from the growth and complexity of its operations, the complex and lengthy recruitment process and the difficulties encountered by the Fund in recruiting candidates with the requisite specialized skills and experience. This information is regularly reviewed by the Budget Working Group of the Pension Board, as well as by the ACABQ and General Assembly in the context of budget approval discussions.	Recruitment tracking reports. Reports to Pension Board, ACABQ and General Assembly.
3. Establish key performance indicator for Records Management and Distribution Unit	Accepted. Under implementation.	Risk mitigated. <u>Performance metrics have been defined and will be monitored.</u> Operations has established a performance indicator to monitor -at an operational level- the performance of its Records Management and Distribution Unit (RMU). The indicator monitors the stage from document receipt to upload (average 5 business days). The supervisor of the RMU will report on the performance against this indicator on a weekly basis.	Performance indicator and monitoring mechanism.

Recommendation	Response	Current Condition of the Risk	Supporting Evidence provided to OIOS
4. Establish metrics to monitor client services and address delays in responding to emails and level response to calls	Accepted Overtaken by Implemented. Request for closure.	Risk eliminated. <u>Metrics defined and the Fund now maintains high response level to calls and emails in both New York and Geneva.</u> All walk-ins are serviced (close to 100%). Additional dedicated capacity has been successfully implemented. In November 2016, 3,556 calls and emails were answered by the pilot Call Centre in New York against an initial estimate of 3,000 for the month. All MSS and Tier 1 related calls have been answered during the announced working hours and average wait time has been under one minute. Another very important fact to consider is that the Geneva Office serviced Europe, Africa and the Middle East with around 90% of the telephone calls and emails received in 2016.	Reports on number of emails and calls answered. Pilot Call Center successfully established and operational in New York with excellent service levels achieved (now servicing 12 hours daily). Extremely high level of client services in the European, Middle Eastern and African regions.
5. Address sharp decline in performance indicator of Pension Entitlement Section	Accepted and overtaken by events. Implemented. Request for closure.	Risk eliminated. <u>There is a significant and steady improvement in processing surpassing post-implementation averages by 130%.</u> Processing rate of 1,100 cases per month. Processing time around 21 business days in December 2016. The Fund has achieved extremely high processing rates of new initial separations, there is no longer any backlog in benefit processing and a significant proportion of new benefits is processed and/or paid during a 4-week period. Since IPAS implementation, the performance indicator of the Pension Entitlements Section has consistently and steadily improved, and therefore there is no a sharp decline.	Operational reports showing increasing number of cases serviced per month and a steady reduction in the ending balances clearly showing that there are no delays and that there is no backlog. List of initiatives and actions approved by Pension Board implemented (Pension Board Report (A/71/9)).
6. Establish performance metrics for secretariat of UN Staff Pension Committee and address cases requiring follow-up of missing documents 7. Establish metrics to monitor and report on all types of outstanding cases and disseminate progress updates 9. Establish operational level agreements with member organizations; and expedite deployment of Employer Self Service, exploring transmission of digitally signed separation documents	Accepted. Request that the recommendations be closed as this topic will be analyzed as part of the <i>end-to-end review</i> being conducted by the Fund, WHO, FAO/WFP, UNICEF, UN HQ, UN DFS and will be considered by the Pension Board in July 2017	<u>The Pension Board carefully reviewed, discussed and approved during its sixty-third session in July 2016, an end-to-end review of the overall separation to entitlement process to be conducted by the Fund together with a representative number of Member Organizations (including the United Nations).</u> The CEO together with the UN USGs of the Department of Management and Field Support, as well as representatives of WHO and FAO/WFP, launched on 7 October 2016 this comprehensive <i>end-to-end review</i> . The objective of the project is to understand the overall separation to payment process, to create awareness of the roles and responsibilities of the three parties involved in the process, as well as to identify issues and propose solutions. The results of the <i>end-to-end review</i> will be presented and reviewed by the Pension Board at its sixty-fourth session in July 2017.	Pension Board decision to conduct <i>end-to-end review</i> (Pension Board Report (A/71/9)). Project definition document. Newsletter and Iseek articles announcing the joint launching of the project. ToR Staff Pension Committees General Assembly Resolution 70/248 recognizing member organizations responsibility in separation to payment process

Recommendation	Response	Current Condition of the Risk	Supporting Evidence provided to OIOS
8. United Nations Department of Management to request information and establish targets for UNJSPF Secretariat	N/A Request to close.	The UNJSPF is administered by the Pension Board (not by the administrative departments of member organizations). Request to close as recommendation is not aligned with the Fund's established governance structure and to avoid confusion and risks.	UNJSPF Regulations and Rules
10. Establish metrics to evaluate performance of temporary taskforce	Accepted. Implemented. Closure requested.	Risk eliminated. <u>The metric was established by the Pension Board at its sixty-third session in July 2016.</u> The number of cases is being monitored weekly. The Task Force is performing exceptionally well.	Weekly operational report. Pension Board report (A/71/9).
11. Establish requirements and specifications for operational and performance reports	Accepted. Under implementation.	Risk mitigated. <u>Criteria defined by management to identify actionable cases and for weekly and monthly operational reports.</u>	Weekly and monthly monitoring reports. Business intelligence tool and dashboard will go live in 2017. Specifications of reports used by management to monitor benefit processing.
12. Consolidate duplicate beneficiary records; and identify pending cases with documents were already received	Accepted. Under implementation.	Risk mitigated. This issue had already been duly recognized by Operations before the audit and flagged for automation (JIRA created and system change under development). <u>Workaround already in place. Automated solution will go-live in first quarter 2017.</u>	Issue resolution plan approved and under implementation.

Summary of actions taken by the Fund

The Fund secretariat initially addressed the backlogs and refinements during the IPAS stabilization period with its existing and very limited resources. The Fund's management, with the support of the Pension Board, adopted an action plan to eliminate the backlog and further support critical benefit processing functions, which included the following key actions:

1. **Increase benefit processing capacity:** The Fund secretariat temporarily redeployed available resources in program support functions and also created dedicated taskforces with temporary staff. The Fund secretariat also created a special taskforce to expedite the processing of survivors' benefits, which are governed by complex provisions that require the review of legal documentation and significant training.

Result: 97% of the backlog was processed by 31 May 2016. The Fund secretariat has consistently increased its benefit processing rate, with the highest ever monthly benefit processing rate achieved in 2016. As an example, 1,588 benefits were processed in November 2016, a level that equates to a 130% performance improvement over the IPAS post implementation processing average. Moreover, 75% of actionable benefit cases received during the month of December 2016 were processed and paid during the same month.

2. **Missing information and documents from the member organizations:** The Fund depends significantly on the employing organizations that prepare the separation cases for separating staff. Although the ultimate responsibility to provide separation documents lies with the member organizations, the Fund secretariat has taken proactive actions to communicate and follow up on

missing information and documents to be submitted by member organizations and has established focal points with each member organization to assist with complex issues.

Result: Coordination actions initiated by the Fund have contributed to expediting the time taken for the organizations to submit separation documents to the Fund but further improvements are still needed in timeliness and accuracy. The annual meeting with the Staff Pension Committees and the Pension Board meeting are the key forums to discuss issues concerning the Fund and its member organizations.

3. **Actions to enhance client services:** A two-tier Call Centre that entered into operation in October 2016, to support a team of eight Client Services staff in New York, who are expected to answer thousands of customer queries. The Tier 1 Call Centre staff answer initial calls, while the Tier 2 group is comprised of specialists who receive a deeper technical training and are able to resolve issues over the phone. The implementation of the Call Centre will relieve staff of a large number of calls and allow them to spend more time processing cases or answering more complex queries.

Results: The pilot Call Centre has proven to be a success. In November 2016, 3,556 calls and emails were answered by the Call Centre against an initial estimate of 3,000 for the month. All MSS related calls have been answered during the announced working hours and average wait time has been under one minute. As another important result, the Geneva Office answered around 90% of the telephone calls received in 2016.

4. **Performance reporting:** Increasing processing capacity is closely related to improvements in caseload management and performance reporting. The Fund secretariat is completing the implementation of an enhanced business intelligence environment to build better reports and metrics to capture processing efforts.

Results: The Fund is able to track separations received, weekly benefit processing performance at the individual level and outstanding cases, to identify and correct processing problems at the onset. Tracking reports are also generated and shared with member organizations.

5. **End-to-End Review:** Cognizant of their shared responsibilities in the separation to entitlement to payment process, the Fund and its member organizations have agreed on the need to review the overall process and identify streamlining opportunities in all phases of the process. The responsibility of member organizations to be accountable for HR management, the integrity of data and the proper follow-up for missing documentation/data was recognized by the General Assembly in Resolution 70/248, which *“requests the Secretary-General, as Chair of the United Nations System Chief Executives Board for Coordination, to invite the heads of member organizations participating in the Fund to expedite information processing for new beneficiaries and retirees.”* The General Assembly reiterated this request at its 71st session in its resolution related to the UN Pension System.

Results: In October 2016, the Fund secretariat together with member organizations initiated a review of the end-to-end process with the participation of five member organizations and with the support of a specialized firm. The results of the end-to-end review will be presented to the Pension Board at its 64th session in July 2017.

The above information together with the extraordinary benefit processing numbers for 2016 (there is no longer any backlog, highest processing rate surpassing long-term averages and processing time under 21 business days) as well as the high level number of calls and emails answered reflect effective results of the actions already taken by the Fund, with the guidance and approval of the Pension Board, to fully eliminate the backlog, expedite benefit processing and better serve the Fund's participants and beneficiaries. The above actions and results further confirm that the issues identified and observations contained in the draft

report have been overtaken by events or have been already resolved.

Temporary and structural factors have impacts on processing delays

In addition, factors external to the Fund, such as the increase in the number of separations particularly in peacekeeping missions in 2016 and structural delays in the submission by member organizations of separation information and documents to the Fund, contributed to delays in benefit processing.

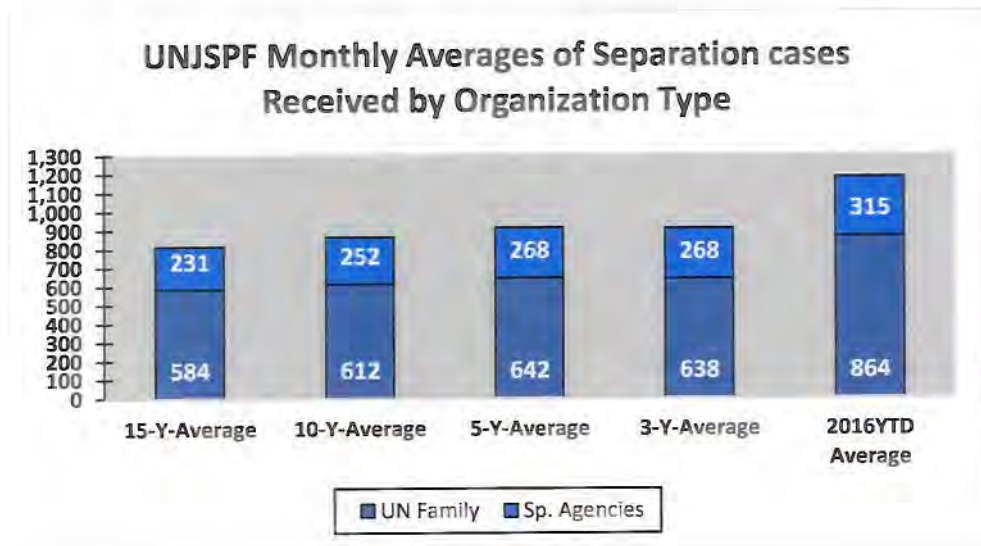
- **Significant delays in submission of separation documentation by member organizations continue (as well as data quality issues).** Roughly, 50% of cases are sent to the Fund with delays exceeding 90 days (and roughly 40% taking 4 months or more).

Number of days taken by Member Organizations to send the separation documentation to the Fund for new actionable cases in December 2016

ORGANISATION	0-60 days	61-90 days	91-120 days	over 120 days	Grand Total
UN FAMILY	25.3%	18.0%	8.9%	47.8%	100.0%
SP.AGENCIES	61.2%	6.0%	6.9%	25.9%	100.0%
Grand Total	33.8%	15.2%	8.4%	42.6%	100.0%

- **The number of separations cases increased significantly, see chart below.**

At the same time, operational demands particularly for client services significantly increased as a result of a malicious misinformation campaign started in early 2015 that has severely damaged the Fund’s reputation and caused unnecessary concerns to the Fund’s participants and beneficiaries.



FUND SECRETARIAT'S RESPONSES TO AUDIT RECOMMENDATIONS

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
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	Yes. Request for closure.	N/A	N/A	<p>Response: The proposed audit recommendation is already implemented. There are no delays. There is no backlog. The Fund is processing and paying the great majority of new benefits in approximately one month. During November 2016, the Fund paid 1,588 benefits, which represents arguably an historical high in the number of new benefits processed and paid in a month. Risk mitigation plans were discussed and approved by the Pension Board and implemented to ensure all separation cases actionable by the Fund were urgently processed and any delays addressed. Additionally, the Fund assesses risks on a continuous basis with input from managers and staff about possible future risk events. Specifically:</p> <p>(i) The Fund secretariat's risk register is continuously updated with input from managers and staff about possible future risk events. Risk management reports are presented quarterly to the Fund's Enterprise-wide Risk Management Working Group (EWRM WG) and at the meetings of the Audit Committee of the Pension Board. Updated risk assessment information, including the input provided by managers, is reflected in the minutes of the Fund's Enterprise-wide Risk Management Working Group.</p> <p>(ii) The Fund secretariat opportunely developed and implemented effective action plans to prevent and eliminate delays in benefit processing. The following action</p>

¹ 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.

² 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.

Rec. no.	Recommendation	Critical ¹ / important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>plans were presented by management and approved by the Pension Board:</p> <ul style="list-style-type: none"> • On-going support and training to pension entitlements staff • Creation of ad hoc task force for the processing of pension benefits • Creation of dedicated taskforce for the processing of pension benefits • Creation of taskforce for survivors' benefits • Creation and use of monitoring reports on benefit processing workflow and number of benefits processed • On-going monitoring at different levels within the Fund secretariat and by the Enterprise-wide Risk Management Working Group. • Coordination and exchange of information with member organizations. <p>These action plans were documented with risk treatment and response plans, specifying any resources required and monitoring indicators. As result of these actions, there is no longer any backlog of actionable cases and the Fund achieved in November 2016 its highest ever monthly processing rate. As of 31 December 2016, there is a balance of 367 presumed actionable cases (cases for which the Fund has received the three core separation documents to process the case).</p> <p>Based on the above, the Fund secretariat requests OIOS to close the audit recommendation since it is already implemented. The Fund secretariat has provided to OIOS updated risk management information, including the Pension Board report to the General Assembly and risk treatment and response plans related to Operations detailing the actions already implemented.</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>Below are comments regarding the assessment of the risks mentioned in the report:</p> <ol style="list-style-type: none"> 1. Risks arising from blackout periods (par. 18) were identified and escalated to the Fund's EWRM WG (21 April 2015 meeting) and to the Pension Board. In July 2015, the Board was informed in the proposed budget for 2016-2017 (JSPB/62/R.16 par. 40) that <i>"immediately after the IPAS go-live date, the Fund is certain to encounter an important stabilization period. During this time, the Fund will be addressing, on a priority basis, any backlogs and pressing issues that might arise as a result of the transition to a new system. ... This is expected and well anticipated as all wide reaching projects such as IPAS are regularly followed by a period in which fine tuning of all processes is required and aimed at further enhancing efficiency and productivity."</i> 2. It is inaccurate to state (par. 18) that the first action to mitigate the accumulation of outstanding cases was the establishment of a taskforce in February 2016. Even before IPAS go-live, the Fund had been using its existing resources to prevent and clear any backlogs. Taskforces were created in early 2016 as an additional measure to further support extraordinary efforts by pension entitlements and client services functions. 3. Risks related to IPAS application (par. 19): Following the go-live of IPAS in August 2015 and during the stabilization phase, risks arising from ICT applications are assessed, documented and monitored by the Enterprise-wide Risk Management process. IPAS related issues and enhancements are prioritized and implemented following a change management process.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>4. Risk of failure to match contributions to participant accounts (par. 20) was identified in the Fund’s risk register since 2013³. The implementation of preventive actions and workarounds in the 2015 year-end reconciliation process was successfully completed in time to prepare the Fund’s financial statements. This was a moderate risk, which did not require a risk treatment and response plan. As per the Fund’s EWRM Policy, risk treatment and response plans are prepared for high-level residual risks.</p> <p>Supporting evidence provided to OIOS:</p> <ol style="list-style-type: none"> 1. Enterprise-wide Risk Assessment jointly conducted by OIOS and a consulting firm in 2013, which includes the risks mentioned in the report. 2. Risk register, risk treatment and response plans and minutes of the EWRM Working Group at different dates, periodic updates evidence that UNJSPF’s risk information is continuously updated with input from different units; and that the Fund has developed and implemented mitigation plans to address “high-level” risks identified. 3. Pension Board report to General Assembly detailing initiatives and actions approved by the Pension Board and implemented (Pension Board Report A/71/9). 4. Operational reports on the number of cases pending processing.
2	The UNJSPF Secretariat should: (i) expedite the recruitment for long vacant positions in the Operations Section; and (ii) include appropriate explanations in its	Important	Yes, Request to be closed or merged with	Deputy CEO / Human Resources Officer	December 2017	Response: There are no long-term vacant positions in Operations. As can be verified in Inspira and with OHRM, 9 of the 10 positions in the Operations Section that OIOS reported “vacant” have already been filled. One position is under recruitment.

³ Risk assessment conducted by OIOS and Grant Thornton.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	annual reporting to the Pension Board on the reasons for posts remaining vacant for more than a year.		recommendation 3 audit of HR management (2015/147)			<p>The Fund's management has repeatedly reported to the Pension Board on human resources risks derived from the growth and complexity of its operations, the complex and lengthy recruitment process and the difficulties encountered by the Fund in recruiting candidates with the requisite specialized skills and experience. This information is regularly reviewed by the Budget Working Group of the Pension Board as well as by the ACABQ and General Assembly, in the context of budget approval discussions.</p> <p>The difficulty of filling of vacant positions in a short time is an UN-wide systemic problem, which needs to be assessed in the context of the complex process, bureaucratic approach, difficulty to use system and inflexibility of UN policies and procedures for human resources management, which do not reflect the needs of the different employing entities.</p> <p>Further, to mitigate risks to the Fund's processes derived from the lengthy recruitment processes, temporary staff have been temporarily placed against critical functions, when needed.</p> <p>However, there is a need to further request support from OHRM to expedite the filling of vacant positions. In various cases, the recruitment of candidates with skills and experience suitable to the specialized nature of the Fund's operations has been lengthened due to the need to comply with strict procedural and documentation requirements. Existing procedures require numerous and lengthy interactions even for the simplest recruitment cases that have no exceptions.</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>Consequently, the Fund secretariat requests the audit recommendation be closed or merged with recommendation 3 of audit of human resources management in UNJSPF (2015/147), which addresses the same root cause and is still outstanding. To close the merged recommendation, the Fund secretariat has provided reports used by senior managers to monitor recruitment and previous reports presented to the Pension Board including the status of vacant positions in the context of budget discussions.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> List of previous reports presented to the Pension Board, ACABQ and General Assembly on the filling of UNJSPF vacant positions. Status of vacant positions as of 3 January 2017
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	Yes	Chief of Client Services and Records Management and Distribution Section	December 2017	<p>Response: Performance metrics have been defined and will be monitored.</p> <p>Operations has established a performance indicator to monitor - at an operational level - the performance of its Records Management and Distribution Unit (RMU). The indicator monitors the stage from document receipt to upload (average 5 business days). The supervisor of the RMU will report on the performance against this indicator on a weekly basis. To close the recommendation, the Fund secretariat will provide to OIOS evidence of weekly monitoring using the new performance indicator.</p> <p>The Fund secretariat notes however that the time from dispatch of the documents to inputting them in the Fund's system by the Records Management and Distribution Unit is a shared process between the Fund and member organizations. The responsibility of the Records Management and Distribution Unit only covers a small fraction of the end-to-end process, from document receipt</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>to input in the Fund's system. To address one of the causes of potential delays in the processing of benefits, member organizations could establish key performance indicators for the time taken to submit separation documents to the Fund. In most cases with long delays, these are due to the time the former employing organizations take to release separation documents to the Fund.</p> <p>Supporting Evidence: Performance indicator and monitoring mechanism.</p>
4	<p>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.</p>	Critical	<p>Yes. Overtaken by events. Implemented Request for closure.</p>	Chief of Operations	N/A	<p>Response: Risk eliminated. Metrics defined and the Fund now maintains high response level to calls and emails in both New York and Geneva. All walk-ins are serviced (close to 100%). Additional dedicated capacity has been successfully implemented. In November 2016, 3,556 calls and emails were answered by the pilot Call Centre in New York against an initial estimate of 3,000 for the month. All MSS and Tier 1 related calls have been answered during the announced working hours and average wait time has been under one minute. Another very important fact to consider is that the Geneva Office, serviced Europe, Africa and the Middle East with around 90% of the telephone calls and emails received in 2016.</p> <p>As reflected in Illustration 2 of OIOS audit report, Client Services has no role "in facilitating that all the stages of pension processing to ensure that pension benefits are processed promptly". Notwithstanding, the Pension Board has considered a study outlining the current situation, challenges, limitations, as well as possible options and new client service models. The Pension Board approved the establishment of a pilot Call Centre.</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>The Fund secretariat has already taken effective actions (addressing the chronic understaffing in client services, especially in the New York Office); implemented a pilot Call Centre that is working effectively since October 2016; and has defined performance metrics for answering telephone calls and emails related to member self-service.</p> <p>The Fund secretariat requests OIOS to close this recommendation as the actions recommended by OIOS have already been implemented and have proven to be effective:</p> <ol style="list-style-type: none"> 1. The following performance indicators have been defined for Client Services – at an operational level: <ul style="list-style-type: none"> • 100% MSS emails, telephone calls answered • 100% walk-ins served • At least 80% of telephone calls received by the Geneva Office will be answered 2. Service levels in the Geneva Office, which covers Europe, Middle East and Africa, averaged 87% for telephone calls and 1,567 walk-ins were served in 2016. Due to the availability of consistent and reliable statistics from the telephone system, service levels for telephone calls and walk-ins in Geneva are periodically monitored and reported. 3. A Pilot Call Centre in New York entered into operation on 1 October 2016, which created dedicated capacity to answer telephone calls. <u>The Call Centre has a service target of answering all MSS calls and emails received in a month.</u> In November 2016, 3,556 calls and emails were answered by the Call Centre against a target of 3,000 for the month. All Member Self Service (MSS) related calls have been answered during the announced working hours and wait time has been under one minute.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>4. Member Self-Service functionality launched to allow staff members, retirees and beneficiaries monitor their own accounts and find essential documents at the Fund.</p> <p>5. UNJSPF You Tube page was launched to answer questions about how to login to the Fund's Member Self-Service</p> <p>6. New FAQs written and posted on the Fund's website.</p> <p>7. New website to be launched in early 2017 designed to answer the majority of the questions to Client Service staff.</p> <p>8. The Fund presented a New Client Services Model to the Pension Board at its 63rd session in July 2016.</p> <p>9. The Board asked the Fund secretariat to present the resource requirements and proposed structural changes for Client Services in the budget proposal. The Fund is currently preparing the budget request for the consideration of the Board at its 64th session.</p> <p>10. During the last years, Client Services staff has been serving an increased volume of telephone calls and emails with the same limited capacity. The Fund's management has repeatedly requested the approval of additional resources for Client Services.</p> <p>In regards to delays in responding to emails (par. 31), OIOS only reviewed the general email box. The general email box is used for the initial contact with the Fund and does not include most emails and queries, which are directly answered and followed up by Client Services staff.</p> <p>Paragraph 33 does not recognize that the Fund secretariat had previously not dedicated staff to handle telephone calls and that the limited number of Client Services staff was simultaneously performing other tasks. In addition, a significant number of the calls and emails received by the</p>

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						<p>Fund are the result of the malicious campaign that affected the Fund's reputation since early 2015.</p> <p>The call statistics presented in Tables 5 and 6 are based on inconsistent and incomplete telephone calls reports and do not reflect information of the calls received and answered by the Geneva Office (which maintained in 2016 an average call service level close to 90%).</p> <p>Supporting Evidence:</p> <ol style="list-style-type: none"> 1. Client Services performance report for the Geneva Office covering phone calls, meetings and emails in 2016. 2. Target level and Statistics on the performance of Pilot Call Centre in New York. 3. Email from OICT stating that its reporting tool does not allow extracting call logs and customizing reports for performance reporting. 4. Examples of OICT reports showing inconsistencies in the total number of calls. 5. Call Centre agreement for Pilot Call Centre that entered into operation on 1 October 2016, including target service levels. 6. Requests for additional resources previously presented to the Pension Board. 7. Third party review of Client Services. 8. FAQs and MSS link available in the Fund's website.
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	Critical	Yes, Overtaken by events. Implemented Request for closure.	Chief of Operations	N/A	<p>Response: Risk eliminated.</p> <p><u>There is a significant and steady improvement in processing surpassing post-implementation averages by 130%.</u></p> <p>Processing rate of 1,100 cases per month. Processing time around 21 business days in December 2016.</p> <p>The Fund has achieved extremely high processing rates of new initial separations, there is no longer any backlog in</p>

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	within 15 business days) of the Pension Entitlement Section.					<p>benefit processing and a significant proportion of new benefits is processed and/or paid during a 4-week period.</p> <p>Since IPAS implementation, the performance indicator of the Pension Entitlements Section (Table 7) has consistently and steadily improved and therefore, there is no a sharp decline in the performance of the Pension Entitlements Sections:</p> <ol style="list-style-type: none"> 1. The context (implementation most complex ERP system) has not been considered by OIOS. While following IPAS implementation, there was an initial slow-down in benefit processing, the benefit processing rate is currently 90% higher than the monthly average in the number of new benefits paid under the legacy system. 2. The number of payments of new entitlements per month (which is an unambiguous, objective and fully verifiable indicator) reflects that the Fund achieved in 2016 significantly higher processing rates than the long-term averages. Over 13,400 benefits were paid in 2016. During November 2016, the Fund paid 1,588 benefits, achieving a historical high in the number of new benefits processed and paid in a month. The Fund has achieved an average monthly processing rate of 1,100, which is significantly higher than monthly average of new benefits paid in the first few months after IPAS implementation (690). 3. As of the end of December 2016, the Fund has only 367 outstanding presumed actionable cases (down from 3,436 as of 1 March 2016), which highlights the effective resolution of processing delays. 4. 75% of actionable cases received in December 2016 were processed and/or paid during the same month.

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						<p>Consequently, the Fund secretariat requests OIOS to close the audit recommendation before the issuance of the final audit report considering that as reported to the Pension Board (Pension Board Report A/71/9) and publicly announced, the Fund has already implemented effective measures to address delays and increase efficiency and productivity in benefit processing:</p> <ol style="list-style-type: none"> 1. The Fund initially utilized its existing limited resources to improve productivity and timeliness in benefit processing. 2. In early 2016, temporary and dedicated taskforces were created to increase benefit processing capacity; 3. Implementation of survivor's benefit/disability team; 4. Training and guidance on the job provided to staff to increase efficiency; 5. Increased number and frequency of pre-retirement seminars to clarify responsibilities and expedite the submission of separation documents; 6. Distribution of tracking reports including aging for employing organizations; and 7. The Fund established focal points with member organizations. <p>OIOS calculations of the performance indicator (Table 7) utilized data extracts and inconsistent and non-comparable statistical data concerning benefit processing periods and response times from 3 August to 31 December 2015. The Fund's management informed the Board (par. 39) that transitional issues following IPAS go-live (JSPB/63/R.26) resulted in inconsistent statistical data to compute this indicator. The performance indicator is based on assumptions fully documented in the Strategic Framework and Budget documents that have not realized.</p>

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						<p>The report does not fully reflect key information contained in Pension Board documents including the results of a special review, conducted by an independent specialized consulting firm, who reviewed the implementation of IPAS system and the processing delays (JSPB/63/R.18/Add.1).</p> <p>Supporting evidence:</p> <ol style="list-style-type: none"> 1. Operational reports on the balance of actionable cases 2. Management reports on the number of benefits processed and paid 3. Pension Board report (Pension Board Report A/71/9), detailing all actions approved by the Pension Board implemented 4. Performance targets and assumptions reflected in budget documents for the biennia 2014-2015 and 2016-2017. 5. Report to the Pension Board on Strategic Framework – Update on Indicators (JSPB/63/R.18/Add.1).
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	Request to close as this topic will be analyzed as part of <i>end-to-end review</i> conducted by the Fund, WHO, FAO/WFP, UNICEF, UN HQ, UN DFS and will be considered by the Pension	N/A	N/A	<p>Response: The Pension Board carefully reviewed, discussed and approved during its sixty-third session in July 2016, an end-to-end review of the overall separation to entitlement process to be conducted by the Fund together with a representative number of Member Organizations (including the United Nations). The CEO together with the UN USGs of the Department of Management and Field Support, as well as representatives of WHO and FAO/WFP, launched on 7 October 2016 this comprehensive end-to-end review. The objective of the project is to understand the overall separation to payment process, to create awareness of the roles and responsibilities of the three parties involved in the process, as well as to identify issues and propose solutions. The results of the end-to-end review will be</p>

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			Board in July 2017			<p>presented and reviewed by the Pension Board at its sixty-fourth session in July 2017.</p> <p>As per the Fund’s Regulations and Administrative Rules and the Terms of Reference of the Staff Pension Committees, approved by the Pension Board, the ultimate responsibility for follow-up on missing documentation and data rests with the member organizations/ employing organizations, including United Nations family organizations. The Fund’s mandate and responsibilities are defined in the UNJPSF Regulations and Administrative Rules, approved by the General Assembly. There is a need to differentiate the roles between the Staff Pension Committees and their Secretariat, including the Fund.</p> <p>The responsibility of member organizations over HR management or to correct HR data or follow-up on missing documentation/data is recognized by the General Assembly in Resolution 70/248, which <i>“requests the Secretary-General, as Chair of the United Nations System Chief Executives Board for Coordination, to invite the heads of member organizations participating in the Fund to expedite information processing for new beneficiaries and retirees.”</i> The General Assembly reiterated the same request at its 71st session in its resolution related to the UN Pension System.</p> <p>UNJSPF as UNSPC secretariat performs the same duties as other SPCs Secretaries:</p> <ul style="list-style-type: none"> • Communicate with participants on general interest issues on pensions; determine incapacity for the purpose of disability benefits; deal with appeals; make recommendations to the Board;

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						<ul style="list-style-type: none"> • <i>Facilitate</i> the provision of HR and financial information, which means that SPCs secretaries monitor, alert and recommend appropriate actions in this regard to the administration of the member organization; • The duties of the SPC and its Secretary are distinct, relating mainly to the participation (enrollment of staff to the Fund), validation, restoration, etc. as defined in the Fund's Regulations and Administrative Rules⁴. <p>Actions already taken by the Fund as the UNSPC secretariat:</p> <ol style="list-style-type: none"> 1. With limited resources, serves about 80% of the Fund's participant population and 60+ employing organizations. 2. The Fund facilitates transfer of documentation/ information and its integrity through data interfaces. 3. Organizes continuing training and outreach activities for employing organizations and staff. 4. Establishes focal points and takes other <u>proactive measures</u> for the employing organizations to fulfill their duties; and 5. Provides tracking reports to the member organizations on status and aging of cases, and follows-up, as the resources permit⁵. <p>Supporting documents:</p> <ol style="list-style-type: none"> 1. Pension Board decision to conduct end-to-end review (Pension Board Report (A/71/9)). 2. Project definition document.

⁴ TOR of the SPCs and their secretaries, paragraph 20.

⁵ TOR, paragraph 4: "The member organizations must provide adequate resources, data access and support to the SPC and the Secretary to ensure they can meet the Fund's requirements in accordance with its Regulations."

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						<p>3. Newsletter and Iseek articles announcing the joint launching of the project.</p> <p>4. Terms of Reference for the Secretaries of the SPC. General Assembly Resolution 70/248 recognizing member organizations responsibility in separation to payment process</p>
7	<p>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.</p>	Important	Request to close as this topic will be analyzed as part of end-to-end review conducted by UNJSPF and member organizations	N/A	N/A	<p>Response: The Pension Board carefully reviewed, discussed and approved during its sixty-third session in July 2016, an end-to-end review of the overall separation to entitlement process to be conducted by the Fund together with a representative number of Member Organizations (including the United Nations). The CEO together with the UN USGs of the Department of Management and Field Support, as well as representatives of WHO and FAO/WFP, launched on 7 October 2016 this comprehensive end-to-end review. The objective of the project is to understand the overall separation to payment process, to create awareness of the roles and responsibilities of the three parties involved in the process, as well as to identify issues and propose solutions. The results of the end-to-end review will be presented and reviewed by the Pension Board at its sixty-fourth session in July 2017.</p> <p>Not all types of outstanding cases are actionable by the Fund. OIOS used untested data sources and its own definition to estimate the number of outstanding cases, which resulted in an incorrect and over-stated number of outstanding cases. OIOS must reflect correct information of the number of cases that are actionable by the Fund to facilitate prioritization and ensure clear accountability for all parties involved in the separation-to-benefit process. In most cases, delays in the separation to benefit process are due to the time the former employing organizations</p>

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						<p>take in releasing separation documentation to the Fund. It is a responsibility of the Fund's member organizations to establish performance metrics, monitor and report on the submission of separation documents to allow processing of cases that are non-actionable by the Fund.</p> <ol style="list-style-type: none"> 1. The Fund has established metrics and continuously monitors and reports on the processing of all types of outstanding cases that are "actionable by the Fund", that is, cases for which three core separation documents are received and have no discrepancies outside pre-defined thresholds. 2. There are cases that are pending receipt of additional information from organizations and/or the separated staff members, as well as a number of deferred pensions (through choice), that are non-actionable by the Fund (or impossible to process without violating controls or the fiduciary duties of the Fund) or do not create an immediate payment obligation. 3. The General Assembly, the Fund and its member organizations recognize that staff and their employing organizations must ensure the timely and correct submission of documentation to the Fund so as to allow completion of the overall payment process after retirement/separation within a reasonable timeline. It is not the Fund's responsibility (it is a responsibility of the Fund's member organizations) to establish performance metrics, monitor and report on the submission of separation documents to allow processing of cases that are non-actionable by the Fund. 4. There are special cases (such as survivor benefits, child benefits), recalculation cases, that require additional documentation and/or do not entail the creation of a new benefit. The Fund is unable to establish metrics

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						<p>for the processing of special cases since these require additional documentation (from survivors or beneficiaries) and review. For example, 50% of cases relating to death after service do not have a survivor.</p> <p>5. For all types and stages of pension cases, the Pension Fund has to meet its fiduciary obligation to all Fund participants and beneficiaries and appropriately safeguard the public funds it administers. Receipt of certain separation documents simply triggers a case for review and it does not necessarily mean that the case is ready for processing (outstanding or actionable) as documents still need to be appropriately validated.</p> <p>Actions already taken by the Fund:</p> <ol style="list-style-type: none"> 1. The Fund, in consultation with the UN administration, established performance metrics or “Q-gates” for the processing of cases actionable by the Fund. 2. The Fund disseminates periodic progress updates on the processing of separation cases that are actionable by the Fund, available in iSeek and the Fund’s website. 3. Processing of benefits is continuously monitored at different levels within the Fund using management information and reports. 4. The Fund distributes tracking reports to the member organizations on the number of cases for which separation information is pending, including aging. <p>Supporting documents:</p> <ol style="list-style-type: none"> 1. Pension Board decision to conduct end-to-end review (Pension Board Report (A/71/9)). 2. Project definition document. 3. Newsletter and iseek articles announcing the joint launching of the project. 4. Terms of Reference for the Secretaries of the SPC.

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						5. General Assembly Resolution 70/248 recognizing member organizations responsibility in separation to payment process
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	N/A Request to close.	N/A	N/A	<p>Response: Not applicable The UNJSPF is administered by the Pension Board (not by the administrative departments of member organizations). Request to close as the recommendation is not aligned with the Fund's established governance structure, and to avoid confusion and risks.</p> <ol style="list-style-type: none"> 1. As per the Fund's Regulations approved by the General Assembly, the Fund is administered by the Pension Board. It is a responsibility of the Pension Board to approve the Fund's Strategic Framework and performance indicators. Therefore, it is not clear why OIOS recommends that the Department of Management (DM), external party to the Fund's management and governance, "request" information and "establish" performance targets and monitoring tools for the Fund. 2. The Fund's CEO reports to the Pension Board but cooperates and works jointly with senior officers of the 23 member organizations for the collective good of the Fund's participants, retirees and beneficiaries. 3. In relation to OIOS statement in paragraph 47 that "upon request by DM, the Fund secretariat established three "quality checkpoints" or performance indicators", it needs to be clarified that the Fund established the goal (3,436 cases), the starting point (March 1), the metrics (number of presumed actionable cases), the timeframe (3 months), reporting mechanism (reports shared with DM) and operational manner to deal with the

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						<p>accumulation of cases (mainly with the Task Force). The UN DM met with the Fund to exchange information on pension related matters. DM used the Q gates concept to communicate the progress reported by the Fund on its goal (which was shared and agreed with DM).</p> <p>The target set by the Fund implied intermediate goals (by dividing the total goal by the number of months estimated). The Fund's target was internally known as the "stake in the ground" and the estimated period was 3 months (from March to June 2016). The goal was successfully met.</p> <p>The Fund agreed to meet with UN DM because the Fund also asked this large employing organization to inform its many HR and payroll managers to send to the Fund more opportunely and accurately the separation documents, contribution data and to communicate to separating staff members of their responsibility to send the payment instructions and provide the required documentation. This was a highly productive partnership for the Fund and UN DM.</p> <p>Supporting documents: UNJSPF Regulations and Rules</p>
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	Important	Request to close as this topic will be analyzed as part of end-to-end review conducted by UNJSPF and member	N/A	N/A	Response: The Pension Board carefully reviewed, discussed and approved during its sixty-third session in July 2016, an end-to-end review of the overall separation to entitlement process to be conducted by the Fund together with a representative number of Member Organizations (including the United Nations). The CEO together with the UN USGs of the Department of Management and Field Support, as well as representatives of WHO and FAO/WFP, launched on 7 October 2016 this comprehensive end-to-end review. The

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	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.		organizations			<p>objective of the project is to understand the overall separation to payment process, to create awareness of the roles and responsibilities of the three parties involved in the process, as well as to identify issues and propose solutions. The results of the end-to-end review will be presented and reviewed by the Pension Board at its sixty-fourth session in July 2017.</p> <p>The respective roles and responsibilities of the Fund and its member organizations in respect to the timely submission and follow up of incomplete documentation are clearly defined in the Fund’s Regulations and Rules approved by the General Assembly, and in the Terms of Reference of the Staff Pension Committees approved by the Pension Board. As per the Fund’s Regulations, the member organizations have the obligation to provide on time, accurate and complete information and documents to the Fund. The Fund does not have the responsibility to follow-up on missing documentation/data. The Fund works in partnership with the employing organizations and try, to the extent it can and resources available, to facilitate the duties of the employing organizations.</p> <ol style="list-style-type: none"> 1. The Fund secretariat reviewed the 73 cases relating to MONUSCO staff mentioned in paragraph 54. The Fund continues to treat death-in-service cases with the highest priority but these cases are complex and require different resolution efforts. These cases are pending since further information and documents are required. Details on the actions taken by the Fund for these cases were previously provided to OIOS. 2. OIOS finding that five survivors’ benefits have not been paid for more than 4.6 years since the staff members’ death is not supported (par. 56). As noted in the detailed results, for four of these cases, the date

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						<p>of death was “estimated by OIOS” as it was not available. This also shows that the Fund had not received all required documents to process these cases, since the date of death is normally obtained from the death certificate.</p> <p>3. As for the risk of a benefit being forfeited (par. 57), the Fund's regulations provide timeframes, specific situations and for the restoration of the forfeited right to any benefit, if the situation so warrants. This invariably is what happens so any forfeiture risk is mitigated (or eliminated). It needs to be emphasized that beneficiaries (survivors) are responsible for providing the required documents to the Fund for ensuring their benefits are processed when due.</p> <p>Actions already taken by the Fund:</p> <p>1. As reported to the Pension Board at its 63rd session, the Fund and five member organizations have started an end-to-end review with the support of an external consultant, which among other aspects will further clarify the responsibility and accountability of the Fund and its member organizations. The review will encompass the identification of opportunities to streamline the process and improve coordination. The results of the end-to-end review will be presented at the 64th UNJSPF Board Meeting in July 2017.</p> <p>2. By December more than 60,000 participants, retirees and beneficiaries had registered in the Integrated Pension Administration System's Member Self-Service (MSS) portal. The Fund has sent the new IPAS “unique ID” or UID numbers to almost all of its 200,000 participants, retirees and beneficiaries.</p> <p>3. Regarding OIOS recommendation the full deployment of web-based self-service applications, the IPAS Target Operating Model was always envisioned to be</p>

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						<p>achieved incrementally and gradually with careful balancing of available resources, added value and associated risks. The Fund's management determined that it was only prudent to release the Member Self-Service functionality in a phased manner after the core business functionality had been implemented and stabilized. The Fund secretariat continues to add functionality on Self-Service portals weighing it against other priorities of the Fund as well as the capacity towards fielding added volume of enquires resulting from new self-service features introduced.</p> <p>Supporting documents:</p> <ol style="list-style-type: none"> 1. Pension Board decision to conduct end-to-end review (Pension Board Report (A/71/9)). 2. Project definition document. 3. Newsletter and Iseek articles announcing the joint launching of the project. 4. Terms of Reference for the Secretaries of the SPC. 5. General Assembly Resolution 70/248 recognizing member organizations responsibility in separation to payment process
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	Yes Implemented. Closure requested	Chief of Operations	December 2017	<p>Response: Risk eliminated.</p> <p>The metric was established by Pension Board at its sixty-third session in July 2016. The number of cases is being monitored weekly. The Task Force is performing exceptionally well.</p> <p>The Fund secretariat is continuously monitoring and reporting on the performance of the taskforce. The performance of the taskforce is assessed in terms of the number of cases processed, which are monitored by the Fund's management on a weekly basis. As reported to the Pension Board (JSPB/63/R.44), the objective of the</p>

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						<p>Taskforce is to clear approximately 3,000 surge cases over a period of 17 months and provide other support that is needed during IPAS stabilization. As per its ToR, closure of the dedicated taskforce will be reviewed at 9 and 15 months from initiation.</p> <p>Actions already taken by the Fund:</p> <ol style="list-style-type: none"> 1. As of the end of November 2016 the Fund has only 485 outstanding presumed actionable cases (down from 3,436 as of 1 March 2016), which highlights the effective resolution of processing delays. 2. Since October 2016, the Fund's dedicated taskforce has calculated over 1,100 new initial benefits. <p>Supporting documents:</p> <ol style="list-style-type: none"> 1. Weekly monitoring reports on the processing of pension benefits. 2. Pension Board report (A/71/9) and ToR with details on the objectives defined for the Taskforce.
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	Yes	Chief of IMSS	December 2017	<p>Response: Criteria defined by management to identify actionable cases and for weekly and monthly operational reports.</p> <p>The Fund secretariat has achieved significant progress in the implementation of a business intelligence tool and dashboard, a fully tested application is expected to go-live in 2017. OIOS has been provided with the specifications of the reports currently used by management to monitor benefit processing.</p> <p>To be clear and transparent in the process to eliminate the backlog, the Fund's management adopted a definition of backlog that included 3,436 presumed "actionable" cases than needed to be processed to reduce work queues to a level equivalent to one-month processing (i.e. 900 cases).</p>

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						<p>This definition excluded changes to “existing” benefits (with no beneficiary awaiting for payment), and cases that are “non-actionable” by the Fund. UNJSPF designated a data manager to generate monthly reports on the number of new separation cases received, processed and progress in clearing the backlog, as defined above.</p> <p>OIOS reproduced in the report and in Table 10 estimates prepared with backlog definitions and un-tested data sources that have not been validated by management, and that therefore lack relevance to the Fund’s operations. Data definitions and report requirements and specifications need to be studied, reviewed, approved and tested by UNJSPF management (which includes the heads of business units), before deployment.</p> <p>Actions already taken by management:</p> <ol style="list-style-type: none"> 1. Until the new business intelligence application is deployed, a data set on separation cases is extracted from the IPAS database by a single authorized data manager (data expert) who provides the Fund’s management with information in relation to cases received, presumed actionable cases and outstanding cases. 2. The Fund’s management used an agile process for the development of the reports used to measure/monitoring the processing of the backlog. The Fund’s senior management, including the Chief of Operations, defined the criteria for filtering the data and reviewed the validity and accuracy of the reports generated. The existing reports have also been accepted by the Fund’s member organizations. 3. The Fund has implemented a pilot for Business Intelligence Module and Dashboard leveraging best practices of other pension funds that are also IPAS

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						<p>users. The pilot is functioning and it is being customized to consider the unique characteristics of the Fund. While two initial reports were tested and used for the Fund's financial statements as of 31 December 2015, a fully tested application will go live in 2017.</p> <p>4. The Fund has entered into a co-development agreement with the IPAS vendor, which will allow the Fund's IT staff to develop customized reports.</p> <p>Supporting information:</p> <ol style="list-style-type: none"> 1. BI proof of concept project. 2. Co-development agreement signed with IPAS provider. 3. Specifications of reports used by management to monitor benefit processing.
12	The UNJSPF Secretariat should: (i) consolidate duplicate "un-pended" and "pended" records for the same beneficiary under one case; and (ii) identify "pended" cases for expedited processing for which the required documents were already received.	Important	Yes	Chief of IMSS	December 2017	<p>Response: Risk mitigated. This issue had already been duly recognized by Operations before the audit and flagged for automation (JIRA created and system change under development). Workaround already in place. Automated solution will go-live in first quarter 2017.</p> <p>This aspect is logged in the Fund's issue register with high priority and is expected to be resolved in 2017. Any related risk is mitigated with a workaround that was implemented by management.</p> <p>Supporting documents: Issue resolution plan approved and under implementation (Document 'JIRA For Unpending Workflow.docx').</p>

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO: Mr. Gurpur Kumar, Deputy Director
A: Internal Audit Division, OIOS

DATE: 21 December 2016

REFERENCE:

THROUGH:

S/C DE:

FROM: Christian Saunders, Director 
DE: Office of the Under-Secretary-General for Management

SUBJECT: **Draft report of audit of management of delays in processing of pension
benefits in the United Nations Joint Staff Pension Fund (Assignment
No. AS2016/800/03)**

1. With reference to your memorandum dated 9 December 2016 regarding the above subject draft report, I am pleased to share with you the requested input of the Department of Management on recommendation 8 in the attached Appendix I.
2. Thank you for giving us the opportunity to provide comments on the draft report.

Enclosure: Appendix I.

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
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-	Critical				

¹ 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.

² 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.

Management Response

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	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.					
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:	Important	Yes	USG/DM	On a periodic basis until cases	(i) OUSG/DM will continue requesting the Pension Fund

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	<p>(i) request the UNJSPF Secretariat to provide complete information on all types of outstanding cases; and</p> <p>(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.</p>				are processed within a reasonable time frame.	<p>Secretariat to provide complete information for all types of outstanding cases on a periodic basis until outstanding cases are processed within a reasonable time.</p> <p>(ii) Based on the information provided by the Pension Fund Secretariat on the outstanding cases by type, Q-Gates will be established to track processing time of various outstanding cases.</p>
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.	Important				
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				

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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 "un-pended" and "pending" records for the same beneficiary under one case; and (ii) identify "pending" cases for expedited processing for which the required documents were already received.	Important				