



Internal Oversight Division

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Audit Report

Audit and Integrity Review of Staff Benefits and Entitlements

February 18, 2020

Note: Certain parts of this report have been redacted before publication due to security, safety or privacy reasons and as per Internal Oversight Charter paragraph 36.

TABLE OF CONTENTS

LIST OF ACRONYMS	3
EXECUTIVE SUMMARY	4
1. BACKGROUND	5
2. AUDIT OBJECTIVES	6
3. AUDIT SCOPE AND METHODOLOGY	6
4. AUDIT RESULTS - POSITIVE DEVELOPMENTS	7
5. AUDIT RESULTS - OBSERVATIONS AND RECOMMENDATIONS	7
(A) INTERNAL CONTROLS	7
(B) LANGUAGE ALLOWANCE	9
(i) Revision of Staff Regulations and Rules (SRR) on Language Allowance.....	9
(ii) Demonstration of Continued Proficiency in Languages.....	10
(iii) Leveraging the AIMS HR System - Language Allowance Certificates	10
(iv) Language Allowance Data in AIMS HR System.....	10
(C) EDUCATION GRANT	11
(i) Education Grant Advance Requests	11
(ii) Reimbursement of Inadmissible Expenses	12
(iii) Supporting Documents for Final Education Grant Claims	12
(iv) Submission of Final Education Grant Claims	13
(v) Education Grant Transitional Measures	13
(D) DEPENDENCY STATUS AND ALLOWANCES	14
(E) HOME LEAVE – RULES AND PROCESSES.....	14
(i) Enhancing Home Leave Regulations and Rules.....	14
(ii) Lump Sum Option in Lieu of Standard Home Leave - IATA Full Fares.....	15
(iii) Cost Estimate Variations in Home Leave Lump Sums.....	15
(iv) Lump Sum Option for Dependent Children	16
(F) HOME LEAVE - COMPLIANCE.....	17
(i) Submission of Home Leave Travel Requests	17
(ii) Separate Travel on Home Leave	17
(iii) Approved and Actual Itinerary of Travel	17
(iv) Staff Members who Separated from Organization after Home Leave.....	18
(v) Submission of Travel Claims upon Completion of Travel.....	18
(G) MANAGEMENT OF SICK LEAVE	18
(i) Submission of Sick Leave Certificates	19
(ii) Interface between AIMS HR System and EarthMed	20
(H) OTHER OPERATIONAL ISSUES.....	20
(i) Benefits and Entitlements Process Operating Performance	20
(ii) Manual Entries on Control Form in E-work System.....	21
(iii) Risk Management	21

LIST OF ACRONYMS

AIMS	Administrative Integrated Management System
ER	Expected Result
ERM	Enterprise Risk Management
ESD	Enterprise Solutions Division
e-TA	electronic Travel Authorization
GS	General Services
HR	Human Resources
HRMD	Human Resources Management Department
IATA	International Air Transport Association
IB	International Bureau
IC	Information Circular
ICSC	International Civil Service Commission
IIA	Institute of Internal Auditors
IOD	Internal Oversight Division
NPO	National Professional Officer
OI	Office Instruction
PI	Performance Indicator
PTD	Procurement and Travel Division
SRR	Staff Regulations and Rules
TA	Travel Authorization
TMS	Travel and Mission Support
UN	United Nations
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

1. The Internal Oversight Division (IOD) notes a number of positive developments in the management of staff benefits and entitlements. The World Intellectual Property Organization (WIPO) Staff Regulations and Rules (SRR) and Office Instructions (OI) are reasonably aligned with good practices within the United Nations (UN) Common System. Notably, implementing the self-service functions in the Administrative Integrated Management System¹ (AIMS) Human Resources (HR) system has helped in increasing operational efficiency and effectiveness, reducing manual work and related paper work - thus helping to reduce, among others, the Organization's carbon footprint.

2. However, opportunities exist to enhance the management of staff benefits and entitlements. For example, the Human Resources Management Department (HRMD) should enhance internal controls for verifying benefits and entitlements that are provided to staff members who have spouses working within the UN Common System and/or other International Organizations.

3. Further, revising and updating SRR and OI on Language allowance, aligning the Regulations and Rules on Official Travel and Home leave, and current practices, would enhance the management and administration of staff benefits and entitlements. For instance, whereas the SRR provide for entitlement of the class of travel for official purposes for staff at a senior level, the OI on Home leave does not provide clear guidance as to which class of travel should be used as the basis for calculating the Home leave lump sum for the eligible dependents. HRMD should continue working with relevant internal stakeholders to ensure that staff members who avail benefits and entitlements comply with relevant Regulations and Rules.

4. IOD notes that following the International Air Transport Association (IATA) announcement in 2017, to rescind the full fares with effect from October 31, 2018, seven UN organizations² worked together, in an effort to harmonize the procedures and practices, to develop a new methodology to replace the IATA fares as the basis of the Home leave lump sum calculation. The proposed options have varied effects on the total cost incurred by WIPO in providing this benefit. The Organization is yet to take a final decision on the course of action to follow, and is currently using IATA historical data on fares until such time that a final decision is taken.

5. Further, it is imperative that the Organization takes into account evolutions or changes in the financial services and Aviation Industry in determining relevant, adequate and sufficient supporting documents for the benefits and entitlements that are made available to staff members. HRMD should proactively monitor and update risks that may emanate from internal and external environments such as the review of Conditions of Services for staff members within the UN Common System.

6. Finally, there are opportunities to enhance the efficiency and effectiveness of the management of non-monetary benefits and entitlements related to Absence management. For example, in the case of sick leave, the medical clearance process would be enhanced by creating an interface between the AIMS HR system and EarthMed³. IOD will be conducting a combined audit and integrity review of Absence management in 2020.

¹ The AIMS HR System facilitates the automation of initiating, processing and authorizing of various categories of WIPO staff benefits and entitlements.

² WIPO, IFAD, IAEA, ILO, UNFCCC, UNIDO, and WHO.

³ In July 2018, WIPO introduced an electronic medical record system – EarthMed. The new system aims to, among others, ensure more efficient and effective management of confidential medical data for staff members

1. BACKGROUND

7. Personnel Expenditure constitutes a significant portion of the total expenses under WIPO's biennial budget. It consists of the staff salary component and other benefits and entitlements. The benefits and entitlements (both monetary and non-monetary) are provided to eligible staff members as part of their Conditions of Service, as outlined in, among others, WIPO SRR, OIs, Information Circulars (ICs) and other Policies, Procedures and Guidelines.

8. The staff benefits and entitlements depend on such factors as the category to which a staff member belongs (Professional and higher, National Professional Officer (NPO), General Service (GS)), the type of appointment held (temporary, fixed-term, continuing and permanent), and the family status.

9. The benefits and entitlements provided to the different categories of WIPO staff members are aligned with the UN Common System of Salaries, Allowances and Benefits, as published periodically by the International Civil Service Commission (ICSC), with a few exceptions.

10. The total expenses of the Organization for 2018 were 375.9 million Swiss francs, representing a decrease of 4.8 per cent compared to 2017 total expenses of 394.8 million Swiss francs. The largest expense for the Organization was Personnel Expenditure of 220.6 million Swiss francs and 228.6 million Swiss francs representing 58.7 per cent and 57.9 per cent of total expenses in 2017 and 2018 respectively.

11. Further, as of August 2019, 151.2 million Swiss francs had been incurred on Personnel Expenditure. A detailed breakdown of Personnel Expenditure including amounts incurred on various categories of staff benefits and entitlements is shown in Table 1 below.

Table 1: Composition of Personnel Expenditure in 2017, 2018 and 2019

S/n	Description	2017	2018	2019 (Jan- Aug)
<i>(In thousands of Swiss francs)</i>				
A.	Posts Salaries	<u>131,637</u>	<u>132,131</u>	<u>94,288</u>
B.	Posts Other Benefits			
1.	UNJSPF 15.80%	25,940	25,367	18,459
2.	Allocation Separation reserve	11,112	18,259	7,717
3.	Med. Ins. Contribution (VBA)	9,742	9,528	6,553
4.	Allocation prov. separate benefit	8,724	4,518	4,487
5.	Dependency Allowances	7,273	7,438	4,972
6.	Education Grant	5,831	5,508	2,155
7.	Home leave Travels	1,530	1,798	947
8.	Settling-in Grant	1,198	1,012	694
9.	Language Allowance	849	884	547
10.	Transition Allowance	811	962	400
11.	Rental Subsidy	537	519	299
12.	Representation Allowance	194	194	129
13.	Other Benefits and Allowances ⁴	1,404	8,335	2,389
		75,146	84,321	49,749

⁴ Includes various benefits: Special Post Allowance, Transitory Pers. Indemnity, Mobility & Hardship Allowance, Overtime & Refreshment, Special Madrid Prog, Night Differential, Rewards & Recognition Awards, Singapore Pension Fund, ANP Ins. Contribution (WINTER), Other Ins. Contribution, Death grant, Income Taxes, Taking up of Duties Exp., FITS WIPO termination expenses, REG-Taking up duties –Other, Termination Agreement, Misc. social charges, Accumulated leave.

C.	Temporary Staff salaries	6,676	9,282	4,966
D.	Temporary Staff Other benefits	2,437	2,922	1,595
		9,113	12,204	6,561
E.	Other Staff costs	4,700	(62)	597
	Total Personnel Expenditure	220,597	228,594	151,195

Source: Compiled from Finance Division - Financial data

12. Eligible WIPO staff members also receive a number of non-monetary benefits and entitlements. A quantitative break-up (in person days) of the non-monetary component of various leave categories and other absences is shown in Table 2 below.

Table 2: Composition of various Categories of Leave and other Absences

S/n	Description	2017	2018	2019 (Jan – Aug)
		<i>(In Person Days)</i>		
1.	Annual Leave (includes Recovery leave in 2019)	36,133	36,231	27,921
2.	Home Leave (incl. Travel time in 2019)	2,174	2,033	1,654
3.	Compensatory Leave	121	164	97
4.	Credit Leave	4,009	4,042	N/A
5.	Family Related	1,195	1,099	665
6.	Sick Leave without Certificate	2,275	2,364	1,384
7.	Paternity Leave	219	197	174
8.	Maternity	841	447	655
9.	Sick Leave with Certificate	10,815	10,454	5,996
10.	Special Leave with Pay (incl. compassionate)	185	270	181
11.	Special Leave without Pay (change of method in 2019)	802	964	1,701
12.	Study Leave	226	213	107

Source: Human Resources Management Department

2. AUDIT OBJECTIVES

13. The objectives of the Audit and Integrity Review were to:

- (a) Review the governance, risk management, and internal controls of staff benefits and entitlements;
- (b) Assess compliance with related regulations, policies, rules and procedures; and
- (c) Assess effectiveness and adequacy of tools and systems used to support the management of staff benefits and entitlements.

3. AUDIT SCOPE AND METHODOLOGY

14. The scope of the Audit and Integrity review covered the different categories of staff benefits and entitlements that were administered from January 2017 to August 2019. These categories included: grants, allowances, subsidies, and the various leave entitlements as

outlined in the WIPO Staff Regulations and Rules, and related Office Instructions and Information Circulars.

15. The audit methodology included interviews with relevant stakeholders, document reviews, process mapping, and tests of controls and compliance where applicable. Further, a review of the mechanisms in place to monitor costs, and effective management and administration of benefits and entitlements, including reporting.

4. AUDIT RESULTS - POSITIVE DEVELOPMENTS

16. IOD notes the positive developments in the management of staff benefits and entitlements. These include, but are not limited to, the following:

(a) WIPO has implemented changes to staff benefits and entitlements to align them with the amendments adopted by the UN General Assembly following the ICSC review of the UN common system compensation package for staff in the Professional and higher categories. This helps ensure that the Organization's regulatory framework aligns with common practices in the UN common system.

The Amendments effected during the period under review include, but are not limited to education grant scheme, relocation and mobility entitlements, dependency allowances, and Incentive payment for the recruitment of experts in highly specialized fields.

(b) The AIMS HR System has facilitated the automation of initiating, processing and authorizing of various categories of staff benefits and entitlements. Automating key processes through implementing the self-service functions in AIMS HR has helped in increasing operational efficiency, reducing manual work and related paper work - thus helping reduce, to some extent, the Organization's carbon footprint.

(c) HRMD has developed guidance materials, documentation and short videos to help staff members understand the procedures and process workflows of various benefits and entitlements. These guides are accessible on the Intranet and via the AIMS HR self-service portal.

5. AUDIT RESULTS - OBSERVATIONS AND RECOMMENDATIONS

17. IOD interviewed key staff members involved in the administration and management of staff benefits and entitlements, conducted document reviews, walkthroughs and tests of details for the selected categories of staff benefits. In more detail, the audit focused on, Dependency Allowances, Education Grant, Home leave Travels, Language Allowance, Rental Subsidy, Representation Allowance and Transition Allowance.

18. The ensuing observations and recommendations, present opportunities to enhance the governance, efficient and effective management of staff benefits and entitlements.

(A) INTERNAL CONTROLS

19. IOD notes that when a WIPO staff member has a spouse who is employed by an organization that is applying the UN common system of salaries and allowances, there is a significant risk that a particular benefit and entitlement may be paid to both parties.

20. Briefly described below are some of the primary benefits and entitlements that are common within the UN system and the related controls that WIPO has put in place to manage the risk of potential abuse.

(a) **Education Grant:** IOD notes that one of the internal controls in this area is the requirement for staff members to sign (tick box) a Declaration of honor when submitting their education grant advance claims through the AIMS HR Self-Service system. In the Declaration, staff members indicate that, among others, they have disclosed all scholarships, bursaries or similar grants in respect of the child and certify that no other education grant is being paid in respect of the child for the periods indicated.

IOD notes that during the period under review, WIPO paid education grant advances amounting to 993,428 Swiss francs to 12 eligible staff members who declared that they have spouses (Professional level and above) working within the UN common system.

(b) **Home Leave:** Based on a review of the Declaration of Dependents for 2017-2018 and 2018-2019, there were 23 staff members who indicated that their spouses work for Organizations within the UN common system (Professional level and above) who were entitled to Home leave.

Out of the 23 staff members, 16 were paid Home leave lump sums amounting to 246,046 Swiss francs, i.e. 76,484 Swiss francs (2017), 91,634 Swiss francs (2018) and 77,927 (Jan – August, 2019). The remaining seven staff members did not have Home leave electronic Travel Authorizations (e-TAs). Notably, unlike the Dependency Allowance where staff members fill a Declaration of Dependents, the staff members do not make any/similar declarations for the Home leave.

(c) **Rental Subsidy:** WIPO staff members are required to indicate in their Rental subsidy application/reapplication, on the AIMS HR system, whether other related subsidies have been availed to them from other sources, including a spouse who is a staff member employed within the UN common system.

As of August 2019, five staff members had indicated in their rental subsidy application/reapplication that their spouses were employed within the UN common system. These staff members were paid rental subsidies amounting to 41,211 Swiss francs during the period under review.

(d) **Dependency Status and Allowances:** Staff members are required to indicate in their Annual Declaration of Dependents whether their spouse is employed by WIPO or another organization applying the UN common system of salaries and allowances. In addition, a staff member is required to indicate whether they wish to declare their spouse and/or child(ren) as a dependent(s). A dependent spouse⁵ and/or dependent child⁶ qualifies for an allowance if they meet certain eligibility requirements.

IOD notes that 11 staff members declared that their spouse was employed by an organization applying the UN common system of salaries and allowances. These staff members also declared their spouses and children as dependents. During the period

⁵ For staff in the General Service and NPO categories, a dependent spouse is a spouse whose total annual income, if any, does not exceed the gross annual salary corresponding to the first step of grade G1 of the General Service category which is applicable at the closest UN duty station in the country of the place of work of the staff member's spouse and which is in force on 1 January of the year concerned. For staff in the Professional category or above, the spouse's total annual income must not exceed the higher of the amount determined in the previous sentence or the gross annual salary corresponding to the first step of grade G2 of the GS category, in force on 1 January of the year concerned in New York.

⁶ A dependent child is a child for whom the staff member provides the main and continuing support, provided that the child is under 18 years of age or, if in full-time attendance at a school or university (or similar institution), under the age of 21 years.

under review, 281,936 Swiss francs was paid to these staff members as dependency allowances.

21. While mechanisms such as self-declarations are effective internal controls, to some extent, these are not systematically applied to all benefits and entitlements and are not adequate. There are opportunities to strengthen the controls around these benefits and entitlements, which amounted to approximately 1,562,620 Swiss francs during the period under review.

22. Additional internal control measures could include, among others, liaising with organizations within the UN common system to setup a mechanism for exchanging information, or requesting that WIPO staff members with spouses working in the UN system systematically provide relevant attestations from their spouse's organizations, or other international organizations with similar benefits.

Recommendation (s)

1. The Human Resources Management Department (HRMD) should establish more robust internal controls for verifying duplicated benefits and entitlement. For instance:

(a) Where WIPO staff members have declared their spouse as employees of a UN system organization or another International Organization, HRMD should conduct periodic inquiries with these entities with a view to ensuring that benefits and entitlements are not provided to both employees; and/or

(b) Requesting relevant WIPO staff members to obtain from their spouses who work for UN and other related International Organizations, employer attestations on the benefits and entitlements that they receive.

(Priority: Medium)

(B) LANGUAGE ALLOWANCE

23. During the period under review, language allowance was paid to 271 staff members. IOD reviewed relevant data, in the AIMS HR system, for all the staff members and performed detailed tests on a randomly selected sample of 30 staff members, representing 11 per cent of those that were receiving language allowance. The ensuing observations and recommendations, present opportunities to enhance the management of language allowance.

(i) Revision of Staff Regulations and Rules (SRR) on Language Allowance

24. According to the SRR, Staff Rule 3.10.1 (a), a pensionable language allowance may be paid to staff members in the General Service category who pass an examination organized by the Director General and who demonstrate proficiency in one or two of the following languages: Arabic, Chinese, English, French, German, Japanese, Korean, Portuguese, Russian, and Spanish... [...].

25. IOD noted that the SRR are not aligned with current practice in that the Director General does not organize language examinations. The WIPO Language Examination Board, chaired by the Director General used to organize and conduct language examinations before it was discontinued in December 2016. Currently, WIPO accepts UN Language Proficiency Examination certificates and those from accredited institutions, as specified in the OI, as proof of language proficiency.

26. In order to ensure relevance, compliance and alignment, it would be useful for HRMD to review the SRR on language allowance to reflect the current practices and procedures.

(ii) Demonstration of Continued Proficiency in Languages

27. According to the SRR, Staff Rule 3.10.1 (c), staff members who receive a language allowance may be required to undergo further examinations at intervals of not less than five years in order to demonstrate their continued proficiency in the languages for which they receive the allowance.

28. During the period under review, IOD noted that out of the 271 staff members that were receiving language allowance, 202 (representing 75 per cent) last undertook the language examinations 10 to 32 years ago (i.e. in the period from 1987 to 2009).

29. While acknowledging that the need for staff members to undergo further examinations at intervals of at less than five years, in order to demonstrate continued proficiency, is not mandatory, IOD notes that it is an important aspect that HRMD should actively encourage in order to support the continued language proficiency of staff members.

(iii) Leveraging the AIMS HR System - Language Allowance Certificates

30. The AIMS HR system has a function/feature for uploading electronic copies of Language Proficiency Examination certificates to the profile of the staff member who is receiving a language allowance.

31. IOD noted that the function or feature was not operational. As a result, the current practice by HR Operations Service involves storing the relevant language certificates in the personal electronic files of staff members on HRMD database.

32. To better leverage the AIMS HR system, enhance efficiency, ease of reference, including maintaining an audit trail and minimizing the possibilities of processing errors, it would be useful for HRMD to ensure that the language examination certificates are uploaded to the respective staff member's profile in the AIMS HR system.

(iv) Language Allowance Data in AIMS HR System

33. The OI on Language Allowance for Staff Members in the General Service Category⁷ specifies that the language examination certificates recognized by WIPO to demonstrate language proficiency are those obtained from the UN and those from accredited institutions (10 are listed in the OI).

34. However, the AIMS HR system has a drop down menu (Exam Type) that allows for input of five language providers (UN, UNESCO, ILO, WIPO, (Blank – Input option)). As a result, any staff members who obtains a certificate from any of the accredited providers other than from the four aforementioned providers will have a blank entry on the Exam type. As a result, the data in the system is not accurate, complete and consistent.

⁷ Office Instruction No. 41/2016, Language Allowance for Staff Members in the General Service Category.

35. Table 3 below provides a summary of the analysis of language allowance data in the AIMS HR system for 271 staff members and the resulting inconsistencies that were noted.

Table 3: Language Allowance Data Entries in AIMS HR System

S/n	Description	Number of Staff
1.	Examination Type with Blank Entry	12
2.	Examination Date not indicated	2
3.	Proficiency Levels not indicated (i.e. Grading for Reading, Writing, Conversation, and Comprehension)	146
4.	Language Allowance End Date -Indicated or entered for three staff members only	3

Source: Compiled from AIMS HR System Data on Language Allowance

Recommendation (s)

2. The Human Resources Management Department (HRMD) should review and update the Staff Regulations and Rules on Language Allowance, the related Office Instruction and align them with the current practices on managing the allowance.

(Priority: High)

3. The Human Resources Management Department (HRMD) should work in coordination with the Enterprise Solutions Division (ESD) to:

(a) Facilitate the uploading of Language Proficiency Examination certificates on the AIMS HR system; and

(b) Update the list of recognized Language allowance certificates on the AIMS HR system in line with the Office Instruction on Language Allowance for Staff members in the General Service Category.

(Priority: Medium)

(C) EDUCATION GRANT

36. During the period under review, the staff members who were paid education grant advances were 195 (2017-2018), 181 (2018-2019), and 153 (2019- 2020). IOD conducted a review of a randomly selected sample of 80 staff members in each school year, representing 41 per cent, 44 per cent and 52 per cent, of those who received education grants. The ensuing observations and recommendations, present opportunities to enhance the management of the education grant.

(i) Education Grant Advance Requests

37. According to the OI No. 22 /2017 Rev, staff members may request an advance for the whole school year not earlier than two months prior to the beginning of the school year and not later than four months after

38. The request for an advance must be accompanied by an indication of the full year's expenses (for example, taken from the institution's prospectus or from bills received for payment up to the time of completing the form) and proof of enrolment in the educational institution concerned.

39. IOD noted that contrary to the aforementioned provisions in the OI, three education grant advance claims were submitted more than four months after the beginning of the school year.

40. Further, six advance claims were not supported by an indication of the full year's expenses or a certificate of enrollment. However, the closing claims were processed correctly at the end of the school year.

(ii) Reimbursement of Inadmissible Expenses

41. The OI No. 22/2017 Rev states that in accordance with Staff Rule 3.14.3, admissible expenses for reimbursement under the global sliding scale shall be tuition, mother tongue tuition and enrolment-related fees. Other expenses (such as fees for meals and lunchtime supervision, transportation, textbooks, insurance, private tuition (other than for mother tongue), external activity, and school equipment and supplies, even if compulsory and billed by the school) shall not be considered as admissible expenses.

42. IOD noted that three education grant claims in which expenses, amounting approximately to 612 Swiss francs, incurred on tax liabilities and school supplies were reimbursed to the staff members.

43. HRMD explained that in one of the cases, the cost component entitled "tax liability" was considered as directly related to the tuition fees and exceptionally accepted as reimbursable amounts under the global sliding scale.

(iii) Supporting Documents for Final Education Grant Claims

44. According to OI No. 22/2017 Rev, staff members shall submit their final claim through the online AIMS HR Self-Service system and shall attach thereto a scanned copy of all the relevant supporting evidence. The claim must include scanned copies of the following supporting documentation:

(a) A certificate of attendance, in which the institution certifies the dates of the beginning and end of the school year and the period during which the child was in regular attendance (the certificate of attendance form attached in Annex 2 may be used for that purpose);

(b) A detailed breakdown of the items charged for, with the cost of each item, duly certified by the institution. Proof of payment (such as bank debit statements or post office receipts) must also be provided if the payment in full is not certified by the institution.

45. A review of supporting documents for education grant claims revealed that seven claims did not have a certificate of attendance from the education institution or the WIPO certificate of attendance form - which is used to certify the period during which the child was in regular attendance at the institution.

46. In addition, one claim was not supported by proof of payment - such as bank debit statements, post office receipts and/or relevant payment documents certified by the institution as stipulated in the OI.

47. HRMD informed IOD that in some cases educational institutions were not issuing certificates of attendance therefore they had to solely rely on digital means of registration and

confirmation of attendance. Evidence of school attendance was based on the certified invoices, course catalogues, examination judgement and confirmation of payment of the course fees.

48. IOD notes that it is imperative that documents submitted and accepted as proof of payment are clear, appropriate and sufficient to support the funds expended.

(iv) Submission of Final Education Grant Claims

49. According to the OI³, staff members shall submit their claim for final settlement within four months following the end of the school year (for example, for children attending school in Geneva, at the latest by the end of October each year) or completion of schooling if earlier. Invoices, which are received by HRMD at a later stage, shall not be taken into account. In case of separation from service, the claim for final settlement shall be submitted before the staff member's separation.

50. IOD noted that four staff members, in the school years 2017/2018 and 2018/2019, who did not submit their claims for final settlement within four months following the end of the respective school years. HRMD explained that these cases were exceptionally processed while making it clear to the staff members concerned that this may not be the case in the future.

51. Further, five staff members who separated from the organization did not submit their final claim before their last day of service. As a result, HRMD had to close the claims in the AIMS HR system.

52. IOD was informed by HRMD that given different circumstances such as illness or documents not being made available by the academic institution at the time of separation, in rare cases, HR Operations Service processes closing claims on behalf of the staff member after his/her separation.

(v) Education Grant Transitional Measures

53. According to the Transitional Measures stipulated in Staff Regulation 12.5⁸, for staff members who reside but do not serve in their home country, payment of the education grant in such cases shall be discontinued:

- (a) When the child completes the education stage of the educational institution in which he or she was enrolled as at December 31, 2016; or
- (b) If the child moves to an educational institution different from the one in which he or she was enrolled as at December 31, 2016.

54. IOD noted contrary to the transitional measures stipulated in the above-mentioned Staff Regulation, a staff member, residing in his/her home country, received an Advance education grant of 14,280 Swiss francs. Subsequently, the oversight was corrected and the staff member reimbursed the advance.

⁸ Staff Regulation 12.5, Staff members holding fixed-term, continuing or permanent appointments with the International Bureau before January 1, 2016, and residing but not serving, at the time, in their home country, and who are in receipt of an education grant in relation to expenses incurred up to and including December 31, 2016, shall continue to receive the education grant until the dependent child completes the educational stage of the educational institution in which he or she was enrolled as at December 31, 2016, provided all other eligibility requirements are met. For the purpose of this provision, "educational stage" shall mean primary, secondary or post-secondary level of education.

(D) DEPENDENCY STATUS AND ALLOWANCES

55. The OI No. 9/2019 on Dependency Status and Allowances states that Staff members shall submit an annual Declaration of Dependents, together with the required supporting documents, through the online AIMS HR Self-Service system....[.]. The annual Declaration of Dependents shall be submitted by the deadline set every year by HRMD.

56. According to the OI and IC No. 9/2019, staff members were required to submit the 2017/2018 and 2019 Declaration of Dependents by May 15, 2018 and April 30, 2019 respectively. The Declaration is used to confirm and/or establish dependency status for a particular year.

57. IOD reviews of annual Declaration of Dependents revealed that 17 and 79 staff members in 2018 and 2019 respectively, did not make submissions within the stipulated deadlines.

58. It is worth noting that the OI states that for those staff members who do not submit the requisite documentation by the applicable deadline, allowances for the current year will cease, and any allowances already paid for the previous and/or current calendar years may be recovered. Therefore, it is important that HRMD monitors the trend for late submissions and regularly draws the staff member's attention to the OI and ensure compliance with the provisions thereof.

(E) HOME LEAVE – RULES AND PROCESSES

59. During the period under review, staff members travelling on home leave created 511 e-TAs. IOD reviewed the e-TAs and performed detailed tests on randomly selected sample of 360 e-TAs, representing 70 percent of the travels. The ensuing observations and recommendations, present opportunities to enhance the management of Home leave.

(i) Enhancing Home Leave Regulations and Rules

60. IOD noted that the SRR, OI on Home Leave and related guidelines and procedures need to be reviewed and updated to reflect the current practices on Home leave, changes in the aviation industry and practices in the UN Common System. In more detail:

(a) According to Staff Rule 7.2.5 (4) – Travel Conditions, children under two years of age travelling by air shall be provided with a ticket giving entitlement to a seat. While under the lump sum option for Home leave, no lump sum shall be payable for children under the age of two at the time of travel. Therefore, there is need to enhance consistency and alignment between the SRR on Travel conditions and the OI on Home leave.

(b) Whereas the Staff Regulations and Rules provides for entitlement of the class of travel for official purposes for staff at a senior level, the OI on Home leave does not provide clear guidance as to which class of travel should be used as the basis for calculating the Home leave lump sum for the eligible dependents.

(c) The OI on Home leave provides that eligible staff members may opt for a lump sum *in lieu* of the standard home leave entitlement. The lump sum shall amount to 80 per cent of the IATA return economy class unrestricted fare, by the most direct route, without taxes and surcharges. The provision does not provide for other bases for computation of the lump sum when staff members opt for other modes of travel such as car, rail or ship. Therefore, the lump sum amount provided by the Organization in such cases does not reflect the cost for the actual mode of travel used by the staff member who has been availed the home leave entitlement.

(d) The OI on Home leave requires that an electronic travel claim be submitted after completion of travel, and proof of travel must be annexed to the claim in the form of scanned copies of boarding passes for both the outbound and inbound travel, including for all eligible family members. Other conclusive proof of travel may be accepted on an exceptional basis, in the event that boarding passes are not available.

IOD notes that changes in the Aviation industry requires that the Organization devise other mechanisms to validate travel by staff members (i.e. in addition to scanned copies of boarding passes). For example, some airlines allow passengers to print boarding passes in advance for periods ranging from two hours to 30 days; while some countries' Immigration Authorities do not date-stamp the passengers' passports on entry and/or exit.

(ii) Lump Sum Option in Lieu of Standard Home Leave - IATA Full Fares

61. According to the OI No.3/2017 on Home Leave, eligible staff members may opt for a lump sum *in lieu* of the standard home leave entitlement. The lump sum shall amount to 80 per cent of the IATA return economy class unrestricted fare, by the most direct route, without taxes and surcharges.

62. The full fares (YY fares) are IATA multilateral interlineable fares on which WIPO and a number of UN organizations use as a basis of the calculation for the lump sum for eligible staff members *in lieu* of the Home leave standard entitlement (i.e. ticket purchased by the Organization).

63. In 2017, IATA announced its decision to rescind the full fares with effect from October 31, 2018. In an effort to harmonize the procedures and methods of calculation, the seven affected UN organizations⁹ worked together to develop a new methodology to replace the YY fares as the basis of the Home leave lump sum calculation.

64. Following discussions by the working group, a new calculation methodology was proposed which includes two options, which are under consideration by the Organization. WIPO, like most of the concerned UN entities have yet to take a final decision on the course of action to follow, and is currently using IATA historical data on fares until such time that a final decision is taken.

65. IOD will continue to monitor the evolution of this issue.

(iii) Cost Estimate Variations in Home Leave Lump Sums

66. For both the standard home leave entitlement and the lump sum option, a cost estimate for the home leave travel must be obtained from the Travel and Missions Support (TMS) Section and a copy attached to the e-TA.

67. IOD was informed by the TMS Section that the four weeks deadline for submitting e-TAs for home leave does not impact the home leave cost estimates (based of IATA full fares) in the same way that the 16 days deadline for issuing tickets for other official travel.

68. IOD noted variations in cost estimates for 28 e-TAs provided by TMS Section to staff members travelling to the same city and country for home leave. The variations in the cost estimates ranged from two per cent to 60 per cent on selected destinations. TMS Section informed that the variations in cost estimates were mainly attributed to the revision of IATA fares during the year and movements in the foreign exchange rates.

⁹ WIPO, IFAD, IAEA, ILO, UNFCC, UNIDO, and WHO.

(iv) Lump Sum Option for Dependent Children

69. The OI on Home leave states that where the reduced fare is available for children aged from two to 12 years old at the time of travel, the lump sum shall amount to 80 per cent of the IATA reduced return economy class unrestricted fare, by the most direct route, without taxes and surcharges. In the case where the reduced fare is not available, the adult fare¹⁰ shall be reduced by 30 per cent (the percentage reduction between the adult and the reduced child fare) and the lump sum shall amount to 80 per cent of the thus reduced fare. No lump sum shall be payable for children under the age of two at the time of travel.

70. IOD reviewed 33 e-TAs for Home leave in which at least one of the dependents (travelers) was aged from one to 21 years. IOD noted that in 18 cases, there was inconsistent application of the lump sum entitlement for children. The inconsistencies noted included the application and/or computation of the reduced rate for children aged 12; allocation of lump sums to dependent children that gain or lose their entitlement during the course of their Home leave travel. For example: a one year old child was allocated a lump sum of 80 per cent of the child's rate; and a 12 year old was allocated a lump sum of 80 per cent of the reduced rate while the others were provided 80 per cent of the adult rate.

71. Going forward, HRMD in coordination with Procurement and Travel Division (PTD) should ensure that there is consistent application of the reduced rate to children and the allocation of the lump sum to them. In addition, it would be beneficial to the Organization if the OI on Home Leave provides further guidance on the allocation of lump sum for dependent children who become eligible or ineligible for this entitlement during the course of their Home leave travel.

Recommendation (s)

4. The Human Resources Management Department (HRMD) and Procurement and Travel Division (PTD) should work with relevant internal stakeholders to review and update the relevant Office Instructions.

(Priority: High)

5. The Human Resources Management Department (HRMD) and Finance Division should identify alternative proof of travel or other proof of presence in the place of travel.

(Priority: Medium)

¹⁰ OI No. 3/2017 on Home Leave: Eligible staff members may opt for a lump sum in lieu of the standard home leave entitlement. The lump sum shall amount to 80% of the IATA return economy class unrestricted fare, by the most direct route, without taxes and surcharges. A staff member opting for the lump sum will be responsible for making his/her own travel arrangements without any assistance from the Organization and for submitting proof of travel.

(F) HOME LEAVE - COMPLIANCE

(i) Submission of Home Leave Travel Requests

72. According to the OI on Home leave, an e-TA for home leave shall be submitted to the TMS Section via HRMD at least four weeks, but no earlier than six months, prior to the travel date. Unless justified by exceptional circumstances, any e-TA submitted outside of this period shall be rejected.

73. IOD noted six e-TAs that were not rejected despite being submitted one to three weeks before the date of the staff member's departure for home leave. This was contrary to the provisions of the above-mentioned OI.

(ii) Separate Travel on Home Leave

74. According to the OI No.3/2017, a staff member wishing to travel separately from his or her eligible family members shall seek prior authorization from the Director of HRMD through a written request explaining the exigencies of the service or other special circumstances preventing them from traveling together. Except in circumstances beyond the staff member's control, such request shall be submitted to the Director of HRMD at least four weeks prior to the travel date of the staff member or the travel date of the concerned family member(s), whichever is earlier.

75. IOD identified nine e-TAs where the staff and his/her dependents travelled on home leave separately without prior authorization from HRMD. Out of these nine e-TAs, three staff members requested for separate travel authorization after arrival whilst the remaining six staff members did not request for retrospective authorization. IOD reiterates on the need for HRMD to remind staff members on the importance of obtaining prior and retrospective authorization for separate travels and on the need to align the Home leave workflows.

76. In addition, in cases where HRMD granted authorization for separate travel, IOD noted that in 12 out of the 15 cases reviewed there were no separate Security Clearance prepared for the staff and/or dependents travelling separately. As a result, the itinerary of those travelling separately were not included in a specific portion of the e-TA thus presenting a challenge to monitor their travel dates. This potentially has an implication on the duty of care.

(iii) Approved and Actual Itinerary of Travel

77. According to the OI on Home leave, staff members and their dependents are required to travel as per approved itinerary. In the event of any subsequent proposed change in the itinerary or dates, the e-TA must be re-submitted for approval, attaching the updated security clearance.

78. IOD noted 41 cases in which there were discrepancies between the approved itinerary and actual itinerary of the staff member. In more detail, the staff members made the following changes without prior approval: deviations from the city indicated for the home leave country; traveling on different departure dates and routes; and car or train travel instead of air travel as approved (and *vice versa*).

79. Further, in 13 cases, the supporting documents or proof of travel, uploaded to the E-Work system, were not sufficient and/or adequate to indicate that the staff traveled in accordance with the approved itinerary. For example, in one case, the boarding passes uploaded to the E-Work system had some handwritten dates; while in another, the details on the boarding passes for all the travelers could not be verified.

80. IOD reiterates on the need for HRMD to remind staff members on the importance of obtaining prior authorization, to the extent possible, for changes to the approved itinerary as deviations may have cost estimate, security clearance, annual leave and insurance coverage implications.

(iv) Staff Members who Separated from Organization after Home Leave

81. According to the SRR, Staff Rule 5.3.1, a staff member meeting the required conditions shall be entitled to home leave if the Director General expects that he or she will remain in the service of the International Bureau (IB) for at least six months beyond the date of his return from such leave.

82. IOD noted that out of the 23 staff members who were availed of the home leave benefit and separated from the Organization, three did not remain in service for at least six months after returning from Home Leave.

83. Further, IOD notes that the OI on Home Leave does not provide guidance or indicate the course of action for the Organization in the event that a staff member does not remain in service for at least six months following his return from Home leave.

(v) Submission of Travel Claims upon Completion of Travel

84. According to the OI on Home Leave, the electronic travel claim shall be submitted to the Finance Division within three calendar weeks after completion of travel. The entire amount of the travel expenses, including lump sum payment, as the case may be, shall be recovered through payroll deduction by the Finance Division if the staff member fails to submit a duly completed travel claim and the requested documentary evidence within three calendar weeks after completion of travel. All or part of the amount of the travel expenses may also be recovered if the staff member and/or his or her eligible family members failed to travel as authorized.

85. IOD noted that 40 electronic travel claims were not submitted to Finance Division within the prescribed period of three weeks upon completion of travel. In more detail, the delays in submission of claims ranged from over three to 38 weeks for 14 claims in 2017, over three to 14 weeks for 20 claims in 2018, and over three to 16 weeks for six claims in 2019.

86. IOD notes that it is imperative that staff members submit the requisite travel claims on time as it allows for timely verification of the submitted information by the Finance Division and compliance with the provisions of the aforementioned OI. In addition, HRMD and Finance Division are encouraged to issue timely reminders to staff, which emphasize the recovery of the lump sum through payroll deduction.

(G) MANAGEMENT OF SICK LEAVE

87. HRMD has the overall responsibility of monitoring various staff absences, including sick leave. Accordingly, it is the department's duty to inform the staff members of the organization's absence management policies and to keep them up to date on any changes in such policies, rules and regulations. HRMD also assists staff members and management with interpreting the relevant Staff Regulations and Rules and related Office Instructions.

88. Table 4 below shows the number of days taken as sick leave (with certificates) by WIPO employees (Regular, Temporary employees and Non staff) during the period under review:

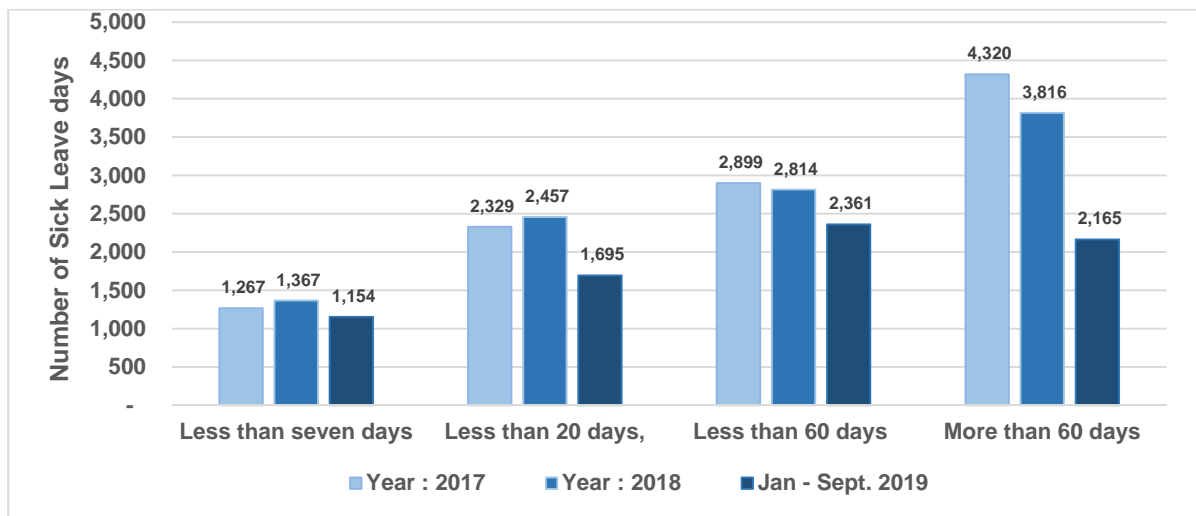
Table 4: Total Sick Leave Days taken by WIPO Staff, Fellows and Interns

Description	Year 2017	Year 2018	2019 (Jan –Sept)
Sick Leave days	10,815	10,454	7,375

Source: Human Resources Management Department –Business Intelligence Dashboards

89. Figure A below shows the breakdown of the duration of the sick leave with certificates, categorized as follows: Less than seven days, Less than 20 days, Less than 60 days and More than 60 days:

Figure A: Number of Sick Leave Days taken by WIPO Staff, Fellows and Interns



Source: Compiled from HRMD - Business Intelligence Dashboards

90. While IOD has planned an audit and integrity review of Absence management for the biennium 2020/2021, it is however important to state the following issues that need to be addressed:

(i) Submission of Sick Leave Certificates

91. The OI No. 33/2018 Rev. on Sick leave and leave for family-related emergencies stipulates that a medical certificate shall, except in circumstances beyond the control of the staff member, be produced no later than the end of the fourth working day following the beginning of the absence from duty. Where sick leave is extended, the relevant medical certificate shall be produced as soon as possible and in any event no later than four working days following the expiration of the previous medical certificate [...].

92. A review of trends on submission of medical certificates by staff members showed that out of 60 certificates submitted, four were not submitted by the end of the fourth working day following the beginning of the absence from duty as stipulated in the OI.

93. Whilst the aforementioned OI specifies the period within which the staff member should submit the medical certificates, it does not explicitly state the time frame for submitting confidential medical form (Certified sick leave of 20 or more working days) to the WIPO Medical Advisor. It would be beneficial for both HRMD and the affected staff members to know the period within which the reports should be submitted.

94. Going forward, HRMD should comprehensively capture data on submission of medical certificates, analyze trends, and proactively engage staff members to ensure compliance with the SRR and the related OI.

(ii) Interface between AIMS HR System and EarthMed

95. The current process on validation of medical certificates requires staff members to create a leave of absence in AIMS HR system and separately submit via email a medical certificate for sick leave to the WIPO Medical Unit. The Unit reviews the certificates then enters the relevant data in EarthMed¹¹ and notifies HRMD, via email notification, on the validity of the certificates. HRMD then updates the staff members leave status in the AIMS HR system. Whilst each system (AIMS HR and EarthMed) captures data that is useful to the other, there is no interface between them.

96. The process described above presents a challenge in monitoring the staff member's compliance with the timeliness of the medical certificates submission. The Medical Unit informed IOD that manually compiling the data on the timeliness of submissions would be a time-consuming exercise and the data generated may not be entirely accurate and complete.

97. The efficiency and effectiveness of the medical clearance process would be enhanced by creating an interface between the AIMS HR system and EarthMed. The interface would facilitate, *inter alia*, efficient sending and updating of absence data (created in AIMS) to EarthMed, sending medical clearance results for HRMD approval and, tracking and monitoring of the timeliness of medical certificate submissions.

98. Finally and equally significant, the interface would enhance the efficiency of Travel Clearances. Currently, the travel clearances are performed manually, thus time-consuming both for the Medical Unit and for the traveling staff.

Recommendation (s)

6. The Human Resources Management Department (HRMD) should work with Enterprise Solutions Division (ESD) and other relevant internal stakeholders to develop an interface between the AIMS HR System and EarthMed.

(Priority: Medium)

(H) OTHER OPERATIONAL ISSUES

(i) Benefits and Entitlements Process Operating Performance

99. The Program and Budget lists the Expected Results(ER) against each Strategic Goal with Performance Indicators (PI) intended to measure progress and achievement for each Program.

100. A review of the Program and Budget for 2016/17 and 2018/19 biennia for Program 23 - HRMD showed that :

(a) HRMD did not conduct any survey during the 2016/17 biennium to assess the percent of staff satisfied with HR services.

¹¹ In July 2018, WIPO introduced an electronic medical record system – EarthMed. The new system aims to, among others, ensure more efficient and effective management of confidential medical data for staff members

(b) Further, in 2018/19 biennium, the Program set a PI on “Enhanced and new automated processes in the Human Resources Services”.

101. IOD notes that whilst the PI (in (b) above) is essential in increasing automated processes in HR services, it is equally important to measure the perceptions of staff members on the performance and management of various services provided by HRMD. The inclusion of metrics to measure the performance of the services could be useful in assessing the operating efficiency and effectiveness of managing staff benefits and entitlements.

102. Further, it would be helpful for HRMD to periodically conduct surveys or request some form of feedback, to establish satisfaction levels with HRMD services including assessing staff member’s perceptions on the management of benefits and entitlements. Improving the monitoring of the benefits and entitlement management process operating performance, through performance metrics, periodic assessment of services, and more detailed surveys are among a number of mechanisms that HRMD can utilize to facilitate continuous improvement.

103. Finally, IOD observes that implementing recommendation No.16 - annual staff survey to ascertain the baseline for measuring staff perceptions around the wide range of HR issues - of the External Auditor’s Report on the 2018 WIPO Financial Statements¹² would help address the condition(s) highlighted above.

(ii) Manual Entries on Control Form in E-work System

104. IOD walkthrough tests on Home leave showed that one of the control forms (BIG Form) in the E –works system was manually completed with the relevant data required to process the Home leave travel. The method was noted to be susceptible to human error and override especially in cases where the entries had to be revised. In addition, the information captured on the BIG form was not consistent or uniform. For example, some staff members indicated only their Country of Home leave destination whilst others indicated both the City and Country. The latter case provides TMS, HRMD and Finance Division with sufficient information on which to base the cost estimate and monitor the travels.

105. HRMD informed that apart from maintaining a spreadsheet, monitoring of Home leave entitlements is done through referring to the last entries in the BIG Form in E-Work, which indicates the last Home leave that the staff member undertook. Further, HRMD keeps a printout of the BIG form and entries in the current BIG Form are entered manually.

106. IOD notes that this process is still susceptible to error and does not ensure that previous Home leave are effectively accounted for. Similarly, for the communication of the approved travel time to be credited to the staff members, the HR Service Desk makes manual entries. IOD acknowledges the enhancement of controls in this area following the launch of the Travel and Meetings system, which has facilitated the automation of relevant data entries from existing systems such as AIMS HR.

(iii) Risk Management

107. A review of the Organization’s Enterprise Risk Management (ERM) system – Acuity STREAM® shows that HRMD Risk registers (HR Operations Services) are updated with the relevant risks and responses (actions/controls) particularly related to Fraud, employees submitting false claims, abuse of work time including abuse of staff benefits and entitlements.

¹² WIPO should undertake an annual staff survey to ascertain the baseline for measuring staff perceptions around the wide range of HR issues which underpin the strategic aims and to measure the effectiveness of HR policy and implementation. The survey could assess themes such as motivation, development, well-being, workplace harassment, management and transparency and to measure the staff perceptions of the support provided by enabling functions like HR

108. Whilst acknowledging that the identified risks and responses related to Staff benefits and entitlements present good practices in risk management, it is equally imperative that the Organization proactively includes risks that may emanate from strategic and key developments in the external environment.

109. For example, the ongoing review of the Conditions of Service of the General Service and other locally recruited categories of Staff, by the ICSC, represents a risk event that may have a significant bearing on the current risk profile of HRMD. The outcome of the review may result in amendments to the regulatory framework for benefits and entitlements.

110. Further, whereas HRMD has recognized the potential abuse of benefits and entitlements such as a WIPO staff member and their spouse working in a different UN agency, both receiving education grants for the same child, the risk responses or measures in the ERM system are not adequate and proactive to address the risk.

111. Going forward, it would be relevant and good practice for HRMD and other relevant stakeholders to work with the Office of the Controller to proactively monitor risks and update the Risk register.

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ANNEX I: RISK RATING AND PRIORITY OF AUDIT RECOMMENDATIONS

The risk ratings in the tables below are driven by the combination of likelihood of occurrence of events and the financial impact or harm to the Organization's reputation, which may result if the risks materialize. The ratings for audit recommendations are based on the control environment assessed during the audit.

Table II.1: Effectiveness of Risks/ Controls and Residual Risk Rating

		Compound Risk Rating (Likelihood x Impact)		
		Low	Medium	High
Control Effectiveness	Low	Low	Medium	High
	Medium	Low	Medium	High
	High	Low	Low	Medium

Table II.2: Priority of Audit Recommendations

Priority of Audit Recommendations	Residual Risk Rating
Requires Urgent Management Attention	High
Requires Management Attention	Medium
Routine in Nature	Low

[End of Annex I and of Document]