Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Post-implementation audit of the Performance Appraisal Management System (PAMS) in UNHCR

Overall results relating to the implementation of PAMS were initially assessed as partially satisfactory. Implementation of three recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

**8 May 2012
Assignment No. AT2011/166/03**

CONTENTS

AUDIT REPORT

Post-implementation audit of the Performance Appraisal Management System (PAMS) in UNHCR

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted a post-implementation audit of the Performance Appraisal Management System (PAMS) in the Office of the United Nations High Commissioner for Refugees (UNHCR).

2.   In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.

3.   PAMS is part of the UNHCR PeopleSoft-based Enterprise Resource Planning system (MSRP), which has a yearly cost for license fees and maintenance of $516,000.

4.   PAMS was designed to provide a process for assessing staff members' performance (regardless of the type of appointment or category) against clear criteria, agreed in advance through discussions between managers and staff members.

5.   The main user interface of PAMS is the electronic Performance Appraisal Document (e-PAD). The performance appraisal includes ongoing dialogue between staff and managers to agree to work objectives, competencies and development plans at the beginning of the cycle, to participate in a mid-year development review, and to contribute to the annual appraisal and review of the staff development plan. PAMS derives most of the data on staff members from the Human Resources (HR) Module of MSRP. The Performance Management Unit (PMU) of the Division of Human Resources Management (DHRM) administers the system.

6.   The system was rolled out in 2009 and is mandatory for over 6,500 staff members. Some of the positive features (and its improvements over the legacy system) are provided below:

    (a) An online and real-time application replaced a paper system;

    (b) Higher level of compliance in 2009 and 2010;

    (c) Consistency in the definition of work objectives;

    (d) Multi-rater system for staff at G-5 level and above (legacy system had only manager's rating and did not have a reviewing officer/second reporting officer);

    (e) Mandatory mid-term review;

    (f) Mandatory signing of all e-PADs by the reviewing officer and inclusion of substantive comments on extreme ratings and cases of disagreement; and

    (g) Focus on compliance monitoring and quality control.

7.   The results of the Global Staff Survey 2011 showed a favorable opinion of the respondents with regard to the following statements: (i) 58% responded that "My ePAS is useful in helping me to identify my strengths, weaknesses and areas for improvement"; and (ii) 72% responded that "I think my performance on the job is fairly evaluated".

8.   Comments provided by UNHCR are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

9.   The post-implementation audit of PAMS was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the effective implementation of the system.

10.   The audit was selected because the implementation of PAMS was identified as a high risk initiative.

11.   The key control tested for the audit was the information technology (IT) system supporting the business objectives of the Organization. For the purpose of this audit, OIOS defined this key control as the control designed to provide reasonable assurance that the system implemented is supporting the staff performance management function and delivering the intended benefits to the Organization.

12.   The key control was assessed for the control objectives shown in Table 1. Certain control objectives (shown in Table 1 as "Not assessed") were not relevant to the scope defined for this audit.

13.   OIOS conducted this audit from 18 September 2011 to 18 November 2011. The audit covered the period from January 2009 to November 2011.

14.   OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to assess their effectiveness. In particular, OIOS analyzed: (a) the data recorded in the PAMS and HR modules; (b) the organizational charts; and (c) documentation and instructions on PAMS and UNHCR competency and policy frameworks.

III.   AUDIT RESULTS

15.   UNHCR governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective implementation of PAMS**. OIOS made three recommendations in the report to address the issues identified in the audit. The implementation of PAMS achieved over 85 per cent adoption in the first year of the system rollout across various duty stations and categories of staff. PAMS supported consistency, enforced mandatory mid-term reviews and provided timely information for other HR related actions. However, additional controls are needed for ensuring that the system is populated with updated information about the organizational structure, data changes are consistently recorded, and the integrity of the records is maintained.

16.   The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is partially satisfactory as implementation of three important recommendations remains in progress.

Table 1: Assessment of key controls

	Key controls	Control objectives			
		Efficient and effective operations	**Accurate financial and operational reporting**	**Safeguarding of assets**	**Compliance with mandates, regulations and rules**
Effective implementation of PAMS	IT support systems	Partially satisfactory	Partially satisfactory	Not assessed	Not assessed
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   IT support systems

Completeness of data

17.   A comparison between the list of staff recorded in the staffing table (over 6,500 as of 31 March 2011) and the e-PADs created for 2011 showed that about 10 per cent of staff members (650) had not created their e-PADs in 2011. These variances included staff members that were either on special leave without pay, seconded to other organizations or separated from service. UNHCR confirmed that all these cases were known and controlled by DHRM on the basis of procedures established for monitoring the creation and completion of e-PADs.

Reporting lines

18.   PAMS was populated with staff members data imported from the HR module of the MSRP on the basis of an automated interface. However, the HR module did not contain updated information about the organizational structure and reporting line between supervisors and supervisees. In this regard, only the organizational chart maintained offline by the Post Classification Unit (PCU) was considered to be the updated source of information. Although the HR module had the functionality to capture information on the reporting line between supervisors and supervisees (position and position reporting to), this functionality had not been implemented.

19.   Consequently, staff members created their e-PADs by manually populating the PAMS system with information related to their supervisors. This resulted in inconsistencies between the supervisor-supervisee reporting lines reflected in PAMS and the organizational chart maintained offline by the PCU.

> **(1) The UNHCR Division of Human Resources Management should utilize the functionality available in the Human Resources module of MSRP for: (i) maintaining the UNHCR organizational chart with updated information on the supervisor-supervisee structure; and (ii) ensuring consistency of data between the Human Resources module and the Performance Appraisal Management System.**
>
> *UNHCR accepted recommendation 1 and stated that it could see clear advantages to introducing the organizational chart module of MSRP. A suggestion would be made for including it in the forthcoming analysis for the upgrade to PeopleSoft 9.1 that will be undertaken in 2012. The feasibility has also to be assessed in light of the delegation of authority to the field offices for maintaining locally hired staff. However, it should be noted that the 'Organizational Chart' is presently jointly owned by the Division of Human Resources Management and the Division of Financial and Administrative Management. This will be a priority issue for 2012.* Recommendation 1 remains open pending receipt of evidence of the implementation of the organizational chart within

MSRP.

Data modifications and change control

20.   Cases of disagreement in the performance appraisals were part of the rebuttal process, manually documented and maintained by PMU. In those cases where the rebuttal process led to a change in the initial appraisal of a staff member, these changes were recorded in PAMS, overwriting the original data stored in the system. This procedure altered the integrity of the historical records maintained in PAMS and forced UNHCR to keep and rely on the hard copy evidence of each e-PAD. In the opinion of OIOS, considering the sensitive nature of these decisions, PAMS should have retained the historical sequence of actions taken, and data changes made, during the evaluation process.

21.   *UNHCR explained that the small number of disagreements (10 cases) did not present problems and an alternative work-around is currently in place. A technical specification document is used for each case when overwrites are required as a result of the rebuttal process. This document contains both the original text/ratings and the required changes which are supported by a screenshot for each change. The master documents are all stored in UNHCR's electronic document management system (Livelink). Nevertheless UNHCR explained that, to fully integrate the suggested audit trail, a cost-benefit analysis would be undertaken at the time of the upgrade of the PeopleSoft to version 9.1.*

Access control

22.   Access to PAMS was regulated on the basis of functional roles, user profiles and permission lists, as follows:

  (i)   User profiles were defined for individual users and then linked to one or more roles. User profiles contained values that were specific to each user (i.e., password, email address and employee ID); and

  (ii) Functional roles related to a function or task were assigned to users' profiles. Depending on the responsibilities and functions performed by a user, one or more functional roles were assigned to his/her profile;

  (iii) Permission lists provided the mechanism for restricting and segregating access to the system.

23.   Access to PAMS was restricted and controlled for staff members and managers. Staff members in PMU had additional roles for administering the system in accordance with their functional responsibilities. However, some of the roles for administering PAMS had not been updated for reflecting organizational changes in DHRM. For example, the roles of UCR_SDS_ADMIN and UCR_SDS_FREEZE were still enabled in the system, even though they were no longer relevant. In addition, although the Staff Development Section did no longer exist, its role/function in the PAMS system was still active.

> **(2) The UNHCR Division of Human Resources Management should ensure that the roles implemented in the Performance Appraisal Management System are updated to reflect the organizational structure of the Organization and are aligned with the functional responsibilities of each unit.**
>
> *UNHCR accepted recommendation 2 and stated that the weaknesses in the logical access controls were known. An additional developer is resourced to design a new security access interface that will be implemented in 2012. Accordingly, there will be three levels of access rights for PAMS. The*

> *implementation will be complete in May 2012.* Recommendation 2 remains open pending receipt of evidence that the roles implemented in PAMS have been made in accordance with the changes in the organizational structure.

<u>System support</u>

24.   With the ongoing reorganization of the Division of Information Systems and Telecommunications and the consequent departure of several key security and functional personnel and the absence of a plan for knowledge transfer, there is a significant risk that the support of PAMS may experience limitations and delays.

> **(3) The UNHCR Division of Human Resources Management should, in coordination with the Division of Information Systems and Telecommunications (DIST), put in place mitigation measures to ensure adequate knowledge transfer and continuous support to the system during the re-organization of DIST.**
>
> *UNHCR accepted recommendation 3 and stated that they were aware of the potential vulnerability that the current restructuring in DIST can cause on knowledge transfer. As a mitigation measure, DHRM has ensured that a developer who has the most substantive knowledge of PAMS remains on board during the transition period (hand-over to the new service provider). Recommendation 3 remains open pending receipt of confirmation that substantive knowledge on PAMS exists in UNHCR during the entire re-organization phase of DIST.*

IV.   ACKNOWLEDGEMENT

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

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STATUS OF AUDIT RECOMMENDATIONS

Post-implementation review of the Performance Appraisal Management System (PAMS) in UNHCR (AT2011/166/03)

Recom. no.	Recommendation	Critical[1]/ important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	The UNHCR Division of Human Resources Management should utilize the functionality available in the Human Resources module of MSRP for: (i) maintaining the UNHCR organizational chart with updated information on the supervisor-supervisee structure; and (ii) ensuring consistency of data between the Human Resources module and the Performance Appraisal Management System.	Important	O	Implement the organizational chart function of MSRP.	During 2012
2	The UNHCR Division of Human Resources Management should ensure that the roles implemented in the Performance Appraisal Management System are updated to reflect the organizational structure of the Organization and are aligned with the functional responsibilities of each unit.	Important	O	Update PAMS roles in accordance with the changes in the organizational structure.	May 2012
3	The UNHCR Division of Human Resources Management should, in coordination with the Division of Information Systems and Telecommunications (DIST), put in place mitigation measures to ensure adequate knowledge transfer and continuous support to the system during the re-organization of DIST.	Important	O	Implement measures for transferring the technical knowledge necessary to ensure continuous support of PAMS during the re-organization phase of DIST.	During 2012

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1 Critical recommendations address significant and/or pervasive deficiency or weakness 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.

3 C = closed, O = open

4 Date provided by [client] in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]