



**Internal Oversight Division**

Reference: IA 2017-01

**Audit Report**

Audit of Payroll

May 23, 2017

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**LIST OF ACRONYMS**

<b>AIMS</b>	Administrative and Information Management Systems
<b>DPPF</b>	Department of Program Planning and Finance
<b>ERM</b>	Enterprise Risk Management
<b>ERP</b>	Enterprise Resource Planning
<b>HCM</b>	Human Capital Management
<b>HR</b>	Human Resource
<b>HRMD</b>	Human Resources Management Department
<b>HRPI</b>	Human Resource Pension and Insurance unit
<b>ICSC</b>	The International Civil Service Commission
<b>IIA</b>	Institute of Internal Auditors
<b>IOD</b>	Internal Oversight Division
<b>MAAS</b>	Management and Administrative Applications Section
<b>MHA</b>	Mobility and Hardship Allowance
<b>OI</b>	Office Instruction
<b>UN</b>	United Nations
<b>WIPO</b>	World Intellectual Property Organization

## EXECUTIVE SUMMARY

1. In accordance with its 2017 work plan, the Internal Oversight Division (IOD) conducted an Audit of Payroll, which represents around 65 per cent of the Organization's annual expenditures in 2016. The objectives of the audit were to: (a) assess the adequacy and effectiveness of governance, risk management and internal controls over payroll processes and systems; and (b) verify accuracy of payroll calculations following the implementation of the revised United Nations (UN) common system compensation package.
2. IOD found that the World Intellectual Property Organization (WIPO) had successfully implemented the revised UN compensation package for staff in the professional and higher categories with no disruption. These changes affected the salaries of around 635 WIPO professional staff<sup>1</sup> and above (regular and temporary). IOD's review of a sample of employees' pay for accuracy following the implementation of the revised UN compensation package did not reveal any significant anomalies.
3. With regards to payroll operational processes, certain control activities and manual processes put in place for providing assurance were found to be redundant; hence the overall payroll process is not fully benefiting from efficient control functionalities already available in the Administrative and Information Management Systems' Human Resource tool (AIMS HR).
4. Further customization and automation of certain operational processes could help enhance key controls and address some systemic issues; and compliance and alignment of operational processes with respective rules, regulations and office instructions would further increase efficiency and effectiveness of the payroll process.
5. Finally, access rights to the Enterprise Resource Planning (ERP) tools including PeopleSoft® Human Capital Management (HCM) and the Payroll Solution, are currently being reviewed in collaboration with the Security and Information Assurance Division, to ensure among others, compliance and alignment with the organizational strategy for access management.

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<sup>1</sup> Business Intelligence data: regular and temporary staff- 560 professionals, 66 Directors, and 9 executives