

PARTNER PAYROLL & PERSONNEL COSTS VERIFICATION

Capacity Enhancement Workshop

Presented by





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TRAINING OBJECTIVES & AGENDA

LEARNING OBJECTIVES

By the end of this session, participants will be able to:

-  **Explain** key UNHCR requirements related to personnel costs
-  **Understand** risk-based verification principles
-  **Recognize** common compliance and fraud risks
-  **Identify** key verification evidence and documentation
-  **Apply** verification concepts in practical scenarios

AGENDA

- 01** Understanding Partner Personnel Costs 
- 02** Risk-Based Partnership Management 
- 03** Personnel Cost Verification Framework 
- 04** Verification Techniques and Tools 
- 05** Common Findings, Red Flags and Fraud Indicators 
- 06** Practical Application and Case Studies 



DURATION
1.5 Hours



Format
Interactive Webinar



AUDIENCE
UNHCR Personnel
and Partners

01

Understanding Partner Personnel Costs



What Are Partner Personnel Costs?

Personnel costs include eligible expenditures related to personnel who contribute to the delivery of a UNHCR-funded project



Salaries & Wages

Regular salaries and wages paid to project personnel



Allowances & Benefits

Approved allowances, insurance, termination benefits and end-of-service costs



Employer Contributions

Statutory or contractual employer obligations



Recruitment & Assignment Costs

Essential costs such as recruitment, posting, work permits and visas



Shared Personnel Costs

Costs allocated based on actual time spent on UNHCR-supported activities



Key Principle

Personnel costs must be contractually supported, consistent with the Partner's HR policies, linked to the project period, and verifiable through supporting documentation

Why Personnel Costs Matter ?

Effective management of personnel costs is essential to ensure compliance, transparency and successful project implementation



High Financial Value

Often represents one of the largest expenditure categories within UNHCR projects



Direct Impact

Personnel costs are directly linked to project implementation and service delivery



Compliance Risk

Errors or unsupported expenditures may result in ineligible costs



Enhanced Oversight

Personnel costs remain a key focus area of monitoring, verification and audit activities



Key Message

“ Personnel costs are among the most material and closely monitored expenditures in UNHCR-funded projects ”

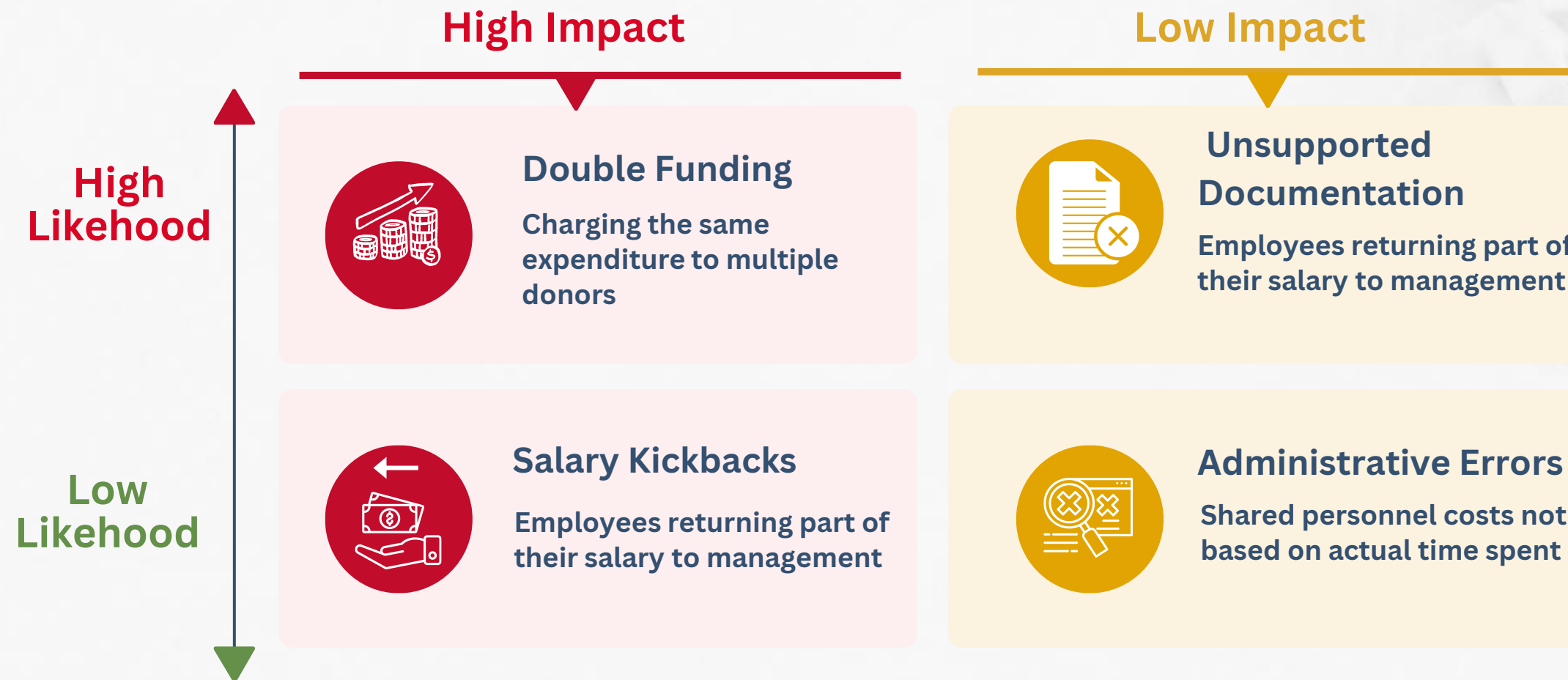
Key UNHCR Compliance Principles

Core principles governing personnel costs in UNHCR-funded projects



Common Personnel Cost Risks

Common personnel cost risks can lead to ineligible expenditures, audit findings and reputational damage



ADDITIONAL RISK TO MONITOR



Excessive Charges

Personnel costs exceeding contractual entitlements or organization policies

May result in ineligible costs and recovery of fund



Key Message

Early identification of risk indicators helps prevent non-compliance and strengthens project accountability



02

Risk-Based Partnership Management



How UNHCR Manages Risk

Risk management is integrated throughout the partnership management cycle

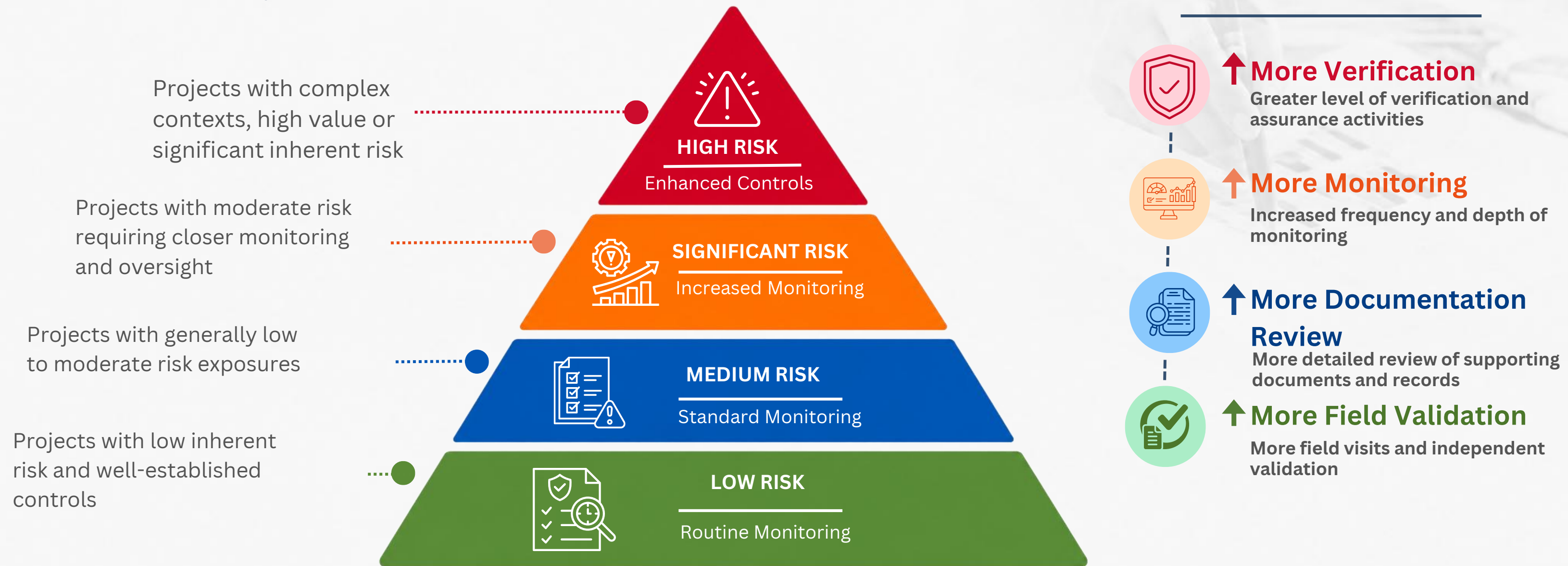


Key Message

“ Risk management is not a single activity; it is **embedded** throughout the **entire partnership lifecycle** ”

Project Risk Categories

UNHCR applies a risk-based approach to determine the level of oversight and control required for each project

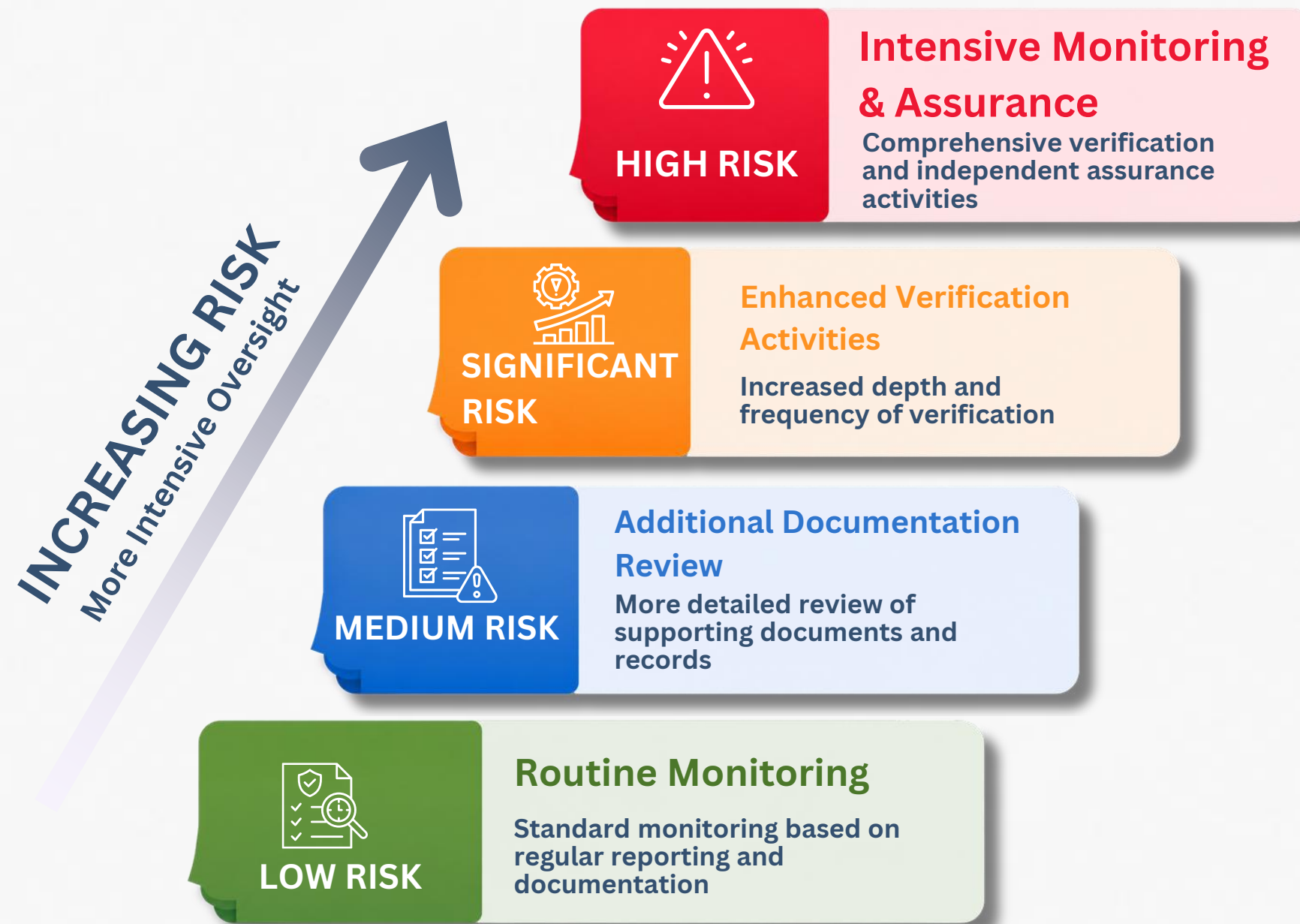


Key Message

“ Risk management is not a single activity; it is **embedded** throughout the entire partnership lifecycle ”

Risk-Based Controls

Control measures are scaled according to the assessed level of project risk



Examples of Risk-Based Controls



Documentation Review



Personnel Verification



Employee Contact Verification



Field Visits and Observations



Audit & Assurance Activities



Key Message

Risk-based controls help allocate oversight efforts where they are needed most

03

Personnel Cost Verification Framework

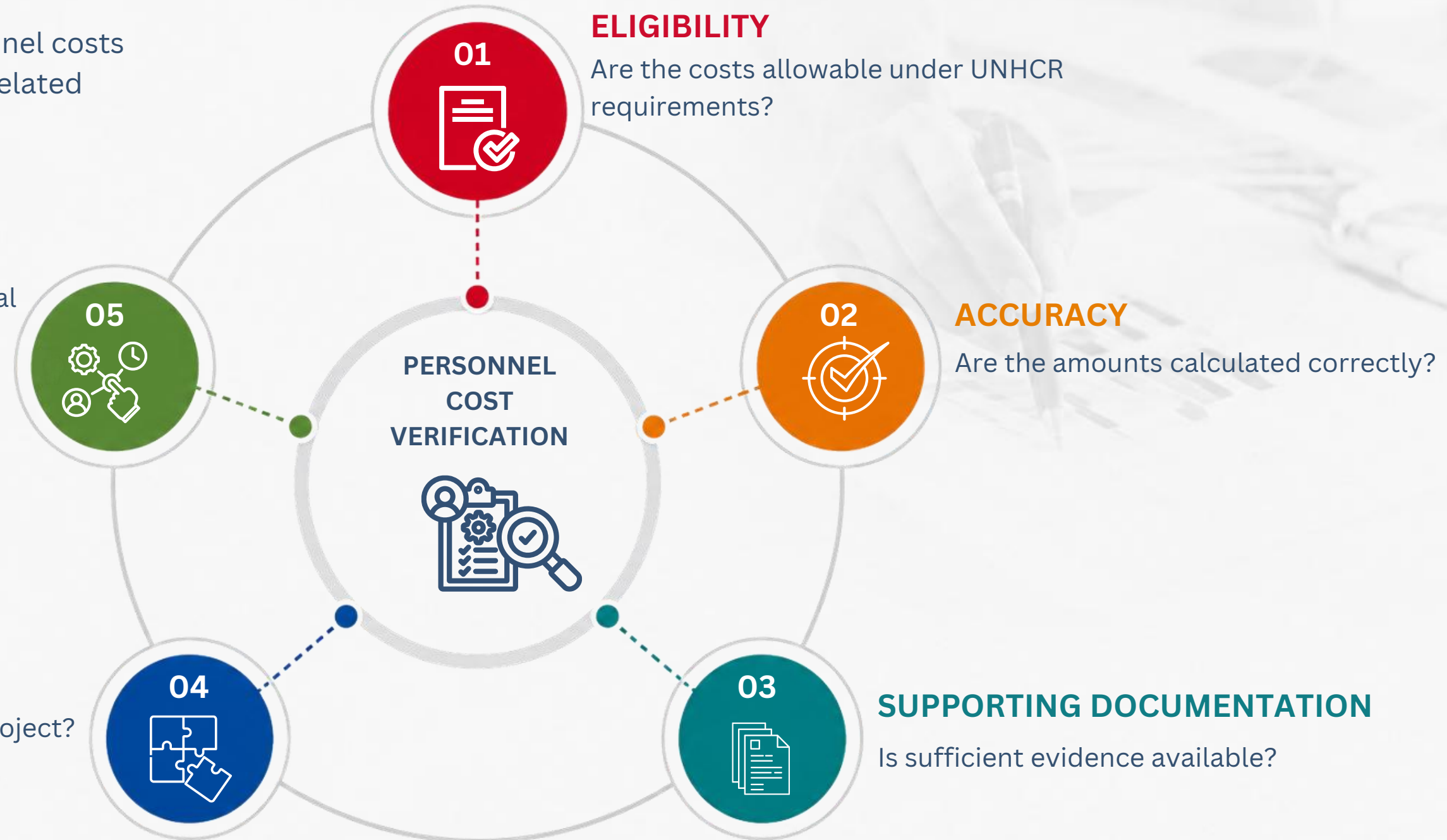


Personnel Cost Verification Framework

Verification focuses on confirming that personnel costs are eligible, supported, accurate and project-related

TIME ALLOCATION

Was the cost allocated based on actual project effort?

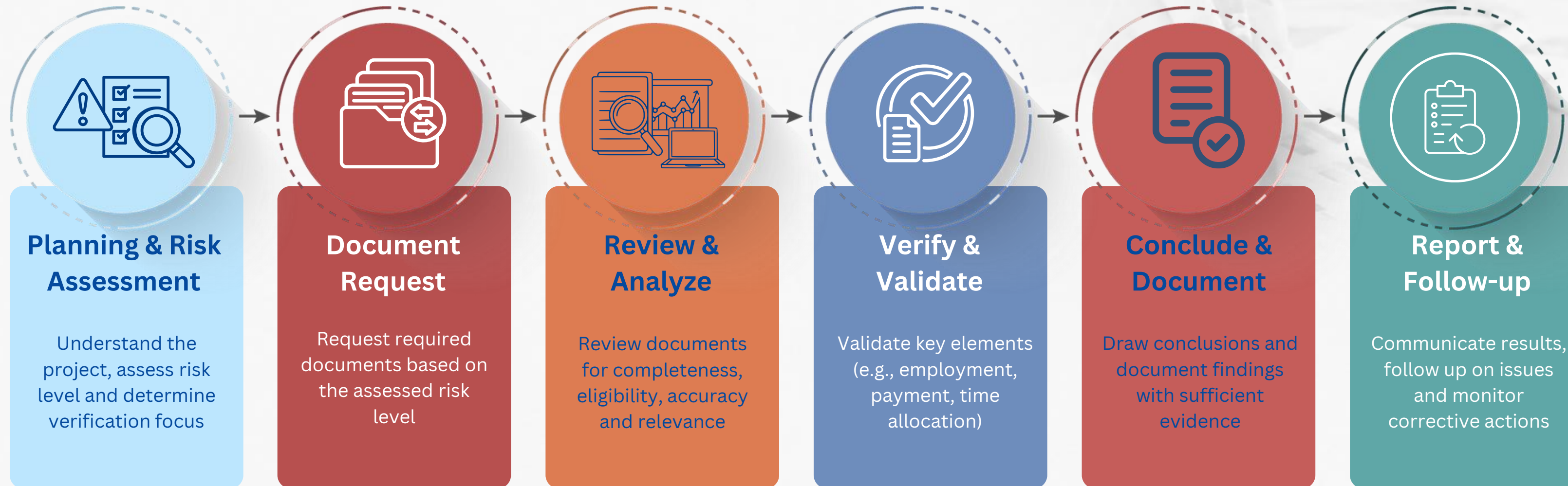


KEY VERIFICATION QUESTION

Can the Partner demonstrate that the personnel cost is **eligible, supported, project-related** and **incurred** during the project implementation period?

Personnel Cost Verification Process

A structured process ensures consistent and reliable verification of personnel costs



Key Message

Following a consistent verification process helps ensure that personnel costs are eligible, accurate, supported and project-related

Key Verification Checks

Key questions to assess the eligibility and validity of personnel costs

Verification Area	Key Question
Employment Validation	Is there a valid employment contract covering the claimed period?
Salary Verification	Does the salary match the employment contract and HR policy?
Payment Verification	Was the salary actually paid and supported by bank evidence?
Time Allocation	Is there evidence of actual time spent on the project?
Supporting Documentation	Are all required documents available and complete?
Project Relevance	Is the cost directly related to project implementation?



Key Message

Verification is driven by evidence, not assumptions

Personnel Cost Documentation Package

Typical documents requested during personnel cost verification

Employment Contract

Confirms terms of employment, position, remuneration and benefits

Payroll Register

Shows gross salary, deductions and net pay for the period claimed

Bank Transfer Evidence

Confirms actual payment of salary to the employee

Timesheets / Time Allocation Records

Shows actual time spent on the project (for full-time or shared staff)

HR Policies & Procedures

Confirms compliance with organizational policies on salaries and benefits

Personnel List (when required)

Provides an overview of personnel charged to the project (based on risk assessment)

Documentation Objectives



Confirm Eligibility



Confirm Accuracy



Confirm Payment



Confirm Project Relevance

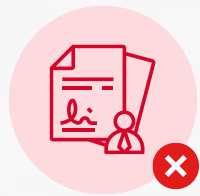


Key Message

Verification quality depends on the availability, completeness and reliability of supporting documentation

Common Documentation Gaps

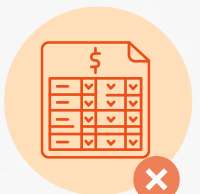
Frequent issues identified during personnel cost verification



Missing Employment Contract

No employment contract or appointment letter covering the claimed period.

Impact: Unable to confirm employment terms, position and cost eligibility.



Incomplete Payroll Records

Missing payroll details, salary breakdowns or deduction records.

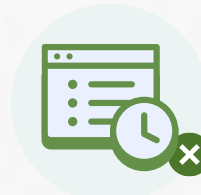
Impact: Unable to verify the accuracy of personnel costs charged to the project.



Missing Bank Payment Evidence

No bank transfer records or proof of salary payment.

Impact: Unable to confirm that salaries were actually paid to employees.



Missing or Inconsistent Timesheets

Timesheets are unavailable, incomplete or inconsistent with reported costs.

Impact: Unable to verify actual time spent on project activities.



Missing or Outdated HR Policies

HR policies governing salaries, benefits or allowances are unavailable or outdated.

Impact: Unable to assess compliance with organizational policies and procedures.



Missing Personnel List (When Required)

Personnel list not provided despite being required based on project risk assessment.

Impact: Limits the ability to verify personnel charged to the project.

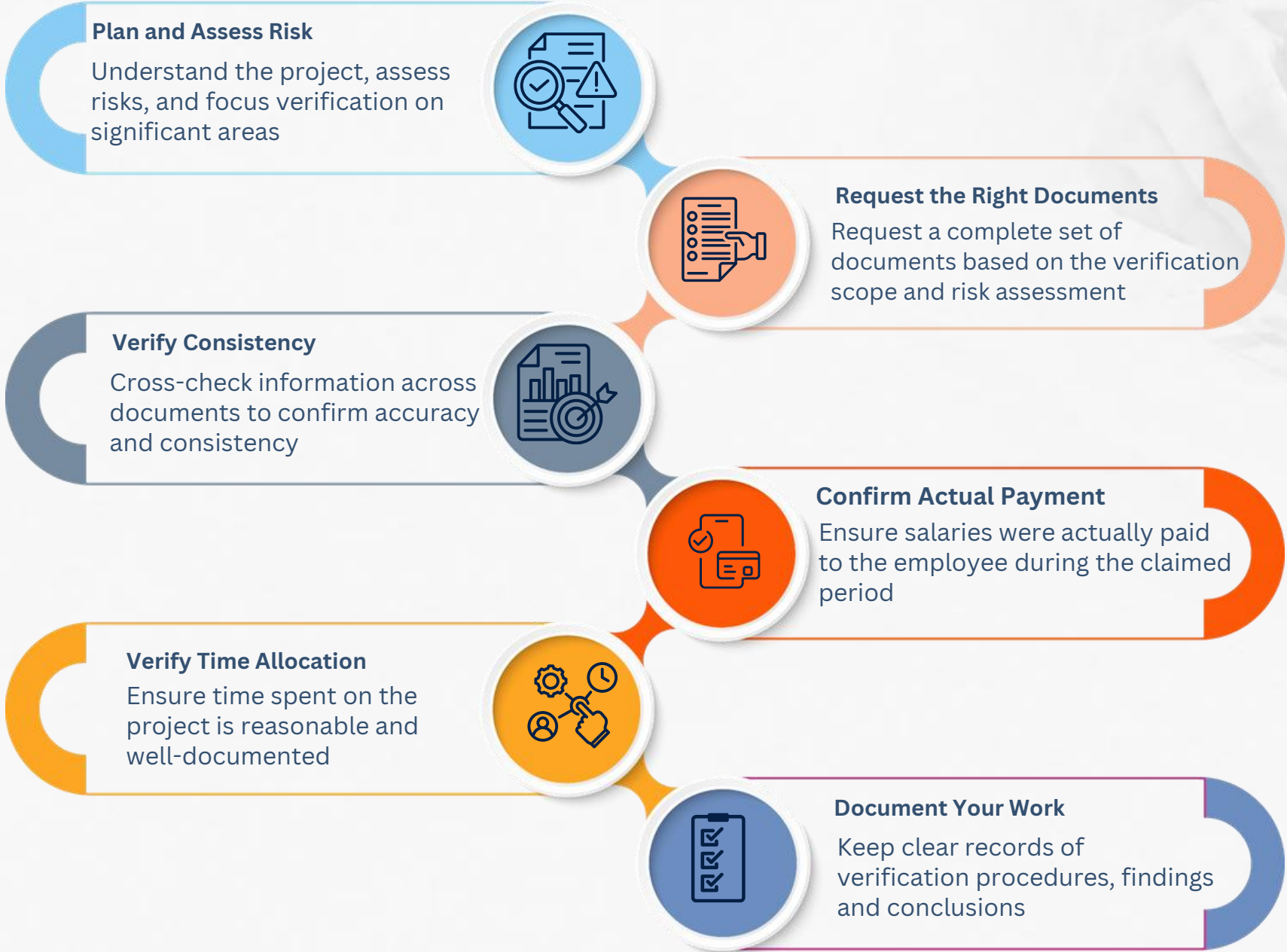


Key Message

Complete, accurate and reliable documentation is essential to support eligible personnel costs and facilitate effective verification

Best Practices for Personnel Cost Verification

Good verification starts with good practice



Key Message

Strong verification is built on **planning, evidence, consistency and documentation**

Red Flags in Personnel Cost Verification

Indicators that may signal higher risk and require further review

No Written Contract

Employees without written contracts or letters covering the claimed period

Unusual Payroll Adjustments

Frequent manual changes or unexplained payroll adjustments without adequate justification

Cash Payments

Salaries paid in cash or without traceable bank transfers

Missing Personnel List (When Required)

Personnel list not provided despite being required based on risk assessment

Missing or Inconsistent Timesheets

Timesheets are missing, incomplete or inconsistent with reported time and activities

Missing or Outdated HR Policies

No evidence of current HR policies on salaries, benefits or allowances

What to Do When Red Flags Are Detected

Expand Verification Procedures

Increase the extent and detail of verification

Obtain Additional Evidence

Request more documentation to address the specific risk

Verify with Employees (When Appropriate)

Confirm employment, role, salary and time allocation

Consider Field or Third-Party Validation

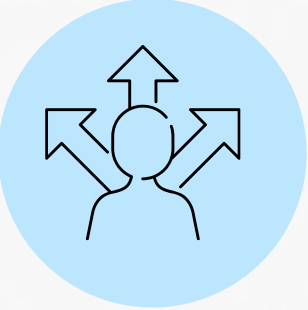
Use site visits or third-party checks for higher-risk items

Key Message

When multiple red flags exist, verification procedures should be expanded

Case Study: Would You Approve This Cost?

Apply the verification principles to a real-life scenario




Scenario



Project Officer – 50% allocated to UNHCR project

The organization claims 50% of the salary cost of the Project Officer for the reporting period


 Reporting Period: 1 January – 31 March 2024





Documents provided:

	
Employment Contract	No Timesheet Available
Payroll Register	No Time Allocation Record
Bank Transfer Evidence	

What would you do?

 **Approve**

 **Request Additional Evidence**

 **Reject**



DISCUSSION POINT

Is there sufficient evidence to support the allocation of personnel costs to the project?

04

Verification Techniques and Tools



What is Post-Payment Verification?

A risk-based process performed after payment to confirm that funds reached the intended beneficiaries



KEY OBJECTIVES

Confirm payment was received

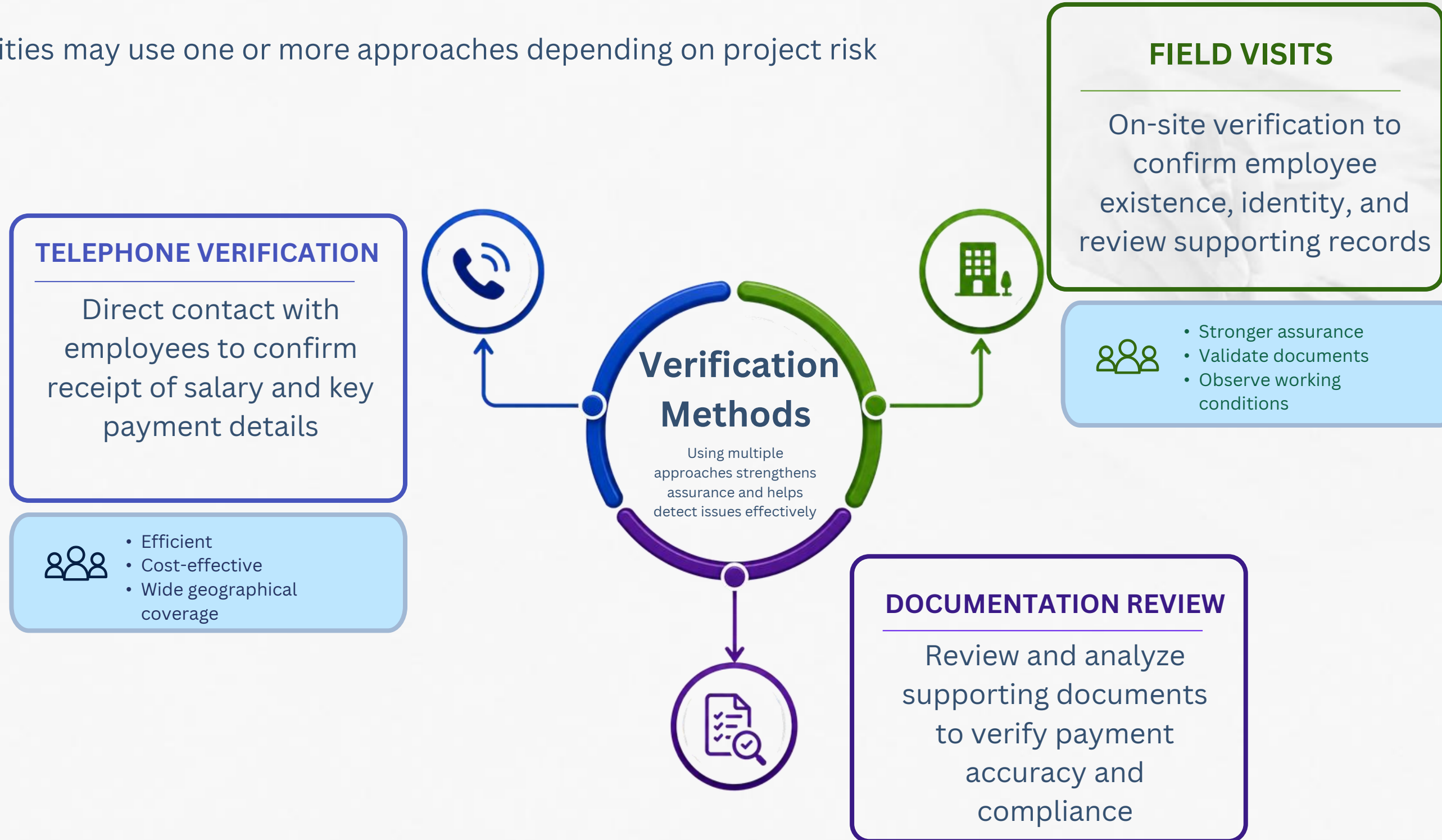
Confirm beneficiary identity

Detect irregularities and fraud

Support accountability and transparency

Post-Payment Verification Methods

Verification activities may use one or more approaches depending on project risk



KEY MESSAGE

Multiple verification methods may be combined to obtain sufficient assurance and reduce **verification risk**

Risk-Based Sample Selection

Verification efforts focus on higher-risk transactions and beneficiaries

TYPICAL RISK INDICATORS



High-value salary payments

Larger payments carry higher impact if misused



Shared personnel allocations

Costs allocated across multiple projects require additional verification



Recent payroll changes

New hires, terminations or changes may increase risk



Missing documentation

Incomplete or missing records increase the risk of ineligible costs



Previous findings or exceptions

Past issues may indicate ongoing or recurring risks

HOW RISK DRIVES SAMPLING



HIGH RISK

- Larger sample size
- More detailed verification
- Use multiple verification methods



MEDIUM RISK

- Moderate sample size
- Standard verification
- Target key areas of concern



LOW RISK

- Smaller sample size
- Basic verification
- Focus on critical controls



KEY MESSAGE

Risk-based sampling increases efficiency and focuses attention on **higher-risk areas**, improving the effectiveness of verification

Telephone Verification

Direct contact with beneficiaries to confirm key payment information after salary payments have been made

HOW IT WORKS



Select Sample

Select employees based on risk-based sampling



Make Contact

Call the employee on their registered phone number



Ask Questions

Ask standard questions to confirm key payment details



Record Response

Document the response and any observations made



Important Reminders

- Verify the caller's identity
- Protect the confidentiality of the employee
- Be respectful and professional

VERIFICATION QUESTIONS (EXAMPLES)

- Did you receive your salary for the period?
- Was the amount received, correct?
- Was the payment received on time?
- How did you receive your payment?
- Did anyone ask you to return part of your salary?

ADVANTAGES

- Efficient
- Cost-effective
- Wide geographical coverage



KEY MESSAGE

Telephone verification is a **quick and effective** way to confirm that payments were received by the intended beneficiaries

Field Visits

On-site verification provides additional assurance where risk is higher

KEY ACTIVITIES DURING FIELD VISITS



Verify employee existence

Confirm that the employee is actually working for the organization



Confirm identity

Validate the employee's identity through ID or other reliable documents



Review supporting records

Examine contracts, timesheets, payroll, records and other relevant documents



Review supporting records

Discuss role, responsibilities, workload and reporting lines with the employee and supervisor

WHEN FIELD VISITS ARE USED



High-risk projects

Projects with higher inherent or control risk require on-site verification.



Significant findings

When remote verification indicates potential issues or red flags.



Unresolved discrepancies

When information cannot be confirmed through remote methods.



KEY MESSAGE

Field visits provide **stronger evidence** than remote verification alone





Managing Exceptions

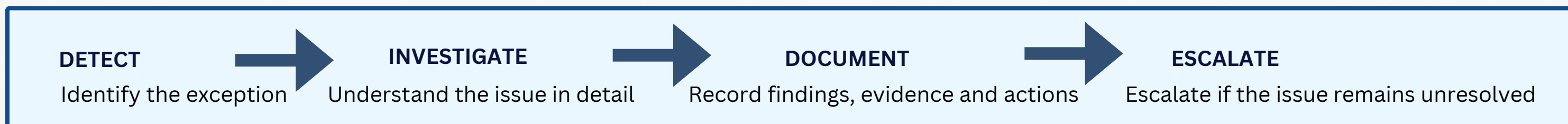
Not all discrepancies indicate fraud, but all exceptions require assessment


EXAMPLES OF EXPECTATIONS	
	Salary amount differs from payroll records
	Beneficiary denies receiving payment
	Missing supporting documentation
	Unsupported time allocation



Exceptions are a normal part of verification.
The key is how we respond and document them

RESPONSE ACTIONS	
	Investigate Understand the nature and cause of the exception
	Obtain explanations seek explanations from the partner and/or the employee
	Collect additional evidence Gather more documents or data to resolve the issue
	Escalate when necessary escalate unresolved or significant issues through the appropriate channels



 **KEY MESSAGE** | Every exception should be **assessed, documented and resolved** before reaching a verification conclusion



Verification Results & Reporting

Verification findings should be clearly documented and communicated

TYPICAL OUTCOMES



Verified

Costs are supported, eligible and in compliance with agreement and policies



Verified with observations

Costs are generally acceptable but include issues that require improvement or monitoring



Unsupported / Ineligible

Costs are not supported by sufficient evidence or are ineligible under the agreement or policies

REPORT CONTENTS



Findings

Summary of verification results and conclusions



Evidence reviewed

Documents, records and sources reviewed



Exceptions identified

Details of all exceptions and issues noted



Recommended actions

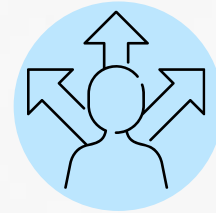
Suggestions for corrective actions and follow-up



KEY MESSAGE

Clear reporting supports **accountability, transparency and corrective action**

Mini Case Study



Scenario

An employee confirms receiving salary

Employment contract exists

Payroll records match

Bank transfer evidence exists

No timesheet is available for a shared-cost employee

What would you do?



Approve



Request Additional Evidence



Reject



DISCUSSION POINT

What evidence is required before concluding on the eligibility of the shared personnel cost?

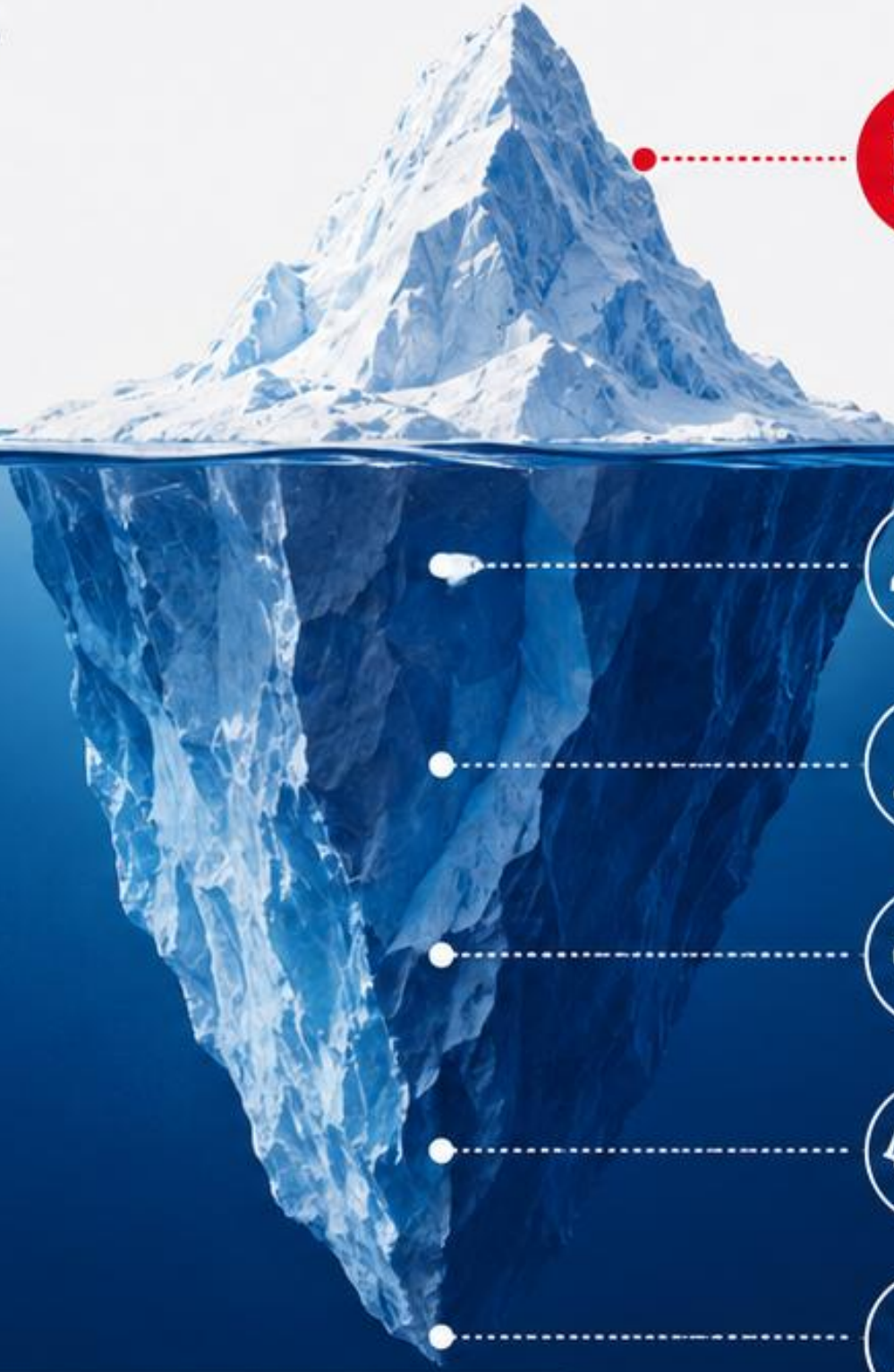
05

Common Findings, Red Flags and Fraud Indicators



Why Fraud Awareness Matters

Fraud diverts resources, undermines trust and reduces assistance impact.



FINANCIAL LOSS

The visible cost is only the tip of the iceberg.



LOSS OF TRUST

Stakeholders lose confidence in the organization.



REPUTATIONAL DAMAGE

Credibility and reputation are seriously harmed.



PROGRAMME DISRUPTION

Operations are delayed or interrupted.



REDUCED ASSISTANCE

Less support reaches those who need it most.



DONOR CONCERNS

Donor confidence declines, affecting future funding.



KEY MESSAGE

The visible financial loss is often only a **small part** of the overall impact.

Common Fraud Risks in Personnel Costs

Be alert to common indicators that may signal fraudulent activities



Salary Kickbacks



Double Funding



Ghost Employees



False Documentation



Falsified Timesheets



Payroll Manipulation



KEY MESSAGE

Fraud risks may take different forms, but all require professional skepticism and appropriate verification

Common Fraud Risks in Personnel Costs

Employees must retain their full net salary.
Any request to return salary funds is considered an **ineligible expenditure** and **potential fraud**.

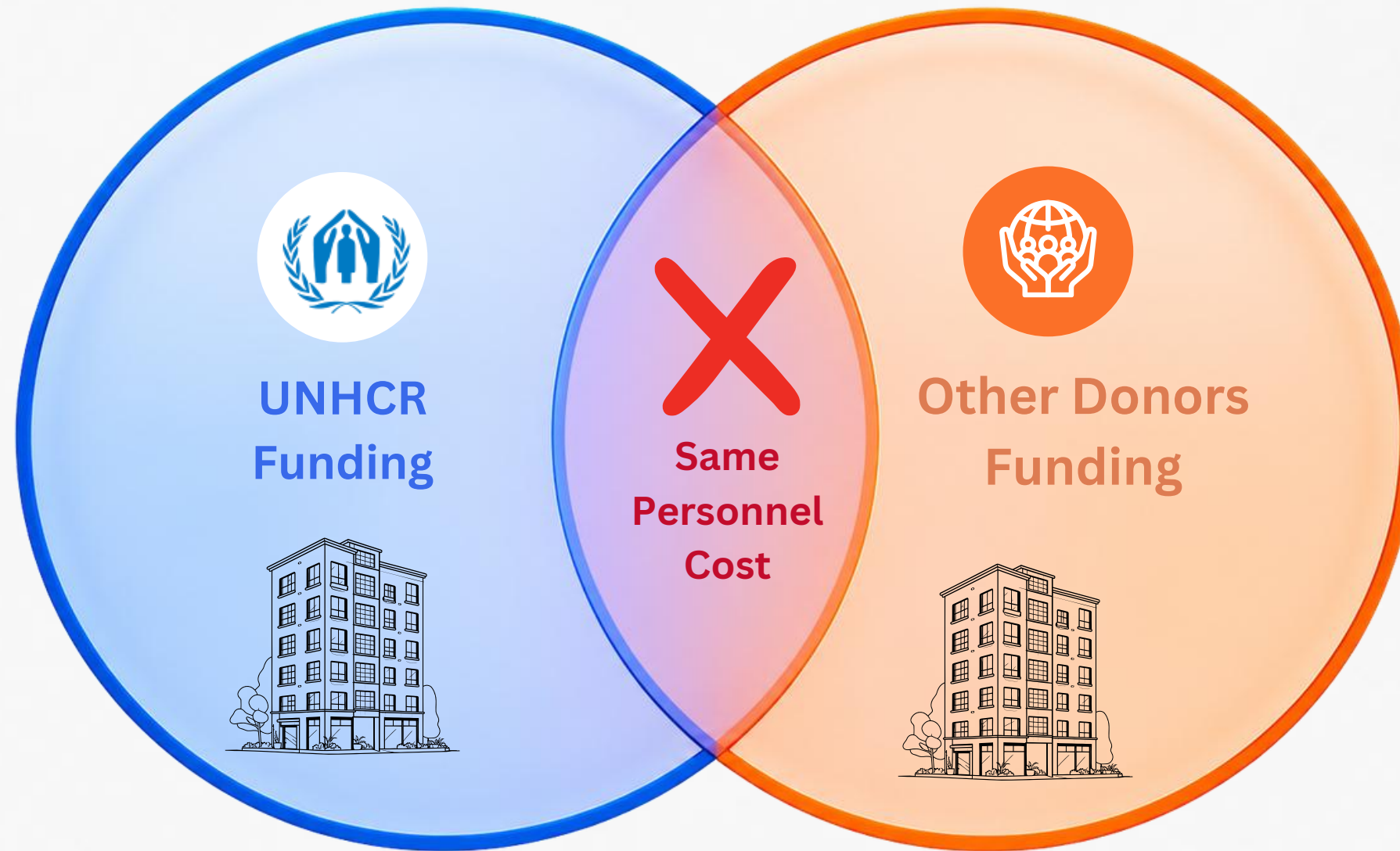


KEY MESSAGE


Salary kickbacks distort aid, reduce resources for beneficiaries, and are strictly prohibited

Double Funding

The same personnel cost cannot be charged to more than one funding source



Why It Matters

-  Ineligible expenditure
-  Attempted fraud
-  Breach of agreement



KEY MESSAGE

The same expenditure cannot be charged to more than one funding source

What Should You Do When a Red Flag Appears?



APPROPRIATE ACTION






KEY MESSAGE

Red flags should be assessed, verified and escalated based on evidence and risk

Recognizing Red Flags

Be alert to indicators that may signal fraudulent activities in personnel costs

✓ NORMAL INDICATORS	⚠ WARNING INDICATORS	⚠ HIGH-RISK INDICATORS
 Complete employment contract	 Missing or incomplete timesheets.	 Employee denies receiving salary or benefits.
 Bank transfer evidence for salary payments	 Recent or unusual payroll changes.	 Evidence-of salary kickbacks.
 Complete and up-to-date. personnel file.	 Incomplete supporting documents.	 Duplicate billing for the same position/cost
 Approved timesheets and leave records	 Employee unavailable for verification	 Ghost-employee / non-existent staff
 Employee confirms receipt of full salary.	 Inconsistent information in records.	 Fabricated or falsified documentation



KEY MESSAGE

When in doubt, investigate further and escalate if necessary

Ethical Responsibilities

Our decisions and actions must be guided by strong ethical principles



Reporting Suspected Fraud

Report suspected fraud promptly through established channels



KEY MESSAGE

Timely reporting helps protect beneficiaries, safeguard resources, and uphold the integrity of our programmes

Knowledge Check

Let's test your understanding. Choose the best answer

? Which situation represents the strongest fraud indicator?

Missing Timesheet

Payroll Adjustment

Employee Required to Return Part of Salary

Missing Signature

06

Practical Application and Case Studies



Personnel Cost Verification Scenario

A reviewer identifies:



Missing timesheets



Recent payroll adjustments



One employee unavailable for verification



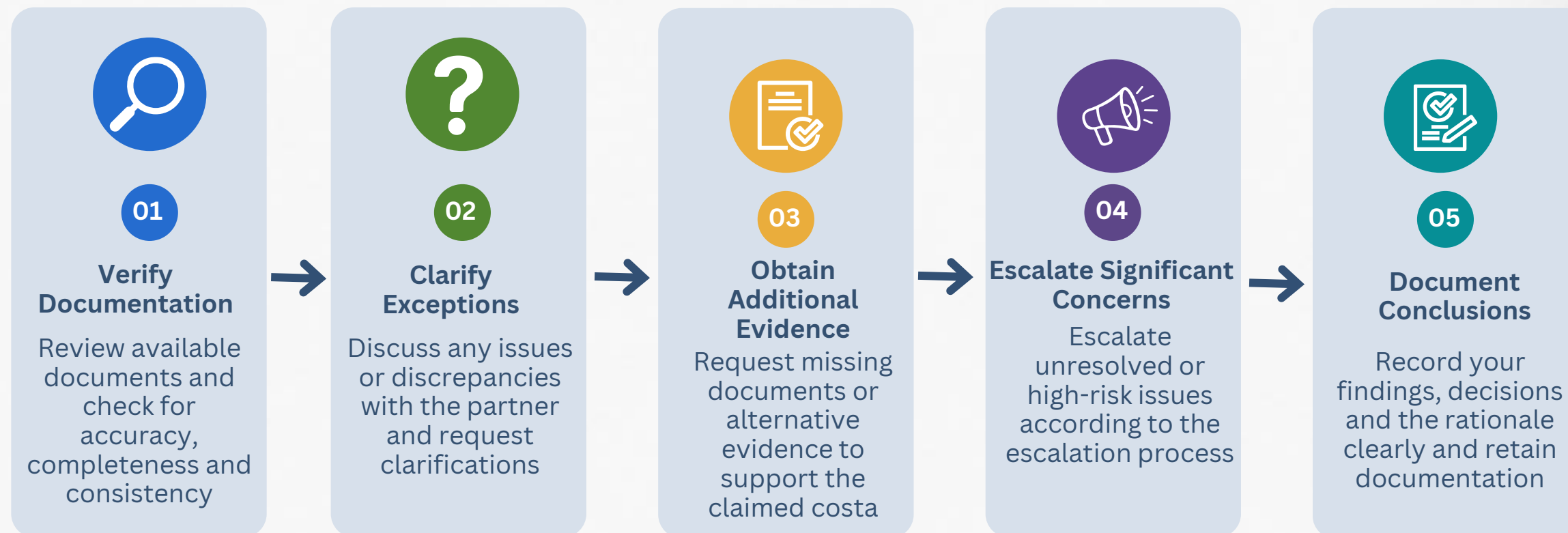
Incomplete supporting documentation



Discussion Question
What would you do next?

Recommended Approach

Follow these steps to ensure a thorough and appropriate review



KEY MESSAGE

A systematic and well-documented approach helps ensure compliance, transparency and accountability

Thank you !

Partner Personnel Costs Verification

Ensuring accuracy, compliance and accountability



Questions & Discussion

We welcome your questions and comments



Together, we protect resources
and support people in need

PEOPLE

TRUST

EXCELLENCE

*Thank you
for your
dedication and impact.*
Thank you