

# GAO Highlights

Highlights of [GAO-13-526](#), a report to congressional requesters

May 2013

## UN COMPENSATION

### United Nations Should Clarify the Process and Assumptions Underlying Secretariat Professional Salaries

#### Why GAO Did This Study

Several UN member states have expressed concern that UN employee salaries are increasing, and that they have limited understanding of how the UN determines salaries. ICSC determines salaries for Secretariat professional staff according to the Noblemaire Principle, which states that compensation should be high enough to attract civil servants internationally. In practice, the UN bases salaries for employees on salaries for U.S. civil service employees. The General Assembly has stipulated that salaries should be between 110 and 120 percent of U.S. salaries. The UN and the U.S. government also offer employees benefits and allowances.

GAO was asked to review UN compensation. The report examines (1) how the UN sets salaries for Secretariat professional staff; (2) how the UN compares its employees' salaries with U.S. civil service salaries, including the assumptions underlying its process; and (3) how benefits and allowances provided to UN employees compare with those provided to U.S. civil service employees. GAO analyzed UN and U.S. government documents and interviewed U.S. and UN officials and other stakeholders.

#### What GAO Recommends

GAO recommends that the U.S. Mission to the UN work with other member states to request that ICSC clarify the assumptions of the margin process and make this information available to member states. The Department of State concurred with this recommendation. ICSC did not agree with our conclusion and noted that its methodology is transparent.

#### What GAO Found

The International Civil Service Commission (ICSC) determines changes to each component of United Nations (UN) Secretariat professional employees' salaries and calculates the difference between UN and U.S. civil service salaries annually. ICSC recommends adjustments to the first component, base salaries, each year to align with changes to U.S. civil service base salaries. For example, ICSC calculated that U.S. civil service base salaries, including the impact of tax changes, increased 1.37 percent on January 1, 2010 and recommended that the UN base salary scale increase 1.37 percent on January 1, 2011. To set post adjustments, an additional salary component intended to equalize purchasing power, ICSC calculates the cost of living in each duty station. ICSC monitors changes in inflation, exchange rates, and other factors, and updates post adjustments periodically to reflect those changes. ICSC conducts surveys of UN employees and collects data on prices at least once every 5 years to ensure that post adjustments reflect the cost of several categories of expenditures relative to New York City, such as goods and services, housing, and medical insurance. Additionally, ICSC calculates the margin, or percentage difference, between UN and U.S. civil service salaries each year. If this process shows that the margin has fallen below 110 or exceeded 120, ICSC can recommend changes to bring UN salaries within that range.

GAO found that the reported margin between UN and U.S. civil service salaries has increased over the past 10 years, and ICSC's process for calculating this difference and its underlying assumptions lack clarity. ICSC data show that the margin was 116.9 in 2012, up from 109.3 in 2002. GAO found that ICSC has developed a six-step process for comparing salaries using various assumptions about the populations included in their calculation. While GAO found that ICSC makes reasonable assumptions when calculating the margin, GAO analysis showed that making different assumptions changes the results, from as low as 105.2 up to 126.7 for 2012. However, ICSC's presentation of this margin calculation to member states lacks clarity in that it does not adequately describe the process and its underlying assumptions. While ICSC has documented specific steps of the margin calculation, we found that ICSC has generally not documented the process as a whole.

The UN Secretariat provides benefits that are similar to U.S. civil service benefits, as well as allowances that are similar to those provided to U.S. civil service employees serving overseas. The UN offers its staff various benefits, including retirement and health and life insurance benefits, that are similar to those offered to U.S. civil service employees. The UN offers more generous leave benefits to its employees than the U.S. civil service. The UN also provides allowances such as grants for education and rental subsidies to its employees. Eligibility for these allowances depends on each employee's unique circumstances, which makes it difficult to compare UN allowances to U.S. civil service allowances. However, U.S. civil service employees serving overseas are eligible for some similar allowances.

View [GAO-13-526](#). For more information, contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).