



INTERNAL AUDIT DIVISION

REPORT 2016/035

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Overall results relating to the effective hiring and management of consultants and individual contractors were initially assessed as unsatisfactory. Implementation of two critical and six important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

26 April 2016

Assignment No. AP2015/683/03

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AUDIT REPORT

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti (MINUSTAH).
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. The administrative instruction on consultants and individual contractors (ST/AI/2013/4) governs their engagement and use. MINUSTAH engaged an average 25 consultants and 750 individual contractors in 2013/14 and 2014/15. The average annual cost of hiring consultants and individual contractors was \$10 million.
4. The Individual Contractors and Consultants Unit in the Human Resources Section is responsible for selecting, determining fee levels and entering into contracts with consultants and individual contractors based on hiring managers' proposals. The Unit was headed by a Chief at the Field Service (FS)-5 level and had six national staff and two individual contractors. The staffing cost of the Unit for 2013/14 and 2014/15 was \$181,200 and \$172,800 respectively.
5. Comments provided by MINUSTAH are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MINUSTAH governance, risk management and control processes in providing reasonable assurance regarding the **effective hiring and management of consultants and individual contractors in MINUSTAH**.
7. This audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks associated with using consultants and individual contractors.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide MINUSTAH in the use of consultants and individual contractors; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted the audit from September to December 2015. The audit covered the period from 1 July 2013 to 31 August 2015.
11. 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 determine their effectiveness.

III. AUDIT RESULTS

12. The MINUSTAH governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective hiring and management of consultants and individual contractors in MINUSTAH**. OIOS made 11 recommendations to address the issues identified.

13. Overall, MINUSTAH needed to establish accountability for the breakdown in internal controls over the hiring and management of consultants and individual contractors that exposed the Organization to risks and resulted in avoidable expenditures. To address specific weaknesses, MINUSTAH needed to: (a) institute a competitive selection process and develop rosters of screened consultants and individual contractors; (b) conduct adequate research and record the basis for determining fee levels; (c) confirm that contracts are established and adequately documented prior to commencement of work; (d) include terms of reference in the contracts with specific measurable outputs, delivery dates and name and title of the supervisors; and (e) establish a monitoring mechanism for managing attendance including proper tracking and reporting of absence.

14. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **unsatisfactory** as implementation of two critical and six important recommendations remains in progress.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective hiring and management of consultants and individual contractors in MINUSTAH	Regulatory framework	Unsatisfactory	Partially satisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

Regulatory framework

There was a general breakdown in internal controls over the hiring and management of consultants and individual contractors

15. According to the Staff Rules, failure by a staff member to comply with relevant administrative issuances may amount to misconduct and may lead to the institution of a disciplinary process.

¹ A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

16. As explained more fully in the present report, staff members at MINUSTAH did not comply with procedures for hiring and managing consultants and individual contractors, thereby exposing the Organization to significant risks and resulting in avoidable expenditures. Examples of significant noncompliance include: (i) inadequate monitoring procedures to ensure that consultants and individual contractors were hired through a competitive process; (ii) establishment of two consultancy contracts that provided for the payment of daily subsistence allowance even though the consultants were not on travel status; (iii) reengagement of eight former local staff, who had not taken the required break in service, as individual contractors for no fee and compensating them for lost remuneration in subsequent contracts; and (iv) inadequately supervising consultants requiring contract extensions at an additional cost of around \$530,000. Although these irregularities were partly attributed to inadequate planning by hiring managers and reported pressure from senior officials, staff members took actions that directly contravened established procedures and the possibility of misconduct, including fraud, could not be ruled out.

(1) MINUSTAH should establish accountability for the breakdown in internal controls over the hiring and management of consultants and individual contractors between 1 July 2013 and 31 August 2015.

MINUSTAH partially accepted recommendation 1 and stated that the Mission had published specific procedures to be followed in hiring and managing consultants and individual contractors. While the Mission agreed that fixing accountability was both appropriate and needed, it would be difficult to establish in view of the turnover of senior leadership and staff and the extent of lack of control highlighted in the audit report. Given the complexity and extent of the issues, as well as potential measures or actions that may be warranted if accountability is clearly determined, MINUSTAH was of the opinion that this should be subject to an external overview and/or investigation. Recommendation 1 remains open pending notification of the action taken by MINUSTAH to establish accountability for the breakdown in internal controls over the hiring and managing of consultants and individual contractors during the audit period.

MINUSTAH continuously engaged a large number of individual contractors

17. The Administrative Instruction on the use of consultants and individual contractors (Administrative Instruction) requires the Mission to utilize consultants and individual contractors for temporary assistance based on organizational requirements. At the same time, the Mission is required to explore the feasibility of outsourcing unskilled functions or seek the establishment of posts for functions required on a continuous basis. The Department of Field Support (DFS) facsimile of 24 October 2008 requires the Mission to submit biannual reports to the Quality Assurance and Information Management Section of the Field Personnel Division of DFS on the selection and engagement of consultants and individual contractors for monitoring purposes.

18. MINUSTAH engaged an average of 880 individual contractors corresponding to approximately 61 per cent of its mission support staff over the last five fiscal years from 2010/11 to 2014/15 at an annual average cost of \$8 million to perform functions of a continuing nature including those of electricians, vehicle and generator mechanics, cleaners and unskilled workers. A review of available documents and interviews with MINUSTAH staff indicated that MINUSTAH: (a) did not always develop sectional work plans to justify the workload that necessitated the hiring of individual contractors; and (b) had not adequately presented in its budget the need for these individual contractors. The cost of consultants and individual contractors were charged to broad classifications of camp support operations, maintenance services and construction projects. Further, in some cases reviewed, MINUSTAH was underutilizing the individual contractors. For example, a review of one month's daily log sheets in three MINUSTAH Communication Centres indicated that MINUSTAH engaged six individuals daily, four during the day and

two at night, to track the movement of an average of 10 vehicles, including making an average of 33 radio calls in a day.

19. The lack of adequate planning and budgeting of consultants and individual contractors deterred the Mission from determining the optimal use of resources and exploring the possibilities of outsourcing unskilled jobs or seeking the establishment of posts which were required on a continuous basis. However, after a prior failed bidding process, MINUSTAH initiated a procurement process in August 2015 for outsourcing cleaning, gardening and ground maintenance services, which were performed by around 20 per cent of individual contractors.

20. Additionally, due to an oversight, MINUSTAH did not submit biannual reports to the Field Personnel Division on the selection and engagement of consultants and individual contractors. This precluded DFS from monitoring the continual use of large numbers of consultants and individual contractors in the Mission.

(2) MINUSTAH should: (a) develop sectional work plans to determine the workload and the support required from consultants and individual contractors; and (b) further explore the possibility of outsourcing unskilled services that are required on a continuous basis.

MINUSTAH accepted recommendation 2 and stated that requests for approval to hire consultants and individual contractors included the expected outputs to be accomplished. Two sections had introduced standard work plan templates to be used by their hiring managers and the Director of Mission Support was closely reviewing the requirement for support from individual contractors. In addition, bid proposals received for outsourcing cleaning, gardening and ground maintenance services were under commercial evaluation. Recommendation 2 remains open pending receipt of evidence that sectional work plans that reflect the workload and support required from consultants and individual contractors have been developed and contracts for the three services mentioned have been established.

(3) MINUSTAH should implement procedures to ensure biannual submission of reports to the Quality Assurance and Information Management Section of the Field Personnel Division on the selection and engagement of consultants and individual contractors.

MINUSTAH accepted recommendation 3 and stated that it would submit the biannual reports commencing from July 2016 to the Quality Assurance and Information Management Section of the Field Personnel Division on the selection and engagement of consultants and individual contractors. Recommendation 3 remains open pending receipt of the first biannual report submitted to the Quality Assurance and Information Management Section of the Field Personnel Division.

MINUSTAH utilized consultants and individual contractors for core functions

21. A DFS facsimile of 25 March 2014 stipulated that consultants or individual contractors shall not perform core functions typically performed by staff members.

22. A review of 30 of the 50 contract files for consultants and 62 of the 1,525 contract files for individual contractors indicated that 4 consultants and 36 individual contractors were performing core functions typically performed by staff members. For example: one consultant performed routine procurement functions; another was hired as a radio technician; and all 36 individual contractors performed administrative and other support functions. The above resulted because the Human Resources Section did not establish procedures to confirm whether the requests from hiring managers for the required

services could not be met from within existing staff resources prior to engaging consultants and individual contractors for core functions. As a result, MINUSTAH hired consultants and individual contractors to perform jobs expected to be done by Mission staff.

(4) MINUSTAH should establish procedures to confirm whether requests from hiring managers for services could not be met from within existing staff resources prior to engaging consultants and individual contractors for core functions.

MINUSTAH accepted recommendation 4 and stated that the Director of Mission Support instituted comprehensive guidelines and other procedures to ensure optimum utilization of existing staffing resources prior to engaging consultants and individual contractors. This was evidenced by the initial reduction in the number of individual contractors for the Engineering Section from 450 to 331 for the current intake from 1 April to 30 June 2016. Based on action taken by MINUSTAH, recommendation 4 has been closed.

There was a need to institute a competitive selection process for recruiting consultants and individual contractors

23. The Administrative Instruction requires MINUSTAH to institute competitive selection procedures for selecting consultants and individual contractors. The selection process requires a shortlist of a minimum of three candidates and a technical evaluation report showing the basis of selection of the successful candidate. MINUSTAH is required to document its justification when only one candidate is considered for selection.

24. A review of 30 of the 50 contract files for consultants indicated that MINUSTAH did not shortlist a minimum of three candidates in 21 cases and did not conduct technical evaluations for 27 consultants. A review of 62 of the 1,525 contract files for individual contractors indicated that, in all cases, MINUSTAH considered only one candidate for selection without documenting its rationale and did not conduct a technical evaluation of the selected candidate.

25. The above resulted as the Human Resources Section relied mostly on programme managers' recommendations to hire consultants and individual contractors but did not implement adequate monitoring procedures to ensure competitive selection due to inadequate resources. This impacted on the transparency and fairness of the selection process and precluded the Mission from selecting individuals from a wider network of qualified candidates at competitive costs. The absence of adequate controls had also resulted in cases where it was proven that MINUSTAH staff extorted money from individuals in exchange for job offers as individual contractors.

(5) MINUSTAH should prioritize its resources and implement monitoring procedures to ensure consultants and individual contractors are hired on a competitive basis, in accordance with the administrative instruction on consultants and individual contractors (ST/AI/2013/4).

MINUSTAH accepted recommendation 5 and stated that it had instituted monitoring procedures and would progressively revise the structure and manpower of the Human Resources Section to ensure consultants and individual contractors were hired on a competitive basis. Recommendation 5 remains open pending receipt of evidence that adequate monitoring procedures have been established to ensure that consultants and individual contractors are being hired on a competitive basis.

The basis of determining fee levels for consultants and individual contractors needed to be researched and documented

26. The Administrative Instruction requires the Mission to fix the fee level of consultants and individual contractors to the minimum amount necessary to obtain the services. The basis of determining fee levels includes *inter alia* fees paid to individuals for previous assignments. The Instruction also requires MINUSTAH to maintain records on the determination of fee levels and provides that consultants and individual contractors are entitled to receive daily subsistence allowance for official travel.

27. A review of 92 of the 1,575 contract files for consultants and individual contractors indicated that MINUSTAH did not always record the basis used to determine fee levels and did not consider fees paid in previous assignments. For example, MINUSTAH hired eight individual contractors for two months at a lump-sum fee equivalent to \$4,750 each per month, although MINUSTAH had previously paid the same individuals a monthly salary of \$1,200 to perform the same job. MINUSTAH however reduced their lump-sum fee to a monthly equivalent of \$3,167 in subsequent contracts after commencement of audit. The rationale for initially hiring these individuals at a higher cost and reducing it thereafter was not documented. MINUSTAH advised that the fee was reduced as the initial rate was fixed on the higher side to compensate for the period worked by these individual contractors without contracts. Similarly, a consultant who received a fee of \$3,750 in a previous assignment with similar functions in another organization was hired by MINUSTAH at a fee \$6,800.

28. From September 2014, MINUSTAH paid daily subsistence allowance of \$5,000 each to two consultants totaling \$10,000 a month although these individuals were not on official travel. This resulted in an inadmissible expense of \$150,000 during the audit period. The payment of daily subsistence allowance to these two consultants was in addition to their monthly contracted fee of \$7,000 each.

29. The above resulted because the Human Resources Section did not adequately conduct research prior to establishing fee levels for consultants and individual contractors. As a result, the Mission paid consultants and individual contractors more than the minimum amounts necessary to obtain their services.

(6) MINUSTAH should: (a) prioritize its resources to conduct adequate research and document the basis of determining fee levels for consultants and individual contractors; and (b) discontinue the practice of paying daily subsistence allowance to consultants who are not on official travel.

MINUSTAH accepted recommendation 6 and stated that it would review the salary scales of individual contractors and establish standard fee rates based on the nature and complexity of the work. MINUSTAH had also stopped the daily subsistence allowance for the two consultants and would discontinue such practice of paying subsistence allowance when consultants were not on official travel. Recommendation 6 remains open pending receipt of documentation showing the standard fee rates established for consultants and individual contractors.

There was a need to develop a roster and conduct reference checks for hiring consultants and individual contractors

30. The Administrative Instruction requires MINUSTAH to develop and use a roster of screened consultants and individual contractors. It also requires MINUSTAH to verify the academic and professional credentials of selected candidates by conducting appropriate reference checks prior to their hiring.

31. The Human Resources Section did not develop rosters for consultants and individual contractors. A review of documents related to open advertisements made in May 2014 and March 2015 to develop rosters for various skilled jobs and corresponding applications received indicated that MINUSTAH received around 25,000 applications and completed the screening of 1,071 applicants by November 2015. However, the Engineering and Transport Sections, in which the services were required, did not conduct the technical evaluation of screened applicants due to other operational priorities. As a result, MINUSTAH was not able to develop a roster.

32. A review of 92 of the 1,575 contract files for consultants and individual contractors indicated that the Human Resources Section did not conduct reference checks to verify the academic and professional credentials of consultants and individual contractors prior to hiring them. The slow pace of screening applicants and lack of reference checks were attributed to insufficient staff in the Human Resources Section. As a result, MINUSTAH could not benefit from a screened pool of candidates to expedite its recruitment process. Further, the absence of background checks increased the risk that the Mission recruited individuals without the required qualifications and experience.

(7) MINUSTAH should prioritize its resources to develop rosters of consultants and individual contractors and conduct requisite reference checks of selected candidates.

MINUSTAH accepted recommendation 7 and stated that given the possible drawdown of the Mission, it would develop rosters of consultants and individual contractors who had previously worked for MINUSTAH with a satisfactory performance evaluation. Recommendation 7 remains open pending establishment of rosters of consultants and individual contractors.

There was a need to establish contracts and maintain requisite documents prior to commencement of work

33. The Administrative Instruction requires MINUSTAH to ensure that individual contracts are duly approved, signed by both parties and include a copy of the general conditions of contracts, Secretary-General's bulletin on sexual exploitation and abuse, and statement of good health, prior to commencement of work by consultants and individual contractors.

34. A review of 92 of 1,575 contract files for consultants and individual contractors indicated that 2 consultants and 57 individual contractors commenced work before their contracts were established. There was an average delay of 37 days in establishing these contracts with two cases where the contracts were established six months after the individuals had started working. The 92 files reviewed also indicated that: (a) 7 contracts were not signed by both parties; (b) copies of the general conditions of contracts and Secretary-General's bulletin on sexual exploitation were not appended to 83 contracts; and (c) 13 contracts did not include the certification on statement of good health.

35. The delay in establishing contracts resulted because programme managers engaged individual contractors and consultants prior to the completion of requisite documentation. Additionally, the Human Resources Section did not expedite the selection of consultants and individual contractors to ensure that contracts were established in a timely manner. The inadequate contract documentation resulted because the Human Resources Section did not rigorously match the documents maintained with the checklist to ensure completeness. Engaging consultants and individual contractors without a valid contract and/or without complete contract documents exposed MINUSTAH to potential difficulties in enforcing contract terms and in resolving disputes.

(8) MINUSTAH should implement measures to ensure that: (a) contracts of consultants and individual contractors are established prior to their engagement; and (b) contract

documents are matched with the checklist to confirm that required documents are included in the contract including copies of general conditions of contract, Secretary-General's bulletin on sexual exploitation and statement of good health.

MINUSTAH accepted recommendation 8 and stated that it had implemented procedures to establish contracts together with requisite documents prior to engaging the new intake of individual contractors for the period April to June 2016. Based on action taken by MINUSTAH, recommendation 8 has been closed.

Clearance was not obtained prior to establishing contracts with former staff for no fee

36. The Administrative Instruction requires clearance by the Office of Human Resources Management prior to reengaging a former staff member, who shall not be contracted to perform the functions of the same post from which he or she was separated. A minimum of one-month break is required between separation or retirement of former or retired staff and reengagement on an individual contract.

37. A review of 62 of the 1,525 contract files for individual contractors indicated that MINUSTAH reengaged eight former staff as individual contractors from 1 August 2015 but did not obtain requisite clearance from the Office of Human Resources Management. Further, these individual contractors were hired to perform the functions of the same post from which they were separated and had worked as local staff in the Santo Domingo Support Office until the office closed and their contracts ended on 30 June 2015. They continued to work with MINUSTAH in Port-au-Prince through July 2015 for no fees as they had no contracts for the period due to the mandatory one-month break between their separation as a staff member and reengagement as an individual contractor. They were compensated with higher fees in subsequent contracts, as described in paragraph 27.

38. The above resulted because requisite planning to address staffing requirements resulting from the relocation of staff from the Santo Domingo Office to Port-au-Prince was not done sufficiently in advance. However, MINUSTAH also contravened established procedures by allowing individuals to work for the Mission without a valid contract, and this is addressed by recommendation 1.

39. MINUSTAH informed OIOS that it terminated the contracts of all former staff hired as individual contractors on 31 December 2015. The Mission also advised programme managers to ensure adequate transitional planning was made for office relocations and to apply the provisions of the Administration Instruction regarding reengagement of former staff. In view of the actions taken by MINUSTAH, OIOS did not make a recommendation in this regard.

Terms of reference were not included in contracts and did not contain all required information for performance monitoring

40. The Administrative Instruction requires MINUSTAH to ensure that the terms of reference for consultants and individual contractors are included in their contracts. The terms of reference should include tangible and measurable outputs, specific delivery dates and milestones and names and titles of supervisors.

41. A review of the 92 contract files for consultants and individual contractors indicated that 32 did not have terms of reference and 55 contracts with terms of reference did not include important details such as outputs, delivery dates and milestones, and names and titles of supervisors.

42. MINUSTAH advised that delivery dates and milestones were not specified due to difficulties in attaching timelines to some programmatic consulting jobs. This also resulted due to engaging consultants

and individual contractors for core functions. The supervisors were not designated in the contract as it was not specified by the hiring manager. This had deterred MINUSTAH from adequately monitoring the performance and outputs of individual contractors and consultants. For example, a review of 30 of 50 contract files for consultants indicated that MINUSTAH extended the contracts for 19 consultants at an additional cost of around \$530,000 because the desired outputs were not attained within the initial contract period.

(9) MINUSTAH should require the Human Resources Section to ensure that contracts for consultants and individual contractors include delivery dates and milestones, targets, measurable outputs and the names and titles of supervisors to enable adequate performance monitoring and evaluation.

MINUSTAH accepted recommendation 9 and stated that it had advised hiring managers on developing terms of reference with delivery dates, milestones and measurable outputs. To further enhance adequate performance monitoring, it would develop a standardized template of terms of reference including all key elements. Recommendation 9 remains open pending receipt of evidence that a standard template of terms of reference for consultants and individual contractors has been developed and implemented.

There was a need to improve monitoring of individual contractors and ensure correctness of payments

43. The Administrative Instruction requires MINUSTAH to make payments to consultants and individual contractors only after satisfactory completion of services. The daily attendance sheet designed by MINUSTAH requires it to be countersigned by the team leader and certified by the supervisor.

44. MINUSTAH paid individual contractors on the basis of monthly attendance reports compiled from daily attendance sheets maintained by the individual contractors' respective section/unit. A matching of the daily attendance sheets with corresponding monthly attendance reports for an average of 286 individual contractors for three months in four MINUSTAH locations indicated that: (a) 47 individual contractors were marked absent in daily attendance sheets but shown as present in corresponding monthly attendance reports resulting in payments of \$8,166 for the days not worked; (b) the team leader did not sign 329 daily attendance sheets and the supervisor did not certify 460 daily attendance sheets; and (c) there were 25 instances of doubtful signatures including differences in the signature pattern of 16 individuals on different dates, the same signature pattern of seven different individuals on a given date and overwriting/use of correction fluid to alter signatures in two cases.

45. Additionally, a comparison of payments made against contracted fees for 26 of 1,575 consultants and individual contractors indicated that MINUSTAH overpaid \$4,167 to three individual contractors. This happened because MINUSTAH previously made 30 per cent advance payments to these contractors but did not make necessary adjustments to their final payments due to premature termination of their contracts.

46. The discrepancies in attendance reports occurred because the regional engineers and supervisors responsible for respective groups of individual contractors did not adequately monitor the recording of daily attendance sheets and verify the correctness of monthly attendance reports prior to certifying and submitting them to the Finance Section. This resulted in MINUSTAH paying individual contractors for services not rendered.

(10) MINUSTAH should implement procedures to accurately adjust final payments to individual contractors with any advances previously made to them.

MINUSTAH accepted recommendation 10 and described the process introduced to recover advances to consultants and individual contractors before making final payments. Based on action taken by MINUSTAH, recommendation 10 has been closed.

(11) MINUSTAH should implement procedures to ensure that supervisors adequately track and monitor the recording of daily attendance sheets of individual contractors and confirm the accuracy of monthly attendance reports before certifying them.

MINUSTAH accepted recommendation 11 and stated that the Director of Mission Support and some sections introduced various measures to strengthen monitoring of the daily attendance of individual contractors. These procedures assisted in identifying non-compliance by certain individual contractors who were immediately dismissed. Recommendation 11 remains open pending receipt of evidence and OIOS verification that daily attendance of individual contractors is being adequately monitored.

IV. ACKNOWLEDGEMENT

47. OIOS wishes to express its appreciation to the management and staff of MINUSTAH for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSTAH should establish accountability for the breakdown in internal controls over the hiring and management of consultants and individual contractors between 1 July 2013 and 31 August 2015.	Critical	O	Notification of outcome of the external overview and/or investigation into the breakdown in internal controls over hiring and managing consultants and individual contractors during the audit period and the resulting actions taken.	31 December 2016
2	MINUSTAH should: (a) develop sectional work plans to determine the workload and the support required from consultants and individual contractors; and (b) further explore the possibility of outsourcing unskilled services that are required on a continuous basis.	Important	O	Submission of sectional work plans that reflect the workload and support required from consultants and individual contractors and copies of contracts for outsourced services.	30 September 2016
3	MINUSTAH should implement procedures to ensure biannual submission of reports to the Quality Assurance and Information Management Section of the Field Personnel Division on the selection and engagement of consultants and individual contractors.	Important	O	Submission of a copy of the first biannual report presented to the Quality Assurance and Information Management Section of the Field Personnel Division.	31 July 2016
4	MINUSTAH should establish procedures to confirm whether requests from hiring managers for services could not be met from within existing staff resources prior to engaging consultants and individual contractors for core functions.	Important	C	Action taken.	Implemented
5	MINUSTAH should prioritize its resources and implement monitoring procedures to ensure consultants and individual contractors are hired on	Critical	O	Submission of evidence that adequate monitoring procedures have been established to ensure that consultants and individual	31 July 2016

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or 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 MINUSTAH in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	a competitive basis, in accordance with the administrative instruction on consultants and individual contractors (ST/AI/2013/4).			contractors are being hired on a competitive basis.	
6	MINUSTAH should: (a) prioritize its resources to conduct adequate research and document the basis of determining fee levels for consultants and individual contractors; and (b) discontinue the practice of paying daily subsistence allowance to consultants who are not on official travel.	Important	O	Submission of documentation showing the standard fee rates established for consultants and individual contractors.	30 June 2016
7	MINUSTAH should prioritize its resources to develop rosters of consultants and individual contractors and conduct requisite reference checks of selected candidates.	Important	O	Submission of copies of rosters of consultants and individual contractors.	30 June 2016
8	MINUSTAH should implement measures to ensure that: (a) contracts of consultants and individual contractors are established prior to their engagement; and (b) contract documents are matched with the checklist to confirm that required documents are included in the contract including copies of general conditions of contract, Secretary-General's bulletin on sexual exploitation and statement of good health	Important	C	Action taken.	Implemented
9	MINUSTAH should require the Human Resources Section to ensure that contracts for consultants and individual contractors include delivery dates and milestones, targets, measurable outputs and the names and titles of supervisors to enable adequate performance monitoring and evaluation.	Important	O	Submission of evidence that a standard template of terms of reference for consultants and individual contractors has been developed and implemented.	30 June 2016
10	MINUSTAH should implement procedures to accurately adjust final payments to individual contractors with any advances previously made to them.	Important	C	Action taken.	Implemented
11	MINUSTAH should implement procedures to	Important	O	Submission of evidence and OIOS verification	

STATUS OF AUDIT RECOMMENDATIONS

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	ensure that supervisors adequately track and monitor the recording of daily attendance sheets of individual contractors and confirm the accuracy of monthly attendance reports before certifying them.			that daily attendance of individual contractors is being adequately monitored.	

APPENDIX I

Management Response

UNITED NATIONS
United Nations Stabilization
Mission in Haïti



NATIONS UNIES
Mission des Nations Unies pour
la Stabilisation en Haïti

INTEROFFICE
MEMORANDUM

MEMORANDUM INTERNE

Date: 06 April 2016

Ref: DMS/16/OM/061

To: Ms. Muriette Lawrence-Hume
Chief, New York Audit Service
Internal Audit Division, OIOS

From: 
Clark Toes
Acting Director Mission Support
MINUSTAH

Subject: **Assignment No. AP 2015/683/03 – Draft audit report on the use of consultants and individual contractors in MINUSTAH**

1. Your interoffice memorandum IAD: 16 dated 16 March 2016 refers.
2. Attached please find the Mission response in respect of the recommendations of the above-mentioned audit report. Extensive supporting documentation has been provided to the resident audit office.
3. Although recommendation 04 has been closed in the audit report, it is still reflected in Annex I and the Mission has provided an updated response.

Best regards.

cc: Mr. Iswari Bhattarai, Chief Resident Auditor, OIOS
Mr. Luc Duchesne, Chief of Staff, MINUSTAH
Ms. Jacoba Genis, Administrative Officer / Audit Focal Point
Ms. Christel Adamou, OIC, Human Resources Section

Management Response

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should establish accountability for the breakdown in internal controls over the hiring and management of consultants and individual contractors between 1 July 2013 and 31 August 2015.	Critical	Partially	Director Mission Support	31 Dec 2016	MINUSTAH partially accepts this recommendation. The Mission has already addressed internal controls through the publication of specific procedures to be followed in the hiring and management of consultants and individual contractors. The implementation of these procedures are closely monitored with the recruitment of the new intake of individual contractors currently ongoing in the Mission. Supporting documentation has been provided to the audit team. The establishment of "accountability" for the period of the audit is a difficult task considering the turnover of senior leadership and staff within Mission Support and taking into account the extent of the lack of control as highlighted in the audit report. The Mission agrees that establishing accountability is both appropriate and needed in this circumstances, but given the complexity and extent of the case, as well as potential measures or actions

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses 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 (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the use of consultants and individual contractors in the United Nations Stabilization Mission in Haiti

Rec. no.	Recommendation	Critical/ Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	MINUSTAH should: (a) develop sectional work plans to determine the workload and the support required from consultants and individual contractors; and (b) further explore the possibility of outsourcing unskilled services that are required on a continuous basis.	Important	Yes	Hiring Managers	Implemented	that may be warranted if accountability is clearly determined, MINUSTAH is of the opinion that this should be the subject to an external overview and/or investigation. (a) Individual Contractor (IC) employment is subject to the needs of the Mission. The requests from the Hiring Managers for authorization from the DMS, includes the output expected to be accomplished by the requested resources during the period of time indicated. The Integrated Support Services Section has introduced a standard work plan template which are used by all the Integrated Support Services Hiring Managers. The same applies for the Security Section. The requirement for support from individual contractors are closely reviewed by the DMS and this can be evidenced by the initial reduction of the number of IC's required by Engineering Section from 450 to 331 for the current intake from 01 April to 30 June 2016. Extensive supporting documentation has been provided to the audit team. (b) After a prior failed bidding process, the Mission is in the process of a new

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3	MINUSTAH should implement procedures to ensure biannual submission of reports to the Quality Assurance and Information Management Section of the Field Personnel Division on the selection and engagement of consultants and individual contractors.	Important	Yes	CHRO	30 July 2016	bidding for the provision of cleaning, gardening & ground maintenance services. These services are currently performed by the biggest number of individual contractors. The commercial proposals of the technically compliant vendors are under evaluation by the Mission. Once this has been finalized the case will be presented to the Local Committee on Contracts for their review and approval. MINUSTAH will submit its first biannual report during July 2016 and thereafter during January and July of each year. It is expected that the Business Intelligence (BI) module in UMOJA will assist to provide the required report. In the interim, MINUSTAH is establishing a comprehensive list of Individual Contractors and Consultants on board for proper administration, monitoring and reporting. Supporting documentation has been provided to the audit team.
4	MINUSTAH should establish procedures to confirm whether requests from hiring managers for services could not be met from within existing staff resources prior to engaging consultants and individual contractors for core functions.	Important	Yes	CHRO	Implemented	Clear and comprehensive guidelines were established through instructions issued by the DMS as well as close monitoring to further enhance the current procedures to ensure optimum utilization of existing staffing resources

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5	MINUSTAH should prioritize its resources and implement monitoring procedures to ensure consultants and individual contractors are hired on a competitive basis, in accordance with the administrative instruction on consultants and individual contractors (ST/AI/2013/4).	Critical	Yes	CHRO	30 July 2016	<p>prior to engaging consultants and individual contractors. This can be evidenced by the initial reduction of the number of IC's required by Engineering Section from 450 to 331 for the current intake from 01 April to 30 June 2016. The additional guidelines issued on 06 April 16 will further enhance the process. Supporting documentation has been provided to the audit team. Moving forward, the Mission will conduct a further review of its needs to ensure that the need cannot be met within the existing resources of a Section/Service/Pillar prior to obtaining the approval of the DMS.</p> <p>MINUSTAH Human Resources is revising its structure and resources and is progressively implemented it through to July 2016. In order to ensure that hiring is conducted on a competitive basis, the use of Form 104-A has already been enforced. The checklist currently in use, will be further revised to facilitate monitoring of compliance with all provisions of the ST/AI/2013/4.</p> <p>MINUSTAH Human Resources will ensure that any hire has potential three</p>

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6	MINUSTAH should: (a) prioritize its resources to conduct adequate research and document the basis of determining fee levels for consultants and individual contractors; and (b) discontinue the practice of paying daily subsistence allowance to consultants who are not on official travel.	Important	Yes	CHRO	30 June 2016	<p>candidates and an evaluation has been conducted before the initiation of recruitment of consultants and individual contractors. In cases where only one candidate is considered for selection, the justification provided by the Hiring Manager will be reviewed and documented.</p> <p>(a) Daily and monthly rates for MINUSTAH national individual contractors were established in accordance with the prevailing salary scale for national staff, while consultant fees are established in accordance with the OHRM recommended rates. In addition, a review of the salary scales of individual contractors will be conducted in accordance with the memorandum issued by the DMS on 06 April 2016. After conclusion of the review, a standard table will be established of the fees taken into consideration the nature and complexity of the work. The table will be reviewed annually and/or in accordance with the outcome of any applicable salary surveys and local market changes.</p> <p>(b) The payment of DSA to consultants who are not on official travel have been discontinued as of 1 February 2016 and</p>

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7	MINUSTAH should prioritize its resources to develop rosters of consultants and individual contractors and conduct requisite reference checks of selected candidates.	Important	Yes	CHRO	30 June 2016	supporting documentation has been provided to the audit team. Daily subsistence allowance will only be paid to consultants who are on official travel. Given the current mandate and the possible drawdown of the Mission as well as that the employment of individual contractors will only be approved for a period of three (3) months at a time, the Human Resources Section will maintain a roster of all those who have previously worked with MINUSTAH with a satisfactory performance evaluation and after being cleared Security Section. Security This has been implemented with the ongoing recruitment for the current intake of individual contractors.
8	MINUSTAH should implement measures to ensure that: (a) contracts of consultants and individual contractors are established prior to their engagement; and (b) contract documents are matched with the checklist to confirm that required documents are included in the contract including copies of general conditions of contract, Secretary-General's bulletin on sexual exploitation and statement of good health.	Important	Yes	CHRO	Implemented	(a) In addition to the guidance provided by the DMS dated 12 Feb 16 and 06 Apr 16, MINUSTAH Human Resources Section has issued a broadcast to all Hiring Managers requiring Hiring Managers to submit their request/recommendation for recruitment/extension of individual contractors. All the contracts for individual contractors were established prior to their engagement during the ongoing recruitment of individual

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9	MINUSTAH should require the Human Resources Section to ensure that contractors for consultants and individual contractors include delivery dates and milestones, targets, measurable outputs and the names and titles of supervisors to enable adequate performance monitoring and evaluation.	Important	Yes	CHRO	30 June 16	<p>contractors for the period April – June 2016. Supporting documentation has been provided to the audit team.</p> <p>(b) In the same broadcast, the list of required documents has been provided to Hiring Managers and Human Resources Section confirms that the required documents are included in the contract including copies of general conditions of contract, Secretary-General's bulletin on sexual exploitation and statement of good health. The list of documentation will also be included in the revised checklist and placed in the personal file of the selected candidate. Supporting documentation has been provided to the audit team.</p> <p>Hiring Managers were requested to provide the Terms of Reference (TOR) for individual consultants to be recruited to include delivery dates, milestones, targets, measurable outputs as well as the names and titles of supervisors. For individual contractors the required output will be included in the work plan and the TOR. Supporting documentation has been provided to the audit team.</p> <p>To further enhance adequate performance monitoring and</p>

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10	MINUSTAH should implement procedures to accurately adjust final payments to individual contractors with any advances previously paid to them.	Important	Yes	CHRO / Finance Officer	Implemented	<p>evaluation, a standardized template of the terms of reference, capturing all key elements, will be developed.</p> <p>Consultants and individual contractors are being paid based on fees as stated in their contracts. There are not any entitlements to be calculated prior to separation.</p> <p>In UMOJA, a purchase order (non-commercial) will be raised for each individual contractors and consultants with standard rates according to contractual terms. Once the Service Entry Sheet (SES) is raised with the supporting certified monthly attendance sheet, the system will automatically calculate the payable amount to the individual contractors and consultants based on days or ratio uploaded in the system. MINUSTAH Finance Section will then raise the payment document based on the amount calculated by system. This requirement was further emphasized in the instructions issued by the DMS on 06 April 16. In addition, MINUSTAH Finance Section does regular checks on the payable amount and will continue to determine the accuracy of the payable amount and recover any</p>

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11	MINUSTAH should implement procedures to ensure that supervisors adequately track and monitor the recording of daily attendance sheets of individual contractors and confirm the accuracy of monthly attendance reports before certifying them.	Important	Yes	Programme Managers / Supervisors	Implemented	<p>advance paid. Currently, there is no advance balance for any individual contractors.</p> <p>Existing procedures for the monitoring of the daily attendance of individual contractors have been strengthening through the following measures:</p> <ol style="list-style-type: none"> 1. The Director Mission Support has issued instructions dated 12 February 2016 and 06 April 2016 respectively to all Hiring Managers enforcing the adequate monitoring of the attendance of individual contractors; 2. MINUSTAH Engineering Services Section has issued another reminder dated 24 March 2016 in addition to its reminder in February 2016 to all its unit supervisors to monitor the recording of daily attendance sheets and confirm the accuracy of monthly attendance reports as well as auditing the signature on the monthly attendance sheets. Random weekly spot checks of the daily attendance of Regional office and UNPOL sites to verify accuracy. 3. MINUSTAH Security Section has established monitoring procedures to accurately monitor the attendance of individual contractors and due diligence is applied by all the offices / units. These procedures assisted in

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						identifying non-compliance by certain individual contractors who were immediately dismissed with no possible future recruitment within MINUSTAH. Extensive supporting documentation has been provided to the audit team.