



## INTERNAL AUDIT DIVISION

# REPORT 2015/163

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Audit of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq

Overall results relating to the effective management of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress

**FINAL OVERALL RATING: PARTIALLY SATISFACTORY**

7 December 2015  
Assignment No. AP2015/630/03

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# AUDIT REPORT

## **Audit of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq**

### **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 Assistance Mission in Afghanistan (UNAMA) and the United Nations Assistance Mission for Iraq (UNAMI).
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. Secretary-General's bulletin ST/SGB/177 of November 1982 established the policies for obtaining the services of individuals on behalf of the organization, including consultants and individual contractors. The Administrative Instruction on Consultants and Individual Contractors (ST/AI/2013/4), which is dated 19 December 2013, sets out the provisions applicable for the hiring of consultants and individual contractors.
4. The UNAMA and UNAMI Human Resources Management Sections are responsible for ensuring that the process of engaging consultants and individual contractors complies with relevant United Nations policies, and that selection decisions are taken in accordance with the relevant Administrative Instruction. The Kuwait Joint Support Office (KJSO) assists in the selection and onboarding of selected candidates.
5. UNAMA recruited 22 consultants and 142 individual contractors, and UNAMI recruited 13 consultants and 23 individual contractors during the audit period. The missions' budgets for consultants and individual contractors for the years 2013 and 2014 were \$984,600 and \$1,049,700 for UNAMA and UNAMI, respectively.
6. Comments provided by UNAMA, UNAMI and KJSO are incorporated in italics.

### **II. OBJECTIVE AND SCOPE**

7. The audit was conducted to assess the adequacy and effectiveness of UNAMA and UNAMI governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the use of consultants and individual contractors in UNAMA and UNAMI**.
8. The audit was included in the 2015 OIOS risk-based work plan due to operational and compliance risks relating to the use of consultants and individual contractors in UNAMA and UNAMI.
9. 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 the recruitment and use of consultants and individual contractors; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.

10. The key control was assessed for the control objectives shown in Table 1. One control objective shown in Table 1 as “Not assessed” was not relevant to the scope defined for this audit.

11. OIOS conducted this audit from April to October 2015. The audit covered the period from 1 January 2013 to 31 December 2014.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

13. The UNAMA and UNAMI governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of the use of consultants and individual contractors in UNAMA and UNAMI**. OIOS made one recommendation to address the issues identified. UNAMA and UNAMI implemented adequate controls to ensure: (a) detailed terms of reference of the work to be conducted were prepared; (b) engagement periods were within the prescribed limits; and (c) payments were adequately supported. However, UNAMA and UNAMI in conjunction with KJSO needed to clarify roles and responsibilities related to the maintenance of recruitment case files.

14. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of one important recommendation 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
<b>Effective management of the use of consultants and individual contractors in UNAMA and UNAMI</b>	Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### Regulatory framework

#### Terms of references were prepared and payment of fees were adequately supported

15. The Administrative Instruction on consultants and individual contractors requires UNAMA and UNAMI to ensure that detailed terms of reference are prepared well in advance of the engagement and submitted to the administrative office in a timely manner for processing. The instruction limits the

<sup>1</sup> A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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.

engagement period for consultants to 24 months in a 36-month period, and 9 work-months in any period of 12 consecutive months for individual contractors. Missions should ensure that payments of fees are supported by evidence of services rendered such as timesheets and performance evaluations.

16. A review of 50 of the 142 (35 per cent) UNAMA individual contractors' recruitment files and all 13 consultants and 23 individual contractors' recruitment files of UNAMI indicated that both missions prepared detailed terms of reference prior to engagement of individual services. All 86 reviewed individuals were contracted for the prescribed 24 and 9-month periods for consultants and individual contractors, respectively. In addition, a review of payments made to consultants and individual contractors indicated that they were supported by evidence that satisfactory work had been rendered. OIOS concluded that UNAMA and UNAMI implemented adequate controls over the preparation of terms of reference for consultants and individual contractors and processed payments based on evidence that requisite services had been rendered.

#### Documentation of the recruitment process needed improvement

17. The Administrative Instruction on consultants and individual contractors requires missions to record all necessary steps in the recruitment process and maintain pertinent documentation in recruitment files.

18. A review of 86 recruitment files (50 for UNAMA and 36 for UNAMI) indicated that:

- All 86 files had copies of pertinent documents such as vacancy announcements, terms of reference, and technical evaluation reports. These documents provided details of the purpose of the consultancy and individual contractors, skills and knowledge requirements, applicants reviewed and candidate selected. However, the reviewed files were incomplete as recruitment checklists and the outcomes of reference checks were not on file.
- UNAMI did not consistently shortlist a minimum of three candidates. For example, programme managers considered at least three candidates only in 8 out of the 13 consultants hired by UNAMI. For the remaining five, only one candidate was evaluated and selected.
- UNAMI did not adequately document 8 out of 13 interim and final performance evaluations on a pre-established form. For example, instead of providing a detailed assessment of the quality of work done, only general remarks of satisfactory, good or excellent work were recorded.
- For 13 consultants and 23 individual contractors recruited by UNAMI, KJSO maintained recruitment case files for the selected candidates but there was no evidence of verification of the candidates' academic and professional credentials to show that KJSO or UNAMI had implemented the required process.
- In addition, the recruitment files for 13 UNAMI consultants did not have information on the vacancy posting dates, method of advertisement, number of applications received and criteria used for shortlisting candidates.

19. A further review of 22 UNAMA consultants not included in the above cases indicated that the UNAMA Human Resources Management Section did not maintain individual recruitment files of these consultants due to lack of clarity on the responsibility for maintaining the files. As a result, important

documents such as detailed terms of reference, technical evaluation reports, reference checks, recruitment checklists, and performance evaluations were not on file.

20. The above resulted due to lack of attention and inadequate monitoring by UNAMA and UNAMI in maintaining the required files and documents in Umoja. There was also an expectation by the two missions that KJSO was responsible for centrally maintaining relevant documents on the process. As a result, UNAMA and UNAMI were unable to provide assurance on the transparency, fairness and competitiveness of its process for hiring consultants and individual contractors.

**(1) UNAMA and UNAMI in conjunction with KJSO should clarify roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors.**

*UNAMA, UNAMI and KJSO accepted the recommendation and stated that standard operating procedures would be developed to clarify the roles and responsibilities for maintenance of recruitment case files for consultants and individual contractors. Recommendation I remains open pending receipt of evidence that an effective mechanism has been established to ensure maintenance of proper and adequate recruitment case files for consultants and individual contractors.*

#### **IV. ACKNOWLEDGEMENT**

21. OIOS wishes to express its appreciation to the management and staff of UNAMA, UNAMI and KJSO for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of the use of consultants and individual contractors in the  
United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq**

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNAMA and UNAMI in conjunction with KJSO should clarify roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors.	Important	O	Receipt of evidence that an effective mechanism has been established to ensure maintenance of proper and adequate recruitment case files for consultants and individual contractors.	30 March 2016

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMA, UNAMI and KJSO in response to recommendations.

# **APPENDIX I**

## **Management Response**



United Nations  Nations Unies

UNITED NATIONS ASSISTANCE MISSION IN AFGHANISTAN  
UNAMA


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*Office of the Chief of Mission Support*

**Inter-Office Memorandum 022/2015**

Date: 7 December 2015

**To:** Ms. Eleanor T. Burns, Director  
Internal Audit Division, OIOS

**From:** Vincent Smith   
Chief Mission Support

**Subject:** **Draft report on an audit of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq (AP2015/630/03)**

Reference your letter IAD: 15-630-03 of 23 November 2015, please find enclosed our response reflected in Appendix I.

Best regards

cc: Mr. Zulfiqar Gill, Chief Resident Auditor UNAMA & UNAMI, KJSO  
Mr. Clifford Dias, Chief, Kuwait Joint Support Office  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS  
Ms. Sandra Benyes, Senior Admin Officer, UNAMA

### Management Response

#### Audit of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMA and UNAMI in conjunction with KJSO should clarify roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors.	Important	Yes	HR/UNAMA in coordination with HR/KJSO	30 March 2016	SOP will be finalized with respect to roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors in coordination with KJSO.

<sup>1</sup> 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.

<sup>2</sup> 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.



**United Nations Assistance Mission for Iraq (UNAMI)**

**بعثة الأمم المتحدة لمساعدة العراق (يونامي)**


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03 December 2015

Ref: CMS-015/195

To: Ms. Eleanor T. Burns, Director  
Internal Audit Division, OIOS

From: Maqbool Mohammad  
Chief of Mission Support  For CMS  
Saeed Ahmed

Subject: Draft report on an audit of the use of consultants and individual contractors in the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq (AP2015/630/03)

Reference your letter IAD:15-630-03 of 23 November 2015, please find enclosed our response reflected in Appendix I.

Regards

cc: Mr. Zulfigar Gill, Chief Resident Auditor UNAMA & UNAMI, KJSO  
Mr. Clifford Dias, Chief, Kuwait Joint Support Office  
Mr. Saeed Ahmed, A/Chief Administrative Officer, UNAMI  
Mr. Manaswee Vaidya, A/Chief Human Resources Officer, UNAMI  
Mr. Bennet Opini, Audit Focal point, UNAMI  
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

## Management Response

Audit of the use of consultants and individual contractors in the  
United Nations Assistance Mission for Iraq

Rec. no.	Recommendation	Critical <sup>1</sup> / important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMA and UNAMI in conjunction with KJSO should clarify roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors	Important	Yes	Chief Human Resources Officer	31 January 2016	UNAMI will establish and maintain a checklist of documents to keep for each consultant and individual contractor to ensure completeness and accuracy. CHRO UNAMI will ensure that PHPs for Consultant and Individual Contractors together with the other required documents will be maintained electronically to enhance efficiency. Accordingly, UNAMI will continue to closely liaise with KJSO to capitalize on experiences and synergies that exist between the two in this area, and avoid duplications. A formal memo of delegation of responsibilities to KJSO will be drafted and signed, whenever the recruitment of consultant or individual contractor and/or maintaining their files are delegated

<sup>1</sup> 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.


<sup>2</sup> 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.

United Nations  Nations Unies  
KUWAIT JOINT SUPPORT OFFICE  
(UNKJSO)

F A C S I M I L E

Date: 07 December 2015

Reference: KJSO/OUT/15-68

<b>TO:</b> Ms. Eleonor T Burns, Director, IAD/OIOS	<b>FROM:</b> Clifford Dias Chief, Kuwait Joint Support Office (KJSO) 
<b>ATTN:</b> Mr. Zuflqar Gill, Chief Resident Auditor, UNAMA/UNAMI	
<b>Info</b> CMS & CHRO UNAMA CMS & CHRO UNAMI	
<b>FAX NO:</b>	<b>FAX NO:</b>
<b>SUBJECT:</b> Draft report on the audit of the use of ICs and Consultants in UNAMA and UNAMI (AP2015/630/03)	
Total number of transmitted pages including this page : 2	
Reference to your memo dated 23 November 2015, please find enclosed UNAMA and KJSO comments on the audit recommendation.	
Kind regards	
<b>Drafted by:</b>	<b>Authorized by:</b>

## Management Response

**Audit of the use of consultants and individual contractors in the  
United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission for Iraq**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMA and UNAMI in conjunction with KJSO should clarify roles and responsibilities related to the maintenance of recruitment case files for consultants and individual contractors.	Important	Yes	Chief of KJSO	30 March 2016	KJSO Management will review current arrangements, and in close discussion and collaboration with the concerned client missions, will introduce standard operating procedures for the subject cross cutting area so the roles and responsibilities are clearly defined and records management/keeping arrangements improved.

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<sup>1</sup> 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.

<sup>2</sup> 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.