



INTERNAL AUDIT DIVISION

REPORT 2014/034

Audit of human resources
management at the International
Trade Centre

Overall results relating to management of human resources at the International Trade Centre were initially assessed as partially satisfactory. Implementation of nine important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

9 May 2014
Assignment No. AE2013/350/01

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1 - 2
III. AUDIT RESULTS	2 - 12
A. Human resources targets and strategies	3 - 6
B. Training and development plans	6 - 7
C. Regulatory framework	7 - 12
IV. ACKNOWLEDGEMENT	12
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of human resources management at the International Trade Centre

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of human resources management at the International Trade Centre (ITC).
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 ITC Executive Director had extended delegation of authority for the management of human resources, granted by the Department of Management of the United Nations Secretariat, including in terms of recruitment, management of entitlements, training, performance management and development of human resources policies. The Executive Director was accountable to the United Nations Secretary-General for the exercise of this delegated authority, which was provided to give flexibility to ITC to allow it to better meet its operational requirements. ITC staff members were part of the United Nations Secretariat and subject to the Staff Rules and Regulations of the United Nations, but their appointment was limited to ITC.
4. According to the 2014 Operational Plan of ITC, the Centre will continue the improvement and implementation of its 'People Strategy', including career development, staff mobility and skills development. Being a heavily knowledge-based organization, ITC had recognized that it was paramount that its human resources strategies, policies and practices were developed and implemented in a manner to attract, retain and develop the most competent personnel possible.
5. As of October 2013, ITC had 282 regular staff members and six Junior Professional Officers. Of these, 162 posts (or 56 per cent) were funded with regular budget funds and the remaining 126 posts (44 per cent) with extra-budgetary resources (technical cooperation funds). ITC Human Resources Section was part of the Division of Programme Support. It comprised 21 staff members and was organized around five areas of responsibility: Management/Policy/Casework; Recruitment; Staff Administration; Consultants; and Learning and Development. The United Nations Office at Geneva provided payroll services to ITC.
6. The proposed regular budget of ITC for the biennium 2014-15 was CHF 73.8 million (or \$77.6 million) to be equally shared between its two parental organizations, i.e., the United Nations and the World Trade Organization (WTO). The United Nations share of the proposed programme budget was CHF 37.1 million (or \$39 million). Extra-budgetary funds were provided principally by donor countries in support of technical assistance in trade.
7. Comments provided by ITC are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

8. The audit was conducted to assess the adequacy and effectiveness of ITC governance, risk management and control processes in providing reasonable assurance regarding the **effective management of human resources at ITC**.

9. The audit was included in the 2013 internal audit work plan for ITC because of risks related to the strategic importance of human resources management for ITC as a knowledge-based organization requiring specialized technical skills. Also, human resources management had not been previously audited at ITC.

10. The key controls tested for the audit were: (a) human resources targets and strategies; (b) training and development plans; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Human resources targets and strategies** - controls that provide reasonable assurance that human resources targets and strategies ensure effective recruitment and retention of competent staff at ITC.

(b) **Training and development plans** - controls that provide reasonable assurance that staff training and development plans are in place to ensure that staff skills and competencies are upgraded and updated in accordance with the strategic demands of ITC and the professional development needs of staff.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures exist at ITC and are implemented consistently to guide the administration of staff entitlements and recruitment.

11. The key controls were assessed for the control objectives shown in Table 1.

12. OIOS conducted this audit from October 2013 to February 2014. The audit covered the period from 1 January 2012 to 31 December 2013.

13. 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.

14. The audit did not cover the hiring of consultants, as this area was being simultaneously reviewed by the United Nations Board of Auditors.

III. AUDIT RESULTS

15. The ITC governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of human resources at ITC**. OIOS made nine recommendations in the report to address issues identified in the audit.

16. The key control related to human resources targets and strategies was assessed as partially satisfactory because ITC needed to establish a compact for its Executive Director, integrate human resources management targets and performance indicators in its strategic, operational and business plans, and finalize its planned 'People Strategy'. Training and development plans were assessed as partially satisfactory, because ITC needed to ensure that its staff completed the mandatory training programmes. Regulatory framework was assessed as partially satisfactory because ITC did not comply with the provisions of the United Nations administrative instruction on recovery of overpayments made to staff

members with regard to the recovery of an estimated \$90,500 overpaid to staff members towards rental subsidies. ITC also needed to address the major bottlenecks in trying to achieve its overall recruitment targets. In addition, the assessment and selection of temporary appointments was not transparent and competitive, and the administration of special post allowance was not in line with the applicable United Nations administrative instruction on special post allowance.

17. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as the implementation of nine important recommendations remains in progress.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of human resources at ITC	(a) Human resources targets and strategies	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Training and development plans	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Human resources targets and strategies

Need to establish a senior manager’s compact for the Executive Director

18. According to the United Nations Secretariat accountability framework, “the critical linkage between institutional accountability and individual accountability is established through a number of instruments”. For senior managers, the main instrument was the “compact”, which was an annual agreement that the Secretary-General signed with his most senior official in each department or office. The compact outlined the programme objectives as well as the financial and human resources objectives, including the expected accomplishments and performance measures for each objective, for a given year. It reinforced the responsibility and accountability of the department/office heads for the authority delegated to them and aligned their administrative and managerial goals, including the main goals in human resources management such as the targeted vacancy rate, with their programmatic objectives. Since 2012, the senior manager’s compact had integrated the human resources management scorecard.

19. The ITC Executive Director was at the level of Assistant-Secretary General and was appointed by the Secretary-General upon recommendation of the Heads of the United Nations Conference on Trade and Development (UNCTAD) and WTO. She did not have a compact or a human resources management scorecard with key indicators of human resources performance. Her expected achievements were also not included in the compact of the Secretary-General of UNCTAD. In view of the fact that the Executive Director had delegated authority, OIOS considered the lack of a compact to be a weakness in the ITC governance arrangements. The benefits provided by a formal and disclosed compact and its periodic assessment, such as enhanced accountability and transparency, were also missed. ITC explained that the

absence of a compact for the Executive Director was due to the nature of the Centre, which was established and funded by the United Nations and WTO with equal share, and the fact that the United Nations Secretariat had never required ITC to adopt a compact. The current Executive Director was appointed in September 2013, shortly before this audit commenced. By the end of the audit, she had already initiated discussions for the development of a compact with the Secretary-General of UNCTAD and the Director-General of WTO and adopted a template aligned with the United Nations Secretariat practice.

(1) ITC should establish a compact for the Executive Director to strengthen institutional and individual accountability.

ITC accepted recommendation 1 and stated that it was working with UNCTAD and WTO on this issue. ITC stressed, however, that the final approval of the compact was outside its control and that it was not in a position to confirm the implementation date. Recommendation 1 remains open pending confirmation that the compact for the Executive Director has been formally established.

Human resources management targets and performance indicators were not reflected in strategic, operational and business plans

20. The ITC strategic plan 2012-2015 identified the need to enhance corporate efficiency as one of the key goals and leveraging human resources management as one of its sub-goals. The strategic plan described the areas of work for human resources management but did not identify targets and measurable performance indicators related to human resources management. The ITC operational plan 2014 included corporate efficiency objectives for the human resources area, including the development of a consultant database, improved staff development opportunities, automation of human resources processes, improved monitoring and reporting, reducing time for recruitment, and greater outreach effort in the recruitment of staff. However, the only human resources related objective with a clearly identified target in the operational plan was the development and implementation of the consultant database. Business plans at the division and section level were introduced in 2013 but the related instructions did not require managers to include managerial targets (such as human resources related targets) in their business plans. Therefore, human resources management targets were not part of most business plans reviewed by OIOS. Out of five divisions and seven sections, only one division and one section had human resources targets in their approved business plans for 2014. Lack of specified targets and measurable performance indicators for the management of human resources placed limitations on the ability of ITC to achieve its strategic sub-goals in the human resources area and on the effectiveness and maturity of the accountability framework that it was in the process of developing.

(2) ITC should ensure that its strategic, operational and business plans include targets and measurable performance indicators for human resources management.

ITC accepted recommendation 2 and stated that the Human Resources Section would work with the ITC Senior Management Committee (SMC) and Strategic Planning Performance and Governance to determine appropriate human resources related targets and performance indicators to be incorporated into future organizational strategy documents and operational plans. This was formalized in 'SMC Responsibilities' under Goal 3 of the 'ITC People Strategy 2014-2016', which was presented to SMC on 31 March 2014. Recommendation 2 remains open pending receipt of evidence that ITC strategic, operational and business plans include targets and measurable performance indicators for human resources management.

Need to finalize the 'People Strategy' with baselines and targets for the goals identified

21. The ITC Human Resources Section had developed a draft ITC 'People Strategy' for 2011-14. This strategy identified specific and tangible human resources work packages and processes designed to improve organizational and personal performance to facilitate increased delivery and impact. The draft strategy outlined five major human resources goals but did not identify any baselines and targets for those goals. Although not officially approved, some of the activities included in the draft were implemented and monitored by the Human Resources Section, such as the development and implementation of an E-recruit system, reinforcement of managerial competencies and skills, and review of human resources policies and processes to ensure their consistency with ITC values and competencies. The Human Resources Section reported on a monthly basis to the Senior Management Committee (SMC) on the five goals included in the draft strategy. ITC explained that the strategy had not been finalized due to lack of senior management commitment and because other activities had taken priority in the agenda of the Human Resources Section. The absence of a final and approved 'People Strategy' with pre-identified baselines and targets could adversely affect the Centre's capacity to improve and assess the effectiveness of its human resources policies and processes. At the time of the audit, the Human Resources Section was already developing a new 'People Strategy' for 2014-16 that was due to be presented to SMC for endorsement.

(3) ITC should finalize and obtain approval for its 'People Strategy 2014-16', which should include baselines and targets for each of the goals identified in this strategy.

ITC accepted recommendation 3 and stated that SMC reviewed the 'People Strategy' on 31 March 2014 and expected to adopt it on the next review following some limited revision. Recommendation 3 remains open pending confirmation of formal adoption of the 'People Strategy'.

Action was taken to prepare guidelines consolidating the delegation of authority given to managers for the implementation of their responsibilities in human resources management

22. The ITC Executive Director had authority (delegated by the Secretary-General) to administer ITC staff in terms of the Staff Rules and Regulations of the United Nations. In exercising the delegated authority, ITC was trying to remain as close as possible to the United Nations system. The Executive Director delegated some of the human resources management responsibilities to the ITC Human Resources Section and ITC managers. This internal delegation was outlined in various ITC human resources policies. OIOS noted that the individual delegations and the accountability that came with the delegation of authority were not always well understood. In some cases, managers attributed responsibilities to the Human Resources Section that clearly fell under their own delegated authority. During the audit, ITC started drafting guidelines consolidating the information on its delegated authority and related accountabilities (including service standards) for human resources management, to support managers in the exercise of their respective responsibilities. Since ITC had already made substantial progress in developing these guidelines, no recommendation was made.

Measures were implemented to ensure compliance with the policy on the Performance Management and Development System

23. In March 2013, ITC launched a new Performance Management and Development System policy for the performance appraisal cycle April 2013 to March 2014. The policy applied to all staff members who were holding a fixed-term, continuing or permanent appointment. The overall purpose of the performance management and development system was to improve the delivery of programmes by optimizing performance at all levels. The monthly human resources report of November 2013 indicated that for the 2012-13 cycle 80 per cent of the year-end reviews had been completed. Regarding the 2013-

2014 performance evaluation cycle, 80 per cent of the staff members had undergone midterm reviews as of January 2014 (of which only 8 per cent within the established timeframe of October 2013). Only five of the 22 (or 22 per cent) senior managers (P-5 and above) had completed their individual work plans for the cycle 2013-14 by the end of June 2013, as envisaged, and only eight (or 36 per cent) had undergone the midterm review by January 2014. Whilst the audit was still ongoing, ITC made efforts to enhance managerial accountability for its policy on the performance management and development system by including key indicators in this regard in the work plans of ITC senior managers. For example, ITC was finalizing the requirement for the performance appraisal cycle 2014-15 for all ITC directors and section chiefs to have a mandatory goal to ensure 100 per cent appraisal completion in the prescribed time period. ITC was also promoting targeted efforts in communication, coaching and training, and using the increased monitoring capability offered by the introduction of a new dashboard for training and performance compliance. In addition, ITC confirmed that control measures were put in place to ensure that separating staff members had the performance appraisal completed for themselves and for their staff before the final paycheck would be released. In view of the measures put in place to ensure full compliance with the performance management and development system, no recommendation was made.

B. Training and development plans

Action was being taken to clarify the responsibilities for strategic guidance on learning and staff development objectives

24. To provide strategic guidance on learning and staff development, the ITC Learning Advisory Board was established in November 2011. The Chair of the Board was a staff member at the P-4 level and the other members consisted of representatives from various divisions at the P-4, P-2 and General Service levels. The Learning Advisory Board, which was supposed to meet at least twice per year, only met twice since 2012 and discussed mostly administrative issues related to training. For instance, there was no discussion about the alignment of the ITC-wide learning and development policy with the Organization's goals and plans, which was the primary responsibility assigned to the Board. In November 2013, the ITC Management Action Group, the cadre of senior staff that met regularly to advise on corporate strategy and operational priorities, assumed the responsibilities for guiding the learning and staff development activities of the Organization and tasked the Director, Division of Programme Support, the Chief, Human Resources Section, and the Chair of the Learning Advisory Board to develop a "menu of staff trainings in key areas". The Learning Advisory Board was going to be formally abolished. OIOS therefore concluded that satisfactory action was being taken to clarify the responsibilities for strategic guidance on learning and staff development objectives at ITC.

There were weaknesses in compliance with mandatory training requirements

25. The ITC administrative instruction on mandatory training at ITC (ITC/AI/2013/04) listed those mandatory training courses that all staff were required to take. They included: the integrity awareness initiative; basic security in the field; advanced security in the field; prevention of harassment; ethics training; HIV/AIDS in the workplace; and International Public Sector Accounting Standards (IPSAS) computer-based training. Staff with supervisory functions were also required to attend the training course on performance management and development learning for programme managers and supervisors. The deadline for staff members to complete all mandatory training courses was six months after joining the Organization, with the exception of the basic security in the field course, which had to be completed within the first month since joining. Each division was responsible for ensuring the completion of the mandatory programmes by their staff. To support this goal, ITC required all staff to spend at least 2.5 percent (or 5 days) of their work time on professional development. This requirement was not monitored by the Human Resources Section. It only monitored and reported to SMC on the overall compliance with

mandatory training. The compliance rates varied between 78 per cent for the ethics training to only 31 per cent for the HIV/AIDS in the workplace programme. Four out of seven mandatory training courses had a compliance of only around 50 per cent. ITC stated that plans for ensuring compliance with mandatory training included the adoption of a specific goal in the performance appraisal system for the biennium 2014-2015. Overall, ITC was aiming to reach a 90 per cent compliance rate for all mandatory training. In the opinion of OIOS, this required strengthening measures for holding managers accountable for ensuring that their staff complied with the ITC policy on mandatory training.

(4) ITC should implement measures to strengthen the accountability of managers for the completion of the mandatory training courses by all ITC staff in line with the ITC policy on mandatory training.

ITC accepted recommendation 4 and stated that it had already taken action on the recommendation for the current performance cycle. Mandatory goal for directors to ensure mandatory training compliance had been assigned, to be cascaded down into subordinate managers' appraisals. Recommendation 4 remains open pending receipt of documentation showing that ITC staff have completed the mandatory training courses.

Action was taken to develop an orientation programme for new staff

26. According to the ITC learning and development policy issued in 2013, an orientation programme for new senior staff and an induction programme for new staff were to be developed and implemented during 2013. These two initiatives were subsequently postponed to 2014. At the time of the audit, ITC had no orientation programme for new staff. The Human Resources Section provided an administrative briefing on staff rules and entitlements to new staff. The October 2013 human resources report indicated that in 2012, 65 per cent of appointments related to external candidates while in 2013 it was 84 per cent. Many managers stated that staff recruited externally often experienced difficulties to understand and adapt to the United Nations environment. In the United Nations Secretariat, new staff members were required to attend the "Orientation Programme". In light of the significant number of external appointments, ITC would have benefited from a similar programme. Whilst the audit was still ongoing, ITC organized an orientation programme for senior officials who had recently joined the Organization. ITC was planning to conduct another session later in 2014. ITC was also planning to develop an induction programme for staff members of all levels. As action was being taken in this regard, no recommendation was made.

C. Regulatory framework

The provisions of the administrative instruction on recovery of overpayments made to staff members were not complied with

27. In 2012, entitlements paid by ITC to staff members amounted to \$3.7 million. This included payments in respect of assignment grants, dependency allowances, education grants, rental subsidies, shipment and relocation grants, repatriation grants and home leave. OIOS reviewed dependency allowances, education grants, rental subsidies and home leave, which accounted for 89 per cent of the total amount paid. The controls in place for the management of entitlements included: continuous contact with the supporting networks of human resources officers in Geneva; a spreadsheet for re-performing the education grant calculation made in the Integrated Management Information System; use of annual questionnaires to assess staff entitlements to dependency allowances; and collection of evidence for staff claiming home leave and rental subsidy.

28. ITC applied the United Nations administrative instruction on rental subsidy and deductions (ST/AI/2000/16) promulgated by the United Nations Secretariat. The instruction stated that rental subsidy could be paid to newcomers for seven years counted from the first day following the end of the period during which the staff member was paid the daily subsistence allowance element of the assignment grant upon arrival at the duty station. For staff members recruited at the duty station who did not receive an assignment grant on appointment, the seven-year period needed be counted from the date of the initial arrival at the duty station. This principle was reaffirmed in a new administrative instruction on rental subsidy and recoveries issued in August 2013. Following the review of rental subsidies granted by ITC in 2012, the Human Resources Section identified five cases of staff members receiving rental subsidies for periods beyond their entitlement. This was due to a different interpretation of the policy. The Human Resources Section had before 2012 considered that the seven-year period would begin from the date of the entitlement, regardless of whether the staff member was already residing in the Geneva area and/or working for ITC or any other United Nations agency under a general service staff contract.

29. According to the United Nations administrative instruction on recovery of overpayments made to staff members (ST/AI/2009/1), overpayments to staff should normally be recovered in full. However, when the United Nations Controller determined that the overpayment resulted from an administrative error on the part of the Organization, and that the staff member was unaware or could not reasonably have been expected to be aware of the overpayment, recovery of the overpayment should be limited to the amounts paid during the two-year period prior to the notification. In June 2012, the Human Resources Section informed the affected staff members of the policy requirement and the change of their entitlements and decided that the Organization would not proceed with the recovery of the excess of the rental subsidy paid to the staff members. Instead, it granted a three-month notice period to the staff members while continuing to pay the rental subsidy for those three months. An approval from the Controller to deviate from the administrative instruction was not requested. There was also no evidence of approval of this decision by the Executive Director or the Director, Division of Programme Support. The Chief, Human Resources Section was of the opinion that he had the delegated authority to approve actions to be taken in case of overpayments. However, the administrative instruction clearly required that decisions regarding limiting the recovery of overpayments should be made by the United Nations Controller. The preliminary estimate of the total overpayment made by ITC in the above-mentioned cases was \$90,500.

(5) ITC should report to the United Nations Controller the estimated overpayments made to staff members for rental subsidies, amounting to \$90,500, due to an incorrect interpretation of the rental subsidy entitlement, and seek and implement appropriate advice in the matter in terms of the Administrative Instruction on recovery of overpayments made to staff members (ST/AI/2009/1).

ITC accepted recommendation 5 and stated that a report containing details of the overpayments was submitted to the United Nations Controller on 26 March 2014 and a subsequent follow-up was submitted on 24 April 2014. ITC at this time commits to taking action within one month of receipt of advice. Recommendation 5 remains open pending confirmation that action has been taken in line with the Controller's advice.

The International Trade Centre adopted elements of workforce planning

30. Workforce planning is a process that identifies current and future human resource needs for the organization to achieve its goals and develop plans to meet those needs. This exercise serves as a link between human resource management and the overall strategic plan of the organization. The report of the United Nations Secretary-General on the human resources management reform (A/63/282) stated that “the overall aims in the area of human resources planning and monitoring are to implement a medium-

term integrated workforce planning system and to develop supporting tools that facilitate meeting the organization's human resources targets at the level of individual departments and offices and the Secretariat as a whole". According to the report, workforce planning included elements such as departmental workforce supply analysis, future workforce requirements, projected staff movements due to retirement and staff turnover, and projected workforce requirements in line with the strategic framework. ITC stated that its technical nature and the discrete nature of the majority of its posts (and associated non-transferable competency requirements), coupled with the fluid nature of ITC extra-budgetary funding, had led it to determine that the costs of a formal workforce planning system in terms of human resources and time required would outweigh the potential benefits. The Human Resources Section, instead, reported to SMC on a quarterly basis highlighting those posts which were anticipated to become vacant in the future months. SMC also received full data about current vacancies and the length of time these posts had been vacant. Additionally, the Executive Director, Deputy Executive Director and Chief, Human Resources Section met annually with the directors and chiefs to discuss talent management (with respect to individuals) and workforce planning (in terms of team and task requirements). Further, in January 2014, the Chief, Human Resources Section initiated the development of a draft proposal for a skills inventory to identify the knowledge and skills of current staff members using a talent matrix. OIOS concluded that the steps taken by ITC in regard to workforce planning were adequate.

Anticipated vacancies were not advertised in a timely manner

31. Based on the practice in the United Nations Secretariat, the ITC staff selection system promulgated by the Executive Director suggested the use of anticipated job openings to advertise anticipated vacancies such as retirements at least 150 days in advance. Although the Human Resources Section reported to SMC on the expected retirements, no other follow-up mechanism was in place to ensure that recruitment actions were initiated in a timely manner to fill the anticipated vacancies. In 2012-2013, there were nine such anticipated vacancies but only three of them were advertised at least 150 days before the expected retirement date. ITC stated that a working group on staff stability was closely monitoring the situation and would draft a proposal on the most effective way forward.

(6) ITC should report to senior management on actions taken by the hiring managers to advertise anticipated vacancies in a timely manner.

ITC accepted recommendation 6 and stated that the Human Resources Quarterly Report had been revised to include the monitoring mechanism, as reflected in the 2014 March Quarterly Report. Recommendation 6 remains open pending receipt of documentation on the results of actions taken by hiring managers to advertise anticipated vacancies in a timely manner.

Need to report to the Senior Management Committee on the results achieved and the progress made in complying with recruitment targets

32. ITC had not formally identified any targets for its recruitment process; however, it monitored the recruitment progress against an unofficial target of 120 days from the date the job opening was closed to the date of the selection decision. The human resources report of November 2013 estimated that between 2012 and 2013 the number of vacancies behind schedule (i.e. more than 120 days) had decreased from 79 per cent to 59 per cent respectively. ITC was committed to decreasing the time required to recruit staff members, and in recent years it had undertaken training and briefings to managers and human resources staff in this regard and implemented automated tools, such as an electronic platform for applications, synchronized video interviews, an on-line testing platform, various templates for candidate assessment and rosters of pre-qualified candidates. ITC was also planning to launch a new automated recruitment system in 2014.

33. However, based on a review of 26 vacancies finalized between 2012 and 2013 (or 32 per cent of 82 fixed-term posts filled in this biennium), the average time required between the job opening closing date to the final recruitment decision date was 162 days with individual process lengths ranging from 29 to 462 days. When including the stages before the closing of the vacancy announcement, ITC took on average 300 days to fill the vacancies (measured from the date when the manager submitted the request to Human Resources Section for the initiation of the recruitment process to the date of the final selection decision). In six instances (or 23 percent of the cases reviewed), ITC took more than 150 days to issue the vacancy announcement from the date of the management request. ITC managers and staff of the Human Resources Section had different anecdotal explanations for the delays and often identified delays only in those areas of the process for which they were not responsible. OIOS could not establish a common root cause for the delays observed. In some cases, the delay was clearly due to the delayed issuance of the vacancy announcement, as explained above, while in other cases the hiring managers took a long time to pre-screen the candidates (up to 172 days) or to administer the written tests and to interview the candidates (up to 216 days). In addition, the central review body decision could take up to 72 days.

34. While ITC had a monitoring tool to track the key milestones on vacancies and followed up on the delays with managers when required, there were no formal expected timelines for the different stages of the recruitment process and no automated system to alert the process owner when the activity was taking longer than expected. In January 2014, the Recruitment Unit within the Human Resources Section undertook a review of the recruitment process and related policies with the aim of addressing the major bottlenecks causing significant delays. The Unit developed a draft proposal to streamline and simplify the recruitment process and thus reduce the timeframes. In February 2014, ITC identified target days for the recruitment process and maintained the 120 days target from the closing date of the job opening to the final selection decision (or 30 days more than the target adopted by the United Nations Secretariat).

(7) ITC should report to senior management on the results achieved and the progress made in complying with the recruitment targets established in February 2014.

ITC accepted recommendation 7 and stated that the Human Resources Quarterly Report had already been revised to include the progress reporting, as reflected in the 2014 March Quarterly Report. Recommendation 7 remains open pending receipt of documentation on the results achieved and the progress made in complying with the recruitment targets established in February 2014.

The selection process for temporary appointments was not transparent and competitive

35. As of October 2013, ITC had 44 ongoing temporary appointments. OIOS reviewed 20 (or 45 per cent) of them and found that all temporary appointments for three months or more were duly advertised. All letters of appointment were signed by the Chief, Human Resources Section and covered a period of less than one year with the exception of one that was for a duration of 13 months. Nine (or 45 per cent) of the cases reviewed were extended for a period beyond one year which, according to the ITC policy, should have represented an exception. Further, in ten cases (or 50 per cent of the cases reviewed) there was no evidence in the recruitment files of the evaluation mechanisms used by the hiring managers to select the candidate. In five cases, the hiring managers shortlisted only one candidate, which did not represent a competitive process.

36. The Human Resources Section monitored the eligibility of the selected candidates and compliance with the maximum time for a temporary appointment. It also reported to SMC on the completed and ongoing temporary vacancy notices and informed managers of their responsibility to ensure a competitive selection process in accordance with the ITC policy. There was, however, no mechanism to monitor compliance with the delegated responsibilities of hiring managers for the

assessment and selection process related to temporary appointments. This resulted in non-transparent selection and extension of staff on temporary appointments. Whilst the audit was still ongoing, ITC revised the template used by hiring managers to inform the Human Resources Section of the selection results and included the requirement to also provide an overview of the assessment of candidates. This represented an improved control over the selection process; however, the Human Resources Section needed to also establish appropriate monitoring and reporting mechanisms to ensure that the authority delegated to hiring managers for temporary appointments was managed in accordance with the ITC policy.

(8) ITC should establish mechanisms to monitor the authority delegated to hiring managers for making temporary appointments and ensure that they are in accordance with the ITC policy on such appointments.

ITC accepted recommendation 8 and stated that the template was amended to ensure hiring managers document the selection process they conducted in accordance with the ITC policy on the administration of temporary appointments and the Human Resources Quarterly Report had been revised to incorporate better monitoring and reporting for each temporary recruitment. Recommendation 8 remains open pending receipt of documentation showing that temporary appointments are being made in a transparent and competitive manner.

The administration of special post allowance was not in line with the Administrative Instruction on Special Post Allowance

37. ITC approved 17 special post allowance (SPA) cases during the period 2012-2013. OIOS reviewed nine of these cases and noted that only two cases had a temporary vacancy announcement issued as required by the administrative instruction on SPA (ST/AI/1999/17), which was promulgated by the United Nations Secretariat and adopted by ITC. In one case pertaining to the award of SPA for the post of Deputy Executive Director, no vacancy announcement was issued, and the procedure in the administrative instruction was not followed. In six of the remaining cases reviewed, there was no evidence on file of a competitive selection process. In two cases, the SPA was granted for a period longer than the two years because the respective managers had deemed it necessary to extend it beyond the maximum allowed period. ITC also did not establish the SPA panel as required by the administrative instruction and decisions were made by the hiring managers and reviewed by the Human Resources Section. The use of the panel could have alerted management of the need for a competitive process for award of SPA.

38. The administrative instruction further required that decisions on requests for SPA to the D-2 level should be made by the head of the department or office after consulting with ASG/OHRM. For the awarding of SPA for the post of the Deputy Executive Director at D-2 level in June 2013, the Human Resources Section assessed that the Executive Director possessed the delegated authority to grant SPA up to the D-2 level even when the administrative instruction clearly required previous consultation with ASG/OHRM. In addition, the SPA to D-2 was awarded to a staff member whose personal level was two levels lower (i.e., P-5). This resulted in an overpayment in salary of around \$5,900 because according to the administrative instruction, SPA should only be granted at one level higher than the current personal level of the staff member. During the audit, ITC initiated and confirmed that it had recovered the overpayment and corrected the SPA to be at the D-1 level.

39. ITC was in the process of drafting its own administrative instruction on SPA. The proposed draft did not require consultation with ASG/OHRM for decision on requests for SPA to the D-2 level. Instead, such decisions were to be made in future by the Chief, Human Resources Section at ITC. In addition, the draft ITC administrative instruction did not include the establishment of the SPA Panel at ITC. The

Chief, Human Resources Section planned to share the draft with the Office of Human Resources Management before its promulgation.

(9) ITC should finalize its policy on Special Post Allowance (SPA) and ensure that a competitive process is in place for granting SPA.

ITC accepted recommendation 9 and stated that it had finalized its draft Administrative Instruction on SPA and consultation was ongoing. The draft was submitted to the Joint Advisory Committee, the ITC internal Staff-Management consultative body. Recommendation 9 remains open pending receipt of the approved administrative instruction establishing a competitive process for granting of SPA at ITC.

IV. ACKNOWLEDGEMENT

40. OIOS wishes to express its appreciation to the Management and staff of ITC for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of human resources management at the International Trade Centre

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ITC should establish a compact for the Executive Director to strengthen institutional and individual accountability.	Important	O	Submission to OIOS of a confirmation that the compact for the Executive Director has been formally established.	31 December 2014 ⁵
2	ITC should ensure that its strategic, operational and business plans include targets and measurable performance indicators for human resources management.	Important	O	Submission to OIOS of strategic, operational and business plans that include targets and measurable performance indicators for human resources management.	30 April 2015
3	ITC should finalize and obtain approval for its 'People Strategy 2014-16', which should include baselines and targets for each of the goals identified in this strategy.	Important	O	Submission to OIOS of a confirmation of the formal adoption of the 'People Strategy'	31 December 2014
4	ITC should implement measures to strengthen the accountability of managers for the completion of the mandatory training courses by all ITC staff in line with the ITC policy on mandatory training.	Important	O	Submission to OIOS of documentation showing that ITC staff have completed the mandatory training courses.	30 June 2015
5	ITC should report to the United Nations Controller the estimated overpayments made to staff members for rental subsidies, amounting to \$90,500, due to an incorrect interpretation of the rental subsidy entitlement, and seek and implement appropriate advice in the matter in terms of the Administrative Instruction on recovery of overpayments made to staff members (ST/AI/2009/1).	Important	O	Submission to OIOS of a confirmation that action has been taken in line with the Controller's advice.	31 December 2014
6	ITC should report to senior management on actions taken by the hiring managers to advertise	Important	O	Submission to OIOS of documentation on the results of actions taken by hiring managers to	30 April 2015

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 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.

³ C = closed, O = open

⁴ Date provided by ITC in response to recommendations.

⁵ Date indicated by OIOS.

STATUS OF AUDIT RECOMMENDATIONS

Audit of human resources management at the International Trade Centre

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	anticipated vacancies in a timely manner.			advertise anticipated vacancies in a timely manner.	
7	ITC should report to senior management on the results achieved and the progress made in complying with the recruitment targets established in February 2014.	Important	O	Submission to OIOS of documentation on the results achieved and the progress made in complying with the recruitment targets established in February 2014.	30 April 2015
8	ITC should establish mechanisms to monitor the authority delegated to hiring managers for making temporary appointments and ensure that they are in accordance with the ITC policy on such appointments.	Important	O	Submission to OIOS of documentation showing that temporary appointments are being made in a transparent and competitive manner.	30 April 2015
9	ITC should finalize its policy on Special Post Allowance (SPA) and ensure that a competitive process is in place for granting SPA.	Important	O	Submission to OIOS of the approved administrative instruction establishing a competitive process for granting of SPA at ITC.	31 December 2014

APPENDIX I

Management Response



ITC

TRADE IMPACT
FOR GOOD

5 YEARS
50

1964-2014

MEMORANDUM

TO-A: Mr. Gurpur Kumar
Deputy Director
Internal Audit Division, OIOS

REF: IAD: 14-00251

THROUGH-VIA: GENEVA-GENÈVE:

FROM-DE: Eva K. Murray *Eva K. Murray*
Director, Division of Programme Support
International Trade Centre (ITC)

DATE: 30 April 2014

SUBJECT-OBJET: **Assignment No. AE2013/350/01 – Audit of human resources management at the International Trade Centre**

1. Thank you for your memorandum of 17 April 2014 addressed to Ms. Arancha González, the International Trade Centre's (ITC) Executive Director, attaching the draft report on the above-mentioned audit.
2. I am pleased to transmit ITC's comments on the recommendations of this audit as reflected in Appendix I attached.
3. Thank you.

cc: Ms. Arancha González, Executive Director, ITC
Mr. Carl Rogerson, Chief, Human Resources, ITC
Ms. Anna Halasan, Professional Practices Section, IAD/OIOS
Mr. Mika Tapio, Chief, European Audit Section, IAD/OIOS
Mr. Paolo Ferrari, Auditor, European Audit Section, IAD/OIOS

Street address
International Trade Centre
54-56 Rue de Montbrillant
1202 Geneva, Switzerland

P: +41 22 730 0111
F: +41 22 733 4439
E: itcreg@intracen.org
www.intracen.org

Postal address
International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland



Management Response

Audit of human resources management at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ITC should establish a compact for the Executive Director to strengthen institutional and individual accountability	Important	Yes	Executive Director	To be confirmed	ITC continues to work with UNCTAD and WTO. The approval of the compact is outside ITC's control and we are not in the position to confirm the implementation date.
2	ITC should ensure that its strategic, operational and business plans include targets and measurable performance indicators for human resources management.	Important	Yes	Chief, Human Resources With support of the Senior Management Committee and the Strategic Planning, Performance and Governance section	30 April 2015	This is formalized in 'SMC Responsibilities' under Goal 3 of the ITC People Strategy 2014-2016, which was presented to SMC on 31 March 2014.
3	ITC should finalize and obtain approval for its 'People Strategy 2014-16', which should include baselines and targets for each of the goals identified in this strategy.	Important	Yes	Chief, Human Resources	31 December 2014	SMC reviewed the People Strategy on 31 March 2014 and expects to adopt it on the next review following some limited revision.
4	ITC should implement measures to strengthen the accountability of managers for the completion of the mandatory	Important	Yes	Chief, Human Resources	30 June 2015	Actioned for the current performance cycle. Mandatory goal for Directors to ensure mandatory training

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 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.

Management Response

Audit of human resources management at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	training courses by all ITC staff in line with the ITC policy on mandatory training.					compliance has already been assigned, to be cascaded down into subordinate managers' appraisals.
5	ITC should report to the United Nations Controller the estimated overpayments made to staff members for rental subsidies, amounting to \$90,500, due to an incorrect interpretation of the rental subsidy entitlement, and seek and implement appropriate advice in the matter in terms of the Administrative Instruction on recovery of overpayments made to staff members (ST/AI/2009/1).	Important	Yes	Chief, Human Resources	Within one (1) month of receipt of advice from UN Controller	A report containing details of these overpayments was submitted to the UN Controller on 26 March 2014 and a subsequent follow up on 24 April 2014. ITC at this time commits to taking action within one (1) month of receipt of advice.
6	ITC should report to senior management on actions taken by the hiring managers to advertise anticipated vacancies in a timely manner.	Important	Yes	Chief, Human Resources	30 April 2015	The HR Quarterly Report has already been revised to include the monitoring mechanism, as reflected in the 2014 March Quarterly Report.
7	ITC should report to senior management on the results achieved and the progress made in complying with the recruitment targets established in February 2014.	Important	Yes	Chief, Human Resources	30 April 2015	The HR Quarterly Report has already been revised to include the progress reporting, as reflected in the 2014 March Quarterly Report.
8	ITC should establish mechanisms to monitor the authority delegated to hiring managers for making temporary appointments and ensure that they are in accordance with the ITC policy on such appointments.	Important	Yes	Chief, Human Resources	30 April 2015	Template was amended to ensure hiring managers document the selection process they conducted in accordance with ITC policy on the administration of temporary appointments and the HR Quarterly Report has been revised to incorporate better monitoring and reporting for each temporary

Management Response

Audit of human resources management at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						recruitment.
9	ITC should finalize its policy on Special Post Allowance (SPA) and ensure that a competitive process is in place for granting SPA.	Important	Yes	Chief, Human Resources	31 December 2014	ITC finalized its draft Administrative Instruction (AI) on SPA and consultation is ongoing. The draft was submitted to the Joint Advisory Committee, the ITC internal Staff-Management consultative body.