



Office of Internal Oversight Services

## INTERNAL AUDIT DIVISION

### REPORT 2016/001

---

Audit of the recruitment and use of consultants and individual contractors by the Departments of Peacekeeping Operations and Field Support

Overall results relating to effective recruitment, selection and use of consultants and individual contractors were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

6 January 2016

Assignment No. AP2014/600/03

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-7
Regulatory framework	3-7
IV. ACKNOWLEDGEMENT	7
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# AUDIT REPORT

## Audit of recruitment and use of consultants and individual contractors by the Departments of Peacekeeping Operations and Field Support

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the recruitment and use of consultants and individual contractors by the Departments of Peacekeeping Operations and Field Support (DPKO/DFS).
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 Under-Secretary-General for Management promulgated Administrative Instruction ST/AI/2013/4, dated 19 December 2013, which set out the provisions applicable for the hiring of consultants and individual contractors. This instruction superseded ST/AI/1999/7 (dated 25 August 1999) on the same subject. Prior to the promulgation of the new Administrative Instruction, the DPKO/DFS Executive Office processed and the Office of Human Resources Management (OHRM) approved the recruitment and administration of contracts for consultants and individual contractors. From 1 January 2014, the DPKO/DFS Executive Office was responsible for both processing and approving contracts for consultants and individual contractors in compliance with OHRM guidelines issued in April 2014.
4. At United Nations Headquarters, Umoja was implemented on 1 November 2015 and is now being used for processing payments to consultants and individual contractors. It is also envisaged that processing of recruitment of consultants and individual contractors would be conducted in Inspira.
5. The DPKO/DFS Executive Office processed 185 individual contracts for the period from 1 January 2013 to 31 March 2015 and incurred expenditure of \$2.2 million for the same period. The DPKO/DFS Executive Office was headed by an Executive Officer at the D-1 level and supported by 8 professional and 12 general service staff performing functions in human resources management, budget, finance and administration.
6. Comments provided by DPKO/DFS are incorporated in italics.

### II. OBJECTIVE AND SCOPE

7. The audit of was conducted to assess the adequacy and effectiveness of DPKO/DFS governance, risk management and control processes in providing reasonable assurance regarding the **effective recruitment, selection and use of consultants and individual contractors by DPKO and DFS**.
8. The audit was included in the 2015 risk-based plan of OIOS due to financial and operational risks related to recruitment, selection and use of consultants and individual contractors.
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 staff in recruitment, selection 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 August 2015. The audit covered the period from 1 January 2013 to 31 March 2015.

12. 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

13. The DPKO/DFS governance, risk management and control processes examined were assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective recruitment, selection and use of consultants and individual contractors by DPKO and DFS**. OIOS made six recommendations to address the issues identified. The DPKO/DFS Executive Office implemented adequate controls over the hiring of consultants and individual contractors relating to service limitations for former and retired staff and effectively monitored the nature and duration of contracts to ensure they were of a temporary nature and the work could not be completed by the Organization’s current staffing resources. To improve operations, the DPKO/DFS Executive Office needed to ensure: (a) relevant documents and records related to the process were retained; (b) adequate guidance was provided to DPKO/DFS sections/units on assessment and selection of consultants/contractors and in determination of fees; (c) contracts were signed in a timely manner; (d) statements of health and health insurance requirements were verified; and (e) academic and professional credentials of candidates were verified.

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 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
<b>Effective recruitment, selection and use of consultants and individual contractors by DPKO and DFS</b>	Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

<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.

## Regulatory framework

### Need to comply with the policy on the retention of vital records

15. The Secretary-General's Bulletin on record-keeping and management of United Nations archives (ST/SGB/2007/5) requires offices to identify their vital records, manage them and implement a policy for their retention. OHRM provided a checklist of the records that DPKO and DFS are required to retain in the Enterprise Content Management platform (Unite Docs) for the recruitment of consultants and individual contractors.

16. A review of supporting documents for 61 contracts indicated that the DPKO/DFS Executive Office was unable to locate any documents for 3 contracts, and for the remaining 58 contracts, the following documents were not in the files: (a) three technical evaluation reports; (b) four terms of reference of the work to be done; (c) 10 payment vouchers; and (d) 13 performance evaluation reports.

17. The above resulted as the DPKO/DFS Executive Office had not implemented a mechanism to enforce compliance with the OHRM checklist to ensure important documents were forwarded by substantive offices and maintained by the Executive Office. As a result, DPKO and DFS were unable to: (a) provide assurance on the transparency, fairness and competitiveness of its process for hiring and managing consultants and individual contractors; and (b) refer to performance records of previous consultants to ensure poor performers were not rehired. With the implementation of Umoja, all payment documents would be uploaded in Umoja, while recruitment documents would be uploaded in Inspira.

**(1) The DPKO/DFS Executive Office should develop a mechanism to ensure all vital documents relating to the recruitment of consultants and individual contractors are properly retained.**

*DPKO/DFS accepted recommendation 1 and stated that they would engage OHRM to ensure that records were properly retained in Umoja. Recommendation 1 remains open pending receipt of evidence that a mechanism for retaining vital documents has been implemented.*

### Former and retired staff complied with the length of service and misconduct limitations

18. The Administrative Instruction on hiring consultants and individual contractors (Administrative Instruction) stipulates that former and retired staff should: (a) be contracted after a minimum one-month break from the date of separation; (b) be contracted for no more than 24 months in any 36-month period; and (c) have no past misconduct or unsatisfactory performance issues. The engagement of consultants and individual contractors were to be on assignments of a temporary nature, be completed within a limited timeframe and be for tasks that could not be done by current staffing resources.

19. A review of documentation relating to 4 retirees and 21 former staff from the sample of 61 cases indicated that the DPKO/DFS Executive Office was effectively monitoring the period from retirement or separation of a staff member to their engagement, along with restrictions on the length of service within a given period. The Executive Office also verified that there was no misconduct or unsatisfactory performance issues prior to their engagement. A review of the terms of reference related to the contracted work indicated that services were of a temporary nature and could not be completed using current staffing resources.

20. OIOS concluded that adequate controls were in place to ensure compliance with the Administrative Instruction on timing and length of service and misconduct limitations for former and retired staff.

Technical evaluation of candidates needed to be more competitive, transparent and standardized

21. The Administrative Instruction requires substantive offices to competitively select candidates for a consultancy assignment. Substantive offices are also required to: (a) shortlist a minimum of three candidates, with the final selection to be based on pre-established evaluation criteria; and (b) provide a technical evaluation report that includes details of the purpose of the consultancy, terms of reference, skills and knowledge requirements, applicants reviewed and the basis on which the successful candidate was selected.

22. A review of 61 cases indicated that DPKO and DFS did not always consider a minimum of three qualified candidates. For example: (a) in 12 cases either one or both alternate candidates did not meet the eligibility requirements; (b) in 17 cases, personal history profiles of alternate candidates were not included; and (c) in 15 cases, only one of the three candidates listed was available. Effectively, in 44 out of the 61 cases, only one candidate was eventually considered. DPKO/DFS advised that this resulted as there was a limited pool of consultants/contractors with the requisite skills to consider.

23. A review of 52 technical evaluation reports also indicated that requirements were not consistently met or adequately reviewed as follows: (a) in six cases the relevant substantive office, instead of providing the purpose/terms of reference and the skills and knowledge required, provided information on the proposed candidate; and (b) in three cases, instead of describing the skills, experience and work evaluation, reference was made to the candidates' personal history profile.

24. This resulted as substantive offices were not fully conversant with the required procedures and individuals interviewed indicated the need for additional guidance and training. Additionally, the DPKO/DFS Executive Office did not adequately review evaluations done by substantive offices but proceeded to process the consultancy/contractor contracts without question. As a result, there was an increased risk that the most qualified and suitable candidates were not selected for consultancy/contractor work with DPKO and DFS.

**(2) The DPKO/DFS Executive Office should provide additional guidance and instructions to substantive offices and implement adequate oversight of the process to ensure compliance with procedures for hiring consultants and individual contractors.**

*DPKO/DFS accepted recommendation 2 and stated that they would work with the Umoja Team and OHRM to address the recommendation. DPKO/DFS was also of the view that once consultancy requests were posted in Inspira, the recommendation would be fully addressed. Recommendation 2 remains open pending receipt of evidence that additional guidance and instructions are provided to substantive offices and that adequate oversight of the process is implemented.*

There were delays in issuing contracts for consultants

25. The Administrative Instruction on hiring of consultants and individual contractors requires substantive offices, as the requisitioners, to prepare and submit requests for services well in advance of the engagement to give the DPKO/DFS Executive Office sufficient time to process and issue the related contract. The Administrative Instruction also stipulates that selected candidates should not commence work or travel until the contract has been approved, signed by both parties and returned to the responsible department.

26. A review of 61 cases indicated delays in signing contracts. Of the 58 contracts that were provided, only 17 contracts were signed on or prior to the start of work by the consultant or individual contractor. This resulted as substantive offices delayed submitting their requests, and in order not to jeopardize or delay the assignment, consultants and individual contractors were allowed to start their work, especially those that required preparatory work. For example, in a contract to moderate the annual heads of police components' conference, the contract was signed on the day of the conference, although the contract included the requirement of five days for planning and developing the agenda for the conference. Delays in entering into contractual arrangements could result in difficulties in enforcing contract terms and conditions.

**(3) The DPKO/DFS Executive Office should establish a mechanism to ensure that contracts with consultants/contractors are formalized in a timely manner and prior to the start date of the contracted work.**

*DPKO/DFS accepted recommendation 3 and stated that they would work with the substantive offices to ensure contracts with consultants/contractors were completed in a timely manner. Recommendation 3 remains open pending receipt of evidence that a mechanism has been implemented to ensure that contracts are formalized prior to the start date of contracted work.*

Discrepancies in interpretation of fees needed to be clarified

27. The Administrative Instruction sets out the range of fees payable to consultants and individual contractors. OHRM guidelines align the fee level in the annex to grades of staff in the professional and higher categories. The DPKO/DFS Executive Office was delegated the authority to determine the level of remuneration for a proposed consultancy.

28. A review of the fees payable in 24 contracts issued after 1 January 2014, when DPKO and DFS were delegated the authority to determine fees, indicated four cases where the fees did not correspond with the levels set in the Administrative Instruction. This resulted as the DPKO/DFS Executive Office: had not always correctly interpreted the instructions for the determination of fees; and were not adequately reviewing the fees proposed by substantive offices. Failure to apply the prescribed rate ranges when determining experience, qualification and level of complexity of assignments led to some consultants being paid more while others less than their entitlement.

**(4) The DPKO/DFS Executive Office should seek additional guidance on determination of fees payable to consultants and individual contractors and provide necessary guidance and instructions to substantive offices to ensure amounts agreed in contracts correspond to the requirements in the terms of reference and fall within the prescribed grade levels issued by OHRM.**

*DPKO/DFS accepted recommendation 4 and stated that they would engage OHRM to ensure that remuneration levels are determined and documented properly. Recommendation 4 remains open pending receipt of evidence of the provision of guidance and inclusion of explanations on the determination of fees in instructions provided to substantive offices.*

Statements of good health were not always submitted by selected candidates

29. The Administrative Instruction requires selected candidates to submit a certificate of good health before commencing work unless they work solely from home for less than 30 days. The Administrative

Instruction also requires individuals who are expected to travel to hardship areas to certify that their medical or health insurance covers medical evacuation and treatment.

30. A review of 61 cases indicated that in 46 cases, individuals did not submit a statement of good health and other certificates prior to the approval of the contract. This was because the DPKO/DFS Executive Office was not following up with individuals to provide the required certifications, especially when the contract was for a short period. Also, for five consultants that were required to travel to hardship areas, DPKO/DFS did not obtain certification from them that their health insurance covered medical evacuation and treatment. This was because the DPKO/DFS Executive Office inadvertently did not include this requirement in the memoranda sent to the consultants. As a result, DPKO/DFS could hire consultants/contractors who were not fit for duty and incur unplanned and unbudgeted costs for medical emergencies.

**(5) The DPKO/DFS Executive Office should establish mechanisms to ensure compliance with the requirement to verify the submission of statements of good health and health insurance for consultants/contractors expected to travel to hardship locations.**

*DPKO/DFS accepted recommendation 5 and stated that they would work with the Umoja Team and OHRM to address the recommendation. Recommendation 5 remains open pending receipt of evidence that DPKO/DFS are complying with the requirement to verify the statement of good health and adequacy of health insurance for consultants/contractors expected to travel to hardship locations.*

Verification of credentials, qualifications and prior work experience was not consistently done

31. The Administrative Instruction and OHRM checklist require DPKO and DFS to conduct reference checks of academic and professional credentials of selected candidates. Such reference checks shall include, at a minimum, verification of the highest required academic qualification(s) and employment. Copies of the required certificates, reference checks and employment record are to be retained in Unite Docs.

32. A review of the 58 case files provided indicated that: copies of academic certificates were available for 20 individuals; and none of the files had copies of reference checks from previous employers. The lack of reference checks of academic and professional credentials resulted as the DPKO/DFS Executive Office did not want to delay the start of the work, and intended to obtain them later. However, due to resource constraints, the Office did not follow up and obtain them. As a result, there was an increased risk that contracts were issued to consultants/contractors that did not have the requisite qualifications and experiences. For example, a contract for child protection training for United Nations Police was subsequently terminated prior to the completion of the first phase, as the profile of the consultant was not suitable for the project.

**(6) The DPKO/DFS Executive Office should allocate resources and establish procedures to ensure the verification of academic and professional credentials of the selected candidates prior to the start of the contract.**

*DPKO/DFS accepted recommendation 6 and stated that they would engage OHRM to ensure that the verification of credentials forms an integral part of screening before contract finalization. Recommendation 6 remains open pending receipt of evidence that resources have been allocated and procedures have been established to ensure the verification of academic and professional credentials of the selected candidates prior to the start of a contract.*

#### **IV. ACKNOWLEDGEMENT**

33. OIOS wishes to express its appreciation to the Management and staff of DPKO and DFS 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 recruitment and use of consulting and individual contracting services by the  
Departments of Peacekeeping Operations and Field Support**

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	The DPKO/DFS Executive Office should develop a mechanism to ensure all vital documents relating to the recruitment of consultants and individual contractors are properly retained.	Important	O	Receipt of evidence that a mechanism for retaining vital documents has been implemented.	30 June 2016
2	The DPKO/DFS Executive Office should provide additional guidance and instructions to substantive offices and implement adequate oversight of the process to ensure compliance with procedures for hiring consultants and individual contractors	Important	O	Receipt of evidence that additional guidance and instructions are provided to substantive offices and that adequate oversight of the process is implemented.	31 March 2016
3	The DPKO/DFS Executive Office should establish a mechanism to ensure that contracts with consultants/contractors are formalized in a timely manner and prior to the start date of the contracted work	Important	O	Receipt of evidence that a mechanism has been implemented to ensure that contracts are formalized prior to the start date of contracted work.	31 March 2016
4	The DPKO/DFS Executive Office should seek additional guidance on determination of fees payable to consultants and individual contractors and provide necessary guidance and instructions to substantive offices to ensure amounts agreed in contracts correspond to the requirements in the terms of reference and fall within the prescribed grade levels issued by OHRM.	Important	O	Receipt of evidence of the provision of guidance and inclusion of explanations on the determination of fees in instructions provided to substantive offices.	30 June 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 DPKO/DFS in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of recruitment and use of consulting and individual contracting services by the  
Departments of Peacekeeping Operations and Field Support**

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>
5	The DPKO/DFS Executive Office should establish mechanisms to ensure compliance with the requirement to verify the submission of statements of good health and health insurance for consultants/contractors expected to travel to hardship locations.	Important	O	Receipt of evidence that DPKO/DFS are complying with the requirement to verify the statement of good health and adequacy of health insurance for consultants/contractors expected to travel to hardship locations.	31 March 2016
6	The DPKO/DFS Executive Office should allocate resources and establish procedures to ensure the verification of academic and professional credentials of the selected candidates prior to the start of the contract.	Important	O	Receipt of evidence that resources have been allocated and procedures have been established to ensure the verification of academic and professional credentials of the selected candidates prior to the start of a contract.	31 March 2016

# **APPENDIX I**

## **Management Response**

**CONFIDENTIAL**

Immediate

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

DATE: **DEC 30 2015**

THROUGH:  
S/C DE:

REFERENCE: UNHQ-AR-BOI-Memo-2-  
2015-6753

FROM: Anthony Banbury, Assistant Secretary-General  
DE: for Field Support 

SUBJECT: **Audit of recruitment and use of consulting and individual contracting  
services by the Departments of Peacekeeping Operations and Field  
Support**  
OBJET: **Audit of recruitment and use of consulting and individual contracting  
services by the Departments of Peacekeeping Operations and Field  
Support**

1. I refer to your memorandum dated 16 December 2015 regarding the above-mentioned audit. We note that OIOS has taken into account our comments provided on 4 December 2015. Nevertheless, DFS is providing revised comments on recommendations 1, 4 and 6. We have also updated Appendix I to reflect the individual responsible for the implementation of the recommendations with the deadline.

2. Thank you for the opportunity to comment on the draft report. We stand ready to provide any further information that may be required.

Cc: Ms. Cynthia Avena-Castillo

## Management Response

**Audit of recruitment and use of consulting and individual contracting services by the  
Departments of Peacekeeping Operations and Field Support**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The DPKO/DFS Executive Office should develop a mechanism to enforce compliance with the OHRM checklist or develop an updated checklist subsequent to the implementation of Umoja, to ensure all vital documents relating to the recruitment of consultants and individual contractors are properly retained.	Important	Yes	Executive Officer	Second quarter of 2016	DFS will engage OHRM to ensure that records are properly retained in Umoja.
2	The DPKO/DFS Executive Office should provide additional guidance and instructions to substantive offices and implement adequate oversight of the process to ensure compliance with procedures for hiring consultants and individual contractors.	Important	Yes	Executive Officer	First quarter of 2016	DFS' comments are reflected in the report.
3	The DPKO/DFS Executive Office should establish a mechanism to ensure that contracts with consultants/contractors are formalized in a timely manner and prior to the start date of the contracted work.	Important	Yes	Executive Officer	First quarter of 2016	DFS' comments are reflected in the report.
4	The DPKO/DFS Executive Office should seek additional guidance on determination of fees payable to consultants and individual contractors and provide necessary guidance and instructions to substantive offices to ensure amounts agreed in contracts correspond to the	Important	Yes	Executive Officer	Second quarter of 2016	DFS will engage OHRM to ensure that remuneration levels are determined and documented properly.

<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.

## Management Response

**Audit of recruitment and use of consulting and individual contracting services by the  
Departments of Peacekeeping Operations and Field Support**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	requirements in the terms of reference and fall within the prescribed grade levels issued by OHRM.					
5	The DPKO/DFS Executive Office should establish mechanisms to ensure compliance with the requirement to verify the statement of good health and health insurance for consultants/contractors expected to travel to hardship locations.	Important	Yes	Executive Officer	First quarter of 2016	DFS' comments are reflected in the report.
6	The DPKO/DFS Executive Office should allocate resources and establish procedures to ensure the verification of academic and professional credentials of the selected candidates prior to the start of the contract.	Important	Yes	Executive Officer	First quarter of 2016	DFS will engage OHRM to ensure that the verification of credentials forms an integral part of screening before contract finalisation.