



## INTERNAL AUDIT DIVISION

### REPORT 2017/063

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Audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development

Controls relating to competitive selection, verification of credentials, monitoring of payments and tracking of unsatisfactory performance need to be strengthened

29 June 2017  
Assignment No. AE2016/340/02

# **Audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the recruitment and use of consultants and individual contractors at the United Nations Conference on Trade and Development (UNCTAD). The audit covered the period from January 2015 to December 2016 and it included a review of: planning and monitoring the recruitment and use of consultants; the selection process; contractual terms and conditions; and performance evaluation.

There were satisfactory arrangements to oversee that consultants and individual contractors were engaged to perform functions that were temporary in nature. There were also adequate controls to ensure that terms of reference had specific and measurable deliverables and that final selections were based on pre-established evaluation criteria. However, the competitiveness of the selection process, verification of work credentials, monitoring of payments and arrangements for tracking and sharing information on unsatisfactory performance needed to be strengthened.

OIOS made five recommendations. To address issues identified in the audit, UNCTAD needed to:

- Address, in consultation with the United Nations Office at Geneva, its training needs for effective use of Umoja including the need for a local process expert on consultants/individual contractors;
- Establish accountability mechanisms to prevent the splitting of consultant contracts to avoid advertisement of openings, and pursue with the Office of Human Resources Management the challenges experienced in using the Inspira rosters;
- Implement procedures to verify the professional qualifications of consultants and individual contractors who have not been previously engaged;
- Establish mechanisms to monitor delays in initiating payments after contract expiry and ensure that reasons for delays are addressed in a timely manner; and
- Establish a mechanism to track consultants with less than satisfactory performance and ensure that hiring managers are appropriately advised to prevent such consultants from being re-hired.

UNCTAD accepted the recommendations and has initiated action to implement them.

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# Audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development (UNCTAD).
2. UNCTAD had full delegated authority for recruitment and use of consultants and individual contractors in accordance with administrative instruction ST/AI/2013/4 (hereafter referred to as “the ST/AI”). UNCTAD spent \$12.2 million on consultants and individual contractors in 2014-2015 (approximately eight per cent of its total expenditure) and \$5.8 million in 2016, as shown in Table 1.

**Table 1: Consultants and individual contractors engaged by UNCTAD during 2014-2016**

Year	Consultants		Individual Contractors		Total Consultants + Individual Contractors	
	No. of contracts	Amount (\$)	No. of contracts	Amount (\$)	Total no. of contracts	Total Amount (\$)
2014	462	4,502,670	138	1,998,981	600	6,501,652
2015	344	4,158,305	121	1,583,115	465	5,741,420
2016	320	4,502,328	134	1,327,374	474	5,829,702

Source: UNCTAD Consultancy Desk

3. Comments provided by UNCTAD are incorporated in italics.

## II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

4. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the recruitment and use of consultants and individual contractors at UNCTAD.
5. This audit was included in the 2016 risk-based work plan of OIOS due to the financial and operational risks associated with the use of consultants and individual contractors.
6. OIOS conducted this audit from January to March 2017. The audit covered the period from 1 January 2015 to 31 December 2016. Based on an activity-level risk assessment, the audit covered the risk areas in the recruitment and use of consultants and individual contractors and included a review of: planning and monitoring; the selection process; contractual terms and conditions; and performance evaluation.
7. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing.

## III. OVERALL CONCLUSION

8. There were satisfactory arrangements to oversee that consultants and individual contractors were engaged to perform functions that were temporary in nature. There were also adequate controls to ensure that terms of reference had specific and measurable deliverables and that final selections were based on

pre-established evaluation criteria. However, the competitiveness of the selection process, verification of work credentials, monitoring of payments and arrangements for tracking and sharing information on unsatisfactory performance needed to be strengthened.

## IV. AUDIT RESULTS

### A. Planning and monitoring

#### Consultants and contractors were generally engaged for functions of a temporary nature

9. Section 2 of the ST/AI/2013/4 on consultants and individual contractors defines the terms “consultant” and “individual contractor”. A key element is that they should be engaged to perform functions that are temporary in nature. Sections 5.8 and 5.9 of the ST/AI prescribe the time limit for using a consultant as 24 months in a 36-month period; for individual contractors, the limit is 6 months (or 9 months in special cases) in a 12-month period. OIOS review of 60 cases showed that UNCTAD complied with these time limits. Although almost 60 per cent of consultants and individual contractors were hired repeatedly, they were engaged to perform tasks that were temporary in nature. UNCTAD indicated that for two of its large projects/programmes, efforts had been made to reduce reliance on consultants. UNCTAD was in the process of introducing an initiative to cluster technical cooperation projects into programmes. This would provide more opportunities to plan and identify situations where funding for different projects could be consolidated to establish staff posts to support several projects within a programme instead of using consultants repeatedly for individual projects. Based on the above, OIOS concluded that there were adequate arrangements to ensure that consultants were engaged to perform functions that were temporary in nature.

#### Need for more training on Umoja

10. UNCTAD should be able to extract information from Umoja that its management may need for planning and monitoring the use of consultants and individual contractors. However, UNCTAD experienced challenges in extracting such information from Umoja which OIOS attributed to the fact that the Business Intelligence component of Umoja was still not fully developed. Also, staff had not been provided adequate training. UNCTAD Human Resources Management Section (HRMS) still maintained a manual system for tracking information on use of consultants and individual contractors. OIOS also noted that UNCTAD was not able to extract information from Umoja on extra budgetary allocations for consultants and individual contractors for the years 2015 and 2016. Furthermore, UNCTAD had difficulties with producing reports on payments for consultants and individual contractors from Umoja.

11. Most of the UNCTAD HRMS staff members who had attended the initial Umoja training had left the Organization and none of the current staff was a local process expert on consultants/individual contractors. UNCTAD had repeatedly requested for training but was unsuccessful due to resource limitations. OIOS was informed that at least four UNCTAD staff are scheduled to participate in training sessions planned for 2017 by the United Nations Office at Geneva (UNOG). In addition, from February 2017, UNCTAD HRMS staff dealing with consultants and individual contractors attended a video teleconference (VTC) led by the Umoja team at Headquarters every two weeks to improve the capacity of staff to use Umoja, including for reporting functions. These VTC sessions were an important initiative that could help UNCTAD HRMS staff improve their knowledge of Umoja. But given the extensive use of consultants and individual contractors, UNCTAD needs to have one staff member to be a local process expert to support its needs.

<b>(1) UNCTAD, in consultation with UNOG, should address its training needs for effective use</b>
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**of Umoja including the need for a local process expert on consultants/individual contractors.**

*UNCTAD accepted recommendation 1 and stated that it will continue working through UNOG on training needs. Absence of specialized trainers in Geneva impacts the ability to assist UNCTAD. UNOG has recently made spots available to UNCTAD to participate in Umoja Business Intelligence training. Recommendation 1 remains open pending receipt of evidence that UNCTAD has addressed its Umoja training needs including the need for a local process expert on consultants/individual contractors.*

## **B. Selection process**

### Procedures for rostering and competitive selection needed to be strengthened

12. Section 4 of the ST/AI requires offices to institute competitive procedures for selection of consultants and individual contractors and prescribes the requirements for competitive selection. OIOS reviewed 60 cases and noted that the related Terms of Reference (TOR) had specific and measurable deliverables. Selections were based on the evaluation criteria in the TOR. However, UNCTAD did not fully comply with the requirements for competitive selection. In 44 of the 60 cases reviewed, the selections did not consider three qualified candidates who at least met the TOR evaluation criteria as required by the ST/AI. This deficiency was attributed to limitations in the use of Inspira. Hiring managers indicated that the roster in Inspira was difficult to use as it lacked proper filters to help identify candidates who met the evaluation criteria. Further, not all the candidates in the roster had been screened and there was no readily available information to differentiate candidates who had been screened from those who had not been screened. Since Inspira was still a relatively new tool for rostering consultants, UNCTAD needs to identify and consolidate all the challenges faced in its use and inform the Office of Human Resources Management (OHRM) for appropriate remedial action.

13. The ST/AI also requires that when the services of a consultant or contractor are required for more than six months, the opening should be advertised in Inspira. Among the 60 cases reviewed, 4 had contracts of more than six months. Only two of these were advertised as required. In addition, analysis of all the 2015 and 2016 recruitments of consultants and individual contractors indicated that contracts may have been split to avoid going over the six-month threshold beyond which the consultancies would have been required to be advertised. OIOS noted 41 individuals with two or more back-to-back contracts (totaling 102 contracts), which, if combined, would have exceeded the six-month threshold. OIOS review of contracts relating to 10 of the 41 individuals showed that in 9 cases, the job title and selection criteria were identical, and the activities performed were similar in nature, which indicated that the contracts could have been combined and advertised. UNCTAD needs to hold hiring managers accountable in cases where they failed to advertise openings or knowingly split contracts to avoid the advertisement process.

**(2) The UNCTAD Human Resources Management Section should: (a) establish accountability mechanisms to prevent the splitting of consultant contracts to avoid advertisement of openings; and (b) pursue with OHRM the challenges experienced in using the Inspira rosters.**

*UNCTAD accepted recommendation 2 and stated that: (a) new requests for job openings are now seen in conjunction with previous TORs and a publication in the internet has been requested when totaling over 6 months under the same TOR. A total of four have been published since early 2017. Hiring managers will be asked to confirm whether TORs are a continuation of previous ones; and (b) it will communicate with OHRM on how to improve challenges on Inspira access to rosters.*

Recommendation 2 remains open pending receipt of evidence that UNCTAD has: (a) established accountability mechanisms to prevent splitting of consultant contracts; and (b) pursued with OHRM the challenges experienced in using the Inspira rosters.

#### Need for verification of work credentials

14. Section 4.8 of the ST/AI requires that prior to the issuance of a contract, the processing department, office or mission shall verify the academic and professional credentials of the candidate recommended for selection by conducting appropriate reference checks. Verification of academic and professional credentials is necessary to ensure that the evaluation of the candidate is based on accurate information and that candidates recruited are qualified. OIOS reviewed 60 contracts and noted that at least one educational qualification (usually a copy of their highest degree scroll) was provided in all the cases. However, only 1 of the 60 cases had work credentials on record. UNCTAD stated that due to a lack of capacity, it verified the highest educational qualifications but did not verify professional credentials. Although hiring managers sometimes conducted their own reference checks, these were informal and not documented. It was therefore not possible to determine whether they were done consistently. OIOS is of the view that such checks need to be formalized. Also, since performance evaluations can be used as an additional source of information for assessing candidates who have previously been engaged by UNCTAD, verification of professional qualifications could be limited to newly hired consultants and individual contractors who were not previously engaged by UNCTAD.

**(3) The UNCTAD Human Resources Management Section should implement procedures to verify the professional qualifications of consultants and individual contractors who have not been previously engaged.**

*UNCTAD accepted recommendation 3 and stated that hiring managers will be requested to get certificates of previous employment for individuals hired for the first time with UNCTAD. Recommendation 3 remains open pending receipt of evidence that procedures have been established to verify the professional qualifications of consultants and individual contractors who have not been previously engaged.*

### **C. Contractual terms and conditions**

#### Need to monitor delays in initiating payments after contracts come to an end

15. Payments are usually processed upon the satisfactory completion of the tasks reflected in the contract. However, UNCTAD had not established a mechanism to ensure that payments were processed in a timely manner and delays were investigated. At the end of 2016, there were seven contracts which ended in 2015 but payments were still pending. Four of them had been cancelled but were not followed up to close them in the system. The other three related to cases where the work had not been delivered, yet no action had been taken to either extend or cancel the contracts. OIOS review of the status as at 1 February 2017 showed that 39 contracts had ended but had remained unpaid for more than 80 days. Further review of 10 cases showed that in 3 cases, there were delays in processing the payment even though the outputs had been delivered on time. In seven other cases, payments had not been processed because there were delays in the delivery of output. There were no clear patterns for the reasons for delay in delivery of outputs.

16. Delays in payments to consultants and individual contractors posed a risk to UNCTAD's reputation and was also unfair to the individuals concerned. UNCTAD needed to regularly monitor payments and investigate cases where contracts have ended but payments have not been processed.

**(4) UNCTAD should establish mechanisms to monitor delays in initiating payments after contract expiry and ensure that reasons for delays are addressed in a timely manner.**

*UNCTAD accepted recommendation 4 and stated that in addition to reminders, quarterly reports are being issued since January 2017 on payment delays and Division's senior management along with project officers are alerted on their respective cases. Recommendation 4 remains open pending receipt of evidence that UNCTAD has established mechanisms to monitor and investigate delays in initiating payments after contract expiry.*

## **D. Performance evaluation**

Performance evaluations were completed but cases of unsatisfactory performance were not flagged

17. Section 5.29 of the ST/AI states that a formal output evaluation shall be conducted at the time of completion of assignment on a designated form and recorded in the rosters maintained by the respective department, office or mission for consideration for future contracts. The ST/AI requires that if the output is evaluated as less than fully satisfactory, no further contracts shall be granted to the consultant or individual contractor. OIOS reviewed 43 consultant and individual contractor contracts and noted that performance evaluations had been completed as required before final disbursements of fees. However, there were no mechanisms for sharing information on performance evaluations and flagging cases where the ratings were less than satisfactory. Three out of the 43 contracts reviewed had less than satisfactory ratings but these had not been flagged. Therefore, there was a risk that the individuals could be re-hired in future without considering the unsatisfactory performance. Although hiring managers uploaded the forms in Umoja as required, not all evaluation forms were entered in Inspira. This was attributed to the fact that Inspira was not linked to Umoja and therefore hiring managers needed to upload the forms in each system which they did not do consistently. Since the number of cases of unsatisfactory performance was low, a more efficient alternative mechanism would be for HRMS to track consultants with unsatisfactory performance and notify hiring managers who propose to rehire them in future.

**(5) The UNCTAD Human Resources Management Section should establish a mechanism to track consultants with less than satisfactory performance and ensure that hiring managers are appropriately advised to prevent such consultants from being re-hired.**

*UNCTAD accepted recommendation 5 and stated that an internal tool now keeps track of unsatisfactory performance and hiring managers will be informed on case by case basis. Recommendation 5 remains open pending receipt of the details of the tool established to track unsatisfactory performance.*

## **V. ACKNOWLEDGEMENT**

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

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



## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development

Rec. 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	UNCTAD, in consultation with UNOG, should address its training needs for effective use of Umoja including the need for a local process expert on consultants/individual contractors.	Important	O	Receipt of evidence that UNCTAD has addressed its Umoja training needs including the need for a local process expert on consultants/individual contractors.	30 June 2018
2	The UNCTAD Human Resources Management Section should: (a) establish accountability mechanisms to prevent the splitting of consultant contracts to avoid advertisement of openings; and (b) pursue with OHRM the challenges experienced in using the Inspira rosters.	Important	O	Receipt of evidence that UNCTAD has: (a) established accountability mechanisms to prevent splitting of consultant contracts; and (b) pursued with OHRM the challenges experienced in using the Inspira rosters.	31 July 2018
3	The UNCTAD Human Resources Management Section should implement procedures to verify the professional qualifications of consultants and individual contractors who have not been previously engaged.	Important	O	Receipt of evidence that procedures have been established to verify the professional qualifications of consultants and individual contractors who have not been previously engaged.	31 December 2018
4	UNCTAD should establish mechanisms to monitor delays in initiating payments after contract expiry and ensure that reasons for delays are addressed in a timely manner.	Important	O	Receipt of evidence that UNCTAD has established mechanisms to monitor and investigate delays in initiating payments after contract expiry.	30 September 2018
5	The UNCTAD Human Resources Management Section should establish a mechanism to track consultants with less than satisfactory performance and ensure that hiring managers are appropriately advised to prevent such consultants from being re-hired.	Important	O	Receipt of the details of the tool established to track unsatisfactory performance.	31 January 2018

<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 UNCTAD in response to recommendations.

# **APPENDIX I**


## **Management Response**



**MEMORANDUM**

28 June 2017

**À- To:** Mr. Gurbur Kumar, Deputy Director  
Internal Audit Division, OIOS

**De- From:** Mr. Adnan T. Issa, Chief  
Resources Management Service, UNCTAD 

**Objet – Subject:** **Re: Draft report on an audit of the use of consultants & individual contractors at UNCTAD (Assignment No. AE 2016/340/02)**

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We refer to your memorandum dated 9 June 2017, addressed to the Secretary-General of UNCTAD, Dr. Mukhisa Kituyi.

UNCTAD confirms the acceptance of all audit recommendations and has no further comments to the draft audit report. We will work in continued cooperation with the Geneva resident Audit team as we implement the recommendations and report on their progress and completion to OIOS/IAD.

Thank you.

cc: Dr. Mukhisa Kituyi  
Mr. Daniel Owoko  
Ms. Claudia Barberis  
Ms. Maria Garcia Perez  
Mr. Juan Jose Martinez Badillo

## Management Response

## Audit of the use of consultants and individual contractors at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNCTAD, in consultation with UNOG, should address its training needs for effective use of Umoja including the need for a local process expert on consultants/individual contractors.	Important	Yes	Chief, HRMS, UNCTAD	30 June 2018	UNCTAD will continue working through UNOG on training needs. Absence of specialized trainers in Geneva impacts the ability to assist UNCTAD. UNOG has recently made spots available to UNCTAD to participate in Umoja Business Intelligence training.
2	The UNCTAD Human Resources Management Section should: (a) establish accountability mechanisms to prevent the splitting of consultant contracts to avoid advertisement of openings; and (b) pursue with OHRM the challenges experienced in using the Inspira rosters.	Important	Yes	Chief, HRMS, UNCTAD	31 July 2018	(a) New requests for job openings are now seen in conjunction with previous TORs and a publication in the internet has been requested when totaling over 6 months under the same terms of reference. A total of four have been published since early 2017. Hiring managers will be asked to confirm whether TORs are a continuation of previous ones; (b) UNCTAD will communicate with OHRM on how to improve challenges on Inspira access to rosters.
3	The UNCTAD Human Resources Management Section should implement procedures to verify the professional qualifications of consultants and individual contractors who have not been previously engaged.	Important	Yes	Chief, HRMS, UNCTAD	31 December 2018	Hiring managers will be requested to get certificates of previous employment for individuals hired for the first time with UNCTAD.
4	UNCTAD should establish mechanisms to monitor delays in initiating payments after contract	Important	Yes	Chief, HRMS, UNCTAD	30 September 2018	In addition to reminders, quarterly reports are being issued since January 2017 on payment delays and Division's senior

<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 the use of consultants and individual contractors at United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	expiry and ensure that reasons for delays are addressed in a timely manner.					management along with project officers are alerted on their respective cases.
5	The UNCTAD Human Resources Management Section should establish a mechanism to track consultants with less than satisfactory performance and ensure that hiring managers are appropriately advised to prevent such consultants from being re-hired.	Important	Yes	Chief, HRMS, UNCTAD	31 January 2018	An internal tool now keeps track of unsatisfactory performance and hiring managers will be informed on case by case basis.