



INTERNAL AUDIT DIVISION

REPORT 2024/059

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

There was a need to improve oversight of the implementation of the Financial Agreements with UNOPS while implementing a proper transition plan to ensure economical, efficient and effective management of individual contractors in line with United Nations policies and procedures

**28 November 2024
Assignment No. AP2023-637-04**

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of Financial Agreements with the United Nations Office for Project Services (UNOPS) for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The objective of the audit was to assess the provision of technical support services by UNOPS to MINUSCA in terms of economy, efficiency and effectiveness. The audit covered the period from 1 July 2019 to 30 June 2024 and included a review of: (a) oversight of the Financial Agreements with UNOPS; (b) implementation of the Financial Agreements; and (c) funds disbursements.

UNOPS provided technical support services to MINUSCA by managing the contracting and contract management of workforce resources of Individual Contractors (ICs) in various operational activities. The decision to outsource technical support services to UNOPS was to assist the Mission in freeing up its human resources and concentrating on its core activities. However, MINUSCA did not implement adequate measures to ensure that the services provided by UNOPS were cost-effective, nor did it monitor the implementation of the Financial Agreements. Consequently, significant risks remained unmitigated concerning legal liabilities, adequacy of management fees paid to UNOPS, appropriate number of ICs, absence management, and transparency and effectiveness of the recruitment process of ICs.

OIOS made eight recommendations. To address issues identified in the audit, MINUSCA needed to:

- Establish a Project Steering Committee to provide oversight on the implementation of Financial Agreements.
- Finalize its transition plan for the provision of individual contractors, which should be based on a complete cost-benefit analysis and an assessment of legal and operational risks and fully present the resources necessary for its execution.
- Maintain a centralized repository of files documenting the recruitment process for ICs to ensure that required records are available to demonstrate fairness, transparency and accountability in the recruitment process.
- Conduct a comprehensive needs assessment to determine the optimal number of ICs required by the Mission.
- Implement measures to adequately document the selection process of ICs from the roster or through vacancy announcements and to ensure it is competitive.
- Conduct reference checks of ICs' academic and professional credentials prior to the issuance of contracts.
- Implement measures to replace ICs that proceed on extended sick leaves to ensure continuity in the Mission's operations.
- Confirm the accuracy and completeness of annual and sick leave records of all ICs maintained by UNOPS.

MINUSCA accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

| | |
|---|---------------------------------|
| I. BACKGROUND | 1-2 |
| II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY | 2 |
| III. AUDIT RESULTS | 3-11 |
| A. Oversight of the Financial Agreements with UNOPS | 3-6 |
| B. Implementation of the Financial Agreements | 6-10 |
| C. Funds disbursements | 11 |
| IV. ACKNOWLEDGEMENT | 11 |
| ANNEX I | Status of audit recommendations |
| APPENDIX I | Management response |

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of Financial Agreements (FAs) with the United Nations Office for Project Services (UNOPS) for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).
2. MINUSCA has deployed in multiple locations, including Bangui and 10 field offices across the Central African Republic. The Mission engaged the services of individual contractors (ICs) to enhance its capacity to undertake various activities supporting its mandate. From its inception in September 2014 to June 2019, MINUSCA directly hired and managed 599 ICs. Between June 2019 and June 2024, MINUSCA signed four Financial Agreements (FAs) with UNOPS, through which it has outsourced to UNOPS specific tasks in relation to the ICs contracts, including those of the 599 ICs already hired by the Mission.
3. MINUSCA's FAs with UNOPS aim to improve the efficiency, flexibility and continuity in managing the ICs, consistent with the framework Memorandum of Understanding (MOU) signed between the United Nations Secretariat and UNOPS on 3 August 2014.
4. UNOPS was responsible for: (a) payroll management and processing of salary payments to ICs, (b) creating and maintaining a roster of ICs recommended by MINUSCA for flexibility, continuity and speed in recruitment of the ICs, and (c) facilitating swift onboarding and termination of ICs. MINUSCA Human Resources Section (HRS) was responsible for recruiting ICs and ensuring that the FAs were implemented in compliance with the terms and conditions and the approved standard operating procedures on technical support services to MINUSCA by UNOPS (SOP). Supervisors in respective sections/units were responsible for the direct supervision and performance evaluation of ICs.
5. UNOPS operated an information management system (i.e., One UNOPS) to execute its responsibilities under the FAs. In addition, UNOPS maintained spreadsheets to record and monitor the leave entitlements of the ICs. MINUSCA provided UNOPS with information on ICs required to effectively implement these responsibilities, including details of newly recruited ICs, performance evaluation reports, and monthly attendance sheets. UNOPS prepared periodic reports based on information recorded in One UNOPS and distributed them to MINUSCA. Also, the Mission recorded in Umoja the funds disbursed to UNOPS in accordance with the FAs and the corresponding expenditures based on financial reports from UNOPS.
6. The number of MINUSCA ICs managed by UNOPS and related costs under the four FAs signed between June 2019 and June 2024 are shown in table 1. In comparison, the authorized staffing of civilian personnel (including international, national and United Nations Volunteers) ranged between 1,419 staff members for the period ending 30 June 2020 and 1,704 for the period ending 30 June 2024.

Table 1 - Number of ICs and related costs under Financial Agreements between June 2019 and June 2024

| MINUSCA project ref | FA duration | FA start date | FA end date | Number of ICs | Direct costs (\$)¹ | Indirect costs (\$)² | Total costs (\$) |
|----------------------------|--------------------|----------------------|--------------------|----------------------|---------------------------|-----------------------------|-------------------------|
| FA/2019/001 | 25 months | 05-06-19 | 30-06-21 | 795 | 16,141,024 | 1,291,282 | 17,432,306 |
| FA/2021/001 | 13 months | 01-07-21 | 31-07-22 | 956 | 10,971,602 | 877,728 | 11,849,330 |
| FA/2022/001 | 11 months | 01-08-22 | 30-06-23 | 1,065 | 11,585,888 | 926,871 | 12,512,759 |
| FA/2023/001 | 12 months | 01-07-23 | 30-06-24 | 1,061 | 12,141,238 | 607,062 | 12,748,300 |
| Total | | | | | 50,839,752 | 3,702,943 | 54,542,695 |

Source: MINUSCA Budget and Finance Unit

7. Comments provided by MINUSCA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the provision of technical support services by UNOPS to MINUSCA in terms of economy, efficiency and effectiveness.

9. This audit was included in the 2023 risk-based work plan of OIOS due to financial and operational risks related to UNOPS' provision of technical support services to MINUSCA regarding the management of ICs.

10. OIOS conducted this audit from February to July 2024. The audit covered the period from 1 July 2019 to 30 June 2024. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the recruitment and use of ICs, which included: (a) oversight of the FAs; (b) implementation of the FAs with UNOPS; and (c) funds disbursements.

11. The audit methodology included: (a) interviews with key personnel involved in the recruitment and use of ICs; (b) review of relevant documentation pertaining to the recruitment and use of ICs; (c) review of spreadsheets maintained by UNOPS to record and monitor leave entitlements of the ICs; (d) analytical review of data related to the contract duration, and data from Umoja related to disbursements of funds to UNOPS in accordance with the FAs; (e) as MINUSCA could not provide any documentation regarding a sample of 143 ICs recruited, OIOS adopted a stop and go sampling of 271 of 610 ICs recruited (143 ICs and an additional sample of 128 ICs); and (f) sample testing of 50 monthly attendance sheets and 127 leaves availed by ICs to determine compliance with established policies and procedures.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

¹ Direct costs refer to costs such as: (a) UNOPS project personnel salaries and related travel costs, and (b) operating costs, including ICs salaries and insurance costs,

² Indirect costs refer to UNOPS management and administration costs.

III. AUDIT RESULTS

A. Oversight of the Financial Agreements with UNOPS

Need to establish a Project Steering Committee as required in the Financial Agreements

13. The FAs required the establishment of a Project Steering Committee (PSC) comprising representatives from MINUSCA and UNOPS. The PSC was to hold monthly meetings to review the progress in the implementation of the FAs and make necessary decisions on recommendations presented by the project teams from MINUSCA and UNOPS.

14. MINUSCA had not established a PSC in conjunction with UNOPS since June 2019. As a result, MINUSCA did not assess if UNOPS performed its responsibilities effectively and efficiently. This prevented the Mission from promptly identifying and addressing deficiencies in managing the FAs. As presented in this report, deficiencies existed that included the unmitigated risks of legal liabilities, high management fees paid to UNOPS that were not commensurate with the degree of complexity of activities, non-compliance with the required recruitment process, excessive number of ICs, unauthorized absences, and unauthorized suspension and termination of ICs.

15. MINUSCA explained that it did not take action to ensure that a PSC was duly established and functioned as intended due to other competing priorities.

(1) MINUSCA should, in conjunction with the United Nations Office for Project Services, establish a Project Steering Committee to provide oversight on the implementation of Financial Agreements.

MINUSCA accepted recommendation 1 and stated that the appointment of the Project Steering Committee for the oversight of Financial Agreements was under consideration by the Director of Mission Support.

Key risks associated with the management of individual contractors were not adequately managed

16. A review of relevant documents and discussions with the MINUSCA IC project management team comprised of the Chief of Operations and Resources Management, Chief Supply Chain Management Service and the Chief HRS indicated that the decision to outsource the provision of technical support services to UNOPS was based on the framework provided in the United Nations Secretariat MOU with UNOPS of 3 August 2014. The MOU is a framework for the partnership that provides the operational and financial arrangements governing the provision of UNOPS services to the Secretariat. The details of how UNOPS will implement a project under the MOU are outlined in a Financial Agreement document, including a detailed statement of requirements and a detailed budget. This was essential to assist in implementing various activities/functions of the Mission, including drivers and mechanics for the transport fleet, engineering and information technology technicians, and office cleaners and gardeners. This approach would free up HRS' resources, allowing it to concentrate on core activities, as well as ensure continuity in the provision of IC support.

17. However, despite being a requirement in the MOU, prior to deciding to engage UNOPS, MINUSCA did not conduct an internal review to assure that arrangements with UNOPS would: a) be beneficial to the Mission as compared to obtaining such services through other vendors and contractors; and b) mitigate risks associated with the management of ICs. Also, the Mission did not involve its legal

advisors in reviewing the FAs prior to their signature to ensure that the Organization's legal liabilities were adequately safeguarded. As a result, OIOS noted the following issues:

a) There was an increased risk of potential liabilities and reputational risk to the Mission, and the transition plan was delayed

18. UNOPS issued ICs with contracts that were valid for the duration of the FAs (which all exceeded nine months) and were subsequently renewed upon expiration. This practice did not observe articles 5 and 7 of the Central African Labor Law, which stipulates that short-term employment contracts can be concluded and renewed several times provided that their duration of continuous employment does not exceed a maximum period of two years and that, beyond this period, a short-term employment contract should be converted into a contract of unlimited duration.

19. Administrative instruction ST/AI/2013/4 stipulates that the services of an IC contracted by the Secretariat should be limited to 6 or, in special circumstances, 9 work months in any period of 12 consecutive months, irrespective of the cumulative months of actual work. Based on OIOS' analysis, all 1,209 ICs contracted by MINUSCA through UNOPS (599 ICs transferred to UNOPS on 1 August 2019 and 610 ICs recruited during the audit period) had worked continuously in MINUSCA in the same positions without any break in service, as follows:

- 571 ICs (47 per cent) for more than four years;
- 140 ICs (12 per cent) between three and four years;
- 259 ICs (21 per cent) between two and three years; and
- 239 ICs (20 per cent) between one and two years.

20. The continuous renewal of contracts could lead ICs to develop unrealistic expectations regarding the nature of their employment with MINUSCA, which could complicate future termination by MINUSCA of the FAs with UNOPS.

21. At the time of the audit, the FAs were being extended on an exceptional basis. MINUSCA had a transition plan effective April 2023 with an estimated implementation date of 31 December 2023 to: (a) take over from UNOPS all its skilled ICs (260 in total), and (b) outsource the remaining unskilled ICs to a private vendor. It had submitted two requests to the Controller and Assistant Secretary-General/Office of Human Resources in November 2023 and April 2024 for exceptional approvals to continue using UNOPS to provide partner personnel human resources services³ as a transitional measure.

22. The decision of MINUSCA to reorganize its outsourcing of ICs was justified under the revised framework MOU with UNOPS, effective 1 May 2024, which stipulated that the United Nations Secretariat could no longer engage UNOPS to provide partner personnel human resources services for or on behalf of the Secretariat whereby such partner personnel would work under the direction and/or supervision of the Secretariat, and no FA governed by the 2014 MOU would be extended beyond 30 April 2025.

23. MINUSCA indicated that it had initiated the implementation of the April 2023 transition plan, including the development of a new statement of requirements to be used in the bidding exercise to contract a new vendor. However, it had not yet committed the necessary resources and needed more time to complete the procurement exercise. It anticipated that contract award and mobilization of contracted resources would not be feasible within the 2023/24 budget period.

³ Partner personnel human resources services is the term used by UNOPS when recruiting, managing, and administering personnel on behalf of another United Nations Secretariat entity.

24. The Mission further indicated that the transition plan would be updated in October 2024 and implemented afterward and that it had also planned to appoint a staff member from another Mission on a temporary duty assignment to assist in executing all project activities associated with the proposed transition of ICs. However, as of the audit date, a staff member on temporary assignment had not been appointed.

b) A reduction in the UNOPS management fee could have been negotiated prior to signing the first FA to reflect the lower complexity and risk of activities carried out by UNOPS

25. The MOU of 3 August 2014 stipulates that the management fees charged by UNOPS for each project shall equal 8 per cent of the direct costs, but a reduction in this rate may be agreed upon by the parties, considering the complexity, risk profile, location and the nature of individual projects.

26. UNOPS was not entirely responsible for the provision and administration of ICs. The FAs required MINUSCA to perform certain important functions related to ICs, including recruitment and selection, supervision and preparation of performance evaluations. UNOPS, on the other hand, was required to: develop and manage a roster/database of ICs; undertake contract management functions of ICs (including issuance of contracts, collection of monthly attendance sheets from MINUSCA, processing of payments to ICs according to the attendance sheets, and updating the IC database/roster with performance evaluations provided by MINUSCA); disburse salaries to ICs; administer the entitlements and benefits of ICs; and prepare financial reports on the utilization of funds received from MINUSCA.

27. Under the four FAs signed between June 2019 and June 2024, MINUSCA paid \$50.8 million in direct costs and \$3.7 million in indirect costs (i.e., management fees) for ICs. UNOPS management fees, after lengthy negotiations, was reduced to a rate of 5 per cent in July 2023. However, due to the absence of a cost-benefit analysis of outsourcing of ICs, there was no assurance that the reduced rate of 5 per cent was commensurate with the nature and risk profile of the tasks performed by UNOPS.

(2) MINUSCA should update its transition plan for the provision of individual contractors, which should be based on a complete cost-benefit analysis and an assessment of legal and operational risks and fully present the resources necessary for its execution.

MINUSCA accepted recommendation 2 and stated that it delayed updating the transition plan due to ongoing discussions with the Human Resources Advisory and Non-Staff Capacities Section of the Human Resources Services Division (HRSD) on the revised Framework Agreement with UNOPS that the Secretariat signed on 1 May 2024.

Need to use lessons learned to update the standard operating procedures

28. The FAs required UNOPS to: (a) establish operational mechanisms through published standard operating procedures (SOPs) for the selection, replacement, termination and entitlement management related to ICs; and (b) update these procedures as necessary.

29. UNOPS prepared SOPs to guide the implementation of the FAs, which were approved by UNOPS and MINUSCA in January 2020 and February 2020, respectively. However, OIOS noted instances where the SOP's provisions were not adequate to ensure the effective implementation of the FAs. For example, the SOPs did not envisage a case where ICs would avail of sick leave in excess of their entitlements and, therefore, did not outline temporary measures ensuring that the Mission's operations are not impacted by prolonged absences of ICs. OIOS noted instances where ICs proceeded on prolonged sick leaves, but

MINUSCA did not request their temporary replacements from UNOPS. In addition, subsequent revisions to the FAs have not been incorporated in the SOPs, including an additional entitlement for ICs to receive first aid medical assistance at all MINUSCA-operated health centers in locations where ICs were deployed.

30. This occurred as MINUSCA had not liaised with UNOPS to initiate the review of the SOPs as required following the issuance of FA amendments and to consider lessons learned from the implementation of the FAs. MINUSCA indicated that it had drafted revised SOPs that were under review, and these SOPs incorporated various lessons learned. The Mission further stated that since the promulgation of the new MOU, it had not signed any FAs with UNOPS. Based on the actions taken by the Mission to initiate a review of the SOPs, OIOS did not make a recommendation.

B. Implementation of the Financial Agreements

The recruitment process of ICs needed improvement

31. The FAs require MINUSCA to conduct the recruitment of ICs and advise UNOPS on the selected candidates for completion of the contractual processes. As MINUSCA could not provide any documentation for 143 out of 610 recruited ICs, OIOS reviewed an additional sample of 128 ICs recruited. This additional review indicated that MINUSCA did not consistently implement adequate procedures to justify the need for the continued use of ICs and ensure that the recruitment of ICs was conducted in a transparent manner. The following weaknesses were noted:

a) Need to document the recruitment process for transparency

32. None of the documents to support the recruitment of a first sample of 143 of the 610 ICs were provided by MINUSCA. These documents would comprise DMS approvals to recruit ICs, terms of reference, vacancy announcements, lists of candidates who had applied and were shortlisted for interviews, criteria for evaluating the candidates, correspondences from the recruiting section/unit advising HRS on candidates selected, and subsequent communication from HRS to advise UNOPS selected candidates for recruitment and inclusion in the roster.

33. OIOS noted that 29 of the additional sample of 128 ICs reviewed were recruited from a roster. However, there was no justification in the files explaining why the specific IC candidate was selected. OIOS also noted that the SOPs did not provide any guidance regarding the selection of ICs from the roster. The selection decisions were made by supervisors in the various MINUSCA sections/units.

34. Additionally, there was no documentary evidence that vacancy announcements for ICs were widely circulated to attract candidates. Interviews with HRS indicated that vacancy announcements were posted on the Mission's website, job bulletin boards situated at the entrance gates of the Mission's camps, on social media, and advertised through the MINUSCA Guira FM radio. However, there was no record of the number of candidates that had applied to determine if the vacancy announcements had attracted sufficient candidates.

35. The above gaps occurred as the Mission did not maintain a centralized repository of recruitment files within HRS. The files were scattered among different sections/units without oversight from HRS to ensure they were adequately maintained. As a result of the lack of transparency and oversight, there was a risk that the IC recruitment process may not have been fair, exposing the Mission to increased operational and reputational risks.

(3) MINUSCA should maintain a centralized repository of files documenting the recruitment process for individual contractors to ensure that required records are available to demonstrate fairness, transparency and accountability in the recruitment process.

MINUSCA accepted recommendation 3 and stated that the responsibility to maintain central documentation for the recruitment of all individual contractors resided with the Human Resources Section. Necessary actions would be taken to remedy any identified shortcomings.

b) Need to conduct a comprehensive needs assessment of individual contractors

36. The DMS has the delegated authority to approve all requests for ICs to ensure they fit the Mission's needs and are in line with the Mission's budget. Once the DMS approves the request for ICs, MINUSCA recruits ICs and submits pre-selection letters to UNOPS to issue contracts to the selected ICs and replenish the roster to fill vacant positions. OIOS noted that in the 128 cases reviewed, the DMS approved requests from respective sections/units to recruit ICs.

37. OIOS further noted that through a memo dated 10 August 2020, the DMS approved the recruitment of 15 Local Security Assistants to be deployed to a COVID-19 isolation and quarantine camp. The camp was located at the Mission's air terminal under construction in Bangui, and the ICs were to monitor the entry and exit points of these isolation camps. Following the closure of these camps at the end of the pandemic, these ICs were redeployed to perform other security-related functions. However, prior approval was not obtained from the DMS to retain and redeploy these ICs. Also, it was not clear whether there was a need to retain ICs following the completion of projects/tasks for which they had been recruited.

38. The retention of ICs after completing the tasks they were initially recruited for occurred because the Mission had not conducted a needs assessment on its ICs requirements, and appropriate review and approval was not sought for such retention. As a result, there was a risk that the Mission may be holding an excessive number of ICs.

(4) MINUSCA should: (i) conduct and document a comprehensive needs assessment to determine the optimal number of individual contractors required to support the Mission's operations; and (ii) ensure that extensions of the contracts of individual contractors are approved by the Director of Mission Support.

MINUSCA accepted recommendation 4 and stated that it had initiated a comprehensive review of the requirements of individual contractors in its entirety to optimize its resource requirements. As part of the process, the Mission included proposals in the 2025/26 budget submission to source the requirements leveraging on existing service contracts operated by the United Nations Support Office in Somalia and the World Food Programme. Further, the Mission would ensure that prior approval is obtained from the Director of Mission Support for any extension of contracts of individual contractors, especially considering the upcoming renewal on 1 January 2025.

c) Need to implement a competitive selection process and ensure gender parity in recruiting individual contractors

39. MINUSCA is required to institute competitive selection procedures in selecting ICs by either evaluating individuals identified from a roster of qualified individuals maintained by UNOPS or issuing IC openings through appropriate means. The final selection needs to be based on pre-established evaluation criteria and a technical evaluation report attached to the contract on file, showing the applicants reviewed and the basis for the successful candidate's selection. In addition, a memorandum dated 8 February 2023

issued by MINUSCA Special Representative of the Secretary-General required hiring managers to achieve the goal of a 50/50 gender balance at all staff levels and to apply special temporary measures in the selection and appointment at each level where gender parity had not been achieved.

40. OIOS review of the recruitment of a sample of 128 of 610 ICs recruited during the audit period noted that:

- In a total of 34 recruitments, the Conduct and Discipline Unit, Integrated Mission Training Centre and Field Technology Section constituted panels that interviewed shortlisted candidates, used predetermined criteria to evaluate and determine the suitability of IC candidates, and subsequently prepared evaluation reports. In addition, 29 other IC recruitments were made from the UNOPS roster and hence did not require an interview process. However, for the remaining 65 recruitments, the Mission did not establish panels to interview candidates, develop evaluation criteria, or prepare evaluation reports to select successful candidates. Instead, the section/unit supervisors conducted only desk reviews of the personal history profiles of candidates to assess their qualifications and experience and determine their suitability for the positions.
- There was no evidence of the efforts made by the Mission to achieve gender parity for ICs despite the recruiting sections/units having indicated in correspondence to HRS that they had considered the gender ratio and geographical representation in the selection of candidates. As a result, the female/male ratio was only 20/80 (211/839) per cent for the 1,050 ICs on board as of February 2024.

41. The above occurred because MINUSCA did not consistently enforce compliance with the required recruitment process of ICs to ensure it was competitive, adequately documented, and included gender parity considerations. The lack of compliance with transparency and accountability requirements further exposed the Mission to operational and reputational risk.

(5) MINUSCA should enforce the requirement for sections/units to ensure the selection process of individual contractors is competitive and adequately documented and implement measures to achieve gender parity for individual contractors.

MINUSCA accepted recommendation 5 and stated that since this audit, the Mission had centralized the recruitment of individual contractors by placing the responsibility and vetting with the Human Resources Section. Requesting sections/units are responsible for the evaluation, whilst the Human Resources Section retains oversight of the recruitment/selection process. The Recruitment Unit would work closely with requesting sections/units to enforce transparency at all stages of recruitment processes and to increase gender parity amongst the individual contractors.

d) Need to conduct reference checks for successful candidates prior to issuance of contracts to individual contractors

42. MINUSCA is required to verify the academic and professional credentials of the candidate recommended for selection by conducting reference checks prior to requiring UNOPS to issue a contract. Verification of the academic and professional credentials of ICs is necessary to ensure that the evaluation of candidates is based on accurate information and that the selected candidates are appropriately qualified.

43. OIOS review showed that, although the Mission maintained copies of educational qualifications and records of previous employment for IC candidates, it did not perform reference checks to verify the accuracy of these records prior to requesting UNOPS to issue IC contracts.

44. This occurred because HRS did not prioritize the reference checks of academic and professional credentials of ICs to be performed, which resulted in the selection of candidates who were not able to effectively perform the roles for which they were recruited. For instance, 7 of the 14 ICs recruited as firefighters/fire truck drivers and deployed to the Mission's airfields in various field locations were subsequently found not skilled to operate firefighting equipment.

(6) MINUSCA should enforce the requirement that reference checks of individual contractors' academic and professional credentials be performed prior to the issuance of contracts.

MINUSCA accepted recommendation 6 and stated that academic and professional qualifications are key recruitment criteria. The Recruitment Unit would perform reference checks for all individual contractors recommended for selection prior to including them in a roster and issuance of contracts. The Mission would promulgate a new standard operating procedure for managing individual contractors under the current Financial Agreement between MINUSCA and UNOPS to address this recommendation.

Need to monitor utilization of the individual contractors' leave entitlements

45. Under the FAs, the ICs were entitled to annual leave of one and a half days per month and sick leave of one day per month for absence due to illness. ICs were required to obtain written approval from their supervisors and UNOPS prior to proceeding on leave. The use of leave entitlements without prior approval would be considered unjustified and, therefore, treated as unpaid leave. The FAs required UNOPS to manage the benefits and leave balances of ICs.

46. A review of a sample of 50 monthly attendance sheets and 127 leaves indicated the following:

- Leave records were not adequately maintained. OIOS received only 10 of the 36 annual leave authorization forms requested for ICs deployed to the Centralized Warehouse Section in Bangui. The approved application forms for 45 other leaves availed by ICs in the Centralized Warehouse Section were not provided for review. The Centralized Warehouse Section officials indicated that they were not involved in approving requests for sick leave as this was UNOPS' responsibility. Also, authorizations for leaves of absence for the Transport Unit (three cases) and Engineering Section (two cases) were not provided. The leave records maintained by UNOPS indicated that between 1 July 2023 and 31 March 2024, 575 and 80 authorized annual and sick leaves, respectively, availed by ICs were recorded.
- Cases of ICs availing of sick leave days in excess of entitlement were noted. For instance, one IC assigned to the Transport Unit was on sick leave for 227 days, and four ICs assigned to the Engineering Section in Bangassou were on sick leave for periods ranging from 43 to 104 days between June and September 2022. In addition, two ICs assigned to the Centralized Warehouse Section were both on sick leave for periods of 34 and 52 days, respectively, during September 2022 and January 2023, thereby impacting the ability of the Section to effectively perform its functions. However, due to a lack of guidance on actions to take once ICs exhausted their leave days, the ICs continued to be retained for extended periods of absence, and temporary replacements were not provided to ensure continuity of provision of support services to the Mission.
- In 48 of the 127 cases reviewed, the accumulated leave days requested were not indicated on the leave application forms. Hence, it was not possible for the Mission to determine if the ICs had accrued sufficient leave days to cover the requested leave days.

47. A further review of the database on leave records maintained by UNOPS indicated that:

- All 1,042 ICs on board as of 1 July 2023 were each allocated 18 days instead of 13.5 days of annual leave for the nine-month period to 31 March 2024. This resulted in an excess allocation and overstatement of annual leave balances of 4.5 days per IC.
- The database was not updated with sick leaves ranging from 9 to 29 days that were availed by a sample of 11 ICs assigned to the Centralized Warehouse Section and recorded on the monthly attendance sheets for selected months from 1 April 2022 to 31 March 2023. This resulted in ICs with sick leave days exceeding their entitlements and overpayment of salaries to ICs, as was noted in the case of an IC who was paid a salary for March 2023 (estimated at \$933) despite having been on sick leave for the entire month. This IC had availed sick leave for an accumulated period of at least 52 days between 1 June 2022 and 31 March 2023, which was more than the 24 days comprising the entitlement for 12 months and any unutilized balances brought forward from the previous period.
- A review of a random sample of 21 cases of approved annual leave application forms for ICs assigned to the Transport Unit noted that 13 had the same annual leave balances of 16.5 days as of 30 June 2023. However, further inquiry with UNOPS indicated that these had been erroneously recorded on the leave management system and were subsequently amended as the audit was ongoing. This happened because UNOPS did not regularly review the leave records of ICs, nor did MINUSCA monitor to ensure the accuracy and completeness of these records. Such oversight could result in the ICs availing annual and sick leaves in excess of their entitlements, and financial loss to the Organization.

48. The above happened because HRS and section/unit chiefs did not establish and implement a mechanism to monitor the ICs' leave process. The observation that ICs on prolonged leaves were not replaced may be an indication that the Mission has an excessive number of ICs. There is also a financial risk as the Mission continues to pay for services that are not provided by UNOPS.

(7) MINUSCA should, in conjunction with the United Nations Office for Project Services, prepare guidelines on actions to be implemented where individual contractors proceed on extended sick leave to ensure that the Mission's operations are not impacted.

MINUSCA accepted recommendation 7 and stated that it would promulgate the new standard operating procedures for the management of individual contractors under the current Financial Agreement between MINUSCA and UNOPS. This new standard operating procedure would address this recommendation.

(8) MINUSCA should regularly monitor and review the annual and sick leave records for all individual contractors maintained by the United Nations Office for Project Services to confirm their completeness and accuracy.

MINUSCA accepted recommendation 8 and stated that it would conduct a quarterly review of annual and sick leave records maintained by the United Nations Office for Project Services for remedial actions as so warranted. This has been incorporated as part of the United Nations Office for Project Services reporting requirements and a standing agenda during the performance review meetings.

C. Funds disbursements

The Mission timely disbursed funds to UNOPS in line with the Financial Agreements

49. The FAs and amendments to it in force during the period required MINUSCA to transfer \$56.65 million to UNOPS for the provision of technical support services to the Mission. MINUSCA was required to disburse these funds to UNOPS in line with payment schedules outlined in the FAs to ensure the effective implementation of the Agreements and the timely payment of salaries to the ICs.

50. A review of the disbursement of funds recorded in Umoja indicated that as of 31 December 2023, the Mission had timely disbursed \$44.6 million to UNOPS following the signing of each FA and after the submission of quarterly financial reports by UNOPS. An additional disbursement of \$4.98 million was made as partial payments for the additional six-month period to 30 June 2024. However, the Mission had delayed the disbursement of \$900,000 to cover this six-month period due to the liquidity challenges experienced by the Organization but had requested UNOPS to temporarily fund the deficit pending receipt of the funds by the Mission.

51. OIOS concluded that the Mission had implemented adequate mechanisms to ensure the timely disbursement of funds to UNOPS to support the effective implementation of the technical support services.

IV. ACKNOWLEDGEMENT

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

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical/ Important ⁵ | C/ O ⁶ | Actions needed to close recommendation | Implementation date ⁷ |
|----------|---|-------------------------------------|----------------------|--|----------------------------------|
| 1 | MINUSCA should, in conjunction with the United Nations Office for Project Services, establish a Project Steering Committee to provide oversight on the implementation of Financial Agreements. | Important | O | Receipt of evidence that a Project Steering Committee to provide oversight on the implementation of Financial Agreements has been established. | 31 December 2024 |
| 2 | MINUSCA should update its transition plan for the provision of individual contractors, which should be based on a complete cost-benefit analysis and an assessment of legal and operational risks and fully present the resources necessary for its execution. | Important | O | Receipt of the updated transition plan for the provision of individual contractors. | 31 December 2024 |
| 3 | MINUSCA should maintain a centralized repository of files documenting the recruitment process for individual contractors to ensure that required records are available to demonstrate fairness, transparency and accountability in the recruitment process | Important | O | Receipt of evidence that a central repository of records for the recruitment of individual contractors has been maintained. | 31 January 2025 |
| 4 | MINUSCA should: (i) conduct and document a comprehensive needs assessment to determine the optimal number of individual contractors required to support the Mission's operations; and (ii) ensure that extensions of the contracts of individual contractors are approved by the Director of Mission Support. | Important | O | Receipt of evidence of: (i) completion of a comprehensive needs assessment on the Mission's requirement for individual contractors; and (ii) that the Director of Mission Support has approved all requests to extend contracts of individual contractors. | 30 June 2025 |
| 5 | MINUSCA should enforce the requirement for sections/units to ensure the selection process of individual contractors is competitive and adequately documented and implement measures to achieve gender parity for individual contractors. | Important | O | Receipt of evidence that the selection of individual contractors was competitive and adequately documented, and measures to achieve gender parity were implemented. | 30 June 2025 |
| 6 | MINUSCA should enforce the requirement that reference checks of individual contractors' academic and professional credentials be performed prior to the issuance of contracts. | Important | O | Receipt of evidence that the Mission has conducted reference checks of the academic and professional credentials of individual contractors. | 31 December 2024 |

STATUS OF AUDIT RECOMMENDATIONS

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical ⁴ / Important ⁵ | C/ O ⁶ | Actions needed to close recommendation | Implementation date ⁷ |
|----------|---|---|----------------------|---|----------------------------------|
| 7 | MINUSCA should, in conjunction with the United Nations Office for Project Services, prepare guidelines on actions to be implemented where individual contractors proceed on extended sick leave to ensure that the Mission's operations are not impacted. | Important | O | Receipt of evidence that the Mission has prepared and implemented guidelines on extended sick leaves availed by individual contractors. | 31 December 2024 |
| 8 | MINUSCA should regularly monitor and review the annual and sick leave records for all individual contractors maintained by the United Nations Office for Project Services to confirm their completeness and accuracy. | Important | O | Receipt of evidence that the Mission has monitored and reviewed leave records of individual contractors. | 31 December 2024 |

⁴ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁵ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁶ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁷ Date provided by MINUSCA in response to recommendations.

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO: Ms. Fatoumata Ndiaye
A: Under-Secretary-General for OIOS

DATE: 22 November 2024

FROM: Valentine Rugwabiza
DE: SRSG and Head of MINUSCA

REFERENCE: MINUSCA/OSRSG/317/2024

SUBJECT: **MINUSCA's comments on a Draft report on an audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical services to MINUSCA (Assignment No. AP2023-632-04)**


1. With reference to your interoffice memorandum dated 5 November 2024 on the above captioned subject, kindly find attached MINUSCA's comments on a Draft report on an audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical services to MINUSCA.
2. I take this opportunity to thank your team for the findings and recommendations issued in this audit.

Annex: – MINUSCA's comments on a Draft report on an audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical services to MINUSCA

cc Mr. Byung-Kun Min Chief, Peacekeeping Audit Service, Internal Audit Division, OIOS
Mr. Sory Sangaré, Director of Mission Support, MINUSCA
Mr. Omer Santy-Ateyaba, Chief Supply Chain Management, MINUSCA
Ms. Jainaba Sissoho, Chief Operational Resource Management, MINUSCA
Ms. Arthi Gounder, Chief Human Resources Officer, MINUSCA
Mr. Jeffrey Lin, Professional Practices Section, Internal Audit Division, OIOS
Mr. Seydou Sirpé, Chief Resident Auditor for MINUSCA, Internal Audit Division, OIOS
Ms. Tiphaine Dickson, Risk Management and Compliance Officer, MINUSCA

Management Response

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|---|---|-----------------------|--|---------------------|---|
| 1 | MINUSCA should, in conjunction with the United Nations Office for Project Services, establish a Project Steering Committee to provide oversight on the implementation of Financial Agreements. | Important | Yes | Chief of Operations and Resource Management (CORM) | Implemented | <p>The document establishing a Steering Committee for the oversight of Financial Agreements (FA) with the United Nations Office for Project Services (UNOPS) for the provision of technical support services to MINUSCA is at the stage of signature.</p> <p>Meanwhile, a copy of the Performance Review Meeting (PRM) minutes held on 30 September 2024 are attached for ease of reference.</p>  <p>Minutes of meeting- Project Performance F</p> |
| 2 | MINUSCA should update its transition plan for the provision of individual contractors, which should be based on a complete cost-benefit analysis and an assessment of legal and operational risks and should fully present the resources necessary for its execution. | Important | Yes | Chief of Operations and Resource Management (CORM) Chief Supply Chain Management (CSCM) | 31 December 2024 | As already conveyed to the audit team, MINUSCA did develop a transition plan along with a roadmap to transition seamlessly. However, due to the operational tempo of the Mission, the implementation of the plan was delayed. MINUSCA envisaged to update the plan and provide a current transition plan before 31 st October 2024. |

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical/ Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|---|-------------------------------------|-----------------------|---------------------------------|---------------------|--|
| | | | | | | <p>However, the Mission delayed updating the transition plan to reflect the outcome of the workshop (2-part event – September 2024, and November 2024) that the Human Resources Advisory and Non-Staff Capacities Section of the Human Resources Services Division (HRSD), Department of Operational Support (DOS), the Department of Management Strategy, Policy, and Compliance (DMSPC) and UNOPS scheduled to discuss the issue of partner personnel from field perspective in the context of the new 2024 Framework Agreement that the Secretariat recently signed with UNOPS.</p> <p>A follow-up meeting with the Human Resources Advisory and Non-Staff Capacities Section of the Human Resources Services Division (HRSD) is scheduled on 20 November 2024 to provide further guidance. Thereafter, MINUSCA will update its transition plan before 31 December 2024.</p> |
| 3 | MINUSCA should maintain a centralized repository of files documenting the recruitment | Important | Yes | Chief Human Resources | 31 January 2025 | As already conveyed to the audit team, the responsibility to maintain |

Management Response

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical/ Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|---|-------------------------------------|-----------------------|--|--------------------------------------|---|
| | process for individual contractors to ensure required records are available to demonstrate fairness, transparency, and accountability in the recruitment process | | | Officer (CHRO) | | centrally the documentations for the recruitments of all individual contractors resides with the Human Resources Section. Necessary actions will be taken to remedy any identified shortcomings. |
| 4 | MINUSCA should: (i) conduct and document a comprehensive needs assessment to determine the optimal number of individual contractors required to support the Mission's operations; and (ii) ensure that extensions of the contracts of individual contractors are approved by the Director of Mission Support. | Important | Yes | (i) Chief of Operations and Resource Management (CORM) (ii) Chief Human Resources Officer (CHRO) (ii) | (i) 30 June 2025 (ii) 31 Dec 2024 | (i) The Mission has initiated a comprehensive review of the requirements of individual contractors in its entirety with a view to optimizing its resources requirements. As part of the process, the Mission has included in the 2025/26 budget submission, proposals to source the requirements partially piggybacking on existing Service Contracts operated by UNSOS and WFP. (ii) The Mission will ensure that the prior approval is obtained from the Director of Mission Support for any extension of the contracts of individual contractors, especially considering the upcoming renewal on 1 January 2025. |
| 5 | MINUSCA should enforce the requirement for sections/units to ensure the selection process of individual contractors is competitive and adequately documented and implement measures to achieve gender parity for individual contractors. | Important | Yes | Chief Human Resources Officer (CHRO) Chief Recruitment Unit (CRU) | 30 June 2025 | Since this audit, the Mission has centralized the recruitment of individual contractors by placing the responsibility and vetting with the Human Resources Section (HRS). Requesting sections are responsible for the evaluation whilst HRS retains |

Management Response

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical/ Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|-------------------------------------|-----------------------|---|---------------------|--|
| | | | | | | <p>oversight of the recruitment/selection process.</p> <p>The Recruitment Unit will work closely with requesting sections/units to enforce transparency at all stages of recruitment processes and to increase gender parity amongst the individual contractors.</p> |
| 6 | MINUSCA should enforce the requirement that reference checks of individual contractors' academic and professional credentials be performed prior to the issuance of contracts. | Important | Yes | <p>Chief Human Resources Officer (CHRO)</p> <p>Chief Recruitment Unit (CRU)</p> | Implemented | <p>The Mission wishes to stress that academic and professional qualifications are key recruitment criteria.</p> <p>The Recruitment Unit will perform reference checks for all individual contractors who are recommended for selection prior to including them in a roster and issuance of contracts.</p> <p>The new SOP on the management of individual contractors of under the current Financial Agreement between MINUSCA and UNOPS that addresses the recommendation made is expected to be promulgated by 31 December 2024.</p> <p>MINUSCA therefore recommends that this be considered implemented.</p> |

Management Response

Audit of Financial Agreements with the United Nations Office for Project Services for the provision of technical support services to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

| Rec. no. | Recommendation | Critical/ Important ₂ | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|---|-------------------------------------|-----------------------|--|---------------------|---|
| 7 | MINUSCA should, in conjunction with the United Nations Office for Project Services, prepare guidelines on actions to be implemented where individual contractors proceed on extended sick leave to ensure that the Mission's operations are not impacted. | Important | Yes | Chief Human Resources Officer (CHRO) | Implemented | <p>The new SOP on the management of individual contractors of under the current Financial Agreement between MINUSCA and UNOPS that addresses the recommendation made is expected to be promulgated by 31 December 2024.</p> <p>MINUSCA therefore recommends that this be considered implemented.</p> |
| 8 | MINUSCA should regularly monitor and review the annual and sick leave records for all individual contractors maintained by the United Nations Office for Project Services to confirm their completeness and accuracy. | Important | Yes | Chief Human Resources Officer (CHRO) Chief Client Support Unit (CCSU) | 31 December 2024 | <p>The Mission will conduct a quarterly review of annual and sick leave records maintained by the United Nations Office for Project Services by 31 December 2024 for remedial actions as so warranted.</p> <p>This has been incorporated as part of the United Nations Office for Project Services (UNOPS) reporting requirements and a standing agenda during the performance review meetings.</p> |