



INTERNAL AUDIT DIVISION

REPORT 2014/126

Audit of human resources
management in the United Nations
Global Service Centre

Overall results relating to the effective
management of human resources in the
United Nations Global Service Centre were
initially assessed as partially satisfactory.
Implementation of two important
recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

8 December 2014
Assignment No. AP2014/617/03

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AUDIT REPORT

Audit of human resources management in the United Nations Global Service Centre

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of human resources management in the United Nations Global Service Centre (UNGSC).
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 Human Resources Section of the Base Support Services of UNGSC was responsible for managing the human resources function of UNGSC including: (a) recruitment and promotion of staff; (b) recruitment of consultants and individual contractors; (c) post classification and management; (d) administration of staff, consultants, individual contractors and related entitlements; and (e) staff appraisal and development systems. The Section was also responsible for managing the human resources functions of the Special Envoy of the Secretary-General based in Cairo and the Master Data Management Team of the Office of Information Communication and Technology.
4. The Human Resources Section was headed by an officer at the P-4 level and comprised 14 staff. UNGSC had 420 authorized posts and a 2013/14 budget of \$42.5million.
5. Comments provided by DFS are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNGSC governance, risk management and control processes in providing reasonable assurance regarding the **effective management of human resources in UNGSC**.
7. The audit was included in the 2014 risk-based work plan of OIOS because of the compliance and operational risks related to human resources management.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as one that provides reasonable assurance that policies and procedures: (i) exist to guide human resources management activities; (ii) are implemented consistently; and (iii) ensure reliability and integrity of financial and operational information.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted this audit in June and July 2014. The audit covered the period from 1 July 2012 to 30 April 2014. The audit covered the human resources management functions of UNGSC, including: (i) recruitment and promotion of staff; (ii) recruitment of consultants and individual contractors; (iii) post classification and management; (iv) administration of staff, consultants, individual contractors and related entitlements; and (v) staff appraisal and development systems.

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

III. AUDIT RESULTS

12. The UNGSC governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of human resources in UNGSC**. OIOS made two recommendations to address the issues identified. UNGSC implemented adequate procedures for the management of posts, staff performance appraisal and staff development. UNGSC also complied with the procedures for job openings, assessment/evaluation of candidates and use of rosters. However, UNGSC needed to implement procedures to ensure compliance with the requirements for the use of consultants and those of special post allowance.

13. The initial overall rating was based on the assessment of key control presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of two 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
Effective management of human resources in UNGSC	Regulatory framework	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

Adequate procedures were implemented for managing posts

14. The DFS Standard Operating Procedure on Staffing Table and Post Management required authorized posts to be used for the purposes specified in the budget. A review of the recruitment processes, staffing table, staff incumbency reports as well as the actual functions performed by staff indicated that UNGSC had filled vacancies in a timely manner and used posts for the purposes specified in the relevant approved budgets. OIOS concluded that UNGSC implemented adequate procedures for managing its authorized posts.

¹ 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.

Staff performance appraisals were completed in a timely manner

15. According to the Administrative Instruction on Performance Management and Development System, UNGSC was required to appraise the performance of all staff within three months after the end of the performance appraisal cycle, which ended on 31 March each year. UNGSC had completed performance appraisals for all of its 420 staff for the 2012/13 performance cycle and only 16 appraisals related to the 2013/14 cycle had not been completed. OIOS concluded that UNGSC implemented adequate procedures to ensure timely performance of staff appraisals.

Adequate procedures were in place for managing job openings, assessment and evaluation of candidates and use of rosters

16. The Inspira Instructional Manual for the Staff Selection System required UNGSC to implement procedures to ensure proper development and announcement of job openings, assessment and evaluation of candidates, and use of rosters in accordance with the United Nations Staff Rules. A review of 5 of the 15 international recruitments conducted during the audit period indicated that UNGSC had implemented adequate procedures that ensured: (a) job openings were properly prepared and announced; (b) candidates were assessed and evaluated against the criteria established in the job opening; and (c) there was appropriate use of rosters. OIOS concluded that UNGSC implemented adequate procedures for managing job openings, assessing and evaluating candidates, and use of rosters.

Reference checks and verification of the qualifications of candidates were being completed

17. The Inspira Instructional Manual for the Staff Selection System required UNGSC to check references and verify the academic qualifications for all external candidates and serving staff members for whom reference checks had not been conducted. A review of 5 of the 15 international recruitments conducted during the audit period indicated that UNGSC had conducted reference checks and verified the academic qualifications of external as well as internal candidates whose qualifications had not been verified previously. OIOS concluded that UNGSC implemented adequate procedures to ensure compliance related to reference checks and the verification of the qualification of candidates.

The Global Service Centre needed to systematically comply with the requirements for the use of consultants and individual contractors

18. The United Nations Administrative Instruction on Consultants and Individual Contractors required UNGSC to implement competitive selection procedures in engaging consultants and individual contractors. The Instruction also required UNGSC to ensure that consultants and individual contractors: (a) were not rehired to perform different tasks within the same work plan or a series of tasks within the same project; (b) did not provide services for more than 24 months in a 36-month period; and (c) had their performance appraised.

19. A review of documentation pertaining to 9 of the 60 consultants and individual contractors engaged during audit period indicated that UNGSC evaluated the performance of consultants in compliance with the Administrative Instruction. However, in 5 of the 9 cases, the consultants worked on the same projects for more than 24 months during a 36-month period and 4 consultants were renewed repeatedly since 2005. This was due to the lack of an adequate competitive process as UNGSC only advertised vacancies on its website and did not make sufficient efforts to use other media to source consultants competitively. The repeated use of the same consultants diminished the competitiveness of the selection process and hence the ability of UNGSC to obtain best value for money.

(1) UNGSC should implement a competitive recruitment process to ensure compliance with the Administrative Instruction on Consultants and Individual Contractors regarding the duration and rehiring of consultants.

DFS accepted recommendation 1 and stated that UNGSC would implement procedures to ensure compliance with the Administrative Instruction on Consultant and Individual Contractors. DFS also stated that UNGSC would explore external recruitment vehicles including websites, publications, professional associations and institutions to increase the pool of prospective candidates. Recommendation 1 remains open pending receipt of evidence that UNGSC has implemented a competitive recruitment process to ensure compliance with the Administrative Instruction on the use of consultants.

Requirements for payment of special post allowance needed to be complied with

20. The United Nations Administrative Instruction on Special Post Allowance required the Director of UNGSC to approve the granting of special post allowance for a specific period not exceeding one year. After one year, the special post allowance could be extended after: satisfactory performance and certification by the staff member's supervisor, confirmation that UNGSC had made every effort to fill the vacancy, and approval by the Director of UNGSC.

21. A review of all nine special post allowance cases processed in the audit period indicated that six of them were granted for more than a year, without evidence that the Director of UNGSC had reviewed and approved the extensions. In two of the nine cases, special post allowances were paid for over two years. Also, in four of nine cases, there was no evidence that the recruitment process was initiated or every effort had been made to fill the vacant posts. This resulted as UNGSC had not implemented adequate procedures for the review and approval of special post allowances. Consequently, the extended, unjustified use of special post allowances reduced the ability of UNGSC to initiate a recruitment process to permanently fill its vacancies.

(2) UNGSC should implement adequate procedures for the review and approval of the extension of special post allowances to ensure compliance with the requirements of the Administrative Instruction on Special Post Allowances.

DFS accepted recommendation 2 and stated that UNGSC had strengthened internal controls over the use of special post allowance by implementing a monitoring system to ensure compliance with the requirements of the Administrative Instruction on Special Post Allowance. Recommendation 2 remains open pending receipt of evidence that UNGSC has implemented adequate procedures for the review and approval of the extension of special post allowance.

IV. ACKNOWLEDGEMENT

22. OIOS wishes to express its appreciation to the Management and staff of UNGSC 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 human resources management in the United Nations Global Service Centre

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNGSC should implement a competitive recruitment process to ensure compliance with the Administrative Instruction on Consultants and Individual Contractors regarding the duration and rehiring of consultants.	Important	O	Receipt of evidence that UNGSC has implemented a competitive recruitment process to ensure compliance with the Administrative Instruction on the use of consultants.	Second quarter 2015
2	UNGSC should implement adequate procedures for the review and approval of the extension of special post allowance to ensure compliance with the requirements of the Administrative Instruction on Special Post Allowance.	Important	O	Receipt of evidence that UNGSC has implemented adequate procedures for the review and approval of the extension of special post allowance.	Second quarter 2015

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNGSC in response to recommendations.

APPENDIX I

Management Response

UNCLASSIFIED

Routine

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

DATE: 1 December 2014

THROUGH:
S/C DE:

REFERENCE: UNHQ-AR-BOI-Memo-2-
2014-2846

FROM: Rudy Sanchez, Acting Assistant Secretary-General,
DE: Department of Field Support

Rudy Sanchez

SUBJECT: **Audit of UNGSC human resources management (Assignment No.**
OBJET: **AP2014/617/03)**

1. I refer to your memorandum dated 17 November 2014 regarding the above-mentioned audit. We note that OIOS has taken into account our comments provided on 21 October 2014, and therefore do not have any further comments on the findings and recommendations in the report. However, we have updated Appendix I to reflect the individual responsible for the implementation of the recommendation with the deadline.

1. Thank you sharing the draft report with us. We stand ready to provide any further information that may be required.

cc: Ms. Cynthia Avena-Castillo

Management Response

Audit of human resources management in the United Nations Global Service Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNGSC should implement a competitive recruitment process to ensure compliance with the Administrative Instruction on Consultants and Individual Contractors regarding the duration and rehiring of consultants.	Important	Yes	Chief Human Resources Officer	Second quarter 2015	The United Nations Global Service Centre's comments are reflected in the draft report. The Centre does not have any further comments.
2	UNGSC should implement adequate procedures for the review and approval of the extension of special post allowance to ensure compliance with the requirements of the Administrative Instruction on Special Post Allowance.	Important	Yes	Chief Human Resources Officer	Second quarter 2015	The United Nations Global Service Centre's comments are reflected in the draft report. The Centre does not have any further comments.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.