



INTERNAL AUDIT DIVISION

REPORT 2017/012

Audit of use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna

Issues relating to funding, quality control and performance management need to be addressed

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EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna (UNOV). The audit covered the period from 1 January 2014 to 30 June 2016 and included a review of the recruitment and management of short-term staff and contractors including planning and risk assessment, the selection process, and contract management.

The Conference Management Service (CMS) of UNOV had applied information technology to all stages of conference servicing including contractual roster management. CMS also coordinated with the Department of General Assembly and Conference Management and conference management services at other United Nations duty stations to establish common approaches and improve work processes in the selection and management of contractors. However, issues relating to funding, quality control and performance management need to be addressed.

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

- Take steps to resolve the issue of funding regular staff with non-post resources;
- Make wider use of its Evaluation, Analysis and Monitoring capacity to perform risk assessments on conference management activities, including risks relating to the use of short-term staff and contractors;
- Establish mechanisms to ensure that quality control is performed for all outsourced services;
- Ensure that satisfactory reference checks are conducted before applicants are recruited or included in the short-term staff roster; and
- Conduct performance evaluations for all short-term staff after each assignment or a set of assignments.

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

CONTENTS

	<i>Page</i>
I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. OVERALL CONCLUSION	2
IV. AUDIT RESULTS	
A. Planning and risk assessment	3-4
B. Procurement and management of corporate contractors	4-5
C. Recruitment and management of individual contractors	5
D. Recruitment and management of short-term staff	5-6
V. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

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I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna (UNOV).
2. The Department for General Assembly and Conference Management (DGACM) provides meeting and documentation services to Member States in a number of duty stations including New York, Geneva, Nairobi and Vienna. The Conference Management Service (CMS) of UNOV operates under the Compendium of Administrative Policies, Practices and Procedures of Conference Services developed by DGACM in the context of Integrated Global Management of conference services. CMS provides conference services to eight main Vienna-based entities listed in Table 1.

Table 1: Major CMS clients

UNOV	International Atomic Energy Agency
United Nations Office on Drugs and Crime	United Nations Industrial Development Organization
United Nations Office of Outer Space Affairs	Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
International Narcotics Control Board	United Nations Commission on International Trade Law

3. The CMS budget is shared among the United Nations entities located in Vienna that it serves. The jointly financed budgets for the biennia 2014-2015 and 2016-2017 were \$62.6 million and \$55.4 million, respectively. The United Nations' share of the jointly financed budget was \$50.2 million or 80 per cent of the total budget for 2014-2015 and \$44 million or 79 per cent of total budget for 2016-2017. The budget included funding for 175 posts during 2014-2015 and 174 posts during 2016-2017.
4. CMS was headed by a Chief at D-1 level, who reported dually to the Director of Management at UNOV for administrative matters and to DGACM for operations. The Chief of CMS was supported by a Deputy Chief at P-5 level, who was also the head of Planning, Coordination and Meetings Section. Other sections of CMS included the Interpretation Section; Arabic, Chinese, French, Russian and Spanish Translation and Text Processing Section; and English Publishing and Library Section.
5. CMS used short-term staff for meetings assistance, documentation services, electronic publishing, interpretation, and reproduction and distribution while contractors were used for documentation services only. CMS external capacity made up to 50 per cent of its total workload, comprising about 40 per cent contractual outsourcing and 10 per cent short-term recruitment. During the period 1 January 2014 to 31 December 2015, CMS signed more than 3,400 contracts with short-term staff and contractors as shown in Table 2.

Table 2: Short-term staff and contractors used by CMS during the biennium 2014-2015

	Short-term staff	Individual contractors	Corporate contractors	Total
Number of contracts	1,287	2,128	2	3,417
Number of short-term staff and contractors	266	171	2	439
Amount of expenditure	\$7,922,704	\$3,283,194	\$673,813	\$11,879,711

6. The budget for the 2016-2017 biennium for conference management included various performance indicators for the achievement of CMS objectives, including the following related to the use of short-term staff and contractors: (a) raising the volume of contractual translation to 45 per cent of overall translation where that mode of delivery yields a final product that is of comparable quality to translation done in-house; (b) expansion of the freelance staff rosters in all languages and disciplines by at least 15 per cent; and (c) 100 per cent capacity utilization of interpretation services.

7. Comments provided by UNOV are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the recruitment and management of short-term staff and contractors for the provision of conference services at UNOV.

9. This audit was included in the 2016 risk-based work plan of OIOS due to the risks associated with the extensive use of short-term staff and contractors for the provision of conference services.

10. OIOS conducted this audit from September to December 2016. The audit covered the period from 1 January 2014 to 30 June 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the recruitment and management of short-term staff and contractors in the provision of conference services, which included: planning and risk assessment, recruitment and contract management (including performance management).

11. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing.

III. OVERALL CONCLUSION

12. CMS had applied information technology to all stages of conference servicing including contractual roster management. CMS also coordinated with DGACM and conference management services at other United Nations duty stations to establish common approaches and improve work flow processes in the selection and management of contractors. However, CMS needed to resolve the issue of funding core functions with non-post resources and perform risk assessments including assessment of risks related to the use of short-term staff and contractors. CMS also needed to strengthen the arrangements relating to quality control, conduct of reference checks of candidates recruited as short-term staff, and performance evaluation of short-term staff and contractors.

IV. AUDIT RESULTS

A. Planning and risk assessment

Information technology was used in conference servicing and contractual roster management

13. CMS applied information technology solutions to all stages and functions in conference servicing, both in document management and meetings management. This included applications used in contractual roster management (CMA), interpreter assignment management, document processing workflow, management of meetings, digital recordings and online services offered by the Vienna International Conference Centre. CMA had an electronic end-to-end paperless workflow (except for payments) for the administration and management of individual contracts. CMS also cooperated with conference services at New York, Geneva and Nairobi in establishing common approaches to selection and management of contractors. Under the framework of Integrated Global Management, DGACM created functional working groups of experts from different duty stations that made recommendations to improve workflows and operationalize the global contractual roster. The recommendations were then endorsed by the DGACM Steering Group. CMA, which was originally developed in Vienna, included a global roster of contractors pooled together from all duty stations.

Need to resolve the issue of funding core functions with non-post resources

14. The budgeted resource requirements for CMS were distributed among three sub-programmes: planning and coordination of conference services; documentation services; and meetings and publishing services. All the sub-programmes provided for post and non-post resources. Non-post resources included cost allocations for Temporary Assistance for Meetings (TAM) performed by short-term staff, as well as costs related to contractual services provided by individual and corporate contractors. During budget preparation for the biennium 2012-2013, CMS and DGACM requested the Office of Programme Planning, Budget and Accounts at Headquarters to convert some of the TAM resources into 10 regular posts and accordingly reduce the TAM budget. The request was denied and had not been brought up again in the following years. As of 2016, CMS had 17 regular posts financed from the TAM non-post resources. The cost of regular staff was about \$334 per day compared to \$181 per day for short-term staff due to additional costs related to sick leave, dependency allowance, annual leave, pension and medical insurance. OIOS is of the view that the use of non-post resources to finance core posts may not only be inappropriate but was also uneconomical.

(1) The UNOV Conference Management Service should take steps to resolve the issue of funding regular staff with non-post resources.

UNOV accepted recommendation 1 and stated that the budget proposal for 2018-2019 submitted by CMS provided for conversion of eight posts, which represented half of the core TAM posts, as a first step. Recommendation 1 remains open pending receipt of evidence that the issue of funding regular staff with non-post resources has been addressed during the review of the 2018-2019 budget.

Need for risk assessment on the use of short-term staff and contractors

15. According to the DGACM Evaluation Policy, all monitoring, evaluation and risk management related functions are carried out at UNOV under the direct supervision of the Chief of CMS. The CMS work plan for 2016-2017 stipulates that CMS will strengthen Evaluation, Analysis and Monitoring capacity for better safeguarding the sustainability of its operations. These functions were being performed by a P-2 staff member and the post was upgraded to P-3 in 2016. The performance plan of this

staff member stated that the staff would provide substantive support in identifying risks and their impact on the delivery of services and contribute to the implementation of corrective risk-reduction measures and lessons learned as well as best practices. However, CMS had not conducted a formal assessment of risks including those related to the recruitment and use of short-term staff and contractors and did not maintain a risk register. Assessing risks and maintaining a risk register will help ensure that significant risks are properly addressed and risk mitigation measures implemented.

(2) The UNOV Conference Management Service should make wider use of its Evaluation, Analysis and Monitoring capacity to perform risk assessments on conference management activities, including risks relating to the use of short-term staff and contractors.

UNOV accepted recommendation 2 and stated that the preparation of a risk register, which will include risks related to the use of short-term staff and contractors, has been included in the work plan of the Programme Officer performing Evaluation, Analysis and Monitoring functions. CMS managers will ensure that mitigation measures are implemented. Recommendation 2 remains open pending receipt of the CMS risk register and evidence that it addresses risks relating to the use of short-term staff and contractors.

B. Procurement and management of corporate contractors

Arrangements for dealing with less than satisfactory performance could be strengthened

16. CMS was using two corporate contractors for provision of translation services with self-revision and related typing services for two of the six United Nations official languages (Chinese and Russian). In 2015, the Committee on Contracts in Vienna suggested that CMS piggy-back on the Procurement Division's system contract, which CMS did. Although the prices for the services were identical for all duty stations, definition of requirements were specific to UNOV. The contracts in the case of Vienna were signed by the Chief of Procurement Unit on behalf of UNOV with CMS as the requisitioner. The contracts contained an article which stated that improper performance can be remedied by way of re-performance at no cost to UNOV or other corrective measures by the contractor. The article further stated that if the contractor does not promptly take corrective measures or if the United Nations determines that the contractor is unable to remedy the improper performance in a timely manner, it may obtain the assistance of other entities or persons and have corrective measures taken at the expense of the contractor.

17. OIOS review of the 2015 performance ratings reflected in the quality control forms for one of the corporate contractors showed that 4 per cent of the jobs got a very good rating, 50 per cent of jobs got a good rating and 40 per cent of jobs got an average rating. At the same time, six per cent of jobs got a below average rating including two per cent who got poor rating. Nevertheless, in cases of below average rating, services were certified for full payment and no further action was taken. CMS indicated that the rate of poor performance rating was not unacceptable. However, CMS had not defined the threshold for performance it considered unacceptable which, if reached, would trigger action to either warn the vendors or attract penalties. CMS explained that due to urgency of the jobs, full revision was done in-house and the issue of penalties in cases of less than satisfactory performance is under consideration. OIOS is of the view that pointing out performance deficiencies and/or enforcing penalties could contribute to higher quality of contractors' work in accordance with CMS goal that the final product of external work should be of comparable quality to translation done in-house.

18. Further, although the contracts had an article on improper performance, they did not include any performance indicators against which contractors' performance could be measured. CMS explained that this was because UNOV piggy-backed on the Headquarters system contract which did not have

performance indicators. Performance indicators in contracts are essential to provide UNOV with an authoritative basis for taking action against unsatisfactory performance. The two contracts are due for renewal in 2017 and 2018. UNOV stated that if it conducts its own solicitation in future instead of continuing to piggy-back on the Headquarters system contract, it will introduce appropriate performance measures in the new contracts.

C. Recruitment and management of individual contractors

Need to perform evaluation of output regardless of the type of service

19. The Administrative Instruction (ST/AI/2013/4) on consultants and individual contractors stipulates 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 substantive offices for consideration for future contracts. The output evaluation shall measure the achievement of goals and the quality and timeliness of work, as stipulated in the terms of reference. If output is evaluated as less than fully satisfactory, no further contracts shall be granted to the individual contractor, and payments may be reduced or withheld entirely.

20. CMS performed output evaluation by conducting quality control on individual assignments. A set of common quality standards was approved by the DGACM Steering Group in August 2016 which allows the substantive offices to evaluate the translation, confirm the application of the standard for word-processing, and indicate the percentage of text reviewed and whether the contractor met the deadline. At the time of the audit, quality control was required for translation services only, although CMS had outsourced other services such as proofreading, editing and typesetting.

21. OIOS review of 41 assignments indicated that CMS performed quality control on 15 per cent of completed assignments, and 65 per cent of those that did not go through quality control were for translation. CMS stated that some of the jobs from this list were still pending for quality control because of the lack of capacity to carry it out. Formal output evaluation is required to assess the performance of a contractor so that corrective action can be taken as appropriate. Considering the homogenous nature of outsourced services, CMS could consider conducting evaluations at intervals for example, quarterly or after a defined number of assignments to enhance efficiency.

(3) The UNOV Conference Management Service should establish mechanisms to ensure that quality control is performed for all outsourced services.

UNOV accepted recommendation 3 and stated that the quality control mechanisms for outsourced editorial jobs are under development by the DGACM Steering Group. This could be followed by the quality control mechanisms for other types of contractual work. Recommendation 3 remains open pending receipt of evidence that mechanisms have been established to ensure that quality control is performed for all outsourced services.

D. Recruitment and management of short-term staff

Need for reference checks for short-term staff

22. The Administrative Instruction ST/AI/2010/4 Rev.1 on administration of temporary appointments stipulates that when an external candidate is offered an appointment, he/she will be subject to satisfactory reference checks to be completed by the recruiting department/office. Such reference checks shall include, at a minimum, verification of the highest required academic qualifications and record with the

last employer. OIOS review of eight personnel files revealed that UNOV Human Resources Management Service (HRMS) did not perform reference checks before issuing the letters of appointment. Failure to do so exposed UNOV to the risk of hiring individuals who may not have the required qualifications and experience for the job.

(4) The UNOV Human Resources Management Service should ensure that necessary reference checks are conducted before applicants are recruited or included in the short-term staff roster.

UNOV accepted recommendation 4 and stated that as of December 2016 reference checks are carried out for all short-term staff being recruited, irrespective of period. Documentary evidence will be submitted separately to OIOS. Based on the action taken and evidence provided by UNOV, recommendation 4 has been closed.

Need to conduct performance evaluation for short-term staff

23. The Administrative Instruction ST/AI/2010/4 Rev.1 requires programme managers to issue a standard performance evaluation for staff members holding temporary appointments at the end of the temporary appointment regardless of duration. Based on a review of eight personnel files, OIOS noted that CMS had not conducted performance evaluation as required. This was attributed to the fact that substantive offices were not fully conversant with the requirement and/or were confusing it with the service-level evaluation performed for quality control for translation services. Failure to formally evaluate performance deprives the staff from receiving feedback and may result in performance shortcomings going unaddressed. The results of the performance evaluation should also inform or be part of the criteria for removing candidates from the roster, if justified.

(5) The UNOV Conference Management Service should conduct performance evaluations for all short-term staff after each assignment or a set of assignments.

UNOV accepted recommendation 5 and stated that all Chiefs in CMS have been requested to complete performance evaluation reports for all short-term staff. In view of the fact that freelancers and conference staff are retained on a recurrent basis, HRMS has advised that one report is filled out annually for each staff member in this category. Recommendation 5 remains open pending receipt of evidence that performance evaluations for 2016 have been documented for all short-term staff.

V. ACKNOWLEDGEMENT

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

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STATUS OF AUDIT RECOMMENDATIONS

Audit of use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNOV Conference Management Service should take steps to resolve the issue of funding regular staff with non-post resources.	Important	O	Receipt of evidence that the issue of funding regular staff with non-post resources has been addressed during the review of the 2018-2019 budget.	1 January 2018
2	The UNOV Conference Management Service should make wider use of its Evaluation, Analysis and Monitoring capacity to perform risk assessments on conference management activities, including risks relating to the use of short-term staff and contractors.	Important	O	Receipt of the CMS risk register and evidence that it addresses risks relating to the use of short-term staff and contractors.	30 September 2017
3	The UNOV Conference Management Service should establish mechanisms to ensure that quality control is performed for all outsourced services.	Important	O	Receipt of evidence that mechanisms have been established to ensure that quality control is performed for all outsourced services.	30 September 2017
4	The UNOV Human Resources Management Service should ensure that necessary reference checks are conducted before applicants are recruited or included in the short-term staff roster.	Important	C	Action taken.	Implemented
5	The UNOV Conference Management Service should conduct performance evaluations for all short-term staff after each assignment or a set of assignments.	Important	O	Receipt of evidence that performance evaluations for 2016 have been documented for all short-term staff.	30 April 2017

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by UNOV in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNOV Conference Management Service should take steps to resolve the issue of funding regular staff with non-post resources.	Important	Yes	Chief, Conference Management Service (CMS)	First phase - 2018-2019 budget; second phase - 2020-2021 budget	The budget proposal for 2018-2019 submitted by CMS provided for the conversion of eight (8) posts, which represented half of the core TAM posts, as a first step.
2	The UNOV Conference Management Service should make wider use of its Evaluation, Analysis and Monitoring capacity to perform risk assessments on conference management activities, including risks relating to the use of short-term staff and contractors.	Important	Yes	Chief, Conference Management Service (CMS)	September 2017	Preparation of a risk register, which will include risks related to the use of short term staff and contractors, is included in the work plan of the CMS Programme Officer performing Evaluation, Analysis and Monitoring functions. CMS managers will ensure that mitigation measures are implemented.
3	The UNOV Conference Management Service should establish mechanisms to ensure that quality control is performed for all outsourced services.	Important	Yes	Chief, Conference Management Service (CMS)	September 2017	The Quality Control mechanisms for outsourced editorial jobs are under development by the DGACM Steering Group. This could be followed by the QC mechanisms for other types of contractual work.
4	The UNOV Human Resources Management Service should ensure that necessary reference checks are conducted before applicants are recruited or included in the short-term staff roster.	Important	Yes	Chief, Human Resources Management Service (HRMS)	Implemented as of December 2016	As of December 2016, reference checks are carried out for all short-term staff being recruited, irrespective of period. Documentary evidence will be submitted separately to IAD/OIOS Geneva.

¹ 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.

² 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 use of short-term staff and contractors for the provision of conference services at the United Nations Office at Vienna

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The UNOV Conference Management Service should conduct performance evaluations for all short-term staff after each assignment or a set of assignments.	Important	Yes	Chief, Conference Management Service (CMS)	April 2017	<p>All Chiefs in CMS have been requested to complete Performance Evaluation Reports for all short-term staff. In view of the fact that freelancers and conference staff are retained on a recurrent basis, HRMS has advised that one report is to be filled out annually for each staff member in this category.</p> <p>Performance evaluations for the 2016 reporting period are currently being conducted. Completion is planned for the end of April 2017. Upon completion of the exercise, UNOV will advise OIOS on the number of completed evaluations.</p>