Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2014/061

Audit of the use of temporary appointments

Overall results relating to the efficient and effective use of temporary appointments were initially assessed as partially satisfactory. Implementation of three important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

30 June 2014
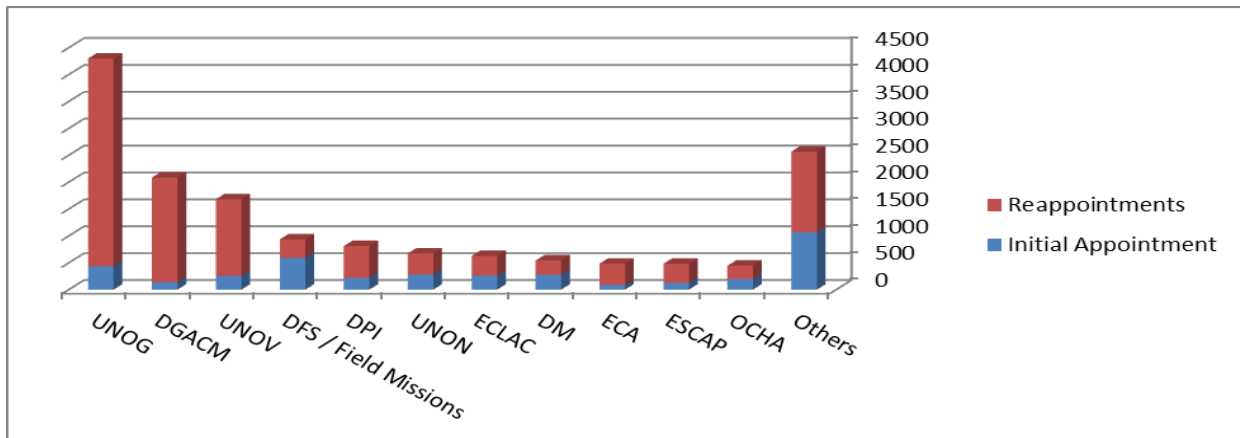**Assignment No. AH2013/513/01**

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AUDIT REPORT

Audit of the use of temporary appointments

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the use of temporary appointments.

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.   According to the 2010 administrative instruction on temporary appointments, temporary appointments were to be used to appoint staff for seasonal or peak workloads and specific short-term requirements of less than one year but could be exceptionally renewed for up to one additional year under conditions laid down in the administrative instruction such as when warranted by surge requirements, operational needs or special projects that unexpectedly continue for over one year.

4.   At Headquarters, temporary appointment contracts were issued by the Office of Human Resources Management (OHRM), while departments and offices were delegated authority to extend the contracts. Temporary appointments at offices away from Headquarters were administered by the local human resources offices.

5.   There were 3,938 initial temporary appointments made across the various offices of the United Nations over the period 1 July 2009 to 31 December 2012, with 11,688 reappointments giving a total of 15,626 temporary appointment contracts issued as shown in Figure 1 below.

Figure 1: Extent of use of temporary appointments by Department/Office

Abbreviations: UNOG, United Nations Office at Geneva; UNOV, United Nations Office at Vienna; DGACM, Department for General Assembly and Conference Management; DFS, Department of Field Support (including Field Missions administered by DFS); DPI, Department of Public Information; UNON, United Nations Office at Nairobi; ECLAC, Economic Commission for Latin America; DM, Department of Management; ECA, Economic Commission for Central America; ESCAP, Economic and Social Commission for Asia and the Pacific; OCHA, United Nations Office for the Coordination of Humanitarian Affairs.

6.   Staff members had between 1 and 56 temporary contract appointments/renewals during the period reviewed. The average number of reappointments was 2.2 appointments per staff member, with 179 staff (or 3 per cent of all temporary staff) having their contracts renewed more than 10 times during the period reviewed. Staff members with the largest number of reappointments were language daily workers. This is further analyzed in Table 1.

Table 1: Number of temporary appointment contracts per staff member between July 2009 and December 2012

Number of temporary contracts	Number of Staff	Percentage
1	4,501	63%
2 – 5	2,103	29%
6 – 10	348	5%
Greater than 10	179	3%

7.   Comments provided by OHRM are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

8.   The audit was conducted to assess the adequacy and effectiveness of the OHRM governance, risk management and control processes in providing reasonable assurance regarding the **efficient and effective use of temporary appointments**.

9.   The audit was included in the 2013 OIOS risk-based work plan due to the risk that temporary appointment contracts may be used inappropriately in lieu of proper workforce planning and may also lead to lack of transparency over recruitment. The audit was requested by OHRM.

10.   The key controls tested for the audit were: (a) regulatory framework and (b) delegation of authority system. For the purpose of this audit, OIOS defined these key controls as follows:

(a)   **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the granting and extending of temporary appointment contracts; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of operational information.

(b)   **Delegation of authority system** - controls that provide reasonable assurance that the authority for granting and extending temporary appointment contracts has been properly delegated and that there is periodic reporting on and monitoring of the execution of delegated authority.

11.   The key controls were assessed for the control objectives shown in Table 2. One control objective (shown in Table 2 as "Not assessed") was not relevant to the scope defined for this audit.

12.   OIOS conducted the audit from May to September 2013. The audit covered the period from July 2009 to December 2012.

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

14.   OIOS performed an analytical review of all records of temporary appointment contracts issued and extended during the period of the audit. Samples of 30 initial temporary appointments and 30 extensions were checked from five offices that were the top users of temporary appointment contracts. The offices selected for review were DFS, DGACM, DPI, UNOG, and UNOV. OIOS met with Executive Officers for the offices present in New York that were within the scope of the audit for interviews, documents and explanations of the temporary appointment selections process and decisions taken. Telephone interviews were held with UNOG and UNOV and their respective heads of Human Resources Management Services were requested to furnish supporting documents.

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

III.   AUDIT RESULTS

16.   The OHRM governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding the **efficient and effective use of temporary appointments.** OIOS made three recommendations to address issues identified in this audit. With regards to the regulatory framework, all initial appointments reviewed by OIOS were for 364 days or less in compliance with administrative instructions. Initial temporary appointments were advertised, comparative assessments of candidates were conducted and, where applicable, required period of breaks between contracts was observed. The temporary appointment posts were short-term in nature and justifications were provided for extending appointments in all cases sampled. In addition, there were noteworthy procedures in some departments. However, there were some instances of staff members holding more than one "when-actually-employed" temporary appointment contract at a time. This increased administrative effort to establish the contracts and the risk of non-compliance with guidelines such as the maximum duration of cumulative temporary appointments and maximum permissible earnings by retirees. The key control of delegation of authority was assessed as partially satisfactory because the delegation of authority to offices away from Headquarters to administer the staff rules and staff regulations including the granting and extending of temporary appointments needed to be updated. OHRM needed to improve the timeliness of its monitoring of the proper use by departments and offices of delegated authority to extend temporary appointment contracts.

17.   OHRM accepted the recommendations and stated that it has taken action to correct overlapping "when-actually-employed" contracts discovered in the Integrated Management Information System.

18.   The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of three important recommendations remains in progress.

Table 2: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	**Accurate financial and operational reporting**	**Safeguarding of assets**	**Compliance with mandates, regulations and rules**
Efficient and effective use of temporary appointments	(a) Regulatory framework	Partially Satisfactory	Satisfactory	Not Assessed	Satisfactory
	(b) Delegation of authority system	Partially Satisfactory	Partially Satisfactory	Not Assessed	Partially Satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Regulatory framework

Compliance with the 2010 administrative instruction for temporary appointments

19.   The data and supporting documentation on temporary appointment contracts issued between 1 July 2009 and 31 December 2012 showed that all initial temporary appointments were in compliance with the allowed maximum duration of 364 days. From the sample of 30 temporary appointment contracts reviewed, OIOS concluded that job openings for non-language posts were advertised, comparative assessments of candidates were conducted and breaks in the periods of service were observed as required by the administrative instruction. For temporary language staff, candidates were selected from a roster of successful applicants of relevant language exams administered by the Examinations and Tests Section of OHRM. The temporary appointment posts were short-term in nature and justifications were provided for extension of appointments in all 30 reappointments sampled. In addition there were noteworthy procedures in some departments such as the detailed Temporary Appointment guidelines issued by DPI and the central roster of prescreened candidates according to thematic areas maintained by UNOV, which facilitated the recruitment of temporary staff. The regulatory framework also allowed management to speedily fill temporary posts within the criteria detailed in the administrative instruction. OIOS concluded that the controls tested were operating satisfactorily.

Some staff members held two or more temporary appointment contracts concurrently

20.   According to the administrative instruction on temporary appointments, a temporary appointment may be granted for a single or cumulative period of less than one year. OIOS noted 66 instances of staff members holding more than one "when-actually-employed" temporary appointment contract at a time. Some of these overlapping contracts were at the same location whereas other contracts were at different locations.

21.   OHRM explained that there was coordination between departments and locations to prevent the occurrence of multiple contracts issued to the same staff member at a time; however, there was no satisfactory evidence of such collaboration and it did not prevent the cases of overlapping contracts identified. OHRM further explained that multiple contracts were sometimes issued to charge the costs of language staff to the proper entity. However, this increased the administrative burden to establish new contracts instead of amending existing ones. The existence of multiple employment contracts also

increased the risk of non-compliance with guidelines such as the maximum duration of cumulative temporary appointments and maximum permissible earnings by retirees.

> **(1) OHRM should introduce measures to strengthen the coordination between offices issuing temporary appointment contracts to ensure that staff members do not hold more than one temporary appointment contract at a time.**
>
> *OHRM accepted recommendation 1 and stated that the recommendation will be addressed when Umoja is implemented and all personnel actions effected across the different duty stations will be synchronized. In the meantime, remedial actions have been taken to correct any overlapping "when-actually-employed" contracts discovered in the Integrated Management Information System. Overlapping contracts were restricted to a small pool of staff who are appointed on a "when-actually-employed" basis in temporary language functions. These temporary appointments are further governed by other measures which further reduce the occurrence of such overlapping situations.* Recommendation 1 remains open pending submission of evidence of the coordination mechanism implemented between offices to ensure that staff members do not hold more than one appointment contract at a time.

> **(2) OHRM should review temporary appointment contracts and take action to rectify existing cases of multiple contracts issued simultaneously to the same staff member.**
>
> *OHRM accepted recommendation 2 and stated that it will review temporary appointment contracts and coordinate efforts with departments/offices that issued simultaneous appointments to rectify through recovery action any situations where payment of combined remuneration for multiple appointments exceeded the maximum allowable for former retired staff in receipt of a pension benefit.* Recommendation 2 remains open pending submission of the results of the review of existing cases of multiple temporary appointment contracts and action taken to rectify any overpayments.

B.   Delegation of authority system

The delegation of authority for administering staff regulations and rules needed to be updated

22.   Offices away from Headquarters derived their delegation of authority to issue and extend temporary appointment contracts from the 1989 administrative instruction on the administration of the staff regulations and staff rules. Apart from minor amendments, the administrative instruction had not been updated since it was issued and did not reflect several significant changes to the staff regulations and staff rules including specific authority to grant and renew temporary appointment contracts.

23.   In reports on previous audits, OIOS highlighted the need to update and clarify delegations of authority to ensure the proper functioning of the system of internal control. During the latest update on the status of implementation of the relevant recommendations in December 2013, the Department of Management indicated that a comprehensive review of delegations of authority in several areas including human resources had been completed and submitted to the Executive Office of the Secretary-General for approval, after which revised administrative issuances were to be promulgated. However, the review needed to be further revised in the context of the implementation of Umoja. In light of this, OIOS is not issuing a recommendation on this matter.

Monitoring of extensions of temporary appointment contracts was not timely

24.   Departments and offices at Headquarters had delegated authority to extend temporary appointments on the basis of justifications received from programme managers. OHRM reviewed the

basis of previous extensions of temporary appointments at the time of the processing of the separation of concerned staff members to ensure proper use of delegated authority. The timing of this monitoring by OHRM was too late to determine whether the justifications and periods of reappointments were in compliance with administrative issuances and to take remedial actions if necessary. There was thus a risk that some extensions of temporary appointments (particularly those above 364 days) may not be in accordance with the established procedures.

> **(3) OHRM should enhance the timeliness of its monitoring of the appropriate use of delegated authority to grant extensions to temporary appointments.**
>
> *OHRM accepted recommendation 3 and stated that it supports OIOS' recommendation that efforts should be made to improve monitoring so as to ensure compliance and any remedial action can be taken in a timely manner. However, in view of capacity constraints and the volume of appointments, such improvements will be achieved in the context of Umoja's upcoming implementation.* Recommendation 3 remains open pending submission of evidence that a mechanism has been developed to enhance the timeliness of OHRM's monitoring of the appropriate use of the delegation of authority to extend temporary appointments.

IV.   ACKNOWLEDGEMENT

25.   OIOS wishes to express its appreciation to the Management and staff of OHRM 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 the use of temporary appointments

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	OHRM should introduce measures to strengthen the coordination between offices issuing temporary appointment contracts to ensure that staff members do not hold more than one appointment contract at a time.	Important	O	Submission of evidence of the coordination mechanism implemented between offices to ensure that staff members do not hold more than one appointment contract at a time.	30 June 2015
2	OHRM should review temporary appointment contracts and take action to rectify existing cases of multiple contracts issued simultaneously to the same staff member.	Important	O	Submission of the results of the review of existing cases of multiple temporary appointment contracts and action taken to rectify any overpayments.	30 June 2015
3	OHRM should enhance the timeliness of its monitoring of the appropriate use of delegated authority to grant extensions to temporary appointments.	Important	O	Submission of evidence that a mechanism has been developed to enhance the timeliness of OHRM's monitoring of the appropriate use of the delegation of authority to extend temporary appointments.	30 June 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 OHRM in response to recommendations.

APPENDIX I

Management Response

TO: A:	Ms. Carmen Vierula, Chief, New York Audit Service Internal Audit Division Office of Internal Oversight Services
DATE:	28 May 2014

THROUGH: Christian Saunders, Director
S/C DE: Office of the Under-Secretary-General for Management

FROM: Mario Baez, Chief
DE: Policy and Oversight Coordination Service
Office of the Under-Secretary-General for Management

SUBJECT: **Draft report on an audit of the use of temporary appointments (Assignment No.**
OBJET: **AH2013/512/01)**

1.   We are pleased to provide the comments of the Department of Management in response to your memorandum dated 28 April 2014 on the above subject in the attached Appendix I.

2.   Thank you for giving us the opportunity to provide comments to the draft report.

14-01366
28 May 2014

Draft report on an audit of the use of temporary appointments (Assignment No. AH2013/512/01)

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OHRM should introduce measures to strengthen the coordination between offices issuing temporary appointment contracts to ensure that staff members do not hold more than one appointment contract at a time.	Important	Yes	Chief, HR Services	30 June 2015	OHRM takes note of this recommendation which will be addressed when Umoja is implemented and all personnel actions effected across the different duty stations will be synchronized. In the meantime, remedial actions have been taken to correct any overlapping WAE contracts discovered in IMIS. Also, it should be noted that overlapping contracts are normally restricted to a small pool of staff who are appointed on a WAE basis in temporary language functions. These temporary appointments are further governed by strict measures of the Association internationale des traducteurs de conference (AITC) and Association international des interpretes de conference (AIIC) agreements which further reduce the occurrence of such overlapping situations – ST/AI/2010/Rev.1, Section 13 refers.
2	OHRM should review temporary appointment contracts and take action to rectify existing cases of multiple contracts issued simultaneously to the same staff member.	Important	Yes	Chief, HR Services	30 June 2015	OHRM will review temporary appointment contracts and coordinate efforts with departments/offices which issued simultaneous appointments and in situations where payment of combined remuneration for multiple appointments exceeded the maximum allowable for former retired staff in receipt of a pension

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[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.

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						benefit will be rectified through recovery action.
3	OHRM should enhance the timeliness of its monitoring of the appropriate use of delegated authority to grant extensions to temporary appointments.	Important	Yes	Chief, HR Services	30 June 2015	OHRM accepts the recommendation that efforts should be made to improve monitoring so as to ensure compliance and any remedial action can be taken in a timely manner. However, acknowledging capacity constraints and the volume of appointments, such improvements will be achieved in the context of Umoja's upcoming implementation.