



## INTERNAL AUDIT DIVISION

# REPORT 2015/153

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Audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operation in Darfur

Overall results relating to the effective management of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operation in Darfur were initially assessed as partially satisfactory. Implementation of five important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

1 December 2015  
Assignment No. AP2015/634/05

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# AUDIT REPORT

## Audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operation in Darfur

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).
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 Administrative Instruction on consultants and individual contractors (ST/AI/2013/4) dated 19 December 2013 provides the policies for obtaining the services of consultants and individual contractors. The authority and responsibility to recruit international consultants and individual contractors are delegated by the Under-Secretary-General of the Department of Field Support (DFS) to the Head of Mission to select international consultants and individual contractors, determine their eligibility, establish fees, raise contracts and affect their payment.
4. The UNAMID Human Resources Section is responsible for ensuring that the services to be rendered meet the conditions stipulated for consultants and individual contractors and decisions on their selection are taken in accordance with the provisions in the delegated authority. The Section is headed by a Chief Human Resources Officer at the P-5 level and has 64 approved posts: 6 professional, 22 field service, 2 national professional officers and 34 national general service staff. The 2014/15 budgeted staff cost for the Section was \$4.3 million.
5. In 2013/14 and 2014/15, UNAMID recruited 42 international consultants and individual contractors (three international consultants and 24 individual contractors in 2013/14 and one international consultant and 14 individual contractors in 2014/15) to train staff, prepare concept documents on peace, establish cross-sectional mechanism and translate documents related to peace conferences. In addition, UNAMID had 2,459 and 1,594 local individual contractors in 2013/14 and 2014/15 respectively. These local individual contractors included cleaners, masons, carpenters, generator mechanics, electricians, security guards and attendance clerks. The 2013/14 and 2014/15 expenditures for consultants and individual contractors were \$1.5 million and \$324,400 respectively.
6. Comments provided by UNAMID are incorporated in italics.

### II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNAMID governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the use of consultants and individual contractors in UNAMID**.
8. The audit was included in the 2015 risk-based work plan of OIOS because of the financial and operational risks related to using a high number of consultants and individual contractors in the Mission.

9. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this control as the one that provides reasonable assurance that policies and procedures: (a) exist to guide the use of consultants and individual contractors in UNAMID; (b) are complied with and implemented consistently; and (c) exist to ensure the reliability and integrity of financial and operational information.

10. The key control was assessed for the control objectives shown in Table 1. Certain control objectives shown in Table 1 as “Not assessed” were not relevant to the scope defined for this audit.

11. OIOS conducted the audit from March to September 2015. The audit covered the period from 1 July 2013 to 30 June 2015.

12. 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

13. The UNAMID governance, risk management and control processes examined were initially assessed as **partially satisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of the use of consultants and individual contractors in UNAMID**. OIOS made five recommendations to address the issues identified. UNAMID needed to: (a) provide guidance to requisitioners and implement effective procedures for sourcing international consultants and individual contractual services; (b) enforce the requirements for verification of academic and professional qualifications of candidates and reference checks; (c) comply with the delegation of authority and responsibility to recruit international consultants and individual contractors; (d) provide guidance to end users of local individual contractual services on planning, sourcing, rostering and use of these services; and (e) ensure all required documents on the use of consultants and individual contractors were included in relevant files.

14. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of five 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 |
| <b>Effective management of the use of consultants and individual contractors in UNAMID</b> | Regulatory framework | Partially satisfactory             | Partially satisfactory                       | Not assessed           | Partially satisfactory                          |
| <b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>  |                      |                                    |  |                        |   |

<sup>1</sup> 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.

## Regulatory framework

### Adequate procedures on sourcing of consultants and individual contractors services were needed

15. The Administrative Instruction on the use of consultants and individual contractors (Administrative Instruction) requires requisitioners to prepare and submit to the Human Resources Section terms of reference describing the work to be performed such as measurable outputs, objectives, specific delivery dates, description of how the work should be performed and performance indicators. The Administrative Instruction requires requisitioners to sign and date the terms of reference. The Administrative Instruction also requires the Mission to post vacancy announcements in Inspira or other appropriate means when the services are needed for more than six months and to ensure adequate evidence is maintained of the hiring and selection process, including a shortlist of a minimum of three candidates and technical evaluation reports of applicants based on pre-established evaluation criteria.

16. A review of 29 of the 42 files related to the hiring of international consultants and individual contractors by UNAMID during the audit period indicated that:

- For 24 cases, the terms of reference prepared did not include the delivery dates, a description of how the work should be performed and objectives of the assignment;
- For all 29 cases, the requisitioner did not sign and date the terms of reference;
- For all 29 cases, UNAMID did not post vacancy announcements for services that lasted more than six months. This was because most requisitioners underestimated the time required to complete the assignment; and
- For all 29 cases, UNAMID did not: (a) maintain evidence of its recruitment and selection process; (b) shortlist a minimum of three candidates for each vacancy announcement; (c) prepare a technical evaluation report for each recruitment process; and (d) select candidates based on pre-established evaluation criteria.

17. The above resulted because the UNAMID Human Resources Section had not provided guidance to requisitioners on the preparation of terms of reference and had not implemented procedures to better guide requisitioners in sourcing and managing international consultants and individual contractors. As a result, UNAMID did not have an adequate basis for monitoring achievement of objectives and targets. There was also an increased risk that the Mission did not fully realize the benefits of the relevant services provided.

**(1) UNAMID should provide guidance to requisitioners and implement adequate and effective procedures related to the sourcing of international consultancy and individual contractual services.**

*UNAMID accepted recommendation 1 and stated that it would reissue the Administrative Instruction, provide managers ongoing guidance on the preparation of terms of reference and conduct quality control reviews of these terms of reference before approving the related contracts. Recommendation 1 remains open pending receipt of evidence of guidance provided and implementation of procedures on sourcing of international consultants and individual contractors.*

Need to verify the credentials, qualifications and experience of international consultants and individual contractors

18. The Administrative Instruction requires that the Human Resources Section to verify the academic and professional qualifications of selected candidates and conduct appropriate reference checks before recruiting candidates.

19. A review of 29 contract files for international individual contractors and consultants indicated that the Human Resources Section was not verifying the academic and professional qualifications of selected candidates and conducting appropriate reference checks. This was because the Human Resources Section overlooked this requirement and as a result had not implemented procedures to ensure that important reference and background checks were conducted. Consequently, there was a risk that the Mission did not recruit the most qualified individuals and hence did not obtain best value for money.

**(2) UNAMID should implement effective procedures to enforce the requirement to verify academic and professional qualifications of candidates and to conduct reference checks.**

*UNAMID accepted recommendation 2 and stated that it would provide guidance to requesting sections and end users of consultants and individual contractors on the sourcing of these services, and ensure compliance with the Administrative Instruction. Recommendation 2 remains open pending receipt of evidence that UNAMID has implemented procedures to ensure that reference checks are conducted and academic and professional qualifications are verified.*

Need to comply with the delegation of authority for the recruitment of international consultants and individual contractors

20. The delegation of authority and responsibility to recruit international consultants and individual contractors issued by DFS on 24 October 2008 requires the Head of Mission to sub-delegate the authority and to submit reports on the execution of delegation of authority bi-annually on 30 June and 31 December to DFS for monitoring purposes.

21. A review of 29 contract files indicated that the Head of UNAMID sub-delegated to the Chief Human Resources Officer the authority and responsibility to recruit international consultants and individual contractors on a personal basis; therefore, the Chief Human Resources Officer was not permitted to sub-delegate the same authority. However, UNAMID human resources officers signed 27 of the 29 contract files reviewed without the required delegation of authority. UNAMID also did not submit the required bi-annual reports to DFS on the execution of the delegation of authority.

22. The above resulted because the Chief Human Resources Officer: (a) was of the view that human resources officers did not require delegation of authority because they had been designated by the Department of Management as certifying officers; and (b) overlooked the requirement to submit the required bi-annual reports to DFS. As a result, there was an increased risk that individuals were not fully aware of their responsibilities and were approving contracts without the appropriate authority.

**(3) UNAMID should take appropriate measures to ensure full compliance with the delegation of authority and responsibility to recruit international consultants and individual contractors.**

*UNAMID accepted recommendation 3 and stated that it would ensure compliance through a quarterly monitoring mechanism. Recommendation 3 remains open pending receipt of evidence of implementation of the quarterly monitoring mechanism to ensure compliance with the use of the*

delegation of authority and responsibility to recruit international consultants and individual contractors.

#### Need to maintain complete files on the use of consultants and individual contractors

23. The Administrative Instruction requires UNAMID to maintain the following documents in consultants and individuals contractors' files: (a) a copy of the signed contract and terms of reference; (b) a copy of general conditions of contracts for the services of consultants and individual contractors; (c) a copy of the Secretary-General's bulletin on special measures for protection from sexual exploitation and sexual abuse; (d) a statement of good health; (e) authorization for direct deposit; and (f) designation, change or revocation of beneficiary form.

24. A review of 29 contract files indicated that the following required documents were missing from all files reviewed: copy of the Secretary-General's bulletin on special measures for protection from sexual exploitation and sexual abuse; statements of good health; and authorization for bank deposit form. This was because the filing checklist developed by the Human Resources Section did not include all documents required by the Administrative Instruction. As a result, there was a risk that individuals hired: (a) did not have all the required information on the Organization's policy on protection from sexual exploitation; (b) were not in good health; and (c) did not submit required banking details.

**(4) UNAMID should amend its filing checklist to ensure all documents required by the administrative instruction on the use of consultants and individual contractors are included in the relevant files.**

*UNAMID accepted recommendation 4 and stated that it would update the checklist to capture all documents required in the Administrative Instruction. Recommendation 4 remains open pending receipt of the updated checklist.*

#### Need for improved planning, sourcing, rostering and use of local individual contractors services

25. The Administrative Instruction requires UNAMID to engage an individual contractor only to meet a short-term requirement related to a temporary increase in workload for up to 6, or in special circumstances, 9 work-months in a period of 12 consecutive months. The results-based budget process requires UNAMID programme managers to estimate all programme delivery costs including those related to consultants and individual contractors and include these in the cost estimates.

26. Interviews with staff responsible for recruiting local individual contractors, review of the databank for these contractors and budget performance reports for the audit period indicated that UNAMID: (a) repeatedly used the same individuals, e.g., cleaners, carpenters, generator mechanics, security guards, information technology technicians and child protection officers, 9 months at a time in periods of 12 consecutive months ; and (b) did not adequately plan its requirements for local individual contractors services. This was because the Human Resources Section transferred to end users the planning, sourcing, rostering and use of individual contractors without providing them with relevant guidance.

27. As a result, there was an increased risk that the recruitment of individual contractors was not fair and transparent. Additionally, because UNAMID did not adequately plan for its requirements for individual contractors, budget overruns were incurred. The Mission overspent the budget for these services by \$1.3 million (or 676 per cent) in 2013/14 and by \$132,300 (or 69 per cent) in 2014/15. The audit results indicated, however, that the Mission was making concerted effort to reduce the number of individual contractors from 2,459 in 2013/14 to 1,594 in 2014/15.

**(5) UNAMID should provide guidance to end users of local individual contractual services on the planning, sourcing, rostering and use of these services.**

*UNAMID accepted recommendation 5 and stated that it would provide guidance to requesting sections and end users of consultancy and individual contractual services on the sourcing of these services and ensure compliance with the Administrative Instruction as well as the checklist. Recommendation 5 remains open pending receipt of evidence that UNAMID has provided guidance on the planning, sourcing, rostering to requesting sections and end users of consultancy and individual contractual services per the Administrative Instruction.*

#### **IV. ACKNOWLEDGEMENT**

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

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operation in Darfur

| Recom. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation   | Implementation date <sup>4</sup> |
|------------|--|---|----------------------|--|----------------------------------|
| 1          | UNAMID should provide guidance to requisitioners and implement adequate and effective procedures related to the sourcing of international consultancy and individual contractors' services.          | Important   | O                    | Receipt of evidence of guidance provided and implementation of procedures on the sourcing of international consultants and individual contractors.   | 30 November 2015                 |
| 2          | UNAMID should implement effective procedures to enforce the requirement to verify academic and professional qualifications of candidates and to conduct reference checks.                            | Important   | O                    | Receipt of evidence that UNAMID has implemented procedures to ensure that reference checks are conducted and academic and professional qualifications are verified.  | 30 November 2015                 |
| 3          | UNAMID should take appropriate measures to ensure full compliance with the delegation of authority and responsibility to recruit international consultants and individual contractors.               | Important   | O                    | Receipt of evidence of implementation of the quarterly monitoring mechanism to ensure compliance with the use of the delegation of authority and responsibility to recruit international consultants and individual contractors. | 31 March 2016                    |
| 4          | UNAMID should amend its filing checklist to ensure all documents required by the administrative instruction on the use of consultants and individual contractors are included in the relevant files. | Important   | O                    | Receipt of the updated checklist.  | 31 December 2015                 |
| 5          | UNAMID should provide guidance to end users of local individual contractors' services on the planning, sourcing, rostering and use of these services.  | Important   | O                    | Receipt of evidence that UNAMID has provided guidance on the planning, sourcing, rostering to requesting sections and end users of consultancy and individual contractual services per the Administrative Instruction.           | 30 January 2016                  |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNAMID in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operations in Darfur

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments  |
|----------|--|---|-----------------------|---------------------------------------|------------------------|--|
| 1        | UNAMID should provide guidance to requisitioners and implement adequate and effective procedures related to the sourcing of international consultancy and individual contractual services. | Important   | Yes                   | Chief Human Resources Officer         | 30 November 2015       | UNAMID will reissue ST/AI/2013/4 on the subject which comprehensively addresses the recommendation.<br><br>The recruitment section would also provide on-going guidance to managers on the preparation of the terms of reference and conduct quality control reviews of these terms of reference before approving the related contracts. |
| 2        | UNAMID should implement effective procedures to enforce the requirement to verify academic and professional qualifications of candidates and to conduct reference checks.                  | Important   | Yes                   | Chief Human Resources Officer         | 30 November 2015       | UNAMID will provide guidance to requesting sections and end users of consultancy and individual contractual services on the sourcing of the sourcing of services and ensure application of ST/AI/2013/4 is adhered to.   |
| 3        | UNAMID should take appropriate measures to ensure full compliance with the delegation of authority and responsibility to recruit international consultants and individual contractors.     | Important   | Yes                   | Chief Human Resources Officer         | 31 March 2016          | UNAMID accepts the recommendation and will ensure compliance through a quarterly monitoring mechanism.   |
| 4        | UNAMID should amend its filing checklist to ensure all documents required by the administrative instruction on the   | Important   | Yes                   | Chief Human Resources Officer         | 31 December 2015       | UNAMID accepts the recommendation and will update the checklist to capture all documents   |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

## Audit of the use of consultants and individual contractors in the African Union-United Nations Hybrid Operations in Darfur

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of<br>responsible<br>individual | Implementation<br>date | Client comments  |
|----------|--|---|-----------------------|---------------------------------------|------------------------|--|
|          | use of consultants and individual contractors are included in the relevant files.  |   |                       |                                       |                        | required in ST/AI/2013/4   |
| 5        | UNAMID should provide guidance to end users of local individual contractual services on the planning, sourcing, rostering and use of these services. | Important   | Yes                   | Chief Human Resources Officer         | 30 January 2016        | UNAMID will provide guidance to requesting sections and end users of consultancy and individual contractual services on the sourcing of the services of consultants and individual contractual services and ensure application of the ST/AI/2013/4 as well as the checklist by all sections and end users is adhered to.<br><br>This will be an on-going process to be monitored on bi-annual basis. |