



INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of UNOG Human Resources Management Service – structure and delegation of authority

Overall results relating to the effectiveness of the structure and delegation of authority for the recruitment and administration of staff and consultants and related legal services were initially assessed as partially satisfactory. Implementation of four important recommendations is in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

**15 May 2012
Assignment No. AE2011/311/03**

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AUDIT REPORT

Audit of UNOG Human Resources Management Service – structure and delegation of authority

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the structure and delegation of authority of the Human Resources Management Service (HRMS) at the United Nations Office at Geneva (UNOG).

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.

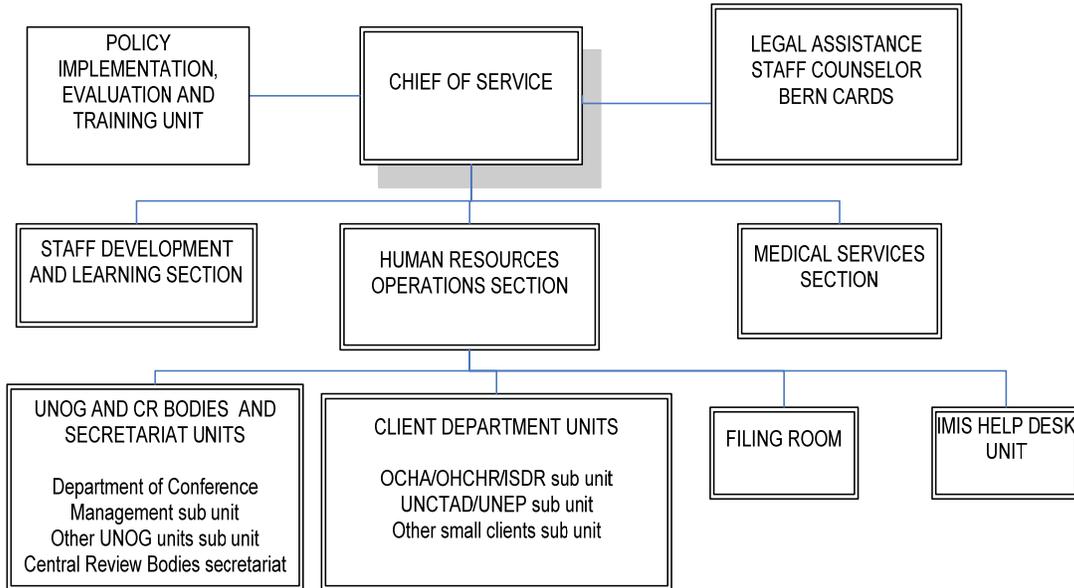
3. The Secretary-General's Bulletin on "Organization of the United Nations Office at Geneva" (ST/SGB/2000/4) defines the structure of UNOG and outlines its mandated functions relating to human resources management in section 5.2, which include:

- Providing direction and management of UNOG personnel, including coordinating human resources policies with other Geneva-based organizations;
- Carrying out implementing and monitoring functions for policy and other issues related to human resources as determined by the Under-Secretary-General for Management; and
- Managing the human resources requirements of the United Nations offices and units at Geneva, including providing recruitment guidance, training and supervision, and implementing personnel administration policies in accordance with the United Nations Staff Regulations and Rules.

4. In addition, the administrative instruction on "Delegation of authority" (ST/AI/1999/1), and Memoranda dated 31 March 1995 and 16 April 2002 from the Assistant Secretary-General for Human Resources Management to the Director of UNOG Division of Administration, delegate to the Director of UNOG Division of Administration the authority to take various decisions under the United Nations Staff Regulations and Rules.

5. HRMS is the service responsible for human resources management functions at UNOG. It is headed by a Chief at the D-1 level who reports to the Director, Division of Administration. Recruitment and staff administration are mainly carried out by the Operations Section of HRMS, headed by a P-5 and supported by 8 Professional and 30 General Service staff. Chart 1 below shows the HRMS organizational structure.

Chart 1: UNOG HRMS organizational structure



6. The total budget for HRMS in the period 2010-2011 was \$23 million of which \$17 million was funded from the regular budget and \$6 million from extra-budgetary resources. During the period 2009-2010, HRMS processed approximately 31,000 personnel actions and 1,300 consultant contracts as well as entitlements for approximately 3,600 staff it administers.

7. HRMS provides human resources management services and related legal services to up to 40 United Nations offices and departments and other United Nations organizations. The legal services provided relate to representation of clients who are governed by the United Nations Secretariat's administration of justice system before the United Nations Dispute Tribunal in Geneva. The clients have executive offices or human resources sections that interact with HRMS. HRMS bills the clients only for services rendered with respect to work done for posts that are financed from extra-budgetary resources based on formulas agreed on in Memoranda of Understanding (MOUs) with the clients. Services rendered with respect to those client posts that are financed from the United Nations regular budget are not billed to the clients.

8. Comments provided by UNOG and the Department of Management are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

9. The audit of UNOG Human Resources Management Service – structure and delegation of authority was conducted to assess the adequacy and effectiveness of UNOG governance, risk management and control processes in providing reasonable assurance regarding **the effectiveness of the structure and delegation of authority for the recruitment and administration of staff and consultants and related legal services.**

10. The audit was included in the 2011 internal audit work plan for UNOG because human resources management is an essential function and the risk assessment of UNOG had identified several risks relating to structure and allocation of responsibilities in human resources management.

11. The key controls tested for the audit were: (a) delegation of authority; (b) regulatory framework; and (c) human resources strategies and targets. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Delegation of authority** - controls that are designed to provide reasonable assurance that the authority for human resources functions have been appropriately delegated and are operating efficiently and effectively.

(b) **Regulatory framework** - controls that are designed to provide reasonable assurance that an appropriate structure and coordination arrangements have been established to optimize efficiency.

(c) **Human resources targets and strategies** - controls that are designed to provide reasonable assurance that human resources targets and strategies are established and regularly monitored, and the results are used to assess the structure and work allocation.

12. The key controls were assessed for the control objectives shown in Table 1.

13. OIOS conducted this audit from May 2011 to October 2011. The audit covered the period from 1 January 2010 to 31 May 2011 and involved a review of the structure and work arrangements in HRMS and how they support the recruitment and administration of staff and consultants and legal services functions.

14. 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

15. UNOG governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding **the effectiveness of the structure and delegation of authority for the recruitment and administration of staff and consultants and related legal services**. OIOS made four recommendations to address issues identified in the audit:

16. The HRMS mandate and delegated authority provide the framework under which it carries out activities related to recruitment and staff administration. However, the mandate and delegated authority have not been reviewed for over ten years despite significant changes in the size and scope of the United Nations offices and units at Geneva, and changes to the staff regulations and rules. Instead, delegation of authority and staffing decisions for Geneva based offices have in recent years been made based on individual office needs without a holistic assessment to ensure efficiency and consistency. *The Department of Management indicated that it has completed the revision of the ST/SGB dealing with the delegation of authority on human resources and that it is now with the Executive Office of the Secretary-General for approval.*

17. Targets and strategies for the recruitment and administration of staff and consultants were established and monitored in compliance with the system wide Human Resources Action Plan (HRAP) mechanism. However, HRMS has not comprehensively addressed the staffing constraints it faces and therefore there is a risk that it does not have the capacity to achieve the targets established in the HRAP. *UNOG indicated that it has initiated a major exercise to assess workload of HR officers and assistants.*

18. OIOS assessed the HRMS structure and work allocation as appropriate. However, coordination arrangements needed to be strengthened to address the inefficiencies and frustrations caused by the lack of regular meetings to address outstanding work and mechanisms to inform clients and staff about the status of personnel actions, and delayed or lack of response to emails and phone calls. *UNOG indicated that it has initiated monthly coordination meetings with client entities and that it is currently reviewing the feasibility of introducing automatic updates for clients at each stage of the HR process.*

19. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations is still in progress.

Table 1: 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
Effective structure and delegation of authority for the recruitment and administration of staff and consultants and related legal services	(a) Delegation of authority	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Human resources targets and strategies	Partially satisfactory	Satisfactory	Partially satisfactory	Satisfactory
	(c) Regulatory framework – organizational structure	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Delegation of authority

The scope of the HRMS mandate was not clear

20. The HRMS mandate as defined in ST/SGB/2000/4 (the SGB) and delegated authority provide the framework under which UNOG carries out staff recruitment and administration activities. However, the SGB is outdated because it has not been reviewed for over 10 years despite significant changes to the number and size of offices at the Geneva duty station, changes to the delegation of authority and other changes such as the establishment of the United Nations Dispute Tribunal. The SGB states that UNOG is responsible for managing the human resources of the United Nations offices and units at Geneva, including supervision and implementation of administrative policies. However, in practice HRMS does not manage all the United Nations offices and units at Geneva. Its supervisory role at the duty station is limited to the clients it currently provides services to. Further, HRMS also has non-Geneva based clients in Turin, Bonn and field locations of Geneva based UN offices. To ensure that the authority and accountability of HRMS over individual offices is clear, it is essential that the SGB accurately lists and describes the offices that HRMS is mandated to administer.

21. Secondly, because the mandate has not been reviewed, the United Nations has not determined the extent to which it intends to continue centralizing the management of human resources at the duty station and to maintain the “one UN concept”. Currently, it is not clear which Geneva based offices or categories of staff (regular budget, extra-budgetary; General Service or Professional) are obligated to use HRMS services, which has created uncertainty as to whether the offices have the right to use other United Nations service providers. Alternatively, there is a need for clarification on whether, as indicated by OHRM, HRMS should be seen as a service centre, providing services to Geneva based institutions when they opt to use HRMS services.

22. It is essential that the United Nations assesses and determines the degree of centralization of human resources management at the Geneva duty station, to provide the basis for making appropriate decisions on delegation authority, staffing and other structural arrangements. In the past, the delegation of authority and staffing decisions relating to Geneva based offices have been made based on individual office needs without a holistic view to ensure that efficiency issues are addressed and risks of inconsistencies and non-compliance are minimized. For example, in the last five years, OHCHR and OCHA have established their own human resources sections in anticipation of additional delegation of authority from OHRM. However, OHRM has not delegated additional authority to these offices, and there have been no corresponding changes to the responsibilities and work processes between UNOG and these two offices. As a result, the OHCHR and OCHA HR sections are not optimally utilized. This was evident when comparing administrative processes in OCHA and OHCHR with those in UNCTAD. The UNCTAD HR section is of similar capacity to OCHA and OHCHR, but because it has considerably higher delegation of authority, its administrative actions were not subject to an additional layer of review by HRMS.

23. At the time of the audit, the Department of Management was in the process of reviewing and updating the SGB on organizational structure and functions of UNOG. There are arguments for and against increased decentralization versus maintaining a largely centralized structure, which need to be assessed and, where appropriate, mitigating measures to minimize the risks pertaining to whichever option is selected explored.

24. HRMS informed OIOS that following extensive consultations with all stakeholders, including HQ departments with considerable Geneva presence, the draft ST/SGB on organizational structure and functions of UNOG was in the final stages of approval.

(1) The Department of Management should clarify the United Nations Office at Geneva (UNOG) mandate for the recruitment and administration of staff and related legal services, as part of the ongoing review and update of the Secretary-General’s Bulletin on the organization structure and functions of UNOG, and use the results as a basis for making decisions on delegation of authority and other structural arrangements at the Geneva duty station.

The Department of Management accepted recommendation 1, with a target date for full implementation of 31 December 2012, and stated that in response to the General Assembly request contained in resolution 64/259, the Secretariat conducted a comprehensive review of the existing system in respect of the Staff Regulations and Rules (which cover all aspects of human resources management within the Organization) and the Financial Regulations and Rules (which cover all matters related to finance, budgeting, procurement and property management). The aim of this comprehensive process was to establish who has the delegated authority to take specific decisions and actions and to identify the legal source of authority in each instance. The Department of Management completed the revision of the ST/SGB dealing with the delegation of authority on human resources and this is now with the Executive Office of the Secretary-General for approval.

Recommendation 1 remains open pending receipt of the draft ST/SGB dealing with the delegation of authority and the draft ST/SGB on organizational structure of UNOG and verification that the mandate of UNOG for human resources management has been clearly and consistently addressed in both documents.

The authority delegated to UNOG and its clients was not clear

25. The authority delegated to UNOG and its clients is documented and provides the framework under which HRMS administers its clients. However, except for some minor amendments, the administrative instruction on delegation of authority, ST/AI/234, and the delegation of authority to UNOG have not been reviewed since 1989 and 1995, respectively, despite significant changes in the United Nations Staff Regulations and Rules. The documents are therefore outdated and do not fully reflect the current practices. The delegation of authority does not have any specific provisions for regular review and monitoring that would help to ensure that they remain up-to-date and offices are held accountable in case of non-compliance with established regulations and rules.

26. In addition, the way the administrative instruction on delegation of authority is currently documented affects its clarity. There is no one document that summarizes the delegation of authority issues of Geneva based offices, and authority is delegated to “departments and offices” and “offices away from headquarters” in general without clearly defining which United Nations offices fall under each category. Secondly, the administrative instruction outlines several decisions that are delegated to heads of departments and offices but does not clearly address the difference between the decision-making authority delegated to the department and offices, and the authority for approving the processing of such decisions. Currently, the approval authority for all personnel actions is centralized at HRMS and therefore there is no difference in procedures between the areas where authority is delegated to departments and offices and the areas where it is not. There is a need to clarify whether the departments and offices can approve the processing of personnel actions in the areas where decision-making authority is delegated to them. There is also a need to clarify the extent to which UNOG has the authority to question the departments and offices in areas where the decision-making authority has been delegated to them. Linked to this is the need to clearly differentiate the areas or circumstances under which HRMS and OHRM can sub-delegate authority to the Geneva based offices as well as the modalities for documenting and monitoring the sub-delegated authority.

27. Clearly defining and documenting the delegated authority is essential to establish accountability and to reduce the risk of the authority of UNOG being questioned by clients and the United Nations Dispute Tribunal and/or its clients, and the related inefficiencies and possible financial losses. HRMS management provided examples where its authority had been questioned by clients.

(2) In its review of Administrative Instructions, the Department of Management should clearly address the delegation of human resources authority issues relating to the United Nations Office at Geneva and its clients, and establish provisions for regular review and monitoring of the delegated authority. Additional details on delegation of authority issues could be addressed in a guidebook on delegation of authority or other supplementary documentation.

The Department of Management accepted recommendation 2, with a target date for full implementation of 31 December 2012, and referred to the comments raised under recommendation 1 above. OIOS has reviewed the draft of the administrative instruction that was shared by UNOG in 2011 and noted that it does not fully address the issues noted in the audit. UNOG had also made comments to OHRM on the draft administrative instruction on the issue of sub delegation of authority and the authority delegated to departments and offices which if addressed would help to clarify the uncertainties noted in the audit. Recommendation 2 remains open pending receipt of the

latest drafts of the ST/SGB and the administrative instruction on delegation of authority and verification that delegation of authority issues relating to Geneva based offices are clearly and consistently addressed in the ST/SGB, administrative instruction and any other guidance information on delegation of authority.

B. Human resources targets and strategies

Human resources targets and strategies had been established and were being monitored

28. Targets and strategies relating to the recruitment of regular staff were established and monitored and reported through the system wide HRAP. HRMS also established a strategy document and related goals and objectives for human resources management functions. For the purposes of monitoring other components and parameters of its work, HRMS indicated that it intends to establish a self-monitoring plan in 2012.

Need to ensure that the staffing constraint is comprehensively addressed

29. Having the appropriate staffing level is a critical factor in ensuring that HRMS can achieve the targets and strategies established in the HRAP plan and effectively serve its clients. Staffing constraints has been a recurring concern raised by HRMS management and in past oversight reports including the draft report on the OHRM monitoring mission of 27 September to 7 October 2005, and most recently the OIOS evaluation report on UNOG (IED-10-007) issued in 2010. This was evidenced by the fact that since year 2000 the number of staff serviced by HRMS has risen by 21 percent while the number of staff in HRMS has risen by only 2 per cent. In addition, comparison with other offices away from Headquarters showed that HRMS has a significantly higher average number of staff serviced by one HR staff member. While the average number of staff serviced by one administrative assistant may not fully capture all workload variations, it is a further indication that the UNOG staffing level may be on the lower side.

30. To address the recommendations raised in the OIOS evaluation report, HRMS indicated that it planned to conduct a detailed and comprehensive workload analysis in order to prepare a more accurate assessment of the ratio between the increased workload and the existing staffing resources, to determine shortfalls in billing revenues to clients, and to identify bottlenecks and areas for improvement in the delivery of client services. Two important aspects for dealing with the staffing problem have not been included in the action plan. The first is the need for HRMS to assess and determine the overall staffing requirements at the current workload level, in addition to the review of incremental shortfall. As processes and delegation of authority decisions have also changed over the years, assessing the staffing requirements at the current workload will provide a more up to date estimate of the shortfall that needs to be addressed. The second is the potential to improve efficiency and effective utilization of staff resources of HRMS clients. Some of the HRMS clients had a Human Resources Section or dedicated HR assistants in their executive offices and therefore had the capacity to handle additional authority to process their personnel actions, particularly in areas where the administrative instruction has delegated decision-making authority to the heads of departments and offices. Clarifying the issues on sub-delegation of authority discussed above is therefore essential in ensuring that HRMS sub-delegates authority appropriately.

(3) The United Nations Office at Geneva Human Resources Management Service should, as part of its efforts to address the staffing constraint, assess the appropriate staffing level at current work load levels and consult with its clients to review the distribution of responsibilities and workflow processes with a view to optimizing the use of staff resources.

UNOG accepted recommendation 3, with a target date for full implementation of 31 December 2012, and stated that it has already initiated a major exercise to assess workload of HR officers and assistants in a consistent manner based on the quantitative and qualitative parameters of comprehensive services provided to its clients. The results of this exercise, which will to a large extent depend on the cooperation and assistance from UNOG Information and Communications Technology Service (ICTS) and UNOG Financial Resources Management Service (FRMS) will be used to (a) achieve a more rational and efficient distribution of workload and resources between HRM and its client entities, particularly larger ones, and (b) establish a more accurate system of billing XB clients for services rendered. This exercise is planned to be finalized in 2012, subject to support from FRMS. Recommendation 3 remains open pending receipt of the results of the ongoing exercise to assess workload of HR officers and assistants and documentation showing that action has been taken to optimize the use of staff resources through efficient re-distribution of workload and resources between UNOG and its client entities.

C. Regulatory framework – organizational structure

HRMS structure and work allocation were appropriate

31. HRMS had regularly reviewed and revised its structure and work allocation. The justification to structure by client in order to focus on individual client needs was reasonable given the large client base of HRMS. The establishment of the Policy, Evaluation and Training Unit (PETU) in the 2011 restructuring to oversee consistency and monitoring issues was an improvement because it helps to mitigate the increased risk of inconsistencies that arise from being structured by client and not functionally. The rationale used in grouping clients into the various teams and distribution of workload among the various teams were also assessed as reasonable. HRMS indicated that it is launching an initial strategic partnership with OHCHR to assess particular needs and areas of potential improvement of services. Field office needs shall figure among the priority areas to review. Once the strategic partnership approach is established with OHCHR, HRMS shall launch a similar exercise with ISDR.

Formal coordination arrangements with clients had not been established

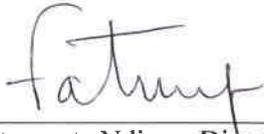
32. While most HRMS clients described their working relationship with HRMS as good, some clients were concerned and frustrated about the lack of effective follow-up on outstanding work, and delays and lack of timely response to emails and phone calls. There were no formal and agreed coordination arrangements and processing timelines between HRMS and its clients. HRMS is a service-providing office and therefore it is essential that coordination arrangements are established and agreed with the clients to ensure effective and efficient flow of information and work and that expectations are managed. In the course of the audit, the Chief, HRMS established a work plan for 2011-2012 that included goals to formalize the coordination arrangements and establish regular meetings with the Chiefs of HR sections to discuss issues, exchange best practices and lessons learned, thus ensuring consistency in the application of the HR rules and regulations in Geneva duty station clients. At the time of the audit, the work plan had not been implemented.

(4) The United Nations Office at Geneva Human Resources Management Service should establish and agree on formal coordination arrangements with its clients, including: (a) regular meetings between the Human Resources Officers and Assistants with their clients; (b) a mechanism for staff to be informed when there are significant delays in processing their entitlements; and (c) special communication and coordination arrangements for field office staff.

UNOG accepted recommendation 4, with a target date for full implementation of 31 December 2012, and stated that HRMS has initiated monthly coordination meetings with client entities to discuss operational and strategic issues of common interest. The first part of the recommendation has therefore been implemented. HRMS is currently reviewing the feasibility of introducing automatic updates for clients at each stage of the HR process. ICTS is supporting HRMS on this and other automated initiatives. The deadline for implementation of parts (b) and (c) of the recommendation will largely depend on the schedule of work of ICTS. OIOS is of the view that in case the development of the automatic update system is not successful, other mechanisms such as updating clients of the status of significantly delayed administrative actions in the monthly coordination meetings could be explored. For field staff, directly updating them in cases of significant delays and establishing a central email account (similar to the help desk system) where they can communicate with HRMS could also be explored. Recommendation 4 remains open pending receipt of documentation showing that HRMS has established a mechanism to inform staff when there are significant delays in processing their personnel actions and special communication and coordination arrangements for field office staff.

IV. ACKNOWLEDGEMENT

33. OIOS wishes to express its appreciation to the Management and staff of UNOG and Department of Management for the assistance and cooperation extended to the auditors during this assignment.



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STATUS OF AUDIT RECOMMENDATIONS

Audit of UNOG Human Resources Management Service – structure and delegation of authority

Recom. no.	Recommendation	Critical/ ¹ important ²	C/ ³ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Department of Management should clarify the United Nations Office at Geneva (UNOG) mandate for the recruitment and administration of staff and related legal services, as part of the ongoing review and update of the Secretary-General's Bulletin on the organization structure and functions of UNOG, and use the results as a basis for making decisions on delegation of authority and other structural arrangements at the Geneva duty station.	Important	O	Submission to OIOS of the draft ST/SGB dealing with the delegation of authority and the draft ST/SGB on organizational structure of UNOG and verification that the mandate of UNOG for human resources management has been clearly and consistently addressed in both documents.	31 December 2012
2	In its review of Administrative Instructions, the Department of Management should clearly address the delegation of human resources authority issues relating to the United Nations Office at Geneva and its clients, and establish provisions for regular review and monitoring of the delegated authority. Additional details on delegation of authority issues could be addressed in a guidebook on delegation of authority or other supplementary documentation	Important	O	Submission to OIOS of the latest drafts of the ST/SGB and the administrative instruction on delegation of authority and verification that delegation of authority issues relating to Geneva based offices are clearly and consistently addressed in the ST/SGB, administrative instruction and any other guidance information on delegation of authority.	31 December 2012

1 Critical recommendations address significant and/or pervasive deficiency or weakness 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 [client] in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
3	The United Nations Office at Geneva Human Resources Management Service should, as part of its efforts to address the staffing constraint, assess the appropriate staffing level at current work load levels and consult with its clients to review the distribution of responsibilities and workflow processes with a view to optimizing the use of staff resources.	Important	O	Submission to OIOS of the results of the on-going exercise to assess workload and documentation showing that action has been taken to optimize the use of staff resources through efficient re-distribution of workload and resources between UNOG and its client entities.	31 December 2012
4	The United Nations Office at Geneva Human Resources Management Service should establish and agree on formal coordination arrangements with its clients, including: (a) regular meetings between the Human Resources Officers and Assistants with their clients; (b) a mechanism for staff to be informed when there are significant delays in processing their entitlements; and (c) special communication and coordination arrangements for field office staff.	Important	O	Submission to OIOS of documentation showing that HRMS has established a mechanism to inform staff when there are significant delays in processing their personnel actions and coordination arrangements for field office staff.	31 December 2012