

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Human resources management in UNSCO**

**Overall results relating to the effective management of human resources in UNSCO were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress.**

**FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY**

**17 October 2012**

**Assignment No. 2012/678/02**

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# AUDIT REPORT

## Audit of human resources management in UNSCO

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of human resources management in the United Nations Office of the Special Coordinator for Middle East Peace Process (UNSCO).
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 Chief of Mission Support (CMS) has delegated authority for certifying selection of candidates, approving extension of appointments up to the D-1 level, granting special post allowance for staff up to the P-4 level, administering staff entitlements and recruiting national staff and individual contractors and consultants. The UNSCO Human Resources Section, headed by a Human Resources Officer at the FS-6 level and assisted by a national staff member, was responsible to support the CMS in executing the delegation of authority. UNSCO's approved staffing budget for the biennium 2012/13 is shown in Table 1 below.

**Table 1: UNSCO approved human resources budget and posts**

Description	Approved budget (\$'000)	Approved posts
International staff	11,108.6	34
National staff	2,362.6	31
<b>Total</b>	<b>13,471.2</b>	<b>65</b>

4. Comments provided by UNSCO are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of UNSCO's governance, risk management and control processes in providing reasonable assurance regarding the **effective management of human resources**.
6. This audit was included in the 2012 OIOS risk-based work plan at the request of UNSCO.
7. The key controls tested for the audit were: (a) recruitment and promotion policies and procedures; (b) delegation of authority; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Recruitment and promotion policies and procedures** - controls that provide reasonable assurance that recruitment and promotion policies and procedures exist and are adequate for the needs of UNSCO.

(b) **Delegation of authority** - controls that provide reasonable assurance that authority has been delegated formally and in accordance with relevant regulations and rules. This control also includes periodic reporting and monitoring of the execution of delegated authority.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of human resources; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

8. The key controls were assessed for the control objectives shown in Table 2.

9. OIOS conducted the audit in May 2012. The audit covered the period from 1 January 2011 to 31 May 2012. For the review of recruitment of national staff, the audit period was extended to include cases from 1 January 2010 due to the limited number of such cases in 2011 and 2012.

10. 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

11. UNSCO's governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of human resources**. OIOS made three recommendations to address issues identified in the audit. UNSCO complied with established guidelines on the processing and handling of recruitment, promotions and entitlements of its international staff members. However, individual contractors (ICs) were not engaged in compliance with established guidelines, there were inadequate and ineffective procedures for approving overtime, and all staff had not completed mandatory training programmes.

12. 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 two important recommendations remains in progress.

**Table 2: Assessment of key controls**

Business objective(s)	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of human resources	(a) Recruitment and promotion policies and procedures	Partially satisfactory	Partially satisfactory	Satisfactory	Partially satisfactory
	(b) Delegation of authority	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(c) Regulatory Framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

## A. Recruitment and promotion policies and procedures

### Recruitment and promotion processes were transparent and competitive

13. Based on the review of all 14 recruitments that were done during the audit period, OIOS concluded that the recruitment and promotion processes followed by the Mission complied with the relevant rules and procedures.

### Inappropriate use of individual contractors

14. Three of seven ICs hired in Gaza had been working with UNSCO for over ten years without a break-in-service. In Jerusalem where UNSCO support services were provided by the United Nations Truce Supervision Organization (UNTSO) under a Memorandum of Understanding, UNSCO used ICs as administrative assistants on an ongoing basis for seven years, and had also contracted an IC for six months to conduct procurement activities. UNSCO recognized the permanent need for these functions and requested for posts in its 2010/11 and 2011/12 budgets; but the budget proposal was not sufficiently justified and therefore not approved.

**(1) UNSCO should ensure that individual contractors are not performing core United Nations functions, and are engaged in accordance with the relevant rules and procedures. Consideration needed to be given to extending the services provided by UNTSO under the Memorandum of Understanding.**

*UNSCO accepted recommendation 1 and stated that it had already placed all ICs who had been working with UNSCO for over 10 years on a one-month break-in-service. Also, this would be repeated every three months to ensure that ICs would not be employed for more than nine months per any given 12-month period. Based on the action taken by UNSCO, recommendation 1 has been closed.*

## B. Delegation of authority

### Proper designations of persons performing management functions

15. The Field Personnel Division, Department of Field Support delegated the authority to the CMS for certifying the selections of candidates in the Nucleus system, approving extension of appointments up to the D-1 level, granting of special post allowance for staff up to the P-4 level, and administering various staff entitlements. The delegated authorities were exercised in accordance with the established rules. Also, UNSCO's staff members performing personnel functions in the areas of human, financial and physical resources were designated by the Department of Management.

## C. Regulatory Framework

### Controls over processing of staff entitlements were generally adequate and complied with

16. A review of the calculation and payment of assignment grants, dependency allowances, rental subsidy allowances and home leave and family visits, concluded that staff entitlements were processed in accordance with established rules and procedures.

### Controls over leave and overtime needed to improve

17. In the interests of the health of staff and the efficiency of the service, supervisors should not require staff members to work more than 40 hours of overtime during any one month, except in exigencies of service. In UNSCO, staff members, mainly security personnel, were routinely working overtime exceeding 40 hours per month, and security staff often worked in excess of 90 and 100 hours overtime. Also, in July 2010, due to the large accumulation of compensatory time-off (CTO), a decision was made to pay for CTO incurred, resulting in payments of \$81,520 to 13 staff, without a budget provision for this. As of May 2012, the estimated accumulated CTO payable had increased again to about \$75,000.

**(2) UNSCO should improve procedures over the approval of overtime and leave and ensure that compensatory time-off balances are regularly monitored in compliance with established policies.**

*UNSCO accepted recommendation 2 and issued an information circular to all supervisors and staff about their responsibilities to monitor overtime. Mechanisms were put in place for advance approval of all overtime, and for continuous monitoring and reporting of overtime on a quarterly basis. Recommendation 2 remains open pending receipt of a copy of the September monitoring report providing evidence that CTO balances were approved and monitored.*

### Inadequate monitoring of completion of mandatory courses

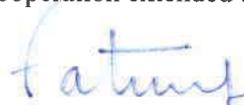
18. The number of staff that completed the mandatory training programmes was low. For example, the completion rates for Sexual Exploitation and Abuse, HIV/AIDS Orientation and Working Together, and Professional Ethics and Integrity in our Daily Work were 23 per cent, 11 per cent and 0 per cent, respectively.

**(3) UNSCO should ensure that staff members complete mandatory training programmes.**

*UNSCO accepted recommendation 3 and stated that staff were reminded of their responsibility to complete the required training programmes. Training for mandatory courses, particularly, HIV/AIDS would be organized in September 2012. Recommendation 3 remains open pending receipt of evidence that staff members have complied with mandatory training requirements.*

## IV. ACKNOWLEDGEMENT

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

  
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**STATUS OF AUDIT RECOMMENDATIONS**  
**Audit of human resources management in UNSCO**

Recom. no.	Recommendation	Critical/ <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNSCO should ensure that individual contractors are not performing core United Nations functions, and are engaged in accordance with the relevant rules and procedures. Consideration needs to be given to extending the services provided by UNTSO under the Memorandum of Understanding, on cost recovery basis.	Important	C	Action taken	Implemented
2	UNSCO should improve procedures over the approval of overtime and leave and ensure that compensatory time-off balances are regularly monitored in compliance with established policies.	Important	O	Receipt of a copy of the September monitoring report providing evidence that CTO balances were approved and monitored.	31 December 2012
3	UNSCO should ensure that staff members complete mandatory training programmes.	Important	O	Receipt of evidence that all staff members have complied with mandatory training requirements.	31 March 2013

<sup>1</sup> 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.

<sup>2</sup> 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.

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

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