

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



**PERFORMANCE AUDIT**

**OF**

**THE OFFICE OF HUMAN RESOURCES**

**Report No. 2425**  
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## Report on the Performance Audit of the Office of Human Resources Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the Office of Human Resources in the Bureau for Management Services (BMS/OHR) from 10 to 28 October 2022. Performance auditing is an independent examination of an entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

The audit aimed to assess the adequacy and effectiveness of BMS/OHR governance, risk management and control processes. To achieve its objective, it addressed the following performance audit questions:

1. Is BMS/OHR providing adequate policy and advisory services over HR management at headquarters, regional, and Country Office levels?
  - 1.1. Are policies and procedures effectively established and communicated?
  - 1.2. Are roles and responsibilities clearly defined, established, and operating effectively?
2. Are recruitments of staff members administered by BMS/OHR for headquarters/global/regional units and offices undertaken in a timely manner and do they follow UNDP's Recruitment and Selection Framework?
3. Are available systems and tools effective in managing the risks related to recruitment and management of the UNDP workforce?

The audit covered the activities of BMS/OHR from 1 January 2021 to 30 June 2022. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Clustered HR activities (such as recruitment of staff at the Country Office level and management of benefits and entitlements, global payroll, and administration and recruitment of personnel holding Personnel Service Agreements [PSA]) that are being administered by the Global Shared Services Centre in the Bureau for Management Services (BMS/GSSC) were excluded from the scope of this audit, along with the implementation of the People for 2030 Strategy and the Junior Professional Officer Programme.

### Overall audit rating

OAI issued an audit rating for BMS/OHR as **fully satisfactory**, which means, "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

### Key recommendations: Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address (i) governance documentation not being in line with role and responsibilities, and (ii) security concerns with the Oracle Cloud Recruitment system documentation.

The two recommendations aim to ensure the achievement of the organization's strategic objectives.



### Management comments and action plan

The Assistant Administrator and Director of BMS (for Recommendation 1), and the Director of BMS/OHR (for Recommendation 2) accepted the recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

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## I. About the Office of Human Resources

The Office of Human Resources in the Bureau for Management Services (BMS/OHR) is responsible for setting the strategy and policy and providing advisory services with regards to human resources (HR) management in UNDP.

BMS/OHR is not fully accountable for HR management in UNDP as it is a decentralized function, with many tasks undertaken by other business units or the Global Shared Services Centre in the Bureau for Management Services (BMS/GSSC) that provides HR clustered services. Specifically, recruitments in UNDP are administered by BMS/OHR, BMS/GSSC, and Country Offices, depending on the grade level of the position, contract modality, and the hiring units.

Further, BMS/GSSC has been providing the following services to UNDP personnel since the roll-out of HR clustering in 2021:

- Compensation & benefits – Provides services in the maintenance and administration of all employee benefits, compensation and entitlements.
- Payroll services – Provides customized packages of payroll and related services to UNDP and UN agency personnel administered by UNDP, ensuring efficiency and compliance.

BMS/OHR also provides support or guidance on HR matters, including personnel contracts, through the HR staff/focal points of the different business units. BMS/OHR is located in New York and Copenhagen. And one staff member is outposted in the Regional Bureau for Asia and the Pacific in Bangkok to provide regional support.

Aside from the Directorate, BMS/OHR's organizational structure has two other functional units:

- The Strategic People Management Unit is responsible for, among other things, providing business partnering services to the organization's senior management, regional and central bureau senior management, and Country Office management and HR practitioners. It is responsible for developing job design standards and resources and developing policy in all core HR services.
- The Talent and People Services Unit is responsible for, among other things, designing and supporting UNDP-wide implementation of people management strategies, policies, systems and tools related to talent acquisition and recruitment, performance management, people development, career development, occupational safety, health and well-being, diversity and inclusion, and employee experience in the workplace, including protection from all forms of workplace harassment, discrimination and abuse of authority. It is responsible for the delivery of end-to-end recruitment services for International Professional and General Service staff for headquarters units as well as International Professional staff for global and regional offices.

## II. Audit scope

The audit covered BMS/OHR's policy development and support, HR processes, and IT tools. The audit also reviewed UNDP policies, practices and processes relating to HR management, and management of recruitment of international staff, and General Service staff in the scope of BMS/OHR's mandate.

Clustered HR activities (such as recruitment of General Service staff at the Country Office level and management of local benefits and entitlements, global payroll, and other Personnel Service Agreements [PSA]) that were being administered by the BMS/GSSC were excluded from the scope of this audit.

The review of the implementation of the People for 2030 Strategy and Junior Professional Officer (JPO) Programme was excluded from the scope of this audit. A separate review will be conducted, depending on the results of OAI's annual risk assessment.

### III. Audit results

Overall, BMS/OHR established adequate policies and advisory services over HR management in UNDP. The 'UNDP Programme and Operations Policies and Procedures' on HR management had been regularly updated to reflect amendments or changes in policies and procedures. BMS/OHR also issued standard operating procedures vis-à-vis recruitment of personnel, contract extensions, inter-agency movements, and staff terminations.

However, the audit team noted that the governance arrangements and relevant documentation over HR management needed improvement to correctly capture the roles and responsibilities of BMS/OHR (refer to Issue 1).

With regard to the review of BMS/OHR's performance in administering the recruitments of staff members, the audit team reviewed a sample of 36 out of 357 recruitment cases processed during the audit period. All 36 recruitment cases were undertaken in a timely manner and in accordance with UNDP's Recruitment and Selection Framework. On average, it took 72 days for BMS/OHR to complete recruitment cases.

The audit team reviewed a sample of 47 out of the 941 business partnering cases (regarding advisory services or HR transactions, such as inter-agency staff movements, requested by business units) that were managed by BMS/OHR's Business Partnering and Career Transition Teams during the audit period. The 47 cases selected pertained to inter-agency staff movements (secondment or reimbursable loan agreement), waivers on break-in-service, and exceptions on post-step determination. The review concluded that BMS/OHR effectively discharged its roles and responsibilities in reviewing and clearing the sampled 47 cases.

The audit team also reviewed how BMS/OHR was managing recruitments under the UNDP Graduate Programme. The Programme's pilot of the first cohort of candidates was launched in June 2021 and received more than 38,000 applications. Of these applications, 18 candidates were successfully selected and matched with the available Graduate Programme positions. The audit team noted that the selection of candidates met, among other things, gender balance and diversity criteria.

With regard to the systems and tools used in the recruitments and management of the UNDP workforce, BMS/OHR migrated from the e-Recruit system to a new system (Oracle Cloud Recruitment – 'Quantum') in June 2021. Of the 36 recruitment cases selected for review, 19 cases were processed using the e-Recruit system and the remaining 17 cases were processed in the Oracle Cloud Recruitment system. The audit team noted security concerns in the Oracle Cloud Recruitment system, which may lead to unauthorized disclosure of confidential information (refer to Issue 2).

In addition, BMS/OHR developed two case management systems, one for processing staff separations and another for business partnering cases. These systems had been hosted on SharePoint Premises and were being moved to SharePoint Online as the existing platform service was set to expire on 31 December 2022. The review of the functionalities of these two systems did not result in any reportable issues.

Furthermore, BMS/OHR established monitoring dashboards<sup>1</sup> to monitor the status of completion of mandatory training courses, and performance management and development.

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<sup>1</sup> These dashboards were developed using the Microsoft Power BI application.

**Medium priority recommendations:**

- (a) BMS should amend the Internal Control Framework and the UNDP Recruitment and Selection Framework to reflect the current role and responsibilities of BMS/OHR (Recommendation 1).
- (b) BMS/OHR should adhere to UNDP's 'Information Classification and Handling Policy' and introduce system controls to prevent unauthorized disclosure and use of such information (Recommendation 2).

The detailed assessment is presented below:

**Issue 1**      Governance documents not aligned with actual roles and responsibilities

According to the Internal Control Framework (ICF), dated 1 January 2022, the BMS Assistant Administrator and Director, with the BMS/OHR Director as the functional lead for HR, is accountable for ensuring that activities and processes align with the ICF, including monitoring compliance. Further, according to UNDP's Recruitment and Selection Framework (dated 22 March 2020), the BMS/OHR Director has oversight authority over the application of recruitment and selection policies and processes.

BMS/OHR was responsible for managing recruitment processes for international positions (Professional positions at headquarters, and global, regional and Country Offices), including Country Office Resident Representatives and Deputy Resident Representatives, as well as senior official recruitments (at the D1 level and above), and national positions under the General Service category at headquarters.

BMS/OHR was also responsible for managing positions that were part of special centrally managed people and talent programmes, such as the Junior Professional Officer Programme, technical experts programme, fellowship programmes, and the Graduate Programme.

However, the audit team noted that the BMS/OHR Director had no direct oversight over the following recruitments of national staff and personnel:

- National Officer and General Service positions in all UNDP bureaux and offices (except those managed by BMS/OHR) and PSA positions not administered by Country Offices/business units, but handled by BMS/GSSC.
- General Service and National PSA positions up to level 3, handled by Country Offices since 8 August 2022.
- General Service and National PSA positions from levels 4 to 6, temporarily handled by Country Offices since 8 August 2022.

Additionally, the BMS/OHR Director did not oversee the management of the global benefits and entitlements services since these were moved to the BMS/GSSC as part of the clustered services.

In October 2021, the BMS/OHR Director issued a delegation of authority (DOA) to the former BMS/GSSC Director. The DOA listed specific authorities, responsibilities, and accountabilities such as management of recruitments, and administration of contracts, benefits, and allowances to PSA contracts.

Upon the arrival of the new BMS/GSSC Director in June 2022, new DOAs were issued by the Assistant Administrator and Director of BMS and the Deputy Director of BMS. These DOAs included approval of appointments of all internationally recruited staff on fixed-term appointments (P1 to P6 levels under non-core functions) and all locally recruited staff in the General Service category (G1 to G7 positions at headquarters),

approval of appointments of all internationally and locally recruited staff under temporary appointments, and approval of staff benefits and entitlements of locally recruited staff at Country Offices.

The audit team noted that there was no reporting line between the BMS/GSSC Director and the BMS/OHR Director. The BMS/OHR Director, therefore, did not exercise any oversight of the HR services performed by BMS/GSSC, which was not in line with the ICF.

Unclear governance arrangements may result in inconsistent management of recruitments and staff benefits and entitlements.

Priority	Medium (Important)
<b>Recommendation 1:</b>	
BMS should amend the Internal Control Framework and the UNDP Recruitment and Selection Framework to reflect the current roles and responsibilities of BMS/OHR.	
<b>Management action plan:</b>	
BMS agrees with the recommendation and will work to update the ICF to include the current roles and responsibilities of BMS/OHR in line with the recommendation.	
BMS/OHR will revise the UNDP Recruitment and Selection Framework to reflect the revised ICF.	
<b>Estimated completion date:</b> March 2023	

## Issue 2 Oracle Cloud Recruitment system documentation security concerns

According to UNDP's 'Information Classification and Handling Policy' (issued on 26 July 2022), personnel identifiable information (PII), by default, should be classified at the sensitivity level of "Confidential." It is strongly advised to avoid offloading of PII to physical storage media (e.g., USB drives) or local storage on devices (e.g., laptops). A more secure approach is to store such PII files on a corporate cloud storage platform (e.g., OneDrive or SharePoint Online) and share links to those files in "View only" + "Block download" mode. If there is no other way but to offload PII to a local device/storage due to a valid business reason, PII must be promptly sanitized from the local storage when it is no longer required to conduct UNDP business.

Audit testing of recruitment cases in the Oracle Cloud Recruitment system identified a potential weakness in the way supporting documentation uploaded into the system by candidates is accessed.

In order for an individual with access to a recruitment file to read/access attachments uploaded by candidates or other documents attached to the file as part of the recruitment process, the documents are automatically downloaded onto the individual's device, rather than just becoming accessible/readable within the system. This creates a risk that documents containing PII are downloaded and stored on UNDP staff or consultants' devices, but more importantly, on non-UNDP devices, since the Oracle Cloud can be accessed by any device with an Internet connection.

In discussions between BMS/OHR and BMS Information and Technology Management (BMS/ITM), BMS/ITM explained that there were plans to explore additional security controls in the future to manage the risks related to the use of PII. However, for the time being, the proposed control is to remind users (e.g., recruitment panel members) of the requirements of the 'Information Classification and Handling Policy'



regarding the use of PII and the requirement to remove such information from the physical or local storage media once no longer needed.

Inadequate controls in the Oracle Cloud Recruitment system may lead to the unauthorized disclosure of confidential information.

Priority	Medium (Important)
<b>Recommendation 2:</b>  BMS/OHR should adhere to UNDP's 'Information Classification and Handling Policy' and introduce system controls to prevent unauthorized disclosure and use of such information.	
<b>Management action plan:</b>  BMS/OHR will make sure that all collaborators in the recruitment process will be informed that once each recruitment case is completed, they should make sure that they delete all information pertaining to the respective recruitment cases from their computers.  BMS/ITM will work with BMS/OHR to ensure that such notifications are automatically sent from Oracle Recruitment Cloud system.  <b>Estimated completion date:</b> March 2023	

## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Fully Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.