UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

THE UNITED NATIONS VOLUNTEERS PROGRAMME

Report No. 2438
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Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a compliance audit of the United Nations Volunteers (UNV) Programme from 14 February to 4 March 2022. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

(a) Governance.
(b) UN Volunteers management
(c) Operations – procurement, finance, human resources, and administrative services.¹

The audit covered the activities of the UNV Programme from 1 January to 31 December 2021. The UNV Programme recorded expenses of approximately $268 million during the audit period. The last audit of the UNV Programme was conducted by OAI in 2018.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

(a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the UNV Programme for all audit areas reviewed.
(b) Meetings with the UNV Programme’s staff and personnel were carried out virtually, which limited the audit team’s understanding of UNV Programme’s working environment.
(c) A physical verification of assets was not performed.

Overall audit rating

OAI issued an audit rating for the UNV Programme of satisfactory/some improvement needed, which means “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.” This rating was mainly due to weaknesses noted in UNV Programme’s recruitment, contract management, and separation, and weak management of outstanding UN Volunteer advances and accounts receivable balances.

Key recommendations: Total = 2, high priority = 1

The two recommendations aim to ensure the following:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Recommendation No.</th>
<th>Priority Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement of the organization’s strategic objectives</td>
<td>1</td>
<td>High</td>
</tr>
<tr>
<td>Reliability and integrity of financial and operational Information</td>
<td>2</td>
<td>Medium</td>
</tr>
</tbody>
</table>

For high (critical) priority recommendations, prompt action is required to ensure that UNV is not exposed to high risks. Failure to take action could result in major negative consequences for UNV. The high (critical) priority recommendation is presented below:

¹A separate audit of the UNV ICT Infrastructure was conducted by OAI. Refer to Audit Report No. 2536.
Weaknesses in UNV Programme recruitment, contract management, and separation (Issue 1)

(a) Weaknesses in UN Volunteer management

- Contract duration exceeding the maximum period of 5 years.
- Leave records not maintained.
- Reporting on assignment implementation not completed.
- Performance appraisals not completed.

(b) Inadequate standard operating procedures

- The Volunteer Management Application Modules and the Unified Volunteers Platform did not capture missing reference checks or missing medical clearances.
- Minimum numbers of longlisted and shortlisted candidates and reference checks were not specified in the standard operating procedures.

Recommendation: The UNV Programme should strengthen controls in management and standard operating procedures by: (a) addressing control weaknesses relating to: longlisting and shortlisting of candidates, contract extensions, reference checks, and medical clearances; (b) ensuring that the Unified Volunteer Platform modules incorporates: leave record information, performance appraisals as well as reporting on assignment implementation.


Total recommendations: 6
Implemented: 6

Management comments and action plan

The Executive Coordinator of the United Nations Volunteers Programme accepted the two recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

Helge Ostveiten
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 Helge S. Ostveiten
 Director
 Office of Audit and Investigations
I. About the United Nations Volunteers Programme

The United Nations Volunteers (UNV) Programme contributes to peace and development through volunteerism worldwide. It is administered by UNDP and reports to the UNDP/UNFPA/UNOPS Executive Board. The UNV Programme headquarters are located in Bonn, Germany, with 118 staff members as of March 2022 (including 13 in UNV Bonn Common Services staff managed by UNV). In 2021, 10,919 UN Volunteers were deployed worldwide.

The UNV Programme has six Regional Offices (Amman, Bangkok, Dakar, Istanbul, Nairobi and Panama City), which are the first entry point for entities wishing to engage UN Volunteers. It also has an office in New York and one in Tokyo.

During the period from 1 January to 31 December 2021, the UNV Programme spent $268 million, an increase by 13 percent compared to the previous period.

II. Audit results

Effective controls were established and functioning in the following areas:

(a) Governance – Gender. Gender parity for the UNV Programme was achieved in 2020 and 2021 with female volunteers comprising 52 and 53 percent of the total, respectively.

(b) Operations – Procurement. The management of Long-Term Agreements and processing of purchase orders was satisfactory. No reportable issues were identified.

(c) Operations – Administrative services. Internal controls over the management of travel and fixed assets were found to be effective.

OAI made one recommendation ranked high (critical) and one recommendation ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the UNV Programme and are not included in this report.

High priority recommendation:
(a) Strengthen controls in recruitment, contract management, and separation of UN Volunteers (Recommendation 1).

Medium priority recommendation:
(a) Strengthen management of UN Volunteer advances and account receivable advances (Recommendation 2).

The detailed assessment is presented below, per audit area:

A. United Nations Volunteers Management

Issue 1 Weaknesses in UNV Programme’s recruitment, contract management, and separation procedures

The UNV Programme’s Unified Conditions of Service provide policies and procedures that regulate UN Volunteer assignments. The UNV Programme also has a set of internal standard operating procedures detailing the recruitment processes, contract management, and separation of personnel.
The audit team noted the absence of assessment mechanisms to ensure compliance with the UNV Programme’s Unified Conditions of Service and verify proper functioning of internal controls. Specifically, the following weaknesses were noted:

(a) Weaknesses in UN Volunteer management

- A review of UN Volunteer records disclosed that 145 UN Volunteers had cumulative contracts of between 5 and 11 years. However, contract duration was set at four years with a maximum extension of up to 12 months. These exceptions arose in most cases following a written request from the host United Nations entities.

- The UNV Programme, as part of its administrative authority, is responsible for ensuring that entitlements (e.g., sick leave, annual leave, or home leave) are granted to UN Volunteers. However, the UNV Programme did not maintain leave records of UN Volunteers; the Programme explained that host entities were responsible for leave management of UN Volunteers.

- In the 40 cases sampled, the audit team did not find evidence that UN Volunteers complied with the Condition of Service requirement to report to the UNV Programme on the implementation of their assignments and completion of an end-of-assignment report.

- Of the 40 cases reviewed, the audit team did not find performance appraisals for 39 UN Volunteers in the platform. The UNV Programme explained that performance appraisals of UN Volunteers were kept by the respective host entities.

(b) Inadequate standard operating procedures

- The Volunteer Management Application Modules and Unified Volunteers Platform² did not capture missing reference checks (20 out of 40 cases) or missing medical clearances (8 out of 40 cases).

- There was no list of the required supporting documents to be uploaded into the Volunteer Management Application Modules and Unified Volunteers Platform when hiring UN Volunteers.

- The minimum numbers of longlisted and shortlisted candidates to be submitted to requesting United Nations host entities, and the reference checks to be conducted were not specified in the standard operating procedures.

The lack of a comprehensive standard operating procedures and monitoring may negatively impact the UNV Programme’s ability to achieve its objective in providing qualified and skilled UN Volunteers.

<table>
<thead>
<tr>
<th>Priority</th>
<th>High (Critical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation 1:</td>
<td></td>
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<tr>
<td>The UNV Programme should strengthen controls in management and standard operating procedures by:</td>
<td></td>
</tr>
</tbody>
</table>

- (a) addressing control weaknesses relating to longlisting and shortlisting of candidates, contract extensions, reference checks, and medical clearances; and
- (b) ensuring that the Unified Volunteer Platform modules incorporate leave record information, performance appraisals as well as reporting on assignment implementation.

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² The UNV Programme developed in-house the Volunteer Management Application Modules and Unified Volunteers Platform to facilitate management of UN Volunteers.
Management action plan:

The UNV Programme will:

(a) Carry out a Volunteer Management Cycle processes assessment for control, compliance mechanisms, identify gaps, and revise its standard operating procedures, as appropriate.
(b) Implement leave and performance management modules in the Unified Volunteer Platform.
(c) Develop integrations between the Volunteer Reporting Application and the eLearning platform and Unified Volunteer Platform. The Unified Volunteer Platform will also have a built-in alert mechanism to monitor mandatory training and reports completion.

Estimated completion date: December 2023

B. Operations

Issue 2  Weak management of UN Volunteer advances and accounts receivable balances

The ‘UNDP Programme and Operations Policies and Procedures’ require that staff salary advances be recovered over a maximum of 12 equal installments, as long as it does not exceed the expiry date of the UN Volunteers'/UNV staff members’ appointments. The UNV Programme is required to comply with ‘UNDP Programme and Operations Policies and Procedures’.

At the time of the audit, the UNV Programme had outstanding accounts receivable balances from UNV staff members and UN Volunteers covering the period 2004–2018 of $225,277. This balance was composed of advances granted to UN Volunteers but processed by UNDP Country Offices.

The outstanding balances were caused by weak oversight by both the UNV Programme and UNDP Country Offices over the advances issued by the County Offices. The issue was further exacerbated by incorrect posting of transactions related to these advances. Further, the majority of the advances were inadequately documented and monitored, by the United Nations agencies (including UNDP Country Offices) and the UNV Programme. Moreover, the UNV Programme did not provide guidance to UNDP Country Offices and to other United Nations agencies on managing the advances.

The UNV Programme indicated that an updated write-off request covering the period from 2004 to 2018 would be re-submitted for OAI’s consideration through UNDP’s Office of Financial Management by May 2022. OAI noted that the UNV Programme had engaged with the Regional Bureaux and the Country Offices concerned to recover the outstanding receivables.

In the event advances are not recovered, this will have a negative financial impact on the UNV Programme.

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3 This amount relates to cumulative debit and credit transactional balances and correcting accounting entries that were made to the staff advances and staff overpayment general ledger accounts in Atlas (enterprise resource planning system of UNDP).
4 OAI received the first request for write-off review from the UNV Programme in November 2020. OAI did not concur with the request due to insufficient follow-up by the Country Offices and requested the UNV Programme to coordinate with the Regional Bureaux and the Bureau for Management Services.
<table>
<thead>
<tr>
<th>Priority</th>
<th>Medium (Important)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendation 2:</strong></td>
<td></td>
</tr>
<tr>
<td>The UNV Programme should strengthen the management of UN Volunteer advances as well as accounts receivable balances by recovering balances and by clearing all outstanding accounts receivable balances that are deemed irrecoverable.</td>
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</tr>
<tr>
<td><strong>Management action plan:</strong></td>
<td></td>
</tr>
<tr>
<td>The UNV Programme will re-submit an updated write-off request for OAI's consideration through UNDP's Office of Financial Management latest by the end of May 2022.</td>
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<tr>
<td><strong>Estimated completion date:</strong></td>
<td>September 2022</td>
</tr>
</tbody>
</table>
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 UNV 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 UNV is not exposed to risks. Failure to take action could result in negative consequences for UNV.

- **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.