

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP OFFICE OF HUMAN RESOURCES

Report No. 1109
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Report on the audit of UNDP Office of Human Resources Executive Summary

From 19 February to 22 March 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the UNDP Office of Human Resources (OHR). The audit covered the activities of OHR during the period from 1 January 2011 to 31 December 2012. In view of the last OAI audit on Global Payroll, Benefits and Entitlements (Audit Report No. 650, March 2010), the present audit did not cover these areas and focused instead on other human resource activities not covered by the earlier OAI audit. The current audit scope did not include the staff performance assessment mechanisms, temporary appointments or recruitment of United Nations Resident Coordinators. During the period reviewed, the Office recorded expenditures totalling \$166 million.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed OHR as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.” This rating was mainly due to weaknesses relating to: oversight and reporting by OHR; the lack of a human resource strategy; quality of policies on recruitment and separations; duration of fixed-term appointment contracts; and planning, implementation and governance of new information technology systems. Ratings per audit area and sub-areas are summarized below. OHR management indicated that the People Capability Strategy, which was being developed at the time of the audit, will address many weaknesses identified in this audit.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance				
1.1 Organizational structure and change management	Partially Satisfactory			
1.2 Coordination within the decentralized structure	Unsatisfactory			
2. Strategic management				
3. Policy development and application guidance				
4. Operational HR processes				
4.1 Workforce planning	Unsatisfactory			
4.2 Recruitment	Partially Satisfactory			
4.3 Hiring	Partially Satisfactory			
4.4 Career transition and separation	Partially Satisfactory			
4.5 Learning	Not Assessed			
4.6 Career management	Unsatisfactory			
5. IT tools				

Key issues and recommendations

The audit raised 24 issues and resulted in 22 recommendations, of which 8 (36 percent) were ranked high (critical) priority, meaning “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 and may affect the organization at the global level.”

The high priority recommendations are as follows:

Coordination within the decentralized structure (Issue 4)	<u>Lack of oversight of recruitment practices across the organization.</u> OHR had not carried out central oversight across the organization to check compliance with human resource policies on recruitment. This may lead to inconsistencies and inefficiencies in the management of human resources given the decentralized structure and procedures for recruitment and selection in UNDP. OAI recommends that OHR review and clearly define in detail its role regarding oversight and monitoring of compliance with relevant human resource policies across UNDP. Furthermore, OHR should develop a comprehensive procedure for gathering and analysing relevant oversight and compliance data to enable appropriate follow-up action when required.
(Issue 5)	<u>Inaccurate and insufficient human resource reporting.</u> Reporting on the 2012 Integrated Work Plan did not provide a clear and complete view of the results and achievements. Other reporting done by the Office was ad-hoc based. There was no other regular management reporting on human resource key performance indicators, trends, issues, etc. Insufficient reporting may prevent management from carrying out their responsibilities effectively. OAI recommends that OHR develop and prepare human resource reports on a regular basis, that are timely and that capture analysis, trends and statistics about the UNDP workforce. Furthermore, OHR should ensure that reporting on the results achieved with regard to the Integrated Work Plan is clear, accurate, and consistent.
Strategic management (Issue 7)	<u>Lack of a human resource strategy.</u> The new strategic plan for human resources (called the “People Capability Strategy”) was not available at the time of the audit. Finalization of this strategy depends upon the new UNDP corporate strategy which shall be adopted in the third quarter of 2013. OAI recommends that OHR finalize and implement the new People Capability Strategy that includes: (a) strategic goals for human resource management in line with organizational needs; (b) objectives and priorities that are defined in the context of available resources and tools; (c) specific and measurable targets, indicators, and timelines; and (d) clearly defined responsibilities for implementation of formulated objectives.
Policy development and application guidance, recruitment, career transition and separation (Issues 10, 13, 22)	<u>Weaknesses of human resource policies.</u> Other than the Staff Rules and Staff Regulations of the United Nations, human resource policies and procedures issued by OHR are the sole authoritative source of prescriptive instructions for human resources management in UNDP. OAI noted various issues regarding the human resource policies (e.g., they are inconsistent, incomplete and have ambiguous formulations) which reduce their effectiveness and may lead to non-compliance, inefficiency and ineffectiveness. OAI recommends that human resource policies be reviewed in their entirety, updated and consolidated to provide user-friendly, relevant and complete guidance to management and staff.

Recruitment
(Issue 17)

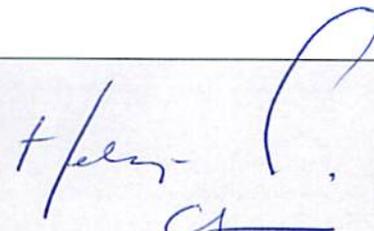
Potential inadequacies and inefficiencies relating to duration of fixed-term appointment contracts. The duration of contracts was not linked to the duration of the functions of the incumbent and the grade level of staff. Overall, there was no strategy for linking the duration of contracts to the roles and responsibilities of staff, while taking into account efficiency and effectiveness considerations for UNDP as a whole. OAI recommends that OHR, in collaboration with the Office of Financial Resources Management, analyse whether the current approach for determining the duration of fixed-term appointment contracts is effective for achieving the short, medium and long-term UNDP organizational objectives, considering business unit objectives, post requirements and talent management goals. Additionally, OHR should assess the efficiency of the current process relating to determining the duration of fixed-term appointment contracts from an organization-wide perspective.

IT tools
(Issue 24)

Weak planning and governance of IT project implementation. There was no comprehensive project plan available for the development and implementation of the new systems being developed and implemented to increase efficiency and effectiveness of human resource processes. The Project Board started work only in February 2013 even though the project was initiated in 2011. Existing operational processes were translated into the new system's architecture before fully analysing and exploring necessary process changes for increasing efficiency and effectiveness. Information provided on budget planning and control was insufficient. OAI recommends that OHR closely monitor the progress of the eRecruit and eHire projects and other modules planned and ensure that: (a) the business processes to be automated are comprehensively analysed for an effective, efficient and streamlined design; (b) the missing information in the project plan for the current modules is completed and approved by the Project Board; (c) plans for future elements of the human resource IT-systems are completed before being approved by the Project Board and before starting project implementation; and (d) budget control is exercised effectively.

Management comments and action plan

The Director of the Office of Human Resources accepted all 22 recommendations and is in the process of implementing them.



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Director
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