



AUDIT

OF

HUMAN RESOURCES MANAGEMENT

IN

UNDP AFGHANISTAN

Report No. 1286

Issue Date: 10 June 2014

Report on the audit of Human Resource Management in Afghanistan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of human resource management in UNDP Afghanistan (the Office) from 16 February to 4 March 2014. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the management of human resources.

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office had a workforce of approximately 700 personnel. The last audit of the Office covering human resources management was conducted by OAI in February 2012 (OAI report No. 974, issued on 4 September 2012).

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office's human resources management 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 discrepancies in the details recorded in the Atlas and the supporting documentation, inadequate segregation of duties, weaknesses in recruitment and processing of staff benefits and entitlements. Two of these issues had also been raised in the previous audit.

Key recommendation: Total = 8, high priority = 5

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Discrepancies in information of national staff between Atlas and Unit's records and inadequate documentation (Issue 1)

There were discrepancies in regard to the personal information of national staff in the Human Resources Management Unit records and in Atlas. Though the Office had undertaken a one-time review to validate the accuracy of personal and dependency information for all national staff recorded in Atlas, the issue of missing documents was not followed up effectively. As of March 2014, 34 national staff had not provided adequate supporting documentation to enable the Unit to check the accuracy of their personal information recorded in Atlas. Furthermore, review of the recruitment of seven national staff in 2013 identified two cases where there were dependents recorded in Atlas, but there were no documents in the Unit that supported the existence of these dependents.

Recommendation: Correct the discrepancies identified in the July 2013 review conducted by the Human Resources Management Unit and strengthen the on-boarding process and the documentation of personal information to maintain accurate information.

Inappropriate segregation of payroll duties and in Atlas profiles (Issue 2)

The principle of segregation of incompatible roles and duties was not fully adhered to when staff were designated for processing payroll and when Atlas profiles were assigned for human resource and payroll administration. Two staff performed incompatible duties in the processing of payroll and several staff members were assigned multiple profiles in Atlas. Also, the bank authorization

letters prepared manually were not independently reconciled with the details in the Atlas payroll.

Recommendation: Reassess the duties and roles relating to payroll processing and Atlas human resources profiles and institute appropriate segregation and adequate controls, including those relevant to electronic fund transfers.

Inadequate justification and inefficiencies in recruitment process (Issue 4)

In all 16 recruitment cases reviewed, there was no documented justification as to why qualified candidates were not shortlisted for interviews. Further, some recruitment processes were considered inefficient, as recruitment processes for certain positions were either put on hold and then restarted, or cancelled.

Recommendation: Comply with the recruitment procedures to ensure proper justification for not long listing and short listing candidates to achieve the purpose of recruiting the right people for the right job.

Weak management of danger allowance for national staff and service contract holders (Issue 6)

The Office incorrectly deducted payments for danger allowance from the salaries of national staff and service contract holders based on a misinterpretation of the policy. Also, the Office had not required national staff to explicitly indicate the place and number of leave days, particularly for leaves outside the duty station. Unless voluntarily disclosed, the Office presumed the leave to be within the duty station and danger allowance continued to be paid.

Recommendation: Manage the entitlements and payments for danger allowance in line with the policy and take corrective actions on any over or under payments made to concerned national staff and service contract holders.

Inadequate controls over management of overtime (Issue 7)

There were inadequate controls over management of overtime. Some overtime paid in the month of October 2013 were not justified, some personnel worked overtime for five months in a six-month period, and the 40 hours threshold was exceeded in several instances.

Recommendation: Enhance controls over management of overtime by documenting the justification for overtime at the requesting stage and improving the process for the approval and monitoring of frequent and excessive use of overtime.

Implementation status of previous OAI audit recommendations: Report No. 974, 4 September 2012.

Total recommendations: 7

Implementation status: 5 implemented; 2 previously considered "implemented" found not to be fully implemented (previous Recommendation Nos. 3 and 6), and thus being reopened.

Management comments and action plan

The Country Director accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
Director
Office of Audit and Investigations