



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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## **Human resources management in UNCTAD**

**Efficiency and effectiveness of recruitment processes were impaired by poor planning and monitoring systems which led to long delays in filling vacancies, including posts at the director level**

**21 August 2009**

**Assignment No. AE2009/345/01**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. Supachai Panitchpakdi, Secretary-General  
A: United Nations Conference on Trade and Development

DATE: 21 August 2009

REFERENCE: IAD: 09- 02771

*for William Peterson*  
FROM: Fatoumata Ndiaye, Acting Director  
DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AE2009/345/01 - Audit of human resources management in UNCTAD**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the recommendations in the OIOS recommendations database as indicated in Annex 1, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendations 2, 8, 12 and 13. In OIOS' opinion however, these recommendations seek to address significant risk areas. We are therefore reiterating them and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 6, 7, and 8) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Vitali Rousak, OIC, Resource Management Service, UNCTAD  
Ms. Nataliya Myronenko, OIC, Human Resources Management Section, UNCTAD  
Mr. Swatantra Goolsarran, Executive Secretary, United Nations Board of Auditors  
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit  
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Special Assistant to the USG/OIOS  
Mr. Christopher Bagot, Chief, Geneva Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### **FUNCTION**

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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### **CONTACT INFORMATION**

#### **ACTING DIRECTOR:**

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,  
e-mail: [ndiaye@un.org](mailto:ndiaye@un.org)

#### **CHIEF, GENEVA AUDIT SERVICE:**

Christopher F. Bagot: Tel: +41.22.917.2731, Fax: +41.22.917.0011,  
e-mail: [cbagot@unog.ch](mailto:cbagot@unog.ch)

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## **EXECUTIVE SUMMARY**

### **Audit of human resources management in UNCTAD**

OIOS conducted an audit of human resources management in the United Nations Conference on Trade and Development (UNCTAD) from February to April 2009. The overall objective of the audit was to assess the efficiency and effectiveness of UNCTAD's human resources management. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The audit focused on activities during the period 2006 to 2008 and found that the management and monitoring of human resources functions were inadequate. On average, UNCTAD took 485 days to fill vacancies, even though: (a) more than 50 per cent of the vacancies were caused by retirements which could clearly be anticipated in advance; and (b) over 90 per cent of the vacancies were filled by selecting internal candidates. UNCTAD did not have effective mechanisms to monitor the progress of meeting its Human Resources Action Plan (HRAP) targets to facilitate corrective actions and hold directors and programme managers accountable for their role in the management of human resources. Consequently, UNCTAD achieved only 32 per cent of its HRAP targets for 2007 and 2008, as compared to 72 per cent during the years 2005 and 2006.

These significant delays in recruitment, particularly for director level posts, led to uncertainty and gaps in leadership which affected staff morale and motivation. They also imposed a significant administrative burden on the Human Resources Management Section (HRMS) which had to process contract renewals of short-term staff repeatedly for long periods. Furthermore, contested selection decisions and conflicts arising from non-selection of staff who had acted as officer-in-charge for long periods also had a negative impact on operations.

OIOS also found that contrary to the provisions of ST/AI/2006/3, UNCTAD was not always internally advertising temporary vacancies which were available for three months or more. Furthermore, the recruitment process relating to consultants was not competitive and transparent. Programme managers often relied on their personal and professional networks to source candidates for consultancy contracts, and the candidates' credentials, qualifications and experience were not always verified.

UNCTAD Senior Management said that they were committed to improving human resources management and at the time of the audit had already started initiating actions to improve vacancy management.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of human resources management in the United Nations Conference in Trade and Development (UNCTAD) from February to April 2009. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNCTAD was established by General Assembly resolution 1995 of 30 December 1964 as a permanent intergovernmental body and a principal organ of the Assembly on trade and development.

3. UNCTAD is divided into six divisions: the Division of Management and five other substantive divisions. The Human Resources Management Section (HRMS) is one of the sections within the Division of Management. It is headed by a P-5 staff member (Chief, HRMS) and has two P-3, one P-2 and 11 General Service level (GS) staff. The Chief, HRMS post has been vacant since October 2007 when the incumbent went on Special Leave. There have been four different Officers-in-Charge (OIC) since then; the first one for one year, two for one month each, and the current OIC who joined in December 2008.

4. UNCTAD had delegation of authority to recruit project staff under the 200 Series of Staff Rules, consultants, and Professional staff under the 300 Series of Staff Rules. In addition, UNCTAD shared with the United Nations Office at Geneva (UNOG) the authority delegated to heads of departments for administering the staff regulations.

5. UNCTAD's budget for the biennium 2008-2009 is \$184 million of which approximately 90 percent related to staff costs. UNCTAD had approximately 500 staff members as at 31 January 2009 of whom 69 per cent were appointed under fixed term or permanent contracts, 17 per cent under the 200 Series of Staff Rules, and 14 per cent were short-term staff.

6. The General Assembly in its resolution 63/250 of December 2008 approved among other things the introduction of new contractual arrangements. Under the new arrangements, effective from 1 July 2009, there will be only three types of appointments (temporary, fixed term and continuous appointments) governed under one set of rules. The 200 series staff category that was used for project staff will be discontinued.

7. Table 1 shows UNCTAD recruitment activities during the period 2006 to 2008.

**Table 1: UNCTAD recruitment activities from 2006 to 2008**

Recruitment action	No. of cases
Number of regular staff selections	117
Number of non-regular staff selections: Short term staff (300 series) and 100 series non-regular staff (fixed term contracts with breaks in service after 11 months)	178
Number of project staff recruitments	42

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Number of consultancy contracts issued	1,880
Number of regular staff separated	105

8. Comments made by UNCTAD are shown in *italics*.

## II. AUDIT OBJECTIVES

9. The overall objective of the audit was to assess the efficiency and effectiveness of UNCTAD's human resources management. This involved assessing:

- (a) The adequacy and effectiveness of arrangements for recruitment and management of UNCTAD's human resources; and
- (b) Compliance with United Nations regulations and rules on recruitment of staff, individual contractors and consultants.

## III. AUDIT SCOPE AND METHODOLOGY

10. The audit covered activities for the period 2006 to 2008 and included: review and assessment of internal controls; workshops and interviews with UNCTAD staff including directors of each of the six UNCTAD divisions; interviews with UNOG staff who dealt with UNCTAD recruitment cases; analytical reviews and analysis of the recruitment statistics; and review of relevant documentation.

11. In relation to project staff (200 series staff), the audit did not include a review of the recruitment process. This is because OIOS recently audited the recruitment process as part of the audit of the ASYCUDA programme (AE2007/341/1). Further, the use of 200 series staff will be discontinued with effect from 1 July 2009.

## IV. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Governance structure, policy guidelines and procedures

Lack of internal guidelines and procedures Galaxy increased the risk that recruitment may not be efficient and transparent

12. Staff Regulations and Rules and the administrative instruction ST/AI/2006/3 on the staff selection system provide policy guidance on the recruitment process. However, there is a need to supplement them with more detailed internal guidelines in two main areas: (a) procedures for conducting interviews; and (b) guidelines to help achieve the targets for geographical distribution and gender balance.

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13. Some of the staff interviewed felt that the selection of the interview panel members was not objective. Some programme managers were also not sure who and how many staff should be in the interview panels and in one G-7 recruitment case, the interview panel was unusually composed of three Directors. There was also no audit trail to show that interview panel members confirmed the accuracy and completeness of the interview notes recorded in the recruitment system (Galaxy), since Galaxy did not have this feature and UNCTAD had not developed any alternative procedures. An audit trail would help ensure that programme managers' evaluations and decisions were based on an accurate and complete record of the interview proceedings. Having brief guidelines on the composition of interview panels and the interview process would help to address the concerns noted above and provide some guidance to programme managers who may be new to the interview process.

14. There was adequate review of individual recruitment cases to ensure that gender and geographical factors were considered. However, since internal candidates were selected in over 90 per cent of the recruitment cases, most applications from external candidates were rarely reviewed even when they were from applicants belonging to under represented countries. This affected UNCTAD's ability to meet its geographical recruitment targets. As stated in the United Nations Staff Regulation 4.4, while the recruitment rules require that preference should be given to internal candidates, this should be without prejudice to the recruitment of fresh talent at all levels. Therefore, UNCTAD could develop internal guidelines that target the recruitment of such fresh talent from under represented countries.

15. There was also need to ensure that the recruitment review procedures and roles and responsibilities were clearly outlined. A new post of Special Assistant to the UNCTAD Secretary-General was established in 2008 to among other functions, advise the UNCTAD Secretary-General on decisions related to his role as head of department in the staff selection process. The Special Assistant's review of recruitment process was useful especially because the post of Director, Resource Management Service was vacant and there was instability in the post of the Chief, HRMS. However, according to Annex IV of ST/AI/2006/3 on the staff selection system, the Human Resources Sections are responsible for assisting the Head of Department in fulfilling their responsibilities in staff selection. There is therefore an overlap in the role played by the Special Assistant to the Secretary-General with the role that would normally be carried out by HRMS and/or the Director, Resource Management Service as the supervisor of HRMS. There is a risk that efforts could be duplicated or conflicts could arise especially once the posts of Chief, HRMS and Director, Resource Management Service are filled.

16. On the other hand, the Special Assistant to the Secretary-General could play a useful role in ensuring that there are adequate guidelines and internal procedures to help the Secretary-General achieve strategic human resources goals.

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## Recommendations 1 and 2

**(1) UNCTAD should develop internal guidelines and procedures on the recruitment process covering the composition of interview panels, procedures for panel members to sign off on the final interview notes, and guidance for improving UNCTAD's chances of achieving targets for geographical representation and gender balance.**

**(2) UNCTAD should document the review process for recruitment of regular staff and clearly outline the roles and responsibilities of the Human Resources Management Section and the Special Assistant to the Secretary-General in order to avoid overlap or omission and to enhance accountability.**

17. *UNCTAD accepted recommendation 1 and stated that it agrees to develop guidelines on the composition and role of the interview panels, inclusive of geographical and gender issues. Recommendation 1 remains open pending receipt of the internal guidelines and procedures on relevant aspects of recruitment, i.e. the interview process and the improvement in geographical representation and gender balance.*

18. *UNCTAD did not accept recommendation 2, stating that the Special Assistant's involvement is temporary because the post of the Director, Resource Management Service is vacant. It would not seem necessary to document specifically this temporary role, which stemmed from his main function to help the Secretary-General in achieving strategic human resources and other high-level administrative objectives. OIOS would like to clarify that the Special Assistant's role of advising and supporting the UNCTAD Secretary-General in the staff selection process is included in his job description and is therefore not a temporary role. Since this function is normally performed by Human Resources Sections, there is a risk of duplication, conflicts and inefficiencies posed by having two sets of supervisory reviews. Recommendation 2 remains open pending receipt of details of the internal review of the recruitment process that clearly differentiates the role of the Special Assistant to the Secretary-General and HRMS; or a revised job description of the Special Assistant to the Secretary-General.*

### Need to review the structure and allocation of roles and responsibilities of human resources functions

19. HRMS had not reviewed its structure and allocation of roles and responsibilities regularly because of frequent changes in leadership. As a result, staff were aware of some shortcomings in the structure yet these had not been effectively addressed. OIOS agrees with the views expressed by staff that the existing allocation of responsibilities did not allow for effective sharing of information, did not provide adequate back up for some important functions such as preparing statistics, and allocation of responsibilities did not always match the seniority of staff.

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20. In addition, concerns raised by both HRMS and substantive unit staff showed the need for frequent meetings to improve information and communication practices and consequently efficiency. The location of HRMS away from most substantive divisions affected effective communication and needed to be mitigated by regular meetings and consultations to address some of the recurring errors and omissions especially in relation to processing of consultants contracts. The new Officer-in-Charge had started initiating regular meetings with programme managers.

21. Regular review of the structure and allocation of roles and responsibilities of HRMS is necessary to adjust the structure to reflect changes in procedures and staff, as well as to provide opportunities for staff to learn new areas of work.

### **Recommendation 3**

**(3) The UNCTAD Human Resources Management Section should review its structure, allocation of roles and responsibilities and its strategy in communicating more effectively with the substantive divisions.**

22. *UNCTAD accepted recommendation 3.* Recommendation 3 remains open pending receipt of the revised HRMS structure and strategy for communicating more effectively with the substantive divisions.

### Need to clarify roles between UNCTAD and UNOG

23. The UNCTAD delegation of authority for human resources issued by the Office of Human Resources Management (OHRM) was last updated in 1995 and did not have provisions for regular review and monitoring. The delegation of authority did not clearly stipulate the division of roles and responsibilities between UNCTAD and UNOG in the administration of the Staff Rules and the staff selection process. As a result, the role of UNCTAD in areas such as review of evaluation criteria was not clearly documented. This contributed to shortcomings in the review of evaluation criteria in two out of the 25 recruitment cases reviewed, as explained in Section D of this report. In addition, accountability for delegated authority could not be enforced due to blurred distinction of responsibilities of UNCTAD and UNOG for administration of human resources.

### **Recommendation 4**

**(4) UNCTAD, in coordination with UNOG, should submit to OHRM a proposal for a new delegation of authority that clearly outlines the division of roles between the UNCTAD Human Resources Management Section and UNOG in relation to the administration of the Staff Regulations and Rules and the staff selection process.**

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24. *UNCTAD accepted recommendation 4 and stated that all delegations of authority on human resources matters are currently being reviewed by OHRM. In addition, the consultative process between UNOG and other departments, including UNCTAD, is being held in the framework of this revision. Comments and proposals are being made to OHRM.* Recommendation 4 remains open pending receipt of the revised delegation of authority that clearly outlines the division of roles and responsibilities between HRMS and UNOG.

Dissemination of information concerning staff redeployment could be improved

25. In 2008, the UNCTAD Secretary-General made several redeployments mainly as a result of new mandates and changes in priorities that arose from the twelfth quadrennial conference held in Accra. The UNCTAD Secretary-General explained the rationale for the changes in memos to staff and in town hall meetings. However, two of the staff members were not informed of the changes before they were announced. There is need for standard procedures to inform staff about transfers and redeployments before they are announced.

26. In addition, the decisions were made by the UNCTAD Secretary-General's office in consultation with some, but not all the directors whose divisions were affected. OIOS agrees with the suggestions made by some of the directors that a more consultative process in determining the redeployments would have been more effective and transparent. UNCTAD senior management indicated that improvements had been made and provided evidence of an ongoing exercise where all directors were asked to provide written inputs in relation to distribution of new posts among the various divisions.

**Recommendation 5**

**(5) UNCTAD should put in place internal procedures to deal with staff redeployments that include procedures to inform staff and their supervisors about transfers or change in functions that affect them.**

27. *UNCTAD accepted recommendation 5.* Recommendation 5 remains open pending receipt of details of the internal procedures for informing staff and their supervisors about changes that directly affect them.

**B. Strategy: Human resources action plans**

Inadequate mechanism to monitor the Human Resources Action Plans targets

28. Senior Management Compacts and Human Resource Action Plans (HRAP) are the primary vehicles that OHRM has implemented to support regular, on-going strategic human resources planning. The HRAP targets are intended to establish the human resources goals of the United Nations Secretariat and provide a tool to measure progress towards the achievement of goals. While there are external factors that affect the ability of an office to achieve some of these targets, low achievement rate is a cause for concern because it means that

human resources activities were not in line with the strategic goals of the United Nations Secretariat.

29. In the period 2007 to 2008, UNCTAD met approximately 32 per cent of its targets. This was significantly lower than the 2005-2006 performance of 72 per cent and was below the United Nations Secretariat-wide average of 63 per cent. As shown in Table 2, actual performance was outside the required range for most of the major areas.

**Table 2: HRAP performance for the period 2007-2008**

	Target	2006	2007	2008
<b>Targets achieved or within range</b>				
Budget vacancy rate	5%	3.6%	4.4%	2.3%
Percentage of training budget used	100%	75%	100%	100%
Employment of consultants;				
• Increase in member states participation	51%	51%	41%	57%
• Increase in employment of female consultants	18%	18%	16%	16%
Mobility index	20%	12%	21%	19%
Training: Management Development Programme	50%	43%	40%	42%
<b>Targets not achieved</b>				
Geographical recruitments from under represented countries	20%	6%	14%	14%
Female staff representation	50%	37%	32%	33%
Vacancy Management				
• Average selection time (all posts)	120	118	223	214
• Average selection time for professional posts	120	254	275	277
• Percentage vacancies published six months before retirement	100%	4%	0	0
Performance appraisal compliance rate	100%	59%	63%	75%
Mandatory training:				
Integrity awareness programme	100%	N/A	5%	66%
Harassment /Abuse of authority programme	100%	N/A	38%	49%
Competency based interviewing	80%	N/A	40%	42%
Staff Management relations				
• Number of meetings with staff representation	8 4	7 9	0 0	0 3
• Number of all staff meetings				

30. The targets were not achieved because of various factors which are discussed in the relevant sections of this report. Overall, there was need to

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improve the internal monitoring of the HRAP targets in order to facilitate more timely corrective actions.

31. There was no plan for regular monitoring of each of the HRAP indicators both at the senior management level and at the division level. While a significant portion of human resources activities took place at the division level, there was no mechanism to hold the programme managers or directors accountable for targets that were within their control. Programme managers and directors indicated that the pressure to meet tight deadlines on substantive areas of their work affected their ability to achieve human resources goals. Human resources issues and concerns were also rarely discussed at the directors meetings. Further, the frequent changes in leadership in HRMS affected the effectiveness of regular supervision and oversight of the section's activities.

32. UNCTAD Senior Management indicated that they were committed to improving their performance on the HRAP targets and strengthening the monitoring practices.

33. The HRAP intranet site has semi-annual reports on each indicator and HRMS also prepared various ad-hoc reports on vacancies. A monitoring plan would help to determine what information needs to be distributed to which staff for effective monitoring. In order to improve accountability and transparency, the following summarized reports and exception reports could be included in the monitoring plan, and managers asked to explain significant exceptions:

- List of retirement-related vacancies not published within six months;
- Significantly delayed recruitment cases beyond pre-determined thresholds; and
- Summarized statistics by division for targets such as recruitment timelines, compliance with the performance appraisal system, mandatory training and budget vacancy rates.

#### **Recommendation 6**

**(6) UNCTAD should establish a monitoring plan to keep track of progress in meeting the Human Resources Action Plan targets. The monitoring plan should include: (i) details of the type of reports which need to be prepared and/or distributed to different levels of management and the frequency of reporting; and (ii) a mechanism for programme managers and divisions to explain exceptions such as delays in recruitment beyond agreed thresholds, delays in advertising retirement vacancies, low performance appraisal compliance rates, and low achievement of training targets.**

34. *UNCTAD accepted recommendation 6 and stated that a detailed plan of action has been prepared for the improvement of UNCTAD indicators listed in the Senior Manager's Compact 2008 and the HRAP 2007-2008. Furthermore, the performance appraisal allows holding managers accountable for meeting targets that are within their responsibility and this mechanism has been*

exercised recently. A focal point for monitoring HRAP targets has been designated within HRMS, who is responsible for preparing consolidated data for discussion and follow-up with directors. OIOS acknowledges the detailed plan of action prepared by UNCTAD. Recommendation 6 remains open pending receipt of evidence that the plan of action for the improvement of UNCTAD HRAP indicators has been implemented.

### C. Vacancy management

#### Recruitment delays affected operations and resulted in extensive use of short term staff

35. UNCTAD recruitment timelines in 2007 and 2008 were well above the HRAP target of 120 days from the vacancy posting date to the Department Head selection date. The actual timelines achieved were 190 days in 2006, 223 days in 2007 and 214 days in 2008. The 2007 and 2008 timelines were very high given that internal candidates were selected in over 90 per cent of the cases, and over 50 per cent of the vacancies were foreseen because they were due to retirements. None of the vacancies relating to retirements were advertised six months before retirement as targeted. Further, there were delays in initiating vacancy announcements after the posts fell vacant, as shown in the analysis of recruitment timelines for 2006 -2008 in Table 3.

**Table 3: Average recruitment timelines for the period 2006-2008**

Stage	Period	Average number of days	Relation to HRAP targets
1	Date previous incumbent vacated the post to vacancy initiation date (Based on a sample since statistics were not available)	210	Stages 1 and 2 were not monitored in HRAP targets
2	Vacancy initiation to vacancy posting date (Target: 30 days)	65	
3	Vacancy posting day to release of 30-day list of eligible candidates (Target: 31 days)	64	The HRAP target is based on these stages (3 to 6).
4	From 30-day release date to the date Programme Case Officers (PCO) submit their evaluation results to the Secretary-General (Target: 30 days; or 60 days if external candidates are considered)	114	
5	From PCO submission to CRB approval date (Target: 14 days)	21	
6	CRB approval to final selection by Secretary-General (Target: 7 days)	11	
	<b>Total (Stage 1 through 6)</b>	<b>485</b>	
	<b>Total (Stage 3 through 6)</b>	<b>210</b>	

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36. The impact of the recruitment delays during the period under review were as follows:

- The negative impact on operations caused by recruitment delays, especially delays in recruitment of directors. The average recruitment timeline for the ten director level posts filled during the period under review was 287 days. Further, at the time of the audit, two director level posts had been vacant for over one year. Staff indicated that morale and motivation were low because of the uncertainty caused by the gaps in leadership. The most affected was the Division of Trade and Logistics which had three directors in the last five years.
- The administrative burden caused by recruiting and renewing contracts of short term staff recruited against vacant posts. Further, there is a high risk that use of short term staff may affect coherence and continuity of operations. UNCTAD had about 50 short term staff recruited against vacant posts, which is about 13 per cent of its regular staff.
- The negative impact on operations associated with contested selection decisions and conflicts in cases where staff acted as Officer-in-Charge for long periods and then were not selected for the posts.

37. As shown in Table 3, programme managers took longer than expected to initiate vacancy announcements (stage 1) and to finalize the evaluation of candidates (stage 4). Programme managers attributed most of the delays to time constraints because of the need to meet tight deadlines in their substantive areas of work. Programme managers also confirmed that the need to accommodate short term staff sometimes contributed to the delays. UNCTAD needs to improve its monitoring of the recruitment process to ensure that unacceptable delays are avoided.

38. There were also delays by UNOG in submitting lists of eligible candidates. During the period 2006 to 2008, the time taken for UNOG's release of the 30-day lists of candidates averaged 64 days after the vacancy announcement, as against the target of 31 days. The delays were attributed to heavy workload during some periods. Review of delays attributed to UNOG will be covered in a separate audit of UNOG human resources management.

#### **Recommendation 7**

**(7) UNCTAD should monitor every stage of the recruitment process as part of its regular monitoring activities that are to be incorporated in the monitoring plan.**

39. *UNCTAD accepted recommendation 7.* Recommendation 7 remains open pending receipt of details of the mechanism put in place to monitor the different stages of the recruitment process.

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### Need to improve vacancy management of director posts

40. Vacancy management and succession planning of director posts is important to reduce leadership gaps and uncertainties in operations. UNCTAD had several vacancies at the director level during the period under review. Out of the 26 established director level posts, ten recruitment cases were completed and six were on-going at the time of the audit.

41. As stated earlier, there were significant delays in the recruitment of directors, partly due to failure to promptly advertise posts vacated by retiring staff members and lack of succession planning. For example, at the time of the audit, the post of Director, Resource Management Service had been vacant for seven months due to retirement of the previous incumbent. The post was advertised, but was cancelled when UNCTAD decided to downgrade the level of the post to D-1. With better planning and management such decisions are likely to be made more promptly. Because of uncertainties concerning the post, UNCTAD appointed a different Officer-in-Charge (OIC) every month which in turn adversely affected leadership and operations.

#### **Recommendation 8**

**(8) UNCTAD should develop procedures dealing with succession planning for director level vacancies to minimize leadership gaps.**

42. *UNCTAD accepted recommendation 8.* Recommendation 8 remains open pending receipt of procedures relating to succession planning for director level posts.

#### **D. Recruitment process**

##### Administrative burden arising from repeated extension of short-term contracts for long periods

43. UNCTAD had on average approximately 50 short-term staff appointed under the 300 series of Staff Rules against vacant posts. The short-term staff were mostly issued with contracts of less than three months which were repeatedly extended over long periods of time. Sixty percent of them had been short term staff for over one year and the average contract duration for a sample of 25 short term staff in 2008 and 2009 was 1.6 months.

44. Processing repeated short extensions of contracts was inefficient and imposed a significant administrative burden on HRMS. Each contract extension involved preparation of several personnel actions, letters of appointment, renewals of staff badges, cartes de légitimation and sometimes pension and medical insurance extensions and renewals. There was also a high risk that uncertainties caused by short contract durations affected coherence and continuity of operations, were unsettling to the staff, and potentially had a negative impact on performance.

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45. Short duration contracts were issued because of uncertainties over availability of the vacant posts and were sometimes used as a tool to encourage programme managers to speed up the recruitment process. The fact that most of these contracts were repeatedly extended for long periods is evidence that with better planning, longer contracts could have been issued.

#### **Recommendation 9**

**(9) UNCTAD should plan and determine short-term staff contract durations as soon as the posts become vacant, based on estimated recruitment timelines agreed upon between programme managers and the Human Resources Management Section.**

46. *UNCTAD accepted recommendation 9 and stated that short-term contracts are not based on vacant posts but on the work programme and availability of resources, which vacant posts are only part of and not predictable with high degree of precision. Longer-term contracts are easily identifiable only in retrospect and UNCTAD is not in a position to offer them from the start. The use of short-term staff can be reduced by following procedures similar to those suggested in this recommendation. Similar succession planning measures will be developed to address this recommendation. HRMS regularly discusses with programme managers the duration of the proposed temporary appointments taking into account the status of related vacancies. However, programme managers often extend their initial requests for short-term appointments. While HRMS advises them, it cannot determine the exact duration of posts remaining vacant and guess correctly the duration of each temporary contract. Recommendation 9 remains open pending receipt of details of the mechanism put in place to improve the planning of short-term appointments.*

Temporary vacancies for posts available for over three months were not always advertised internally

47. ST/AI/2006/3 on the staff selection system authorizes heads of departments to assign staff temporarily to vacant higher-level posts. It also requires that for temporary vacancies expected to last for three months or longer, staff of the department concerned should be informed of the temporary vacancy so as to give them the opportunity to express their interest.

48. In over 80 per cent of the cases reviewed, UNCTAD temporarily appointed internal candidates to higher posts without circulating temporary vacancy announcements internally. This included two recent cases of director level posts. Also, short term staff were sometimes recruited against vacant posts before internal candidates were given the opportunity to express interest in the posts. Advertising temporary vacant posts internally enhances transparency and competitiveness of the process and also allows the staff member to receive a Special Post Allowance when he/she performs functions of a higher level post for more than three months.

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## Recommendation 10

**(10) UNCTAD should circulate internal vacancy announcements for all short-term recruitment against temporary vacancies that are expected to last for more than three months.**

49. *UNCTAD accepted recommendation 10 and stated that it agrees to circulate internal vacancy announcements for temporary vacancies which are clearly expected to last longer than three months.* Recommendation 10 remains open pending receipt of evidence that short term vacancies expected to last more than three months are advertised internally within UNCTAD.

### Fixed term appointments performed through Galaxy were generally in compliance with ST/AI/2006/3

50. No significant exceptions were noted in relation to compliance with the administrative instructions and staff rules in the recruitment of fixed term staff through Galaxy. However, in two director level recruitment cases, the evaluation criteria were restrictive and did not allow for effective competition. This was attributed to problems with the review process, as discussed earlier in this report. In one of these two cases, the staff member who contested the selection decision was awarded six months salary because the panel concluded that the evaluation criteria were not correctly applied.

### Recruitment of consultants and individual contractors was not competitive

51. UNCTAD did not recruit consultants in a transparent and competitive manner. No formal roster was maintained as required under ST/AI/1999/7. Programme managers often relied on their personal and professional networks to identify consultants and these were not usually shared across the organization. Although programme managers always provided Curriculum Vitae (CVs) of at least two other candidates who were considered, this was often a mechanical process that did not add value to the competitiveness of the process. Substantive division staff confirmed that sometimes the same sets of CVs were repeatedly used for comparison purposes in various contracts.

52. Lack of competitive recruitment of consultants is a recurring problem identified in several OIOS audits and is mainly attributed to inadequate guidelines in ST/AI/1999/7. OHRM had not established a central roster of consultants as stipulated in the administrative instruction, nor issued guidance on alternative arrangements in the absence of the central roster. In addition, the administrative instruction did not provide guidelines on the methods to be used in competitive selection and thresholds below which competitive selection may not be necessary. Prior OIOS audits such as the one concerning the use of consultants and individual contractors in the Department for Economic and Social Affairs (AN2007/540/2) have recommended that OHRM should review these administrative instructions.

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53. The use of consultancy contracts is a high risk area in UNCTAD because of the high volume of consultants, approximately 600 per year. The total cost of consultancy contracts for the period 2006 to 2008 was approximately \$18 million. There is a high risk that the lack of an objective recruitment process could lead to favouritism in the award of the contracts and/or failure to achieve competitive remuneration. Therefore, in the absence of specific guidelines from OHRM, UNCTAD should establish its own internal procedures in order to improve competitiveness of the consultancy recruitment process. Analysis of the consultancy contracts for 2008 showed that approximately 37 per cent of the contracts were for amounts over \$10,000 and these accounted for almost 70 per cent of the total value of the contracts. UNCTAD could concentrate on improving competitiveness on the higher value contracts.

54. Since divisions prepared annual work plans, the nature of consultancies are likely to be known earlier and can be used as a basis for advertising the contracts or calling for expression of interest where specific deliverables cannot be determined upfront.

55. UNCTAD could also establish a roster of prescreened consultants and consultants previously contracted, in accordance to ST/AI/1999/7. Though use of a roster may involve significant investments in time and resources at the beginning, in the long run it will improve efficiency because consultants will be prescreened once. It would also make it possible for UNCTAD to verify the academic and professional credentials of the candidates upfront as required by the administrative instructions. HRMS explained that it currently does not verify academic and professional credentials of the consultants because of time and resource constraints.

### **Recommendation 11**

**(11) UNCTAD should advertise foreseen consultancy opportunities beyond an agreed threshold on its website to improve competitiveness and enhance transparency and objectivity of the recruitment process.**

56. *UNCTAD did not accept recommendation 11, stating that its procedures regarding consultants fully reflect all applicable United Nations administrative issuances, which do not require advertising for consultancy contracts. Remuneration rates recommended by OHRM, are strictly adhered to. In addition, HRMS uses professional salary scale as an additional benchmark for monitoring consultancy fees and keeping them at a reasonable and competitive level. The total level of a fee would mostly depend on the duration of the contract and would not appear a suitable threshold as suggested in the recommendation. Average fee was estimated at around \$9,000 per month, which could be equated to the short-term P-3 level and does not look high, in our opinion. OIOS takes note of UNCTAD's comments but emphasizes that currently UNCTAD does not recruit consultants in a competitive manner as required by the administrative instructions. The posting of known opportunities for consultants' services on the UNCTAD website could increase UNCTAD's reach to potential qualified consultants and improve competition. Recommendation 11 remains open*

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pending receipt of evidence that UNCTAD has started to advertise known consultancy opportunities on its website or details of alternative mechanisms put in place to recruit consultants in a competitive, objective and transparent manner.

#### **Recommendation 12**

**(12) UNCTAD should establish a roster of prescreened candidates for consultants.**

57. *UNCTAD did not accept recommendation 12, stating that there is no requirement for keeping a consultancy roster at the departmental level. In addition, the needs of the substantive divisions are diverse, dynamic and require specific expertise in very narrow fields (subject, geographical, etc.). In such circumstances, a roster would serve the purpose of just keeping the roster and would not satisfy the operational needs of substantive programmes. OIOS found that while some of the consultancies required very specific expertise, many others were more general and repetitive. The establishment and use of a roster of prescreened candidates would improve efficiency and transparency of the selection process. Recommendation 12 remains open pending receipt of evidence that UNCTAD has developed a roster of prescreened consultants. Alternatively, UNCTAD should provide details of alternative procedures agreed upon in consultation with OHRM or UNOG.*

#### **Recommendation 13**

**(13) UNCTAD should ask applicants being considered for consultancies to provide credentials or references as part of the application process.**

58. *UNCTAD accepted recommendation 13 and stated that HRMS currently verifies the academic and professional background of the recommended candidates based on the information provided in the PHPs/CVs. In case of doubt, additional clarification is sought from the proposed candidate, or educational establishment, or former employers. The credentials of the proposed candidate are compared to the terms of reference to determine his/her suitability for the task. It will consider which complementary verification measures may be introduced while minimizing additional administrative workload and ensuring timely processing of contracts. Recommendation 13 remains open pending receipt of information on the mechanism put in place by UNCTAD to verify the credentials and references of the consultants.*

## **V. ACKNOWLEDGEMENT**

59. We wish to express our appreciation to the Management and staff of UNCTAD for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	UNCTAD should develop internal guidelines and procedures on the recruitment process covering the composition of interview panels, procedures for panel members to sign off on the final interview notes, and guidance for improving UNCTAD's chances of achieving targets for geographical representation and gender balance.	Governance	High	O	Receipt of the internal guidelines and procedures on relevant aspects of the recruitment process.	28 February 2010
2	UNCTAD should document the review process for recruitment of regular staff and clearly outline the roles and responsibilities of the Human Resources Management Section and the Special Assistant to the Secretary-General in order to avoid overlap or omission and to enhance accountability.	Governance	Medium	O	Receipt of details of UNCTAD's internal review of the recruitment process that clearly differentiates the roles and responsibilities of the Special Assistant to the Secretary-General and HRMS; or a revised job description of the Special Assistant to the Secretary-General.	Not provided
3	The UNCTAD Human Resources Management Section should review its structure, allocation of roles and responsibilities and its strategy in communicating more effectively the substantive divisions.	Governance	Medium	O	Receipt of the revised HRMS structure and strategy for communicating more effectively with the substantive divisions.	31 January 2010
4	UNCTAD, in coordination with UNOG, should submit to OHRM a proposal for a new delegation of authority that clearly outlines the division of roles between the Human Resources Management Section and UNOG in relation to the administration of Staff Regulations and Rules and the staff selection process.	Governance	Medium	O	Receipt of the revised delegation of authority that clearly outlines the division of roles and responsibilities between HRMS and UNOG Human Resources Management Section.	Not provided
5	UNCTAD should put in place internal procedures to deal with staff	Human Resources	Medium	O	Receipt of details of the internal procedures for informing staff and their supervisors	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
6	<p>redeployments that include procedures to inform staff and their supervisors about transfers or change in functions that affect them.</p> <p>UNCTAD should establish a monitoring plan to keep track of progress in meeting the Human Resources Action Plan targets. The monitoring plan should include: (i) details of the type of reports which need to be prepared and/or distributed to different levels of management and the frequency of reporting; (ii) a mechanism for programme managers and divisions to explain exceptions such as delays in recruitment beyond agreed thresholds, delays in advertising retirement vacancies, low performance appraisal compliance rates, and low achievement of training targets.</p>	Governance	High	O	<p>about changes that directly affect them.</p> <p>Receipt of evidence that the plan of action for the improvement of UNCTAD HRAP indicators has been implemented.</p>	31 January 2010
7	UNCTAD should monitor every stage of the recruitment process as part of its regular monitoring activities that are to be incorporated in the monitoring plan.	Governance	High	O	Receipt of details of the mechanism put in place to monitor the different stages of the recruitment process.	30 November 2009
8	UNCTAD should develop procedures dealing with succession planning for director level vacancies to minimize leadership gaps.	Operational	High	O	Receipt of procedures relating to succession planning for director level posts.	31 January 2010
9	UNCTAD should plan and determine short-term staff contract durations as soon as the posts become vacant, based on estimated recruitment timelines agreed upon between programme managers and the Human Resources Management Section.	Human Resources	Medium	O	Receipt of details of the mechanism put in place to improve the planning of short term contracts and minimize cases where short-term appointments.	28 February 2010
10	UNCTAD should circulate internal vacancy announcements for all short-term recruitment against temporary vacancies that are expected to last for more than three	Compliance	Medium	O	Receipt of evidence that short term vacancies expected to last more than three months are advertised internally within UNCTAD.	31 October 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/ O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
11	months. UNCTAD should advertise foreseen consultancy opportunities beyond an agreed threshold on its website to improve competitiveness and enhance transparency and objectivity of the recruitment process.	Human Resources	Medium	O	Receipt of evidence that UNCTAD has started to advertise known consultancy opportunities in its website or details of alternative mechanism put in place to recruit consultants in a competitive, objective and transparent manner.	Not provided
12	UNCTAD should establish a roster of prescreened candidates for consultants.	Human Resources	Medium	O	Receipt of evidence that UNCTAD has developed a roster of prescreened consultants or details of alternative procedures agreed on after consultation with OHRM or UNOG.	Not provided
13	UNCTAD should ask applicants being considered for consultancies to provide credentials or references as part of the application process.	Human Resources	Medium	O	Receipt of information on the mechanism put in place to verify the credentials and references of the consultants.	31 January 2010

1. C = closed, O = open
2. Date provided by UNCTAD in response to recommendations.