



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/036

Audit of phasing out of human resources in UNMIT during the drawdown period

Overall results relating to Audit of phasing out of human resources in UNMIT during the drawdown period were initially assessed as partially satisfactory. Management has satisfactorily addressed the audit recommendations

FINAL OVERALL RATING: SATISFACTORY

28 March 2013

Assignment No. AP2012/682/05

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AUDIT REPORT

Audit of phasing out of human resources in UNMIT

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of phasing out of human resources in the United Nations Integrated Mission in Timor-Leste (UNMIT).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. UNMIT was established pursuant to Security Council resolution 1704 (2006) and its mandate had been extended several times. The most recent resolution 2037 (2012) extended the mandate until 31 December 2012 and endorsed the phased drawdown plan for the Mission's liquidation. Accordingly, UNMIT started downsizing in October 2012 and the formal liquidation period started on 1 January 2013.
4. The Mission had a total of 2,459 personnel as of 7 October 2012 which had reduced to 109 as of 21 January 2013. A comparative data of the various types of personnel on these dates is presented in table 1 below:

Table 1: Staffing during the drawdown and liquidation phase

Type of staff	As of 7 October 2012 (drawdown period)	As of 21 January 2013 (liquidation period)
International staff	329	93*
National staff	830	0
United Nations volunteers (UNV)	148	16**
Civilian police (UNPOL)	638	0
Formed police units (FPUs)	490	0
Military personnel (MLG)	24	0
Total	2,459	109

*Out of 93 staff, 20 were of the serious crimes investigation unit who would work until the end of June 2013. Two posts were maintained for other reasons. The liquidation team comprised 71 international staff.

**Two UNVs were retained as they were on maternity leave and 14 UNVs were on the liquidation team.

5. Comments provided by UNMIT are incorporated in italics.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of the UNMIT governance, risk management and control processes in providing reasonable assurance regarding the **phasing out of human resources during the drawdown of UNMIT**.

7. This audit was included in the OIOS 2012 risk-based work plan because of the importance of human resources management in UNMIT during the drawdown period, taking into account that the Mission would be liquidated.

8. The key controls tested for the audit were: (a) human resources targets and strategies; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Human resources targets and strategies** - controls that provide reasonable assurance that there are human resources targets and strategies to ensure the right-sizing of staff.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures exist to: (i) guide the phasing out of human resources; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

9. The key controls were assessed for the control objectives shown in Table 2.

10. OIOS conducted the audit in December 2012 and January 2013. The audit covered the period from 1 March 2012 to 31 December 2012.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNMIT governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding the **phasing out of human resources during the drawdown of UNMIT**. OIOS made two recommendations in the report to address issues identified. UNMIT had developed a personnel drawdown plan, and identified staff to remain as part of the liquidation team. While challenges were faced to retain liquidation team members, there was sufficient capacity to complete the necessary tasks within established timelines. UNMIT supported international staff in their reassignment to other field missions and assisted national staff in preparing for future employment opportunities. Financial entitlements to separated staff were paid in accordance with Staff Regulations and Rules. However, personnel files were not updated with evidence that all check-out procedures had been completed. Staff performance appraisals were not systematically completed, and evidence of completion of repatriation travel was not always submitted by separated staff members.

13. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **satisfactory** as management has satisfactorily addressed the audit recommendations.

Table 2: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Phasing out of human resources during the drawdown of UNMIT	(a) Human resources targets and strategies	Partially satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Regulatory framework	Partially satisfactory	Satisfactory	Satisfactory	Partially satisfactory
FINAL OVERALL RATING: SATISFACTORY					

A. Human resources targets and strategies

Personnel drawdown planning was adequate

14. The liquidation plan was prepared by UNMIT and endorsed by the Department of Field Support (DFS) on 20 September 2012. This overall plan included a personnel drawdown plan showing the end of assignment date for all Mission personnel (national and international staff, UNV, UNPOL and MLG). UNMIT had initially identified 77 personnel to remain in the Mission to complete liquidation tasks; but this was later increased to 85 persons; 71 international staff and 14 UNVs. However, challenges were faced by UNMIT to retain these staff. For example, an administrative officer left the Mission during the third week of January with no replacement, and the Chief of Finance had gone on a temporary duty assignment from 26 January until 12 March 2013. Nonetheless, UNMIT was satisfied that they had sufficient capacity to complete the liquidation activities within the planned timeline.

Additional guidance on the administration of entitlements could have been provided

15. On 23 February 2012, the Security Council extended the UNMIT mandate to 31 December 2012, at which time it was expected that the Mission would go into liquidation. On 13 April 2012, DFS approved extensions (administrative extensions) of the contracts of civilian staff through 30 June 2013. This allowed staff to receive termination indemnity for the remaining period of their contracts. The Department of Management subsequently approved the termination of contracts of separating staff.

16. The DFS approval of the extension of contracts did not address the administration of certain entitlements including home leave and family visit, which require staff members to stay in the Mission for a minimum period after their return. For example, eligibility for home leave entitlement stipulates that the staff member should serve in a Mission for at least three months beyond the date of her/his return from leave. However, due to the date of separation the three-month requirement could not always be complied with. There was also considerable correspondence between the Mission and DFS to clarify staff members' eligibility for other entitlements including lump sum payments for home leave and education grant travel. As a lesson learned, there was a need to issue instructions and guidelines to handle such specific situations to avoid unnecessary effort and frustration by staff members and Mission staff administering entitlements.

Efforts were made in preparing staff for future employment and reassignment

17. UNMIT broadcasted vacancy announcements of other United Nations agencies, organized town hall meetings, and facilitated visits from the Field Personnel Division, DFS to assist with the reassignment/job search process for both international and national staff. UNMIT closely collaborated with the Career Development Unit in DFS to facilitate the reassignment of international staff. UNMIT launched a National Staff Capacity Building Programme (NSCBP) to prepare its national staff for other employment. Out of 847 national staff, 779 completed at least one voluntary course under NSCBP and 398 national staff graduated from a National Staff Certification Programme organized by UNMIT. The Mission also prepared a resume book for national staff which would be officially handed over to the Government of Timor-Leste.

B. Regulatory framework

Staff separation forms and related information were not adequately maintained in the personnel files

18. To facilitate the check-out process, UNMIT established a one-stop administrative check-out centre which included relevant section/units including property control and inventory, claims, travel, transport, personnel, security and finance. Adequate instructions on the check-out process were disseminated to staff. Staff members' identification cards were systematically cancelled and access to information systems were automatically deactivated. Additionally, the pending 14 conduct and discipline cases and 12 Board of Inquiry cases were forwarded to DFS for follow-up and action.

19. A review of 48 personnel files (32 civilian staff, 9 UNPOL, 5 UNVs, and 2 MLG) out of 1,699 personnel who checked out between 1 February to 14 December 2012 showed that the separation checklist was not always completed and check-out documents were not systematically maintained in personnel files. For example: (a) there were no check-out forms in the personnel files for 28 civilian and UNPOL staff members, and no personnel files were maintained for MLGs; (b) completed performance appraisals were not in 26 files, as first reporting officers left the Mission prior to finalizing them; (c) attendance reports for the last working cycle of all staff were not in the personnel files and while the Attendance Unit provided reports for 27 staff members, 20 of them were not signed by respective staff members or the certifying and monitoring officers; and (d) payment instructions for the pension fund were not in 21 of the 22 files of separated civilian staff.

(1) UNMIT should, for staff remaining in the Mission, ensure that: (a) separation checklists are completed and adequate check-out records are maintained in staff members' personnel files; and (b) performance appraisals are completed prior to the departure of staff.

UNMIT accepted recommendation 1 and stated that check-out forms were subsequently found in the work-in-process stack of documents waiting to be filed. For performance appraisals, due to problems in the automation of appraisal reports, DFS approved that they could be drafted manually. Therefore, it was not possible for UNMIT management to generate data to determine whether all appraisals had been completed. However, since January 2013, for departing staff UNMIT had ensured that performance appraisals were completed. Considering the circumstances explained by UNMIT and that performance appraisals were being completed for the remaining staff, recommendation 1 has been closed.

Processing of payments to separated staff members was adequate

20. A review of the final payments made to 22 staff showed that receivables and payables were settled prior to approving their final payment. Check-out forms and relevant documents such as the last attendance report, annual leave card, travel authorization, bank account information and forwarding addresses were also maintained with the relevant vouchers. Lump-sum payments for travel and relocation grant for 16 international staff, and termination indemnity and accrued annual leave for 20 national staff showed that entitlements were accurately calculated and paid. Relevant pension fund reconciliations were also conducted monthly.

Evidence of completion of travel were not always maintained

21. A review of 40 travel authorization forms of separated staff showed that they were duly certified and approved prior to payment. However, in six cases, staff members did not submit the required evidence of completion of travel. UNMIT did not have a monitoring system and checklist to ensure that all supporting documents were submitted by staff members.

(2) UNMIT should monitor and ensure that each separated staff member submits the required documentation to support the completion of their travel.

UNMIT accepted recommendation 2 and stated that during the time the Liquidation Team remained in the Mission, the documents received had been filed. Repatriated staff had two years to submit the required documents, and for those who still had outstanding submissions, their names would be included in the final liquidation report to facilitate follow-up. The final payment to a staff member would be withheld until all relevant supporting documents were in place. Based on the action taken by UNMIT, recommendation 2 has been closed.

IV. ACKNOWLEDGEMENT

22. OIOS wishes to express its appreciation to the Management and staff of UNMIT for the assistance and cooperation extended to the auditors during this assignment.



David Kanja, Assistant Secretary-General
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STATUS OF AUDIT RECOMMENDATIONS
Audit of phasing out of human resources in UNMIT

Recom. no.	Recommendation	Critical/¹/ important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
1	UNMIT should, for staff remaining in the Mission, ensure that: (a) separation checklists are completed and adequate check-out records are maintained in staff members' personnel files; and (b) performance appraisals are completed prior to the departure of staff.	Important	C	Action taken.	Implemented
2	UNMIT should monitor and ensure that each separated staff member submits the required documentation to support the completion of their travel.	Important	C	Action taken.	Implemented

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by UNMIT in response to recommendations.