



Office of Internal Oversight Services  
Internal Audit Division

MEMORANDUM

---

REF: AUD/01749/07

21 March 2007

TO: Mr. Sergei Ordzhonikidze  
Director-General  
United Nations Office at Geneva

FROM: Corazon C. Chavez, Officer-in-Charge  
Internal Audit Division, Geneva and Nairobi  
Office of Internal Oversight Services

SUBJECT: **OIOS of Audit of UNOG Consultants and Experts**  
**(AE2006/311/01)**

1. I am pleased to submit the final report on the audit of UNOG Consultants and Experts, which was conducted from April to October 2006 in Geneva by Mr. Dmitri Vetlov.
2. A draft of the report was shared with the Chief, HRMS, UNOG and with the Chief, Languages Service/Conference Services Division, UNOG, the Executive Officer, UNECE, the Chief, Administrative Unit, CSS, UNOG and the Deputy Director, UNRISD, for relevant parts of the report on 22 December 2006, whose comments, which were received in January and February 2007, are reflected in this final report.
3. I am pleased to note that most of the audit recommendations contained in the final Audit Report have been accepted and that the respective Department/Office has initiated their implementation. The table in paragraph 60 of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations 1 and 2, which OIOS considers to be of critical importance.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 31 May 2007. This will facilitate the preparation of the twice yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly resolution 48/218B. In accordance with General Assembly resolution A/RES/59/272, the Secretary-General should ensure that the final audit report in its original version is, upon request, made available to any Member state who may make it public.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditors, complete the attached client satisfaction survey form and return it to me under confidential cover.

6. Thank you for your cooperation.

Attachment: Client Satisfaction Survey Form

Cc: Ms. A. Djermakoye, Director of Administration, UNOG (by e-mail)  
Ms. E. Dupont, Focal point for audit, UNOG (by e-mail)  
Mr. I. Koulov, Chief, HRMS, UNOG (by e-mail)  
Ms. M. De Saint Robert, Chief, LS/CSD, UNOG (extract related to CWU)  
Ms. M. Sevilla, Executive Officer, UNECE (extract related to UNECE)  
Mr. P. Utting, Deputy Director, UNRISD (extract related to UNRISD)  
Mr. J. Childerley, Chief, Oversight Support Unit, Department of Management, United Nations (by e-mail)  
Mr. S. Goolsarran, Executive Secretary, UN Board of Auditors (by e-mail)  
Mr. R. Bellin, Audit Team Leader, UN Board of Auditors (by e-mail)  
Mr. M. Tapio, Programme Officer, OUSG, OIOS (by e-mail)  
Mr. D. Vetlov, Auditor-in-Charge, IAD, OIOS (by e-mail)  
Mr. J. Boit, Auditing Clerk, IAD, OIOS (by e-mail)

UNITED NATIONS



NATIONS UNIES

**Office of Internal Oversight Services  
Internal Audit Division**

## **AUDIT REPORT**

**Audit of UNOG Consultants and Experts  
(AE2006/311/01)  
Report No. E07/R01  
21 March 2007**

**Auditor - Dmitri Vetlov**



Office of Internal Oversight Services  
Internal Audit Division

**AUDIT OF UNOG CONSULTANTS AND EXPERTS (AE2006/311/01)**

**EXECUTIVE SUMMARY**

Between April and October 2006, OIOS conducted an audit of consultants and experts at the United Nations Office at Geneva (UNOG). The audit covered activities with a total expenditure of US\$12.4 million for the services of consultants, individual and institutional contractors hired through UNOG in the years 2004 and 2005. A draft of the report was shared with Heads of departments and offices and the comments made, which were received in January and February 2007 are reflected as appropriate.

- OIOS assessed that the internal controls established and systems and procedures relating to the hiring and managing of consultants, individual contractors and institutional contractors were generally satisfactory. OIOS is pleased to note that in some cases, action was immediately taken to strengthen internal controls as soon as the exceptions and/or weaknesses were pointed out by OIOS.

UNOG-wide compliance with ST/AI/1999/7

- The decentralization of responsibilities for employing and managing consultants and individual contractors, as stipulated by the Administrative Instruction ST/AI/1999/7, Section 4, Responsibilities of Offices Involved, was not fully implemented. UNOG Administration had taken the decision to maintain greater involvement of HRMS, instead of delegating more of the routine work on consultancies to the respective Executive Offices. *HRMS stated that the rationale for this decision was that some of the UNOG offices lacked the capacity to fully undertake responsibilities stipulated in ST/AI/1999/7. HRMS agreed in general to further delegation to some of the Geneva-based departments.*
- There was no UNOG-wide roster of consultants and contractors for the selection of consultants, as prescribed by ST/AI/1999/7, Section 2. In OIOS' opinion, a consultant roster at the level of UNOG and/or requesting offices should be developed to assist in the selection of consultants, as well as to have a central database where information on consultants is filed, including their expertise, evaluation of work done and their frequency of work with the United Nations. *HRMS was of the opinion that the establishment of a central roster may not be realistic due to the different specialized expertise required by Geneva-based departments and offices. They commented that Geneva-based departments could establish official rosters with pre-agreed parameters, and HRMS could facilitate their exchange between departments.*

- OIOS found that the departments and offices reviewed did not perform formal evaluations of consultants in accordance with the criteria and requirements of the Administrative Instruction. *HRMS stated that it agreed with the thrust of the recommendation, however, its implementation will heavily depend on the cooperation from departments and offices.*

OIOS' findings of the administration of consultants at UNOG offices

- The Contractual Work Unit (CWU) experienced some delay in processing consultancy contracts. Without an adequate level of resources, HRMS' involvement in the voluminous routine work, including screening of CVs, verification of credentials and current employment records, contributed to the delay in the process. *It was stated that the delegation of routine work to the Executive Office / Conference Services Division was feasible.*
- To evaluate consultants' work, CWU checked their work on a sample basis (usually 10 per cent of the translated text). OIOS identified that there is a potential risk that translating errors/omissions are not identified through a systematic quality control process, particularly as in some cases this work was undertaken by contractors with limited experience of the UN. *The Languages Service/CSD stated it would revise entirely or a substantial part of contractors' work provided that adequate resources are allocated.* OIOS appreciates Language Services/CSD' comments, but is of the opinion that more positive action could be taken to channel its resources to the higher risk areas and ensure that there is more focus/quality review on the work of inexperienced UN contracted translators.
- The Executive Office at the United Nations Economic Commission for Europe (UNECE) had established a good system of internal control over the administration of consultants. OIOS, however, recommended that the Executive Office amend its procedures to ensure competitive and transparent selection of consultants.
- The United Nations Research Institute for Social Development (UNRISD) maintained a satisfactory system of internal control, but needed to improve the selection process to ensure transparency. *UNRISD stated that since early 2006, they had been submitting to HRMS, UNOG, names of other candidates and details of justification for selection.* UNRISD should also consider regularising the existing contractual arrangements for its research assistants in view of the continuous nature of their work, and should stop the practice of granting them annual leave. *UNRISD maintains that the current practice of short-term employment is the only economically viable option due to its financial constraints. UNRISD stated that granting annual leave to the 6-8 consultants recruited as research assistants would not be an acceptable labour practice.*
- Administration of consultancies at Staff Development and Learning Section, Safety and Security Section and Information and Communication Technology Service of UNOG was generally satisfactory. Assurance could be obtained that the contracting of consultants was well managed.

## TABLE OF CONTENTS

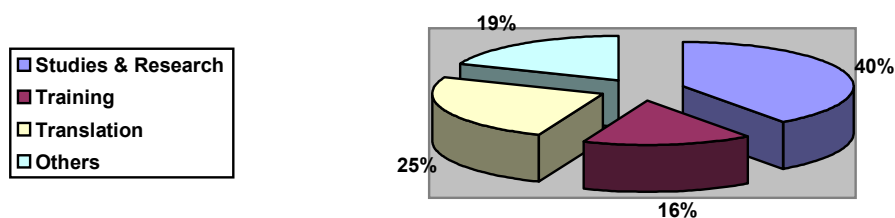
<u>CHAPTER</u>	<u>Paragraphs</u>
I. INTRODUCTION	1- 6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8- 9
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Compliance with Administrative Instructions	10 – 26
B. Practices and procedures in individual UNOG offices	27 – 59
V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS	60
VI. ACKNOWLEDGEMENT	61

## I. INTRODUCTION

1. Between April and October 2006, OIOS conducted an audit of the administration of consultants and experts at the United Nations Office at Geneva (UNOG). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The consultancy contracts at UNOG (consultants, individual contractors and institutional contractors) are used to employ individuals and companies for the variety of services such as performing studies, conducting workshops and translating UN documents, as follows:

**Types of consultancies (UNOG and UNECE, 2005)**



3. For the years 2004 and 2005, the expenditures for the services of consultants, individual and institutional contractors processed through UNOG were:

	No. of Contracts	No. of Contractors	\$ Value
2004	963	707	5,598,000
2005	1,156	840	6,866,000
Total	2,119	1,547	12,464,000

4. Contracts for consultants and individual contractors are processed through the Human Resources Management Service (HRMS), while the contracts for the institutional contractors are processed through the Purchase and Transportation Service (PTS).

5. Though there was no separate system-wide audit of UNOG-administered consultancies, OIOS reviewed the use of consultants in a number of assignments either as a part of personnel administration or as a part of substantive activities of the reviewed offices. The UN Board of Auditors (BOA) reviewed consultants and individual contractors in its biennial report A/59/5 of 2004. The main findings by OIOS and the BOA related to non-compliance with ST/AI/1999/7, in particular, that there was no common roster of candidates, the selection process was not properly documented and the terms of reference did not provide measurable performance indicators.

6. The findings and recommendations contained in this report have been discussed during the Exit Conference held on 16 October 2006 with the Chief, HRMS. A draft of the report was shared with Heads of departments and offices, the comments made, which were received in January and February 2007 are reflected as appropriate.

## II. AUDIT OBJECTIVES

7. The main objectives of the audit were to evaluate the adequacy, effectiveness and efficiency of internal controls over the administration of consultants, individual and institutional contractors and in particular to:

- Assess compliance with relevant rules, procedures and UN Administrative Instructions;
- Determine the reliability and integrity of the available data.

## III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered activities with a total expenditure of US\$12.4 million for the services of consultants, individual and institutional contractors hired through UNOG in the years 2004 and 2005. OIOS reviewed and assessed the adequacy of the internal controls and systems and procedures established by Human Resources Management Service (HRMS), United Nations Economic Commission for Europe (UNECE), United Nations Research Institute for Social Development (UNRISD) and selected substantive offices of UNOG including the Staff Development and Learning Section (SDLS), Contractual Work Unit/CSD (CWU), Security and Safety Section/DA (SSS) and Information and Communication Technology Service/DA (ICTS).

9. The audit activities included a review on a sample basis of available files and records, as well as an assessment of HRMS' internal controls, systems and procedures and their compliance to the appropriate rules. OIOS interviewed various staff, analyzed applicable data and reviewed available documents and other relevant records.

## IV. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Compliance with Administrative Instructions

#### (a) Implementation of ST/AI/1999/7

10. UNOG did not fully implement the provisions of ST/AI/1999/7 "Consultants and individual contractors" in relation to the division of responsibilities between HRMS, Executive Offices and substantive offices for processing the consultancy contracts.

11. OIOS' review of procedures and practices at the different offices showed that HRMS, contrary to the requirements of ST/AI/1999/7, still conducted the bulk of the work that could have been delegated to the requesting office. This included preparing and processing contracts, reviewing the curriculum vitae of applicants, doing background checks and verifying credentials. For example, for CWU and SSS, HRMS practically took over the preparation and processing of contracts. For consultancies of UNECE and UNRISD, while the requesting offices initiated and prepared the contracts, their preparatory work was thoroughly checked by HRMS, thereby duplicating efforts.

12. In OIOS' view, the current procedures established in HRMS are not necessary and go



beyond the requirements of providing policy guidance and compliance monitoring as prescribed by ST/AI/1999/7.

13. OIOS noted that HRMS, while taking on these extra responsibilities, did not have adequate resources to process consultancies in an effective and timely manner. One person was assigned on a part-time basis (25 per cent of her time) to deal with all consultancies processed through UNOG (except OCHA, where a dedicated staff member was managing all personnel issues, including consultancies). Instead of 25 per cent of the staff members' work time, the workload of dealing with consultancies took almost 100 per cent of the staff member's time. Despite HRMS dedicating a staff full time, there was still a considerable backlog in the processing and the filing of the consultancy records.

14. There was an unclear division of responsibilities between substantive offices and HRMS. This led to lack of ownership and unclear responsibility for personnel records. In the case of CWU, for example, HRMS expected the substantive office to maintain the records, and CWU had assumed that HRMS was responsible. As a result, the records maintained by HRMS and CWU were incomplete.

15. The then Acting Chief, HRMS explained that after the ST/AI/1999/7 was issued, UNOG Administration had decided to maintain greater involvement of HRMS than envisaged to ensure proper internal controls over the process were in place and operating effectively. The Chief, HRMS stated that HRMS carried out these functions for the requesting offices, as they might not have the capability to perform them. While OIOS appreciates this, HRMS is responsible for providing policy guidance and has a role in monitoring compliance of the process. By adopting such an approach it would have provided appropriate guidance to requesting offices and help ensure that adequate internal controls were in place. The overall effect could have been more efficient and timely processing of consultancy contracts.

**Recommendation:**

- The UNOG Human Resources Management Service should consider delegating further to large Geneva-based United Nations departments the processing and approval of consulting contracts and establishing oversight procedures to ensure that proper procedures are adopted and operating effectively. UNOG Administration should seek formal guidance from the Office of Human Resources Management on this delegation of authority and on the interpretation of the ST/AI/1999/7 "Consultants and individual contractors", Part IV on their responsibilities (Rec. 01).

16. *HRMS agrees in general to the idea of further delegation of authority, including the approval of contracts, to other large Geneva-based departments like ECE, OHCHR and OCHA (but not to small offices like UNRISD which have no capacity to assume such authority) when and if they have the expertise and the capacity to absorb it.*

17. OIOS will maintain the recommendation pending confirmation that action is taken to further delegate authority to other large Geneva-based departments.

(b) Roster of candidates

18. Contrary to the requirements of ST/AI/1999/7, para 4.1, there was no UNOG-wide

roster of consultants established by HRMS. This, in OIOS' opinion, should have been established by UNOG with relevant input from the requesting offices. According to HRMS, the Office of Human Resources Management (OHRM) should have established the roster shortly after the ST/AI/1999/7 was issued in 1999. It was HRMS' understanding that a roster had not yet been created. HRMS was also of the opinion that to some extent, IMIS served as a roster as some (but not all) information on consultants existed in the system.

19. OIOS appreciates that IMIS may hold some of the required information, but this is not sufficient and should not be seen as a substitute for a proper consultants roster. For example, there was no record of up-to-date data on the skills and expertise of candidates, their prior and current engagements, the type of work performed, fees and evaluation of past work. This had not been requested by HRMS from offices in order to develop and consolidate such information centrally, as required by the Administrative Instruction. In OIOS' view, UNOG should take the initiative to develop a consultants' roster. This would be of assistance to requesting offices in the selection process and it could serve as a tool to monitor whether requesting offices are complying with the necessary instructions.

20. At the exit conference, the Chief, HRMS concurred with the recommendation and stated that HRMS would initiate the establishment of a UNOG-wide roster of consultants. On further consideration however, *HRMS is of the opinion that the establishment of such roster may not be realistic due to the widely different and highly specialized expertise required by Geneva-based departments and offices. UNOG HRMS commented that the only viable option would be for all Geneva-based departments to establish official rosters with an indication of pre-agreed parameters. HRMS can act as a repository of these databases and facilitate their exchange between departments.* OIOS recognized the practicality of HRMS' comments and has revised the recommendation.

**Recommendation:**

- The UNOG Human Resources Management Service should provide guidelines to Geneva-based executive offices and administrative offices for them to develop a consultants' roster. HRMS should act as a repository of these databases and facilitate the exchange of information between departments (Rec. 02).

21. OIOS will keep the recommendation open pending receipt of a copy of guidelines related to consultants' rosters.

(c) Evaluation of consultants work

22. The evaluation process of consultants and individual contractors should be improved to ensure that their performance and quality of work is systematically documented, and that the objectives outlined in the terms of reference have been achieved.

23. Currently, HRMS and Financial Resources Management Service (FRMS) require a requesting office to submit its evaluation of the consultant's work on form P106/A, by ticking off an appropriate box for the performance (excellent, good, adequate, somewhat less than adequate, poor) on the form. This should accompany the request for the payment of the final installment of the consultant's fee. OIOS noted that a detailed evaluation was only required when an extreme rating (either excellent or poor) was given to a consultant.

24. While in practice an overall rating/assessment of the consultant's work had been given, in OIOS' view, it did not have the attributes of a meaningful evaluation, nor did it comply with ST/AI/1999/7, as it did not confirm (or not) whether there had been compliance with requirements of the terms of reference, the quality of the work performed and the timeliness of the output of the consultant.

**Recommendation:**

- The UNOG Human Resources Management Service, to ensure compliance with ST/AI/1999/7, should adopt a meaningful performance evaluation system of the consultants' work, to include among others, confirmation of the consultants' compliance with the terms of reference and a complete evaluation of the quality of work and its timeliness (Rec. 03).

25. *HRMS stated that it agreed in general with the thrust of the recommendation, however, its implementation would heavily depend on the cooperation from departments and offices.*

26. OIOS takes note of HRMS' comments, and hopes that it will encourage executive offices and administrative offices to properly and systematically evaluate and rate consultants' work. OIOS will maintain the recommendation pending confirmation that the performance evaluation system for consultants work has been enhanced.

**B. Practices and procedures in individual UNOG offices**

(a) Contractual Work Unit, Conference Services Division

27. CWU uses the services of individual contractors for translating UN documents when staff translators of the Languages Service, Conference Services Division are not available. The amount disbursed on consultants in 2004 and 2005 was US\$1,680,000. OIOS found that CWU established and maintained an adequate though rather out-dated system to manage the administration of consultants.

28. CWU experienced delays in the processing of its consultancy contracts. In at least 8 out of the 33 cases reviewed by OIOS, the delay was between 3 to 4 weeks past the deadline established by the Document Control Section for the timely processing of translation. This has resulted in undue delays in submission of contracted documents.

29. The cause of the problem was that the former Acting Chief, HRMS was actively involved in the routine work on CWU consultancies (including screening of CVs, verification of credentials and current employment). In OIOS' opinion, such work should have been delegated to others, as it was not the best use of the Chief's time. *The then Acting Chief, HRMS concurred with OIOS' observation and agreed that the delegation of routine work to the Executive Office / Conference Services Division was feasible.*

**Recommendation:**

- The UNOG Human Resources Management Service should delegate to the Executive Office of Conference Services Division the routine work

on consultancy contracts and provide guidance to the responsible individuals to ensure proper internal controls are established (Rec. 04).

30. OIOS will maintain the recommendation pending confirmation that the routine work on consultancy contracts has been delegated to CWU.

31. The need for contracting translation services is determined by the chiefs of language sections and approved by the Director, Language Services. The requests are prepared by CWU and processed by HRMS. CWU uses a self-developed paper-based system for filing and monitoring the contractors. OIOS assessed the system as reliable. OIOS did not identify any exceptions when CWU records were compared to IMIS records (names or amount of fees).

32. OIOS found no exceptions, but the verification process was arduous and the transparency of record keeping could be improved. In some cases the documentation was not complete, especially for older files. There were several CVs missing from the files reviewed.

33. Consultancy records were maintained thematically and by subject (file of CV's, file of payments, file of translations made) instead of being organized by contractors/name of consultant. OIOS suggested that the filing system be enhanced and records be filed per consultant to enable more efficient monitoring of contracts. An improved filing system would be beneficial in light of the further delegation of routine work on consultancies to the EO/CSD (Recommendation 01).

**Recommendation:**

- The Contractual Work Unit/Conference Services Division should ensure that a sound filing system is established to provide assurance to management that all relevant documents are appropriately filed and can easily be retrieved (Rec. 05).

34. *CWU concurred with OIOS's observations and stated that they have developed a filing system by names of contractors in June 2006.* OIOS is pleased to note the action taken and will verify the adequacy of the new system.

35. As part of the quality review process, the Languages Service/CSD checked on a sample basis, usually 10 per cent, the translated text done by staff translators. The same policy is applied for contracted translators. While this may be an appropriate policy for staff members, it means that 90 per cent of the work done by contractors was not reviewed or checked. The text was published and distributed without any further quality control procedures. OIOS noted that in the absence of an adequate UNOG-wide performance evaluation requirement, there was no assurance that the contractors were properly evaluated and that their work was adequately reviewed.

36. CWU found their practice reasonable since the contractors were experienced translators and were capable of self-revising, as does the experienced UN staff translators. OIOS appreciates this, but on review of the contractor's personal history data, OIOS noted that while some of them were very experienced and/or former UN staff translators, some others lacked experience on UN subjects. In the latter category therefore, there is a risk that with a limited review of fairly inexperienced translators, errors could be made in externally translated UN documents endorsed by the departments and offices of the UN Secretariat. This

could have a negative impact on the image of the UN Secretariat.

**Recommendation:**

- The Contractual Work Unit/Conference Services Division should review their current quality control procedures of contractual work to ensure that a sound quality control system is adopted, particularly for work done by inexperienced translators with limited UN experience (Rec. 06).

37. *The Languages Service/CSD would be ready to revise entirely or a substantial part of contractors' work provided that adequate resources are allocated for revision of contractual work (considered so far, as a special assignment under quality control).*

38. OIOS appreciates Language Services/CSD' comments, but is of the opinion that more positive action could be taken to channel its resources to the higher risk areas and ensure that there is more focus/quality review on the work of in-experienced UN contracted translators. OIOS will maintain the recommendation pending the action taken by Languages Service/CSD to provide assurance to management that enhanced quality control procedures are in place.

(b) United Nations Economic Commission for Europe

39. UNECE mainly employs consultants to conduct studies. The value of consultancy contracts in 2004 and 2005 was US\$ 1,191,000. UNECE's Executive Office prepares and processes all of the supporting documents for contracting consultants.

(c) UNECE Executive Office

40. The Executive Office (EO) of UNECE's system of internal controls over the administration of consultants was generally well established, and the documentation on consultants was complete and satisfactory. The current files were maintained in hardcopy, and closed cases were scanned and stored electronically. OIOS' check of UNECE's EO records against IMIS records did not reveal any discrepancies (names or amount of fees). Three staff members of UNECE's EO were involved in processing consultants' contracts as part of their responsibilities.

41. In general, the procedures at individual UNECE units were satisfactory (with a few exceptions mentioned below). The positive outcome resulted due to the good guidance provided by the UNECE EO. No consultant started without a contract, all the consultancies reviewed had comprehensive terms of reference, and all outputs reviewed reasonably related to the scope of work. As required by FRMS, all consultants had performance evaluation on form P106/A (though in most of cases, they were not substantiated).

42. The records of individual UNECE units, nonetheless, did not have evidence that consultants were competitively selected (with an exception of a high-profile study on ECE reform). As per the procedures established by UNECE EO, the names of other candidates supposedly considered were noted in the terms of reference for consultancy. However, there was no documentary evidence to that effect available in UNECE's requesting unit's files. OIOS noted that there was no systematic documented evidence that at least three proposed candidates were considered.

43. To make the selection process fully transparent and ensure its competitiveness, OIOS suggested that the present procedures be amended. They should include a requirement to disclose how the candidates were considered (interviews, comparison of CVs) and what criteria were used, as well as documentary evidence of the selection process. If, on an exceptional basis, only one candidate was considered, a reasoned and documented justification for such an exception should be on file, as required by ST/AI/1999/7.

**Recommendation:**

- The United Nations Economic Commission for Europe Executive Office should amend its present procedures to ensure it has a competitive and transparent selection process of consultants (Rec. 07).

44. OIOS will keep the recommendation open pending the action taken by UNECE to provide assurance that enhanced procedures are in place to ensure competitiveness and transparency.

45. According to the ST/AI/1999/7 and OHRM guidelines for consultants, fees are established after considering several factors, including the complexity and difficulty of services to be provided, background and experience of the consultant, current market rates for comparable services, among others. There is a detailed formula included in the policy guidelines issued by OHRM.

46. In OIOS' opinion, UNECE EO should play a more active role in ensuring compliance by UNECE offices with the respective administrative instructions and guidelines relating to fees. UNECE EO should promote OHRM guidelines to UNECE units and should consider requiring UNECE units to justify in writing the level of fees paid to consultants.

**Recommendation:**

- The United Nations Economic Commission for Europe Executive Office should ensure that any variant to the normal range of fees should be properly documented and justified in accordance with the provisions of ST/AI/1999/7 (Rec. 08).

47. OIOS will keep the recommendation open pending the action taken by UNECE to provide assurance that enhanced procedures are in place to ensure justification of fees.

(d) Information and Communication Technology Service

48. Information and Communication Technology Service (ICTS) hires contractors for the assistance at ICTS Hotline, videoconferencing and UNOG telephone switchboard. For the period 2004 and 2005, the total amount of contractors' fees was US\$ 220,000. ICTS explained that the contractors' services were mainly used to cover staff on holiday, as well as for the periods of the excessive workload.

49. The review of the contractors' records at ICTS showed that, in general, the hiring and administration of contractors complied with ST/AI/1999/7. OIOS noted no audit issues in its review of the ICTS consultancies.

(e) United Nations Institute for Social Development

50. UNRISD mainly hired consultants for studies. The value of consultants in 2004 and 2005 was US\$ 1,974,000. The need for consultants was determined by UNRISD's project managers and endorsed by the Director. The requests were prepared by the Administrative Assistant and processed by HRMS.

51. The consultancies reviewed had comprehensive terms of reference (with two exceptions which were explained as misfiling). All outputs reviewed reasonably related to the scope of work.

52. While UNRISD, in general, maintained an adequate system of internal controls, it did not adhere to some requirements of Administrative Instruction ST/AI/1999/7. OIOS noted that the selection process was not transparent. It was normally done by programme managers without clear evidence on file that other candidates had been considered (even though some requests for consultancies contained the names of the other supposedly considered candidates). OIOS was informed that programme managers verified the experience and/or credentials of the candidates, but evidence of this verification was not available.

53. The documentation, though in general complete, was organized by projects, and not by the name of the consultant, even though the consultant could be hired for different projects. Therefore it was not possible to perform a test to ensure that UNRISD's records agreed to those recorded in IMIS.

**Recommendation:**

- The United Nations Research Institute for Social Development should establish, in consultation with UNOG Human Resources Management Service, procedures to ensure competitiveness and transparency in selecting consultants in line with the requirements of ST/AI/1999/7 (Rec. 09).

54. *UNRISD stated that since early 2006, it has ensured that TORs submitted to HRMS contain names of other candidates considered as well as detailed justification for selection.* OIOS is pleased to note the action taken and will verify their improvement. OIOS requests a copy of procedures to ensure that there is clear evidence of competitive selection of consultants and that candidates' credentials are verified.

55. The basis for hiring consultants (as well as establishing their fees) was unclear and was rather informal. UNRISD maintained that consultants were hired for projects, on the basis of the project budgets. Within the project budget, the costing had been done in very general terms. In OIOS' opinion, UNRISD should maintain documents to support the rationale for hiring consultants and the costs involved.

**Recommendation:**

- The United Nations Institute for Social Development should maintain in its consultants' files, the rationale for hiring consultants and the costs involved (Rec. 10).

56. *UNRISD stated that consultants were hired, as they did not have the in-house*

*specialized expertise required for specific projects. Since 2006, UNRISD has provided to HRMS explanatory notes on the breakdown of different types of fees for specific project outputs. UNRISD was not requested to provide information on project budget submissions. OIOS takes note of UNRISD's comments and will maintain the recommendation pending copies of the rationale for hiring consultants and sufficient information justifying the cost of consultancies.*

57. Contrary to the provisions of ST/AI/1999/7, research assistants performing the duties of staff members were engaged as consultants. UNRISD employs research assistants (six to eight per year), as consultants working in UNRISD. Most of them work up to the maximum allowable 24 months within a 36-month period. They perform routine research work, which according to ST/AI/1999/7 required the consideration of the establishment of posts. UNRISD should consider establishing regular posts and recruit staff members if the requirement is needed for a longer duration. *UNRISD commented that the current practice of short-term employment of research assistants is the only economically viable option due to the current UNRISD financial situation.*

58. UNRISD also authorized annual leave, contrary to the consultant's rules and procedures.

**Recommendation:**

- The United Nations Institute for Social Development should ensure that steps are taken to regularise the arrangement for its research assistants by establishing regular posts as called for by ST/AI/1999/7 and should stop the practice of granting annual leave to consultants (Rec. 11).

59. *UNRISD commented that the practice of granting annual leave only applies to the 6-8 consultants recruited as research assistants based in Geneva. It was their opinion that it would not be an acceptable labor practice to stop the granting of leaves.* OIOS takes note of UNRISD's comments, which only emphasizes and confirms that efforts should be made to regularize research assistants.

## V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS

60. OIOS monitors the implementation of its audit recommendations for reporting to the Secretary-General and to the General Assembly. The responses received on the audit recommendations contained in the draft report have been recorded in our recommendations database. In order to record full implementation, the actions described in the following table are required:

<b>Rec. no.</b>	<b>Action/document required to close the recommendation</b>
1*	Confirmation that action is taken to further delegate authority to other large Geneva-based departments.
2*	Copy of HRMS' guidelines related to consultants' rosters.



3	Confirmation that the performance evaluation system for consultants work has been enhanced.
4	Confirmation that the routine work on consultancy contracts has been delegated to CWU.
5	Copy of action taken by CWU to develop a sound filing system.
6	Action taken by Language Services/CSD' to provide assurance to management that enhanced quality control procedures are in place.
7	Copy of action taken by UNECE to provide assurance that enhanced procedures are in place to ensure competitiveness and transparency.
8	Action taken by UNECE to provide assurance that enhanced procedures are in place to ensure justification of fees.
9	Copy of the UNRISD established procedures to ensure that there is clear evidence of competitive selection of consultants and that candidates' credentials are verified.
10	Copies of the rationale for hiring consultants and the costs involved.
11	Copy of action taken by UNRISD to start regularizing research assistants.

\* Critical recommendations

## VI. ACKNOWLEDGEMENT

61. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of UNOG Human Resources Management Service, UNOG Purchase and Transportation Service, United Nations Economic Commission for Europe, United Nations Research Institute for Social Development, Staff Development and Learning Section, Contractual Work Unit/CSD, Security and Safety Section/DA and Information and Communication Technology Service/DA.

Corazon C. Chavez, Officer-in-Charge  
Internal Audit Division – Geneva and Nairobi  
Office of Internal Oversight Services