UNOPS

INTERNAL AUDIT AND INVESTIGATIONS GROUP

INTERNAL AUDIT REPORT

OF THE

PROCESS FOR ENGAGEMENT OF INDIVIDUAL CONTRACTORS

AT

UNITED NATIONS OFFICE FOR PROJECT SERVICES

Final Audit Report
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Contents

UNOPS

INTERNAL AUDIT AND INVESTIGATIONS GROUP

Report on the internal audit of the process for the engagement of individual contractors at UNOPS

I. Executive summary

Introduction

At the 2012 Global Management Meeting, UNOPS Senior Management agreed on six 'must wins'. One of these 'must wins' was 'Optimized Internal Processes', and under this category one of the seven initiatives identified was to 'Streamline the ICA Process'. In light of this, as part of its annual work plan for 2013 the Internal Audit and Investigations Group (IAIG) conducted an audit of the process for the engagement of individual contractors through Individual Contractor Agreements (ICAs) at UNOPS.

The audit was carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that the IAIG plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of governance, risk management, and control processes.

Audit rating and overall conclusions

In IAIG's opinion, the overall level of internal control over the process of engagement of individual contractors is **Satisfactory**.[1]

This opinion is based on limited scope audit procedures performed on the process for engagement of individual contractors. During the audit, no material issues have come to IAIG's attention which would indicate that a different rating is more appropriate.

The review showed, however, that there are significant opportunities for reducing the number of steps and streamlining the format of documents, so as to save on time and costs. IAIG has identified 18 steps which are duplicated or redundant, and which could be removed without significantly affecting the risks involved in the ICA process. In addition, IAIG estimates that a reduction of 2,950 person hours[2] in the contract management process could be achieved as a result of implementing the audit recommendations, assuming ICA process volumes remain the same. This saving will increase as ICA process volumes increase.

IAIG has also identified redundant data requirements across five separate ICT systems involved in the ICA process. There are at least five documents that can be moved to electronic format to save time and enhance data retention, and a further four documents that should be revised to make them more user-friendly and less time consuming.

[1] See definitions in Annex 1

[2] Estimated reduction of 2,950 hours over a one-year period is calculated on the basis of 7,892 ICA contracts processed

Key audit issues and recommendations

The audit report contains 13 recommendations, ten of which are high priority and three of which are medium priority.

The high priority recommendations include:

Functional Area	Audit recommendation
Thematic observations	In order to increase process efficiency, management should create a systems integration action plan for the various ICT tools used in the ICA process.
	Management should consider implementing an electronic signature software tool in order to reduce the organization's reliance on paper and manual processes such as signing and scanning of documents.
	Management should introduce electronic forms, as mentioned in observation 3, so as to ensure data integrity and reduce the time and cost involved in filling, scanning and uploading manual forms.
	Management should develop key performance indicators and workload norms for more effective monitoring and control of the efficiency of the ICA process.
Recruitment and selection	In light of the variations observed across different regions in the processing time taken for various stages of the ICA recruitment process, management should develop benchmarks for the time taken for the activities involved in the recruitment and selection process, and review the need for a Letter of Intent, to ensure efficient use of resources and effective monitoring.
	Management should make more effective use of the roster system for the engagement of individual contractors through ICAs and consider making rosters for shortlisted candidates.
	Management should ensure that: a) background checks are performed in all high risk cases of ICA engagement before the offer letter is sent to the candidates; b) the GRPS system incorporates the information to be provided to the background checking Company; and c) a database of past background checks is maintained for future reference.
Engagement and award	Management should consider using the Request for Personnel Action system in GLOCON as the online ICT system for award of contract by the procurement authority, and linked with their Delegation of Authority. Alternatively, an ICT tool should be developed for online approval of Request for Award and this should be linked with the Delegation of Authority.
Contract management	Management should revise the template for the ICA contract document, such that all essential information is captured in one page, including the signatures of both the Hiring Manager and the ICA holder, leaving the rest to a standard Annex to be made available online.
	Management should consider allowing PO approved payments to be processed automatically in the ICA payroll system, avoiding the need for certification by supervisor and budget owner.

The medium priority recommendations include the following: that management modify GLOCON to allow batch uploads of candidates into the system; that they consider providing funding sources involved in UNOPS-led recruitment exercises with read-only access to the relevant parts of the GPRS; and that they consider introducing a multiple language facility in GLOCON.

II. Audit report

Audit objectives and scope

The overall objective of the audit is to contribute to UNOPS strategy through the achievement of the 'must wins' identified by management. The specific objective of the audit is to improve the efficiency of the Individual Contractor Agreement (ICA) process, keeping in view the internal controls required to address operational risks, with a view to making the ICA process less time consuming and costly. Through efficiency gains with the implementation of the audit recommendations in this report, the ICA process is expected to deliver better results at reduced organizational costs both for UNOPS and for those of its clients to whom UNOPS provides ICA services.

In particular, the audit objectives were to determine whether the governance, risk management and control over the ICA processes provide reasonable assurance to the Executive Director that:

a) Significant objectives will be achieved in all projects, programmes, plans and businesses; and
b) Resources are used economically and efficiently.

The audit was completed as per the approved planning memorandum and takes into account the findings of the risk assessment exercise carried out prior to the audit. IAIG reviewed the effectiveness of key controls over operational processes and management practices in the functional areas relating to the process for the engagement of individual contractors.

IAIG concentrated on reviewing the tasks which had the highest average time taken, to identify opportunities for time and cost savings. Identified opportunities for improving management control over other functional areas are also reported as deemed appropriate.

IAIG wishes to extend its appreciation to the management and personnel involved in the audit at HRPG, as well as other practice personnel at Headquarters and field offices, for their full cooperation during the audit.

The detailed audit observations and recommendations are provided in Part III of the report.

Background of the ICA process

a) Introduction

The Individual Contractor Agreement modality came into effect on 1 January 2008 through the issue of Organizational Directive 21 on 6 September 2007. The ICA is a key contract modality employed by UNOPS. Individual contractors are hired by UNOPS, either to work directly for UNOPS, or to work for clients. In the latter case, selection of the contractor may be carried out by the client, or by UNOPS on behalf of the client. The flexibility of the ICA contract allows UNOPS to tailor employment terms to the needs of individual Operational Hubs, Project Centres or individual projects.

The ICA is a highly attractive non-staff contract modality that has enjoyed significant growth in numbers and is sought after from partner agencies as an efficient and convenient product. Thus the ICA contract was one of the first products to be offered through the UNOPS Service Platform. In light of the growing numbers of ICAs administered by UNOPS and the pressure to further decrease costs, it is imperative to make full use of the ICT systems UNOPS has established, to improve and automate the ICA product.

Currently, there are two main types of ICA contracts on offer at UNOPS:

- International ICA (IICA) – where a person is engaged to perform a specialist function *outside* his/her home country or place of permanent residence;
- Local ICA (LICA) – where a person is engaged to perform a specialist (LICA-SP) or support (LICA-SU) function *in* his/her home country or place of permanent residence.

b) Statistics pertaining to the ICA process

The following statistics have been collated from GLOCON[3] data pertaining to all ICA contracts processed in the twelve months beginning 1 July 2012. This was identified as the most appropriate data source for IAIG's analytical review.

Table 1: Number of ICA contracts processed, by contract type

Contract type	Number of ICA contracts in operation as of 30 June 2013	Number of contracts processed within one year, between 1 July 2012 and 30 June 2013
International ICA	734	887
Local ICA (Specialist)	1,374	1,605
Local ICA (Support)	4,868	5,400
TOTAL	**6,976**	**7,892**

These contractors were deployed at 497 different duty stations in 133 different countries, working for UNOPS and for 85 different clients.

Table 2: The ten business units processing the most ICAs

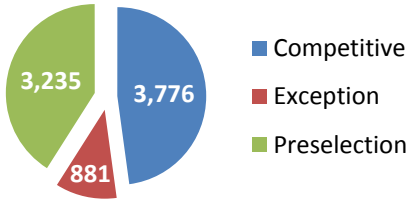
Duty Stations	Number of contracts processed between 1 July 2012 and 30 June 2013	Percentage of total (population: 7,892)
HR Service Centre	1,120	14.2%
Iraq Operational Hub	911	11.5%
Afghanistan Operational Hub	527	6.7%
Sri Lanka Operational Hub	409	5.2%
Mine Action	374	4.7%
Myanmar Operations Centre	364	4.6%
Haiti Operations Centre	313	4.0%
Kenya Operational Hub	278	3.5%
South Sudan Operations Centre	274	3.5%
International Waters	160	2.0%

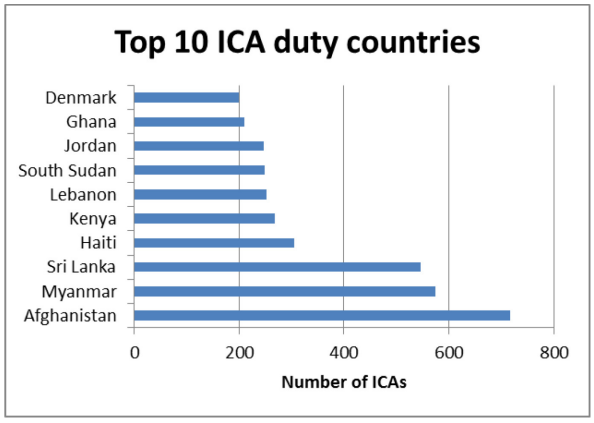
ICAs are selected through one of three methods: competitive selection involves a full external advertisement and selection process carried out by UNOPS; pre-selection involves the clients performing their own advertising and selection, with the subsequent engagement of the approved contractors carried out by UNOPS; and the third category, exceptions to the above two formal methods, involves a departure from these standard processes. The extent to which each of these methods is used is depicted in the table below.

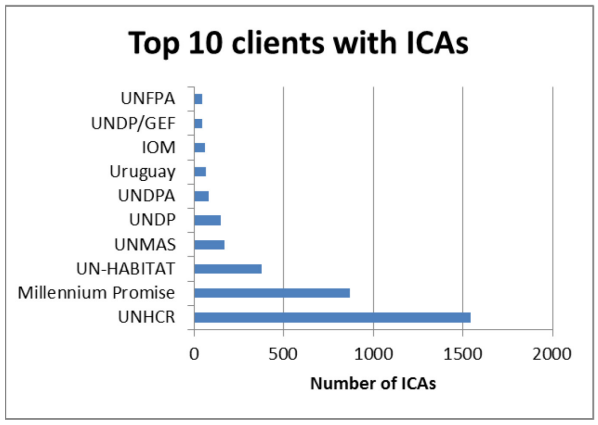
[3] Global Contracts System

Table 3: ICA selection methods used

ICA selection method	Number of ICA contracts processed between 1 July 2012 and 30 June 2013	Percentage of total (pop: 7,892)
Competitive	3,776	48%
Pre-selection	3,235	41%
Exception	881	11%
TOTAL	**7,892**	







c) Understanding the ICA process

The ICA process encompasses all activities from needs identification and advertisement through to payment, amendment/extension and eventual termination.

The following is a summarized version of the ICA process. See Annex 5 for a detailed process map.

Table 4: Summary of ICA process

Step	Activity	Description
1	Recruitment and selection	Needs assessment; setting the TOR; vacancy announcement; long and short listing; evaluation
2	Pre-selection by client	Including letter of authorization
3	Engagement award	Fee-setting; review and award
4	Contract management	Contract issuance; payments
5	Contract amendments and extensions	Note to file
6	Contract termination	Resignation letter to close the system accounts

III. Detailed assessment

Below, IAIG has documented a detailed assessment of the ICA process. The first sub-section contains observations that relate to the ICA process as a whole, cutting across multiple sub-processes. The following sub-sections relate to the sub-processes as described in Table 4 above.

1. Thematic observations

Observation 1 Integration of ICT systems

The ICA process relies on several software systems for carrying out recruitment, creating and processing contracts, and storing data. These systems are listed in Table 5 below:

Table 5: Software systems used in ICA process

Item	System Name	Description
1	Global Personnel Recruitment System (GPRS)	Online recruitment management system
2	Global Contracts System (GLOCON)	Online contract creation and management and data storage
3	ATLAS	UNOPS enterprise resource planning system used to create ICA vendor accounts and process Purchase Orders (POs) and payments
4	Contracts and Property Committee (CPC) submission system	Online system for submitting cases for approval of the Headquarters Contracts and Property Committee (HQCPC) and Local Contracts and Procurement Committees (LCPCs)
5	Global Leave System	Online annual and other leave management system
6	ICA Pay System	Online certificate of payment system for verifying work performed
7	Request for award system	Currently this is a purely paper-based system. It nevertheless has information requirements that are similar to the other systems above.

Each system requires manual entry of information about a candidate, except for the Global Leave System and the ICA Pay System. GPRS, for example, requires entry of a number of biographical details (name, address, date of birth, nationality, etc.) when candidates create their accounts. Similar information has to be manually entered when HR staff create GLOCON profiles for candidates or when finance staff create ATLAS vendor profiles. Table 6 shows the redundant data requirements of each system that requires manual data entry.

Table 6: Data details required to be entered for each system or document

Data	GPRS		GLOCON	ATLAS	CPC submission	Request for award
entered by →	candidate	UNOPS	UNOPS	UNOPS	UNOPS	UNOPS
First name	X = required		X	X	X	X
Last name	X		X	X	X	X
Date of birth	X		X	X		
Place of birth				X		
Nationality	X		X	X	X	X
Gender	X		X	X		
Email address	X		X	X		

Data	GPRS		GLOCON	ATLAS	CPC submission	Request for award
entered by →	candidate	UNOPS	UNOPS	UNOPS	UNOPS	UNOPS
Phone numbers	X		X	X		
Residential address	X		X	X		
Duty station		X	X		X	X
Supervision (UNOPS/client)		X	X		X	X
Management practice		X	X			
Unit		X	X		X	X
Functional title		X	X		X	X
Contract start date			X		X	X
Contract end date			X		X	X
Contract type (IICA, LICA)		X	X		X	X
Contract level (IICA-1)		X	X		X	X
Payment basis		X	X			X
Fees		X	X		X	X
Selection method		X	X		X	X
Atlas vendor number			X	X		
Complete bank details				X		

As noted, many data types are asked for multiple times, on different forms (both electronic and paper-based). In order to improve the efficiency of the process, reduce the number of manual data entry steps, and reduce the quantity of paper-based documents required, the system should be integrated to enable important information to be shared between systems. Some of these systems are built on a Microsoft .NET platform, where such integration is feasible.

For example, many biographical data points are entered into GPRS by the candidate when they create a profile and apply for a vacancy. By allowing other systems to interface with GPRS, the data entry task is effectively outsourced to the candidate, avoiding the need for additional paper-based information requests, and reducing task duplication.

Recommendation: IAIG/3102/01	**Priority:** High
In order to increase process efficiency, management should create a systems integration action plan for the various ICT tools used in the ICA process.	
Management comments: Management agrees with this recommendation.	

Observation 2 Electronic signatures

Throughout the life cycle of each ICA contract, 19 documents have to be processed, a total of 50 pages. Of these, nine documents require physical signatures by UNOPS personnel and then have to be scanned. In the year ending 30 June 2013, UNOPS processed 7,892 individual contracts - this amounts to 149,948 documents or 394,600 pages altogether.

IAIG notes that considerable time is spent printing, re-printing, signing and scanning documents in order to carry out the ICA process.

With this in mind, management should consider implementing an electronic signature system in order to avoid printing, manual signing and scanning of documents. The ultimate aim of this endeavour should be to make the ICA process almost entirely paperless, apart from necessary printing carried out by the individual contractor outside of UNOPS.

IAIG notes that, since 1 July 2013, the HR Services Centre in Bangkok has successfully implemented an electronic signature system using Adobe Acrobat. Since then, the business unit has self-reported an improvement in ICA processing times as well as a corresponding reduction in printing and scanning activities.

Recommendation: IAIG/3102/02	**Priority:** High
Management should consider implementing an electronic signature software tool in order to reduce the organization's reliance on paper and manual processes such as signing and scanning of documents.	
Management comments: Management agrees with this recommendation.	

Observation 3 Electronic forms

The ICA process relies on a number of Microsoft Word based forms which must be manually completed. The data is then often manually copied into computer systems (e.g. the vacancy announcement template is manually copied into GPRS) or maintained solely in paper form (the request for award is completed on paper, signed, and archived). All these forms have to be manually filled up, signed, scanned and uploaded into the relevant electronic system, leading to inefficiencies.

Converting paper-based documents to an electronic form would improve the types and quality of data available to analyze the ICA population. This would assist the creation and monitoring of key performance indicators (KPIs). Moreover, the introduction of electronic forms would reduce the reliance on manual processes and increase the integrity of data. Electronic forms require users to enter data in a uniform manner and eliminate the negative impact of hand-written forms. Also, completion and validation controls can be implemented to ensure that entered data is complete, accurate and reasonable at the time of entry.

Table 7: Documents currently completed manually in the ICA process

Item	Document	Process
1	Vacancy Announcement Template	Currently, this document is manually completed by the hiring manager and is then emailed to the HR focal point, who copies the information into the GPRS profile. In future, this process could be amended to allow the hiring manager to enter the information directly into GPRS through an online Vacancy Announcement (VA) form, allowing the HR focal point subsequently to log in, review/approve, and release.
2	Certificate of Payment	Currently, on a pilot basis, the paper-based Certificate of Payment (COP) has been replaced with an electronic form for ICAs operating from HQ and Bangkok. This case provides a good example of a form that was standardized, electronically.
3	Candidate Evaluation Grid	Currently, interview minutes and candidate evaluation grid are created in a Microsoft Word document. Once completed, they are distributed to each interview panel member for review, approval and signature. Management should consider implementing an online interview minute and evaluation grid template that is linked to GPRS.
4	Interview Minutes	
5	Handover Knowledge Transfer	Currently, hand-over notes are added to a Microsoft Word template that is distributed to the incumbent personnel and stored by the hiring unit. Management should consider implementing an online central depository for hand-over notes.

Item	Document	Process
		This will firstly help to ensure that hand-over notes have been completed prior to separation and will secondly act as a valuable research tool for incoming personnel. Moreover, personnel will be able to utilize notes created for similar roles in different departments around the world.

Reducing reliance on Microsoft Word-based forms is a key step towards creating a fully integrated ICA management system.

Recommendation: IAIG/3102/03	**Priority:** High
Management should introduce electronic forms, as mentioned in observation 3, so as to ensure data integrity and reduce the time and cost involved in filling, scanning and uploading manual forms.	
Management comments: Management agrees with this recommendation.	

Observation 4 Key performance indicators

Key performance indicators (KPI) are used to assess the performance of a particular activity or system, based on a set of desired outcomes. KPIs are a key component of the Balanced Scorecard performance management tool. For example, UNOPS sets annual financial KPIs in the form of delivery, revenue and cost targets that are displayed on the Management Workspace.

To date, UNOPS has established a range of financial KPIs to assess the achievement of financial goals within the organization. Currently, there are no KPIs that measure the performance of the ICA process. Given the important contribution that the ICA process makes to UNOPS internal recruitment strategy, and its status as a key product offered to clients, it is important that KPIs are created and implemented, in order that assessments can be made of the health of the system and the extent to which ICAs contribute to desired outcomes. The Management Workspace can be adapted to include ICA process KPIs.

Specifically, KPIs should be developed to monitor the time it takes to complete the ICA process from advertisement to placement, for both UNOPS- and client-supervised personnel. A separate KPI could be developed to monitor the time taken to complete the separation process. This can be achieved through harvesting and data-basing the date stamps recorded in GPRS, GLOCON and Atlas.

At present, there are no workload norms identifying the standard time required for the various stages of the ICA process. Some estimates have been prepared based on data from GPRS and GLOCON, and these norms will help determine the manpower resources required for carrying out the various activities of the ICA process. These standards can be used as benchmark performance indicators, by comparing them with the actual number of personnel engaged in the ICA process.

Below is a list of example KPIs to measure the ICA process.

Table 8: Examples of key performance indicators to monitor the ICA process

Item	KPI
1	Number of hours for various tasks in the GPRS system for recruitment and selection of ICAs (which can be compared against benchmarks)
2	Number of hours for various tasks in the GLOCON system for contract management of ICAs (which can be compared against benchmarks)
3	Number of retroactive and post-facto hiring cases
4	Time taken for LCPC/HQCPC recommendation process

Best practice requires that all KPIs be developed using 'SMART' criteria; that is, KPIs should be Specific, Measurable, Attainable, Relevant, and Time-bound. In the examples mentioned in the table above, acceptable benchmarks and workload norms should be determined to ensure that this best practice is adhered to.

Recommendation: IAIG/3102/04	**Priority:** High
Management should develop key performance indicators and workload norms for more effective monitoring and control of the efficiency of the ICA process.	
Management comments: Management agrees in principle regarding the importance of having KPIs for the process efficiency, but has some reservations on the KPIs suggested. Due to complexities of office setups, multi-functional positions, and local priorities and levels of business generation, it will be somewhat unfair (and difficult) to use KPIs to measure workloads in this manner. It is also good to note that time spent on developing and monitoring KPIs which may not result in an acceptable level of precision may not be a cost-effective way to measure. Instead, management suggests that KPIs (and mechanisms) are put in place to identify bottlenecks and specifically office challenges (and compare these globally) with regard to the recruitment process only through GPRS. **IAIG further comments**: While IAIG appreciates management's acceptance in principle of the importance of having KPIs, it would like to reiterate that the objective of having KPIs is not to identify bottlenecks, but to be able to assess performance and efficiency of the entire ICA engagement process.	

2. Recruitment and selection

A full recruitment and selection process is carried out in approximately half (48% in the twelve months to 30 June 2013) of all ICA cases.[4]

Currently, this process is initiated through needs identification by a business unit lead or project manager. After that, the process is carried out through the use of the GPRS online vacancy announcement and recruitment system.

Observation 5 Delays in recruitment and selection process in GPRS

Information on the time taken for various activities in the recruitment and selection process is available in the Management Workspace. See Annex 4 for a more detailed explanation of the source and nature of the data.

Below is a table depicting the average time that each portion of the recruitment process takes, from creation of the vacancy in the GPRS system.

[4] The remaining half are pre-selection cases, where clients carry out the recruitment and hiring processes, and exception cases, where a full competitive process is not required. Pre-selection cases are addressed in section 3.

Table 9: Average time taken (in days) in the recruitment process for individual contractors

Step	From	To	Number of days taken (average)
1	Vacancy created	Vacancy posted	3 days (to post the vacancy)
2	Vacancy posted	Vacancy closed	13 days (vacancy is being advertised)
3	Vacancy closed	Long list finalized	18 days (to review applications, long list)
4	Long list finalized	Shortlist finalized	19 days (to reduce long list to shortlist)
5	Shortlist finalized	Recommendations finalized	20 days (to select the individual)
6	Recommendations finalized	Hiring finalized	5 days (final processing)
	Average total number of days taken		**78 days**

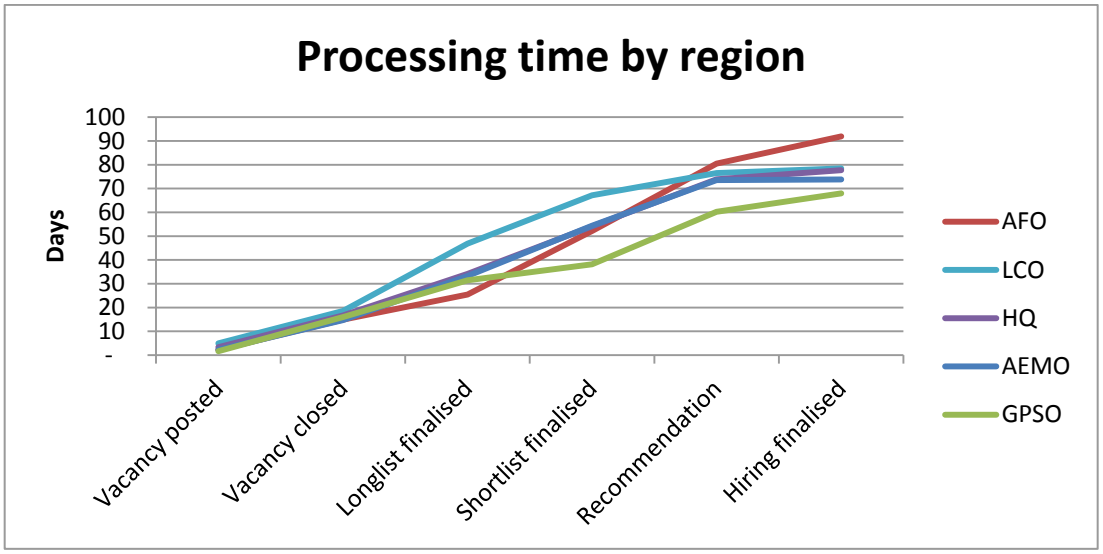
Data based on a sample size of 722 non-cancelled vacancies raised in the period 1 January 2013 to 31 July 2013

The next table shows the average time taken to complete each recruitment step across the primary regions and functional units of UNOPS. The data has been collected from all non-cancelled vacancies raised from 1 January 2013 to 31 July 2013.

Table 10: Average time taken (in days) in the recruitment process for individual contractors by region and functional unit of UNOPS

Step	From	To	Average duration per step (in days)					
			AEMO	AFO	GPSO	HQ	LCO	**Overall**
		Number of vacancies	255	129	182	39	117	**722**
1	Vacancy created	Vacancy posted	2	2	2	3	5	**3**
2	Vacancy posted	Vacancy closed	12	13	14	13	14	**13**
3	Vacancy closed	Long list finalized	19	11	15	17	28	**18**
4	Long list finalized	Shortlist finalized	21	27	7	20	20	**19**
5	Shortlist finalized	Recommendations finalized	19	28	22	20	9	**20**
6	Recommendations finalized	Hiring finalized	1	11	8	4	2	**5**
	Average total number of days taken		**74**	**92**	**68**	**77**	**78**	**78**

The cumulative time taken for the various steps is also shown in the chart below:

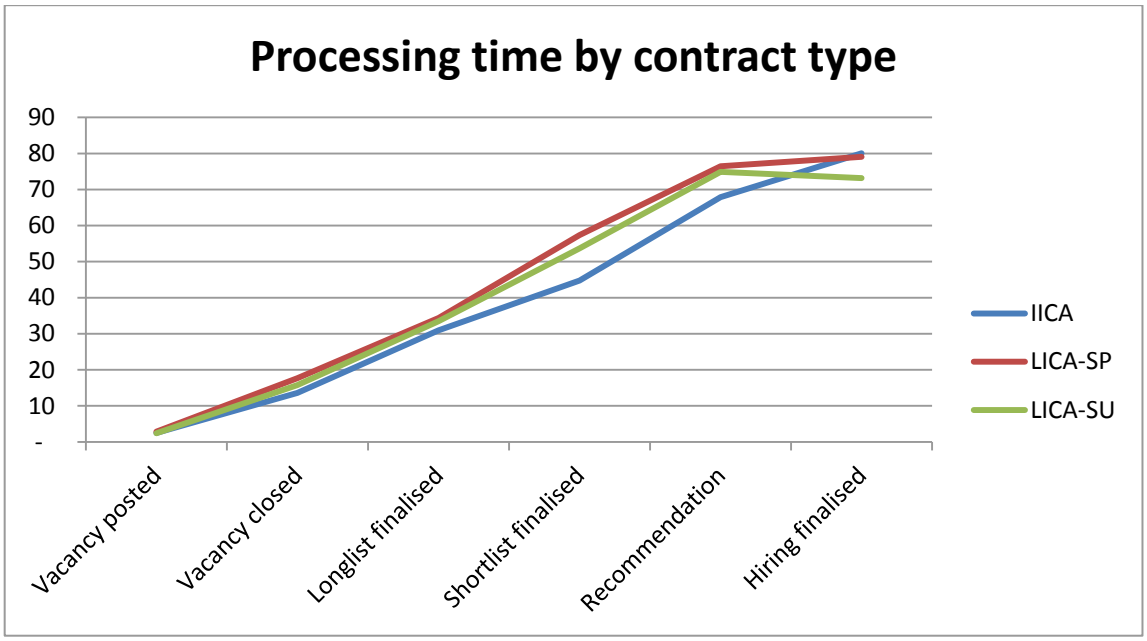


From the same data, the next table shows the average processing times for each type of ICA contract i.e. International ICA (IICA), Local ICA Specialist (LICA-SP), and Local ICA Support (LICA-SU).

Table 11: Average time taken (in days) in the recruitment process for individual contractors by contract type

Step	From	To	Average duration per step (in days)			
			IICA	LICA-SP	LICA-SU	Overall
		Number of vacancies	217	237	268	722
1	Vacancy created	Vacancy posted	3	3	2	**3**
2	Vacancy posted	Vacancy closed	11	15	13	**13**
3	Vacancy closed	Long list finalized	17	18	18	**18**
4	Long list finalized	Shortlist finalized	14	23	20	**19**
5	Shortlist finalized	Recommendations finalized	23	18	20	**20**
6	Recommendations finalized	Hiring finalized	12	3	1	**5**
	Average total number of days taken		**80**	**80**	**74**	**78**

The cumulative time taken for the various steps is shown in the chart below:



IAIG notes the following key observations from the data above:

1. The time taken to post a vacancy (2 to 5 days) and the advertising time period (12 to 14 days) do not vary significantly by region. This also holds true for contract type (2 to 3 days for vacancy posting and 11 to 15 days for advertising period). This is appropriate given the time necessary to create and post a vacancy profile and also to attract a large enough group of applicants.
2. The largest amount of time is taken in the long listing and short listing steps and this varies considerably in the various regions. The average time taken to generate a long list varies from 11 to 28 days, while that for the shortlisting process ranges from 7 to 27 days. IAIG notes that no benchmarks have been created against which to assess if the time taken is excessive for

these activities. Moreover, the considerable variability in processing times suggests that regions may be taking different approaches (with different results) to long listing, short listing, and finalization. It is important that UNOPS understands these differences with a view to standardizing the process, and replicating successful and efficient techniques and procedures globally.

3. The average time taken to finalize a recommendation varies from 9 to 28 days across the different regions. Again, the variability in processing times indicates a potential difference in method between the regions.
4. The total time taken from needs assessment to finalization varies by region from 68 days (GPSO) to 92 days (AFO), and by contract type from 74 to 80 days. Given the considerable time it takes to process the average contract and the considerable variability between regions, it is clear that a more efficient and more uniform approach to ICA processing needs to be adopted at an organization-wide level.
5. The cumulative time taken for the engagement of IICAs is less than that for other ICAs, while more time is spent on finalizing the hiring process. Closer monitoring of the finalization process for IICAs could further reduce the time taken.
6. At present, some hiring managers send a Letter of Intent to the selected candidate to negotiate the fees and confirm acceptance. Management should review the need for this step, so as to reduce the time taken in the recruitment phase.

Recommendation: IAIG/3102/05	**Priority:** High
In light of the variations observed across different regions in the processing time taken for various stages of the ICA recruitment process, management should develop benchmarks for the time taken for the activities involved in the recruitment and selection process, and review the need for a Letter of Intent, to ensure efficient use of resources and effective monitoring.	
Management comments: Although the deviations are not significant, management generally agrees with this recommendation on setting benchmarks and standards.	

Observation 6 Roster of candidates

Roster profiles are currently available in the GPRS system. From 1 January 2013 to 31 July 2013, only 13 out of 722 recruitments conducted using GPRS were made using the roster system.

Currently, the roster system serves simply as a method for collecting applications for general positions in advance of a specific vacancy being identified and announced. There is no process for shortlisting of candidates and then maintaining them on the roster. Hence, the roster system currently employed is in effect a list of all applicants, not a roster of selected candidates who can be engaged at short notice as and when suitable vacancies come up.

Developing a roster system of shortlisted candidates is a potentially effective method to meet short term demands for contractors while reducing the time spent performing recruitment activities. As per data from the Management Workspace, GPRS-based recruitment takes an average of 78 days across the organization, while recruitment from the roster takes only 59 days. Maintaining an effective roster system would thus help to reduce the number of days spent in the recruitment process.

Recommendation: IAIG/3102/06	**Priority:** High
Management should make more effective use of the roster system for the engagement of individual contractors through ICAs and consider making rosters for shortlisted candidates.	
Management comments: Management agrees with this recommendation.	

Observation 7 Background checks

From a sample of 60 ICAs (from BKC and AROC audits), the audit team noted that background checks of individual contractors are not routinely and uniformly performed, with the result that the information submitted in their applications and in subsequent interviews remains unverified.

Background checks are an important part of the recruitment quality assurance process. While IAIG notes that background checks appear to be performed on an ad hoc basis through request of documentation supporting educational certificates and through reference checks, the ICA recruitment process has a demonstrated need for a uniform and cost effective approach to background checks.

Also, a background check service could be a service offered by UNOPS to various clients. In April 2013 UNOPS engaged a Company on a Long Term Agreement to provide this service organization-wide. As part of the arrangement, UNOPS is required to provide key information about each candidate requiring a background check.

Given this, management should consider augmenting the current GPRS system (initially discussed in Observation 2) so that all the information required by the Company to perform a background check is acquired. A GPRS output report could then be generated and provided to the Company in order to limit the need for additional manual processes.

Moreover, results of past background checks can be stored in GPRS in order to avoid the expense of repetitive background checks for UNOPS internal candidates applying for new positions.

Recommendation: IAIG/3102/07	**Priority:** High
Management should ensure that: a) background checks are performed in all high risk cases of ICA engagement before the offer letter is sent to the candidates; b) the GRPS system incorporates the information to be provided to the background checking Company; and c) a database of past background checks is maintained for future reference.	
Management comments: Management agrees with this recommendation, except for the recommendation to conduct the background check prior to the letter of offer. This was discussed and agreed on by the evaluation team when the process was being developed, and the recommendation was to include a clause in the contract reserving the right to terminate the contract should the information provided prove to be erroneous. This is to avoid delays of weeks in starting dates, which would result in and affect our project start-ups and deliveries. Also, GPRS currently informs candidates of the right of UNOPS to conduct background checks. **IAIG further comments**: Given the risks involved in conducting post facto background checks, IAIG does not agree with management comments. Background checks should be done prior to the letter of offer being sent to the candidate, as mentioned in the audit recommendation.	

3. Pre-selection

This section contains observations relating to ICA pre-selection cases. These are cases in which clients (funding sources), under a service agreement, have selected the individual contractor(s) to be hired on behalf of UNOPS. In such cases, clients accept responsibility for the performance of the individual contractor in accordance with paragraph 3.6.3 of AI/HRPG/2012/01 (rev.1).

Observation 8 Batch processing of contracts for pre-selected candidates

After the Request for Award (RFA) has been approved, the candidate's biographical details are entered into GLOCON, creating the candidate's profile. In addition, the candidate's CV (usually GPRS profile) is uploaded to the system, along with the RFA.

However, batch processing of contracts in GLOCON is not permitted by the system specification. Thus, for example, in the case of the engagement of 188 fundraisers for a project in IQOC, in order to create the contracts, the HR focal points would need to create 188 separate GLOCON profiles, and upload 188 times the various documents such as terms of reference (TOR), RFA, contracts, and so on, and garner 188 sets of validations and approvals.

In order to avoid this inefficiency, GLOCON should be modified to allow a batch upload of candidates to the system, creating multiple profiles concurrently. In order to facilitate this, HR could develop a standard pre-selection electronic template (in excel) based upon the information required for approval, that it issues to all clients who pre-select individual contractors. When this template is received from clients, it could then be reviewed by UNOPS HR focal points and uploaded directly to GLOCON. This process effectively outsources a large component of the repetitive data entry process to funding sources. Moreover, the outsourcing would not result in significant additional work for the funding source. The electronic template would act as a means to uniformly structure information that must be provided by funding sources in any case.

The award system should allow one approval to be accorded to such a batch.

Given there were 44 batch processing cases in the year ending 30 June 2013, with an average of 20 candidates each, and given that each upload takes 15 minutes, batch uploads could result in savings of over 200 person hours.

Recommendation: IAIG/3102/08	**Priority:** Medium
GLOCON should be modified to allow batch uploads of candidates to the system, creating multiple profiles concurrently, to save on time and costs, with one approval to be accorded by the procurement authority.	
Management comments: Management agrees with this recommendation.	

Observation 9 Funding source access to recruitment system

In several cases, UNOPS conducts the recruitment process on behalf of the funding source. The funding source is involved in this process and has inputs into the shortlisting, evaluation and eventual selection of a candidate.

This type of recruitment is also carried out through use of GPRS. However, because the funding source is an additional stakeholder in the process, there are additional information requirements that must be satisfied. UNOPS needs to continually communicate the status of the recruitment process to the funding sources by relaying information contained within GPRS.

Recommendation: IAIG/3102/9	**Priority:** Medium
In order to improve the availability of information, and also to improve the transparency of the UNOPS recruitment process to clients, management should consider providing funding sources (e.g. UNHCR and UN Habitat) with direct read-only access to the relevant parts of the GPRS.	
Management comments: Management agrees with this recommendation, and would like to add that this is also required for other systems.	

4. Engagement and award

Observation 10 The Request for Award system

At present, the Request for Award (RFA) document is completed on a purely manual basis and then scanned and uploaded into GLOCON. As noted in Observation 1 above, the form has similar information requirements to other ICA systems, resulting in data entry duplication.

The current paper-based RFA document is four pages in length. The final document may be longer, depending on the amount of additional information inserted in the form by the hiring manager.

Also, the RFA form must be approved by a manager with appropriate Delegation of Authority (DOA). In the paper form, there is no means to enforce the DOA of the approver; it is only through interface with ATLAS and the operation of appropriate ICT application controls that such a control mechanism can be in place. An ICT tool for the RFA system will help in not only more effective monitoring of the data information, but also ensure that DOAs are correctly implemented in the organization.

IAIG notes that the current Request for Personnel Action (RPA) system in GLOCON is redundant. As it incorporates much of the information available in the Request for Award, it can instead be used as an ICT tool for award by the procurement authority.

An alternative solution that can address much of the above (but not the DOA issue) is for the RFA document to be re-arranged such that all key information is contained within one page. This will firstly ensure that the document is user friendly and that the information is easily understood. Secondly, it will ensure that relevant signatures are contained on the same page in which key information is listed, reducing the extent to which the document can be appropriated or misused to commit fraud. Thirdly, the smaller size would reduce the printing, scanning and storage costs associated with the award phase of the ICA process.

Recommendation: IAIG/3102/10	**Priority:** High
Management should consider using the Request for Personnel Action system in GLOCON as the online ICT system for award of contract by the procurement authority, and linked with their Delegation of Authority. Alternatively, an ICT tool should be developed for online approval of Request for Award and this should be linked with the Delegation of Authority. As long as the paper based RFA document is used, it should be reviewed such that all key information is contained within one page.	
Management comments: Management agrees with this recommendation.	

5. Contract management

Observation 11 Format for ICA contracts

IAIG notes that the ICA contract document is, on average, eleven pages in length (four pages of contract and seven pages of annex). Across the total population of ICAs processed by UNOPS, this represents a considerable printing expense. Moreover, the current layout of the contract, while containing all necessary information from a legal stand-point, is not user friendly for the contractors themselves or any UNOPS personnel using the contract. Further, UNOPS carries the risk that the signing page (page 4 of the contract) does not contain the essential information, which carries the risk of manipulation.

United Nations Secretariat Administrative Instructions ST/AI/1997/7 and ST/AI/1997/7/Amend.1 provides an example contract for UN contractors. This is one page in length and contains essential information as well as signatures on that first page. The other contractual terms and conditions are in the annex.

The essential information (listed below) should be on the signing page, such that it is all on one page of the contract.

1. ICA number (e.g. 2013/LICA-SU/XXXXX)
2. Vendor ID
3. ICA holder name and address
4. Start date
5. End date
6. Duty station/office
7. Functional title
8. Fee
9. Reporting line

All other terms and conditions such as leave, insurance provisions, overtime compensation, special conditions (if applicable) etc. should form part of a standard Annex that could be made available online.

Recommendation: IAIG/3102/11	**Priority:** High
Management should revise the template for the ICA contract document, such that all essential information is captured in one page, including the signatures of both the Hiring Manager and the ICA holder, leaving the rest to a standard Annex to be made available online.	
Management comments: Management agrees with this recommendation.	

Observation 12 Issues related to GLOCON

Review of the GLOCON contract management process shows that there are opportunities for efficiency gains in the process:

1. A multiple language option (French and Spanish) is not available in GLOCON. If provided, this would allow for contracts to be more swiftly processed by non-English speaking regions.

2. The validation of Request for Personnel Action (RPA) is performed by a third clearing officer, to check that all information is entered correctly in GLOCON. Sometimes, an individual has to review tens or hundreds of RPAs. This takes time and this step is essentially redundant.

Recommendation: IAIG/3102/12	**Priority:** Medium
Management should consider introducing a multiple language option in GLOCON and reviewing the need for validation of RPA.	
Management comments: Management agrees with this recommendation, and would suggest also eliminating the RPA step.	

Observation 13 Payments

The Certification of Payment (COP) form is used to verify the delivery of services performed by individual contractors. The form is paper-based and must be submitted on a monthly basis or at the end of the employment term if shorter than one month. An electronic COP form has been released to UNOPS HQ and Bangkok offices on a pilot basis with the aim to release a global version upon completion of the pilot. The global version will eradiate all need for the COP apart from those contractors who are paid on a retainer, lump sum, home-based, or part time basis.

Currently, after the award is approved by the procurement authority, a Purchase Order (PO) is issued in ATLAS. Before payment is made, in both the paper-based and electronic COPs, the contractor's supervisor needs to verify that the ICA has provided the agreed upon services and formally approve the payment, and the budget owner has to provide budget clearance. Since this is already integrated with the Leave system, and the budget owner has already approved the PO, management should consider whether these COPs are required every month. Confirmation that the contractor was present in the office is already provided by the integration of this system with the leave system.

Therefore, management should consider allowing PO-approved payments to be processed automatically, avoiding the need for certification by the supervisor and budget owner, given its linkage with the leave system. If the supervisor would like to amend the standard payment due to reduced working hours or delivery, a special submission can be made to do so.

Recommendation: IAIG/3102/13	**Priority:** High
Management should consider allowing PO approved payments to be processed automatically in the ICA payroll system, avoiding the need for certification by supervisor and budget owner.	
Management comments: This is already being implemented and is due for completion by December 2013.	

IV. Annexes

Annex 1. Definitions of audit terms – ratings and priorities

A. Audit ratings

Effective 1 January 2010, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

B. Priorities of audit recommendations

The audit recommendations are categorized according to priority, as a further guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

- **High**: Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
- **Medium**: Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences);
- **Low**: Action is desirable and should result in enhanced control or better value for money.

Low priority recommendations, if any, are dealt with by the audit team directly with the management of the entity under review, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this Report.

Annex 2. Glossary

Acronym	Definition
AI	Administrative Instruction
AEMO	Asia, Europe and the Middle East Office
AFO	Africa Office
ATLAS	UNOPS ERP system, jointly with other agencies
COP	Certificate of Payment
CPC	Contracts and Property Committee
DOA	Delegation of Authority
ERP	Enterprise Resource Planning
FRR	UNOPS Financial Regulations and Rules
GLOCON	Global Contracts System
GPRS	Global Personnel Recruitment System
GPSO	Global Partner Services Office
HQ	Headquarters
HQCPC	Headquarters Contracts and Property Committee
HR	Human Resources
HRPG	Human Resources Practice Group
IAIG	Internal Audit and Investigations Group
ICA	Individual Contractor Agreement
ICT	Information and Communications Technology
IICA	International Individual Contractor Agreement
KPI	Key Performance Indicator
LCO	Regional Office for Latin America and the Caribbean
LCPC	Local Contracts and Procurement Committee
LICA-SP	Local Individual Contractor Agreement - Specialist
LICA-SU	Local Individual Contractor Agreement - Support
OD	Organizational Directive
PO	Purchase Order
RFA	Request for Award
RPA	Request for Personnel Action
TOR	Terms of Reference
UNOPS	United Nations Office for Project Services
VA	Vacancy Announcement