



## **INTERNAL AUDIT DIVISION**

**OFFICE OF INTERNAL OVERSIGHT SERVICES**

# **AUDIT REPORT**

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## **OHRM Management of Recruitment Risks**

**11 December 2007**

**Assignment No. AH2007/512/1**

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United Nations  Nations Unies  
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR  
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE  
OIOS · BSCI

TO: Ms. Alicia Bárcena, Under-Secretary-General,  
A: Department of Management

DATE: 11 December 2007

TO: Ms. Jan Beagle, Assistant Secretary-General,  
A: Office of Human Resources Management

REFERENCE: AUD- (07- 00794)

FROM: Dagfinn Knutsen, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AH2007/512/01-OHRM Management of Recruitment Risks**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit, which was conducted from April to May, 2007.

2. In order for us to close the recommendations in the OIOS recommendations database, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.

3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 1, 2, 4, 5 and 7), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

4. IAD is assessing the overall quality of its audit process and kindly requests that you consult with your managers who dealt directly with the auditors and complete the attached client satisfaction survey form.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

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

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## **EXECUTIVE SUMMARY**

### **OHRM Management of Recruitment Risks**

The Office of Internal Oversight Services (OIOS) conducted an audit of the Office of Human Resources Management's (OHRM) management of recruitment risks from April to May 2007. The main objective of the audit was to assess the adequacy of the risk management mechanisms established by OHRM. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS observed that OHRM did not adopt a formal risk management framework. According to OHRM, it managed recruitment risks by ensuring compliance with General Assembly mandates, the Staff Rules and Regulations and relevant guidelines, and by monitoring departmental Human Resources Action Plans (HRAP) which contain recruitment targets and performance indicators. OIOS agreed that these mechanisms are useful in mitigating those risks in recruitment activities already identified by the General Assembly and the Department of Management. However, the lack of a formal risk management framework prevents timely and comprehensive identification of emerging risks and assessment of the adequacy of existing internal controls to mitigate those risks.

For example, OIOS found that:

- (i) OHRM did not conduct background checks of education, employment, and character references of candidates who were to be employed for less than one year. There was no alternative risk mitigation strategy to ensure that only suitable candidates were recruited.
- (ii) OHRM had not analyzed the risks and impact of not conducting background checks of criminal records of candidates before recruitment.
- (iii) OHRM had not established and promulgated procedures to ensure that the recruitment of staff for general temporary assistance was competitive and transparent. The Secretariat's expenditure in this category was estimated at \$312.6 million for the 2006-07 biennium.
- (iv) There was no prioritization of recruitment of equally qualified candidates who are physically challenged to comply with principles promoted by the United Nations.

## TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1-6
II. AUDIT OBJECTIVES	7
III. AUDIT SCOPE AND METHODOLOGY	8
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Lack of formal risk management framework	9-12
B. Inadequate staff background checks	13-18
C. Lack of written procedures for recruiting staff on general temporary assistance	19-23
D. No preference for recruitment of physically challenged candidates	24-29
V. ACKNOWLEDGEMENT	30
ANNEX 1 – Actions needed to close audit recommendations	

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Management of Recruitment Risks by the Office of Human Resources Management (OHRM) at New York Headquarters from April to May 2007.

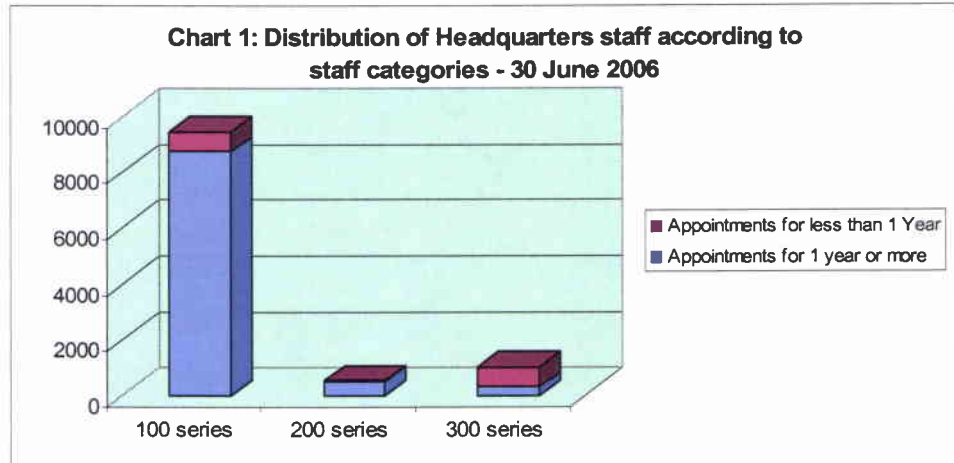
2. Article 101 of the Charter of the United Nations requires that “staff shall be appointed by the Secretary General under the regulations established by the General Assembly...The paramount consideration in the employment of the staff and determination of conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible”.

3. OHRM, under the Department of Management, is responsible for establishing the policies for the recruitment of staff of the United Nations in accordance with General Assembly mandates. These policies are reflected in the Staff Rules and Regulations and relevant administrative issuances.

4. There are three main appointment categories and these are governed by 100, 200 and 300 Staff Rule series. The 100 Rules series apply to: (i) Probationary appointments where staff are recruited for career service and have a two year probation period; (ii) Fixed Term appointments in which staff are recruited for service for a prescribed duration of up to 5 years; and (iii) Indefinite appointments for persons specifically recruited for mission service who are not granted fixed-term or regular appointment. It is also used for recruitment for services in agencies or any office as designated by the Secretary-General. The 200 Rules series are for recruitment of staff for service with projects in various technical assistance programmes while the 300 Rules series are for staff specifically engaged for conference and other short-term appointments for periods not exceeding six months. The 300 Rules series are also used for recruitment for service of limited duration activities not expected to exceed three years, including peacekeeping and peacemaking, humanitarian, technical cooperation and emergency operations.

5. According to the “Report of the Secretary-General to the General Assembly on the Composition of the Secretariat” – A/61/257, the United Nations had 30,548 staff members as at 30<sup>th</sup> June 2006. Of these, 10,985 were based at Headquarters in New York, and in Geneva, Vienna and Nairobi. The majority of the staff at these locations was under the 100 Rules series category and had appointments of over one year as shown in Chart 1 below.

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6. Comments made by OHRM are shown in *italics*.

## II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the adequacy of mechanisms established by OHRM to manage the risks in recruitment activities.

## III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered recruitment activities of staff at Headquarters in New York for 2005 and 2006. The audit focused on OHRM's recruitment risk management activities and was conducted by interviewing key staff and reviewing documentation.

## IV. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Lack of formal risk management framework

9. OHRM did not have a formal process for identifying, categorizing, and assessing risks that could affect the attainment of recruitment objectives. Therefore, at the time of the audit in April to May 2007, OHRM had not formally identified the risks relating to recruitment, determined the likelihood of such risks occurring, and assessed the impact if the risks occurred.

10. The OHRM officials explained that recruitment risks were managed by ensuring compliance with the General Assembly mandates, the Staff Rules and Regulations, relevant guidelines, management consultations, and by monitoring accomplishment of targets through the departmental Human Resources Action Plans (HRAP). The HRAP, which are reviewed and signed by the Assistant

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Secretary-General for Human Resources Management, contain the Secretariat's recruitment targets, performance indicators, and includes results from the previous periods as baselines. According to the fourth HRAP cycle (2005-2006), OHRM monitored Organizational recruitment targets regarding reduction of vacancy rates, reduction of selection times, anticipation of vacancies, recruitment of candidates from underrepresented Member States on posts subject to geographical distribution, reduction of the number of over-represented Member States, and selection of women candidates especially in professional and higher categories. OHRM had developed performance indicators, monitored accomplishments, and reported to the General Assembly on an annual basis.

11. OIOS considers the above-described mechanism to be useful in ensuring that OHRM activities are in line with General Assembly mandates and with the Staff Rules and Regulations and relevant guidelines. However, the lack of a formal risk management framework prevents timely and comprehensive identification of emerging risks and assessment of the adequacy of existing internal controls to mitigate those risks. In the opinion of OIOS, a formal risk-based management approach would further enhance the effectiveness and efficiency of recruitment by focusing management attention and resources to the most significant risks. A risk-based approach ensures formal identification of key risks in terms of their probability of occurrence, impact on the attainment of management objectives should they occur and development of appropriate strategies to mitigate these risks. For example, as discussed in the report, OHRM does not: (i) check the education, employment, and character references of candidates to be employed for less than one year; (ii) confirm that candidates do not have criminal records; (iii) have established procedures for ensuring transparency and competitiveness in the recruitment of staff for general temporary assistance; and (v) prioritize recruitment of equally qualified candidates that are physically challenged in line with principles promoted by the United Nations. A risk management strategy would clarify OHRM's position and the controls necessary on these issues.

### **Recommendation 1**

**(1) The Office of Human Resources Management should introduce a formal mechanism for identifying, assessing and managing risks that could affect attainment of key recruitment objectives.**

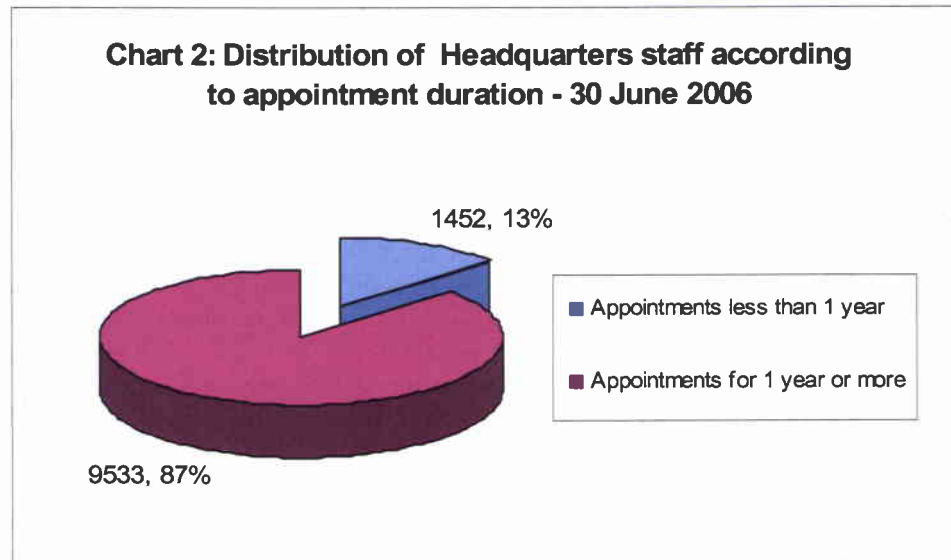
12. *OHRM accepted recommendation 1 and stated that the General Assembly in its resolution 61/245 requested the Secretary-General to submit for its consideration a report on Enterprise Risk Management – Integrated Framework. Therefore, OHRM's introduction of a formal risk management mechanism will depend on the recommendations of the report and deliberations of the General Assembly. However, OHRM also noted that the absence of a risk management framework should not be equated with absence of internal controls or risk management and explained that existing OHRM-managed framework of human resources management operations ensure internal control and risk management. For example, segregation of certifying and approving authority, separation of human resource management operational processes between*



*OHRM and Organizational units Secretariat-wide, and use of automated controls in the Integrated Management Information System (IMIS).* OIOS notes these comments. Recommendation 1 remains open pending the introduction of a formal risk assessment mechanism by the Department of Management.

## **B. Inadequate staff background checks**

13. OHRM does not conduct education, prior employment or character reference checks on candidates for appointments of less than one year. This included candidates whose appointment renewals cumulatively exceeded one year. Furthermore, OHRM did not conduct criminal checks of all staff recruited. According to the Report of the Secretary General to the General Assembly on the Composition of the Secretariat – A/61/257, as at 30 June, 2006, 13 per cent of the United Nations' 10,985 staff members based at Headquarters in New York, and in Geneva, Vienna and Nairobi were on appointments of less than one year while 87 per cent of the staff had appointments of one year or more as shown in Chart 2 below.



14. The OHRM officials indicated that checks on education, prior employment and references for candidates for appointments of less than one year were not done due to inadequate resources. Furthermore, the officials explained that: (i) reference checks for appointments of less than one year would unnecessarily delay the recruitment process and suggested that a roster of pre-cleared candidates could be more effective; (ii) criminal background checks could disadvantage candidates from countries without adequate record keeping systems and could open the selection process to unwarranted political intervention by governments; (iii) since many applicants have led international lives, their backgrounds would have to be checked in several countries which could also delay the recruitment process; (iv) this would require a significant amount of resources to carry out criminal background checks, and thus may need to consider using outside services, such as the International Criminal Police Organization – INTERPOL; and (v) further guidance would be required on

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whether offers of appointment to candidates could be withdrawn solely on the basis of delayed or incomplete criminal background checks and whether the checks would have to be done for all types of positions and contracts.

15. OIOS considers it important for the Organization to check the candidates' background before recruitment because all United Nations staff members, regardless of the kind of appointment, are international civil servants who must be held to the same standards. The risk to the reputation of the United Nations of improper acts committed by staff is the same regardless of the kind of appointment. It is noted that in many instances, staff on assignment of less than one year perform similar functions as staff on fixed-term or permanent appointments. In the current situation, OHRM would not detect if candidates for appointments of less than one year made false declarations of qualifications or if they did not declare their criminal backgrounds. Therefore, the Organization is exposed to the risk of recruiting candidates: (i) without required qualifications thereby resulting in incompetence; (ii) with backgrounds that are incompatible with the Organization's core values and could cause reputational damage; and (iii) that could cause financial losses to the Organization through inappropriate actions in sensitive areas such as procurement and finance.

#### **Recommendations 2 to 4**

##### **The Office of Human Resources Management should:**

**(2) Establish and promulgate appropriate policies and procedures for conducting educational, prior employment, and character reference checks for candidates to be employed for less than one year;**

**(3) Maintain a roster of pre-screened candidates to avoid recruitment delays; and**

**(4) Clearly identify the risks of not conducting criminal background checks on all recruitment candidates and establish relevant internal controls accordingly.**

16. *OHRM did not accept recommendation 2 and stated that conduct of reference checks for appointments of less than one year would unnecessarily delay the recruitment process for short-term staff.* In the opinion of OIOS, it is critical that the Organization verifies the suitability of candidates for appointment to ensure the highest standards of efficiency, competence, and integrity even though the appointment duration is less than one year. Therefore, OHRM should devise strategies to avoid possible delays in the recruitment process. In this regard, OIOS reiterates recommendation 2, which will remain open pending OHRM's establishment and promulgation of policies and procedures to conduct reference and other checks for candidates to be employed for less than one year.

17. *OHRM accepted recommendation 3 and stated that implementation dates for maintenance of a roster of pre-screened candidates will depend on the outcome of on-going General Assembly discussion on a proposal to use a roster*

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*of pre-screened candidates as a main recruitment tool.* Recommendation 3 remains open pending the establishment and use of rosters of pre-screened candidates for recruitment.

18. OHRM accepted recommendation 4 and stated that they will undertake an analysis to identify the risks of not conducting criminal background checks by December 2008. Recommendation 4 remains open pending the establishment of internal controls to mitigate the risk of not conducting criminal background checks on candidates.

### **C. Lack of written procedures for recruiting staff on general temporary assistance**

19. Staff for general temporary assistance (GTA) are recruited for up to 11 months in order to assist the Secretariat in meeting its immediate short-term operational needs. The number of staff and amount of expenditure on GTA at the Secretariat in New York were significant. As at 30 June 2005, there were 2,977 staff members in the category and this increased by 18 per cent to 3,530 as at 30 June 2006. The regular budget expenditure on GTA staff was \$193.7 million for 2004-05 biennium and was expected to rise by about 61 per cent to \$312.6 million in 2006-07 biennium.

20. OHRM did not document the specific processes for announcing vacancies, evaluating and selecting GTA candidates. The recruitment is not done through the staff selection system and there is no established procedure requiring the selection to follow a given competitive process. Furthermore, no background checks on education, prior employment, references and criminal records are required since the appointments are for less than one year, as discussed in paragraphs 13 and 14 above, even though staff could cumulatively exceed one year through renewals. Departments and offices are required to justify appointment extensions beyond the 11 month limit. However, at the time of the audit in April to May 2007, OHRM had not analyzed trends in renewal of appointments beyond the limit and therefore had not managed associated risks.

21. In the absence of written procedures for OHRM, heads of departments and staff at large, there were risks of: (i) lack of transparency in the recruitment process; (ii) inconsistency in recruitment practices; (iii) difficulty in determining if intended recruitment purposes were being achieved; (iv) use of short-term recruitment to meet long-term requirements; and (v) extension of appointments without compelling reasons.

#### **Recommendations 5 and 6**

##### **The Office of Human Resources Management should:**

**(5) Establish and promulgate procedures for staff recruitment under general temporary assistance; and**

**(6) Analyze and report periodically trends in renewal of appointments beyond 11 months for staff on general**

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**temporary assistance in order to identify and address any adverse trends.**

22. OHRM accepted recommendation 5 and stated that it will establish and promulgate procedures for recruitment of staff under general temporary assistance by June 2008. Recommendation 5 remains open pending establishment and promulgation of procedures for recruiting staff under general temporary assistance.

23. OHRM did not accept recommendation 6 and stated that no benefit would arise from the analysis of trends in renewals. It is the opinion of OIOS that the trend analysis would provide OHRM with an opportunity to identify staff being re-appointed indefinitely in place of regular positions and hence contribute to reassessing staffing needs and strategies of offices concerned. Therefore, OIOS reiterates recommendation 6, which will remain open pending OHRM's analysis of the trends in the renewal of appointments staff on general temporary assistance beyond 11 months.

**D. No preference for recruitment of physically challenged candidates**

24. There was no preference given for recruitment of equally qualified candidates who are physically challenged. OHRM explained that General Assembly mandates and prevailing rules, procedures and guidelines did not provide for such preferential selection of physically challenged candidates. OHRM pointed out that the "paramount consideration in the employment of the staff" was "the necessity of securing the highest standards of efficiency, competence, and integrity" as required in the United Nations Charter Article 101.3.

25. OIOS concurs with OHRM that the primary consideration for recruitment decisions remains that of attaining highest standards of efficiency, competence and integrity. However, where physically challenged candidates are equally qualified and there are no physical limitations for vacant positions, the Secretariat should give preference to recruiting the physically challenged candidates, in accordance with the principles promoted in the United Nations Convention on the Rights of Persons with Disabilities and Standard Rules on the Equalization of Opportunities for Persons with Disabilities.

26. The Convention on the Rights of Persons with Disabilities (2006) in Article 8 advocates the adoption of "immediate, effective and appropriate measures ...to promote recognition of the skills, merits and abilities of persons with disabilities, and of their contributions to the workplace and the labour market", and in Article 27, calls on state parties to *inter alia*: (i) "promote employment opportunities and career advancement for persons with disabilities in the labour market, as well as assistance in finding, obtaining, maintaining and returning to employment"; (ii) "employ persons with disabilities in the public sector"; (iii) "promote the employment of persons with disabilities in the private sector through appropriate measures, which may include affirmative action

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programmes, incentives and other measures”; and (iv) “promote the acquisition by persons with disabilities of work experience in the open labour market”.

27. In addition, Standard Rules on the Equalization of Opportunities for Persons with Disabilities (1994) Rule 7 also requires that: (i) “states should recognize the principle that persons with disabilities must be empowered to exercise their human rights, particularly in the field of employment”; (ii) “states should actively support the integration of persons with disabilities into open employment;” (iii) “states should initiate and support public awareness-raising campaigns designed to overcome negative attitudes and prejudices concerning workers with disabilities;” and (iv) “in their capacity as employers, states should create favorable conditions for the employment of persons with disabilities in the public sector”.

28. The Organization already undertakes affirmative actions through considering gender and geographical distributions when recruiting candidates who are equally qualified. Without such deliberate actions, candidates who are physically challenged and qualified to perform duties, may not be recruited contrary to the principles promulgated by the Organization.

#### **Recommendation 7**

**(7) The Office of Human Resources Management should initiate procedures for the General Assembly to mandate prioritization of recruitment of equally qualified candidates who are physically challenged.**

29. *OHRM did not accept recommendation 7 and stated that Article 97 of the Charter mandates prioritization for recruitment of staff. In addition, the Convention on Disabilities has been approved and the Organization is developing standard guidelines to adopt a code of practice related to persons with disabilities that will cover many aspects including recruitment, training, and accessibility to premises. OIOS will keep recommendation 7 open pending confirmation that the code of practice which is being considered addresses prioritization of recruitment of equally qualified candidates who are physically challenged.*

## **V. ACKNOWLEDGEMENT**

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

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	O	Introduction of a formal risk assessment mechanism by the Department of Management.	Not provided
2	O	Establishment and promulgation of policies and procedures for conducting educational, prior employment, and character reference checks for candidates to be employed for less than one year.	Not provided
3	O	Establishment and use of rosters of pre-screened candidates for recruitment.	Not provided
4	O	Establishment of internal controls to mitigate the risk of not conducting criminal background checks on candidates.	December 2008
5	O	Establishment and promulgation of procedures for recruiting staff under general temporary assistance.	June 2008
6	O	Analysis of the trends in renewal of appointments staff on general temporary assistance beyond 11 months.	Not provided
7	O	Confirmation that the code of practice which is being considered addresses prioritization of recruitment of equally qualified candidates who are physically challenged.	Not provided

1. C = closed, O = open

2. Date provided by OHRM in response to recommendations.



UNITED NATIONS



OIOS Client Satisfaction Survey

Assignment Title: **Audit of OHRM Management of Recruitment Risks**

Assignment No.: **AH2007/512/1**

	1	2	3	4	5
<b>By checking the appropriate box, please rate:</b>	Very Poor	Poor	Satisfactory	Good	Excellent
1. The extent to which the audit addressed your concerns as a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit staff's understanding of your operations and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Professionalism of the audit staff (demeanour, communication and responsiveness).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The quality of the Audit Report in terms of:					
• Accuracy and validity of findings and conclusions;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Clarity and conciseness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Balance and objectivity;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Timeliness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The extent to which the audit recommendations were appropriate and helpful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The extent to which the auditors considered your comments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Your overall satisfaction with the conduct of the audit and its results.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any further comments you may have on the audit process to let us know what we are doing well and what can be improved.

**Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

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*Thank you for taking the time to fill out this survey. Please send the completed survey as soon as possible to:*  
 Director, Internal Audit Division, OIOS  
 By mail: Room DC2-518, 2 UN Plaza, New York, NY 10017 USA  
 By fax: (212) 963-3388