AUDIT

OF

HUMAN RESOURCES MANAGEMENT
IN
UNDP AFGHANISTAN

Report No. 974
Issue Date: 4 September 2012
Report on the Audit of Human Resources Management in UNDP Afghanistan
Executive Summary

From 11 to 22 March 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of Human Resources (HR) management in the UNDP Country Office in Afghanistan (the Office). The audit covered the activities of the Office during the period from 1 January 2011 to 29 February 2012. During the period reviewed, the Office recorded programme and management expenditures totalling $800 million and had a workforce of about 800 persons. The last comprehensive audit of the Office was conducted by OAI in 2008. Audits of the Office’s procurement function and asset management were conducted in 2010 and 2011, respectively. Audits of a number of directly implemented (DIM) projects covering the financial years 2009 and 2010 were also conducted, with one in the final stages of completion at the time of preparing this report.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for our conclusions.

Audit rating

OAI assessed the Office’s HR management as partially satisfactory, which means “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.” Ratings per audit area are summarized below.

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<th>Audit Areas</th>
<th>Not Assessed/Not Applicable</th>
<th>Unsatisfactory</th>
<th>Partially Satisfactory</th>
<th>Satisfactory</th>
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<td>1. HR governance</td>
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<td>2. Recruitment and hiring process</td>
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<td>3. Payroll, leave, and entitlements</td>
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<td>4. Performance management</td>
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Key issues and recommendations

The audit raised eight issues. There are seven recommendations, of which three (43 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.”

HR governance (Issue 1) Inadequate governance of human resources. There were weaknesses in HR planning, including limited monitoring of the plans. Critical data, such as the number of vacancies announced, recruitment actions completed, and staff member resignations, was not maintained accurately and key senior management positions remained vacant for an extended period. OAI recommends that the Office enhance governance by establishing consolidated HR plans, maintaining key data accurately, regularly reviewing the
implementation of HR plans, and updating them when appropriate.

Recruitment and hiring process (Issue 3)

Lapses in the recruitment process. The Office could not provide documentation to support certain recruitment and other decisions such as cancelling positions and failing to make final selections of candidates. In the absence of such documentation, it was difficult to assess the extent to which the Office complied with UNDP’s principles requiring transparent and fair recruitment. OAI recommends that the Office ensure that all recruitment actions and decisions are fully documented.

Payroll, leave, and entitlements (Issue 5)

Payment of $0.9 million of hazard pay without prior authorization. The Office granted hazard pay to 878 service contract (SC) holders on a monthly lump sum basis, although the applicable policy was limited to staff members; this resulted in additional payments of at least $0.9 million in 2011. OAI sought clarification from the Office of Human Resources (OHR). While OHR confirmed retroactively that extended hazard pay covered SC holders, it also indicated that the Office failed to seek confirmation at the time. Since the OHR had issued a clear guidance on the application of danger pay (replacing hazard pay effective April 2012), OAI is no longer making a recommendation.

Management’s comments

The Country Director accepted all the seven recommendations and is in the process of implementing them.

[Signature]

Egbert C. Kaltenbach
Director
Office of Audit and Investigations