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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA

HEADQUARTERS RECRUITMENT PROCESS

FINAL REPORT

Nº IA/2024-07

24 June 2024

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EXECUTIVE SUMMARY

1.   The UNFPA Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Headquarters (HQ) Recruitment Process from 6 November to 12 December 2023. The audit aimed to assess the governance, risk management and control processes relating to the following areas:

Governance

      a)   Applicable policies and procedures.

      b)   Monitoring and reporting of UNFPA recruitment activities and deliverables.

      c)   Compliance Review Board - its mandate, role, and functions.

Risk management

      a)   Human resource risk management processes at the entity and process levels.

Control processes

      a)   Post identification, funding, and creation.

      b)   Post advertisement.

      c)   Screening of candidates (i.e., longlisting and shortlisting).

      d)   Candidates' assessment and interviewing.

      e)   Review of selection processes and approval of recommended candidates.

      f)   Notification of candidates and onboarding.

2.   The audit covered staff recruitment activities conducted by UNFPA offices at HQ from 1 January 2022 to 30 June 2023. It focused on recruitment for Fixed-Term Appointment and Temporary Appointment posts in the International Professional and higher categories.

3.   The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (The IIA).

Overall audit rating

4.   OAIS issued an overall audit rating of "**Partially Satisfactory, with Some Improvement Needed**", which means that the assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues and improvement opportunities identified did not significantly affect the achievement of the audited entity/area's objectives. Management action is recommended to ensure that identified risks are adequately mitigated.

5.   The audit provided recommendations to address the following issues:

      a)   Governance – (i) delays in updating human resource policies and procedures; (ii) expired mandates of the Compliance Review Board's members; and (iii) inadequacies in the recruitment performance measurement and reporting system.

      b)   Risk management – absence of formalized risk assessments in human resource management processes, including recruitment.

      c)   Control processes – (i) inconsistencies in recording of longlisting and shortlisting of recruitment candidates; and (ii) frequent and prolonged use of Temporary Appointment posts.

6.   Ratings by key processes are summarized in the following table.

Audit ratings by key audit area/process		
Governance		*Some improvement needed*
Risk management		*Some improvement needed*
Control processes		*Some improvement needed*

Good practices identified

7.   The audit identified the following practices, which enhanced governance, improved risk management, and strengthened internal control:

Governance

   a)   The Division for Human Resources created a guide for the "Quantum HR Module"[1] to assist recruiters, hiring managers, and other stakeholders in discharging their duties and responsibilities.
   b)   The Division for Human Resources adopted and implemented an industry-best practice "Time-to-Hire" metric and other metrics to monitor and report on UNFPA recruitment activities and deliverables. Vacancy rates, gender ratios, leadership ratios, and other metrics were monitored using data analytics via established dashboards.

Control processes

   a)   The Division for Human Resources leveraged the technological capabilities of the "Quantum HR Module" to conduct recruitment activities. Several processes, from post requisition to acceptance of offers, were automated, exemplifying good use of technology to streamline management of the recruitment process, reduce hiring times, and enhance overall operational efficiency.
   b)   Posts were widely advertised using diverse and well-known jobsites to attract large and diverse pools of candidates.

Key recommendations Total = **6**, High priority = **2**

8.   For high-priority recommendations, prompt action is considered imperative to ensure that UNFPA is not exposed to high risks (i.e., where failure to act could result in critical or major consequences for the organization). The two high-priority recommendations noted during the audit are presented below.

   Operational level

9.   The Division for Human Resources needs to update the Compliance Review Board's composition and clarify the Board's involvement in staffing decisions, particularly circumstances under which the principle of presumption of compliance is applied when the Board's policy-defined timelines for review of recruitments elapses without any feedback and how it (the presumption) should be documented, taking into consideration the need for both flexibility and timeliness in the recruitment process.

   Reporting

10.   Urgent action is required of the Division for Human Resources to establish appropriate key performance indicators for the recruitment process, including lead times for each stage of the process.

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[1] The "Quantum HR Module" is the information system for managing UNFPA's human resource activities, including the hiring of staff until their eventual exit from UNFPA.

Additionally, a robust data analytics framework needs to be developed for systematic collection and reporting of performance against the indicators to ensure timely and effective recruitment.

Implementation status of previous OAIS recommendations

11.   The HQ recruitment process has not previously been audited by OAIS.

Management comments and action plan

12.   The Director, Division for Human Resources, accepted and is implementing the six recommendations in this report.

Acknowledgement

13.   The OAIS team would like to thank Management and personnel of the Division for Human Resources, Compliance Review Board members, and various Headquarter units for their cooperation and assistance throughout the audit.

DocuSigned by:

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Moncef Ghrib
Director
Office of Audit and Investigation Services

I.   AUDIT BACKGROUND

1.   As set forth in the 2023 OAIS Annual Work Plan, an audit of the UNFPA HQ Recruitment Process was initiated on 25 September 2023 and executed from 6 November to 12 December 2023. The recruitment process is managed by the Division for Human Resources (DHR) in collaboration with multiple stakeholders. The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and control processes in the following areas:

Governance

    a)   Policies and procedures – preparation, approval, and implementation of policies and procedures related to HQ recruitment.

    b)   Monitoring and reporting of UNFPA recruitment activities and deliverables - results measurement and reporting framework, including performance metrics for reporting on the effectiveness and efficiency of the recruitment process.

    c)   Compliance Review Board (CRB) – The CRB's mandate, role, functions, as well as the appointment and responsibilities of its members.
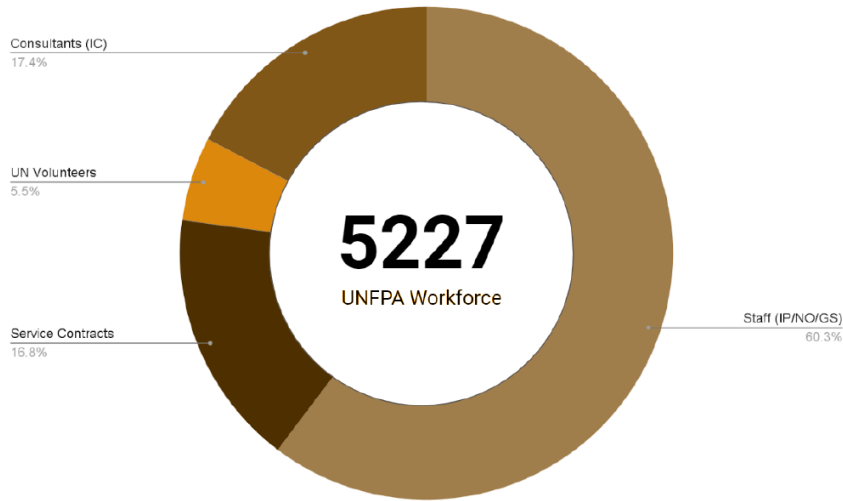
Risk management

    d)   Risk identification, prioritization, and management by DHR units that are mandated to oversee recruitment at the entity and process levels.

Controls processes

    e)   Post identification, funding, and creation – Justifications for posts to be created, identification of funding sources, approvals, requests for post creation, and actual creation of posts.

    f)   Post advertisement - Requests for post advertisements, review, and approval of pre-screening questions for system vetting, and approval and posting of vacancy announcements (VA).

    g)   Screening (i.e., longlisting and shortlisting of candidates) – Longlist preparation and its submission by the recruiter to a hiring manager, and shortlist preparation and its submission by the hiring manager to the recruiter.

    h)   Candidate assessment and interviewing – Assessing and interviewing shortlisted candidates and recommendations of interview panels.

    i)   Review of selection processes and approval of recommended candidates – Constitution of the CRB Panel (i.e., 3 or 4 members, as appropriate, taking into consideration the grade level under recruitment) for review of interview panel recommendations, recommendations, submission of reports to officials with delegated authority for staff selection for approval.

    j)   Notification and onboarding – Issuance of confirmation of interest (COI) or selection letters and acknowledgement, issuance of formal offers and acceptance, clearance processes, and onboarding processes that end with the issuance of letter of appointment.

2.   UNFPA is a mid-size United Nations organization with a workforce of 5,227 personnel. UNFPA has a decentralized organizational structure with 86 per cent of its personnel based in field offices outside of Headquarters.
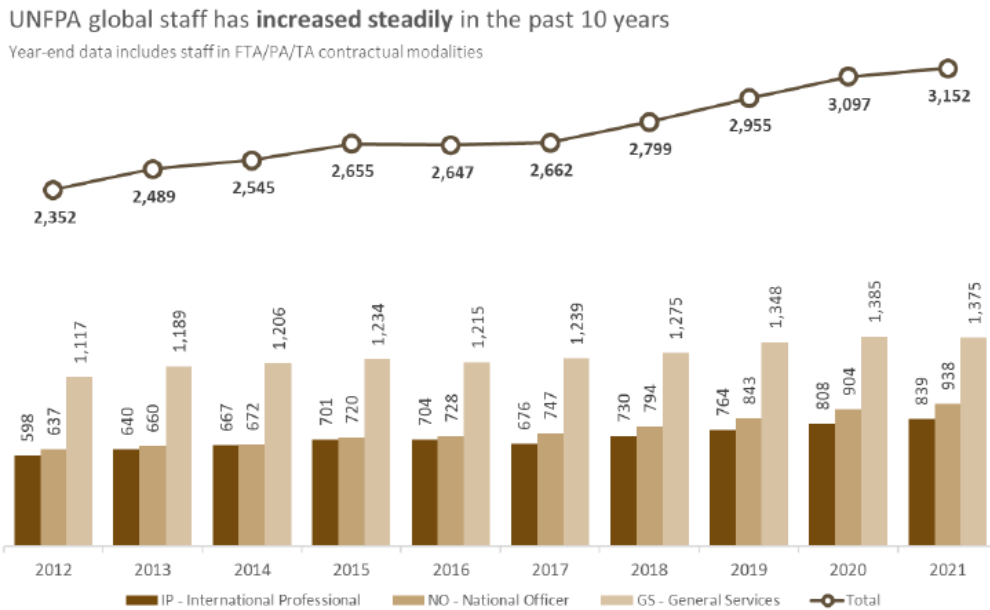
Figure 1. UNFPA personnel by contract type

Consultants (IC)
17.4%

UN Volunteers
5.5%

Service Contracts
16.8%

Staff (IP/NO/GS)
60.3%

5227
UNFPA Workforce

Source: UNFPA 2030 People Strategy

3.   In the last 10 years, UNFPA staffing grew by about 800 staff, or 34 per cent overall. The cadre of national officers grew the most by 47 per cent, international professional staff by 40 per cent, and general services staff by 23 per cent, significantly shifting the relative proportions of these staff categories.

Figure 2. UNFPA staff categories by proportion

UNFPA global staff has **increased steadily** in the past 10 years

Year-end data includes staff in FTA/PA/TA contractual modalities

Total: 2,352 (2012), 2,489 (2013), 2,545 (2014), 2,655 (2015), 2,647 (2016), 2,662 (2017), 2,799 (2018), 2,955 (2019), 3,097 (2020), 3,152 (2021)

Year	IP - International Professional	NO - National Officer	GS - General Services
2012	598	637	1,117
2013	640	660	1,189
2014	667	672	1,206
2015	701	720	1,234
2016	704	728	1,215
2017	676	747	1,239
2018	730	794	1,275
2019	764	843	1,348
2020	808	904	1,385
2021	839	938	1,375

Source: UNFPA 2030 People Strategy

4.   Recruitment is integral to UNFPA's talent management and essential for realizing goals outlined in the corporate 2030 People Strategy. The strategy emphasizes the development and implementation of human resource (HR) processes aimed at attracting, developing, and retaining a high-performance workforce. It commits to aligning talent management processes with best practice standards, preparing UNFPA for future challenges, and ensuring it attracts, nurtures, and retains individuals with the necessary skills, linguistic diversity, and gender balance.

5.   The audit covered HQ recruitment processes performed by Human Resources Business Partners in the Client Services and Outreach Branch, headed by a Chief and led by the Deputy Director, DHR. The Branch is responsible for identifying and meeting the Organization's human resource needs and objectives and supporting effective implementation of HR aspects of the UNFPA Strategic Plan.

6.   Between 2022 and 2023, UNFPA issued a total of 348 VAs[2] for positions within the International Professional and higher categories across HQ and Field Offices.[3] Specifically, 185 VAs were issued in 2022 - 60 at HQ and 125 at Field Offices. In 2023, a total of 163 VAs - 47 at HQ and 116 for Field Offices – were issued. The VAs covered positions under the Fixed-Term Appointment (FTA) and Temporary Appointment (TA) hiring modalities.

7.   In its review of recruitment processes, the audit focused on FTA VAs specific to International Professional and higher categories at the UNFPA offices in New York, Geneva, and Copenhagen, as well as the UNFPA Liaison Offices.[4] Additionally, the audit reviewed the status of all active TAs in 2022 and 2023. The audit scope excluded recruitment related to the management of the Leadership Pool, Staffing Roster at HQ, General Service staff at HQ, and Junior Professional Officers.

8.   Specifically, the audit objectives were designed to:

  a) Review corporate policies, procedures, and strategies for managing and monitoring staff recruitment;
  b) Verify compliance of staff recruitment and selection processes with UNFPA policies and procedures, and applicable the United Nations Staff Regulations and Rules;
  c) Assess the overall effectiveness of the recruitment process without compromising the quality of selected candidates;
  d) Assess the effectiveness of measures taken to ensure equal opportunity and nondiscrimination in recruitment processes;
  e) Determine if the recruitment process aligns with organizational needs, focusing on competencies, technical skills, and work experience required for vacant posts; and
  f) Assess adherence to the highest standards of efficiency, competence, and integrity in the recruitment process.

9.   The audit employed a risk-based approach, starting with the definition of objectives followed by the identification and ranking of risks, evaluation of controls and, finally, tests of detail. The tests of detail were based on the engagement level risk assessment, with tests targeted at processes assessed as being of high and medium risk.

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[2] Vacancy announcements are part of the solicitation process where UNFPA advertises open positions to attract suitable candidates. It is a formal notice used by UNFPA to advertise open positions.

[3] Source: DHR (November 2023).

[4] UNFPA representational offices in Addis Ababa, Tokyo, Seoul, London, Brussels, Washington D.C., Geneva, and Copenhagen.

II. AUDIT RESULTS

10.   The audit results, including good practices identified and matters that require Management attention, are presented below, by audit area:

A.	GOVERNANCE	SOME IMPROVEMENT NEEDED

11.   The following good practices were identified in this area:

a) DHR created a guide for the "Quantum HR Module" to assist recruiters, hiring managers, and other stakeholders in discharging their duties and responsibilities. The guide provides step-by-step guidance on the procedures to be undertaken for the recruitment process from requisitioning a post to notification and onboarding of the successful candidate.

b) DHR adopted and implemented an industry best practice "Time-to-Hire" metric and other metrics to monitor and report on UNFPA recruitment activities and deliverables. The "Time-to-Hire" metric measures efficiency in the recruitment process from the time a VA is closed to when a COI is issued to the selected candidate. The target is 90 days. In addition, DHR set the following targets for other metrics, which are monitored using data analytics via established dashboards:

  i. Vacancy rate (i.e., percentage of vacant posts at any point in time) – 14 per cent;
  ii. Gender ratio (i.e., ratio of male to female staff at any point in time) – 50:50;
  iii. Leadership (i.e., P6 category and above) positions (i.e., percentage of staff in leadership positions at any point in time) – 12 per cent;
  iv. Longlist preparation completion timeline – seven days after VA closure date; and
  v. CRB Panel review completion timelines – three working days.

12.   The following matters that require Management attention were noted:

Issue 1.   Delays in updating HR policies, procedures, and guidance

13.   The corporate Policies and Procedures Manual (PPM) is a dynamic, living document, indicating a need for its continual evolution through regular updates. Evolution is essential to ensure that all processes are up-to-date and effectively support the Organization's goals. The PPM explicitly states that all existing policies within it are deemed to be official, current, and in effect. The PPM distinguishes between core policies and procedures and other supplementary material such as tools, guidance notes, and strategy documents. Supplementary materials, while formally not part of the PPM, are issued separately and play a crucial role in providing essential information for programming and management activities.

14.   The following observations were made during the review of policies and procedures related to the HQ recruitment process:

a) Eight policies and procedures, all updated as recently as September 2022, were flagged by DHR as requiring substantive revision to streamline them, remove existing inconsistencies, reflect current practices, and incorporate new workflows brought about by Quantum.[5]

b) The Policy on Personnel of UNFPA - Temporary Appointments: Staffing (Revision 1 of September 2022) contains conflicting statements on the role of the CRB in selection decisions for TAs. For example, it states that a selection proposal, together with any Compliance Review Board (CRB) compliance review recommendation, is referred to the Executive Director for posts at the Director level and the respective Deputy Executive Director for posts in the International

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[5] UNFPA's new enterprise resource planning system implemented as from January 2023.

Professional category, for a final selection decision. On the other hand, it states that CRB review is not required for TAs.

15.   DHR Management acknowledged that some HR-related policies and procedures required revision and measures had already been taken to kick off the process. However, challenges faced at the corporate Policy Committee, such as prolonged policy and procedure development and promulgation processes, slowed down its (DHR's) ability to update the policies and procedures in a timely manner. DHR Management further expressed a need for better distinction between policies and procedures and called for a streamlined review process to expedite the necessary revisions that could enhance operational efficiency.

ROOT CAUSE	*Guidelines: lack of or inadequate corporate policies or procedures (incremental progress the overhaul of human resource policies and procedures that takes into consideration several complexities and, hence, is taking time to implement, and a prolonged corporate policy and procedure development and promulgation process).*
IMPACT	*Ineffective and inefficient people management practices that may adversely impact the ability to hire and retain the right number and quality of staff needed to deliver the UNFPA mandate.*
CATEGORY	*Operational.*

Recommendation No. 1	Priority: Medium
Considering the ongoing implementation of Quantum and recent adoption of the 2030 People Strategy, undertake a review of the UNFPA human resource policies, procedures, and guidance to resolve any existing inconsistencies, ensure that they are up to date with current practices, and aligned with UNFPA strategies and goals.	

Managers Responsible for Implementation: *Director, DHR.*

Status: *Agree.*

Management action plan:

DHR is revising the eight staffing policies it identified for substantive revision, with the aim of establishing a flexible and adaptable recruitment framework that addresses UNFPA's current and anticipated needs. This process will continue throughout 2024, with implementation by September 2025, subject to the PPM review process.

Since the launch of the 2030 People Strategy in December 2022 and subsequent roll-out of the "Quantum HR Module" in June 2022, DHR has made significant progress towards more conscientious, inclusive, effective, and transparent talent acquisition procedures at UNFPA. The Organization has emerged as the leading force among Quantum client organizations, fostering procedural and functional improvements in HR. This proactive approach has yielded numerous system enhancements since the new Enterprise Resource Planning (ERP) system's implementation. DHR is committed to further system enhancements, many of which are already in the United Nations Development Programme (UNDP) IT project plan, and to continue building procedural guidance. Further, UNFPA has made substantial strides towards diversity and inclusion in recruitment - All UNFPA vacancy announcements include a diversity statement, the application process provides for disability accommodation requests, and applicants can mark a third gender. Since November 2023, DHR is piloting an AI-proctored testing and pre-recorded interview platform.

Estimated completion date: *September 2025.*

Issue 2. <u>Inadequate recruitment performance measures</u>

16.   The UNFPA Strategic Plan indicates that to deliver more with the available resources, UNFPA needs to optimize its internal operational effectiveness and efficiency. This includes human resource policies, services, and programmes. Simplifying and streamlining human resource policies and the workflows through which they are implemented, co-creating with staff and stakeholders, actively participating in the UN Reform, and providing appropriate information systems support will help both the Global Human Resource Team and all those sharing accountability for people management to work more efficiently. Additionally, the UNFPA 2030 People Strategy emphasizes that recruitment processes should be agile, adaptable, and transparent to ensure efficiency at every stage and support timely and effective hiring.

17.   The existing "Time-to-Hire" metric (see paragraph 11-b)) serves as a valuable tool in gauging recruitment efficiency at UNFPA. It aims for a process that identifies, screens, interviews, and selects candidates for job openings within a corporate target of 90 days. However, the metric does not highlight all critical stages of the recruitment process, such as longlisting, shortlisting, interviewing, CRB review, and candidate approval by the Delegated Authority, where delays and bottlenecks can occur.

18.   According to statistics provided by DHR, only 34 per cent of recruitments during the period under review were completed within the 90-day target timeline. While DHR actively tracks the metric through a recruitment dashboard, data unavailability and reporting limitations in Quantum hinder effective tracking of time taken at various stages of the recruitment process, impacting the ability to identify and address specific delays. Nonetheless, the dashboard provides indicative data on possible bottlenecks in the recruitment process with focus on achieving the 90-day target.

19.   Significant delays of several months were observed in the candidate shortlisting process for three sampled positions under recruitment by one business unit, highlighting challenges in meeting recruitment timelines. Establishing a specific metric to track shortlisting timelines could enhance accountability for hiring managers, emphasizing the importance of timely execution of their duties. In all three instances, recruitment processes were cancelled by DHR after several months of delay and failure by the business unit to compile a shortlist of candidates. Situations like these adversely impact DHR's ability to achieve its 90-day target and underscore a need for measures to further improve the overall timeliness of the recruitment process.

20.   DHR Management explained that recruitment delays often arise from factors beyond any single party's control, necessitating flexible strategies to accommodate varying skill requirements and priorities. Issues such as diverse candidate pool sizes and quality necessitate thorough assessments and coordination with hiring managers. Therefore, a broad perspective on hiring timelines is considered more effective, given the multitude of external influences on the recruitment process.

21.   An industry best practice key performance indicator, "*Time-to-Fill*," of which the "*Time-to-Hire*" metric is a component, was yet to be adopted by DHR in its entirety. The '*Time-to-Fill*" metric, widely used to track the lead times at each stage of the recruitment process from vacancy announcement to assumption of duty, would be extremely useful in tracking and alleviating recruitment delays. The audit computed the *"Time-to-Fill"* for 10 of the 30 sampled posts that had the relevant data available, resulting in an average of 233 days from VA dates to the selected candidates' entrance on duty date. This significant lag in the overall recruitment process impacts organizational efficiency and workforce planning. While DHR acknowledged the metric's value, it pegged its possible adoption on the development of a data analytics framework within the relatively new Quantum system.

ROOT CAUSE	*Resources: lack of or insufficient technical resources (incomplete adoption of the industry best practice "Time-to-Fill" metric due to existing limitations in data availability).*
IMPACT	*Inability to timely identify and resolve recruitment process inefficiencies, negatively impacting programme delivery and operations.*

CATEGORY   Reporting.

Recommendation No. 2	Priority: High

In collaboration with the Information Technology Services Office (e.g., for a system solution such as enhancing the existing People Analytics Dashboard) and other relevant stakeholders, establish appropriate key performance indicators for the recruitment process, including lead times for each stage of the process, and establish a data analytics framework for systematic collection and reporting of performance against the indicators.

Managers Responsible for Implementation: *Director, DHR, in coordination with the Director, Information Technology Solutions Office (ITSO).*

Status: *Agree.*

Management action plan:

DHR is fully committed to improving HR analytics capability to track progress and performance and inform transformational decision-making, according to the commitments made in the 2030 People Strategy. The groundwork for HR analytics was laid in 2023 by establishing a foundational architecture equipped with a corporate data warehouse.

In 2023, DHR developed the inaugural People Analytics dashboard, integrated with real-time data, specifically:

a) The Position Details Report, replacing the outdated Cognos Report, serves as the primary HR report accessible to all UNFPA personnel, providing client offices with the ability to review positions and current staffing levels, thereby streamlining their budget planning processes and vacancy monitoring;

b) The Workforce Planning Dashboard serves as a centralized hub, providing convenient access to major HR reports frequently utilized in core HR functions. It comprises both summary and detailed reports on positions, encompassing both filled and vacant roles along with vacancy rates. It also features reports on current vacancies, as well as upcoming retirement and appointment expiration dates. The Workforce Summary report provides real-time analysis of UNFPA personnel and informs talent outreach strategies and selection decisions; and

c) The most recently rolled out Recruitment Dashboard, crafted to oversee real-time recruitment timelines, tracks performance against the 90-day performance measure. It offers a comprehensive snapshot of recruitment lead times of the entire UNFPA and each region, regional and country office, division, and branch, detailing progress made in the recruitment process and durations. Moreover, the dashboard provides convenient access to applicant details, eliminating the need to navigate through individual vacancy announcements in the ERP.

The next step with the Recruitment Dashboard involves expanding tool accessibility and ensuring secure direct access for staff members with delegations of authority in recruitment to elicit better performance and strengthen accountability. Since the rollout of the "Quantum HR Module" in June 2022, DHR has maximized the value of limited data made available by UNDP to establish multiple innovative tools to inform recruitment. In the future, according to the UNFPA 2030 People Strategy, DHR hopes to leverage its established descriptive analytics foundation to implement predictive analytics, empowering UNFPA to go beyond retirement projections and recruitment process monitoring and to delve deeper into strategic workforce planning subject to data availability.

DHR believes in empowering stakeholders to manage their recruitment and other work priorities within the 90-day "Time-to-Hire" target. If everyone involved strives for expeditious recruitment, enforcing overly rigid performance measures may hinder operations. However, to provide guidance, DHR will

establish best practice milestones for sub-stages within the recruitment process. Note that ongoing tracking and monitoring of different stages within the overall recruitment process through a dashboard will only be possible once relevant data becomes available.
Estimated completion date: *September 2025.*

Issue 3. Lapsed CRB membership and ambiguity of role in staffing decisions

22.   The audit identified several critical issues in the functioning of the CRB that raised concerns about its role, operational efficiency, and compliance. These issues were identified based on a review of a sample of 30 posts:

a) Expired CRB membership term: The list of current CRB members was approved by the then UNFPA Executive Director in November 2016 for a term of three calendar years from 2017 to 2019. Therefore, the mandate of the CRB members, who continued to serve at the time of drafting this report, expired in December 2019. This raises significant concerns about their authority and the legitimacy of their actions post-December 2019, increasing the Organization's exposure to legal risks. DHR Management explained that the process to appoint new CRB members had commenced.

b) Role of the CRB in staffing decisions: Policy[6] states that the CRB Panel may, within three working days following referral of a case for review, issue written, compliance-related recommendations and supporting explanations to the Executive Director regarding the case. The time frame may be extended by the CRB Secretary if considered appropriate. If no recommendations or explanations are received within the relevant time frame, the staffing matter may nevertheless proceed for a final staffing decision. While this policy-specified timeline is intended to expedite CRB action, it carries the inherent risk of staffing decisions being made without CRB input. DHR Management clarified that, although not explicitly stated in the policy provision, when a case submission exceeds the three-day review period without CRB feedback, it is presumed, under current policy, as having been found compliant. The assumption of implicit compliance introduces ambiguity and may compromise procedural integrity and transparency in the CRB's oversight role. An explicit policy statement clarifying the presumption could help strengthen understanding and ensure accountability in the process.

ROOT CAUSE   *Guidance: Inadequate oversight at the Headquarters level.*

IMPACT

The authority and legitimacy of actions taken by the existing CRB expired membership may be void, exposing the Organization to legal risks.

Ambiguity in the role of CRB in staffing decisions may compromise integrity and transparency in its oversight role.

CATEGORY   *Operational.*

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[6] Policy on Personnel of UNFPA - Fixed Term and Continuing Appointments: Staffing, Revision 1, September 2022.

Recommendation No. 3	Priority: High
Update the Compliance Review Board's composition and clarify its involvement in staffing decisions, particularly circumstances under which the principle of presumption of compliance is applied when the policy-defined three-day timeline elapses without the Board's feedback and how the presumption should be documented, taking into consideration the need for both flexibility and timeliness in the recruitment process.	
Managers Responsible for Implementation: *Director, DHR.*	
Status: *Agree.*	
Management action plan: The HQ CRB appointment process is underway in June 2024 to be completed in the coming months. An explicit statement that the CRB is presumed to have found recruitment processes compliant past the policy prescribed deadline will be proposed for inclusion in the revised staffing policies.	
Estimated completion date: *September 2025.*	

B. RISK MANAGEMENT	SOME IMPROVEMENT NEEDED

Issue 4. Risk assessments not consistently conducted

23. The Enterprise Risk Management (ERM) policy states that the ERM process must start at the business unit level based on the ERM calendar (defined and communicated by the ERM Secretariat) with the list of business units mandated to undertake ERM assessments. Subject to meeting certain criteria and ongoing monitoring of a set of critical indicators, the ERM Secretariat may also request/trigger an ad hoc ERM assessment of any business unit. Alternatively, any business unit may also request initiation of a new risk assessment, if required.

24. A memo issued by the Division for Management Services in 2021 encouraged non-mandated business units to undertake risk assessments where there was a substantive heightening of their risk profile compared to previous assessments.

25. DHR did not undertake any formal risk assessments of its processes, including the HQ recruitment process. Further, there was no evidence that HR strategic actions, particularly those outlined in the UNFPA 2030 People Strategy and the 2023 DHR work plan, were informed by risk assessments.

26. Management indicated that risk considerations have always been an integral part of DHR work and actions, albeit not systematically and formally documented.

ROOT CAUSE	*Guidance: inadequate oversight by Headquarters (inadequate internal processes within DHR for complying with established ERM policy requirements).*
IMPACT	*Failure to conduct risk assessments may negatively impact the achievement of DHR's strategic objectives, potentially compromising broader organizational goals.*
CATEGORY	*Strategic.*

Recommendation No. 4	Priority: Medium

Conduct risk assessment in accordance with the established ERM process and applicable policy provisions, ensuring that appropriate mitigation action plans are developed, implemented, and monitored to address identified risks.

Managers Responsible for Implementation: *Director, DHR.*

Status: *Agree.*

Management action plan:

In April 2024, DHR staff members participated a UNFPA ERM workshop designed specifically for Headquarter ERM Focal Points. Further to the training, DHR is developing a Risk Registry to establish explicit risk considerations and a risk matrix.

Estimated completion date: *December 2024.*

C.	**CONTROL PROCESSES**	**SOME IMPROVEMENT NEEDED**

27.   The following good practices were identified in this area:

a) The Division for Human Resources leveraged the technological capabilities of the "Quantum HR Module" to conduct recruitment activities. Several processes, from post requisition to acceptance of offers, were automated, exemplifying good use of technology to streamline management of the recruitment process, reduce hiring times, and enhance overall operational efficiency.

b) Job postings were widely advertised using diverse and well-known jobsites to attract large and diverse pools of candidates. The methods used were tailored to optimize visibility and appeal to a global audience according to the specific requirements of each post, including targeted outreach in relevant jurisdictions.

28.   The following matters that require Management attention were noted:

Issue 5.   Inadequate funding validation controls in the post-creation process

29.   The Resource Management Policy mandates obtaining financial clearance from the Division for Management Services (DMS) for the creation or modification of posts funded by regular resources, ensuring alignment with budgetary provisions and organizational priorities.

30.   The audit identified a procedural gap where positions can be initiated manually in the "Quantum HR Module" without immediate verification of financial clearance. DHR relies on hiring managers to confirm funding for positions outside of the system module. This practice, while intended to offer flexibility to timely recruit staff, raises concerns about the consistent application of financial validation controls.

31.   DHR Management clarified that creating positions before funding is fully secured is permissible, aligning with UNFPA's strategy to use the 14 per cent vacancy rate for proactive recruitment. This approach facilitates proactive recruitment, such as building rosters or preparing for confirmed donor contributions. However, as outlined in the Guidance Notes on Recruitments for Posts funded from Non-Core Resources (June 2020), these guidelines are advisory rather than mandatory, unlike the provisions in the PPM. Thus, while the recruitment process can commence under these guidelines, official offer letters and appointment contracts can only be issued once there is confirmed receipt of donor funds, and a Certificate of Availability (COA) has been provided to DHR.

32.   While there is currently no mechanism for direct validation in the "Quantum HR Module" to ensure that financial clearance is secured before any post is created, modified, or filled, DHR has indicated that significant progress has been made in ensuring that no positions are created without a Chart of Accounts or funded without an appropriate budget, as indicated below.

33.   In December 2023, the Policy and Strategy Division, DMS and ITSO announced the official launch of QuantumPlus, UNFPA's new Integrated Results and Resources Management platform. Among its many new features and enhancements, the new system provides a direct system linkage between positions (managed in the "Quantum HR Module") and financial Planning (managed in QuantumPlus). With this linkage, funding confirmation and validation are automatically triggered as soon as positions are created in the "Quantum HR Module". To this end, confirmation of funding for positions occurs in QuantumPlus and information automatically feeds back to the "Quantum HR Module" once a position budget distribution is confirmed and approved. In "Quantum Recruit," each recruiter is expected to confirm that the position has a COA before moving forward with an offer to a candidate.

ROOT CAUSE	*Resources: lack of or insufficient technical resources (limitations in Quantum to ensure that posts are not created without the availability of funding).*
IMPACT	*This could result in delays to the payroll process and delayed payment to staff.*
CATEGORY	*Operational*

OAIS Comment:

Given the progress made in the ongoing development of Quantum to address the audit observation and measures already taken by DHR to mitigate any risk that a position may be created and filled without the necessary funding, no recommendation is issued in this regard.

Issue 6.   Inconsistencies in recording of longlisting and shortlisting of recruitment candidates

34.   The disparities outlined below were noted in the documentation methods used for longlisting and shortlisting candidates in the recruitment process:

a)   Inconsistent documentation of recruitments – Out of 30 recruitment processes (i.e., longlisting and shortlisting) reviewed, 11 were documented using "Summary Recruitment Sheets",[7] 12 using spreadsheet-based reports, and the rest using a combination of spreadsheet-based reports and emails.

b)   Challenges in applicant tracking - It was difficult to ascertain the number of candidates longlisted in recruiting for two of 28 FTA posts reviewed because the corresponding longlists were not retained by DHR, presenting challenges in tracking applicant progression. DHR explained that longlists could be deduced by aggregating candidates at various recruitment stages. However, this approach involves making assumptions and may not accurately reflect the original longlist. In both cases, DHR and the concerned hiring managers delayed in finalizing the longlists and shortlists, respectively. For a complete audit trail, DHR should maintain copies of longlists shared with hiring managers to facilitate audits and other reviews.

c)   Ambiguity in shortlisting criteria - For 25 of the 28 FTA posts reviewed, the criteria and procedures used by hiring managers in shortlisting candidates were unclear, lacking specificity and leaving room for ambiguity. In contrast, the process followed in recruitment for one post was well documented, providing a transparent and well-defined criterion used in shortlisting.

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[7] Templates drawn from Atlas, UNFPA's previous ERP system, which was discontinued in December 2022.

ROOT CAUSE	*Guidelines: absence of written procedures to guide staff in performing their functions (lack of written procedures for documenting recruitment processes and developing candidate shortlisting criteria, leading to inconsistent practices across the recruitment processes).*
IMPACT	*Inconsistencies in the documentation of recruitment processes and setting of candidate shortlisting criteria may compromise the objectivity and effectiveness of the recruitment process, resulting in the selection of candidates who may not be the best qualified for posts.*
CATEGORY	*Operational.*

Recommendation No. 5	**Priority: Medium**
Develop and implement appropriate guidance to: (a) standardize longlisting and shortlisting documentation procedures; and (b) guide the adoption of clear and specific criteria for use by hiring manages in shortlisting recruitment candidates.	
Managers Responsible for Implementation: *Director, DHR.*	
Status: *Agree.*	
Management action plan: In March 2024, DHR rolled out guidelines to streamline and standardize the longlisting and shortlisting processes. The guidelines are expected to achieve consistent and fair approaches while fully utilizing the Quantum system's existing functionalities.	
Estimated completion date: *December 2024.*	

Issue 7.   Frequent use and extension of the TA modality

35.   Both the UN Staff Rules and the UNFPA policy on TA provide that TAs shall be for less than one year. They may be renewed, in exceptional circumstances, for a maximum of one more year. Both the staff rules and policy also stipulate that if the requirement is expected, at the time of appointment, to be for one year or more, an FTA should be used instead.

36.   It was noted that half the number of 28 individuals who held TA contracts at HQ at some point during the period under review had their contracts extended beyond the first year. The majority of the 28 contracts were initiated or had VAs issued before the period under review. While all the exceptions noted were properly approved, the high frequency of exceptions indicates a deviation from the intended temporary nature of these appointments.

37.   DHR cited funding constraints, operational needs, and resource limitations as reasons for opting for the TA over the FTA contractual modality, acknowledging the deviation from standard hiring practices.

ROOT CAUSE	*Resources: lack of or insufficient financial resources.*
IMPACT	*Frequent and prolonged use of the TA contractual modality presents a reputational risk for the Organization and may negatively impact team cohesion.*
CATEGORY	*Compliance.*

Recommendation No. 6	Priority: Medium
Comply with applicable United Nations Staff Rules and corporate policy on use of the Temporary Appointment contractual modality, including the provisions related to the period of service.	
Managers Responsible for Implementation: *Director, DHR.*	
Status: *Agree.*	
Management action plan: DHR will conservatively exercise, to the extent possible, the authority for exceptional decisions to extend temporary appointments beyond 365 days.	
Estimated completion date: *June 2024.*	

ANNEX I - DEFINITION OF AUDIT TERMS

A. AUDIT RATINGS

Audit rating definitions, adopted for use in reports for audit engagements initiated as of 1 January 2016[8], are explained below:

Rating		Description
▪ **Satisfactory**	🟩	The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.
▪ **Partially Satisfactory with Some improvement needed**	🟨	The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.
▪ **Partially Satisfactory with Major improvement needed**	🟧	The assessed governance arrangements, risk management practices, and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
▪ **Unsatisfactory**	🟥	The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could seriously compromise the achievement of the audited entity or area's objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

Guidelines: absence of written procedures to guide staff in performing their functions
- Lack of or inadequate corporate policies or procedures
- Lack of or inadequate Regional and/or Country Office policies or procedures
- Inadequate planning
- Inadequate risk management processes
- Inadequate management structure

Guidance: inadequate or lack of supervision by supervisors
- Lack of or inadequate guidance or supervision at the Headquarters and/or Regional and Country Office level
- Inadequate oversight by Headquarters

Resources: insufficient resources (funds, skills, staff) to carry out an activity or function:

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[8] Based on the proposal of the Working Group on harmonization of engagement-level audit ratings approved by the United Nations Representatives of Internal Audit Services (UN-RIAS) in September 2016.

- Lack of or insufficient resources: financial, human, or technical resources
- Inadequate training

Human error: un-intentional mistakes committed by staff entrusted to perform assigned functions

Intentional: intentional overriding of internal controls.

Other: factors beyond the control of UNFPA.

C. PRIORITIES OF AGREED MANAGEMENT ACTIONS

Agreed management actions are categorized according to their priority as a further guide to Management in addressing the related issues in a timely manner. The following priority categories are used:

- **High**   Prompt action is considered imperative to ensure that UNFPA 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 management actions, if any, are discussed by the audit team directly with the Management of the audited entity during the course of the audit or through a separate memorandum upon issued upon completion of fieldwork, and not included in the audit report.

D. CATEGORIES OF ACHIEVEMENT OF OBJECTIVES

These categories are based on the COSO framework and derived from the INTOSAI GOV-9100 Guide for Internal Control Framework in the Public Sector and INTOSAI GOV-9130 ERM in the Public Sector.

- **Strategic**   High level goals, aligned with and supporting the entity's mission
- **Operational**   Executing orderly, ethical, economical, efficient, and effective operations and safeguarding resources against loss, misuse, and damage
- **Reporting**   Reliability of reporting, including fulfilling accountability obligation
- **Compliance**   Compliance with prescribed UNFPA regulations, rules, and procedures, including acting in accordance with Government Body decisions, as well as agreement specific provisions

E. PRIORITIES OF AGREED MANAGEMENT ACTIONS

- **High**   Prompt action is considered imperative to ensure that UNFPA 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 management actions, if any, are discussed by the audit team directly with the Management of the audited entity during the course of the audit or through a separate memorandum upon issued upon completion of fieldwork, and not included in the audit report.

GLOSSARY

Acronym	Description
COA	Certificate of Availability
COI	Confirmation of Interest
CRB	Compliance Review Board
DHR	Division for Human Resources
DMS	Division for Management Services
ERM	Enterprise Risk Management
FAQ	Frequently Asked Questions
FTA	Fixed Term Appointment
HQ	Headquarters
IIA	Institute of Internal Auditors
ITSO	Information Technology Support Office
OAIS	Office of Audit and Investigation Services
PPM	Policies and Procedures Manual
QUANTUM	UNFPA's new Enterprise Resource Planning system
RRP	Results and Resources Plan
TA	Temporary Appointment
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
VA	Vacancy Announcement