

IA/2021/1

OFFICE OF INTERNAL OVERSIGHT



INTERNAL AUDIT REPORT

ON

THE CLASSIFICATION PROCESS

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Executive Summary

INTRODUCTION

1. As part of its annual work plan for 2020 (C-WP/14945), the Office of Internal Oversight (OIO) carried out an audit of the classification process. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Audit¹.
2. The objectives of the audit were to assess the adequacy and effectiveness of rules, policies, and internal controls relating to the classification of staff posts, and to assess the cost and budgetary implications of reclassifications.

KEY FINDINGS AND RECOMMENDATIONS

3. Requests for classification of a post must be submitted whenever a new post is created; or an existing post becomes vacant or is expected to become vacant prior to advertising; or in the case of a significant organizational restructuring whereby tasks are redesigned or redistributed. Requests to reclassify (i.e. upgrade) an encumbered post can also be submitted if a manager considers that the duties and responsibilities have changed significantly.
4. The total number of job classifications carried out each triennium is reducing, however the number of posts being reclassified upwards is still high (**Table 1**)². The Recruitment, Classification and Post Management Section (RCP) has taken a number of steps to ensure that the classification process is fair and consistently applied, and that job classifications adhere to ICSC³ Standards. These include the use of external experts, and the commissioning of desk audits to provide a second, objective professional opinion; and the development of generic (standard) job descriptions for similar posts/functions. Also, some job classifications are being outsourced to the newly established Global Center for Human Resources Services (OneHR), an entity which provides human resources services for the whole of the UN common system. RCP expects to fully outsource most job classification requests to OneHR once the Global Center has reached the necessary staffing capacity.
5. In the case of upgrades to regular programme posts during a triennium there is an additional, unbudgeted cost. OIO has estimated that this amounted to just over CAN \$1m in each of the last three triennia and was financed by savings in other, vacant posts and from savings identified elsewhere in the budget. However the ongoing impact of upgraded posts on future triennial budgets is not assessed.

¹ IIA Standard 1321

² Paragraph 15

³ International Civil Service Commission

6. In order to reduce the risks to, and adverse impact on the regular programme budget, there is a need to limit the number of posts which are reclassified during a triennium and to integrate human resource planning with the budget setting process. OIO recommends that proposals for reclassification of posts are considered in the year before the budget is approved as part of the business and operational planning process, so that any regraded posts can be incorporated in the upcoming budget, and implemented only if the budget is approved. Exceptions during the triennium should be restricted to a limited number of clearly defined circumstances.
7. In addition, the development of clearly defined and articulated criteria for considering upgrades would increase transparency and trust in the fairness of the classification process. For example, sample testing showed that when submitting requests for upgrades, bureaus/offices did not systematically provide a clearly documented justification explaining the operational need for the change, and linking this to the Business Plan or the bureau/section's operating plan.
8. Upgraded posts must be advertised. However if the post is encumbered, and the upgrade is due to an enhancement of current functions and the nature of the work remains the same, the upgraded post is advertised internally under expedited procedures. In 2017-2019 a total of 43 encumbered posts were upgraded. The incumbent was appointed in 41 of these cases and the post was advertised externally in only 4 cases. In a sample of 14 of the cases advertised internally, the incumbent was the only applicant every time. Current wording of the Staff Rules is such that, even if there is a competitive recruitment process, open to external candidates, preference will be given to the incumbent if they meet the requirements for the upgraded post. This creates a risk that resources may be wasted in undertaking a formal recruitment process and that the best (i.e. first ranked) candidate in any competitive process may not be selected for the post.

AUDIT CONCLUSION

9. Based on the results of the audit, OIO has given an audit rating of **some improvement needed**. This means that "a few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met". **Annex 1** provides further information on the definition of audit terms used in OIO's internal audit reports.

MANAGEMENT COMMENTS AND ACTION PLAN

10. All recommendations in the report have been accepted. Management comments and proposed actions to implement the recommendations are detailed in the Management Action Plan at **Annex 2**.

ACKNOWLEDGEMENT

11. OIO wishes to thank management and staff for their assistance and cooperation during the audit.

Results of the Audit

BACKGROUND

12. The Secretary General has the authority to decide on the classification and reclassification of professional and higher-level posts, whilst the Director of the Bureau of Administration and Services (D/ADB) has delegated authority to decide on the classification and reclassification of general service level posts. Modifications involving D-2 level posts are subject to the approval of the Council, and any modifications involving D-1 level posts are subject to the approval of the President of the Council.
13. Within the Human Resources Branch of ADB, the Recruitment, Classification and Post Management Section (RCP) is responsible for reviewing and making recommendations to the Secretary General and D/ADB on the classification of all staff posts.
14. Rules governing the classification of posts are contained in Article II of the ICAO Service Code and Staff Rule 102.2.
15. The number of posts subject to a classification review has been steadily decreasing over the last three triennia, as shown in the table below:

Table 1: Number of posts subject to a classification review in the period 2011 to 2019

Triennium	No. of posts downgraded	No. of posts upgraded	No. of posts where level confirmed	Total
2011-2013	22	88	211	321
2014-2016	20	104	150	274
2017-2019	10	54	109	173
Total	52	246	470	768

AUDIT OBJECTIVES AND SCOPE

16. The objectives of the audit were to assess:
 - the adequacy and effectiveness of rules, policies, and internal controls relating to the classification and reclassification of staff posts; and
 - the cost and budgetary implications of reclassifications.
17. Sample testing covered classification cases in the period 2017 to 2019. The audit also included an analysis of data on reclassifications for the last three triennia (i.e. from 2011 to 2019) to identify trends and to assess financial impacts.

18. A survey of other UN and international organizations was conducted in order to provide benchmarking information on good practices, and a separate survey of ICAO directors was carried out to obtain their views on the classification process and any suggestions for improvements.

AUDIT FINDINGS AND RECOMMENDATIONS

CLASSIFICATION PROCESS

19. Classification reviews are conducted by Human Resources (HR) personnel who are trained in, and have practical experience in, the application of the classification standards established by the International Civil Service Commission (ICSC) for the whole of the UN common system. There are two separate standards: one for professional and higher-level posts, and one for general service level posts. In each case, the Master Standard sets out numerous criteria for assessing the level of a post.
20. The classification review is carried out using a web-based tool developed by the ICSC. The system enables the user to store ratings for jobs and provides a summary which can be printed showing the resulting assessment and summarizing the evaluation criteria which have been selected.
21. ICAO only has one HR officer with responsibility for carrying out classifications within the Recruitment, Classification and Post Management Section (RCP). Since the classification process requires a significant amount of experience and professional judgement, reliance on a single person may lead to a higher risk of error or unintended subjective bias. At ICAO, the risk of reliance on a single person is mitigated by commissioning a desk audit in those cases which are less straightforward or involve the upgrading of several posts in a specific area. It is worth noting that HR administrative instructions in the UN Secretariat require that, in every case, the classification analysis be conducted independently by two classification officers.
22. A desk audit is a comprehensive classification review of a revised job description which involves, inter alia, first-hand observation by the classification officer of tasks performed by the incumbent of the post, the collection and examination of work samples, and interview clarifications with the incumbent(s) and supervisor(s) of the post.
23. RCP has commissioned desk audits on three separate occasions: one in October/November 2017, one in June 2019, and one in February 2020. The desk audits were carried out by external consultants (in all cases, retirees from the UN system with significant experience in job classification), and together covered the evaluation and classification of 50 posts. Since desk audits are costly for the Organization, and budgetary funds are limited, RCP's policy is to consolidate any cases which require a desk audit, and to conduct these only once every 12 to 18 months. In the future, RCP will also have the option to outsource more individual job

classifications to the newly established OneHR (United Nations Global Center for Human Resources Services) once it has reached the necessary staffing capacity.

24. According to Staff Rule 102.2, if the supervisor and/or incumbent disagrees with the classification decision, a second classification review is carried out by *'HR personnel with job classification experience who did not participate in the first classification review'*. If there is still a disagreement, then *'the Secretary General shall constitute an Ad hoc Classification Panel'*. However, RCP confirmed that there have been no cases submitted to an Ad hoc Classification Panel in the last six years. Instead, when the supervisor and/or incumbent disagrees with the classification decision, RCP submits the case to an external consultant to carry out a second independent review or a desk audit as described above. OneHR has also been used to conduct additional classification reviews in cases of disagreement. In any case, an Ad hoc Classification Panel would not be an appropriate mechanism to resolve a disagreement since the members would likely not have the independence or necessary specialized expertise required to make an informed decision. Strengthening existing mitigating controls would therefore be a better solution to manage potential risks and disagreements.

Recommendation 1 Strengthen mitigating controls

Priority Medium

i) ADB (HR) should replace the current requirement for an Ad hoc Panel in the case of classification disputes, with more appropriate control mechanisms such as the use of independent experts, desk audits, outsourcing to OneHR, etc.

ii) ADB should ensure that appropriate budgetary funding for desk audits and outsourcing of job classifications is included as an ongoing requirement in the Organization's triennial budgets.

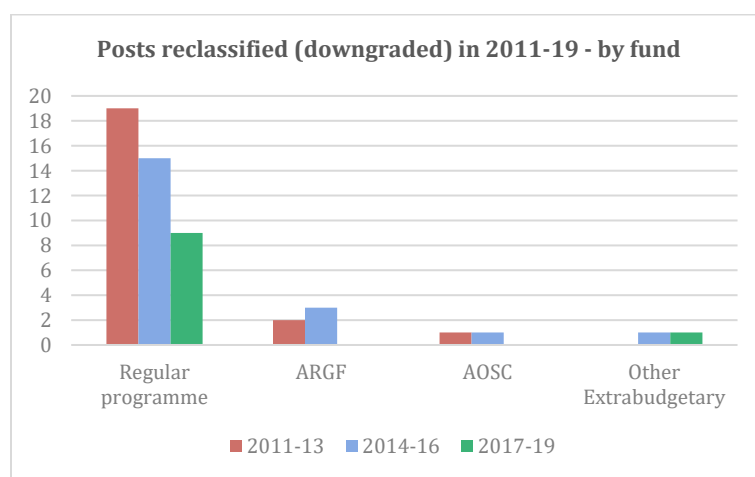
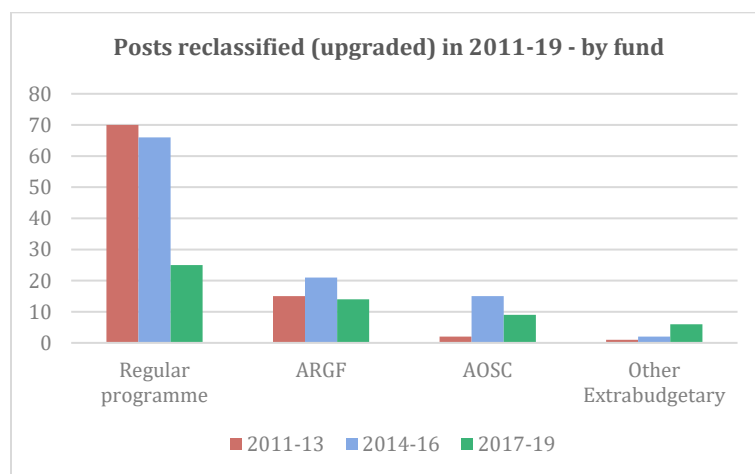
Closure criteria

i) Replacement of the Ad hoc Panel with more appropriate control mechanisms.

ii) Inclusion of appropriate funding as an ongoing requirement from the 2023-2025 budget onwards.

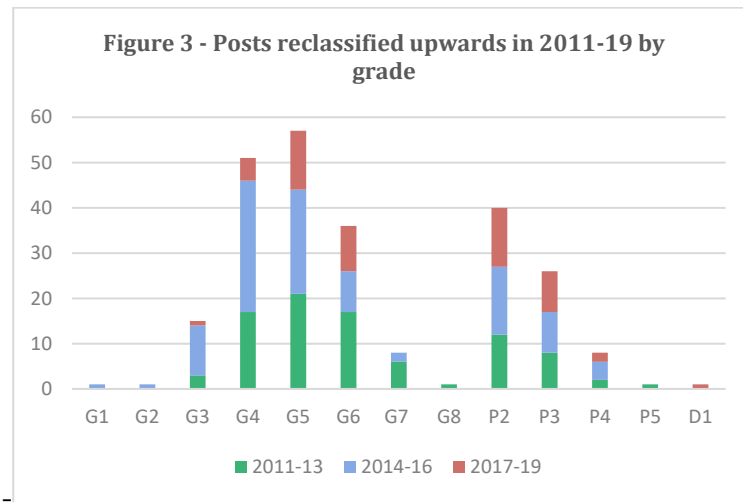
STATISTICS AND BUDGETARY IMPACT OF RECLASSIFICATION

25. As shown in Table 1 above, 246 posts were reclassified (i.e. regraded) upwards during the period 2011 to 2019, and 52 posts were reclassified downwards.
26. The majority of these reclassified posts were funded by the regular programme budget (**Figures 1 and 2**). In addition, 69% of the upgraded posts and 83% of the downgraded posts were established and budgeted posts. The balance (31% and 17% respectively) were supernumerary posts, which are usually required for a limited time.

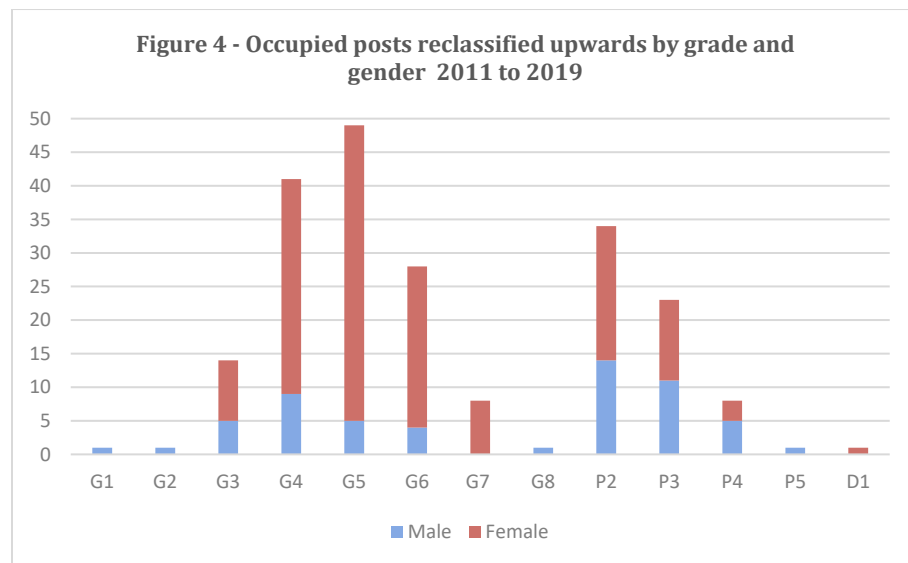


27. The majority of upgraded posts were in the general service category i.e. 69% compared with 31% in the professional and higher-level category. It is not obvious why there has been a higher proportion of upgrades in the general service category compared to the technical grades, however, as noted below, there is no structured HR planning process clearly linked to programmatic needs and to the operational planning and budgeting process. The split for downgraded posts was 54% (general service) and 46% (professional and higher level).

Figure 3 shows that the majority of upgraded posts were at the G-4, G-5 and G-6 level and at the P-2 and P-3 level.

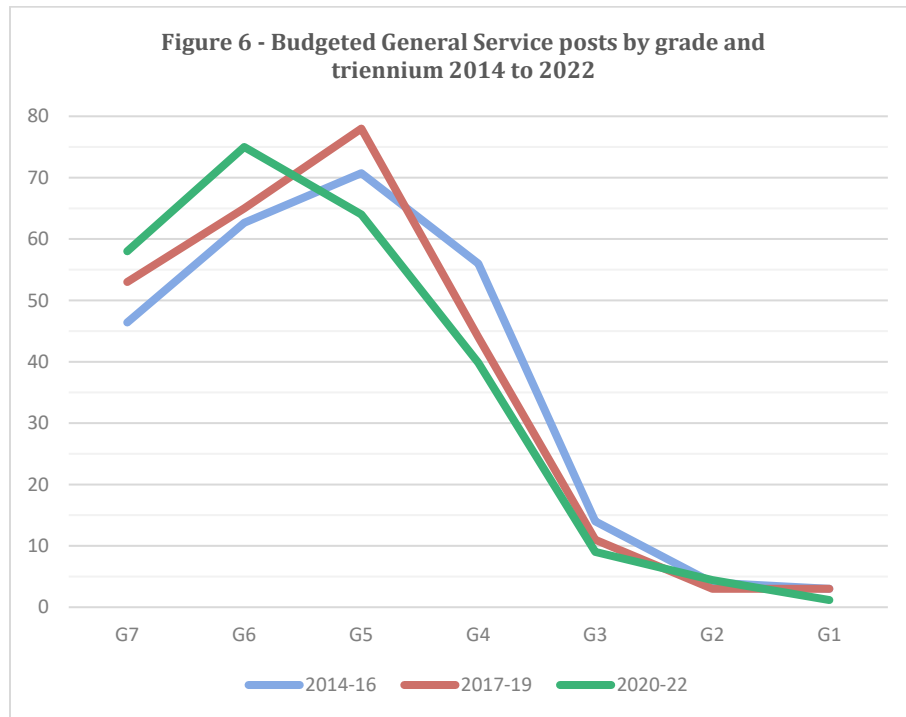
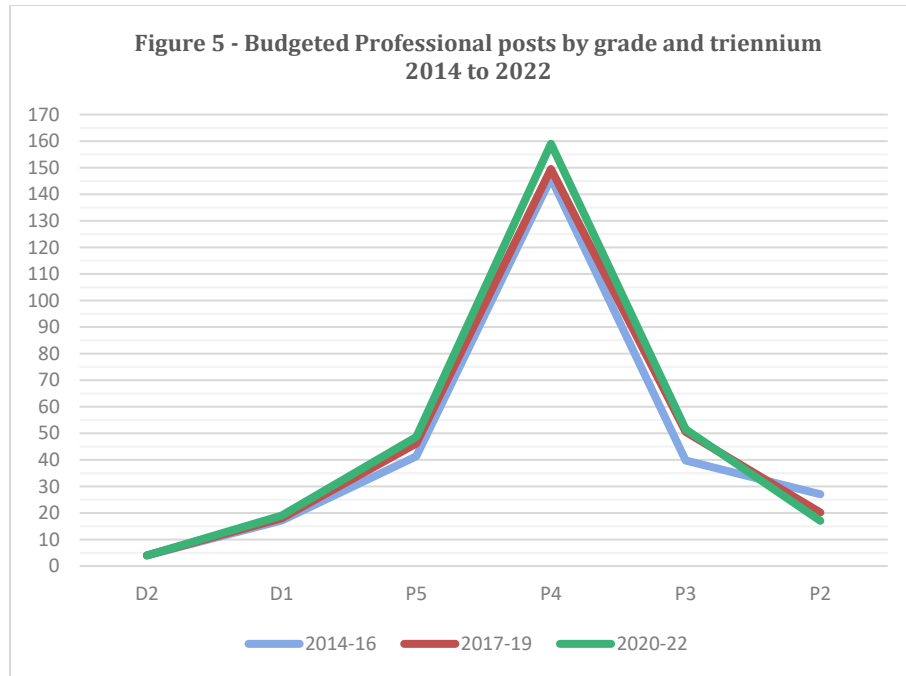


28. Of the 246 posts which were upgraded in the period 2011 to 2019, 210 were encumbered at the time of reclassification. **Figure 4** shows that 153 of these posts (73%) were occupied by women. This reflects the higher proportion of females employed in the general service grades. As explained in paragraphs 50 to 59, the incumbent is nearly always appointed in the case of a reclassified post.



29. For all reclassifications, there is a financial impact not only on the budget for the triennium in which the post is upgraded or downgraded, but also on future budgets going forward. OIO has calculated that **the estimated additional net cost of reclassifications on the regular programme budget was CAN \$1.07 million in 2011-2013, CAN \$1.31 million in 2014-2016, and CAN \$1.02 million in 2017-2019⁴**. These figures represent the estimated impact of reclassifying posts in the triennium in which the reclassifications were approved, and do not include the ongoing increase in costs in subsequent and future triennia. For the triennium in which the reclassifications occurred, the additional costs were financed from savings made elsewhere in the budget, generally from vacancies in other posts. This means that budgeted funds could have been used for a purpose other than originally planned.
30. The graphs in **Figures 5 and 6** show the number of budgeted posts at each grade in the three triennia from 2014 to 2022. In the case of professional posts (Figure 5), the number of budgeted posts at each grade has remained relatively stable, although there has been a decrease in the number of P-2 level posts and a small increase in the number of P-3, P-4 and P-5 level posts. However, in the case of general service posts (Figure 6), there has been a significant increase in the number of higher-level G-7 and G-6 posts, and a decrease in the number of G-5 and G-4 level posts. Not all of these changes can be attributed to reclassifications, however the significant number of posts reclassified upwards in the general service grades over the last three triennia (170 posts in total) will have contributed to the overall change in profile.

⁴ Calculation uses standard costs for each grade (i.e. salaries plus allowances), and is based on the cost/saving from the month after the post was approved at the reclassified level (the action date). For upgrades, this is not necessarily the same as the date that the post was filled at the new level (if vacant), or the date the incumbent was promoted. Similarly, for downgrades the saving may not be achieved straightaway since in most cases the post was reclassified because of a vacancy. Also, when an occupied post is downgraded, the staff member is reassigned to another post at their personal grade level or will retain their current grade and salary level in the reclassified post.



31. Requests for classification of a post must be submitted whenever a new post is created, or an existing post becomes vacant in order to confirm that the job description and grading remain appropriate prior to issuing a Vacancy Notice. Also, in the case of a significant organizational restructuring whereby tasks are redesigned or redistributed, the job descriptions for affected positions must be re-evaluated to confirm the classification. However, there are no specific criteria or restrictions on when other requests for reclassifications (i.e. requests to upgrade an

existing post) can be submitted. These are considered on an individual, ad hoc basis during the triennium as requested by bureaus/offices, and not as part of a structured HR planning process linked to the operational planning and budgeting process. However, if posts are abolished during a budget process, responsibilities have to be transferred elsewhere, and this may result in other posts having to be revised and upgraded.

32. OIO calculated that **an average of 21% of all posts upgraded in the last three triennia were reclassified in the first six months of the relevant triennium (Table 2). This high level of reclassifications shortly after the approval of a triennial budget indicates that HR planning was likely not sufficiently integrated with operational planning during the budget setting process.** Also, one of the findings from OIO's recently completed Evaluation of Results-Based Management⁵ is that ICAO does not have '*a clear mechanism to implement results-based human resource allocation – using the planned results in the Business Plan as a reference to make human resource allocation decisions.*'

Table 2: Number of posts upgraded in the first six months of a triennium (2011-2019)

Triennium	No. of upgrades approved within the first 6 months of the triennium	Total no. of posts upgraded in the triennium	Percentage upgraded within the first 6 months of the triennium
2011-2013	5	88	6%
2014-2016	35	104	34%
2017-2019	11	54	20%
Total	51	246	21%

33. **A total of 16 posts were reclassified upward on two separate occasions in the period 2011 to 2019. In 10 of these cases the same incumbent benefitted from two promotions.**
34. In order to reduce the risks to, and adverse impact on the regular programme budget, there is a need to limit the number of posts which are reclassified during a triennium, particularly those which result in an upward regrading which is not budgeted. The results of OIO's survey of other UN and international organizations showed that many of them have controls in place which limit the consideration of any reclassifications to the budget setting process (see paragraphs 60 to 62 for further details).
35. The lack of clearly defined and articulated criteria for considering upgrades may also lead to a lack of transparency and a lack of trust by staff in the fairness of the process.
36. Sample testing showed that documentation submitted to RCP by bureaus/offices did not always specify how proposed upgrades would be financed, in particular for posts funded by the regular programme budget. RCP's responsibility is limited to classifying a post based on the job description and level of responsibility. However, bureaus/offices must inform the Finance

⁵ EV/2019/2

Branch how they intend to finance any upgrade, and the Finance Branch must certify that the required funding is available before any upgraded post is submitted for approval and subsequent advertising.

37. For upgrades to regular programme posts, financing is usually obtained from one-off savings in vacant posts within the bureau/section concerned, or from savings in their other allotments (e.g. consultants). Sometimes the financing may come from savings from a vacant post in another area i.e. one office is subsidizing another office. However, in all cases, these financing solutions are only for the short term i.e. the current triennium. The implications for ongoing funding are not evaluated or taken into account. Financing of permanent upgrades from temporary savings is not a sustainable solution and creates additional financial liabilities for the subsequent budget. In addition, all staffing requirements should be clearly based on the planned outputs and outcomes to be delivered.
38. Integration of human resource planning with the results-based budgeting process would allow for a more holistic review of how changes in the Organization's work programmes might affect individual posts and enable the overall financial impact of any proposed reclassifications to be assessed. However, an appropriate balance needs to be achieved between strict control and flexibility. In the case of posts financed by extra-budgetary funding, more flexibility is needed to create/revise jobs since operational needs and requirements often change outside of the triennial budget cycle. For example, if revenue-generating activities expand and grow, or if new voluntary funds are received during the triennium to carry out additional activities.

Recommendation 2 Integrate HR planning with the Results-Based Budgeting process

Priority High

i) FIN and ADB (HR) should take steps to fully integrate HR planning with the Organization's results-based budgeting process, such that bureaus/offices are required to determine the human resources needed to produce the stated results in the ICAO Business Plan.

ii) Proposals for reclassification of posts funded by the regular programme budget should be considered as part of the business and operational planning process, so that any associated additional staff costs can be incorporated in the upcoming budget, and implemented only if the budget is subsequently approved. Exceptions during the triennium must be restricted to a limited number of clearly defined circumstances.

Closure criteria

- i) Preparation of a triennial HR plan for 2023-2025, which is aligned with, and based on, delivering the results set out in the Organization's Business Plan and results-based budget.
- ii) Drafting and approval of a policy to link the consideration of reclassifications to the budget setting process and to limit the timing and circumstances in which other reclassifications can be considered.

DEVELOPMENT OF GENERIC JOB DESCRIPTIONS

39. In order to reduce the volume of classifications as well as to ensure consistency of grading (both internally and with the rest of the UN common system), RCP has instigated a proactive review of technical aviation positions in order to identify groups of jobs with similar functions, and to draft common, generic (i.e. standard) job descriptions for these posts. RCP has engaged an external human resources expert, with extensive knowledge and experience of the UN system, to carry out this work. In cases where technical posts cannot be grouped because the nature of the work is significantly different, individual job descriptions have been reviewed and updated instead.
40. This exercise has also included the preparation of standard job descriptions for posts at the D-2 and D-1 level, including a standard job description for all regional directors. In the case of non-technical (i.e. non-aviation-related) posts, ICAO can make use of standard job descriptions which have been developed for similar jobs and functions within the wider UN system.
41. At the time of the audit, most of the development work in preparing standard/updated job descriptions for technical posts in ANB, ATB, and the regional offices had been completed. This has resulted in revised job descriptions for around 116 different posts. The next step is for RCP to review the proposed job descriptions together with the relevant technical managers. During this review process, RCP is planning to further reduce the number of individual job descriptions through additional standardisation. Once the current restructuring process in TCB has been completed, RCP will also carry out the same exercise for posts in that bureau.
42. OIO supports this initiative to standardise job descriptions across the Organization and to ensure consistency of grading for similar work. It will also help to standardise evaluation criteria for recruitment purposes and to minimise the consideration of reclassifications in an ad hoc or uncoordinated manner, especially in cases where the approval of an upgrade to a post in one area may impact the grading of similar posts in other areas. **The work to finalise and approve these generic job descriptions should therefore be given sufficient priority and allocated the necessary resources.**

DOCUMENTATION OF THE CLASSIFICATION PROCESS

43. OIO reviewed a sample of 15 posts which were subject to a classification review in the 2017-2019 triennium. Key findings are summarised below.
44. RCP does not have an electronic document management system to file all of the documents related to the classification process in a logical and ordered way for easy retrieval. Documents are saved in different files and some are only saved in hard copy.
45. The main documents supporting the classification review are the IOM from the requesting office; the revised job description and organizational chart showing the positioning and reporting

lines of the post; and the resulting classification report from the ICSC system⁶. However, the classification report itself does not indicate who prepared it, and the pdf version is not routinely signed. The only record of who carried out the classification review is the signature on the revised job description. Also, RCP needs to keep a record of any other documents or additional factors which were taken into consideration in the assessment.

46. The classification process is entirely manual and relevant approvals are obtained at each stage by circulating and signing off on hard copies. An automated workflow would help to greatly increase efficiency and also provide a reliable record, in one place, of all the steps in the process for enhanced accountability and audit trail purposes. ADB is currently implementing a project to partner with the UN Secretariat to become a user of the recruitment module of its human resource management system known as *Inspira*. In due course, ADB could also consider expanding the use of the job classification module in *Inspira* to provide an appropriate solution to automating the classification process.

Recommendation 3

Document management system and automated workflow

Priority

Medium

i) ADB (HR) should implement an appropriate electronic document management system that will provide for effective filing of all the documents related to the classification process and the approvals obtained at each stage, in a logical and ordered way for easy retrieval.

ii) In order to provide a clear, documented, record of who actually carried out the assessment, the revised job description should include the full name of the classification officer in addition to his/her signature, or the name of the external UN entity that conducted the classification review (e.g. OneHR).

Closure criteria

- i) Implementation of an electronic document management system and automated workflow.
- ii) Inclusion of the name and signature of the classification officer, or the name of the external UN entity, on the revised job description.

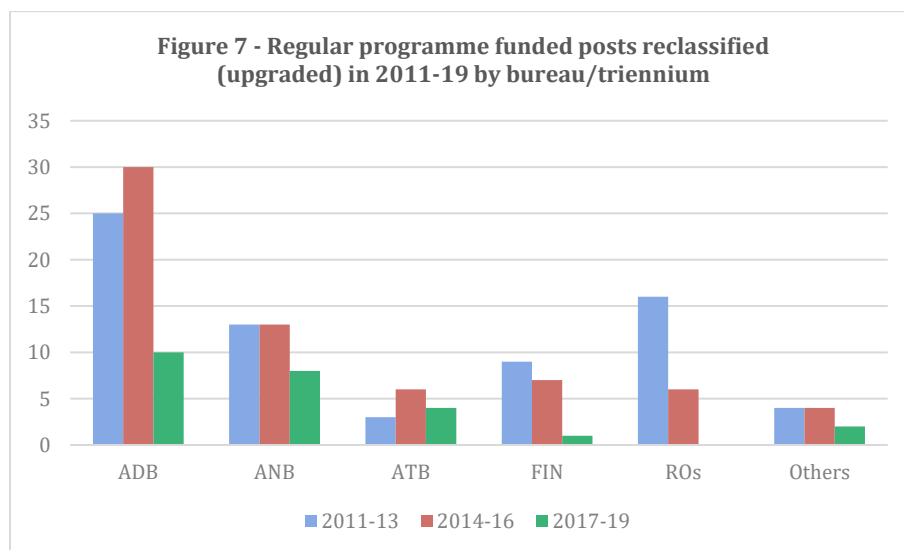
JUSTIFICATION FOR UPGRADES

47. Bureaus/offices did not always provide a clear rationale or justification from a programmatic/operational point of view in the case of requests for upgrades to existing posts. The job descriptions had been revised to incorporate new responsibilities, either to reflect actual changes in the work performed, or to give the incumbent more responsibility. However, the link to a corresponding programmatic change was not demonstrated. In one case the duties and responsibilities were revised again on the departure of the incumbent, and the post was reclassified back to the original level. Lack of a justified operational/programmatic need for

⁶ See paragraph 20

upgrading a post may lead to a risk of favouritism and/or inconsistent submission of which posts are considered for an upgrade.

48. **Figure 7** shows an analysis by bureau/office of the 161 regular programme funded posts which were reclassified upwards in the period 2011 to 2019.



Recommendation 4 Documentation of operational need for reclassifying posts

Priority High

All bureaus/offices should be required to submit a clearly documented justification with any request for reclassification of a post, setting out the programmatic or operational need for the change; the link to the Business Plan or the bureau/section's operating plan; and any budget implications.

Closure criteria

Implementation of an additional requirement for bureaus/offices to justify the programmatic or operational need for reclassifying a post.

49. OIO reviewed a sample of three cases where posts in HR were regraded upwards in the period 2011 to 2019. Although steps were taken to ensure that the post holder was not involved in the classification process to avoid any direct conflict of interest, OIO considers that controls need to be further strengthened (particularly in cases where the classification review results in an upgrading of an HR post), by ensuring that the rationale for the change in responsibilities, and the classification process itself, are subject to appropriate independent review by persons outside of HR.

Recommendation 5 Outsourcing of job classification for HR posts

Priority

Medium

ADB (HR) should ensure that the classification of all HR posts is outsourced or subject to independent review and validation by persons outside of HR.

Closure criteria

Implementation of strengthened controls for the classification of all HR posts.

ADVERTISING OF RECLASSIFIED POSTS

50. In accordance with Staff Rule 102.2, if the results of the job classification review confirm that the grade level is higher than the current level, the post must be advertised.
51. When an occupied post is reclassified upward ***‘as a result of a change in the nature of the work i.e. when the requirements and functions of the post have been redesigned to meet a different organizational need, the post shall be considered as a new post’*** and advertising and recruitment must follow the same process as for any vacant post. However, if an occupied post is reclassified upward ***‘as a result of an enhancement of current functions and the nature of the work remains the same’***, a reclassification notice (RN) is advertised internally under expedited procedures for a period of ten working days.
52. In both cases, ***‘unless evidence indicates that the incumbent of the reclassified post does not meet the qualifications, experience and competency requirements of the post, and taking into account the incumbent’s performance, preference will be given to the incumbent’***.
53. OIO analysed the 54 cases in which a post was reclassified upwards in the 2017-2019 triennium in order to obtain information on how the posts were advertised, and the recruitment and selection process followed.
54. The distinction between a post reclassified upward “as a result of a change in the nature of the work” and a post reclassified upward “as a result of an enhancement of current functions but the nature of the work remains the same” is based on how much the job description changes. If, for example, it is by more than 50%, then this represents a significant change in the nature of the work. However, this distinction is based on judgement and the decisions made on how to advertise the upgrade were not always transparent in the sample cases reviewed by OIO.
55. **Of the 54 cases reclassified upward, 43 were encumbered at the time of reclassification. In these 43 cases, the post was advertised externally in only 4 cases (9%).** This statistic indicates that the vast majority of grade increases were due to an enhancement of current functions rather than to a significant change in the nature of the work.

56. In these 43 cases, the incumbent was appointed in 41 cases (95%)⁷. OIO reviewed the APB⁸ minutes for a sample of 14 of these cases and found that the incumbent was the only applicant in every case (100%).
57. The current wording of Staff Rule 102.2 implies that, so long as the incumbent meets the qualifications, experience and competency requirements of the upgraded post, and his/her performance is satisfactory, preference will be given to them. Consequently, even if there is a competitive recruitment process, open to external candidates, there is a risk that this wording may not permit the best (i.e. first ranked) candidate to be selected for the post. If it is always the incumbent who is selected, then resources are wasted in carrying out a formal recruitment exercise.
58. On the other hand, responses to OIO's survey of other UN and international organizations showed that, although nearly all advertise all posts both internally and externally, some do not always advertise occupied reclassified posts, but rather consider the incumbent for promotion (see paragraphs 60 to 62 for more details).
59. In the other 11 of the 54 cases reclassified upward in the 2017-19 triennium, the post was vacant at the time of reclassification. Of these, 8 posts were advertised internally and externally through a Vacancy Notice (VN), 1 was advertised internally (a G-7 level post), and 2 were filled by lateral re-assignment.

Recommendation 6	Competitive advertising and recruitment of upgraded posts
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Priority	Medium
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ADB (HR) should advertise all upgraded posts competitively, both externally as well as internally, ensuring that the overriding consideration in any competitive recruitment process is to select the most qualified person for the post.

Closure criteria

Advertisement of all upgraded posts, both externally and internally, and implementation of a competitive recruitment process whereby the most qualified person is selected for all posts.

⁷ In one of the other two cases the recruitment process was ongoing at the time of the audit, so no decision had yet been made

⁸ Appointment and Promotion Board

SUMMARY OF SURVEY RESULTS – BENCHMARKING WITH OTHER ORGANIZATIONS

60. OIO conducted a survey to benchmark ICAO's classification policies and practices with those of other UN and international organizations. A total of 27 organizations responded to the survey, of which 18 were UN organizations.

61. Key highlights from the survey include the following:

- 59% of respondent organizations use the ICSC classification standards.
- 89% stated that:
 - they have established policies/procedures regulating the classification process;
 - an existing post can be reclassified “at any time there is a justified need”. However 25% of these stated that the reclassification has to be approved by the governing body, or can only be implemented if included in, and subsequently approved as part of the organization's budget, or if it is approved by a programming department;
 - there are no limits on the number of posts that can be reclassified during a budget cycle. However 29% of these confirmed that reclassifications must be in accordance with the approved budget; that any reclassifications must be budget neutral; or that reclassified posts must remain within the overall post numbers/levels approved by the governing body.
- In 59% of organizations the classification review has to be carried out by more than one person.
- 78% of respondents stated that posts which are upgraded as a result of reclassification are advertised externally as well as internally, and only 15% do not advertise these posts, and 7% advertise internally only.

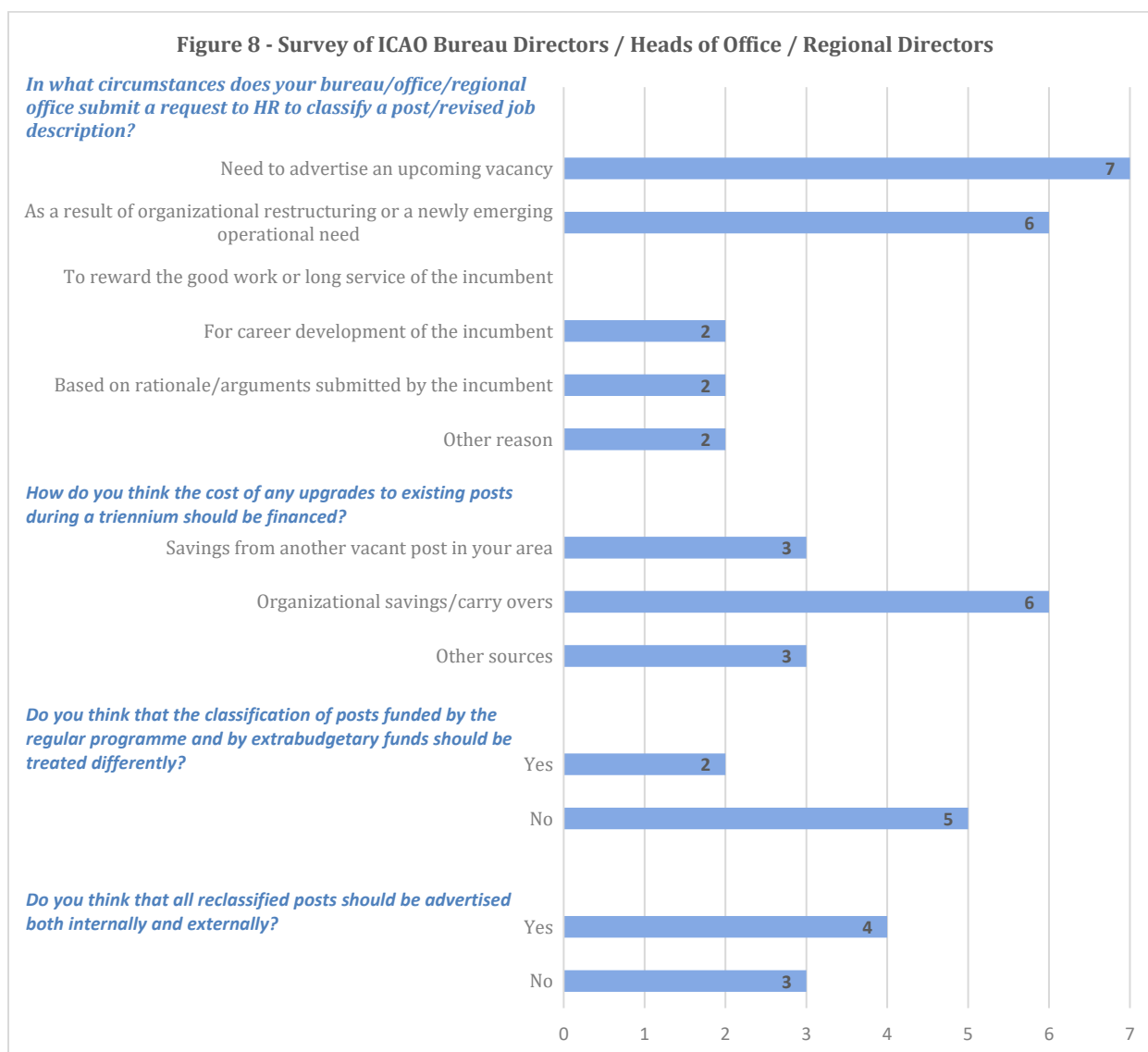
62. As the results of the survey show, there are a range of different policies applied to the reclassification of posts, and these can provide some guidance for ICAO. In particular, areas for further review and consideration include:

- Whether reclassifications should be limited to the budget setting process (recommendations 2 and 4); and
- Whether upgraded (occupied) posts should be advertised, and if so, whether recruitment should be on a competitive basis, similar to any other vacant post (recommendation 6).

SURVEY RESULTS – ICAO DIRECTORS

63. OIO also conducted a survey of ICAO bureau directors, regional directors and other heads of offices at headquarters to obtain their understanding of, and views on, the classification/reclassification process, and any suggestions for improvement. Seven responses were received and are summarised in **Figure 8**.

64. As can be seen from the results, there was some disparity in the responses from different directors, however individual suggestions for improvements provided by the respondents in their comments to the survey have been taken into account and incorporated where appropriate in the drafting of this report and the recommendations made.



ANNEX 1 – DEFINITION OF AUDIT TERMS

Audit Ratings

In providing an overall assessment of the results of the audit, OIO uses the following standardized audit rating definitions:

Audit Assessment	Definition
Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Several key control weaknesses were noted and/or several areas of strategic/high importance were identified where significant improvements can be made to increase efficiency and effectiveness.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Internal control is defined as a process effected by senior management and staff, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance objectives. Whilst internal control provides reasonable (but not absolute) assurance of achieving organizational objectives, limitations may result from:

- suitability of objectives established as a precondition to internal control;
- reality that human judgment in decision making can be faulty and subject to bias;
- breakdowns can occur because of human failures such as simple errors;
- ability of management to override internal control;
- ability of management, other staff, and/or third parties to circumvent controls through collusion;
- external events beyond the organization's control.

Priority of Audit Recommendations

OIO prioritizes its recommendations in terms of significance depending on the issues raised in the report. Criteria used to prioritize recommendations include strategic and/or topical importance, materiality, lack of key controls, or severity of weaknesses. The following categories are used:

High: recommendations which address significant and/or pervasive deficiencies or weaknesses such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

Medium: recommendations which address important deficiencies or weaknesses such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Low: suggestions that do not meet the criteria of either critical or important recommendations, but rather present best practice, or general opportunities for improvement.

ANNEX 2 – MANAGEMENT ACTION PLAN

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Section Responsible	Target Date
1.	i) ADB (HR) should replace the current requirement for an Ad hoc Panel in the case of classification disputes, with more appropriate control mechanisms such as the use of independent experts, desk audits, outsourcing to OneHR, etc. ii) ADB should ensure that appropriate budgetary funding for desk audits and outsourcing of job classifications is included as an ongoing requirement in the Organization's triennial budgets.	Medium	Y	Funding for desk reviews/audits and outsourcing of job classification is subject to budget constraints.	i) The provisions related to "Ad hoc Panel in the case of classification disputes" under Staff Rule 102.2 will be considered for revision in accordance with the audit recommendation. ii) A request for funding will be submitted during the budget preparation process.	ADB (RCP & POD)	Part i) by 31/12/21; Part ii) by 31/12/22
2.	i) FIN and ADB (HR) should take steps to fully integrate HR planning with the Organization's results-based budgeting process, such that bureaus/offices are required to determine the human resources needed to produce the stated results in the ICAO	High	Y	Agreed. Request for reclassification of posts should be considered through the budget process, and should include the review by HR of all requests for reclassification and new positions before they are included in the budget proposals.	i) As part of the Regular Programme budget preparation process, a triennial HR plan for 2023-2025 will be prepared, and this will be aligned with, and based on, delivering the results set out in the Organization's Business Plan and incorporated into the results-based budget proposals.	FIN and ADB/HR	i) 30/6/22 ii) June 2021

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Section Responsible	Target Date
	Business Plan. ii) Proposals for reclassification of posts funded by the regular programme budget should be considered as part of the business and operational planning process, so that any associated additional staff costs can be incorporated in the upcoming budget, and implemented only if the budget is subsequently approved. Exceptions during the triennium must be restricted to a limited number of clearly defined circumstances.				ii) Guidelines (including timelines) will be drafted, approved and implemented to ensure the consideration of reclassifications during the next budget setting process (i.e. 2023-2025 budget) and to limit the timing and circumstances in which other reclassifications can be considered.		
3.	i) ADB (HR) should implement an appropriate electronic document management system that will provide for effective filing of all the documents related to the classification process and the approvals obtained at each stage, in a logical and ordered way for easy retrieval. ii) In order to provide a clear, documented,	Medium	Y	Implementation of an electronic document management system and automated workflow is subject to availability of funding.	i) Implementation of an electronic document management system and automated workflow is subject to availability of funding. ii) Instructions will be added to the job classification form regarding the inclusion of the name and signature of the classification officer on the revised job description, or the name of the external UN entity that conducted the		Part i) by 31/12/23, subject to funding; Part ii) by 30/6/21.

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Section Responsible	Target Date
	record of who actually carried out the assessment, the revised job description should include the full name of the classification officer in addition to his/her signature, or the name of the external UN entity that conducted the classification review (e.g. OneHR).				classification review (e.g. OneHR).		
4.	All bureaus/offices should be required to submit a clearly documented justification with any request for reclassification of a post, setting out the programmatic or operational need for the change; the link to the Business Plan or the bureau/section's operating plan; and any budget implications.	High	Y		Additional requirement for bureaus/offices to justify the operational need for reclassifying a post will be added to the job classification form.		30/6/21
5.	ADB (HR) should ensure that the classification of all HR posts is outsourced or subject to independent review and validation by persons outside of HR.	Medium	Y	Implementation of additional controls for the classification of all HR posts.	i) Classification of all HR posts will be outsourced immediately; ii) Classification guidelines will be revised accordingly.	RCP	Part i) by 30/6/20; Part ii) by 31/12/21.

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Section Responsible	Target Date
6.	ADB (HR) should advertise all upgraded posts competitively, both externally as well as internally, ensuring that the overriding consideration in any competitive recruitment process is to select the most qualified person for the post.	Medium	Y, partially	A policy review process will be conducted in order to ascertain the feasibility of this recommendation at ICAO. An analysis will also be carried out on HR practices at other UN system organizations. The implementation of this recommendation will require a change of Staff Rule 102.2 on "Classification of Posts".	After completion of the policy review process, the matter will be considered through established internal mechanisms, including the Staff Advisory Committee.	ADB (RCP & POD)	31/12/21