



# **INTERNAL AUDIT DIVISION**

## **REPORT 2025/089**

---

### **Audit of information and communications technology services provided by third-parties to the Pension Administration**

**The Pension Administration needed to strengthen the management and monitoring of information and communication technology services provided by third-parties**

**29 December 2025**

**Assignment No. AT2025-800-02**

# **Audit of information and communications technology services provided by third-parties to the Pension Administration**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of information and communications technology (ICT) services provided by third-parties to the Pension Administration. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management, and control processes established over the management of ICT services by third-parties to the Pension Administration. The audit covered the period from 1 January 2021 to 31 October 2025 and included a review of: (a) governance and risk management; (b) third-party service management; and (c) performance monitoring mechanisms.

The audit noted that the management and monitoring of ICT services provided by the third-parties required strengthening. The audit identified absence of a policy framework and standardized contract management practices for the third-party ICT services. Furthermore, financial oversight for budget and expenditure for a primary ICT service provider (a United Nations Agency) needed strengthening.

OIOS made eight important recommendations. To address issues identified in the audit, the Pension Administration needed to:

- Establish a policy framework for outsourcing of ICT services.
- Strengthen the management and monitoring of the budget and expenditure related to a primary ICT service provider (a United Nations Agency).
- Strengthen the invoice verification and payment process by implementing an automated workflow for processing invoices and establishing clearly defined roles and responsibilities for invoice verification and processing.
- Establish a mechanism to periodically assess capabilities of third-party ICT service providers; and include a knowledge transfer plan in all major ICT contracts.
- Clarify client source code ownership including access modality and modification rights in the third-party service provider hosted environment.
- Update the configuration management database to ensure complete information about its contracts and assets.
- Review all ex post facto cases periodically and conduct root cause analysis to address systemic issues in the contracting process; and ensure that all new ICT service contracts include specific and measurable key performance indicators.
- Establish a mechanism to periodically review and track all defects and rework costs due to the quality of code delivered by the third-party service provider.

The Pension Administration accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

# CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2-3
III. AUDIT RESULTS	3-10
A. Governance and risk management	3-6
B. Third-party service management	6-8
C. Performance monitoring mechanism	9-10
IV. ACKNOWLEDGEMENT	10
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

# **Audit of information and communications technology services provided by third-parties to the Pension Administration**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of information and communications technology (ICT) services provided by third-parties to the Pension Administration.

2. UNJSPF was established in 1949 by the General Assembly to provide retirement, death, disability, and related benefits for the staff of the United Nations and other organizations admitted to its membership. The United Nations Joint Staff Pension Board administers UNJSPF. As of 31 December 2024, the UNJSPF comprised 25 member organizations, served around 240,000 participants and beneficiaries, and had an asset portfolio of \$95.4 billion.

3. The Information Management Systems Service (IMSS) provides internal ICT governance, infrastructure services and technical oversight for the Pension Administration. To complement these capabilities, the Pension Administration uses 27 third-party ICT service providers including a United Nations Agency (hereinafter referred to as “the Agency”), to obtain specialized expertise and scalable solutions that cannot be efficiently maintained in-house. The third-party ICT service providers support the development, customization and operation of complex pension administration systems, facilitate the adoption of new technologies and provide flexibility to respond to evolving business, regulatory and security requirements

4. The management and oversight of ICT services provided by third-parties are decentralized, involving several business units. The primary units are IMSS, the Sourcing Coordination Unit (SCU), Operations, and Finance (Budget unit). The roles and responsibilities of the business units are detailed below:

- (a) IMSS manages the financial aspects of ICT services outsourced to the Agency, including budget, expenditure, and credit note management.
- (b) SCU is responsible for acquisition planning and liaises with the Procurement Division of the United Nations Secretariat for procurement requirements of business units, where needed. Its key activities include managing the administrative aspects of sourcing third-party ICT services (other than the Agency), coordinating invoice processing with business units, and ensuring compliance throughout the procurement lifecycle.
- (c) The Budget unit plays a central role in the financial management of third-party ICT services. Its responsibilities include budget formulation to ensure accurate cost estimates aligned with technical requirements, preparing and reviewing proposals, certifying funds, and authorizing payments after conforming to service delivery.

5. One of the primary ICT service providers to the Pension Administration is the Agency, which was established by a Memorandum of Understanding (MOU) between the United Nations Secretariat, among others. It operates as a self-funding, not-for-profit inter-organization facility. According to its mandate, it provides ICT services, including operational services and training, to partner organizations and users, creating economies of scale by maximizing its infrastructure and specialist skills. Its mandate also requires it to operate on a purely cost-recovery basis, with no core funding. The Agency is governed by a Management Committee comprising one representative from each partner organization and is responsible for providing broad policy guidelines and reviewing the Agency’s work programmes.

6. Each partner organization signs a Memorandum of Understanding (MOU) with the Agency that sets out the general terms under which the Agency conducts its business (including roles and responsibilities, payment terms, and confidentiality requirements). Service specifications provided by the Agency under the MOU are detailed in service delivery agreements (SDAs), which may contain a one-time project component (also known as “project agreements”) and a recurring service component. Major service changes are managed through business change requests (BCRs), which are agreements signed by both parties. The Agency’s mandate and the related MOU, SDAs, and BCRs constitute the contractual framework for its specific service deliverables.

7. At the time of the audit (November 2025), the services provided by the Agency to the Pension Administration included support to critical UNJSPF applications such as Integrated Pension Administration System (IPAS) and Digital Certificate of Entitlement, and were covered by 88 contractual instruments (SDAs, BCRs, and RFS). These included: (i) infrastructure and hosting services (i.e., servers and enterprise server hosting and support, storage on demand, and enterprise backup); (ii) network services; (iii) email services; (iv) call centre services; (v) software development; (vi) ICT security support; and (vii) consultancy services.

8. Table 1 below details the budget and expenditure for the third-party contractual ICT services from 2021-2025. The Agency accounts for 60 percent (approximately US\$42 million) of the total budget (US\$69 million) related to contractual ICT services for this period.

**Table 1: Budget and expenditure on the contractual services (2021-2025 in US\$)**

<b>Contractual services</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025*</b>	<b>Total</b>
<b>Budget</b>						
Third-party (excl. Agency)	3,668,460	6,666,870	4,048,871	5,195,800	7,769,200	27,349,201
The Agency	7,405,622	8,633,280	9,190,429	9,267,300	7,571,800	<b>42,068,431</b>
<b>Total</b>	<b>11,074,082</b>	<b>15,300,150</b>	<b>13,239,300</b>	<b>14,463,100</b>	<b>15,341,000</b>	<b>69,417,632</b>
<b>Expenditure</b>						
Third-party (excl. Agency)	5,065,360	7,451,303	5,639,084	5,319,998	-	23,475,745
The Agency	13,525,626	8,542,678	8,792,361	10,083,447	-	<b>40,944,112</b>
<b>Total</b>	<b>18,590,986</b>	<b>15,993,981</b>	<b>14,431,445</b>	<b>15,403,445</b>	-	<b>64,419,857</b>

*\*Expenditure figures for 2025 are not available yet*

9. Comments provided by the Pension Administration are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

10. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management, and control processes established over the management of ICT services by third-parties to the Pension Administration.

11. This audit was included in the 2025 risk-based work plan of OIOS due to risks that potential weaknesses in management of ICT services provided by the third-parties could lead to sub-optimal utilization of resources.

12. OIOS conducted this audit from August to November 2025. The audit covered the period from 1 January 2021 to 31 October 2025 and included: (a) governance and risk management; (b) third-party service management; and (c) performance monitoring mechanisms.

13. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) assessment of the client's data management systems, including IPAS, Configuration Management Database (CMDB), Open-Source Ticket Request System (OTRS), and Financial Portal of the Agency; and (d) walk-through of the Financial Portal of the Agency.

14. Analytical review of data included assessing and testing the reliability of data pertaining to budget, expenditure, invoices, and purchase orders related to ICT service management for accuracy and completeness. Based on the assessment, OIOS determined that the data was sufficiently reliable to address audit objectives.

15. The audit was conducted in accordance with the Global Internal Audit Standards.

### **III. AUDIT RESULTS**

#### **A. Governance and risk management**

##### Need to establish a policy framework for management of ICT services provided by third-parties

16. Effective ICT governance requires a documented policy that defines the organization's approach to the sourcing of services.

17. The number of third-party service providers providing ICT services to the Pension Administration has increased from 15 (2021) to 21 (2024), with the budget for contractual services ranging from approximately US\$11 million (2021) to US\$15 million (2024). However, its management has been conducted without effective policy framework.

(a) The definitions for 'ICT service', 'core', 'non-core services', and their classifications were not formally established. This led to ambiguity in arriving at decisions on which ICT services should be 'insourced vs outsourced'. There was also a need to establish a standardized methodology, such as cost-benefit analysis, to ensure all sourcing decisions are consistent, transparent, and aligned with the Pension Administration's strategy.

(b) OIOS noted that the management of third-party ICT services is decentralized among business units, which resulted in a situation in which none of the units had holistic visibility and ensure oversight is exercised to ensure consistency across contracts for third-party ICT services.

(c) The Pension Administration relied on generic contract termination clauses and lacked a comprehensive exit strategy for critical third-party ICT service providers, including clear protocols for decision-making, alternative strategies, governance, communication, knowledge transfer, secure data migration, and timely access revocation.

18. The Pension Administration stated that since 2021, with the establishment of the Project Management Office and formal adoption of the United Nations Secretariat project management methodology (PRINCE2), it has been diligently supporting and documenting all its ICT service initiatives with High Level Business Cases, which include Strength, Weaknesses, Opportunities and Threats analysis,

cost-benefit analysis, as well as threat/risks considerations. The Pension Administration further stated that it has hired a P4 Acquisition Planning Officer with the United Nations sourcing experience for this task.

- (1) The Pension Administration should establish a policy framework for outsourcing of ICT services, which should include in particular: (a) defining ‘ICT services’ and its classification as ‘core/non-core services’; (b) assigning responsibility for holistic oversight of third-party service providers providing information and communications technology services; and (c) establishing appropriate exit and transition strategies for critical third-party service providers.**

*The Pension Administration accepted recommendation 1 and stated that core and non-core information and communications technology services will be identified as part of the Information Management Systems Service’s Service Management system. Also, as per the established roles and responsibilities, the Business Support Section and the Sourcing Coordination Unit will continue to oversee contract management and invoice processing activities, while the information and communications service management is overseen by the Information Management Systems Service. Furthermore, it will prepare exit strategies for critical service providers at an enterprise level.*

Need to strengthen the financial oversight for the budget and expenditure on ICT services by the Agency

19. The Agency’s business model requires quarterly advance payments based on the original SDAs that do not reflect actual service utilization, resulting in payments for unused services and credit notes issued (in lieu of services not rendered) at the biennium end. However, the Pension Administration lacked a mechanism to verify the accuracy of the invoices and credit notes. OIOS noted the followings:

(a) The Budget unit within the Pension Administration was responsible for monitoring and managing budget and expenditure; however, Agency-related budget and expenditure (which is more than 60 percent of the contractual ICT service values) was primarily monitored and managed by the IMSS, thereby leaving a big gap in the visibility of utilization of funds for more than 60 percent of the contractual services by the Budget unit. OIOS observed that the Budget unit did not perform an independent, systemic reconciliation of invoices from the Agency.

(b) The Agency’s financial dashboard, intended to provide clarity, was considered ‘confusing’ or ‘difficult to follow’. There was a 2-month or more data lag on the financial portal, which limited its utility for real-time decision-making and tracking budget burn rates. For example, a walkthrough of the Agency’s financial portal on 14 October 2025 showed that the last data update was on 1 August 2025.

(c) The current contractual structure with the Agency has 35 SDAs, 50 BCRs, and 3 RFS (November 2025). The inability to formally map individual BCRs to their parent SDAs prevented Pension Administration from gaining a clear, consolidated view of financial commitments and contractual obligations. For example, it was not possible to get a clear breakdown of which consultants were charged by the Agency against which specific BCR budget line, for how many hours, or at what rate. The Pension Administration’s consistent request for a ‘simple Excel file’ from the Agency underscored the need for basic, transparent reporting. Furthermore, since 2024, the Pension Administration’s ICT infrastructure has migrated to a private cloud client provided by another third-party service provider, but it was unclear whether the scope and cost of the existing SDAs with the Agency have been updated. Changes that required additional cost were implemented through new BCRs or SDAs, but they did not trigger an update of the existing SDAs. Each new SDA or BCR was prepared independently, without regard for prior ones. This caused a misalignment between the agreements and the services actually received.

(d) Agency’s biennial accounting cycle was misaligned with the Pension Administration’s annual closing. The Pension Administration had to rely on the Agency’s interim, unaudited ‘best estimate’ figures. This created a risk of material discrepancies, as the Agency’s figures may change during its final biennial audit, making timely and accurate reconciliation (including credit notes) difficult.

20. The Pension Administration agreed and stated that it will work with the Agency to get better financial controls. Also, the Pension Administration was eliminating many old BCRs and SDAs to reduce the complexity of monitoring the Agency.

**(2) The Pension Administration should strengthen the management and monitoring of the budget and expenditure related to the United Nations Agency, notably by establishing a mechanism to reconcile advance payments made to the United Nations Agency and credit notes and their application to reduce future budget allocations and payments.**

*The Pension Administration accepted recommendation 2 and stated it will expand its existing processes to monitor the budget and expenditure related to the United Nations Agency. Also, it will engage with the United Nations Agency to identify viable solutions to reconcile advance payments, credits notes and their application.*

Need to enhance the timeliness of third-party service payments

21. The invoice processing workflow was manual, fragmented across different focal points, and lacked a central repository. This resulted in payment delays, leading to reputational risks and threats of service disruption from the critical vendors. OIOS analyzed the data of invoices processed between 2021 and 2025 (968 invoices) and noted delays, as summarized in Table 2.

**Table 2: delays in invoices processed between 2021-2025**

<b>Processing of invoices (in Umoja)</b>	<b>Description</b>	<b>Number of cases</b>
Delay from document creation to funds cleared in Bank ( <b>&gt;=90 Days</b> ) [Document date to Clearing date]	Document creation date in Umoja to date when the funds are cleared in the bank	146 (Delay-90 days -1853 days)
Delay from date funds cleared in Umoja to funds received in Bank ( <b>&gt;=30 Days</b> ) [Clearing Date to Payment date]	Date when the funds are cleared in Umoja to the date when payment received in Bank	236 (Delay-30 days -1823 days)

*Source: Data of invoices processed between 2021-2025 provided by the Pension Administration*

22. The Pension Administration stated that one of the responsibilities of the recently hired Contract Officer (P4) was to strengthen the management of third-party service invoices and payments. Additionally, the possibility of developing a dashboard for status monitoring and reporting purposes was under consideration to improve transparency and oversight.

**(3) The Pension Administration should strengthen the invoice verification and payment process by: (a) implementing an automated workflow for processing invoices; and (b) establishing clearly defined roles and responsibilities for invoice verification and processing.**

*The Pension Administration accepted recommendation 3 and stated that it has already established a generic email address to consolidate invoice submissions into a single mailbox, ensuring a centralized*

*repository. Also, for enhancing efficiency, it will identify options for systematic storage, retrieval, and tracking of invoices. Further, it will document the process and related roles and responsibilities.*

## **B. Third-party service management**

### Need to strengthen the third-party ICT service delivery model

23. The third-party ICT service should include a formal, contractually binding knowledge transfer plan and provisions for periodic review to identify, assess, and mitigate risks; monitor compliance; and evaluate the third-party ICT service provider's continued capability to support the organization's business objectives. OIOS observed the following gaps in the ICT service provision arrangements:

(a) **Evaluation of third-party service providers' capabilities** - While the Risk Management Unit conducted periodic reviews of service providers and partners supporting critical functions to evaluate their business continuity capabilities, this process was not applied to assess their abilities to support service delivery, including budget and expenditure management, financial transparency, contract compliance, and compliance with key performance indicators.

(b) **Knowledge transfer plan** - OIOS noted that the past projects, such as IPAS implementation, included a formal 'co-development program' for knowledge transfer, but the new, high-value projects, including the financial system upgrade, did not have similar contractually binding plans. For example, for UNJSPF Connect, the Pension Administration is completely reliant on the third-party service provider for all technical support, including fixes and enhancements, but there were no binding knowledge transfer plans. Internal Teams (Enterprise Operations Section) have limited involvement and were still developing a training strategy. This was due to the lack of a standardized policy requiring mandatory knowledge transfer clauses in all major ICT contracts. Without a formal knowledge transfer plan, the Pension Administration risks inheriting a complex, customized system without the internal expertise to manage it, leading to a prolonged, expensive reliance on third-party even for basic maintenance and support.

**(4) The Pension Administration should: (a) establish a mechanism to periodically assess capabilities of third-party ICT service providers to support service delivery; and (b) include a knowledge transfer plan in all major information and communication technology contracts.**

*The Pension Administration accepted recommendation 4 and stated that it will review the service provision of all information and communications technology third-party service providers according to their contract terms. In addition, where applicable and cost effective, the Pension Administration will implement necessary controls to ensure service continuity on critical services.*

### Need to clarify the ownership of the source code in the third-party managed environments

24. According to the best practices, any agreement with third-party ICT service providers should explicitly define and protect the organization's ownership of all deliverables, including custom-developed source code (client source code) and related intellectual property, to ensure operational resiliency and mitigate the third-party service provider lock-in.

25. The Pension Administration uses the V3 pension administration system<sup>1</sup>, a proprietary application owned and managed by the third-party ICT service provider. While the third-party ICT service provider

---

<sup>1</sup> It is the core component of the architecture of IPAS.

owns the ‘product source code’, the Pension Administration internally develops customized codes, known as ‘the client source code’, specifically for the Organization’s needs and workflows. This client source code is then provided to a third-party ICT service provider, which compiles and deploys it to production.

26. OIOS noted that the impending migration of the Pension Administration’s Vitech development environment to a Web Services platform has exposed ambiguity regarding the legal ownership of this ‘client source code’. The original contract lacked a precise legal provision that clearly distinguishes the Pension Administration’s intellectual property from that of the third-party service provider. This ambiguity creates a potential third-party service provider lock-in especially if the relationship with the third-party service provider terminates or enters in a dispute, compromising the Pension Administration’s negotiating position. The Pension Administration agreed that the code created by its staff is the property of the Pension Administration under intellectual property rights for developers, but the re-use of the Pension Administration’s code by the vendor was an issue and should be identified in the contract.

**(5) The Pension Administration should: (a) clarify client source code ownership including access modality and modification rights in the third-party service provider hosted environment; and (b) include explicit contractual clauses confirming the Pension Administration’s ownership and intellectual property rights for the hosted environment, in the agreement with the third-party service provider.**

*The Pension Administration accepted recommendation 5 and stated that it will request the opinion of the United Nations Office of Legal Affairs to address the risks identified and liaise with the United Nations Procurement Division for any additional action required.*

#### The Configuration Management Database (CMDB) needed to be updated

27. For effective management of ICT systems and services, the Pension Administration should have an up-to-date inventory of their ICT assets (configuration items)<sup>2</sup> and service contracts.

28. OIOS noted that CMDB did not contain all service contracts with the third-party ICT service providers. For example, CMDB reflected only 55 active service contracts whereas the Agency alone had 88 active contractual instruments (November 2025). Furthermore, OIOS review of these 55 service contracts in CMDB identified missing information in several cases, such as name, contract type, relationship to configuration items and important contract dates. The Pension Administration stated that service managers are required to do annual revisions to the contracts they manage to ensure completeness.

**(6) The Pension Administration should update the configuration management database to ensure complete information about its contracts and assets.**

*The Pension Administration accepted recommendation 6 and stated that while contracts are currently managed in Umoja, the Information Management Systems Service will store final contracts for all information and communications technology services in the updated Information and Communications Technology Service Management System after planned migration to new system.*

---

<sup>2</sup> ICT assets (configuration items): A configuration item is any service component, infrastructure element or other item that needs to be managed to ensure successful delivery of services, such as a router, a server, an application, a virtual machine, a container or a logical construct such as a portfolio.

### Call centre services were awarded and extended without market analysis

29. According to United Nations Financial Regulation 5.12, the general principles that shall be given due consideration when exercising procurement functions are: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the United Nations.

30. In 2016, due to significant delays in responding to client inquiries received through email (particularly those classified as “high priority”) as well as the very low response, the Pension Administration established a call centre on a pilot basis to strengthen the capacity of its Client Services. In view of the urgency and criticality of this requirement, the Pension Administration entered into an SDA with the Agency in September 2016 without conducting market research to assess the reasonableness of the costs proposed by the Agency for the pilot call centre. After that, the Pension Administration signed several SDAs with the Agency, expanding the scope of the call centre services. Based on data obtained from the SDAs, the best estimate of the expenditure incurred on call centre services since 2016 was approximately US\$24.5 million.

31. According to its mandate, the Agency provides ICT services to partner organizations by maximizing the sharing of its computing and communications infrastructure, the associated systems, and software. Since the Agency had never provided this kind of non-ICT service before, the then Fund Secretariat provided training to the Agency’s personnel to enable them to answer client inquiries relating to pension matters. This clearly demonstrated that the provision of call centre services on pension matters was not an area in which the Agency had any expertise. While the then Fund Secretariat stated that it entrusted call centre services to the Agency because only a United Nations entity (such as the Agency) could assure confidentiality of data pertaining to UNJSPF participants and beneficiaries, OIOS was of the view that risks relating to confidentiality of data could be mitigated by including appropriate confidentiality clauses in contracts with non-United Nations entities (i.e., external contractors).

32. In 2024, the Pension Administration initiated market research by engaging a consultant to assess the cost of similar services provided by other vendors and also to provide the most suitable options for managing the same. The Pension Administration stated that a consultant has been engaged to provide recommendations to find the best possible option. Since the Pension Administration is already taking action to address the issue, no recommendation has been made in this area.

### Need to strengthen the monitoring of third-party ICT service provider security posture

33. Effective continuous monitoring requires that an organization has visibility into the external security posture of its critical third-party service providers to identify emerging risks proactively.

34. The Pension Administration utilizes the ‘Security Scorecard’ service to monitor its external security posture and that of the third-party ICT service providers. However, the current service license limits the monitoring to only five third-party service providers. This prevented assessing the security posture of all other critical ICT service providers, limiting the Pension Administration’s ability to identify and manage emerging cybersecurity risks proactively. *The Pension Administration agreed to expand monitoring of its third-party ICT service provider security posture and stated that the use of Security Scorecard and monitoring of all contracts for the Office of Investment Management and the Pension Administration should be from one console.*

## C. Performance monitoring mechanism

### Need to strengthen the procurement and contract management processes for ICT services

35. As per the best practices, an effective procurement-to-pay processes require early involvement of the sourcing unit for acquisition planning, a centralized and automated workflow for invoice processing, and inclusion of measurable key performance indicators (KPI) in contracts to manage vendor performance.

36. OIOS noted that in several instances, services were rendered by the third-party ICT service providers without formal contracts in place, thereby exposing the Pension Administration to legal and financial risks due to undefined terms and conditions. Also, there were cases in which services not included in the approved budgets were contracted, indicating challenges with procurement controls and financial oversight. Consequently, a number of contracts were in place without clear, measurable KPIs, success criteria, and data ownership, making it difficult to hold third-party ICT service providers accountable for performance.

37. The Pension Administration has stated that SCU currently uses an Excel-based tracker to monitor contract expiration dates and NTE balances, while it was exploring the development of an automated dashboard to strengthen oversight and prevent future ex-post facto situations. In addition, Statements of Work, Terms of Reference, and Technical Specifications are being reviewed for future solicitations to incorporate KPIs and to establish clearly defined roles and responsibilities for contracts management and administration in line with the organizational structure.

38. The absence of a centralized contract management system limits the Pension Administration's ability to: (a) ensure compliance with procurement and financial regulations; (b) validate service delivery against agreed terms; (c) monitor contract lifecycle and exit strategies; and (d) ensure a formal authorization mechanism.

**(7) The Pension Administration should: (a) review all ex post facto cases periodically and conduct root cause analysis to address systemic issues in the contracting process; and (b) ensure that all new information and communication technology service contracts and renewals include specific and measurable key performance indicators.**

*The Pension Administration accepted recommendation 7 and stated that it will analyse with relevant stakeholders, lessons learned from contractual cases to implement corrective actions where needed. Also, it will ensure that contracts for the information and communications technology services and renewals include specific key performance indicators.*

### Need to enhance the quality of code provided by one of the third-party ICT service providers

39. The best practices provide that contracts with third-party ICT service providers (including developers) should include robust service level agreements, warranty periods, and quality metrics to ensure the cost-effective delivery of high-quality, functional code.

40. OIOS was informed that the code quality of the proprietary V3 Pension Administration System from one of the key third-party ICT service providers to the Pension Administration has deteriorated (often characterized as 'assembly line codes'), requiring Pension Administration to incur cost for the same work multiple times: first for the development, and again to identify and remediate defects. The gaps in quality also resulted in delays in the delivery of needed business functionality. The Pension Administration pays

a high, flat rate of US\$250 an hour for the code regardless of code quality. The contract lacked enforceable service-level agreements, quality warranties, or financial penalties tied to delivered code quality.

**(8) The Pension Administration should establish a mechanism to periodically review and track all defects and rework costs due to the quality of code delivered by the third-party service provider.**

*The Pension Administration accepted recommendation 8 and stated that the Information Management Systems Service will establish a mechanism to periodically review and track all defects and rework costs attributed to the quality of code delivered by third-party information and communications technology providers. Also, this mechanism will be added to the existing mechanisms supporting system development monitoring and change control.*

#### **IV. ACKNOWLEDGEMENT**

41. OIOS wishes to express its appreciation to the management and staff of the Pension Administration for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of information and communications technology services provided by third-parties to the Pension Administration

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	The Pension Administration should establish a policy framework for outsourcing of ICT services, which should include in particular: (a) defining 'ICT services' and its classification as 'core/non-core services'; (b) assigning responsibility for holistic oversight of third-party service providers providing information and communications technology services; and (c) establishing appropriate exit and transition strategies for critical third-party service providers.	Important	O	Receipt of evidence of establishing a policy framework for outsourcing of ICT services.	31 March 2027
2	The Pension Administration should strengthen the management and monitoring of the budget and expenditure related to the United Nations Agency, notably by establishing a mechanism to reconcile advance payments made to the United Nations Agency and credit notes and their application to reduce future budget allocations and payments.	Important	O	Receipt of evidence of strengthened arrangement for the management and monitoring of the budget and expenditure related to the United Nations Agency.	31 July 2027
3	The Pension Administration should strengthen the invoice verification and payment process by: (a) implementing an automated workflow for processing invoices; and (b) establishing clearly defined roles and responsibilities for invoice verification and processing.	Important	O	Receipt of evidence of strengthened process for the invoice verification and payment.	31 July 2027
4	The Pension Administration should: (a) establish a mechanism to periodically assess capabilities of third-party ICT service providers to support service	Important	O	Receipt of evidence of implementation.	31 July 2027

<sup>3</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>4</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>5</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>6</sup> Date provided by the Pension Administration in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of information and communications technology services provided by third-parties to the Pension Administration

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
	delivery; and (b) include a specific, measurable, and time-bound knowledge transfer plan in all major information and communication technology contracts.				
5	The Pension Administration should: (a) clarify client source code ownership including access modality and modification rights in the third-party service provider hosted environment; and (b) include explicit contractual clauses confirming the Pension Administration's ownership and intellectual property rights for the hosted environment, in the agreement with the third-party service provider.	Important	O	Receipt of evidence of implementation.	31 March 2027
6	The Pension Administration should update the configuration management database to ensure complete information about its contracts and assets.	Important	O	Receipt of evidence of updating the configuration management database.	31 March 2027
7	The Pension Administration should: (a) review all ex post facto cases periodically and conduct root cause analysis to address systemic issues in the contracting process; and (b) ensure that all new information and communication technology service contracts and renewals include specific and measurable key performance indicators.	Important	O	Receipt of evidence that: (a) all ex post facto cases are reviewed periodically and root cause analysis are conducted; and (b) all new information and communication technology service contracts included specific and measurable key performance indicators.	31 March 2027
8	The Pension Administration should establish a mechanism to periodically review and track all defects and rework costs due to the quality of code delivered by the third-party service provider.	Important	O	Receipt of evidence of establishment of a mechanism to periodically review and track all defects and rework costs.	31 March 2027

# **APPENDIX I**

## **Management Response**

# UNJSPF CCPPNU

United Nations Joint Staff Pension Fund

Caisse commune des pensions du personnel des Nations Unies

TO: Mr. Byung-Kun Min,  
A: Director Internal Audit Division,  
Office of Internal Oversight Services

DATE: 26 December 2025

REFERENCE:

THROUGH:  
S/C DE:

FROM: Rosemarie McClean,  
DE: Chief Executive,  
United Nations Joint Staff Pension Fund



[Rosemarie McClean \(Dec 23, 2025 14:24:54 EST\)](#)

SUBJECT: **UNJSPF response to draft report of the audit of information and communications technology services provided by third parties to the Pension Administration**  
OBJET: **technological services provided by third parties to the Pension Administration**

1. Reference is made to your memorandum dated 18 December 2025, in which you submitted for the Fund's review and comments, the draft report of the above-mentioned audit.
2. As requested, the Pension Administration's comments on the audit recommendations are included in Annex I. Factual clarifications to the report are detailed in Annex II.
3. The Pension Administration would like to thank OIOS auditors for the constructive exchanges with management.

cc.: Mr. D. Dell'Accio, Deputy Chief Executive  
Mr. G. Mallette, Chief Information Officer, OIC  
Mr. E. Iaderosa, Chief Financial Officer  
Mr. J. Nunez, Chief Risk and Compliance Officer  
Ms. K. Manosalvas, Senior Risk Officer and Audit Focal Point

**ANNEX I**  
**AUDIT RECOMMENDATIONS**  
**Audit of information and communications technology services provided by third parties to the Pension Administration**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical/<sup>1</sup>/ Important<sup>2</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
1	The Pension Administration should establish a policy framework for outsourcing of ICT services, which should include in particular: (a) defining 'ICT services' and its classification as 'core/non-core services'; (b) assigning responsibility for holistic oversight of third-party service providers providing information and communications technology services; and (c) establishing appropriate exit and transition strategies for critical third-party service providers.	Important	Yes	Chief of IMSS, Chief Business Support Section	March 2027	a) Core and non-core ICT services will be identified as part of IMSS Service Management system; b) As per the established roles and responsibilities, BSS/SCU will continue to oversee contract management and invoice processing activities, while ICT service management is overseen by IMSS; c) The Pension Administration will prepare exit strategies for critical service providers at an enterprise level.
2	The Pension Administration should strengthen the management and monitoring of the budget and expenditure related to the United Nations Agency, notably by establishing a mechanism to reconcile advance payments made to the United Nations Agency and credit notes and their application to reduce future budget allocations and payments.	Important	Yes	Chief of IMSS, Chief Business Support Section, Senior Budget Officer	July 2027	The Pension Administration will expand its existing processes to monitor the budget and expenditure of the UN Agency. The Pension Administration will engage with the UN Agency to identify viable solutions to reconcile: a) advance payments made to the UN agency; b) credit notes and their application.

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical/ <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	The Pension Administration should strengthen the invoice verification and payment process by: (a) implementing an automated workflow for processing invoices; and (b) establishing clearly defined roles and responsibilities for invoice verification and processing.	Important	Yes	Chief of IMSS, Chief Business Support Section, Senior Budget Officer	July 2027	a) The Pension Administration has already established a generic email address to consolidate invoice submissions into a single mailbox, ensuring a centralized repository. For further efficiency, the Pension Administration will identify options for systematic storage, retrieval, and tracking of invoices. b) The Fund will document the process and related roles and responsibilities.
4	The Pension Administration should: (a) establish a mechanism to periodically assess capabilities of third-party ICT service providers to support service delivery; and (b) include a knowledge transfer plan in all major information and communication technology contracts.	Important	Yes	Chief of IMSS	July 2027	a) The Pension Administration will review the service provision of all ICT third-party providers according to their contract terms. b) Where applicable and cost-effective, the Fund will implement necessary additional controls to ensure service continuity on critical services.
5	The Pension Administration should: (a) obtain a formal legal opinion on client source code ownership, access modality, and modification rights in the third-party service provider hosted environment; and (b) include explicit contractual clauses confirming the Pension Administration's ownership and intellectual property rights for the hosted environment, in the agreement with the third-party service provider.	Important	Yes	Chief of IMSS, Chief of Enterprise Applications Section	March 2027	The Pension Administration will request the opinion of the UN Office of Legal to address the risks identified in this audit recommendation and liaise with the UN Procurement Division for any additional action required.

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
6	The Pension Administration should update the configuration management database to ensure complete information about its contracts and assets.	Important	Yes	Chief of IMSS	March 2027	While contracts are currently managed in UMOJA, IMSS will store final contracts for all ICT services in the updated IT Service Management (ITSM) system, after the planned migration to a new system.
7	The Pension Administration should: (a) review all ex post facto cases periodically and conduct root cause analysis to address systemic issues in the contracting process; and (b) ensure that all new information and communication technology service contracts and renewals include specific and measurable key performance indicators.	Important	Yes	Chief Business Support Section, Chief of IMSS	March 2027	The Pension Administration will: a) analyze with relevant stakeholders, lessons learned from contractual cases to implement corrective actions where needed; and b) ensure that contracts for ICT services and renewals include specific key performance indicators.
8	The Pension Administration should establish a mechanism to periodically review and track all defects and rework costs attributed due to the quality of code delivered by the third-party service provider.	Important	Yes	Chief of Enterprise Applications Section	March 2027	IMSS will establish a mechanism to periodically review and track all defects and rework costs attributed to quality of code delivered by third-party services providers. This mechanism will be added to the existing mechanisms supporting system development monitoring and change control.

**ANNEX II**

**Factual Clarifications to the draft report of audit of information and communications technology services provided by third parties to the Pension Administration**

**Table 2:** The Fund wishes to highlight that the information in Table 2 as published by OIOS represents a sample of invoices processed by UNJSPF Pension Administration. For further clarity, the Pension Administration reviewed and categorized the invoices data as shown in Table 2 below, to better reflect the status of invoices:

**Table 2: Status of invoices sampled by OIOS processed between 2021-2025**

Number of cases: 407

Length of time from invoice date (document date in Umoja) (>=90 Days)

[Document date to Posting date (RE doc)]		less than 90 days	%	90 days or more	%	Total
2021	Total	25	61%	16	39%	41
2022	Total	32	49%	33	51%	65
2023	Total	79	75%	27	25%	106
2024	Total	81	70%	34	30%	115
2025	Total	79	99%	1	1%	80
<b>Total</b>		<b>296</b>	<b>73%</b>	<b>111</b>	<b>27%</b>	<b>407</b>