



INTERNAL AUDIT DIVISION

REPORT 2016/046

Audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi

Overall results relating to the administrative arrangements for the provision of common services were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

13 May 2016
Assignment No. AA2015/210/03

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AUDIT REPORT

Audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi (UNON).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. Common services began in 1993 following a review of administrative and support operations of United Nations entities in Nairobi. After the review, the Secretary-General decided to establish common administrative and support services to replace the two separate administrations of the United Nations Environment Programme (UNEP) and the then United Nations Centre for Human Settlements (Habitat). Between 1996 and 1997, there was a transfer of resources from these two entities to the newly established UNON. Subsequently, a coordinating body known as the Inter-Agency Administrative Coordination Committee (IAACC) was set up, comprising representatives of all offices of United Nations system organizations in or operating from Kenya. In 1997 a task force on common services was launched, and it undertook an assessment of common services. The results of this exercise were incorporated in the October 2000 Secretary-General's report on common services. In 2004 the United Nations Development Group Global Common Services Programme was launched. UNON, in accordance with the global common services programme, established a project on United Nations Common Services in Kenya and appointed a Coordinator in 2006 to oversee the project.
4. In 2006, a Common Services Governance Framework (CSGF) was established following a retreat held in Mombasa for all United Nations organizations operating in or from Kenya. This was a three-tier governance structure which was endorsed by the retreat participants replacing IAACC. CSGF comprised of the Common Services Board (CSB), the Common Services Executive Committee (CSEC), and the Common Services Management Team (CSMT). Guidelines were endorsed establishing an overall framework for the management, oversight and operation of common services in Kenya, including the functions of the United Nations Common Services Unit (CSU). Following a recommendation made by the Joint Inspection Unit in its 2008 report, the governance structure was revised to a two-tier structure which eliminated CSEC.
5. CSGF is an inter-agency body which includes representatives of all offices of the United Nations funds, programmes and agencies (and associated international organizations). CSMT meets once a month and makes recommendations to CSB, which meets twice a year and gives policy directives and makes executive decisions pertaining to common services. Below CSMT are working groups for each common service offered. The working groups comprise of staff members from the agencies that receive the common service and their role is to monitor the implementation of the common service providers' work plan and budgets. They also make recommendations to CSMT for matters requiring policy changes.
6. Common services provided by UNON include: Kenya Security Coordination, Joint Medical Service or JMS (including Stress Counseling and "UN Cares"), Information and Communications Technology Services (ICTS), Telecommunication Services, Host Country Relations, Diplomatic Pouch

Services, Staff Bus and Out of Hours Shuttle as well as Commercial Operations. Common services also include transportation services and management of premises which are managed by the UNON Facilities Management and Transportation Section (FMTS).

7. UNON provides joint central support services to UNEP and United Nations Human Settlements Programme (UN-Habitat) with which it has an overarching Memorandum of Understanding (MOU). UNON also signs Service Level Agreements (SLAs) with other United Nations agencies. SLAs form the basis for service provision and describe the nature and scope of the common services, budget procedures, oversight mechanisms and obligations of the parties involved.

8. The approved budget for common services (excluding the Kenya Security Coordination and Commercial Operations) for 2014/2015 was \$8.2 million for each of the two years. Oversight for common services is provided by CSGF while the service providers have functional accountability to the UNON Director, Division of Administrative Services (DAS). Common services providers in DAS report to the UNON Director, DAS either directly or through the relevant Service Chiefs where applicable.

9. Comments provided by UNON are incorporated in italics.

II. OBJECTIVE AND SCOPE

10. The audit was conducted to assess the adequacy and effectiveness of UNON governance, risk management and control processes in providing reasonable assurance regarding the **efficient and effective provision of common services by UNON**.

11. The audit was included in the 2015 OIOS work plan in view of the risks associated with the provision of common services by UNON and their potential impact on United Nations operations.

12. The key controls tested for the audit were: (a) regulatory framework; and (b) performance monitoring indicators and mechanisms. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the provision of common services; (ii) are implemented effectively; and (iii) ensure the reliability and integrity of financial and operational information.

(b) **Performance monitoring indicators and mechanisms** - controls that provide reasonable assurance that performance metrics are established and used to ensure the efficiency and effectiveness of common services operations.

13. The key controls were assessed for the control objectives shown in Table 1. Certain control objectives (shown in Table 1 as “Not assessed”) were not relevant to the scope defined for this audit.

14. OIOS conducted the audit from December 2015 to March 2016. The audit covered the period from January 2014 to November 2015.

15. The audit team conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

16. The UNON governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **efficient and effective provision of common services by UNON**. OIOS made six recommendations in the report to address issues identified in the audit.

17. Regulatory framework was rated partially satisfactory because there was a need for UNON DAS to: (a) update the guidelines of CSU to reflect the correct roles and responsibilities of the Unit; and (b) ensure that SLAs are concluded without delays. However, Management has taken corrective measures to ensure billing rates for 2016 services were approved. Performance monitoring indicators and mechanisms was rated partially satisfactory because there was a need for UNON DAS to: (a) ensure that JMS develops annual and individual work plans for its staff; (b) update the key performance indicators for common services providers and use them to monitor and improve service delivery; (c) strengthen the monitoring of common services by ensuring that comprehensive performance reports are prepared by all service providers; and (d) strengthen the client feedback mechanisms.

18. The initial overall rating is based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress. Additionally, UNON has not accepted one important recommendation. OIOS has closed this recommendation indicating management’s acceptance of residual risks arising from not implementing it and may be reported to the Secretary-General and the General Assembly accordingly.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Efficient and effective provision of common services by UNON	(a) Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
	(b) Performance monitoring indicators and mechanisms	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

Need to update common services guidelines

19. CSU was responsible for maintaining guidelines titled “Guidelines on the Provision of Common Services to offices of the United Nations Funds, Programmes and Agencies in or operating in Kenya”, which were developed in April 2006 and approved by CSB. They outlined a framework for the

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

establishment, management and operation of common services and included the management structure and oversight mechanism for common services, as well as the roles and responsibilities of CSU.

20. CSU did not carry out some of the key roles and responsibilities stipulated in the guidelines. For example, the CSU did not monitor the performance and performance standards of the service providers or identify areas that would potentially lend themselves to be managed under common services. According to the CSU Coordinator, this was the responsibility of the respective working groups.

21. Also, the reporting lines indicated in the guidelines were inconsistent with the CSGF organization chart. According to the guidelines, CSU had functional accountability to the Director, DAS and also to the Resident Coordinator. The organization chart, on the other hand, stipulated that CSU had a direct reporting line to CSMT and a dotted line to the Resident Coordinator.

22. The guidelines were to be reviewed annually for making any necessary revisions. However, since their issuance in April 2006, no amendments were made until September 2015 when they were partially updated to reflect a new rate card system for financial management and billing of United Nations agencies receiving common services.

23. As a result of not updating the guidelines, there was risk of accountability gaps as well as unclear expectations by service recipients which could potentially affect the quality of services.

(1) UNON DAS should update the guidelines of the Common Services Unit so that they reflect the correct roles and responsibilities of the Unit.

UNON DAS accepted recommendation 1 and stated that revised guidelines will be approved by CSB at the end of year meeting which will be held in December 2016. Recommendation 1 remains open pending receipt of the updated CSU guidelines.

Need to streamline the management of SLAs

24. The relationship between UNON and the recipients of common services is outlined in a SLA which is a legally binding instrument detailing the roles and responsibilities of the parties. The agreement defines the level of services expected by the recipients as well as mutual obligations and payment terms. Separate from the SLA is the subscription form signed annually by each service recipient, which details the number of users for each subscribed service. The information in these forms is used to obtain billing statistics as well as provide income projections to CSU for the services provided. For ICTS, the subscription form is more detailed and forms part of the SLA, as it outlines the terms and conditions for the services provided.

25. OIOS reviewed both the SLAs and subscription forms and noted the following.

- a. Some of the SLAs that were currently in force had become outdated. These SLAs had provisions and clauses that were no longer valid, since they made reference to outdated listing of services in the scope of service. Also, the clause on financing of common services did not reflect the current rate card system which was adopted in 2014.
- b. The current SLAs had clauses that were unclear. For example, the SLAs for ICTS services made reference to a Framework Agreement on Common Services, a document which CSU was not aware of. The “Applicability” section of the SLA stated that “Services shall be available to service users that have approved the Guidelines on the Provision of Common Services to offices of United Nations Funds, Programmes and Specialized Agencies based in or operating from

Kenya". There was no indication that such approval process was sought from the service users prior to the approval of the SLA.

- c. In January 2016, CSU submitted to OIOS draft SLAs which were revised to take into consideration the new financing arrangement as adopted by CSB in August 2014. The revised draft SLAs also streamlined the termination clause and amended or eliminated some of the ambiguous clauses that were in the current SLAs. However, the documents were still in draft form, pending approval by the Director of Administrative Services.
- d. The process of approving and signing of SLAs and subscription forms was lengthy and in some instances took more than a year. This was especially noted in the case of ICTS SLAs which were being authorized and certified by the Budget and Financial Management Service (BFMS). There were no established timelines within which the SLAs were required to be approved and certified. Due to significant delays in the certification and approval process, OIOS noted that for the sample SLAs reviewed, services commenced before the SLAs were signed. As a result, there was risk that both UNON and the service recipients would not be able to enforce the SLAs during the period when they were not signed.

(2) UNON DAS should establish an appropriate mechanism to ensure that: (i) Service Level Agreements (SLAs) are updated periodically to reflect current changes; (ii) only staff with appropriate delegation of authority sign SLAs; and (iii) SLAs are concluded without delays.

UNON DAS accepted recommendation 2. Recommendation 2 remains open pending receipt of measures established to ensure that (i) SLAs are updated periodically to reflect current changes; (ii) only staff with delegated authority sign SLAs; and (iii) SLAs are concluded without delays.

Need to strengthen billing procedures

26. Billing for common services was done by BFMS based on the statistics provided by the service providers in accordance with the subscription forms, multiplied by the unit rate for each service provided. The billing rates were computed by BFMS based on the annual approved budget of each service provider and billing was done twice yearly. In 2014, BFMS decided to maintain the same billing rates for extended periods of time unless significant changes deemed it necessary to change the billing rate for a specific service. As a minimum, the billing rates would be reviewed once every two years. This change in approach, which was known as the rate card system, was necessary to enhance efficiency and simplify the billing system. Consequently, CSB approved the rate card system in August 2014 and outlined it in the 2014 budget proposal and the 2014 billing methodology.

27. The process of recovering outstanding balances was outlined in a document titled "UNON Billing and Collection Process" which was last updated in September 2015. According to this document, amounts outstanding for more than 60 days were to be followed up with the service recipients. The process included letters and meetings with the finance and operational heads as well as the Heads of Agencies. Services would be discontinued where balances were outstanding for more than 120 days.

28. OIOS noted from a review of the billing and collection process that not all services that the Host Country Services Unit (HCSU) offered were priced and billed, such as: (i) obtaining certificates of good conduct for staff; (ii) replacing of lost documents; (iii) obtaining work permits for staff spouses; (iv) registration of vehicles for retired staff; and (v) renewal of driving licenses. These services were excluded because they were not mapped into the Lotus Notes-based system that HCSU had been using until January 2016 when the Unit commenced its migration into a new system known as Process Maker. Not

billing for all services provided could result in a funding deficit but management reports for 2014 and 2015 showed that the Unit as a whole had accumulated surplus amounts of \$168,027. Therefore, HCSU did not suffer any financial deficit by not billing for these services.

29. In August 2015, BFMS presented to the Budget and Finance Working Group a history of the rates charged for each service since 2011, and projections of the rates to be charged in 2016. Both gross rates and net rates were presented for each service, where the net rate took into consideration possible surplus (or unutilized) amounts brought forward from previous years. While assessing the rates for ICTS services, the Budget and Finance Working Group noted that the per unit gross rate of \$130 was significantly higher than the per unit net rate of \$109. The Working Group was of the opinion that, because the same net rate of \$109 had been applied over the five years prior without any change, maintaining the gross rate at \$130 was not justifiable, hence there was a need to revise it downwards. This decision was upheld by CSMT during their meeting held in September 2015. In this meeting, BFMS was requested to re-assess and revise these rates and submit them to the Budget and Finance Working Group for another review after which a request for endorsement of the new rates would be made to CSMT in a meeting scheduled for October 2015. The new rates would be applied during the 2016 billing cycle. As at the time of the audit (March 2016), BFMS had not implemented the decision of CSMT and continued to apply the gross and net rates of \$130 and \$109, respectively.

(3) UNON should ensure that the billing rates for Information and Communications Technology Services for 2016 are reviewed by the Budget and Finance Working Group and approved by the Common Services Management Team before billing is done for the current year.

UNON accepted recommendation 3 and provided evidence to indicate that it had been implemented. Based on the actions taken by UNON, recommendation 3 has been closed.

B. Performance monitoring indicators and mechanisms

Need to have comprehensive work plans in place for JMS

30. At the beginning of every year, common service providers develop annual work plans outlining key activities for the year, expected results and persons responsible for achieving these results. Separately, the service providers also develop performance measures that are used to track implementation of these activities. Once developed, work plans are submitted to the immediate supervisors within DAS and also to the common services working groups which monitor the service providers under CSGF. Outside of the work plans, staff develop their individual performance plans outlining activities which will support the accomplishment of the Unit's activities for the year.

31. A review of the 2014/2015 work plans showed that ICTS, HCSU, FMTS and Mail and Pouch Services had detailed goals, activities and performance standards clearly outlined in the work plans and included all common services offered to the clients. However, there were some deficiencies noted for JMS as explained below:

- a. The work plans for JMS were not comprehensive and only included a listing of the respective Units' services as outlined in SLAs. The listing was not measurable and was not clear on expected results, target dates of accomplishment and persons responsible for undertaking these activities. This was a significant deviation from past plans from the same Units, such as the 2012 JMS work plan, which had comprehensive and sufficient details to track all its activities. In the

absence of a comprehensive work plan, there was risk of inadequate planning which would adversely affect service delivery and achievement of goals and objectives.

- b. The individual work plans for JMS were not aligned to the Units' work plans. This was primarily because the combined work plans for these three Units were not comprehensive as indicated above. As a result, it was not possible to ascertain how the activities of these staff would contribute towards the accomplishment of the Units' goals and objectives.

(4) UNON DAS should ensure that the Joint Medical Service develops annual work plans and that these are aligned to the individual staff work plans.

UNON DAS accepted recommendation 4. Recommendation 4 remains open pending development of annual work plans for JMS.

Need to update performance benchmarks and effectively monitor performance

32. Under the Secretary-General's bulletin ST/SGB/2009/3 titled "Organization of the United Nations Office at Nairobi", the Office of the Director-General has, among others, the responsibility of monitoring the quality, efficiency, effectiveness and timeliness of the delivery of services by UNON. Accordingly, CSU was tasked with the responsibility of monitoring the performance of all the common services, and reviewing performance and performance standards to evaluate quality and timeliness.

33. OIOS assessed the effectiveness of the monitoring systems that are currently in place and noted the following:

- a. In July 2013, the CSU Coordinator, in collaboration with the Unit and Service Chiefs, developed performance indicators for all the service providers on behalf of UNON DAS. These performance indicators were not monitored by UNON DAS and had not been updated since 2013. Separately, all the service providers developed their own key performance indicators (KPIs). However, the service providers did not report on their KPIs either to their direct supervisors or to UNON DAS. Further, the KPIs developed by the service providers did not match those that were developed by UNON DAS in 2013. However, FMST and Mail and Pouch used their indicators as a basis for measuring the performance of their suppliers as some benchmarks were part of the contractual arrangement.
- b. The service level benchmarks (SLBs) for HCSU were not up to date as they excluded some services offered by the Unit, such as: (i) obtaining certificates of good conduct for staff; (ii) replacing of lost documents; (iii) obtaining work permits for staff spouses; (iv) registration of vehicles for retired staff; and (v) renewal of driving licenses. Some benchmarks relating to the turnaround times for some services provided by HCSU had also changed due to changes in host government processing systems. However, this was not reflected in the SLBs. A case in point was the time taken to process staff members' diplomatic identification cards. According to the SLBs, this was supposed to take 10 days, however, the actual average processing time was now 104 days.
- c. ICTS benchmarks had been developed in 2012/2013 by the now defunct Client Advisory Committee. The basis for these benchmarks was not communicated to the ICT focal point persons of UNEP and UN-Habitat. OIOS discussions with UNEP and UN-Habitat established that the focal points had requested that they be involved in the revision of the benchmarks. However, this process had not yet started.

34. As a result of this gap in monitoring, there was risk that both CSGF and DAS may not have sufficient information to identify opportunities to improve the quality of service provided. There was also risk of inadequate monitoring owing to sub-optimal measuring standards that did not reflect accurate performance standards for the services provided.

(5) UNON DAS should update the key performance indicators for common services providers and use them to monitor and enhance the efficiency and effectiveness of service delivery.

UNON DAS accepted recommendation 5. Recommendation 5 remains open pending the development of key performance indicators for common services providers.

Need to improve client feedback mechanisms

35. Obtaining client feedback is a key component of service provision as it provides insight that can be used by the service providers to improve their services, processes or overall client experience. Unlike the periodic surveys performed by the Monitoring and Evaluation working group, client feedback is instantaneous and provides service providers an opportunity to make immediate improvement to their services.

36. The feedback mechanisms in place at UNON varied from one service provider to another. Feedback was obtained through email, written notes left at front office desks, one-on-one discussions with the staff providing the services or automated system.

37. With the exception of ICTS which used the iNeed system to gather and collate client feedback, other common service providers did not have adequate feedback mechanisms. Results obtained from clients were not collated for analysis of trends or identification of areas that required urgent action. Further, there was no information on how client complaints were dealt with as the service providers did not report on this. As a result of the inadequate feedback mechanism, the service providers did not have an opportunity to learn from their clients on ways they could improve their services or processes to enhance efficiency and effectiveness of the services offered.

(6) UNON DAS should strengthen the feedback mechanisms of the service providers and ensure that feedback is documented and used to monitor and improve the delivery of common services.

UNON DAS partially accepted recommendation 6 stating that there is an approved CSGF in place which monitors the performance of the common services. Furthermore, the Monitoring and Evaluation working group is tasked by CSMT to monitor all common services on a regular basis. CSU also acts as a liaison for monitoring and resolving all issues raised by clients on a regular, almost daily, basis. Several client satisfaction surveys have been issued by UNON DAS. In 2015 alone, there were surveys on staff bus, host country services unit, official drivers working conditions, ICTS and commercial operations. UNON DAS is unclear as to what further action will serve to close the recommendation. Reverting to archaic feedback mechanisms such as hard copy feedback forms and suggestion boxes within the UNON compound are not feasible. UNON DAS would therefore appreciate if OIOS considers removal of the recommendation.

The audit showed that there was no evidence that systematic feedback was being obtained for all the common services. OIOS therefore maintains that there is need for a formal feedback mechanism from clients to ensure that the feedback results are documented, aggregated, analyzed and systematically used by CSB and CSU to measure client satisfaction and also address any complaints and concerns through necessary corrective actions, including any process changes. Client surveys

can be conducted very efficiently using modern tools such as online/electronic questionnaires which users can complete quickly, and the results can be aggregated and analyzed easily. Such practices assist in instituting client orientation among service providers and ensuring their accountability for quality and timeliness of services. Even though UNON stated that it partially accepts this recommendation, its comments indicate non-acceptance since it has not provided an action plan to address the issues satisfactorily. This unaccepted recommendation has been closed and may be reported to the Secretary-General and the General Assembly indicating management's acceptance of residual risks.

IV. ACKNOWLEDGEMENT

38. OIOS wishes to express its appreciation to the Management and staff of UNON for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	UNON DAS should update the guidelines of the Common Services Unit so that they reflect the correct roles and responsibilities of the Unit.	Important	O	Receipt of the updated CSU guidelines	31 December 2016
2	UNON DAS should establish an appropriate mechanism to ensure that: (i) Service Level Agreements (SLAs) are updated periodically to reflect current changes; (ii) only staff with appropriate delegation of authority sign SLAs; and (iii) SLAs are concluded without delays.	Important	O	Receipt of measures established to ensure that (i) SLAs are updated periodically to reflect current changes; (ii) only staff with delegated authority sign SLAs; and (iii) SLAs are concluded without delay.	31 October 2016
3	UNON should ensure that the billing rates for Information and Communications Technology Services for 2016 are reviewed by the Budget and Finance Working Group and approved by the Common Services Management Team before billing is done for the current year.	Important	C	Implemented	12 May 2016
4	UNON DAS should ensure that the Joint Medical Service develops annual work plans and that these are aligned to the individual staff work plans.	Important	O	Development of annual work plans for Joint Medical Service.	30 June 2016
5	UNON DAS should update the key performance indicators for common services providers and use them to monitor and enhance the efficiency and effectiveness of service delivery.	Important	O	Development of key performance indicators for common service providers.	31 October 2016
6	UNON DAS should strengthen the feedback mechanisms of the service providers and ensure that feedback is documented and used to monitor and improve the delivery of common services.	Important	C	Even though UNON stated that it partially accepts this recommendation, its comments indicate non-acceptance since it has not provided an action plan to address the issues satisfactorily. This unaccepted recommendation	Not applicable

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNON in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
				has been closed and may be reported to the Secretary-General and the General Assembly indicating management's acceptance of residual risks.	

APPENDIX I

Management Response

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MÉ MORANDUM INTÉRIEUR

UNITED NATIONS OFFICE AT NAIROBI

DIVISION OF ADMINISTRATIVE SERVICES

TO: Mr. Gurpur Kumar, Deputy Director
A: Internal Audit Division, OIOS

DATE: 11 May 2016

RÉFÉRENCE:

FROM: Alexander Barabanov, Director

DE: Division of Administrative Services, United Nations Office at Nairobi

SUBJECT: **Draft report on an audit of the administrative arrangements for the provision of common**
OBJET: **services by the United Nations Office at Nairobi (Assignment No. AA2015/210/03)**

1. Please find enclosed our comments on the recommendations outlined in the report including titles of individuals responsible.
2. We strongly believe that recommendation number 6 should be removed as we already have sufficient systems and feedback mechanisms in place, such as client satisfaction surveys, to monitor and improve upon delivery of common services to clients. We are also unclear as to what further actions on our side will serve to close this recommendation. In some informal discussions we heard suggestions to re-introduce hard copy feedback forms and suggestion boxes. We are strongly opposed to going back to such archaic feedback mechanisms. We therefore request OIOS to consider removal of this recommendation.

cc: Ms. Saleh-Work Zewde, Director General, UNON

Mr. Chris Kirkcaldy, Deputy Director, Division of Administrative Services, UNON

Ms. Mariya Essajee, Coordinator, Common Services Unit and Audit Focal Point, UNON

Ms. Agness Chilinda, Nairobi Audit Section, Internal Audit Division, OIOS

Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNON DAS should update the guidelines of the Common Services Unit so that they reflect the correct roles and responsibilities of the Unit.	Important	Yes	CSU	December 2016	Revised guidelines to be approved by CSB at end of year meeting in December 2016.
2	UNON DAS should establish an appropriate mechanism to ensure that: (i) Service Level Agreements (SLAs) are updated periodically to reflect current changes; (ii) only staff with appropriate delegation of authority sign SLAs; and (iii) SLAs are concluded without delays.	Important	Yes	CSU	October 2016	-
3	UNON should ensure that the billing rates for Information and Communications Technology Services for 2016 are reviewed by the Budget and Finance Working Group and approved by the Common Services Management Team before billing is done for the current year	Important	Yes	Chief BFMS/Chief ICTS	May 2016	Implemented. Documentation supporting closure of this recommendation is attached.
4	UNON DAS should ensure that the Joint Medical Service develops annual work plans and that these are aligned to the individual staff work plans.	Important	Yes	Deputy Chief Medical Officer	June 2016	-
5	UNON DAS should update the key performance indicators for common services providers and use them to monitor and enhance the efficiency and effectiveness of service delivery.	Important	Yes	ODDAS	October 2016	-

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the administrative arrangements for the provision of common services by the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	UNON DAS should strengthen the feedback mechanisms of the service providers and ensure that feedback is documented and used to monitor and improve the delivery of common services.	Important	Partially	ODDAS	TBC	UNON DAS had previously requested that this recommendation be removed as there is an approved Common Services Governance Framework in place, which monitors performance of common services. Furthermore, the M&E working group is tasked by the CSMT to monitor all Common Services on a regular basis. CSU also acts as a liaison for monitoring and resolving all issues raised by clients on a regular, almost daily, basis. Several client satisfaction surveys have been issued by UNON DAS. In 2015 alone, there were surveys on staff bus, host country services unit, official drivers' working conditions, ICTS, and commercial operations. We are also unclear as what further actions on our side will serve to close this recommendation. Reverting to archaic feedback mechanisms such as hard copy feedback forms and suggestion boxes within the UNON compound are not feasible. We would therefore appreciate it if OIOS considers removal of this recommendation.