



INTERNAL AUDIT DIVISION

REPORT 2022/047

Audit of performance indicators of the Regional Service Centre Entebbe services for client missions

The Regional Service Centre Entebbe established adequate performance indicators, properly documented its methodology for measuring the indicators, instituted effective data collection and analysis, but had yet to update service level agreements with client missions and develop end-to-end indicators for critical processes

27 September 2022

Assignment No. AP2020-616-02

Audit of performance indicators of the Regional Service Centre Entebbe services for client missions

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of performance indicators of the Regional Service Centre Entebbe (RSCE) services for client missions. The objective of the audit was to assess whether RSCE had established and implemented adequate and effective indicators to measure and monitor its services provided to client missions. The audit covered the period from July 2019 to December 2021 and included RSCE's establishment of key performance indicators (KPIs), data collection and verification, and remedial actions to address under-performance.

RSCE established adequate performance indicators to measure and monitor the quality of services rendered to its client missions, documented its methodology for calculating KPIs, and put into place effective data collection and analysis processes. RSCE also implemented adequate controls over access to enterprise applications used for data collection and analysis, and as a good practice, it conducted annual client satisfaction surveys and customer feedback surveys after each transaction. Additionally, the RSCE Steering Committee provided adequate oversight and strategic direction to RSCE on service delivery and implementation of RSCE's short and long-term plans, and the Client Board regularly advised on client mission perspectives and identified opportunities to improve overall quality of services.

However, RSCE had not updated its service level agreements with client missions nor developed end-to-end key performance indicators for critical processes to help identify and address performance issues.

OIOS made two recommendations. To address issues identified in the audit, RSCE needed to:

- Update its service level agreements with client missions to reflect changes in the key performance indicators and associated targets, and have the agreements approved by the client missions and the RSCE Steering Committee; and
- Perform an end-to-end analysis of selected key processes involving both RSCE and client missions, and for the selected processes, establish and monitor achievement of end-to-end key performance indicators.

RSCE accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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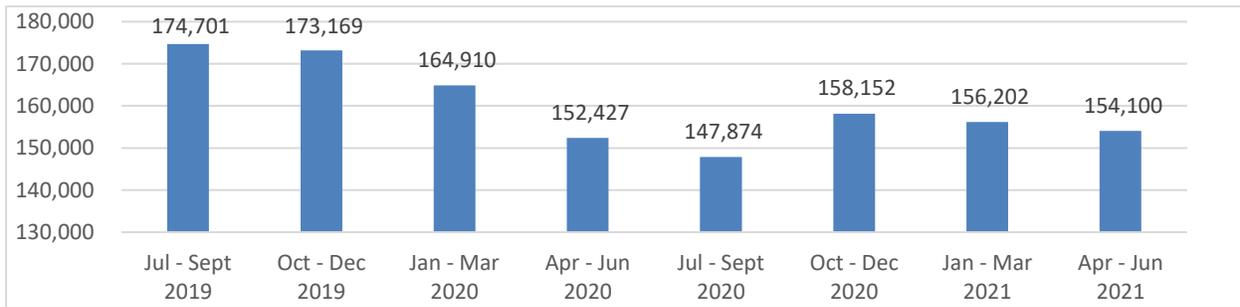
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Audit of performance indicators of the Regional Service Centre Entebbe services for client missions

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of performance indicators of the Regional Service Centre Entebbe (RSCE) services for client missions.
2. RSCE was established in July 2010 by General Assembly resolution 64/269 as a shared service centre for field missions operating in Africa and consolidates administrative and support functions previously located in various field missions. RSCE provides benefits and payroll, travel, education grant, vendor payments, cashier services, information technology, training, and conference services to 19 client missions in Africa.
3. To assess how well RSCE is accomplishing its objectives and servicing its client missions, and to provide evidence-based information for performance management and decision-making, RSCE developed a performance management framework which established key performance indicators (KPIs) across all lines of services. KPI reports are published after the end of each quarter on Microsoft Power BI, and on a semi-annual basis, a summary of the KPI results is presented to the RSCE Steering Committee. The Committee provides oversight and strategic direction to both RSCE and the Kuwait Joint Support Office on service delivery, implementation of plans and adherence to Service Level Agreements with client missions. It also discusses KPIs on a periodic basis and makes decisions on critical areas of concern, obstacles and areas which need improvement. These include concerns elevated to it by the Client Board. The Steering Committee is headed by the Assistant Secretary-General for Support Operations and comprises the Director of Human Resources Services Division in the Department of Operational Support, a representative from the Department of Management Strategy, Policy and Compliance, the RSCE Director, the Chief of the Kuwait Joint Support Office, the Chairperson of the RSCE Client Board and the Chairperson of the Kuwait Joint Support Office Client Board.
4. Directors and Chiefs of Mission Support from client missions form the RSCE Client Board which provides advice and serves as a mechanism for clients to provide feedback to RSCE, discuss operational issues, exchange best practices, and elevate issues to the RSCE Steering Committee. Semi-annually, a summary report on the KPI results is also presented to the client missions.
5. RSCE has nine service lines which are grouped under four sections: (i) financial services and compliance monitoring; (ii) benefits and payroll; (iii) client services; and (iv) travel, claims and education grant. These sections have a total of 331 staff. The KPIs cover services provided by all the service lines as well as services provided by the Telephone Billing Unit which has four staff, and the Regional Training and Conference Centre with eight staff.
6. RSCE processed a total of 1,281,535 transactions between July 2019 and June 2021. The transactions were distributed as shown in figure 1.

Figure 1
Number of transactions by quarter of fiscal year



Source: RSCE KPI reports

7. The Quality Assurance and Business Intelligence (QABI) Unit within RSCE obtains the data collected by service lines, reviews it for completeness and accuracy and then calculates and compiles it into quarterly KPI reports which are reviewed by the respective service lines, and the Deputy Director and Director. The QABI Unit is headed by a Chief at the P-4 level, assisted by one international and five national staff. The Unit reports to the Deputy Director.

8. Comments provided by RSCE are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess whether RSCE had established and implemented adequate and effective indicators to measure and monitor services provided to client missions. The audit focused on the establishment of KPIs, data collection and verification and remedial actions to address under-performance, and answered the following questions:

- a. To what extent has RSCE established realistic, measurable, time-bound indicators for measuring its performance in servicing client missions?
- b. How effective and efficient is the process to collect and verify the accuracy and completeness of the data, and to calculate KPIs?
- c. To what extent has RSCE taken timely and adequate action to address identified under-performance?

10. This audit was included in the 2021 risk-based work plan of OIOS because performance monitoring plays a key role in ensuring that RSCE effectively and efficiently manages its resources. Objective, accurate and timely reporting on performance results is an essential element of accountability and allows management to make critical adjustments to operations when needed.

11. OIOS conducted this audit from August 2021 to May 2022. The audit covered performance indicators reported by RSCE during the period from July 2019 to December 2021.

12. The audit methodology included: (a) interviews with RSCE and client mission personnel; (b) walkthroughs of the data collection, verification and analysis, and report compilation processes; (c) desk review of relevant documentation, (d) detailed testing of a statistical sample of 50 out of 326 reported KPIs; and (d) analysis of results of client satisfaction surveys conducted by RSCE.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Establishment of key performance indicators

There was need to update Service Level Agreements with client missions

14. RSCE has operational service level agreements (SLAs) with its client missions that define the level of services it provides to missions and lays out the metrics by which services are measured.

15. The SLAs between RSCE and client missions included the KPIs, their targets and each party's responsibilities, and were signed by the respective Director/Chief of Mission Support, the Chairperson of the Steering Committee, and the Director of RSCE. Also, the results-based budget (RBB) performance measures reported in the RSCE annual budget performance reports included 36 (86 per cent) of the 42 KPIs. However, the SLAs, which were last modified and signed by the parties in 2019, did not reflect changes made by RSCE after a realignment exercise that had been conducted in October 2020. The exercise resulted in three new KPIs, the consolidation of three other KPIs into one, and changes in targets for nine other KPIs. RSCE was in the process of updating the SLAs to reflect the changes and planned to submit them to the missions and the chair of the Steering Committee for approval.

(1) RSCE should update its service level agreements with client missions to reflect changes in the key performance indicators and associated targets, and have the agreements approved by the client missions and the Steering Committee.

RSCE accepted recommendation 1 and stated that it had met with all human resources and finance section chiefs from client missions in February 2022 and agreed on changes to key performance indicators and the service level agreements. RSCE planned to complete the process of updating the service level agreements by the end of October 2022.

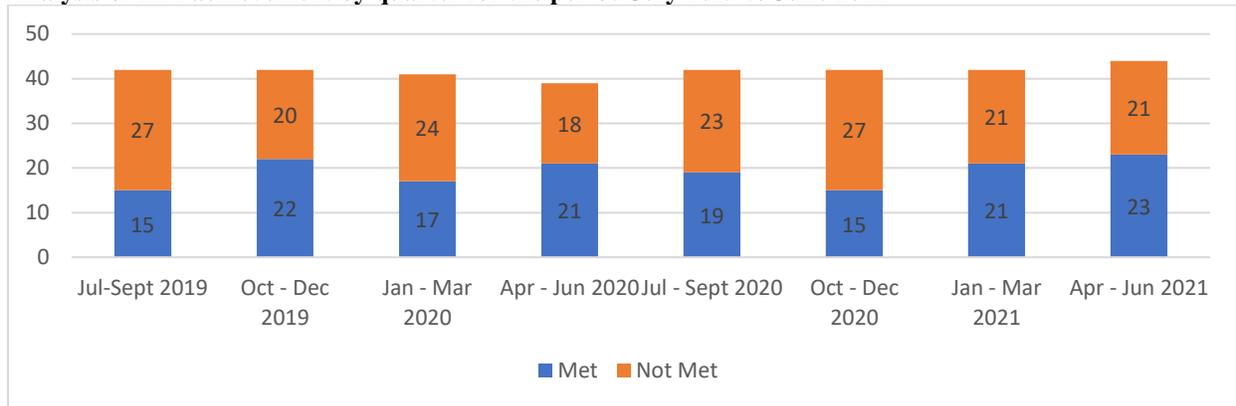
RSCE had specific, relevant and time-bound performance indicators with clear basis for measurement, but it needed to develop sub-indicators for key processes to be able to appropriately address performance issues

16. To inform management decision-making and enable measurement of success in achieving objectives, performance indicators should be realistic, measurable, attainable, and time-bound and assign clear accountability.

17. RSCE developed a performance management framework with 42 KPIs for measuring performance across its service pillars. The KPIs were specific, relevant and time bound, with clear basis for measuring achievement. Although not included in the quarterly KPI reporting package, as a good practice, RSCE was conducting annual client satisfaction surveys and iNeed surveys for customer feedback after each transaction. In 2019/20 and 2020/21, the satisfaction rate was 73 and 75 per cent, respectively. The results of these surveys were reported in the RBB and presented to the Steering Committee and the Client Board for review and discussion.

18. An analysis of the KPI data for the period from July 2019 to June 2021 showed that every quarter, targets for approximately half of the performance indicators were not achieved as indicated in figure 2.

Figure 2
Analysis of KPI achievement by quarter for the period July 2019 to June 2021

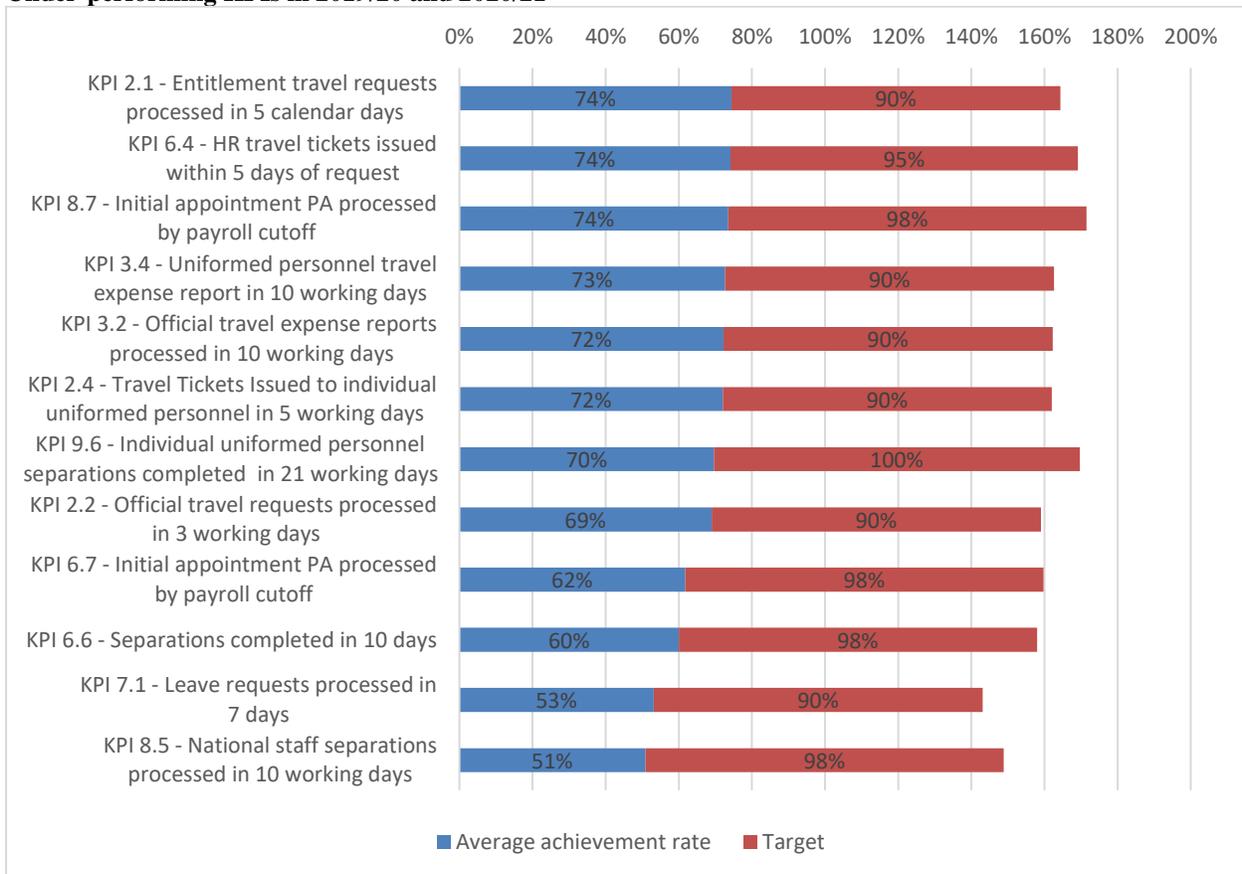


Source: RSCE KPI reports

Note: Number of KPIs may have varied at each quarter because of new additions or removals

19. Twelve KPIs systematically reported an achievement rate below 75 per cent in 2019/20 and 2020/21, indicating possible performance issues as shown in figure 3.

Figure 3
Under-performing KPIs in 2019/20 and 2020/21



Source: Quarterly RSCE KPI reports for 2019/20 and 2020/21

20. Narratives on KPI reports prepared by RSCE indicated that it did not achieve the KPIs due to various factors such as inefficiencies at the mission level and delays in the issuance of visas for newly

recruited staff. However, RSCE had not analyzed this KPIs related information. Furthermore, although the SLAs included mission specific KPIs that were a subset of the RSCE KPIs (i.e., measuring end-to-end processes), they were not being tracked by either RSCE or the missions. For example, to enable timely onboarding of new staff by RSCE, respective missions were required to submit initial appointment documentation to RSCE within two working days of a staff member's arrival at the duty station. However, neither RSCE nor the missions were tracking or measuring this. Consequently, it was difficult to (i) establish where inefficiencies, delays or bottlenecks were occurring, and to (ii) assign responsibility to RSCE, the missions, or both, for the non-achievement of KPIs.

21. OIOS had identified a similar issue in the audit of vendor payments processing at the Regional Service Centre in Entebbe (Report No. 2020/031, issued on 23 September 2020) where it was difficult to establish where inefficiencies or bottlenecks leading to delayed invoices were occurring. The audit recommended that RSCE, in conjunction with client missions, establish an end-to-end KPI covering all stages of vendor payment processes involving RSCE and the client missions. RSCE worked with one of its client missions, the United Nations Mission in South Sudan, on a project named the Client Mission End-to-End Performance Indicator Pilot Project to address the recommendation. The pilot project aimed to break down the processes involved in the payment of vendor invoices and identify interdependencies between RSCE and its clients. It is expected to pinpoint and address root causes for delays and provide missions with the capability to timely measure and monitor their performance against set mission targets. Additionally, the project would create transparency and enhance accountability as each party's responsibilities would be clear and measurable. At the time of the audit, the project was completed and RSCE was in the process of rolling it out to other client missions. RSCE plans to expand this project to include other SLA key processes with interdependencies between RSCE and client missions.

(2) To create transparency, define responsibilities and enhance accountability, RSCE should: (a) perform an end-to-end analysis of selected key processes involving both RSCE and client missions; and (b) for the selected processes, establish and monitor achievement of the end-to-end key performance indicators

RSCE accepted recommendation 2 and stated that working with the United Nations Mission in South Sudan, it had recently completed the pilot project mapping and measuring the end-to-end process for vendor payments. RSCE would build on the lessons learned on that project to identify and select other key processes and establish and measure end-to-end performance indicators for those processes.

B. Data collection and analysis, and performance monitoring

RSCE had effective data collection and analysis processes, but it could update its methodology to include data extraction details and reflect the results of the indicator realignment exercise

22. RSCE had a documented methodology for calculating KPIs which contained definitions, expected outputs, data sources, scope, calculation formulas and data analysis methods. Quarterly KPI reports were published on Microsoft Power BI dashboards and contained visuals of trends allowing users to easily understand reported performance. There were adequate controls over user access to the enterprise applications used for data collection and KPI calculations.

23. The majority (85 per cent) of the KPIs reported during the audit period were calculated based on data derived from three enterprise applications: Umoja, Field Support Suite (FSS), and iNeed. In addition, RSCE developed a tool called the RSCE Work Tracker (RWT) to collect and manage data related to five KPIs and the tool was used by the Vendor Service Line to register and track invoice and payment processing timelines. The Onboarding Service Line also used RWT to manage onboarding-related data.

24. Based on re-calculation of 50 of the 326 instances of the 41 KPIs reported during the audit period, OIOS identified the following areas for improvement:

- (i) To mitigate the risk of loss of institutional knowledge, the methodology could be updated to include sources of data used for calculating the KPIs including specific Umoja reports, the steps used to extract and process data and to reflect the results of the KPI realignment exercise. Further, four KPIs related to training activities and bank reconciliations relied on data collected and recorded by service line staff without subsequent validation. As a result, there was a risk of data inaccuracies and misreporting due to human error.
- (ii) The process of data extraction and calculation of 42 KPIs every quarter was cumbersome and time-consuming. For example, to calculate KPIs related to education grants, staff onboarding and separations, it was necessary to first extract relevant data from FSS and then extract related data from Umoja. RSCE could benefit from reducing the number of performance indicators and exploring opportunities to minimize manual intervention in their calculation.

25. In response to item (i), RSCE stated that it would update its methodology to include specific Umoja reports and steps used to extract data for calculating KPIs and update its definitions to reflect the results of the KPI realignment exercise. Regarding item (ii), RSCE stated that it would continue to look for ways to improve and automate data sourcing and calculations to make the data extraction and calculation process less cumbersome and time-consuming.

The Steering Committee and Client Board provided adequate governance and oversight mechanisms over RSCE performance

26. The Steering Committee oversees the performance of RSCE to ensure that it achieves its objectives in an effective and efficient manner. The Client Board advises the Director of RSCE on required service improvements and escalates policy and other concerns to the Steering Committee.

27. A review of the minutes of the five Client Board meetings conducted in the audit period indicated that discussions related to KPI reports was a standing agenda item. The Board also discussed performance results and made recommendations to improve performance.

28. Also, minutes for the three Steering Committee meetings indicated that the Committee discussed and resolved matters referred to it. The Committee kept track of the implementation of action points for referred matters which included policy and Umoja change requests. For example, the Chair of the Steering Committee and other Committee members worked with the Department of Management Strategy, Policy and Compliance (DMSPC) to grant RSCE authority to make off-cycle payments related to staff entitlements. The Controller granted the requested authority in March 2020. In another instance, the Committee discussed the need to amend the 16-day advance ticket purchase policy, referred to it by the Client Board, and referred the matter to DMSPC as the issue was related to a policy established by the General Assembly. Issues with Umoja that impacted RSCE performance such as staff being able to raise duplicate travel requests and lack of insurance portability when staff move from one duty station to another were escalated to the Umoja Change Board. Other issues discussed at the Steering Committee meetings included RSCE process improvement initiatives, staff recruitment, and business continuity arrangements.

29. Given the above, OIOS concluded that the Steering Committee and Client Board provided adequate oversight over RSCE performance.

IV. ACKNOWLEDGEMENT

30. OIOS wishes to express its appreciation to the management and staff of RSCE 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 performance indicators of the Regional Service Centre Entebbe services for client missions (Assignment No. AP2020-616-02)

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	RSCE should update its service level agreements with client missions to reflect changes in the key performance indicators and associated targets and have the agreements approved by the client missions and the Steering Committee.	Important	O	Receipt of service level agreements updated to reflect changes in the key performance indicators and associated targets and approved by the client missions and the Steering Committee.	31 October 2022
2	To create transparency, define responsibilities and enhance accountability, RSCE should: (a) perform an end-to-end analysis of selected key processes involving both RSCE and client missions; and (b) for the selected processes, establish and monitor achievement of the end-to-end key performance indicators.	Important	O	Receipt of evidence that RSCE had: (a) performed an end-to-end analysis of selected key processes involving both RSCE and client missions, and (b) for the selected processes, established and monitored achievement of end-to-end key performance indicators.	31 October 2024

¹ 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.

² 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.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by [entity] in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]

APPENDIX I

Management Response

Management Response

Audit of performance indicators of the Regional Service Centre Entebbe services for client missions (Assignment No. AP2020-616-02)

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	RSCE should update its service level agreements with client missions to reflect changes in the key performance indicators and associated targets and have the agreements approved by the client missions and the Steering Committee.	Important	Yes	Director RSCE, Deputy Director RSCE	End of October 2022	RSCE accepts the recommendation. The Centre met with all Chiefs HR and Finance Officers from all its clients in February 2022 and one of the main objectives of the meeting was to update not only the KPIs but also the SLAs. In agreement with all stakeholders, the KPIs and the SLAs were updated accordingly.
2	To create transparency, define responsibilities and enhance accountability, RSCE should: (a) perform an end-to-end analysis of selected key processes involving both RSCE and client missions; and (b) for the selected processes, establish and monitor achievement of the end-to-end key performance indicators.	Important	Yes	Deputy Director RSCE, Chief QABI	October 2024	RSCE accepts the recommendation. The Centre recently engaged in a pilot project with UNMISS to map and measure the end-to-end process for vendor payments. The Centre will build on the lessons learned to identify and select other key processes to establish and measure the end-to-end key performance indicator.

¹ 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.

² 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.