INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/105

Audit of the telecommunications billing process at the United Nations Office at Geneva

Overall results relating to the effective operation of the telecommunications billing process were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

26 November 2013
Assignment No. AE2013/311/01

CONTENTS

AUDIT REPORT

Audit of the telecommunications billing process at the United Nations Office at Geneva

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the telecommunications billing process at the United Nations Office at Geneva (UNOG).

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.   Telecommunication services in UNOG were the responsibility of the Information and Communication Technology Service (ICTS). Services provided included fixed line telephones and mobile telephones, which were supported by separate private sector companies under contract, and video conferencing, which was provided in-house by ICTS. The billing of telecommunication expenses and the charging of costs to departments was the responsibility of the UNOG Financial Resources Management Service (FRMS), although ICTS also had significant involvement in the end-to-end billing process.

4.   ICTS provided telecommunication services for a variety of United Nations clients, specialized agencies and external parties who used the facilities in the Palais des Nations, such as the on-site travel agency and bank. The ICTS budget for the biennium 2012-2013 was $25.9 million, including $19.2 million of regular budget resources and $6.7 million of extra-budgetary resources. ICTS had 48 regular budget posts and 24 posts funded by extra-budgetary resources.   In 2011 and 2012, total telecommunication costs charged by ICTS for mobile and fixed line communications were $4.2 million.

5.   Comments provided by UNOG are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

6.   The audit was conducted to assess the adequacy and effectiveness of UNOG governance, risk management and control processes in providing reasonable assurance regarding the **effective operation of the telecommunications billing process at UNOG**.

7.   The audit was included in the 2013 internal audit work plan for UNOG due to the financial risks that UNOG and its clients were exposed to because UNOG had not effectively implemented previous audit recommendations to correct the observed control deficiencies in the telecommunications billing policy framework, operational tools and procedures. In particular, a new telecommunications billing policy in the form of an administrative instruction (ST/AI/Geneva/2011/2) was developed in June 2011 in response to an earlier audit. This policy addressed many of the audit recommendations made and stated that an information circular containing relevant guidelines and procedures to implement the provisions of the administrative instruction would be promulgated shortly. On the basis of this policy, OIOS closed all remaining open audit recommendations. However, no information circular had subsequently been promulgated and the policy had only been partially put into practice.

8.   The key controls tested for the audit were: (a) Regulatory framework; and (b) Coordinated management 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 telecommunications billing process at UNOG; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

(b)   **Coordinated management mechanisms** - controls that provide reasonable assurance that issues related to the telecommunications billing process that affect or involve UNOG clients and other stakeholders are identified, discussed and resolved timely.

9.   The key controls were assessed for the control objectives shown in Table 1.

10.   OIOS conducted this audit from March to September 2013. The audit covered the period from 1 January 2011 to 30 June 2013.

11.   OIOS 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

12.   UNOG governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective operation of the telecommunications billing process at UNOG**. OIOS made six recommendations to address the issues identified in the audit.

13.   ICTS was in the process of developing a new billing system utilizing the same software used by the United Nations Office at Vienna, which would potentially address many of the control weaknesses in the existing system. ICTS had involved FRMS in the early discussions related to implementing this system. Charges for fixed lines were accurate and ICTS had taken steps to address discrepancies identified between source data and amounts actually charged for mobile phones. Tariffs for mobile devices and fixed lines were displayed on the intranet for increased visibility. Payroll deductions for private call expenses were correctly processed. Private local call costs were not recovered, but this decision had been made based on a cost-benefit analysis. ICTS had reduced some risks associated with mobile phone billing by progressively reducing the lag from the end of a period to the issuance of a bill by the service provider. Premium rate numbers with no legitimate business purpose were blocked. A "responsible usage declaration" was in place for mobile phones and ICTS was taking steps to introduce a similar declaration for fixed lines with international dialing. In addition, while the audit was still ongoing, ICTS improved the transparency and accuracy of video conference charges and developed new management information tools to address previous gaps.

14.   However, regulatory framework was assessed as partially satisfactory because, since 2002, $1.83 million worth of calls remained unverified. These calls were paid for by the Organization as though they were business calls although they may have been for private purposes. The existing policy on telecommunications billing, which stated that unverified calls would be considered private after a period of time, had not been implemented. In addition, authorizing officers had not been clearly identified in all cases. Coordinated management mechanisms were also assessed as partially satisfactory because of lack

of evidence of systematic and thorough systems analysis, client consultation and documentation during the development of in-house software solutions related to the telecommunications billing process. In addition, in most cases, FRMS did not issue itemized bills to clients before deductions for their telecommunication expenses were made.

15. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as the implementation of six important recommendations remains in progress.

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**
Effective operation of the telecommunications billing process at UNOG	(a) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Coordinated management mechanisms	Partially satisfactory	Partially satisfactory	Partially satisfactory	Satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Regulatory framework

<u>2.2 million calls worth $1.83 million remained unverified</u>

16. Since 2002, 2.2 million calls had not been verified and were therefore considered as business rather than private calls by default (excluding 3.2 million calls from United Nations clients who had chosen not to verify their calls and to pay the invoice in full to UNOG). This was contrary to ST/AI/Geneva/2011/2, which stated that unverified calls would be considered private by default until they were verified as business or private. It was also contrary to the responsible usage declaration that mobile phone users signed, which stated that unverified calls would be considered as private and that their costs would be recovered from users.

17. The total cost of these calls was $1.83 million. If the ratio of private to business call costs were the same for these unverified calls as for the calls that were verified, some $325,000 worth of these calls could have been private and should have been recovered from the users. Of the $1.83 million of unverified calls, only 35 per cent were associated with staff whose index numbers were included in the August 2013 UNOG payroll, while another 35 per cent were associated with staff whose index numbers were no longer in the UNOG payroll. The remaining 30 per cent of the calls were from phone numbers with no associated staff member, of which around one-third were estimated to relate to shared fax lines. ICTS explained that even where no staff member was assigned to a phone number it was still associated with a cost centre, which facilitated correct billing and reporting. It had developed a user interface to enhance the bulk verification of historic unverified calls by allowing users to verify numbers rather than individual calls. However, this user interface had not yet been made available to staff. UNOG had not made any further concerted attempts to clear this historic backlog and have the older outstanding calls retrospectively validated. ICTS explained that it was responsible for operating the telecommunications

service on behalf of its clients but was not empowered to enforce governance of how the service was consumed and to ensure that calls were verified for entities other than UNOG.

> **(1) The United Nations Office at Geneva should implement controls to prevent build-up of unverified historic calls in the future.**
>
> *UNOG accepted recommendation 1 and stated that its implementation was in progress. Further to the Information Circular on the reimbursement of telecommunication costs to be issued, the telecommunication application will be modified to consider all unverified calls older than 120 days as private. This will prevent build-up of unverified calls.* Recommendation 1 remains open pending receipt of documentation on the establishment of controls to prevent build-up of unverified calls.

> **(2) The United Nations Office at Geneva should arrange for the verification of the backlog of unverified calls to enable recovery of outstanding costs for private calls to the extent feasible.**
>
> *UNOG accepted recommendation 2 and stated that its implementation was in progress. Analysis of historic unverified calls has started. Owing to the large quantity of data to process and for reasons of cost efficiency, recovery may be limited to users whose total amount of unverified calls exceeds $1,000 since 2002 (approximately $100/year on average).* Recommendation 2 remains open pending receipt of evidence of the verification of unverified calls to enable recovery of outstanding amounts for private calls to the extent feasible.

Authorizing officers were not clearly identified for all departments, undermining existing controls over issuance of telephone lines, telecommunication costs, and verification of calls

18. The existing administrative instruction on telecommunication expenses at UNOG defined the term Authorizing Officer as "any person authorized by his or her Head of Department/Office to approve requests for UNOG to provide a user with a device and/or access to chargeable telecommunications services". However, ICTS did not have a central list of authorizing officers grouped by client and the authorizing officers had not been identified for all clients. The team in ICTS responsible for issuing new telephone lines did have a list of the administrative assistants for each client who were authorized to request new lines. However, this list was not a formal document, and no back-up staff were nominated meaning that when the administrative assistants were on leave or sick other staff were able to request new lines without being on the list. The lack of a central list of authorizing officers also meant that ICTS did not know to whom to provide management information on telephone usage. OIOS reviewed the list of users of the ViewComs system (a reporting tool developed by ICTS to provide authorizing officers with information on telecommunications usage and costs) as of February 2013 and compared this against the billing memo for that month. OIOS was unable to identify any ViewComs users for 23 of the 64 United Nations entities, including specialized agencies, who were listed on the billing memo. Further, outside of the UNOG offices, only seven clients received the spreadsheet-based management information reports. Without access to relevant management information, authorizing officers would not be able to fulfill their responsibilities as set out in ST/AI/Geneva/2011/2.

> **(3) The United Nations Office at Geneva should establish and maintain a list of authorizing officers for each relevant telecommunication client to use in processing work orders and in determining who to provide access to management information.**
>
> *UNOG accepted recommendation 3 and stated that its implementation was in progress. A memorandum to Heads of Offices will be sent to request the list of current authorizing officers.*

Recommendation 3 remains open pending receipt of the list of current authorizing officers.

<u>Administrative Instruction on reimbursement of telecommunication costs had not been fully implemented</u>

19.   ST/AI/Geneva/2011/2 was issued on 23 June 2011 in response to previous audit recommendations related to telecommunications billing at UNOG. The policy set out the responsibilities of staff to verify whether their calls were for private or business purposes. It explained that staff would reimburse the cost of private calls they made via payroll deductions. It also set out the responsibilities for "Heads of Departments/Offices or their Authorizing Officer" to maintain "oversight that users confirm the official usage of devices issued to them." The policy stated that an Information Circular containing relevant guidelines and procedures to implement the provisions it outlined would be promulgated shortly. However, no information circular had been issued in this respect. The lack of an information circular meant that Heads of Departments/Offices or their Authorizing Officers did not know what steps to take in order to meet their responsibilities set out in ST/AI/Geneva/2011/2. As a result, the policy had not been fully implemented despite coming into force on 1 July 2011. Legal staff consulted by OIOS also raised doubts as to whether UNOG even had the authority to issue administrative instructions and suggested that ST/AI/Geneve/2011/2 itself should have been issued as an information circular instead. UNOG Division of Administration confirmed that it was working in consultation with other relevant parties to develop a revised policy, which would supersede ST/AI/Geneva/2011/2.

(4) The United Nations Office at Geneva should issue an Information Circular on the reimbursement of telecommunication costs.
UNOG accepted recommendation 4 and stated that its implementation was in progress. The Information Circular has been drafted and the draft is undergoing consultations with Resource Managers of the Organizations serviced by UNOG. Recommendation 4 remains open pending receipt of the Information Circular on the reimbursement of telecommunication costs.

<u>ICTS was implementing a new billing system intended to correct many of the control weaknesses in the previous system</u>

20.   ICTS was in the process of implementing a new billing system that was the same as used at the United Nations Office at Vienna. ICTS believed it would address many of the control weaknesses that had been identified in the billing process. ICTS had involved FRMS in preliminary discussions with the vendor of the billing system and intended to work with FRMS throughout the implementation.

<u>Charges for fixed lines were accurate and ICTS had taken steps to address discrepancies identified between source data and amounts actually charged for mobile phones</u>

21.   OIOS reviewed a sample of fixed line and mobile phone expense information from the billing memos indicating what was actually charged and compared it with extracts from the Telephone Database of ICTS. This database contained the source data from which all management information and bills were produced. While fixed line charges aligned with the source data, there were discrepancies in the records reviewed for mobile phone expenses. However, the discrepancies were not material, and typically less than 0.5 per cent of total charges. ICTS stated that this issue was mainly due to the discrepancies between the previous mobile telephone service provider's data and invoices. Since April 2013, UNOG had been using a different service provider. ICTS further explained that the entire billing process had been reviewed, improving its accuracy and reliability. In view of the explanations provided and actions taken, no recommendation was made.

<u>A "responsible usage declaration" was in place for mobile phones and ICTS was taking steps to introduce a similar declaration for fixed lines with international dialing</u>

22.   Mobile phone users were required to sign a 'Declaration of responsibility for the use of telecommunication devices' before they were issued a mobile phone. The declaration addressed key risks related to telecommunication expenses and made it clear that users had an obligation to verify their business and private calls and that the cost of private calls would be recovered from them via salary deductions. Whilst the audit was ongoing, ICTS took steps to introduce a similar declaration to be signed by new users of fixed lines with international dialing.

<u>Tariffs for mobile devices and fixed lines were displayed on the intranet</u>

23.   Tariff rates for mobile devices were available to all users on the UNOG intranet. While the audit was still ongoing, ICTS also started publishing the rates for fixed lines so that users would have clear visibility of the likely costs of their business and private calls.

<u>ICTS had taken action to provide Authorizing Officers with the management information they required to meet their obligations</u>

24.   Authorizing officers were able to access management information in two formats, either through an online report using the ViewComs reporting tool or through spreadsheet based reports distributed by ICTS. In response to OIOS' initial observations during the audit, ICTS developed a revised version of ViewComs and new spreadsheet reports to address previous gaps in the management information provided. The revised version of ViewComs clearly showed authorizing officers the number of lines they were being charged for and gave details of any lines which had not been used in a particular month. This better enabled Authorizing Officers to control their line rental expenses. The new spreadsheet report developed by ICTS showed total unverified calls per staff member since 2009. This report was planned to be sent by ICTS to Authorizing Officers on a monthly basis and would provide them with the information they needed to require their staff to verify their calls. ICTS also produced a one-off report showing all unverified calls per staff member prior to 2009.

<u>ICTS took action to improve the transparency and accuracy of video conference charges</u>

25.   While the audit was still ongoing, and in response to OIOS' observations, ICTS corrected the video conference pricing information published on the intranet. More user-friendly descriptions of the different options were also given so that users would have a clear understanding of what each video conference would cost and what the drivers of the costs were. ICTS also updated the web-based booking application through which video conferences were booked to clearly display this updated information. Previously the booking application had not included details of prices. OIOS reviewed the charges that the Office had paid for video conferences against its own internal records of video conferences booked. Out of 31 video conferences requested by OIOS in 2012, 16 were correctly billed, 14 were billed wrongly since they had been cancelled, and one was incorrectly not billed. ICTS explained that this one omission was the result of a human error where a check box was not ticked on their booking system to mark the video conference as subject to billing. ICTS introduced a new reconciliation control to compare video conferences provided with video conferences billed to prevent similar future errors remaining undetected. This control addressed the risk of incorrect charges for video conferences. As ICTS took action to improve the transparency and accuracy of video conference charges in the course of the audit, no recommendation was made.

Payroll deductions were processed correctly by FRMS

26.   OIOS reviewed a sample of 7,770 payroll deductions for private calls processed by the Payroll Unit in FRMS between March and September 2012. In 98 per cent of the cases, the information in IMIS matched the information in the files that ICTS sent to FRMS. For the remaining two per cent, the Payroll Unit was able to explain that the discrepancies were due to: timing issues when deductions were made from delayed final salaries when staff left their organizations; deductions that were made by other payroll departments when staff had changed duty stations; or omissions which were corrected in subsequent deductions.

UNOG senior management had decided, based on a cost-benefit calculation, to continue to accept the risk of financial losses arising from not recovering the cost of local private calls

27.   The current fixed line telecommunications provider charged UNOG for local calls. These included both business and private calls but ICTS did not attempt to recover local private calls. There had been a legacy decision, when the call verification process was first developed at UNOG, to exclude local calls from the process. In March 2013, ICTS reviewed this decision to determine if it was still valid. ICTS explained that the total cost of local calls was less than $22,000 a year. Only a portion of this total would have related to recoverable private calls. Given the low total amount that could be recouped, UNOG senior management had considered that there was little justification for the investment required to have over 30,000 additional calls logged and billed each month. ICTS explained that in the upcoming tender for fixed line phones UNOG would negotiate for free local calls to be included as part of the line rental.

ICTS had progressively reduced the delay in the issuance of mobile phone bills

28.   In 2012, the then mobile phone service provider submitted bills to UNOG approximately 14 days after the end of each period. Previously the delay had been as long as two months but ICTS had worked with the service provider to reduce the time lag. The lag had created a risk for UNOG as staff with mobile phones leaving the organization would not have an opportunity to verify the calls made in their last month before they left, meaning that UNOG would be unable to recover the cost of private calls from this period. In 2012, 42 staff members with mobile phones left the organization. Between them, they had a total value of unverified calls from their last months of $7,700. As approximately 19 per cent of mobile phone call costs were private, OIOS estimated that the potential annual loss from this delay was less than $1,500. In addition, UNOG had recently selected a new service provider of mobile phones that undertook to provide bills between six to eight days after the end of each period, further reducing the risk of financial losses associated with unverified calls of departing staff.

Premium rate numbers that had no legitimate business use were blocked

29.   A review of call data from 2009 until June 2013 identified 2,757 calls from mobile phones and fixed lines to 09XX premium rate numbers, which had been verified as business calls. The total cost of these calls was over $12,400. Of these calls, 2,644 were made to 0900 numbers which were reserved for business and marketing. There were potential business needs for calling 0900 numbers, such as booking train tickets. However, 113 calls were made to 0901 numbers (entertainment services) and 0906 numbers (adult services). These calls totalled $739 and could not have been legitimate business calls. Although data on all calls marked as business was available on ViewComs, the relevant authorizing officers were either unaware of their responsibilities or unable to use ViewComs to identify these abuses. UNOG management indicated that it would take necessary action to follow up on the matter, including the possibility of seeking recovery and taking disciplinary action on any inappropriate use of the organization's telecommunication devices. Further, ICTS explained that, at its request, their service

providers had blocked access to all 09XX numbers from fixed lines in 2005 and from mobile phones in March 2013 so that staff could no longer dial these numbers.

B.   Coordinated management mechanisms

<u>Systems analysis and client consultation during the development of telecommunications software solutions needed to be formalized</u>

30.   In support of the telecommunications billing process, ICTS had developed a number of software solutions. These included the Telephone Database, the ViewComs reporting tool, and the web-based application for booking video conferencing. ICTS also developed management information reports in spreadsheet format. The Solutions Development Unit within ICTS had a systems development framework that followed industry best practice and included nine development deliverables and five management deliverables throughout the development lifecycle. However, it was not a formal requirement to follow the systems development framework, which was therefore not consistently applied to all developments. In particular, OIOS did not find evidence of formal system analysis, requirements gathering and end-user consultation in the development of these telecommunications software solutions and reports, which had a number of design deficiencies identified during the audit. A further issue was that the designs of these software solutions were not extensively documented. As a result, when the developers changed roles or retired, ICTS knowledge of how their solutions operated was lost. The lack of extensive documentation of the design and testing meant that it took longer to identify and resolve the errors. ICTS explained that documentation requirements varied from project to project and that different solutions had different minimum documentation requirements.

> **(5) The United Nations Office at Geneva should establish guidance and minimum requirements for documentation, testing and client consultation during the systems development lifecycle and ensure that these are applied to all future information technology applications developed to support the telecommunications billing process.**
>
> *UNOG accepted recommendation 5 and stated that its implementation was in progress. ICTS will circulate a note within UNOG setting the minimum requirements for documentation, testing and client consultation.* Recommendation 5 remains open pending receipt of the guidance for documentation, testing and client consultation during the systems development lifecycle.

<u>All but two clients did not receive itemized bills for their telecommunications services</u>

31.   As a good practice in a billing process, clients should receive an itemized bill, before being charged, which sets out clearly the total amount to be charged and provides a breakdown of the total cost. For telecommunication expenses, the Office for the Coordination of Humanitarian Affairs and the United Nations Institute for Training and Research received an itemized bill from FRMS. The bill was based on data supplied to FRMS by ICTS in billing memos. It included the total amount that FRMS would charge for each period, split by line rental and traffic costs. It also indicated the number of lines charged for, as well as the monetary amount. Although these two clients received the bills at irregular intervals, and often many months after the period they related to, no other client received similar information. FRMS explained that these two clients used a different process for paying their telecommunications bills. However, regardless of the method used by clients to pay their telecommunication expenses, they should all have received itemized bills so that they knew what their telecommunication expenses were. Instead, there was a lack of transparency over the amounts charged to clients. Clients were not aware of when they were charged for telecommunication expenses or of what charges were raised against them. They were therefore unable to confirm whether they were billed correctly.

> **(6) The United Nations Office at Geneva should ensure that itemized bills are sent to all clients before processing telecommunication charges.**
>
> *UNOG accepted recommendation 6 and stated that its implementation was in progress. Changes in the current system are being made, in order to be able to provide itemized bills to clients. Itemized monitoring reports have been sent to authorizing officers requesting comments. These reports will be the basis for the itemized bills.* Recommendation 6 remains open pending receipt of evidence showing that itemized bills are sent to all clients.

IV.   ACKNOWLEDGEMENT

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

(*Signed*) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the telecommunications billing process at the
United Nations Office at Geneva**

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	The United Nations Office at Geneva should implement controls to prevent build-up of unverified historic calls in the future.	Important	O	Submission to OIOS of documentation on the establishment of controls to prevent build-up of unverified calls.	31 December 2014
2	The United Nations Office at Geneva should arrange for the verification of the backlog of unverified calls to enable recovery of outstanding costs for private calls to the extent feasible.	Important	O	Submission to OIOS of evidence of the verification of unverified calls to enable recovery of outstanding amounts for private calls to the extent feasible.	31 December 2014
3	The United Nations Office at Geneva should establish and maintain a list of authorizing officers for each relevant telecommunication client to use in processing work orders and in determining who to provide access to management information.	Important	O	Submission to OIOS of the list of current authorizing officers.	31 December 2014
4	The United Nations Office at Geneva should issue an Information Circular on the reimbursement of telecommunication costs.	Important	O	Submission to OIOS of the Information Circular on the reimbursement of telecommunication costs.	31 December 2014
5	The United Nations Office at Geneva should establish guidance and minimum requirements for documentation, testing and client consultation during the systems development lifecycle and ensure that these are applied to all future information technology applications developed to support the telecommunications billing process.	Important	O	Submission to OIOS of the guidance for documentation, testing and client consultation during the systems development lifecycle.	31 December 2014
6	The United Nations Office at Geneva should ensure that itemized bills are sent to all clients before processing telecommunication charges.	Important	O	Submission to OIOS of evidence showing that itemized bills are sent to all clients.	31 December 2014

[1] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[2] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

[3] C = closed, O = open

[4] Date provided by UNOG in response to recommendations.

APPENDIX I

Management Response

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

From: Michael Møller
Acting Director-General

Date: 13 November 2013

Subject: **13-00567- Draft report on an audit of the telecommunications billing process at the United Nations Office at Geneva (Assignment No. AE2013/311/01)**

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1. Reference is made to your memorandum dated 28 October 2013 on the above-mentioned subject.

2. As requested, please find attached UNOG's comments for each recommendation included in the timetable for implementation.

cc: Mr. Clemens M. Adams, Director of Administration, UNOG
     Mr. Hans George Baritt, Chief, Financial Resources Management Service (FRMS), UNOG
     Mr. Luis Santiago, Chief, Information and Communications Technology Service, UNOG
     Mr. Vishal Sharma, Chief, Project Management Unit, Information and Communications Technology Service, UNOG
     Mr. Hugues Noumbissie, Special Assistant to the Director, Division of Administration, UNOG
     Ms. Anna Halasan, Professional Practices Section, Internal Audit Division, OIOS

MANAGEMENT RESPONSE

Audit of the telecommunications billing process at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The United Nations Office at Geneva should implement controls to prevent build-up of unverified historic calls in the future.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. Further to the IC to be issued following Rec. no. 4, the telecomm application will be modified to consider all unverified calls older than 120 days as private. This will prevent build-up of unverified calls.
2	The United Nations Office at Geneva should arrange for the verification for the backlog of unverified calls to enable recovery of outstanding costs for private calls to the extent feasible.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. Analysis of historic unverified calls has started. Owing to the large quantity of data to process and for reasons of cost efficiency, it is recommended that the recovery be limited to users whose total amount of unverified calls exceeds $1,000 since 2002 (approx. average $100/year).
3	The United Nations Office at Geneva should establish and maintain a list of Authorizing Officers for each relevant telecommunication client to use in processing work orders and in determining who to provide access to management information.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. A memo to Head of Offices will be sent to request the list of current authorizing officers.

4	The United Nations Office at Geneva should issue an Information Circular on the reimbursement of telecommunication costs.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. The Information Circular has been drafted and the draft is undergoing consultations with Resource Managers of the Organizations serviced by UNOG
5	The United Nations Office at Geneva should establish guidance and minimum requirements for documentation, testing and client consultation during the systems development lifecycle and ensure that these are applied to all future information technology applications developed to support the telecommunications billing process.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. ICTS will circulate a note within UNOG setting the minimum requirements for documentation, testing and client consultation.
6	The United Nations Office at Geneva should ensure that itemized bills are sent to all clients before processing telecommunication charges.	Important	Yes	Chief, ICTS	31 Dec 2014	In progress. Changes in the current system are being made in order to be able to provide itemized bills to clients. Itemized monitoring reports have been sent to Authorizing officers requesting comments. These reports will be the basis for the itemized bill.