



INTERNAL AUDIT DIVISION

REPORT 2022/094

Audit of operational transition arrangements for the United Nations Resident Coordinator System

The Development Coordination Office established adequate mechanisms for effective and efficient transition of operational support but needed to strengthen performance monitoring of Secretariat service providers

**29 December 2022
Assignment No. AN2021-910-03**

Audit of operational transition arrangements for the United Nations Resident Coordinator System

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of operational transition arrangements for the United Nations Resident Coordinator System (RCS). The objective of the audit was to assess the effectiveness and efficiency of United Nations Secretariat activities in support of the transition of administration and staff support services for RCS from the United Nations Development Programme (UNDP) to the United Nations Secretariat. The audit covered the period from January 2019 to December 2021 and included (a) transition planning and risk management; (b) transition implementation; and (c) monitoring and reporting on the transition process.

The Development Coordination Office (DCO), in partnership with the Department of Operational Support (DOS) and UNDP, implemented adequate mechanisms to ensure the effective and efficient transition of arrangements for the operational support for the RCS, including planning and coordination and effective completion of the transition activities. Administrative services are currently being provided to the RCS by Secretariat entities at the global, regional and local levels under service level agreements, with some remaining services continuing to be provided by UNDP under a memorandum of understanding. However, there were inadequate systems in the Secretariat to collect information to measure and monitor key performance indicators and report on service provision. DCO and DOS needed to work with the Office of Information and Communications Technology (OICT) and the Department of Management Strategy, Policy and Compliance (DMSPC) to accelerate the implementation of a customer relations management system.

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

- Work together with Secretariat service providers to the RCS to operationalize the agreed key performance indicators and ensure timely corrective action on any discrepancies; and
- Accelerate, together with OICT and DMSPC, the implementation of the new global customer relations management system for the Secretariat that will provide a common, reporting platform and improve global, regional and local service delivery by facilitating efficient data collection, analysis and reporting on service provision.

DCO and DOS accepted the recommendations and have initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of operational transition arrangements for the United Nations Resident Coordinator System

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of operational transition arrangements for the United Nations Resident Coordinator System (RCS).
2. In May 2018, the General Assembly adopted resolution 72/279 to reinvigorate the RCS by creating a dedicated, sustainable development-focused coordination function for the United Nations development system (UNDS), separating the functions of the resident coordinator from those of the resident representative of the United Nations Development Programme (UNDP). In the resolution, the General Assembly requested the Secretary-General to ensure an effective and efficient transition to a repositioned UNDS, including a reinvigorated RCS.
3. The Secretary-General established several mechanisms to facilitate the transition of RCS including the establishment of a transition working group chaired by the Assistant Secretary-General for Development Coordination, comprising 10 staff drawn from selected entities¹ of the UNDS. The working group was tasked with overall coordination of the reforms, spearheaded by three broad workstreams responsible for: (i) strategic and policy planning; (ii) funding and partnerships; and (iii) organizational functions. The transitional arrangements were coordinated by the organizational functions workstream until January 2019, when the newly established Development Coordination Office (DCO) took over these functions.
4. In addition, the Secretary-General developed a transition implementation plan in September 2018 that focused on inception measures including administrative, legal and oversight arrangements required to establish a reinvigorated RCS. The implementation plan defined the timelines, roles and responsibilities, and sequencing of actions.
5. The process of delinking RCS from UNDP included transitioning administrative and support functions and services that were previously provided by UNDP to DCO in three phases. Phase 1 involved transferring the human resources administration of national and international staff for Resident Coordinator Offices (RCOs) and transitioning operational services for 16 in-situ² locations; Phase 2 involved transitioning support for international travel, high-value procurement and property management; and Phase 3 involved transitioning support for non-staff management and other procurement, as well as local administration of petty cash and low-value acquisitions (LVA). Phase 3 also involved the recruitment, training and deployment of an administrative support capacity (1 general service staff) in each RCO. The services that UNDP was providing under memoranda of understanding (MOUs) with the Secretariat included: (a) administration of human resources, (b) general administration, including LVA and petty cash (c) financial services, (d) procurement, (e) information and communication technology (ICT), and (f) legal services.
6. The transition of operational support of RCS was led by the Business Management Branch (BMB) of DCO in partnership with the Division of Special Activities in the Department of Operational Support (DOS) and the Bureau of Management Services of UNDP. As part of its core mandate, DOS worked with

¹ United Nations Children Fund, Department of Safety and Security, United Nations Office of Project Services, Joint United Nations Programme on HIV/AIDS, Economic Commission for Africa, International Labor Organization, Office for Coordination of Humanitarian Affairs, and United Nations Office of Counter-Terrorism

² In-situ locations are countries where there is a large Secretariat entity that provides the full suite of local/in-situ administrative support services to the RCO

DCO to develop the global operational support architecture for the RCS. BMB is led by a Chief at the D1 level and supported by 24 staff. Operational transition costs - for example, additional staff who were involved in recruitment, training and consultancies, were funded from the DCO budget.

7. As of December 2021, human resources, finance, international travel, property management, and high-value procurement services for 132 RCOs had been fully transitioned to the United Nations Secretariat. Services related to drivers, low-value procurement and non-staff personnel management transitioned in July 2022, while local travel and hospitality arrangements are scheduled for transition in January 2023.

Table 1: Services fully transitioned as of December 2021

Administration of:	Date
Resident coordinators and international professionals	January 2020
National professional officers and general staff	January 2021
Property management	May 2021
High value procurement	April 2021
International travel	July 2021

Source: Minutes of meetings from DCO/DOS

8. RCS is funded from the Special Purpose Trust Fund, a specific fund housed within the United Nations Secretariat that was established to receive, consolidate, manage and account for all contributions and financial transactions for the system in a transparent and effective way. The annual budget for RCS is \$281 million. This budget is mobilized annually via three funding streams: voluntary contributions by Member States, the United Nations Sustainable Development Group (UNSDG) cost-sharing arrangement and the 1 per cent coordination levy applied to contributions for United Nations development-related activities that are earmarked to a single agency, programme or project. As shown in Table 2, the Fund received \$230 million, \$203 million, and \$202 million in 2019, 2020 and 2021, respectively.

Table 2: Contributions for years 2019 – 2021 (In United States dollars)

Contribution stream	2019	2020	2021
Voluntary contribution	124.8	85.4	85.6
UNSDG cost-sharing	75.3	77.5	77.5
Coordination levy	29.9	40.5	39.2
Total	229.9	203.4	202.3

9. Comments provided by DCO and DOS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

10. The objective of the audit was to assess the effectiveness and efficiency of United Nations Secretariat activities in support of the transition of administration and staff support services for RCS from UNDP to the United Nations Secretariat.

11. This audit was included in the 2021 risk-based work plan of OIOS due to operational and organizational risks that may hinder effective and efficient transition.

12. OIOS conducted this audit from December 2021 to September 2022. The audit covered the period from January 2019 to December 2021. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the operational transition arrangements for the United Nations RCS, which included: (a) transition planning and risk management; (b) transition implementation; and (c) monitoring and reporting on the transition process.

13. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing of testing of controls for the operational transitions.

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

III. AUDIT RESULTS

A. Planning for transition of RCS support services

Strategic plan was in place for effective and efficient transition of support services of RCS from UNDP to the Secretariat

15. The critical path for the operational transition of support services in the Secretary-General's transition implementation plan included: (i) optimizing staff capacity of DCO both at the Secretariat and regional offices by mid-November 2018; (ii) ensuring resident coordinators were in place with a minimum staffing component of two support staff and three national professionals by 1 January 2019; (iii) recruiting the remaining DCO staff at headquarters and regional offices by second quarter of 2019; and (iv) reaching a full staff complement in all RCOs, by the start of the third quarter of 2019. Further, in June 2020, the Under-Secretary-General for Operational Support and the Assistant Secretary-General for DCO issued a detailed plan of phased migration of the full range of global transactional support requirements that were to be completed by 30 June 2021.

16. Timelines for transition of staff and other support services, including procurement, human resource related services, support services, property management, finance and ICT, were generally met. The recruitment of international staff for core capacities for the RCOs (strategic planning, economics, partnership and development finance, data management and communication and advocacy) was ongoing until the end of 2021. Sixty-one per cent of core capacities had been recruited as of 30 December 2020, but a combination of recruitment challenges, disruptions to operations caused by COVID-19, and turnover of staff resulted in vacancy rates of 18 and 34 per cent in 2019 and 2020, respectively.

17. With these vacancy rates, RCOs were inadequately staffed for effective delivery of their mandates. For example, an evaluation carried out by the Inspection and Evaluation Division of OIOS in December 2021 indicated that only half of resident coordinators surveyed (51 per cent) confirmed that they had sufficient human and financial resources capacity to bring together the expertise of the United Nations system for integrated, high quality and timely policy advice. However, this was normalized in 2022, with vacancy rate for the core capacities and overall vacancy rate for the RCOs improving to 10 and 8 per cent, respectively.

DCO established controls to manage transition risks

18. The Secretary-General's transition implementation plan of September 2018 identified three major risks in line with the United Nations Enterprise Risk Management and Internal Control Policy: (i) disruption of operations; (ii) staff anxieties/loss of talent; and (iii) loss of momentum. The plan also identified measures to mitigate the risks, including clear advance planning, with critical decision dates and contingency plans; regular and open communications to staff; reskilling existing staff; and supportive guidance to field staff and dedicated transition teams to assist in overcoming the inevitable breaks in momentum. OIOS noted that the identified risks were effectively managed, and the mitigating measures were incorporated in the transition implementation plan.

19. Also, DCO conducted a risk assessment from July to December 2020 and prepared a risk register in March 2021 that rated administrative services risk, including transition arrangements for the RCS, as medium. Risk responses and risk owners were assigned for each of the identified risks. Risk responses included: (i) completing the transition of RCO operational support services from UNDP to United Nations Secretariat service providers³; (ii) ensuring quality of service delivery through rigorous performance tracking; (iii) reducing vacancies and turnover rate within the RCO workforce; and (iv) promoting organizational resilience. OIOS concluded that risk management activities related to the transitional planning and implementation were adequate.

B. Transition process

DCO established adequate procedures to ensure effective transition of support services

20. Under the activity plan prepared by DCO and DOS in collaboration with UNDP, location dependent services for in-situ locations were scheduled to transition from UNDP between October and December 2020, while location independent services would be fully transitioned by October 2021. The milestones for the operational transition were monitored by focus groups on human resources and operations chaired by staff at the D2 level.

21. DCO, DOS and UNDP identified the activities to be undertaken for effective transition of each function including closure and/or transfer of ongoing projects, remaining funds, and outstanding personnel with UNDP contracts to be converted to Secretariat contracts; training of executive associates and other operational support staff in Umoja and RCO operational support functions; negotiation of SLAs with Secretariat service providers; and transfer of assets to the RCO. These activities were largely concluded in a timely manner as shown in Table 3.

Table 3: Completed transition timelines

Function	Planned dates	Completion dates
Human resources (international staff transition)	January 2020	January 2020
Location dependent services (in-situ)	July to October 2020	January 2021
Human resources (national staff transition)	January 2021	January 2021
Finance (excluding management of locally mobilized resources)	Nov 2020 to March 2021	March 2021
Procurement	August to December 2020	June 2021
Travel	January 2020 to June 2021	June 2021

Source: DCO/DOS minutes of meetings

22. Following the transition of location independent services to Secretariat service providers, DCO obtained approval from the Under-Secretary-General for Operational Support to utilize contracts established by members of United Nations country teams for LVA procurement where there is no existing and available Secretariat contract. Under this approval, while each LVA must respect the \$10,000 threshold, multiple LVAs, up to a maximum of \$50,000 per annum, would be allowed for each service. This provided RCOs with operational flexibility.

³ United Nations Global Service Centre in Brindisi, United Nations Office in Nairobi, United Nations Office in Geneva, Economic and Social Commission for Asia Pacific, Economic Commission for Latin America and the Caribbean, and the Economic and Social Commission for West Asia

C. Monitoring and reporting on the transition process

DCO and DOS needed to strengthen monitoring of service delivery and adequately report on efficiencies gained from the transition

23. The MOU between the United Nations Secretariat and UNDP, and the SLAs between DCO, DOS and global, regional and local Secretariat service providers to RCOs require service providers to set up a mechanism to measure performance using selected performance indicators and prepare quarterly reports, including reports on discrepancies, if any, between performance indicators and actual performance. All parties are required to monitor service providers' compliance with key performance indicators (KPIs) to ensure efficient service delivery. Additionally, DOS is required to measure performance of the service providers using a global survey tool.

a) Monitoring effectiveness of service delivery

24. DCO carried out two staff surveys in April 2021 and February 2022 on human resource services provided by the United Nations Office in Nairobi (UNON) and other operational services provided by all United Nations Secretariat entities in collaboration with DOS, respectively. The human resources survey focused on five areas: (i) onboarding; (ii) orientation; (iii) experience on arrival at the duty station; (iv) personnel administration; and (v) payroll and benefits. The overall satisfaction rating for UNON was 64 per cent within which, onboarding and orientation processes received satisfaction ratings of 31 and 18 per cent, respectively. These low satisfaction rates were attributed to: (a) late and inaccurate information; (b) delayed access to enterprise information management systems (Umoja, Inspira) and limited training/user guide; (c) lack of orientation package; and (d) need for clearer and better communication.

25. OIOS noted that adequate measures were being taken to resolve the issues raised. For example, discussions among DCO, DOS and UNON led to a revised SLA with UNON, in which timelines were included for newly recruited staff to access information management systems and receive orientation.

26. The results of the survey on operational services of all Secretariat service providers returned a 64 per cent satisfaction rate from the RCOs. Areas that needed to be addressed included human resources management related areas such as recruitment, onboarding and training in Umoja; responsiveness to requests; and ICT support, which was rated weak and slow. OIOS compared the outcome of a similar survey on UNDP service provision conducted in 2019 and noted that there was an almost 10 per cent deterioration in the satisfaction rates. DCO in coordination with DOS had identified steps to address the issues raised in the survey including developing action plan and collecting lessons learned from RCOs. The steps had not commenced at the time of the report.

27. Also, OIOS noted that some of the KPIs for service delivery were either not specified or not monitored. For instance;

a) Data on KPIs specified in SLAs were not centrally available to monitor performance of the service providers;

b) KPIs on timely completion of training on Umoja roles were not specified in the SLAs. DOS explained that the training was dependent on the completion of the hiring process for the administrative and executive assistants in the RCOs. The administrative and executive staff needed to be trained to perform roles specified in SLAs for the RCOs. Continued reliance on the service providers to perform non-SLA services was incurring additional costs of \$53,000 per annum.

- c) Data on KPIs relating to the hire of consultants and individual contractors were not collected and monitored. This was because the transition was still in the “hyper care” phase during which service providers were undertaking some of the duties that should have been done by RCOs. As a result, it was not possible to determine exclusively the time service providers spent on functions specified in SLAs. According to Phase 3 of the DOS and DCO transition plan, hyper care was to run until the end of September 2022.
- d) None of the 2,790 equipment in the asset register with acquisition value totaling \$8.5 million had maintenance status details recorded, 1,069 did not have user information and 196 did not have information on location. Interviews with staff from DCO and the United Nations Global Service Centre indicated that the missing data had been requested from the RCOs and would be uploaded in Umoja to track the status of RCS equipment. The KPIs for initial remote verification of items and creation of new records for items handed over from UNDP is six weeks at a cost of \$9,810, which was paid in 2021.

28. Although survey results may have provided valuable feedback on ‘soft’ performance values such as customer satisfaction, a mechanism that collects and analyses data on service delivery would ensure improved tracking and measuring of deliverables and applying timely corrective actions.

29. DOS explained that although there was commitment by DOS and Secretariat service providers to progress the implementation of a centralized reporting platform to improve monitoring of KPIs by collecting and analyzing data on KPIs, using the current Secretariat customer relations management information system (CRM, iNeed) has been difficult due to: (i) the manual nature of the system where data for individual services have to be extracted and analyzed outside the system; and (ii) the volume of transactions involved. A Secretariat-wide CRM that generates standardized information on KPIs would be useful, and its selection and implementation is in progress.

b) Reporting on the efficiency gains from the operational transition

30. UNDP provided quarterly and annual financial reports on the amounts received from DCO, expenditures incurred on its behalf and the cost of providing the services specified in the MOU for 2019, 2020 and 2021. However, Secretariat service providers were not able to provide this level of details for the transactions they processed in 2021. Information downloaded by DCO from Umoja did not distinguish between the cost of the transaction (air ticket, consultancy fees, etc.) and the service charge (cost recovery) by the service provider as the transaction had been captured as a single amount. DCO explained that the Umoja architecture does not support reporting on cost recovery. Furthermore, for services that are not initiated through Umoja, for instance medical related services, diplomatic passports processing services, and ICT hosting services that are processed through other Secretariat management information systems, each Secretariat service provider has a different way of tracking the costs before capturing them in Umoja.

31. To facilitate the distinction between the cost of transactions processed by service providers and the related service charges (cost recovery), and to facilitate the reporting on the efficiency gains, DCO established an excel-based template in January 2022 for Secretariat entities to provide details of reported costs. OIOS noted that as of the third quarter of 2022, only 50 per cent of service providers had submitted the details in the format requested. Although the template enables DCO to track the cost recovery component of each service, these are not verified because DCO does not have the capacity to track the component for each expense. The verification process will require extraction of different business intelligent reports from Umoja to manually verify the information outside the system.

32. A global CRM system that incorporates the taxonomy of services included in SLAs and generates information for decision-making would ensure adequate monitoring of KPIs and reporting on service

provision. DCO and DOS needed to work with the Office of Information and Communications Technology (OICT) and the Department of Management Strategy, Policy and Compliance (DMSPC) to accelerate the implementation of such a system. In the interim, the Secretariat service providers should ensure that details of the reported costs are submitted to DCO in the format required in a timely manner.

(1) DCO and DOS should work together with Secretariat service providers to the Resident Coordinator System to operationalize the agreed key performance indicators and ensure timely corrective action on any discrepancies.

DCO and DOS accepted recommendation 1 and stated that the administration would take necessary action to implement it.

(2) OICT, DMSPC and DOS should accelerate the implementation of the new global customer relations management system for the Secretariat that will provide a common reporting platform and improve global, regional and local service delivery by facilitating efficient data collection, analysis and reporting on service provision.

OICT, DMSPC and DOS accepted recommendation 2 and stated that the administration would take necessary action to implement it.

IV. ACKNOWLEDGEMENT

33. OIOS wishes to express its appreciation to the management and staff of DCO and DOS 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 operational transition arrangements for the United Nations Resident Coordinator System

Rec. no.	Recommendation	Critical ⁴ / Important ⁵	C/ O ⁶	Actions needed to close recommendation	Implementation date ⁷
1	DCO and DOS should work together with Secretariat service providers to the Resident Coordinator System to operationalize the agreed key performance indicators and ensure timely corrective action on any discrepancies.	Important	O	Receipt of evidence of the operationalized KPI framework, where performance data is collected, analyzed and corrective action taken accordingly.	30 June 2023
2	OICT, DMSPC and DOS should accelerate the implementation of the new global customer relations management system for the Secretariat that will provide a common, reporting platform and improve global, regional and local service delivery by facilitating efficient data collection, analysis and reporting on service provision.	Important	O	Receipt of evidence that a global CRM system for the Secretariat is operational.	31 March 2026

⁴ 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.

⁵ 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.

⁶ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁷ Date provided by DCO and DOS in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of operational transition arrangements for the United Nations Resident Coordinator System

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	DCO and DOS should work together with service providers to the Resident Coordinator system to operationalize the agreed key performance indicators and ensure timely corrective action on any discrepancies in a timely manner.	Important	Yes	Director, BMB, DCO & Director, DSA, DOS	Second quarter of 2023	The Administration will take the necessary action to implement the recommendation.
2	OICT, DMSPC and DOS should accelerate the implementation of the new global customer relations management system for the Secretariat that will provide a common, reporting platform and improve global, regional and local service delivery by facilitating efficient data collection, analysis and reporting on service provision.	Important	Yes, if revised as shown	CITO	First quarter of 2026	The Administration will take the necessary action to implement the recommendation.

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.