



INTERNAL AUDIT DIVISION

REPORT 2019/092

Audit of the United Nations System Staff College's relationship with the United Nations Development Programme

**There is need to address some gaps in the
framework for provision of administrative
services and strengthen monitoring and
feedback mechanisms**

**31 October 2019
Assignment No. AE2019/400/01**

Audit of the United Nations System Staff College's relationship with the United Nations Development Programme

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations System Staff College's (UNSSC) relationship with the United Nations Development Programme (UNDP). The objective of the audit was to assess the adequacy and effectiveness of the arrangements for provision of administrative services following UNSSC's adoption of the Atlas system and UNDP as its main provider of administrative services. The audit covered the period from July 2015 to May 2019 and included a review of the agreements between UNDP and UNSSC that were signed in 2015 and their implementation, including: (a) the new framework for provision of administrative services; and (b) monitoring and feedback mechanisms.

The agreements with UNDP were adequately designed and implemented. However, there is a need to address some gaps in the framework for provision of administrative services and strengthen monitoring and feedback mechanisms.

OIOS made five recommendations. To address the issues identified in the audit, UNSSC needed to:

- Ensure that services pertaining to review of appeals, disciplinary cases, claims and staff counselling that were previously provided by the United Nations Office at Geneva continue to be provided to its staff;
- Specify in its internal control framework the details and reference numbers of the UNDP policies and procedures that it has opted to use, and ensure that staff have access to the framework and the policy and procedure documents;
- Liaise with the Office of the Controller to ensure that arrangements are in place for independent review of the accuracy of its financial statements;
- Liaise with the Department of Management Strategy, Policy and Compliance at United Nations Headquarters to review and clarify its delegation of authority under the new delegation of authority framework; and
- Strengthen its monitoring and feedback mechanisms relating to administrative services provided by UNDP by conducting periodic surveys to solicit feedback from staff regarding their satisfaction with the administrative services provided by UNDP, and establishing timelines for reviewing the agreements and performance indicators based on experience and lessons learned.

UNSSC accepted the recommendations and has initiated action to implement them.

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Audit of the United Nations System Staff College's relationship with the United Nations Development Programme

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations System Staff College's (UNSSC) relationship with the United Nations Development Programme (UNDP).
2. Prior to July 2015, UNSSC maintained its accounting records in the Integrated Management Information System (IMIS) of the United Nations. The United Nations Office at Geneva (UNOG) was its main administrative service provider. In July 2015, UNSSC decided to adopt the Atlas system administered by UNDP instead of Umoja which had replaced IMIS. Accordingly, UNSSC transitioned to using UNDP as its main provider of administrative services.
3. UNSSC and UNDP signed a framework agreement for the provision of administrative services and three service level agreements (SLAs) pertaining to: (a) information, communication and technology services including the implementation of the Atlas system; (b) financial services; and (c) human resources and payroll services. UNOG continues to provide medical and life insurance services and Laissez-Passer services to UNSSC under a revised memorandum of understanding (MOU) signed in April 2015. In addition, UNSSC has a MOU with the International Training Centre of the International Labour Organization for the use, occupation and security of facilities on the United Nations campus in Turin, Italy.
4. UNSSC is headed by a Director at the D-2 level, who is responsible for managing it in accordance with directives issued by the Board of Governors. The Director is assisted by a Deputy Director at the D-1 level, a Chief of Operations at the P-5 level, 22 professional staff, 16 support staff; 16 fellows and 3 consultants. UNSSC's budget for 2018-2019 was \$20 million of which \$350,000 was for the provision of UNDP services. Its actual expenditures for the biennium 2016-2017 was \$19 million including \$342,700 for administrative services provided by UNDP.
5. Comments provided by UNSSC are incorporated in italics

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of the arrangements for provision of administrative services following UNSSC's adoption of the Atlas system and UNDP as its main provider of administrative services.
7. This audit was included in the 2019 risk-based work plan of OIOS due to the risk that inadequate arrangements for provision of administrative services could affect the efficiency and effectiveness of UNSSC's operations.
8. OIOS conducted this audit from May to August 2019. The audit covered the period from July 2015 to May 2019. Based on an activity-level risk assessment, the audit covered risk areas in the arrangements established for the provision of administrative services. The audit reviewed the agreements between UNDP and UNSSC that were signed in 2015 and their implementation, including: (a) design of the SLAs and the new framework for provision of administrative services; and (b) monitoring and feedback mechanisms.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing.

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

III. AUDIT RESULTS

A. Framework for provision of administrative services

The agreements with UNDP were adequately designed and implemented

11. The business case for UNSSC adopting the UNDP Atlas system was discussed with the Chairman of the UNSSC Board, UNOG management and the United Nations Controller through email exchanges and the decision was endorsed by the UNSSC Board in 2016. The SLAs entered with UNDP clearly specified the type of services to be provided, the cost recovery methods, performance measurement tools including key performance indicators (KPIs), and payment modalities. The SLAs also clearly addressed the division of roles and responsibilities between UNSSC and UNDP. OIOS reviewed the roles of UNDP and UNSSC and noted that they were carried out as stipulated in the SLAs. For instance, recruitment and selection of staff were performed by UNSSC, then UNDP processed and issued personnel actions and monthly payrolls and UNSSC verified the payroll results thereafter. With regard to entitlements, staff submitted information and documents to UNDP via e-services and UNDP reviewed, calculated and processed their benefits and entitlements which were paid through payroll after verification by UNSSC. UNDP invoiced for its services as stipulated in the SLAs and there was evidence that UNSSC performed review checks to verify the accuracy of the invoices.

Need to clarify arrangements for provision of staff welfare related services

12. OIOS reviewed the range of administrative support services provided by UNOG and UNDP before and after the transition and noted that staff welfare related services were not adequately addressed in the new framework. Services relating to review of appeals, disciplinary cases and claims that were previously provided by UNOG were not covered in the SLAs with UNDP or the new MOU with UNOG. As a best practice in United Nations System, UNSSC needs to ensure that staff are provided with an independent, voluntary and confidential process for disciplinary cases. Further it was not clear whether staff counselling services would be provided by UNDP. Staff counselling services although not specifically mentioned in the previous MOU with UNOG, were provided as part of human resources services. UNSSC needs to ensure that provision of counselling services is addressed to facilitate staff welfare in the work place.

(1) UNSSC should ensure that services pertaining to review of appeals, disciplinary cases, claims and staff counselling that were previously provided by UNOG continue to be provided to its staff.

UNSSC accepted recommendation 1 and stated that it will work with UNOG to amend the current agreement to include the services. Recommendation 1 remains open pending receipt of evidence that the MOU with UNOG has been revised to include services pertaining to review of appeals, disciplinary cases, claims and staff counselling

Need to clearly disseminate the new internal control policy framework and related policy documents

13. UNSSC Statute requires it to follow the United Nations Staff Regulations and Rules and the Financial Regulations and Rules. According to the Secretary-General's Bulletin ST/SGB/2009/4 dealing with procedures for the promulgation of administrative instructions, UNSSC is not obliged to follow the United Nations administrative issuances and can establish its own administrative procedures since it is not part of the Secretariat. Prior to the transition to using UNDP as the main administrative service provider, UNSSC was using a combination of the United Nations administrative instructions and its own administrative circulars in its policy framework. After the change to UNDP, UNSSC has in addition adopted UNDP policies and guidelines in some areas. UNSSC prepared a new internal control framework document which outlines the policy framework applicable for the different administrative areas and processes. The framework was endorsed by the UNSSC Board in its January 2016 meeting.

14. According to the new UNSSC internal control framework, the United Nations Financial Regulations and Rules and the Staff Regulations and Rules continue to be the main umbrella policy guidelines as required by the UNSSC Statute. The United Nations administrative instructions are used as the policy framework for recruitment of consultant/individual contractor, and travel while the UNDP policies and procedures are used for financial transactions, payroll and staff benefits and entitlements. The internal control framework document included reference numbers of the United Nations administrative instructions and UNSSC administrative circulars applicable. However, the details and reference numbers of the UNDP policies and procedures UNSSC had opted to use were not indicated. To ensure that staff are well informed of the applicable policies and procedures in the different areas, UNSSC needs to ensure that the new policy framework has details and reference numbers of all policies and procedures with links or details of where the policies and procedures documents can be found.

(2) UNSSC should specify in its internal control framework the details and reference numbers of the UNDP policies and procedures that it has opted to use and ensure that staff have access to the framework and the policy and procedure documents.

UNSSC accepted recommendation 2 and stated that it will issue an internal circular to provide information on policies and procedures and post on its Intranet. Recommendation 2 remains open pending receipt of evidence that details and reference numbers of the UNDP policies and procedures that UNSSC has opted to use have been posted on the intranet and staff have been made aware of their availability.

A review mechanism is required to ensure that UNSSC financial statements are accurate

15. The UNSSC statute states that it shall be subjected to audit by the United Nations Board of Auditors (BOA) in accordance with the Financial Regulations and Rules of the United Nations. UNSSC financial statements are consolidated in the United Nations financial statements (Volume I) under "Other United Nations special funds". The consolidated financial statements are audited by the BOA. Due to its small size, separate audits of the UNSSC financial statements are rarely done. The last time a separate audit was performed by the BOA was in 2009 before implementation of the International Public Sector Accounting Standards (IPSAS). By contrast, financial statements of similar organizations (research and training institutes) such as the United Nations Institute for Training and Research and the United Nations University which are reported as standalone financial reports are audited annually by the BOA.

16. Arrangements were in place to support UNSSC in preparing its financial statements. Documentation provided showed that a UNDP IPSAS specialist reviewed UNSSC's trial balance before completion of the conversion from IMIS to Atlas to ensure that it was IPSAS compliant. UNDP also provides year-end procedures to help UNSSC with accrual accounting under IPSAS. OIOS also noted that

the Office of Controller provided actuarial reports to guide UNSSC in the calculation of After-Service Health Insurance (ASHI) benefits and other accruals such as repatriation grants. However, the arrangements for independent review of the final financial statements which was previously performed by UNOG had not been formally established. Given the absence of regular audits and the fact that UNSSC's financial information were maintained in a different system (Atlas) from that used by the United Nations Secretariat, UNSSC needs to liaise with the Office of the Controller to ensure that adequate arrangements are in place for independent review of the accuracy of its financial statements.

(3) UNSSC should liaise with the Office of the Controller to ensure that arrangements are in place for independent review of the accuracy of its financial statements.

UNSSC accepted recommendation 3 and stated that it will work with the Office of the Controller to ensure this recommendation is implemented. Recommendation 3 remains open pending receipt of evidence that arrangements have been put in place for independent review of the accuracy of the financial statements.

Need to clarify the authority delegated to UNSSC under the new delegation of authority framework

17. UNSSC had three formal delegation of authority memos which were issued in 2002 by the Controller and the Assistant Secretary-General of Central Support Services as follows: (a) authority granted to the UNSSC Director to enter into contracts for the purchase of goods and services of up to \$70,000; (b) general authority granted to UNSSC to set up a Local Property Survey Board; and (c) authority granted to the Chief of Administration to maintain property records and approve write offs of up to \$1,500. The UNSSC Director's authority to appoint and manage staff is granted directly by the UNSSC Statute. In 2019, the United Nations Secretariat established a new delegation of authority framework as outlined in ST/SGB/2019/2 (Delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules). Under the new framework, authority is to be delegated directly to the head of offices to implement specified aspects of the Staff Regulations and Rules and Financial Regulations and Rules and the delegation is to be managed through an online portal.

18. However, UNSSC did not receive a new delegation of authority memo under the new framework on the grounds that it was not part of the United Nations Secretariat. UNSSC needs to consult with the Department of Management Strategy, Policy and Compliance (DMSPC) to clarify the validity of its existing delegation of authority since according to Section 1.1 of ST/SGB/2019/2, the authority delegated to all staff except Executive Heads (Director in the case of UNSSC) were rescinded. Therefore, the authority relating to property management issues delegated to the Chief of Administration is technically not valid. OIOS is of the view that a new delegation of authority memo needs to be issued to the UNSSC Director who can then sub-delegate to other staff, as appropriate. It is also an opportune time to review the level of authority delegated to UNSSC since no such review has been conducted since 2002 despite significant changes to the United Nations Secretariat's procurement and property management policies and procedures, and the use of UNDP instead of UNOG as the main provider of administrative services.

(4) UNSSC should liaise with DMSPC to review and clarify its delegation of authority under the new delegation of authority framework.

UNSSC accepted recommendation 4 and stated that it will work with the United Nations Secretariat to ensure this recommendation is implemented. Recommendation 4 remains open pending receipt of evidence that the authority delegated to UNSSC under the new delegation of authority framework has been reviewed and clarified.

B. Monitoring and feedback mechanisms

Need to strengthen monitoring and feedback mechanisms

19. The monitoring and feedback mechanisms established in the agreements with UNDP included: (a) KPIs for various services stipulated in the SLAs and which were regularly monitored; (b) paragraph 9 of the SLAs which requires UNDP to conduct surveys annually to collect feedback in order to measure timelines, quality and responsiveness of the services provided by UNDP and to identify the client's evolving needs and bottlenecks and other obstacles; and (c) Article 7.1 of the framework agreement which provides that heads of UNDP and the client's office shall periodically and jointly review support services and cost recovery arrangements and make recommendations if any to the UNDP Director, Bureau of Management. OIOS reviewed the effectiveness of these mechanisms and identified some shortcomings as discussed below.

20. There were adequate and measurable KPIs for financial and human resources services but there were no KPIs for information, communication and technology services and timelines were not established for education grant KPIs. Further, the quarterly reports on the monitoring of performance indicators were not prepared consistently and the reports covered only 6 out of the 32 service items covered in the SLA for human resources and payroll services. UNDP had not issued a report on the monitoring of performance indicators relating to financial services. UNSSC stated that they monitored the performance indicators related to financial services informally through the services they received, adding that thus far the services were satisfactory. The shortcomings noted indicate that the KPIs may be too many and would benefit from being reviewed and streamlined to determine and clarify which key ones should be regularly monitored formally.

21. In accordance with paragraph 9 of the SLAs, UNDP administered annual survey to its clients including UNSSC focal points (the human resources assistant and the Chief of Operations Unit) requiring them to express their opinion of UNDP services. UNSSC had however not established mechanisms to solicit feedback from its staff regarding the quality of services provided by UNDP. While UNSSC staff do not interact directly with UNDP, they use the UNDP Atlas e-services module functionality to input and process entitlements such as dependency allowance and educational grants without any interaction with UNSSC Operations Unit. The feedback from staff is therefore essential in assessing the quality and responsiveness of the services provided by UNDP and identifying bottlenecks and areas that could be improved. UNSSC needs to survey its staff or establish other formal mechanisms to solicit their feedback which focal points should consider when responding to the UNDP surveys.

22. Further, no review of the agreements and support services arrangements had been done as recommended in article 7.1 of the framework agreement and no timelines had been established for such a review. After three years of using UNDP services, such a review needs to be done so that lessons learned can be captured and addressed in a timely manner and the SLAs updated if necessary. The feedback from the survey of staff discussed above needs to be considered in conducting the review. The review could also, among other things, explore how best to address shortcomings identified in the audit such as the gaps in the provision of staff welfare services and the need to streamline KPIs. In addition, UNSSC could use the review as an opportunity to assess whether to use Atlas for processing procurement and travel which are currently managed using out of the shelf software. UNSSC indicated that due to its small size, the cost of these modules did not warrant its automation, but it would be beneficial for UNSSC to conduct a cost-benefit analysis to assess whether efficiencies can be gained from including procurement and travel management as modules in the UNDP provision of administrative services.

(5) UNSSC should strengthen its monitoring and feedback mechanisms relating to administrative services provided by UNDP by: (a) conducting periodic surveys to solicit feedback from staff regarding their satisfaction with the administrative services provided by UNDP; and (b) reviewing the agreements and performance indicators based on experience and lessons learned.

UNSSC accepted recommendation 5 and stated that it will periodically conduct surveys of its staff to make sure that UNDP administrative services are provided in accordance with the KPIs defined in the service agreement. UNSSC has commenced working on this recommendation. UNSSC Chief of Operations and human resources focal point visited UNDP in the middle of September to discuss various service matters relating to this recommendation. Recommendation 5 remains open pending receipt of evidence that: (a) a survey has been conducted to solicit feedback from staff regarding their satisfaction with the administrative services provided by UNDP; and (b) the agreements with UNDP and performance indicators have been reviewed based on experience and lessons learned.

IV. ACKNOWLEDGEMENT

23. OIOS wishes to express its appreciation to the management and staff of UNSSC 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 United Nations System Staff College's relationship with the United Nations Development Programme

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNSSC should ensure that services pertaining to review of appeals, disciplinary cases, claims and staff counselling that were previously provided by UNOG continue to be provided to its staff.	Important	O	Receipt of evidence that the MOU with UNOG has been revised to include services pertaining to review of appeals, disciplinary cases, claims and staff counselling.	31 March 2020
2	UNSSC should specify in its internal control framework the details and reference numbers of the UNDP policies and procedures that it has opted to use and ensure that staff have access to the framework and the policy and procedure documents.	Important	O	Receipt of evidence that details and reference numbers of the UNDP policies and procedures that UNSSC has opted to use have been posted on the intranet and staff have been made aware of their availability.	31 March 2020
3	UNSSC should liaise with the Office of the Controller to ensure that arrangements are in place for independent review of the accuracy of its financial statements.	Important	O	Receipt of evidence that arrangements have been put in place for independent review of the accuracy of the financial statements.	31 March 2020
4	UNSSC should liaise with DMSPC to review and clarify its delegation of authority under the new delegation of authority framework.	Important	O	Receipt of evidence that the authority delegated to UNSSC under the new delegation of authority framework has been reviewed and clarified.	31 March 2020
5	UNSSC should strengthen its monitoring and feedback mechanisms relating to administrative services provided by UNDP by: (a) conducting periodic surveys to solicit feedback from staff regarding their satisfaction with the administrative services provided by UNDP; and (b) reviewing the agreements and performance indicators based on experience and lessons learned.	Important	O	Receipt of evidence that: (a) a survey has been conducted to solicit feedback from staff regarding their satisfaction with the administrative services provided by UNDP; and (b) the agreements with UNDP and performance indicators have been reviewed based on experience and lessons learned.	31 March 2020

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.

³ C = closed, O = open

⁴ Date provided by UNSSC in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the United Nations System Staff College's relationship with the United Nations Development Programme

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNSSC should ensure that services pertaining to review of appeals, disciplinary cases, claims and staff counselling that were previously provided by UNOG continue to be provided to its staff.	Important	Yes	Chief of Operations	By the end of 2019 or the first quarter of 2020	UNSSC will work with UNOG to amend its current agreement to include these services.
2	UNSSC should specify in its internal control framework the details and reference numbers of the UNDP policies and procedures that it has opted to use and ensure that staff have access to the framework and the policy and procedure documents.	Important	Yes	Chief of Operations	By the end of 2019 or the first quarter of 2020	UNSSC will issue an Internal Circular to provide information on policies and procedures and post on its Intranet.
3	UNSSC should liaise with the Office of the Controller to ensure that arrangements are in place for independent review of the accuracy of its financial statements.	Important	Yes	Chief of Operations	By the first quarter of 2020	UNSSC will work with the Office of the Controller to ensure this recommendation is implemented.
4	UNSSC should liaise with DMSPC to review and clarify its delegation of authority under the new delegation of authority framework.	Important	Yes	Chief of Operations	By the first quarter of 2020	UNSSC will work with the UN Secretariat to ensure this recommendation is implemented.
5	UNSSC should strengthen its monitoring and feedback mechanisms relating to administrative services provided by UNDP by: (a) conducting periodic surveys to solicit feedback from staff regarding their satisfaction with the administrative	Important	Yes	Chief of Operations	By the end of 2019 or the first quarter of 2020	UNSSC will periodically conduct survey of its staff to make sure that UNDP administrative services are provided in according with the KPIs defined in the service agreement. UNSSC has commenced working on

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 United Nations System Staff College’s relationship with the United Nations Development Programme

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	services provided by UNDP; and (b) reviewing the agreements and performance indicators based on experience and lessons learned.					this recommendation: UNSSC Chief of Operations and HR Focal Point visited UNDP in the middle of September to discuss various service matters relating to this recommendation