



INTERNAL AUDIT DIVISION

REPORT 2015/054

Audit of administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire

Overall results relating to the effective provision of administrative support to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire were initially assessed as unsatisfactory. Implementation of one critical and two important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

18 June 2015

Assignment No. AP2014/641/02

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AUDIT REPORT

Audit of administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) by the United Nations Operation in Cote d'Ivoire (UNOCI).
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. By its resolution 2100 (2013) of 25 April 2013, the Security Council established MINUSMA and requested the Secretary-General to ensure that other United Nations missions in the region shared logistic and administrative support with MINUSMA to the extent possible. In this regard, the Secretary-General, in his 14 May 2013 note to the General Assembly on the financing arrangements for MINUSMA, indicated that administrative support functions and assistance with logistical support would be provided to MINUSMA in coordination with UNOCI and other entities such as the United Nations Global Service Centre in Brindisi, Italy.
4. UNOCI provided administrative services, i.e. finance and human resources management services, to MINUSMA since its inception on 1 July 2013. These support services comprised the following: (a) account-related transactions, vendor payments, claims and payroll; (b) on-boarding activities, personnel administration (leave, attendance, initial appointment and contract extensions); and (c) recruitment and administration of international consultants and individual contractors. The provision of these services was guided by a service level agreement that MINUSMA and UNOCI signed on 2 May 2014, the terms of which were applied retroactively while it was being finalized. In addition, in May 2013 the Under-Secretary-General for Field Support authorized MINUSMA to draw on the capacity of UNOCI for procurement support. MINUSMA sought procurement support on a case by case basis until the establishment of the MINUSMA Procurement Section in April 2014.
5. MINUSMA was responsible for funding and staffing the support services provided by UNOCI in the areas of finance and human resources. As of September 2014, MINUSMA allocated to UNOCI 41 staff with an estimated personnel cost of \$3.8 million for the provision of support services.
6. Comments provided by MINUSMA are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of MINUSMA governance, risk management and control processes in providing reasonable assurance regarding the **effective provision of administrative support to MINUSMA by UNOCI**.

8. The audit was included in the 2014 risk-based work plan of OIOS because of operational risks related to ineffective provision of administrative support.

9. The key control tested for the audit was performance monitoring. For the purpose of this audit, OIOS defined this key control as the one that provides reasonable assurance that MINUSMA and UNOCI had established adequate metrics for the measurement and monitoring of the support services delivered to MINUSMA by UNOCI and that UNOCI carried out these services in accordance with the established metrics.

10. The key control was assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit from May to September 2014. The audit covered the period from 1 July 2013 to 31 August 2014. The audit reviewed the following support services provided by UNOCI to MINUSMA: processing of invoices, payroll, staff entitlements and travel reimbursement claims (F-10), and clearing of outstanding accounts payable and receivable balances.

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

III. AUDIT RESULTS

13. The MINUSMA governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective provision of administrative support to MINUSMA by UNOCI**. OIOS made four recommendations to address the issues identified. The provision of administrative support services to MINUSMA by UNOCI required improvement. MINUSMA, together with UNOCI, needed to: (a) establish the required performance monitoring, management and reporting mechanisms to ensure that services were satisfactorily delivered; (b) improve records management in the MINUSMA Finance Section; (c) establish a tracking system for client queries and their resolution; and (d) conduct annual client satisfaction surveys.

14. The initial overall rating was based on the assessment of the key control presented in Table 1. The final overall rating is unsatisfactory as implementation of one critical and two important recommendations remains in progress.

¹ A rating of “**unsatisfactory**” means that one or more critical and/or pervasive important deficiencies exist 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.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective provision of administrative support to MINUSMA by UNOCI	Performance monitoring	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

Performance monitoring

Provision of support services was not effective

15. The service level agreement between MINUSMA and UNOCI provided specific metrics to allow for the measurement and monitoring of service delivery. Both missions were required to: (a) hold regular performance meetings to address issues not resolved at operational levels; and (b) to report quarterly on the performance of the functions delegated to UNOCI.

16. A review of the processing of invoices, payroll, staff entitlements and travel reimbursement claims, and clearing of outstanding accounts payable and receivable balances showed significant backlogs and delays in the processing of transactions. For example:

- The service level agreement required invoices to be processed in five working days, assignment grants in 11 days and travel claims in three days. UNOCI took an average of 28 days to process invoices, 39 days to process staff members' assignment grants and 29 days to process travel claims;
- UNOCI was required to process and pay MINUSMA national staff payroll no later than the 21st day of each month, and individual contractors no later than the 20th day of the following month. A review of payroll batches for national staff and individual contractors for March and May 2014 indicated that the processing of 92 of the 178 national staff payroll for March 2014 was delayed by one month, and the processing of payroll of 51 of the 213 individual contractors for April 2014 was also delayed by one month; and
- UNOCI was required to follow up and clear outstanding accounts payable and receivable within three and four working days respectively. As at 31 July 2014: (a) 218 accounts payable totaling \$748,000 were past due, of which 21 accounts totaling \$80,000 were outstanding for more than three months; and (b) 1,415 accounts receivable totaling \$2 million were past due, of which 86 accounts totaling \$610,000 were outstanding for over six months.

17. The above delays in the delivery of support services were due to: (a) the absence of a proper governance mechanism to address issues not resolved at operational levels and ensure the delivery of consistent, effective and client-focused services; (b) the submission of incomplete information and supporting documents by MINUSMA; (c) the lack of a mechanism to track and follow up transactions submitted to UNOCI for processing; (d) an unreliable file sharing/transfer system, which resulted in the

inability of UNOCI to receive transaction files uploaded by MINUSMA in the shared server; and (e) challenges in the migration of data from legacy systems (Sun and Mercury) to Umoja where important information such as banking details were not completely uploaded or updated in Umoja to enable UNOCI to process the payment of invoices, payrolls and claims.

(1) MINUSMA, in collaboration with UNOCI, should take steps to implement the required performance monitoring, management and reporting mechanisms in the service level agreement for the provision of shared support services by ensuring that: (a) a system is put in place to collect, compile and report on the achievement of key performance indicators; and (b) regular meetings between relevant MINUSMA and UNOCI staff are held and documented to review performance and resolve issues.

MINUSMA accepted recommendation 1 and stated that a performance monitoring database had been implemented. This database would be able to generate performance reports, which would be used as the basis for any corrective action to improve performance. Both missions had also established working, interactive sessions between staff to resolve issues relating to the processing of transactions. Recommendation 1 remains open pending receipt of documentation showing the implementation of the performance monitoring database and regular meetings between concerned MINUSMA and UNOCI staff are being held to resolve issues.

Inadequate record management and tracking mechanism

18. The service level agreement for the provision of support services to MINUSMA by UNOCI required MINUSMA to establish a service desk to track and follow up queries from staff and vendors. All queries were to be logged in a ticketing system and followed up by MINUSMA. Although MINUSMA had established a service desk to assist staff and vendors with their queries, the service desk staff members were unable to track and follow up the status of invoices or travel claims submitted to the UNOCI Finance Section for payment. They were therefore unable to satisfactorily address queries from staff members or vendors. This resulted as: (a) the invoices and travel claims received by MINUSMA were not consistently date stamped, to indicate the actual date and time of receipt, and logged; (b) there was no ticketing system to keep track and facilitate the follow-up of queries; and (c) MINUSMA did not provide its finance staff adequate training on Umoja, which hampered their ability to generate bank statements for the Mission's main bank account (Umoja ZR documents) to update the payment status of the invoices and travel claims submitted to UNOCI. As a result, the flow of information between MINUSMA and staff and vendors was ineffective and inefficient.

(2) MINUSMA should improve the record management system in its Finance Section by ensuring that invoices and travel claims are date stamped upon receipt and recorded in the logbook to facilitate the tracking of documents.

MINUSMA accepted recommendation 2 and stated that since December 2014 the Mission had established a database to facilitate tracking of documents. The Mission had also implemented a procedure to date stamp invoices and travel claims upon receipt. Based on the action taken by MINUSMA, recommendation 2 has been closed.

(3) MINUSMA should: (a) establish a ticketing system that will enable the service desk to adequately follow up on queries from staff or vendors; and (b) provide service desk staff with access to and training on Umoja that will enable them to obtain the payment status of invoices and travel claims.

MINUSMA accepted recommendation 3 and stated that the Mission was considering establishing a ticketing system using the United Nations iNeed system to receive and follow up on queries from staff and vendors. The Mission had also conducted Umoja instructor-led training in November 2014 and February 2015 for service desk staff, which would continue over the current period. Recommendation 3 remains open pending the establishment of a ticketing system and the completion of the Umoja training for service desk staff.

Client satisfaction surveys were not carried out

19. The service level agreement required MINUSMA and UNOCI to conduct annual client satisfaction surveys on the shared support services provided by UNOCI. As of 30 June 2014, MINUSMA had not conducted such a client satisfaction survey due to other operational priorities. Consequently, there had been no assessment of client feedback on the quality of support services provided by UNOCI.

(4) MINUSMA, in collaboration with UNOCI, should establish a mechanism for conducting an annual client satisfaction survey on services delivered by UNOCI and ensure that the results from the survey are discussed with relevant UNOCI and MINUSMA staff to improve delivery of services.

MINUSMA accepted recommendation 4 and stated that the Mission had initiated in May 2015 an annual client satisfaction survey on services delivered by UNOCI. The results of this survey would be discussed with relevant staff of UNOCI and MINUSMA to improve delivery of services. Recommendation 4 remains open pending receipt of evidence of the completion of the client satisfaction survey initiated in May 2015.

IV. ACKNOWLEDGEMENT

20. OIOS wishes to express its appreciation to the Management and staff of MINUSMA 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 administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MINUSMA, in collaboration with UNOCI, should take steps to implement the required performance monitoring, management and reporting mechanisms in the service level agreement for the provision of shared support services by ensuring that: (a) a system is put in place to collect, compile and report on the achievement of key performance indicators; and (b) regular meetings between relevant MINUSMA and UNOCI staff are held and documented to review performance and resolve	Critical	O	Receipt of evidence of implementation of the performance monitoring database; and minutes of regular meetings held between concerned MINUSMA and UNOCI staff to resolve performance issues.	31 December 2015
2	MINUSMA should improve the record management system in its Finance Section by ensuring that invoices and travel claims are date stamped upon receipt and recorded in the logbook to facilitate the tracking of documents.	Important	C	Action taken	Implemented
3	MINUSMA should: (a) establish a ticketing system that will enable the service desk to adequately follow up on queries from staff or vendors; and (b) provide the service desk staff with access to and training on Umoja that will enable them to obtain the payment status of invoices and F-10 claims.	Important	O	Receipt of evidence of establishment of a ticketing system; and completion of the Umoja training for service desk staff.	31 August 2015
4	MINUSMA, in collaboration with UNOCI, should establish a mechanism for conducting an annual client satisfaction survey on services delivered by UNOCI and ensure that the results from the survey are discussed with relevant UNOCI and MINUSMA staff to improve delivery of services.	Important	O	Receipt of evidence of completion of the client satisfaction survey.	31 August 2015

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 MINUSMA in response to recommendations.

APPENDIX I



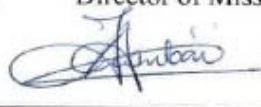
Management Response



FACSIMILE

Date: 25 May 2015

Reference: MINUSMA/ODMS/2015/221

TO: Ms. Eleanor T. Burns Director, Internal Audit Division, OIOS	FROM: Mongi Hamdi Special Representative of the Secretary-General MINUSMA 
Copy: Mr. Seydou Sirpe OiC Chief Resident Auditor MINUSMA	
INFO: Ms. Cynthia Avena-Castillo Professional Practices Section Internal Audit Division OIOS	
FAX NO: Electronic transmission	FAX NO: (223)
TEL NO:	TEL NO: (223)
SUBJECT: Draft report on an audit of administrative Support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire (Assignment No. AP2014/641/02)	
Total number of transmitted pages including this page:	
<ol style="list-style-type: none">1. Reference is made to your interoffice memo dated 15 May 2015 on the above subject.2. As requested, please find attached the Mission's comments per recommendation in Appendix I.3. Your continuous support to MINUSMA audit matter would be highly appreciated. <p>Best regards</p>	
Drafted by: Miho Hirose Administrative Officer 	Authorized by: Paul Buades Director of Mission Support 
Through: Audrey Serret Senior Administrative Officer	

Management Response

Audit of administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSMA, in collaboration with UNOCI, should take steps to implement the required performance monitoring, management and reporting mechanisms in the service level agreement for the provision of shared support services by ensuring that: (a) a system is put in place to collect, compile and report on the achievement of key performance indicators; and (b) regular meetings between relevant MINUSMA and UNOCI staff are held and documented to review performance and resolve issues.	Critical	Yes	Officer-in-Charge Finance and Budget Section, Chief Human Resources Officer	31 December 2015	1. Steps have been taken to address the issue. Both in UNOCI and MINUSMA basic monitoring databases have been established and pertinent reports will be produced regularly and corrective measures taken accordingly. 2. Visits and working sessions between staff from UNOCI and MINUSMA are now taking place and sticky issues are resolved at these interactive sessions. These are hands –on working sessions so it may not be easy to document.
2	MINUSMA should improve the record management system in its Finance Section by ensuring that invoices and F-10 claims are date stamped upon receipt and recorded in the logbook to facilitate the tracking of documents.	Important	Yes	Officer-in-Charge Finance and Budget Section	December 2014 implemented	Implemented. MINUSMA has established the access database since December 2014, in order to facilitate tracking of documents. F-10 claims are date stamped upon receipt and recorded in the logbook (the evidence was provided to OIOS resident auditor in March 2015).

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.

Management Response

Audit of administrative support provided to the United Nations Multidimensional Integrated Stabilization Mission in Mali by the United Nations Operation in Cote d'Ivoire

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	MINUSMA should: (a) establish a ticketing system that will enable the service desk to adequately follow up on queries from staff or vendors; and (b) provide the service desk staff with access to and training on Umoja that will enable them to obtain the payment status of invoices and F-10 claims.	Important	Yes	Officer- in- Charge Finance and Budget Section	31 August 2015	In the process of implementation: MINUSMA is establishing a ticketing system using the UN iNeed system to receive and follow up on queries from staff and vendors. The target date is August 2015. MINUSMA has conducted UMOJA Instructor-led Training in November 2014 and February 2015 for service desk staff and will continue over the current period.
4	MINUSMA, in collaboration with UNOCI, should establish a mechanism for conducting annual client satisfaction survey on services delivered by UNOCI and ensure that the results from the survey are discussed with relevant UNOCI and MINUSMA staff to improve delivery of services.	Important	Yes	Senior Administrative Officer	31 August 2015	In the process of implementation: The annual client satisfaction survey on services provided by the Mission Support Division, including those delivered by UNOCI was conducted (the deadline was 15 May 2015). The result will be discussed with relevant staff among UNOCI and MINUSMA, to improve delivery of services accordingly.