



INTERNAL AUDIT DIVISION

REPORT 2025/097

Audit of implementation of the Kenya Common Back Office by the United Nations Office at Nairobi

**The Kenya Common Back Office operations
were successfully implemented and
effectively governed, and action was being
taken to address limited uptake of new
mandatory services**

**30 December 2025
Assignment No. AA2024-210-04**

Audit of implementation of the Kenya Common Back Office by the United Nations Office at Nairobi

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of implementation of the Kenya Common Back Office (KCBO) by the United Nations Office at Nairobi (UNON). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient KCBO operations implemented by UNON. The audit covered the period from January 2024 to March 2025 and included a review of risk areas relating to: (a) governance and oversight; (b) client engagement and inter-agency coordination; (c) service delivery and performance monitoring; and (d) financial management and cost efficiency.

The KCBO operations have been successfully implemented and effectively governed. However, its long-term sustainability remains at risk due to limited uptake of new mandatory services without following opt-out protocols. This was being addressed through the KCBO governance mechanisms. Meanwhile, the opt-out processes needed to be streamlined.

OIOS made one recommendation. To address issues identified in the audit, the Resident Coordinator for Kenya needed to:

- Request the Development Coordination Office and Business Innovation Group to improve the timeliness of feedback on the status of opt-out requests.

The Resident Coordinator accepted the recommendation and initiated action to implement it. Action required to close the recommendation is indicated in Annex I.

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I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of implementation of the Kenya Common Back Office (KCBO) by the United Nations Office at Nairobi (UNON).

2. The General Assembly, through two resolutions on the quadrennial comprehensive policy review (67/226 and 71/243), emphasized the need for the United Nations system to pursue more cost-efficient support services by reducing duplication of functions, and administrative and transaction costs through the consolidation of operational support at the country level. These resolutions underscored the importance of integrated support across the United Nations system to advance the 2030 Agenda for Sustainable Development. Building on these mandates and based on estimates of potential efficiency gains drawn from various sources, the Secretary-General established a system-wide efficiency target of approximately \$310 million, to be achieved through four streams namely: (a) business operations strategy; (b) CBOs; (c) common premises; and (d) global shared services at the corporate (global) level. These initiatives are overseen by the United Nations Sustainable Development Group's (UNSDG) Business Innovation Group (BIG), with support from the BIG Reference Group and Development Coordination Office (DCO).

3. The Secretary-General has set targets for all United Nations country teams (UNCTs) to establish CBOs to increase efficiencies, provide better services to beneficiaries, and foster collaborative working relationships. CBO is a country-level "single shared service centre," which aims to eliminate duplication of support functions, leverage collective bargaining power, and enhance service delivery. It is built on three principles/enablers, namely: (a) mutual recognition; (b) customer satisfaction; and (c) transparent costing and pricing. By reducing duplications and leveraging economies of scale, CBO is expected to deliver better value for money, enhance service quality, and enable United Nations agencies, funds and programmes (AFPs) to focus more on their programmatic mandates.

4. The United Nations in Kenya officially launched KCBO on 2 January 2024, becoming the first duty station to implement the initiative globally. KCBO is hosted by UNON, United Nations Children's Fund (UNICEF) and World Food Programme (WFP). As per UNSDG CBO guidance, UNON is required to provide 66 mandatory common services in the following areas: 35 in administration, 13 in human resources (HR) management, 9 in information and communication technology (ICT) and 9 in procurement. At the time of the audit, UNON was providing 63 services excluding two service areas provided by the Department of Safety and Security and one service area for reception services that was not required. In addition, UNON provides 13 non-mandatory services. UNICEF provides non-mandatory finance services related to harmonized approach to cash transfers and partner implementation monitoring, while WFP provides non-mandatory logistics services.

5. The KCBO governance framework includes the Common Services Board (CSB), Steering Committee, and Common Services Management Team (CSMT). CSB is the highest decision-making body at the country level and is composed of heads of United Nations system entities present in the country. It provides strategic oversight by monitoring service quality and risks, ensuring financial sustainability and transparency in costing, reviewing operational structures and volumes, and approving major changes to service delivery arrangements. It also approved the KCBO operating model in July 2022. The Resident Coordinator (RC) for Kenya serves as CSB Chair. The Steering Committee, also chaired by the RC, provides systematic follow-up and monitoring of decisions, and fosters collective ownership of the CBO initiative, while the CSMT, chaired by a designated senior operations or administrative manager from participating entities provides co-advisory support.

6. A KCBO Coordination Unit comprising a coordinator at P-4 level and an assistant at G-6 is established under the Resident Coordinator Office. UNON administers the KCBO Coordination Unit staff on behalf of the RC. The Coordination Unit is responsible for: (a) supporting and consolidating CBO in Kenya; (b) serving as secretary of the CSB; Steering Committee and CSMT; (c) identifying clients' requirements for service delivery; (d) monitoring delivery of CBO services to client entities, including quality and timeliness of services; (e) supporting financial results and performance reporting including monitoring established service-level agreements (SLAs) and key performance indicators (KPIs); and (f) liaising with service providers to support the presentation of the budget, service rates and billing mechanism, and reporting.

7. The 2024 budget for the KCBO Coordination Unit was \$294,100 and was based on total count of 6,148 AFP personnel, and a billing rate of \$48¹ per personnel.

8. UNON utilizes three key information systems to support CBO and enhance service delivery: (a) the Kenya Service Hub (KSH) portal, which provides a centralized entry point for UNON administrative services, allowing users to request CBO services and access reference materials; (b) the UNON billing portal, which enables clients to access SLAs, review invoices and verify billing details; and (c) the Unite Self-Service platform (iNeed), which supports broader operational functions by streamlining service requests and their resolution across ICT, finance, HR, procurement, and administrative services. These systems collectively reinforce internal controls, standardize service delivery, and support efficient client engagement.

9. Comments provided by the RC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

10. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient KCBO operations implemented by UNON.

11. This audit was included in the 2025 risk-based work plan of OIOS due to the strategic importance of the CBO framework as part of the Secretary-General's efficiency agenda. Successful implementation of KCBO by UNON is critical to attaining the intended objectives.

12. OIOS conducted this audit from February to September 2025. The audit covered the period from January 2024 to March 2025. Based on an activity-level risk assessment, the audit covered risks in: (a) governance and oversight; (b) client engagement and inter-agency coordination; (c) service delivery and performance monitoring; and (d) financial management and cost efficiency.

13. The audit excluded KCBO services provided by UNICEF and WFP, as they fall outside of OIOS audit mandate. Additionally, UNON provision of host country services was excluded from this audit as it was subject to a separate OIOS audit.

14. The audit methodology included: (a) interviews with key personnel to gain insights into the effectiveness of KCBO implementation; (b) review of relevant documentation to assess adherence to policies, procedures, and guidelines; (c) analytical review of data extracted from data management systems to identify trends and anomalies, assess performance and identify risks; and (d) assessment of data

¹ UNON clarified that dividing the budget amount by the number of personnel results in a rate of \$47.83; however, following consultations, United Nations entities in Kenya agreed to apply a billing rate of \$48 per personnel for the KCBO Coordination Unit.

management systems (iNeed, KSH, and UNON client billing portal, and dashboards) to evaluate data integrity and compliance with reporting and performance monitoring requirements.

15. To assess reliability, integrity, accuracy, and accessibility of data pertaining to KCBO operations implemented by UNON, OIOS: (a) reviewed existing information about relevant data management systems; (b) interviewed UNON personnel knowledgeable about the data; and (c) traced a random sample of data to source documents. Based on the review, OIOS determined that the data was sufficiently reliable to address the audit objective.

16. The audit was conducted in accordance with the Global Internal Audit Standards.

III. AUDIT RESULTS

A. Governance and oversight

KCBO established relevant governance structures

17. KCBO governance structures included the CSB, Steering Committee, and CSMT. Their respective terms of reference (TORs) were approved before the launch of the KCBO. During 2024, KCBO's first year of implementation, as well as in 2025, the TORs were reviewed to adapt to the evolving needs of KCBO, including adjustments to meeting frequency to allow the CSB and Steering Committee to convene on a more flexible and as-needed basis, guided by strategic requirements.

18. CSB convened once in 2024, with 17 out of 77 entities represented, including 3 of the designated heads or regional representatives who had signed SLAs. CSB discussed issues such as KCBO achievements and challenges, approval of rate cards and billing methodologies, and the KCBO efficiency report. The Steering Committee provided guidance and advice to CSB to facilitate informed decision-making on these matters.

19. The Steering Committee met four times in 2024 and discussed: (a) measures to increase uptake of common services to achieve economies of scale and reduce operating costs; (b) the need to ensure timely payment of bills; (c) provision of relevant data and metrics to enable a comprehensive, data-driven assessment of KCBO's operations, client service adoption, cost efficiency, and overall effectiveness; and (d) addressing delays in signing SLAs.

20. CSMT held 13 out of 15 planned meetings between January 2024 and March 2025. Two meetings were cancelled following prior agreement. While attendance varied, engagement remained strong. UNON provided status updates on KCBO implementation during these meetings. Advance sharing of agendas, opportunities to propose discussion topics, access to session recordings, and circulation of minutes for review and approval enabled broad participation, knowledge sharing and transparency at CSMT meetings.

SLAs were used to guide KCBO governance in the absence of a memorandum of understanding

21. UNSDG CBO guidance dated May 2020 recommended establishing a memorandum of understanding (MOU) to formalize CBO arrangements with participating entities. The MOU was intended to define governance structures, roles and responsibilities, financial and reporting arrangements, and mechanisms for amendments, withdrawals, and dispute resolution. It was designed to provide a comprehensive legal and strategic foundation for CBO operations.

22. At the request of the UNSDG Reference Group, the UNSDG CBO Task Team and DCO conducted and issued an internal CBO review report in May 2024, which documented lessons learned from the design and planning phases of CBOs in Kenya, Brazil, Vietnam and Tanzania. The review identified challenges in securing approval of the proposed standard MOU template. To address these challenges, the Reference Group endorsed greater flexibility in the governance framework, which in Kenya allowed the use of SLAs as an alternative to the MOU. In the absence of a formal MOU to support CBO implementation UNON required participating entities to sign SLAs, which had been adapted from existing common services arrangements in Kenya. As of August 2025, 42² SLAs had been signed, representing 87 offices (an increase from 67 entities in March 2025). The SLAs outlined the scope of services, performance expectations, parties' responsibilities, KPIs, and quality assurance measures to support service delivery.

Need for clarification on application of mutual recognition principles

23. Mutual recognition allows an entity to use or rely on another entity's policies, procedures, contracts and related operational mechanisms for the implementation of activities without further evaluation, checks or approvals being required, to the greatest extent practicable. Mutual recognition is one of the three principal enablers of CBO.

24. A review by the Joint Inspection Unit (JIU) of the application of the mutual recognition principle (JIU/REP/2024/4) resulted in several recommendations to strengthen the implementation of mutual recognition across the United Nations system. Notably, it recommended United Nations system organizations to explicitly embed mutual recognition in their regulatory frameworks to facilitate the implementation of the principle and to assign RCs the lead advocacy role to regularly report on the progress in operationalizing mutual recognition at the country level. Implementation of these recommendations is being coordinated by the High-Level Committee on Management.

B. Client engagement and inter-agency coordination

Need to enhance uptake of KCBO services

25. The implementation of KCBO resulted in the provision of common operational services to 87 offices and over 6,000 personnel operating in and from Kenya. A review of projected versus actual KCBO service volumes for 2024, however, indicated low uptake across KCBO new service lines. Table 1 shows a comparison of projected and actual volumes as of 31 December 2024. Projected volumes were based on participating entity's annual expected volumes.

Table 1: Projected versus actual KCBO volumes by service as of 31 December 2024

KCBO service	Projected	Actual	Percentage uptake
Procurement	393	29	7%
Recruitment	95	3	3%
Insurance management services	50	68	136%
Building and facilities management services	245	-	-
Conference services	2,290	991	43%
Management of office supplies	737	340	46%

² Some entities signed joint SLAs covering multiple offices under a single agreement. For example, joint SLAs were signed for Office for the Coordination of Humanitarian Affairs (OCHA), Office of the High Commissioner for Human Rights (OHCHR), United Nations Development Programme (UNDP), United Nations High Commissioner for Refugees (UNHCR), and UNICEF.

KCBO service	Projected	Actual	Percentage uptake
Archives	62	-	-
Mail, courier and pouch management services	3,231	8,379	259%
Travel, visa and shipment services	953	104	11%
Other KCBO services	126	8	6%

Source: UNON data for projected versus actual KCBO volumes as of 31 December 2024

26. OIOS further analyzed the uptake of mandatory services in ICT, procurement, human resources and administration, and the results are detailed below.

(a) ICT services

27. UNON ICTS provides the following mandatory services: (i) service desk; (ii) managed printing; (iii) case management; (iv) internet and data; (v) common voice; (vi) Global System for Mobile Communications (GSM); and (vii) phone extensions. The analysis of service uptake as of 31 March 2025 is summarized in table 2.

Table 2: Analysis of uptake of ICT mandatory KCBO services as of 31 March 2025

Entities that signed SLAs with UNON	Mandatory services						
	Service desk	Managed printing	Case management	Internet and data	Common voice	GSM mobile services	Phone extensions
No. of entities that subscribed to the service	57	47	61	66	66	32	58
No. of entities that did not subscribe to the service	10	20	6	1	1	35	9
Total	67	67	67	67	67	67	67

28. The overall uptake for ICT services was 79 per cent. Some entities opted out of three ICT services namely: (i) managed printing services due to their continued use of existing printers until the end of their useful life; (ii) GSM mobile services due to internal organization policies that did not permit the service for their staff; and (iii) telephone services due to a shift to alternative communication technologies. Additionally, six entities were located outside the UNON compound, hence did not subscribe to these services.

(b) Procurement

29. Procurement service uptake increased slightly from 11 entities in 2024 to 14 in 2025. However, despite signing SLAs, at least 10 entities continued to conduct procurement actions independently, advertising their actions on the United Nations Global Marketplace (UNGM). Between 2 January and 18 September 2024, procurement actions by these entities on UNGM included: (i) 4 requests for expressions of interest; (ii) 14 requests for quotations; (iii) 10 invitations to bid; and (iv) 10 requests for proposals.

(c) HR management

30. As part of KCBO implementation, UNON made notable investments to manage HR services including developing a KCBO common recruitment system and establishing a roster with over 722 cleared candidates across 65 job profiles. UNON explained that it had conducted numerous meetings with its stakeholders, including workshops with AFPs to educate them on the capabilities of the developed recruitment platform (KCBO Inspira), which is able to support the end-to-end recruitment process. UNON

noted that despite this investment, AFPs have continued to advertise locally recruited posts through their recruitment platforms and only four entities had utilized the KCBO recruitment services. Some KCBO client entities have centralized their HR recruitment processes in their own global shared services thus decreasing demand for service provision through UNON/HR.

(d) Other administrative services

31. Entity subscription to administrative services increased by approximately 32 per cent in 2025 compared to 2024. Four out of five service lines recorded higher uptake such as: (i) travel, visa and shipment services, which increased from 8 to 19 entities; (ii) mail, courier and pouch management services rose from 30 to 37 entities; (iii) building and facilities management services, which had no subscriptions in 2024, recorded 14 in 2025; and (iv) insurance management services slightly increased from 11 to 12 entities. In contrast, the management of office supplies declined from 28 entities in 2024 to 19 in 2025.

32. Low uptake of services suggest that some entities may have “silently” opted out of the KCBO without formally invoking the established opt-out protocol (discussed below). This impacted on the ability to create economies of scale and reduce operational costs.

33. Subsequently, UNON noted that the issue of “silent opt-outs” was discussed during the CSMT retreat in September 2025, which identified silent opt-outs as a key challenge affecting KCBO, alongside budget constraints, delayed payments, and cost concerns. In response, participants agreed to conduct targeted deep-dive analyses into underutilized services, particularly HR and procurement, and tasked the CSMT and CBO service providers with assessing service relevance and redesigning offerings where necessary. UNON further noted that these actions, together with awareness-raising initiatives and a review of pricing models, were incorporated into the CSMT 2026-2027 annual work plan to improve service utilization, efficiency, sustainability, and client satisfaction. In view of the actions taken by CSMT to address the low uptake, OIOS did not issue a recommendation.

Need to enhance feedback on status of CBO opt-outs requests

34. The efficiency roadmap and the summary of the UNSDG Reference Group meeting of 6 April 2023 set out CBO opt-out protocols for AFPs from mandatory CBO services. Opting out is possible only on an exceptional basis, and with the approval of the Chair of UNSDG to ensure decisions are informed by the interest of the Organization.

35. Three opt-out criteria are to be met and clearly documented as follows: (a) business case does not support cost reduction and/or quality increase of the relevant service compared to the baseline cost/quality; (b) the relevant service is scheduled to be centralized as a global service by the entity and concrete plans exist reflecting a timeframe for this transition; and (c) the relevant service is subject to legal restrictions that require the entity to retain control over the specific service. The reasons should be discussed with the CBO service provider to see if a reasonable accommodation could not be found before proceeding with the opt-out request.

36. UNON received official communication from six entities indicating their intention to opt out of certain KCBO services. However, there was no evidence of a corresponding decision or approval from the BIG Co-Chairs to formally authorize these opt-outs. Moreover, the opt-out protocol did not provide for feedback mechanisms to the service providers on the status of approval by the UNSDG Chair. Lack of approval to opt-out of the CBO undermines the integrity of the opt-out process and ultimately compromises the intended CBO objectives of achieving system-wide efficiencies.

(1) The Resident Coordinator for Kenya should, in coordination with UNON, request the Development Coordination Office and Business Innovation Group to improve the timeliness of feedback on the status of opt-out requests.

The RC accepted recommendation 1 and stated that he would issue a memorandum on the need to provide timely feedback on the status of opt-out requests early in 2026.

C. Service delivery and performance monitoring

KPIs were established for KCBO services

37. The UNSDG BIG client satisfaction principles indicate that quantitative and qualitative indicators should be tracked and regularly reported to clients. In addition, the joint TOR for CSB and CSMT emphasizes the need to identify core KPIs, conduct quality analyses, and use the findings to improve service delivery and strategic oversight.

38. KPIs were developed for mandatory KCBO service lines and incorporated into the signed SLAs. UNON established a reporting mechanism leveraging existing systems and applications, and produced quarterly KPI reports for all client entities to monitor performance, identify gaps, and drive continuous improvement. The KPI reports include definitions, targets, transaction volumes, performance percentages, and narrative comments across functional areas such as HR, travel, host country services, ICT, budget and finance, property management, facilities management, and procurement. For example, the most recent Quarter 2, 2025 KPI report shows that HR talent acquisition processing stood at 98 per cent compliance for job postings; travel and visa processing was at 92 per cent; ICT network availability was achieved 99.9 per cent; and facilities management response time was achieved 100 per cent. This demonstrated the breadth and effectiveness of KPI monitoring across service lines.

39. However, there was an opportunity to further enhance KPI monitoring and reporting for KCBO clients through the provision of a live dashboard with real-time data. Such a tool would allow client entities to track performance and satisfaction levels dynamically thereby promoting greater accountability, enabling timely performance assessments, and supporting continuous improvement. UNON explained that access to live dashboards was currently being piloted with the United Nations Environment Programme before extending to other KCBO clients.

Client satisfaction survey was conducted, and an action plan developed to address identified gaps

40. The UNSDG BIG client satisfaction principles require a structured internal governance framework for monitoring client feedback and driving continuous service quality improvement across all back-office functions. The KCBO service providers in collaboration with KCBO Coordinator are responsible for establishing appropriate mechanisms to facilitate the continuous collection of feedback from client entities. These mechanisms should support timely identification of service gaps and promote responsive adjustments in service delivery.

41. The KCBO Coordination Unit in collaboration with UNON, WFP, and UNICEF conducted a client satisfaction survey in March 2025. The survey aimed at gathering feedback on KCBO governance, collaboration and engagement, and the quality of services provided. The survey was distributed to all 87 offices that were represented by the 42 entities that had signed the KCBO SLAs, with each entity invited to submit a single institutional response.

42. OIOS noted that 20 out of 42 entities with signed SLAs (47.6 per cent) responded to the survey. The responses indicated a generally positive perception of KCBO governance with an average satisfaction rating of 83 per cent and service-specific satisfaction ranging from 70 to 82 per cent.

43. OIOS noted, however, that in addition to the survey, UNON had additional client satisfaction monitoring tools. These included instant feedback through the iNeed platform, which allows clients to rate services immediately after resolution; feedback collected through KCBO coordination structures such as CSMT, the KCBO Steering Committee, CSB, and UNCT; and periodic client surveys conducted by service providers, including the procurement client satisfaction survey, the Budget and Financial Management Service billing survey, and the Host Country Services Unit survey.

44. In July 2025, KCBO developed an action plan to address the issues raised in the survey, including low service uptake, cost of services, operationalisation of mutual recognition, and the need to strengthen communication and engagement across entities. The action plan was submitted to the RC and CSB Chair for clearance.

D. Financial management and cost efficiency

Billing and invoicing for KCBO services were adequately processed

45. UNON uses service rate cards to charge for services in the KCBO service catalogue, which were discussed and agreed upon by all participating entities through the KCBO governance mechanism.

46. In 2024, UNON produced quarterly bills for its clients and accounts were settled on quarterly basis. From March 2025, following approval by the KCBO governance bodies, UNON changed to annual billing based on the 2025 KCBO billing methodology and rate cards.

47. Starting in 2025, with the deployment of Umoja analytics, UNON began issuing system-generated statements of account to its clients. These statements are accessible via the UNON billing portal, which enables clients to review past invoices and verify current charges along with supporting documentation. This consolidated approach streamlined the billing process, providing clients with a transparent overview of their financial obligations and enhanced overall efficiency.

UNON took measures to enhance revenue collection

48. UNON provides a status update on outstanding bills quarterly to clients and monthly to CSMT. As per signed SLAs, in the event of significant payment delays, up to three months after having notified the client in writing, UNON reserves the right to modify or discontinue the provision of services.

49. In 2024, UNON billed its clients a total of \$8.2 million. On 19 December 2024, UNON issued a memorandum to heads of entities on payment of arrears and stated that it will implement service restrictions in 2025 for non-paying entities. UNON explained that the warnings prompted many entities to settle their payments, resulting in 59 per cent reduction of the 2024 outstanding bills from \$1.78 million (as of December 2024 when the memo was issued) to \$729,000 as of March 2025. However, arrears rose to \$4.2 million³ as of 8 September 2025 when UNON issued another memorandum outlining safeguard measures for non-payment. This and other efforts prompted further settlements reducing outstanding balances to \$693,000 as of 26 November 2025.

³ Entities experienced funding constraints.

50. Management attributed the delays in settlement of the bills in 2024 to initial implementation challenges such as negotiating and signing SLAs through the year, development of rate cards and billing methodology, and inadequate budget provision, but as described above, the delays have persisted. While the KCBO governance bodies supported UNON in implementing enforcement actions, these have not been imposed, weakening accountability, jeopardizing the principle of equitable burden sharing in financing of common services, and may encourage continued non-compliance by some client entities. Nevertheless, OIOS noted that the RC and KCBO Coordination unit have continued to remind client entities to settle amounts owed, which has led to further substantial reductions in outstanding balances. In view of the actions that UNON has taken, OIOS did not issue a recommendation.

UNON prepared annual efficiency report

51. The KCBO business case dated April 2023 anticipated cost reductions and improved quality of service provision. Based on the proposed scope of services and the design of an indicative staffing structure for KCBO, a cost-benefit analysis was conducted at various levels. The expected level of efficiencies to be achieved through the establishment of KCBO was estimated by comparing the cost of services under the CBO with 2019 baseline transaction volumes and workload data. This indicated an overall potential efficiency gain of 37 per cent (approximately \$5 million). The business case also included one-off transition costs of \$1.6 million. A summary of the financial impact on staffing costs is shown in table 3.⁴

Table 3: Financial impact of KCBO on staffing costs based on 2019 volumes

Service line	Baseline cost (a)	Proposed staff cost (b)	Hosting fee (c)	Efficiency gain (a) – [(b)+(c)]	Efficiency gain (percent)
Human resources	7,469,710	3,534,400	327,600	3,607,710	48
Procurement	3,418,858	2,046,200	154,500	1,128,158	33
ICT	1,099,093	605,327 ⁵	367,100	126,666	12
Logistics	1,220,377	744,285	50,800	435,292	36
Finance	379,995 ⁶	619,782	35,973	(275,759)	(73)
Grand total	13,588,033	7,549,994	935,973	5,022,067	37
Administration ⁷	n/a	n/a	n/a	n/a	n/a

Source: KCBO business case dated April 2023

52. In early 2025, DCO issued the CBO Transitional Reporting Methodology to collect critical information on the first year of CBO implementation. Using this methodology, KCBO completed its first efficiency report covering the period 1 January to 31 December 2024. The report addressed: (a) KCBO success metrics, including entity participation, service usage, cost efficiency (investment costs and billing), and qualitative impact; (b) client satisfaction metrics, focusing on perceptions of service quality and relationship management; and (c) challenges, lessons learned, and corrective action, including identified opportunities for improvement.

53. UNON indicated in the 2024 KCBO annual efficiency report that substantial investments were made in setting up KCBO including personnel, ICT infrastructure, and workspace reconfiguration. UNON also supported the KCBO roll-out through various activities (workshops, client meetings) dedicating staff

⁴ The total transition cost of \$1.6 million reflects consolidated estimates from UNON, WFP and UNICEF, of which UNON’s portion was \$1.467 million.

⁵ The proposed staffing cost for ICT is under validation with UNON.

⁶ The finance baseline is lower than originally established in the cost-benefit analysis report (\$423,739). The baseline was adjusted due to macro assessment service not in the UNICEF proposal.

⁷ Many administration services were already provided by UNON; therefore, no efficiency gains were included.

time at various levels. However, the anticipated cost recovery through increased revenue from CBO services in 2024 was not achieved due to the gradual and low uptake of KCBO services, and delayed payments for services received by some of the CBO clients, which undermines the long-term financial sustainability of KCBO.

54. UNON and KCBO shared recommendations with DCO aimed at enhancing the report's quality. These included introducing greater flexibility in the report's elements and incorporating a component that allows service recipients to report on efficiencies. The efficiencies may come from the service providers (such as reduction in rates) but should primarily come from the client entities, which would need to do their own analysis and report on their KCBO efficiencies. For the next reporting period, DCO is developing through consultations with the four CBO pilot countries, a revised CBO efficiency reporting methodology. This updated approach builds on the 2024 reporting experience and aims to standardize data collection on monetary efficiency gains.

IV. ACKNOWLEDGEMENT

55. OIOS wishes to express its appreciation to the management and staff of UNON and Resident Coordinator Office in Kenya 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 implementation of the Kenya Common Back Office by the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	C/ O ¹⁰	Actions needed to close recommendation	Implementation date ¹¹
1	The Resident Coordinator for Kenya should, in coordination with UNON, request the Development Coordination Office and Business Innovation Group to improve the timeliness of feedback on the status of opt-out requests.	Important	O	Receipt of the memorandum on the need to provide timely feedback on the status of opt-out requests.	31 January 2026

⁸ 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.

⁹ 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.

¹⁰ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

¹¹ Date provided by the Resident Coordinator for Kenya in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of implementation of the Kenya Common Back Office by the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Resident Coordinator for Kenya should, in coordination with UNON, request the Development Coordination Office and Business Innovation Group to improve the timeliness of feedback on the status of opt-out requests.	Important	Yes	Resident Coordinator for Kenya	31 January 2026	The memorandum will be issued early 2026 on the need to provide timely feedback on the status of opt-out requests

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