INTERNAL AUDIT DIVISION

REPORT 2023/065

Audit of delegation of authority at the United Nations Office at Nairobi

The delegation of authority framework was implemented satisfactorily, but some aspects could be further improved

18 December 2023
Assignment No. AA2023-210-01

Audit of delegation of authority at the United Nations Office at Nairobi

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the delegation of authority at the United Nations Office at Nairobi (UNON). The objective of the audit was to assess the effectiveness of governance, risk management and control processes in implementing the delegation of authority framework at UNON. The audit covered the period from January 2021 to June 2023 and included a review of: (a) sub-delegation structure and processes; (b) decision-making processes and alignment with programme delivery; (c) monitoring mechanisms; (d) reporting and management of exceptions; and (e) relationship with clients.

The delegation of authority framework was implemented satisfactorily in that: delegated authority was further sub-delegated to key staff who had authority to perform transactions; staff had completed mandatory training for delegated authority; and delegation of authority generally facilitated more efficient decision-making. UNON also reported exceptions to the Business Transformation and Accountability Division (BTAD) as required. However, some aspects could be further improved.

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

- Follow up with BTAD on its reported exceptions that are yet to be reviewed/recorded; and

- Update its memoranda of understanding with clients to provide for newly adopted practices that include continuous feedback on service delivery and accountability.

UNON accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the delegation of authority at the United Nations Office at Nairobi (UNON).

2.   The General Assembly established UNON in Nairobi, Kenya in 1996. UNON provides administrative and other support services to the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat). It also provides joint and common services to other organizations of the United Nations system in Kenya. These services include administration, conference services, public information, security and safety services for United Nations staff and facilities.

3.   The Secretary-General's bulletin on "Delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules" (ST/SGB/2019/2) revised the delegation of authority framework in the Secretariat to allow for more effective mandate delivery. This covered decentralizing decision-making, aligning authorities with responsibilities, strengthening accountability, and delegating to managers the necessary managerial authority over human, financial and physical resources. The Business Transformation and Accountability Division (BTAD) in the Department of Management Strategy, Policy and Compliance (DMSPC) monitors the use of delegated authority using key performance indicators (KPIs).

4.   UNON is headed by a Director-General. In the 2023 programme budget, UNON had 360 staff posts which were financed by the regular budget (112 posts) and extra-budgetary resources (248 posts). UNON's total budget (regular and extra-budgetary) for 2021, 2022 and 2023 was $38.9 million, $39.9 million and $39.9 million, respectively.

5.   Comments provided by UNON are incorporated in italics.

II.   AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6.   The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in implementing the delegation of authority framework at UNON.

7.   This audit was included in the 2023 risk-based work plan of OIOS due to the risk that potential weaknesses in implementation of the delegation of authority framework could affect the achievement of UNON's business objectives.

8.   OIOS conducted this audit from August to November 2023. The audit covered the period from January 2021 to June 2023. Based on an activity-level risk assessment, the audit covered risk areas in delegation of authority at UNON which included: (a) sub-delegation structure and processes; (b) decision-making processes and alignment with programme delivery; (c) monitoring mechanisms; (d) reporting and management of exceptions; and (e) relationship with clients.

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

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

III.   AUDIT RESULTS

A.   Sub-delegation structure and processes

Delegated authority was further sub-delegated to key staff

11.   UNON implemented the delegation of authority framework in accordance with ST/SGB/2019/2. The Secretary-General issued delegation of authority to the UNON Director-General to implement specific aspects of the Staff Regulations and Rules and the Financial Regulations and Rules. In turn, the Director-General further delegated authority to the Director of Administrative Services, who also sub-delegated to the Service Chiefs of UNON's functional areas. Thereafter, the Service Chiefs further sub-delegated authorities to key staff in their areas of responsibility. As of 30 July 2023, there were 187 staff members who had sub-delegation of authority in the following areas: budget and finance (130 staff), human resources (45 staff), procurement (9 staff) and property management (3 staff). These sub-delegations were recorded in the delegation of authority portal and duly accepted by staff.

Need for guidance on delegation of authority issues relating to offices with dual reporting lines

12.   Functions pertaining to conference management, security and safety, and public information at UNON had a dual reporting line, i.e., to the Director-General of UNON as well as to the Department for General Assembly and Conference Management (DGACM), the Department of Safety and Security (DSS), and the Department of Global Communications at Headquarters, respectively.

13.   There was inadequate guidance on delegation of authority where dual reporting was applicable. Nevertheless, to facilitate daily operations, DGACM and DSS sub-delegated some authority to the Director-General of UNON. For instance, certification of expenditures and management of human resources to a certain extent were sub-delegated to the Director-General. In turn, the Director-General sub-delegated the authority to various staff members as appropriate. Since the issue of dual reporting lines is a systemic issue that affects all Offices away from Headquarters, OIOS will assess this matter at Headquarters.

Staff had delegation of authority to perform transactions

14.   The delegation of authority portal user guide requires that all delegations of authority be recorded in the portal. Furthermore, the guide requires staff members to be assigned Umoja roles after being granted requisite delegation of authority. As of 28 August 2023, UNON had 187 staff members recorded in the portal and were granted 767 Umoja roles. OIOS confirmed that the staff members performing transactions in Umoja had the requisite delegation of authority.

Staff had completed mandatory training for delegated authority

15.   The Secretariat had published a catalogue of mandatory and recommended training for various roles delegated to staff members. The courses, totalling 271, covered functional areas in finance and budget, human resources, procurement, and property management. These courses were offered through various learning systems including Inspira, CDOTS Campus, The Blue Line and iLearn Umoja. Staff are required to complete the mandatory training before being granted Umoja roles with delegated authority. OIOS confirmed that UNON had granted these roles after staff had completed the requisite mandatory training.

16.   The portal administrator is an entity's main interlocutor with the delegation of authority team of BTAD on management of technical aspects of delegation and sub-delegation in the portal.   The administrator can create, suspend or revoke sub-delegations of authority on behalf of the head of entity or other delegators in the entity.

17.   There were some limitations to the capabilities of the UNON portal administrator. For instance, the administrator could not generate real-time reports to track the performance of UNON against KPIs monitored by BTAD. The administrator therefore relied on quarterly reports from BTAD when available. This limited the administrator's ability to proactively review emerging trends and advise UNON management promptly. Also, the administrator relied on email screen shots to confirm the eligibility of some staff members for inclusion in the portal before assignment of roles to them. Since this is a systemic issue, OIOS will assess this matter at Headquarters.

B.   Decision making processes and alignment with programme delivery

Delegation of authority generally facilitated more efficient decision-making

18.   The main objective of the ST/SGB/2019/2 bulletin is to have a delegation of authority framework that supports effective mandate delivery. It involved decentralizing decision-making, aligning authority with responsibilities, strengthening accountability, and delegating to managers the necessary managerial authority over human, financial and physical resources.

19.   OIOS' interviews with key managers and review of available documentation indicated the following:

(a)   Budget and finance

20.   The delegation of authority framework has facilitated faster decision-making and transaction processing through decentralization.   However, adoption of service rates to apply to clients for cost recovery, for example, still had to be referred to the Controller at Headquarters even though the rates are decided through local consultation processes between UNON and its clients.

(b)   Procurement

21.   The UNON Local Committee on Contracts had a limit of $1 million, which was increased to $1.5 million in November 2023. Prior to the current delegation of authority, the limit used to be $5 million. The lower limit meant that more transactions had to be referred to the Headquarters Committee on Contracts in New York for review. During the period under review, UNON referred over 80 cases to the Headquarters Committee on Contracts. Further, UNON had to request for the Local Procurement Authority for goods and services classified as strategic. For example, UNON's procurement of masks involving only $10,000 during the COVID-19 pandemic had to be cleared by Headquarters. During the period under review, UNON referred over such 40 cases to Headquarters.

(c)   Human resources

22.   Delegation of authority in human resources management had a positive impact on decision-making. For example, UNON made recruitment, benefits and entitlements decisions under its delegated authority without having to obtain clearance from Headquarters.

(d)   Property management

23.   The new delegation of authority framework facilitated quick disposal of assets. UNON estimated that 95 per cent of disposals were done quickly as they were less than the $3,000 delegated limit.

24.   Overall, OIOS concluded that the objective of effectiveness and efficiency in decision-making were being realized in some functions. For functions such as procurement, UNON could assess whether it needs to seek additional delegation from Headquarters for more efficient decision-making.

C.   Monitoring mechanisms

KPIs for delegated authority were being monitored

25.   BTAD monitors the use of delegated authority by Secretariat entities using KPIs. BTAD's monitoring framework had 26 KPIs that covered human resources, finance, procurement, travel and property management.

26.   As of 8 December 2023, UNON only met 9 out of the 26 KPIs monitored by BTAD (see examples in Table 1 below). UNON did not meet 12 KPIs while the other 5 were not applicable.

Table 1: Examples of KPIs not met by UNON

	KPI description	KPI objective / what is measured?	Target	Actual	Variance
1	Recruitment process	Timely recruitment of staff	120 days	144 days	24 days
2	Mandatory training for all	Percentage of staff who have completed all mandatory training courses	100%	61%	39%
3	Advance travel purchase policy	Proper planning for travel	100%	63%	37%
4	Timely payment to service providers	Percentage of payments made on time by volume and value	90%	56%	34%
5	Exceptions to formal methods of solicitation	Aims to minimize exceptions to formal methods of solicitation	0	80%	80%

27.   *UNON stated that there were inaccuracies in the BTAD dashboard performance data and some KPIs were unrealistic and above the current global average, therefore unachievable. UNON had requested BTAD to validate the performance data with the relevant entities and establish KPI targets that are more realistic to motivate efforts for improvement.*

D.   Reporting and management of exceptions

UNON had reported exceptions to BTAD

28.   Secretariat entities are required to report to BTAD all exceptions to Staff Regulations and Rules and other policies and guidelines. During the period 1 January 2021 to 30 June 2023, UNON reported 152 exceptions which took place in 2021 (70), 2022 (80) and 2023 (2). Of these, 108 exceptions (71 per cent) related to danger pay while 27 (18 per cent) related to extension of consultant contracts. A further 17 (11 per cent) were for exceptions such as payment of special post allowances, reduced breaks-in-service and grant of home leave.

29.	OIOS' review of all the 108 exceptions relating to danger pay showed that the exceptions were processed within the authority granted to the UNON Director-General and sub-delegated to staff. In particular, danger pay was only granted to Joint Medical Service staff in accordance with guidance from the Human Resources Policies Division and the International Civil Service Commission.

Need to follow up recording of exceptions by BTAD

30.	According to the DMSPC user manual on the Exception Log Portal, users reported exceptions to BTAD which reviewed and recorded them if they satisfactorily met the policy guidelines.

31.	During the period under review, there were 27 exceptions which UNON reported to BTAD that were yet to be recorded due to the need for additional information from UNON. Of these, 23 (or 85 per cent) related to extension of consultant contracts beyond 24 months but within 36-month period. The exceptions were for UNON clients such as UN-Habitat, UNEP, and the United Nations Support Office in Somalia. The non-recording of exceptions reported by UNON to BTAD meant that it was not clear whether the exceptions were satisfactory and in accordance with the policy guidelines.

> **(1)	UNON should follow up with the Business Transformation and Accountability Division on its reported exceptions that are yet to be reviewed/recorded.**
>
> *UNON accepted recommendation 1 and stated that it was following up with BTAD to ensure the noted exceptions are duly recorded.*

# E.	Relationship with clients

Need to align with new practices in reporting performance against agreed KPIs

32.	UNON had signed memoranda of understanding (MOUs) with UNEP and UN-Habitat on provision of services in 2017 and 2018, respectively. In the MOUs, it was agreed that the entities would perform pre-requisite actions for UNON to deliver services and prepare performance reports (biannually for UNEP and quarterly for UN-Habitat). The performance reports were to compare actual performance with set targets/KPIs. In addition, the parties were to monitor UNON's compliance with set targets and meet regularly to discuss remedial action and/or business process improvements as necessary.

33.	However, UNON had not prepared performance reports for UNEP and UN-Habitat for the period reviewed. UNON stated that it frequently and directly engaged UNEP and UN-Habitat on a bilateral basis throughout the year to seek feedback and act upon it. This was done at the working level with dedicated focal points across the services, and with senior management as necessary. Further, UNON stated that it had developed dashboards (such as for human resources management) that tracked UNON's performance against KPIs to enhance client service. This was considered an important step in increasing accountability and giving visibility to the service levels.

34.	The MOUs between UNON and its clients provided for automatic annual renewal and modifications where necessary. However, UNON and its clients had not revised the MOUs to include the newly adopted practices on enhanced service delivery and accountability.

> **(2)	UNON should update its memoranda of understanding with clients to provide for newly adopted practices that include continuous feedback on service delivery and accountability.**

> *UNON accepted recommendation 2 and stated that it had developed a new service level agreement template which would be implemented after client review.*

IV. ACKNOWLEDGEMENT

35.   OIOS wishes to express its appreciation to the Management and staff of UNON 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 authority at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNON should follow up with the Business Transformation and Accountability Division on its reported exceptions that are yet to be reviewed/ recorded.	Important	O	Receipt of evidence that UNON has followed up on reported exceptions that are yet to be reviewed/recorded	1 February 2024
2	UNON should update its memoranda of understanding with clients to provide for newly adopted practices that include continuous feedback on service delivery and accountability.	Important	O	Receipt of updated memoranda of understanding with clients to provide for newly adopted practices that include continuous feedback on service delivery and accountability.	1 March 2024

[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.
[3] Please note the value C denotes closed recommendations whereas O refers to open recommendations.
[4] Date provided by UNON in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of delegation of authority at 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	UNON should follow up with the Business Transformation and Accountability Division on its reported exceptions that are yet to be reviewed/recorded.	Important	Yes	Chief HRMS UNON	1 February 2024	UNON is following up with BTAD to ensure the noted exceptions are duly recorded.
2	UNON should update its memoranda of understanding with clients to provide for newly adopted practices that include continuous feedback on service delivery and accountability.	Important	Yes	Coordinator, Client Relationship Management	1st March 2024	UNON has developed a new SLA template, which after client review, will be implemented.

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[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.