



INTERNAL AUDIT DIVISION

AUDIT REPORT

Services provided by the
International Computing Centre to
the United Nations Secretariat,
UNJSPF and UNHCR

Additional key controls should be implemented
to manage the agreements between partner
organizations and the ICC

25 May 2010
Assignment No. AT2009/800/03

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Ms. Susana Malcorra, Under-Secretary-General
A: Department of Field Support

DATE: 25 May 2010

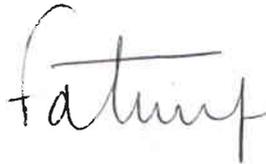
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Chief Information Technology Officer

Mr. Bernard Cochemé, Chief Executive Officer
United Nations Joint Staff Pension Fund

Mr. António Guterres, High Commissioner
Office of the United Nations High Commissioner for
Refugees

REFERENCE: IAD: 10- **00415**

FROM: Fatoumata Ndiaye, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AT2009/800/03 - Audit of services provided by the International Computing
OBJET: Centre to the United Nations Secretariat, UNJSPF and UNHCR**

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2, 3, 4 and 7), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Angela Kane, Under-Secretary-General, Department of Management
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Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
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INTERNAL AUDIT DIVISION

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“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of services provided by the International Computing Centre to the United Nations Secretariat, UNJSPF and UNHCR

The Office of Internal Oversight Services (OIOS) conducted an audit of the services provided by the International Computing Centre (ICC) to the United Nations Secretariat¹, the United Nations Joint Staff Pension Fund (UNJSPF) and the Office of the United Nations High Commissioner of Refugees (UNHCR). The overall objective of the audit was to assess the adequacy of procedures to manage the services provided by the ICC. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The ICC is an inter-organization facility that provides information and communications technology (ICT) services to the United Nations system organizations and other users. The services provided by the ICC to the United Nations Secretariat, UNJSPF and UNHCR included services for the support of ICT mission critical systems and applications.

The management structure of the ICC is composed of a Management Committee, with one representative from each partner organization, and a Secretariat. The Secretariat is the operating organ of the ICC, with a Director, chief executive officer, and a number of staff as may be required and approved within its programme budget. The Director is appointed by the Secretary-General of the United Nations on the recommendation of the Management Committee.

The audit found that while the United Nations Secretariat, UNJSPF, and UNHCR designed and implemented several controls to govern and monitor the services received from the ICC, there are several areas that still require adequate attention by the Management of each partner organization. These areas include the need for:

- (a) Formally documenting the criteria and decision-making process for supporting the selection and use of the ICC as a service provider;
- (b) Performing a risk assessment and cost-benefit analysis prior to engaging the ICC;
- (c) Avoiding potential conflicts of interest between representatives in each organization that are responsible for the requisition and approval of the services contracted to ICC;
- (d) Reviewing all service delivery agreements established with the ICC, defining quantitative and qualitative service metrics, and clear roles and responsibilities; and

¹ The audit conducted in the United Nations Secretariat included the Office of Information and Communications Technology (OICT), and the Information and Communications Technology Division in the Department of Field Support (DFS/ICTD).

(e) Obtaining consistent and comprehensive information about the cost estimates of each service level agreement.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the services provided by the International Computing Centre (ICC) to the United Nations Secretariat², United Nations Joint Staff Pension Fund (UNJSPF) and the office of the United Nations High Commissioner for Refugees (UNHCR). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The ICC is an inter-organization facility that provides information and communications technology (ICT) services to the United Nations system organizations and other users.

3. The ICC was founded in Geneva in 1971 by the United Nations, the United Nations Development Programme (UNDP) and the World Health Organization (WHO) pursuant to resolution 2741 (XXV) of the United Nations General Assembly. The ICC has over 200 staff in its Headquarters in Geneva, and in other offices in New York and Brindisi.

4. The management structure of the ICC is composed of a Management Committee, with one representative from each partner organization, and a Secretariat. The Secretariat is the operating organ of the ICC, with a Director, chief executive officer, and a number of staff as may be required and approved within its programme budget. The Director is appointed by the Secretary-General of the United Nations on the recommendation of the Management Committee.

5. The ICC's mandate defines partner organization as any organization that uses ICC's services, and has been accepted by its Management Committee. Around 25 organizations, funds and programmes of the United Nations system use the ICC's services and participate in its governance. Each partner organization is represented in the ICC Management Committee. A Memorandum of Understanding (MOU) between the ICC and each partner organization stipulates the nature and condition of ICT services to be provided. The provision of these services is further regulated by service delivery agreements detailing modalities and costs.

6. The ICC services provided to the United Nations Secretariat, UNJSPF and UNHCR include services for the support of mission critical ICT systems and applications.

² The audit conducted in the United Nations Secretariat included the Office of Information and Communications Technology (OICT), and the Information and Communications Technology Division in the Department of Field Support (DFS/ICTD).

7. An overview of the recent service contracts established between partner organizations and the ICC is as follows:

Period	Partner Organization	Amount (Millions of United States dollars)
2008-2009	OICT	10
July 2007-December 2009	DFS/ICTD	22
2008-2009	UNJSPF	11
2008-2009	UNHCR	5.5

8. Administrative support services pertaining to the functioning of the ICC, such as personnel, legal, financial and oversight are provided by its host organization, the WHO. Until 2007, the ICC's financial information was consolidated in the report of the WHO, under a "Trust funds and Non-WHO programme activities". In 2008, a financial review of the ICC, conducted by WHO in accordance with the International Public Accounting Standard (IPSAS), determined that the "ICC did not meet the requirements of control and as such will no longer be consolidated in the financial report of WHO". Therefore, ICC will provide a separate financial statement.

9. This report contains systemic audit findings identified across the three audited entities: (a) United Nations Secretariat; (b) UNJSPF; and (c) UNHCR. In addition, findings specific to each organization are reported in a separate audit memo. Findings that were not found to be systemic but deemed to be relevant to all three Organizations have been added in the last section of this report. The audit recommendations pertaining to the United Nations Secretariat have been addressed to the Chief Information Technology Officer (CITO) in his capacity as the official representative of the Secretariat in the Management Committee of the ICC.

10. Comments made by the United Nations Secretariat, UNJSPF and UNHCR are shown in *italics*.

II. AUDIT OBJECTIVES

11. The main objectives of the audit were to:

- (a) Determine whether documented criteria and a decision-making process existed to support the decision to use the ICC as a service provider;
- (b) Ascertain that the terms of engagement of the ICC were clearly defined and met the needs of the United Nations Secretariat, UNJSPF and UNHCR; and
- (c) Determine whether adequate procedures were in place to monitor the services received from the ICC.

III. AUDIT SCOPE AND METHODOLOGY

12. The audit was conducted at the United Nations Secretariat in New York, United Nations Logistics Base in Brindisi, UNJSPF Headquarters in New York, and UNHCR Headquarters in Geneva. Interviews were held with key officers responsible for ICT in each audited organization.

13. The audit covered the following areas:

- (a) The governance mechanisms established by the partner organizations to manage the services received from the ICC; and
- (b) Policies and procedures established by the partner organizations to define and monitor the services contracted to the ICC, including:
 - i. Service delivery agreements;
 - ii. Communication and coordination;
 - iii. Allocation of resources and responsibilities; and
 - iv. Alignment of policies and procedures with business requirements and priorities.

14. In addition to conducting the audit in accordance with the International Standards for the Professional Practice of Internal Auditing, OIOS also used the COBIT (Control Objectives for Information and related Technology) control framework. This framework was formally adopted by an external firm engaged by the ICC in 2009 for the independent review of its ICT services provided in Geneva.

15. The COBIT control framework provides generally accepted best practices for ICT service domains and presents related activities in a manageable and logical structure. COBIT is aligned with and supports the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) Internal Control Integrated Framework.

16. The following control objectives for service level management and supplier management were included in this audit:

- (a) Service level management framework;
 - (b) Service level agreements;
 - (c) Operating level agreements;
 - (d) Monitoring and reporting of service level achievements;
 - (e) Review of service level agreements and contracts;
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- (f) Supplier relationship management;
 - (g) Supplier risk management; and
 - (h) Supplier performance monitoring.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Selection of the ICC as service provider

17. In resolution 2741 (XXV, 17 December 1970), the United Nations General Assembly invited “all other agencies in the United Nations system to consider seriously the possibility of joining with the United Nations, the World Health Organization and the United Nations Development Programme as partners in the International Computing Centre at Geneva”.

18. In resolution 63/262 (dated 5 March 2009), the United Nations General Assembly noted “the considerable level of expertise in the International Computing Centre...” and requested “the Secretary-General to continue to utilize the services of the Centre in supporting the information and communications technology activities of the United Nations”.

19. Moreover, in resolution 63/269 (dated 7 May 2009), the United Nations General Assembly requested “the Secretary-General, when utilizing the services of the International Computing Centre, to ensure compliance with all regulations and rules regarding procurement, in order to guarantee the cost-effectiveness of the services provided by the Centre”.

20. In the majority of cases, before entering into a service delivery agreement with the ICC, the decision-making process to use the ICC as a service provider was not formally documented. In addition, risk assessments were not performed prior to selecting the ICC as a service provider, with the exception of UNHCR where a formal decision-making process was in place to use the ICC for hosting the PeopleSoft (Management Systems Renewal Project) system and Internet services.

21. The Joint Inspection Unit (JIU) noted in its report JIU/REP/2000/5 that “although ICC lacks a formal statute of Inter-Agency Agreement and functions mostly like a non-binding arrangement, its role as the centre for operational IT services for the common system has steadily grown over the years...” Further commenting on the quality and efficiency of the ICC’s services, the JIU also indicated that “comparisons with the private industry may not always be possible and even desirable for each and every common service because of some common system specificities, such as mandated operational procedures requiring the application of common system policies and rules.” In this regard, however, the JIU recommended that “benchmarking through comparisons of like-for-like among common services within the UN system, and/or support service units of

the organizations themselves can and should be conducted regularly to identify the most efficient and cost-effective performers and methods of delivery, including outsourcing practices.”

22. In 2007, the partner organizations were provided with the results of a study that the ICC commissioned through an external firm to review the level of implementation of its strategy. The review conducted by the external firm included a benchmarking exercise of the following four core initiatives: (a) ICT training; (b) global messaging services; (c) ICT services outsourcing/offshoring; and (d) information security, business continuity and disaster recovery. The review concluded that:

“The ICC is doing well on productivity and efficiency, with mainframe, storage, midrange, desktop and networks running at or below the average benchmark cost for a similarly sized company....but the ICC lacks the scale to achieve industry best practice, especially in offshoring labour intensive services.”

23. With regard to this study, OIOS noted that:

- (a) While the study conducted by the external firm provided a review of four core initiatives, these initiatives did not include all the services provided by the ICC to the audited partner organizations. Relevant services not covered in the scope of the benchmarking exercise were:
 - i. Helpdesk;
 - ii. IT consultancy, project management and business analysis;
 - iii. Internet services; and
 - iv. Web management and content.
- (b) Given the technological nature of the services reviewed, the results of the study are subject to the risks of rapid obsolescence;
- (c) Given the partial coverage of the review conducted by the external firm, the services subject to the agreements established between the ICC and the partner organizations have not been fully reviewed to confirm their level of quality and cost-effectiveness, as requested by the General Assembly.

24. OIOS was informed in December 2009 that the United Nations Secretariat started a benchmarking study of the standard ICT services to be outsourced to service providers, including the ICC. Pending the results of this study, the absence of clear criteria and a documented validation of the quality and cost-effectiveness of the services contracted to the ICC expose the partner organizations to financial and operational risks.

Recommendations 1 and 2

(1) The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should commission a periodic benchmarking exercise to confirm the quality and cost-effectiveness of all services included in the ICC catalogue.

(2) In those instances where the services to be contracted to the ICC are not supported by independent benchmarking studies confirming their quality and cost-effectiveness, the United Nations Secretariat, UNJSPF and UNHCR should conduct comparative reviews and cost-benefit analysis prior to entering into a formal service delivery agreement.

25. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 1 and stated that the ICC Management Committee Advisory Group recommended that this item be included in the agenda for the ICC Management Committee meeting on 25 and 26 March 2010. The ICC Management Committee subsequently and unanimously agreed to support and fund a benchmarking exercise that will measure the cost-effectiveness of all services included in the ICC catalogue of shared services. The terms of reference for the benchmarking exercise and quality-of-service review will be discussed further with the ICC, including services that are not shared. For the United Nations Secretariat, UNJSPF and UNHCR recommendation 1 remains open pending the periodic benchmarking exercise.*

26. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 2 and stated that they understand the rationale for the recommendation, including the need to conduct comparative reviews and cost-benefit analyses at periodic intervals. However, the United Nations Secretariat, UNJSPF and UNHCR also stated that it would not be practical to conduct such reviews or analyses before each addition of an ICC service, as this would impinge on a key benefit of using ICC, namely flexibility and nimbleness in leveraging ICC's established capabilities, especially for urgent and unforeseen demands. In addition, UNHCR stated that it is already comparing cost and quality of services provided and that in the past, UNHCR has not used a service provided by the UNICC as better value was obtainable on the commercial market. Based on the actions taken by UNHCR, recommendation 2 has been closed for UNHCR. For the United Nations Secretariat and UNJSPF, recommendation 2 remains open pending the comparative reviews and cost-benefit analysis confirming the quality and cost-effectiveness of ICC services.*

B. Segregation of duties

27. The ICC is governed by its Management Committee, composed of representatives from partner organizations. The representatives for the United Nations Secretariat, UNJSPF and UNHCR are all heads of information technology offices who are both the requisitioner and approver of the requests for

services made to the ICC, on behalf of their respective organization. This condition constitutes a lack of segregation of responsibilities, exposing each organization to potential risks of conflict of interests that could impact the quality of service and their cost-effectiveness.

Recommendation 3

(3) The United Nations Secretariat, UNJSPF and UNHCR should segregate the duties between the officers responsible for requisitioning and approving the engagement of the ICC.

28. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 3 and the United Nations Secretariat and UNHCR stated that it has already been implemented in their respective organizations.* Based on the actions taken by the United Nations Secretariat and UNHCR, recommendation 3 has been closed for the United Nations Secretariat and UNHCR. For UNJSPF, recommendation 3 remains open pending confirmation of segregation of duties between the officers responsible for requisitioning and approving the engagement of the ICC.

C. Audit assurance

29. Paragraph 10.2 of the ICC mandate states that “all of ICC's systems, processes, operations, functions and activities shall be subject to internal and external audit in accordance with the Financial Regulations and Rules of the Host Organization. Such audit reports shall be addressed to the Chairperson of the Management Committee and the Director, ICC, with copies to the executive head of the Host Organization, and shall be disseminated to Committee Members upon request.”

30. OIOS noted that in addition to the periodic audits conducted by the Board of Auditors³ on the ICC financial statements, the ICC commissioned an external firm to review its processes in accordance with the Statement on Auditing Standards No. 70 (Type I), and the COBIT control framework. This review was documented in the report on “Internal Controls Placed in Operation at ICC, Geneva, for the Provision of Information and Communication (ICT) Services, dated 31 July 2009”.

31. The Statement on Auditing Standards No. 70 is a standard issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA). In this regard, OIOS noted that a ‘Type I’ audit is limited to an assessment of the design of a selection of controls, and does not include a review of their operational effectiveness, usually subject to a more detailed level of review (Type II audit).

32. Furthermore, OIOS noted that the assessment conducted in accordance with the Statement on Auditing Standards No. 70 (Type I) included a selection of

³ The ICC is subject to the audit of WHO External Auditor.

controls at the ICC Geneva location with a reference to the COBIT control framework. However, this assessment did not include the following control objectives which are important from the perspective of the partner organizations:

- (a) Service level management framework, to ensure that adequate controls are designed to ensure continuous alignment with client's requirements, and define the organizational structure for service level management, covering roles, tasks and responsibilities of both parties;
- (b) Operating level agreements, necessary for detailing how the services will be technically delivered to support the service delivery agreement(s) in an optimal manner;
- (c) Monitoring and reporting of service level achievements, defining statistics and metrics to be analysed and acted upon for identifying negative and positive trends for individual services, as well as for services overall; and
- (d) Risk management, defining the mechanisms for identification and mitigation of risks relating to the delivery of services. In particular, these mechanisms should address (but not be limited to) the need for non-disclosure agreements, continued supplier viability, and conformance with security requirements.

33. Upon inquiry with the Office of Internal Audit of WHO, OIOS was informed that no other independent internal audits were performed on the ICC's operations during the last five years. The absence of periodic internal audits over the activities performed by the ICC constitutes a risk for the partner organizations, since they cannot obtain an adequate and independent assurance about the services received.

Recommendations 4 and 5

(4) The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should ensure compliance with the audit clause included in the mandate of the organization, and request that regular and comprehensive audits are independently conducted over the ICC operations.

(5) The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request that future audits of ICC operations include in their scope a regular assessment of the following controls: (a) service level management framework; (b) operating level agreements; (c) monitoring and reporting of service level achievements; and (d) risk management.

34. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendations 4 and 5 to the extent consistent with the provisions of the ICC mandate, and stated that these recommendations will be discussed at the next ICC Management Advisory Group meeting for possible inclusion in the ICC Management Committee agenda for the fall 2010 meeting.* Recommendation 4 remains open pending a confirmation that regular and comprehensive audits are independently conducted over the ICC operations. Recommendation 5 remains open pending the request that future audits of ICC operations include in their scope a regular assessment of the following controls: (a) service level management framework; (b) operating level agreements; (c) monitoring and reporting of service level achievements; and (d) risk management.

D. Service level management

Service delivery agreements

35. The ICC developed a document titled ‘Service Performance Metrics’ (dated January 2005) defining quantitative performance metrics for standard services, such as for availability and reliability. However, OIOS’ review of the ICC service delivery agreements and service guides issued to OICT, DFS, UNJSPF and UNHCR during the last two biennia did not include a consistent definition of quantitative and qualitative service metrics. The absence of defined metrics for growth, levels of support, security and demand constraints prevented the partner organizations from measuring relevant performance attributes. In addition, no qualitative metrics were defined for supporting the performance evaluation of the services received from the ICC by partner organizations.

36. Furthermore, in the service delivery agreements established between the ICC and partner organizations for mainframe and internet services, roles and responsibilities, including monitoring and oversight, were not clearly defined.

37. Undefined quantitative and qualitative service metrics for measuring the services received, and the absence of clear roles and responsibilities for their monitoring and oversight, may prevent partner organizations from detecting and reporting in a timely manner problems with the quality and quantity of services received from the ICC.

Recommendation 6

(6) The United Nations Secretariat, UNJSPF and UNHCR should review all service delivery agreements established with the ICC: (a) to ensure that quantitative and qualitative service metrics are defined and (b) to define clear roles and responsibilities for their monitoring and oversight.

38. *The United Nations Secretariat, UNJSPF and UNHCR partially accepted recommendation 6 and stated that acceptance is subject to the following constraints: while quantitative metrics can be defined for services, qualitative metrics are not always easy to define, measure or analyze. Further, it may not be feasible to modify the existing agreements to add new metrics or new*

roles and responsibilities. Therefore, the inclusion of quantitative metrics, and definition of roles and responsibilities for their monitoring and oversight will be considered when the service delivery agreements for the next biennium are finalized. Recommendation 6 remains open pending submission to OIOS of documentation showing relevant metrics for ICC services and the definition of clear roles and responsibilities for their monitoring and oversight.

E. Indirect and direct cost charges

Lack of uniformity and details on indirect cost charges

39. The review of the service delivery agreements established across the audited organizations indicated that administrative costs were budgeted and charged inconsistently. While these costs were included in the agreement signed by DFS, these charges were not applied in the other agreements signed by other partner organizations. Given that: (a) administrative costs usually include and represent an overhead component common to all services delivered, regardless of their specific focus; and (b) the ICC announced the implementation of the activity-based cost systems, it would be beneficial to all partner organizations receiving ICC services to have a clear indication of how much is charged by the ICC for administrative and other overhead costs.

Lack of details in the service delivery agreement about calculation of direct costs

40. The service delivery agreements signed by partner organizations with the ICC include a standard section for cost estimates, indicating that cost estimates are “based on current ICC Rates and the latest available figures for the partner organization’s current and projected usage”. However, these estimates do not clarify the cost per unit and the units used for the calculation of costs. The information necessary to determine these amounts is made available in different and separate documents, such as the ICC standard catalogue applicable at the time of signing the service delivery agreement, and the related (one or more) proposals supporting the service delivery agreement. This condition limits the usefulness of information in the service delivery agreement and prevents relevant stakeholders (i.e., controller, finance, procurement, legal, audit, etc.) within each partner organizations from obtaining an immediate, complete and transparent view of the financial structure of the agreements.

Recommendation 7

(7) The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request the ICC Secretariat to revise the structure of its standard service level agreement, providing details about all the elements (administrative and overhead costs, unit costs, and unit multipliers) utilized to determine the cost estimates.

41. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 7 and stated that the recommendation would be discussed at the*

next ICC Management Advisory Group meeting for possible inclusion in the ICC Management Committee agenda for the fall 2010 meeting. Recommendation 7 remains open pending the revision of the structure of the standard ICC service delivery agreement to provide details about all the elements utilized to determine the cost estimates.

F. Other relevant findings

42. This section includes findings that while not systematically observed across all audited partner organizations, are considered relevant and useful in the context of the overall scope of this report.

Service level management framework

43. Clear terms of reference (i.e. a framework) should support the development of service levels between partner organizations and their service provider. These terms should provide standard terms and conditions for supporting the dialogue between partner organizations and their service provider, and ultimately ensure alignment between their requirements and the services received. These terms should also include standard definition and processes for creating service requirements, delivery agreements, and guides. These attributes should complement the standard service catalogue, along with details about the organizational structure designed by the service provider, with roles, tasks and responsibilities.

44. The ICC's service catalogue (dated January 2009) included the description and costs of its standard services. However, the service catalogue did not include any additional information to support the development of a structured service level management between partner organizations and the ICC. Without formalized and detailed terms of reference governing the development of service level agreements, partner organizations are exposed to the risks of unclear expectations and responsibilities, unmet deliverables, and ad-hoc arrangements for the management of services received from the ICC.

Recommendation 8

(8) The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request the ICC Secretariat to complete its standard catalogue of services with details about definitions, processes, roles and responsibilities for developing service delivery agreements with partner organizations.

45. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 8 and stated that this recommendation will be discussed at the next ICC Management Advisory Group meeting for possible inclusion in the ICC Management Committee Agenda for the fall 2010 meeting.* Recommendation 8 remains open pending completion of ICC's standard catalogue of services with

details about definitions, processes, roles and responsibilities for developing service delivery agreements with partner organizations.

Service guides

46. A service guide should explain how the ICT services will be technically delivered to support the service delivery agreement in an optimal manner, specifying procedures and parameters (e.g., for security) in terms that are meaningful to the partner organization.

47. The review conducted by OIOS indicated that for the majority of the ICC services received by the partner organizations audited, a service guide did not exist, and roles and responsibilities were not clearly defined at an operational level. In addition, with the exception of two cases in DFS and UNHCR, the service guides contained no provisions on security.

48. The absence of clear service guides exposes the partner organizations to operational and technical risks with potential impact on continuity of services and data security.

Recommendation 9

(9) The United Nations Secretariat, UNJSPF and UNHCR should require that a service guide is defined for all services received from the ICC. These guides should include operational details about the roles and responsibilities of both the provider and receiver of the services, with detailed security provisions.

49. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 9 and stated that the recommendation will be discussed at the next ICC Management Advisory Group meeting for possible inclusion in the ICC Management Committee agenda for the fall 2010 meeting.* Recommendation 9 remains open pending submission to OIOS of documentation that a service guide is defined for all services received from the ICC.

Monitoring and reporting of service level achievements

50. Quantitative and qualitative metrics should support the monitoring of the service agreements and the development of periodic reports on achievement of pre-defined performance levels. These reports should be generated on the basis of a format that is meaningful to the stakeholders, to allow their continuous review and analysis of statistics and trends for individual activities or the overall services.

51. OIOS found that with a few exceptions (i.e., services provided to DFS and UNHCR-managed PeopleSoft hosting) there was no evidence of consistent monitoring of the services received by the partner organizations from the ICC.

52. Without a formal monitoring and reporting process of service level achievements, there is the risk that services are not delivered as expected or as stipulated in the service delivery agreements.

Recommendation 10

(10) Once the quantitative and qualitative service metrics have been defined for each critical service provided by the ICC, the United Nations Secretariat, UNJSPF and UNHCR should implement a formal process to monitor service level achievements and security. Regular meetings should be held for all ICC services to monitor and report service level achievements, including indicators of security levels and incidents.

53. *The United Nations Secretariat, UNJSPF and UNHCR accepted recommendation 10 and stated that the recommendation will be discussed at the next ICC Management Advisory Group meeting for possible inclusion in the ICC Management Committee Agenda for the fall 2010 meeting.* Recommendation 10 remains open pending conformation of the implementation of a formal process to monitor service level achievements and security.

V. ACKNOWLEDGEMENT

54. We wish to express our appreciation to the Management and staff of United Nations Secretariat, UNJSPF and UNHCR for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management committee, should commission a periodic benchmarking exercise to confirm the quality and cost-effectiveness of all services included in the ICC catalogue.	Governance	High	O	United Nations Secretariat UNJSPF and UNHCR: periodic benchmarking exercise confirming the quality and cost-effectiveness of ICC services.	Not provided
2	In those instances where the services to be contracted to the ICC are not supported by independent benchmarking studies confirming their quality and cost-effectiveness, the United Nations Secretariat, UNJSPF and UNHCR should conduct comparative reviews and cost-benefit analysis prior to entering into a formal service delivery agreement.	Governance	High	O	United Nations Secretariat and UNJSPF: comparative reviews and cost-benefit analysis confirming the quality and cost-effectiveness of ICC services.	Not provided
3	The United Nations Secretariat, UNJSPF and UNHCR should segregate the duties between the officers responsible for requisitioning and approving the engagement of the ICC.	Governance	High	O	UNJSPF: confirmation of segregation of duties between the officers responsible for requisitioning and approving the engagement of the ICC.	Not provided
4	The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should ensure compliance with the audit clause included in the mandate of the organization, and request that regular and comprehensive audits are independently conducted over the ICC operations.	Governance	High	O	The United Nations Secretariat, UNJSPF and UNHCR: confirmation that regular and comprehensive audits are independently conducted over the ICC operations.	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
5	The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request that future audits of ICC operations include in their scope a regular assessment of the following controls: (a) service level management framework; (b) operating level agreements; (c) monitoring and reporting of service level achievements; and (d) risk management.	Information Resources	Medium	O	The United Nations Secretariat, UNJSPF and UNHCR: conformation that future audits of ICC operations include in their scope a regular assessment of the following controls: (a) service level management framework; (b) operating level agreements; (c) monitoring and reporting of service level achievements; and (d) risk management.	Not provided
6	The United Nations Secretariat, UNJSPF and UNHCR should review all service delivery agreements established with the ICC: (a) to ensure that quantitative and qualitative service metrics are defined; and (b) to define clear roles and responsibilities for their monitoring and oversight.	Information Resources	Medium	O	The United Nations Secretariat, UNJSPF and UNHCR: documentation showing relevant metrics for ICC services and the definition of clear roles and responsibilities for their monitoring and oversight.	Not provided
7	The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request the ICC Secretariat to revise the structure of its standard service level agreement, providing details about all the elements (administrative and overhead costs, unit costs and unit multipliers) utilized to determine the cost estimates.	Information Resources	High	O	The United Nations Secretariat, UNJSPF and UNHCR: revision of the structure of the standard ICC service delivery agreement to provide details about all the elements utilized to determine the cost estimates.	Not provided
8	The United Nations Secretariat, UNJSPF and UNHCR, in their capacity as members of the ICC Management Committee, should request the ICC Secretariat to complete its standard catalogue of services with details about definitions, processes, roles and responsibilities for developing	Information Resources	Medium	O	The United Nations Secretariat, UNJSPF and UNHCR: the completion of ICC's standard catalogue of services with details about definitions, processes, roles and responsibilities for developing service delivery agreements with partner organizations.	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	service level agreements with partner organizations.					
9	The United Nations Secretariat, UNJSPF and UNHCR should require that a service guide is defined for all services received from the ICC. These guides should include operational details about the roles and responsibilities of both the provider and receiver of the services, with detailed security provisions.	Information Resources	Medium	O	The United Nations Secretariat, UNJSPF and UNHCR: documentation that a service guide is defined for all services received from the ICC.	Not provided
10	Once the quantitative and qualitative service metrics have been defined for each critical service provided by the ICC, the United Nations Secretariat, UNJSPF and UNHCR should implement a formal process to monitor service level achievements and security. Regular meetings should be held for all ICC services to monitor and report service level achievements, including indicators of security levels and incidents.	Information Resources	Medium	O	The United Nations Secretariat, UNJSPF and UNHCR: conformation of the implementation of a formal process to monitor service level achievements and security, and hold regular meetings for all ICC services to monitor and report service level achievements, including indicators of security levels and incidents.	Not provided

1. C = closed, O = open

2. Date provided by United Nations Secretariat, UNJSPF and UNHCR in response to recommendations.