



TELEFAX TRANSMISSION

Outgoing fax msg no:		Page 1 of 15	
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Info:	Ms. Amy Wong (wong6@un.org) Mr. Ibrahim Bah (bahi@un.org)	Date:	28 February 2012
		Ref:	IAD: 11-683/01
Subject:	Assignment No AP2011/683/07 - Audit of Santo Domingo Support Office		

1. Reference is made to your memorandum, reference IAD: 11-683/07 of 23 January 2012, under cover of which you forwarded the OIOS Draft Audit Report on the above subject.

2. Please find attached MINUSTAH's response to the Draft Audit Report as requested.

Best regards.

Drafted by: K. Zillner, O/DMS	<i>h.gfi</i>	Cleared by:	Y. Van der Beke, SAO
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AUDIT RECOMMENDATIONS
Audit of Santo Domingo Support Office

Rec. no.	Recommendation	Critical/ ¹ important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	MINUSTAH should, in collaboration with the Department of Field Support: (i) redesign administrative processes to minimize duplication of activities between Port-au-Prince and Santo Domingo; (ii) clearly identify the administrative functions that can be delivered more effectively at the Santo Domingo Support Office with the aim to establish single processing centers for common transactions; and (iii) establish adequate document workflow procedures to improve productivity by eliminating unnecessary movement of documents.	Important	YES	Sunny Makoge	By end of June 2012	The Functional Review Analysis team composed of a high-level representation from the DPKO, DFS, FBFD, FPD and PD are currently in the Mission to conduct, inter alia: a review of the optimization processes and the division of activities between Santo Domingo and Port-au-Prince, and; develop performance indicators to ensure proper functioning, control and monitoring of efficient services provision to the Mission clients. (Appendix A: Terms of Reference for the MINUSTAH Santo Domingo Support Office Functional Review Analysis”).
2	MINUSTAH should ensure that all standard operating procedures are reviewed and updated to include work flow process changes arising from the establishment of the Santo Domingo Support Office.	Important	YES	Sunny Makoge	By end of June 2012	As discussed during the exit conference, the Mission will undertake an overall revision of relevant Standard Operating Procedures after the Functional Review Analysis.
3	MINUSTAH should improve internal controls over cash disbursement by	Important	YES	Sunny Makoge	By end of June 2012	The Mission reiterates that use of scanned documents to process

¹ Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

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	ensuring that original invoices and disbursement vouchers are made available to bank signatories prior to disbursement of funds to prevent the processing of duplicate or fraudulent transactions.					disbursements was in place to expedite payments to staff members and vendors. This was a response to the delays caused by the time needed to deliver originals from Santo Domingo to Port-au-Prince. Nonetheless, the Mission agrees with the recommendation and has already taken a significant step to address the issue by engaging UNLB in the implementation of the eF10 and ePT8 modules of eFSS in the MINUSTAH. A UNLB IT Expert conducted relevant trainings in MINUSTAH in the month of November 2011. Final modifications to the ePT8 application is being awaited from UNLB prior to the putting the system online. eF10 shall follow. Likewise, the Mission implement a paperless processing of payments and disbursements as is now being practiced in UNHQ New York in terms of their travel claim payments. The mission has already taken steps to implement TRIM as part of the overall project change management strategy.
4	MINUSTAH should develop key performance indicators to track progress and take action in problem areas in the provision of administrative and logistical support by the Santo Domingo Support Office.	Important	YES	Sunny Makoge	By end of March 2012	The Mission concurs with this audit recommendation. This is one of the expected outputs of the ongoing Functional Review Analysis. The KPIs raised by the end of March should serve as a concrete basis for the SDSO's and Administrative

Rec. no.	Recommendation	Critical/ important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	MINUSTAH should: (i) carry out annual customer satisfaction surveys on service delivery by the Santo Domingo Support Office as outlined in the Personnel Section annual work plan; and (ii) ensure that the results from the surveys are utilized to improve service delivery to achieve the target of 90 per cent client satisfaction.	Important	YES	Sunny Makoge	By end of March 2012	Services' work plan and performance appraisal in the upcoming cycle. A survey on the Santo Domingo Support Office service delivery has already been released in order to obtain a baseline study for the Functional Review Analysis. A follow up survey will be conducted at the end of March 2012 to mark the end of the performance appraisal cycle. Indicators that will need further improvement will be carried over into the next performance appraisal cycle.

TERMS OF REFERENCE

FUNCTIONAL REVIEW OF THE MINUSTAH SANTO DOMINGO SUPPORT OFFICE

(I) Background

1. The MINUSTAH Santo Domingo Support Office (SDSO) was established in January 2010, following the Haiti earthquake, as an administrative back office to support MINUSTAH. The core role of the SDSO was to provide support services in the areas of procurement, finance, and human resources management. The office was also made responsible for medical evacuations and emergency response capabilities of the Mission.
2. At the time, the SDSO was established without a comprehensive and structured plan for its longer-term role. The main reason for this was the urgency of establishing a support office outside of the disaster area, as well as the lack of a readily deployable back office concept for UN peacekeeping operations.
3. The ad hoc nature of the office has resulted in an unsustainable situation where the processes, work flows, and systems do not optimally support effective and efficient functioning of the Mission. In some cases, significant delays in (or failures of) business processes within the SDSO act to hinder the effective operation of the Mission. This directly relates to increased administrative cost and waste of resources (e.g. critical documents are flown between Santo Domingo and Port-au-Prince, sometimes even making a round trip before processing is complete, and staff members are travelling often to follow up on outstanding issues between the two offices).

(II) Overall objective and scope of the functional review

4. The review aims to:
 - Review the business processes and division of labour between the SDSO and MINUSTAH/Port-au-Prince in the areas of Procurement, Finance, Budget, Archiving, and Human Resources.
 - Review the staffing level and structure of the back office functions, excluding any aspects of post management. Including National International ratio and support services
 - Provide options for a concept of operations that would optimise the business processes and minimize the duplication of activities. The objective would be to establish single processing centres for common transactions.
 - Assist the mission to capitalise on lessons learned in the establishment of similar back offices and benefit from the Global Field Support Strategy so as to develop the SDSO as a model back-office supporting a single mission.
 - Develop performance indicators (KPI) to continuously monitor and evaluate the cost benefits of the proposed recommendation, thereby ensuring proper functioning, control and monitoring of the back office.
 - Review the legal setting of the SDSO in view of the difficulties to get a SOMA approved and the problems encountered, including additional costs to the Organization, for not having a SOMA with the DR. Consideration should be given by placing SDSO under the umbrella of UNDP as per the MoU for Inter-Agencies Services and the costs related to such an arrangement.
 - Review of the Standard Operating Procedures to include changes arising from the existence of the SDSO

(III) Deliverables

5. The main deliverables of the review are as follows:

- Cost-benefit analysis of the SDSO. (Present and future as per options recommended). The costs should not be limited to rent of office space and utilities, but also take into account the costs related to being a family duty station and the cost of the numerous official duty trips between Santo Domingo and Port-au-Prince as well as the cost of aviation, permanent rental of ambulance and medical services provided in situ, refurbishing of the premises, communications and other commercial services and savings that would result from a nationalization of transactional posts
- Proposal/options for concept of operations and revised business processes of a back office function.
- Proposed staffing levels and structure.
- Proposed work-flows to improve productivity and eliminate unnecessary movement of documents and personnel between the two locations
- KPIs to track progress and take action in problem areas in the provision of administrative and logistical support by the SDSO

(IV) Participants and their roles and responsibilities

6. The functional review will be carried out by a team from MINUSTAH and DFS and the Procurement Division (PD) of the Department of Management. Participants from UNHQ will consist of staff members from FBFD, FPD, PD, and ICTD, as well as the Integrated Operational Team (IOT) of DPKO.

7. MINUSTAH will be represented by CAS, Chief Budget Officer and the Senior Administrative Officer

8. The team will initially report to MINUSTAH's Director of Mission Support and the Director of FBFD.

(V) Working methods

9. The functional review will utilise, in its overall approach, a standardized Business Process Improvement (BPI) methodology. Methods used in similar processes previously will also be employed; most importantly, methods used and knowledge gained in the establishment of the Kuwait Joint Support Office (KJSO) for UNAMA and UNAMI will be applied. The review will be conducted in two phases: first, a desktop analysis will be taken up by the DFS team in HQ; and second, an in-situ visit to Santo Domingo and Port-au-Prince will be deployed.

10. **Desktop analysis in UNHQ:** Prior to deployment of the team to MINUSTAH, the team will meet weekly to coordinate and plan efforts, to collect and analyse existing data, and similar exercises. The sources of data include, but are not restricted to, the initial concept and report of the SDSO prepared by FBFD at the time of its establishment, report and experiences from the Kuwait Joint Support Office (KJSO) for UNAMA and UNAMI, as well as the Regional Service Centre – Entebbe, and plans for Regional Service Centres in West Africa (RSCW) and the Middle East (RSCME). Documentation prepared by the UMOJA team (to-be-processes) in development of the UN wide ERP will also be employed. A VTC between UNHQ and MINUSTAH will also take place

11. The desktop analysis will also produce a detailed time table and agenda for the in-situ visit.

12. **In-situ visit to MINUSTAH** will be kicked off by validation of the findings and recommendations of the desktop analysis. A draft report will be prepared based on this and comments from all stakeholders. The report will be provided to the DFS and mission leadership for their endorsement and implementation. In situ will also review the structure established supporting the Back office and a detail cost analysis link to the office, its structure, cost of services and relevant cost resulting from the bifurcation of the services provided in SD and PaP

(V) Overall time table

13. During the mission visit, the team will be based in Port-au-Prince (PaP) tentatively from 7 to 8 February 2012, with the following 3 days in Santo Domingo (SD) and the final 3 days in Port-au-Prince, departing on Wednesday, 15 February.

	Tue 7 th	Wed 8 th	Thu 9 th	Fri 10 th	Sat 11 th	Sun 12 th	Mon 13 th	Tue 14 th	Wed 15 th
PaP	X	X					X	X	X
SD			X	X	X	X			

(VI) Resource requirements

14. The resource requirements of the functional review contains staff time, office facilities and funding for the trip:

Staff time:

- FBFD, FPD, PD, LSD, IOT, ICTD, DM staff.
- Mission stakeholders, including dedicated liaisons in PaP and SD.

Office facilities:

- Office space for team members in PaP and SDSO.
- Consumables e.g. printer paper, markers, post-its, and string.
- Equipment e.g. whiteboards, PCs, network printer, flip charts.
- Wireless internet connectivity.