



**Opening statement to the Fifth Committee on the Report of the Board of Auditors
on the handling of information and communications technology affairs in the
Secretariat (A/67/651)**

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Chair of the Audit Operations Committee**

Friday 8 March 2013

Dear Chairman,

Distinguished delegates,

On behalf of the Chairman, Mr. Amyas Morse, and the other members of the Board, Mr. Liu Jiayi and Mr. Ludovick Utouh, I have the honor to present the Board's report on the handling of information and communications technology affairs in the Secretariat.

The audit was conducted in October 2012 following a request from the Advisory Committee on Administrative and Budgetary Questions to audit the handling of ICT affairs in the Secretariat, including the Office of Information and Communications Technology. The request stemmed from General Assembly concern about the progress towards delivery of ICT reform and the UN ICT strategy approved in 2008; and the emergence of serious problems in the governance and progress in implementation of the UN's new enterprise resource planning system (Umoja).

The Board, based on its domestic and international experience, identified five key elements for an organisation to be able to effectively use and benefit from ICT services against which we assessed the handling of ICT in the Secretariat (see Table 1, page 21 of the report).

Overall messages

Effective use of ICT is increasingly critical to the delivery of a wide range of UN activities, as well as a key enabler of wider business transformation. Paragraphs 3 to 5 of the report and Figure 1 (on pages 15 to 17) summarise the scale, fragmentation and complexity of UN ICT arrangements. Getting a better grip on fragmented ICT services across a highly decentralised organisation lay at the heart of the Secretariat's plans for ICT reform and the development of an ICT strategy.

Whilst recognising that the Administration has delivered some important progress at an operational level, the key overall message from this report is that there has been a failure to deliver a more corporate and coherent ICT strategy. Therefore the Board considers a fundamental rethink is now required of how the UN ICT strategy needs to be shaped and delivered to have a realistic chance of success.

The strategy must be based on an in-depth understanding of the current and future UN service delivery model; in particular, for the ICT strategy to make sense it must support a well articulated destination model for UN service delivery. The strategy must also be based on a clear understanding of business objectives and priorities, and the decentralised nature of the UN. The Board considers there should be a strong initial priority within any new ICT strategy on enabling the UN to deliver its new enterprise resource planning system and embed the benefits that could accrue from streamlined business processes.

We would like to draw your attention to the following key findings:

On the strategy and business model

- **The ICT strategy approved by the General Assembly in 2008 was incomplete and its objectives have not been achieved.** It did not establish a clear direction; nor describe how ICT changes were essential to both business needs and core UN objectives. It did not adequately address the importance of the new enterprise resource planning system (Umoja), information security, or the size and contribution of peacekeeping (which accounts for roughly two thirds of all ICT budgets and ICT dedicated staff). Finally, the Office of Information and Communications Technology was not funded to deliver the level of change approved in the strategy.

On business transformation

- **While there was an intention to deliver a globally consistent operating model for ICT, insufficient attention was given to the realism of this model in the context of the UN;** or in other words, insufficient attention was given to understanding the culture, business environment or other factors that need to change in advance of implementing any change in how the organisation will operate. If ICT transformation, or indeed any business transformation, is to have a realistic chance of success, then either these fundamental issues need to be understood and addressed, or the strategy tailored accordingly. For example, there needs to be better definition of what are genuine corporate activities requiring strong central control, versus activities requiring operational freedom and delegations.

The Board discusses a possible improved framework for thinking about UN business transformation in paragraphs 57 to 59 and Figure 3 (pages 39-41).

- **The scope and role of the CITO with regard to strategic vision, business transformation and leadership was not clearly defined, communicated, understood or realised.** The role was seen as largely operational and as a result both the CITO and UN senior management directed insufficient attention to business transformation or strategic leadership of the ICT function; and failed to develop and enforce critical corporate ICT standards and policies (for example, on security).

On governance

- **The UN governance and accountability framework were not aligned to the Administration's ambitions for ICT-enabled transformation.** ICT Funding is short-term and fragmented across the Secretariat, encouraging local tactical and operational delivery rather than being focused on strategic and corporate priorities.
- **The planned ICT governance structure (Figure 4 on page 43 of the report), whilst a positive development in theory, has in practice been ineffective in setting a clear strategic direction or routinely considering the issues of greatest strategic importance** such as investments, risks, and the delivery of value from ICT to critical activities. At the time of this report roles, reporting lines and accountabilities remained unclear.

- **There is no consolidated management information on ICT budget and spend, preventing effective monitoring, prioritisation, and transparency on ICT costs.** The UN's financial systems are not set up to monitor ICT spend; this undermines the corporate management of ICT and acts as a barrier to effective governance and strategic planning.

On people with appropriate capabilities

- **The skills base of the Office of Information and Communications Technology has been, and remains, predominately directed to running day to day ICT operations,** rather than leading business transformation, executing a challenging global strategic agenda, or driving innovation.

On service management and technology

- **The UN information security environment falls short of what would be expected in a modern global organisation and must be addressed as a matter of urgency.** Senior management has not been able to establish effective accountability and responsibility for improving ICT security across the Secretariat; nor is it monitoring, or aware of in some serious cases, cyber or other attacks against the UN's systems.
- **Despite the Administrations attempts to control ICT applications and implement appropriate standards, there is no overall software application strategy resulting in the local development of applications.** This increases risks to security and poor value for money (such as failure to secure scale economies and avoid duplication), and exposes the UN to exploitation by unscrupulous vendors.

By way of concluding remarks, all of the Board's recommendations were accepted by the Administration. Of particular note is the urgency with which the Administration has gripped the need to improve ICT Security, although the Board has yet to see the detailed actions underlying the general proposals that have been set out.

More generally, on ICT as a whole, we would like to emphasise that it will take the Administration time to re-establish a strategy that senior executive management can buy-into along with the associated delivery structures and processes. It would be unrealistic for the Administration to have resolved these matters today; and we are reassured by the seriousness with which management have engaged on the complex and organisation wide matters raised in this report.

This concludes my brief introduction on this Board report. As ever, my Audit Operations Committee colleagues and I will endeavor to answer questions you may have during the informal session of the Committee.

Thank you.

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Director of External Audit (UK)
Chair of the Audit Operations Committee