Assurance review of Global Services Centre

Status: FINAL
Date: 22 June 2020
Assurance year: 2019
Contents

1. Introduction ...................................................................................................................................... 3
2. Scope of Review.............................................................................................................................. 5
3. Review Findings .............................................................................................................................. 6
1. Introduction

1.1. Area subject to review

1. This report covers our review of the Global Services Centre (GSC) of the IFRC. This review assesses whether control objectives are being met and risk is mitigated to within the IFRC’s risk appetite.

2. The report takes into account the wider frameworks of control, policies and procedures and their impact and relationship underpinning GSC operations.

1.2. International Federation of the Red Cross and Red Crescent Societies (IFRC) context

Background

3. In 2016, IFRC senior management team took the decision to relocate and rationalise elements of information technology (IT) management, the key drivers being cost efficiency, alongside taking advantage of new centres of expertise. This led to the wider foundation of the Global Service Centre (GSC). The newly formed GSC became fully operational in Hungary in July 2017. Budapest was already hosting shared services for other international agencies, such as the UN. Alongside a core IT operations team, the department of Logistics, Procurement and Supply Chain Management (LSPCM) also established a global operational LPSCM unit in November 2017, with go-live integration into GSC in March 2018.

4. A director of the GSC oversees strategic leadership and local management arrangements for running the Unit, with direct control over finance and administration, and human resources staff. There is oversight of IT and LPSCM as services in the GSC with technical line management from Geneva. Two other shared services, disaster response surge learning and development and HR shared services were in the process of commencing transition.

5. The core objective in the GSC operational plan, as a strategy for implementation, is to contribute to an ‘effective and efficient Federation Secretariat’ so that it is strong, credible and accountable. GSC contributes to other objectives, including stronger national societies, effective disaster management and in influencing strategic partners. Operational plans concentrate on development of GSC from securing and strengthening HR inputs, continuing the integration and communication in departments and developing performance indicators for monitoring delivery of the GSC strategy.

6. The GSC is separate from the European Regional Office (ERO) but is located in the same building and works closely with the Director of the ERO to ensure a harmonised representation of the IFRC.

Information Technology (IT)

7. Control over the provision of IT at IFRC is shared between three locations: the Geneva Secretariat, regionally for local services (including delegates in specific settings), and the Budapest GSC. The philosophy is to ensure ‘one organisation, one IT’. The GSC has the operational responsibilities supporting the whole IFRC and is led by a full-time IT services unit manager.

8. There are three areas managed by the GSC IT unit that develop and support daily operations:
   - IT infrastructure
9. There are also two further areas that are separated for oversight of middleware (connecting non-integrated systems together) and for change management control.

**Logistics, Procurement and Supply Chain Management (LPSCM)**

10. Similarly, LPSCM also has three contexts in the IFRC. The LPSCM within the GSC concentrates on the global operational needs of all regions, especially in procurement, alongside provision of direct LPSCM support to the European Regional Office and the relevant national societies in their remit. The key objectives of the unit are to:

- Ensure the overall coordination of the different IFRC procurement capacities available across the world to respond to the different needs of the operations.
- Coordinate with the different regional offices and the Global Logistics Hub, located in Dubai, regarding the best way to supply relief items to respond to ‘red’ level emergencies.
- Provide procurement quality assurance within the delegated authorisation level.
- Be the first point of contact for any request above a defined threshold related to procurement, logistics services for Global Service Centre and ad-interim for Europe.
- Be the first point of contact for any Humanitarian Procurement Centre (HPC) service requests coming from members for responding to an operation within the Europe region.
- Provide operational procurement services to the different countries within Europe Region and to the different functions of the Europe Regional office, the Global Services Centre and HQ Geneva above a certain threshold.

1.3. **Rationale for the review**

11. This scheduled audit was part of our 2019 internal audit plan, as approved by the Secretary General and agreed with the Audit and Risk Commission. This is the first formal internal audit review of GSC, as the centre was set up in 2017.

12. Our scope concentrated on GSC operations managed for IT and LPSCM. Other shared services areas (Learning and Development Surge, Shared Services Human Resources) are still being developed or remain in the control of Geneva and were, therefore, not reviewed.
2. Scope of Review

2.1. Scope of review

13. Our review covers the portfolio of controls over the work of the GSC and its approach to provision of services related to:

   **Wider scope**
   - Roles and responsibilities in the GSC, ensuring segregation of duties, task control, supervision and management.
   - Relationship and integration with other regional/local management.
   - Live and ongoing risk management related to GSC delivery (to the GSC structure itself or the oversight of their services).
   - The implementation of policies into standards/procedure for services provided through GSC.
   - Reporting processes and quality assessment related to GSC objectives are in place and regular.
   - The costing model is documented and reviewed regularly with resource analysis and efficiency savings targeted through the GSC, related to the fulfilment of set objectives.

   **IT specific areas in addition to the wider scope (for clarity)**
   - The strategic control mechanisms in place to monitor middleware architecture, release and change management, infrastructure support, applications support and the service desk demand and response.
   - Oversight of ongoing change management processes and effective monitoring of unauthorised or ineffective changes.
   - Methods used for preventing and reacting to IT issues and the prioritisation processes: service desk, security, maintenance e.g., IT architecture control, lifecycle modelling and planning including stability management and partnership monitoring.

   **LPSCM specific areas in addition to the wider scope (for clarity)**
   - The global role undertaken by the LPSCM unit in Budapest and outreach to regional offices as a demand led service.
   - Analysis of the full process being used for procurement by performing file walkthroughs.
   - File management and the use of the HLS and e-contracts system.
   - Supplier management and supplier database records

3. Review Findings

3.1. We identified the following examples of good practice:

**GSC points**
- A positive working relationship exists between the Director of GSC and technical directors. There are regular communications.
- Roles and responsibilities within the GSC have been adequately assigned and segregated.
- There is risk awareness shown by GSC staff.
- A strategy for engagement and delivery of GSC services has been created during 2019 alongside the standard operation plan. This explains the maturity curve for GSC. Both documents highlight areas to develop and show management are conscious of GSC’s needs to excel post the transition stage.
- Reporting processes exist and are frequent.
- Costings have been revisited and compared to local markets.
- HR support is in place and due processes are being completed.
- Administration support is in place and proactive with a clear welcoming service.
- Financial oversight is more reliable and now provides timely information.

**GSC IT**
- Technical teams share and store information in a way that absence cover support can continue.
- Roles and responsibilities are split between IT colleagues in Budapest and require supplementary system access authorisation as demonstrated (server access, production and live environments, theoretically in change management).
- Increase in the breadth of active reports to provide alerts from systems monitoring the infrastructure.
- Introduction of a new system providing central repository for service desk and change management, delivering an array of data.
- Regular team meetings to share progress and good practices.

**GSC LPSCM**
- Manual and electronic files are being maintained.
- Expertise is being developed and recorded.
- Challenges and risks have been noted locally as a factor to LPSCM processes.
- HLS system is being used and updated for each order.
- Unit staff are developing processes to increase global presence.

3.2. Key issues and risks

15. Issues and risks identified are categorised according to their tactical impact on IFRC.
16. As a result of this audit, two approaches have been agreed:
- For IT, we will continue to undertake an IT governance and strategy audit (part of the original internal audit plan) to support measures to improve the framework that GSC is built on.
- For LPSCM, this report will help trigger wider actions to reintroduce the approach to bring clarity to the organisation on the function, role and expectations that should be placed on and from GSC.
17. The following higher risk issues / risks are identified from this review:

**GSC IT**
- **Change management:** A new system is in place for change management. This has improved upon the previous system, but there are initial issues on fully completing change requests, supporting plans and the change risk.
- **Interface management:** The GSC IT team has inherited a complex and challenging interface structure. This raised risk around system connections, oversight and communication. GSC staff have added extra measures to try to improve the situation.

**GSC LPSCM**
- **Roles and responsibilities of GSC LPSCM:** On go-live this GSC LPSCM vision was shared and a single point of contact document issued to help, however, this may not have been fully understood by all. The GSC has been undertaking a role that has developed over time and therefore had to evolve, with team members developing different perspectives on its role. This has led to potential gaps or inefficiencies in service delivery.

3.3. **Other risks / issues identified**

18. The following other risk issues / risks have been identified during the course of our review:
- The applications portfolio has not been fully analysed and assessed from an IT perspective and is, instead, driven by historic decisions and business perspectives. This impacts the IT landscape due to poor compatibility, lack of internal expertise or high customisation risk. The portfolio requires review and rationalisation to improve the historic IT architecture (‘technical debt’) and simultaneously increase GSC efficiency.
- Risk affecting the LPSCM GSC, especially the understanding and fulfilment of roles, impacted the way in which GSC has worked and communicated over the last year with Geneva. A clearer risk monitoring framework for the collective services in GSC would give guidance for all to follow on risk mitigation and control.
- The setup of GSC has created integration issues around the completion of key tasks. These need to be recognised, for example the presentation process for the Committee of Contracts and solutions found. GSC currently are becoming part of the process rather than a service support.

3.4. **Summary IFRC management response**

I am happy to report that many improvements have already taken place to address the risks raised in this report.

The GSC office is starting its 4th year of activities with an increase of services in HR Shared Services, Emergency Operations with Surge Learning and DREF Capacity Building, GRSP and ERP above the existing IT and Global Procurement services.

It is quite a complex setup in terms of technical and managerial reporting lines. In order to ensure the development of the full potential of GSC services and the optimisation of activities, it is necessary to clarify senior management’s expectations in terms of strategic direction, to address the relationship between Geneva and Budapest, particularly the roles and responsibilities of each function, a better understanding and awareness of risks, adequate autonomy and flexibility to manage and motivate staff, and a stronger need of coordination and reporting.

This is the basic approach to demonstrate the GSC effectiveness and the delivery of financial savings for the organisation as per the original plan, thus requiring the development of a high level GSC
Governance Board involving Senior Management, the design of a Roadmap with a Risk Management Framework to achieve the vision and the full potential of the GSC in Budapest.