



United Nations
Educational, Scientific and
Cultural Organization

Organisation
des Nations Unies
pour l'éducation,
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Organización
de las Naciones Unidas
para la Educación,
la Ciencia y la Cultura

Организация
Объединенных Наций по
вопросам образования,
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منظمة الأمم المتحدة
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联合国教育、
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Internal Oversight Service Audit Section

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Audit of the UNESCO Hanoi Office

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Auditors:

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EXECUTIVE SUMMARY

Key Results of the Audit

The Office has successfully met the demanding requirements placed on it for effective participation in the One UN Plan. The Office has effectively participated in the One UN Plan by formulating activities for the period until 2010. However, there are significant challenges in terms of, (1) clear vision on UNESCO's activities in Viet Nam, (2) staff capacity in the Office to meet One UN Plan commitments and (3) raising resources for the likely shortfall in the One UN fund.

Overall internal controls have improved since the last audit in 2005. The Office maintained effective internal controls in the areas of financial management, general administration, contracting, procurement and travel. The Office also generally managed its portfolio of regular programme and extrabudgetary activities in accordance with UNESCO procedures and requirements.

Background, Scope and Objective

The UNESCO Office in Hanoi is a National Office opened in 1999 to provide technical and advisory services.

The Internal Oversight Service audited the Hanoi Office in October 2008 to assess its programme management, internal controls, reporting, and compliance with UNESCO rules and regulations. In addition, given that Hanoi is a One UN pilot location, the audit examined challenges in One UN participation. The audit covered the period from January 2007 through to October 2008.

Achievements in Programme Management/One UN

The Office prepared a set of programmes for inclusion in the One Plan (2006-2010), which are in line with UNESCO's commitment to delivering results under four outcomes of the One Plan. For its regular programme activities, the 2008-09 work plan introduced Results Based Management concepts and the expenditure generally conformed to the approved work plan. Consistent with UNESCO-wide guidance, the Office's 2008-09 work plan concentrated on fewer MLAs and activities with relatively larger budgets.

The Office implemented its portfolio of extrabudgetary projects as planned and agreed with the donors. In managing these projects, the Office ensured that all were subject to formal donor agreements and project documents, financial and performance reporting requirements were met, and agreed budgets were generally conformed to.

Challenges and Opportunities in Programme Management/One UN

There is a need for the Office to:

- Formulate clear objectives of UNESCO in Viet Nam.
- Realign staff capacities based on programme needs, for effective participation in One UN Plan.
- Meet the funding gap in the One UN Fund from other sources.
- Increase the rate of implementation of regular programme activities.
- Effectively engage the national counterparts during the planning phase of extrabudgetary projects in order to minimize the time delays in signing of Plans of Operations.

Achievements in Internal Control and Compliance

The Office established and maintained key control procedures in the areas of financial management, contracts, supplies procurement and travel procedures.

Challenges and Opportunities in Internal Control and Compliance

Improvements can be made to:

- Comply with the requirement of the Contracts Committee review for all contracting proposals of USD100,000 and above per calendar year.
- Ensure that allotments are issued, contractual obligations are created and expenditure is incurred only after the plan of operations is signed for an extrabudgetary project.
- Implement the recommendations of the UN security assessment on fire safety.

Table of Recommendations

Recommendation 1 The Office should prepare a comprehensive plan covering the following activities: (i) develop, in consultation with BSP, the objectives of UNESCO in Viet Nam and main lines of action for inclusion in the UNESCO's country programming document, (ii) assess staff capacity needs for effective participation in the One UN Plan, (iii) develop of a strategy to meet the anticipated resource gap in the One Plan Fund through other extrabudgetary resources, in consultation with ERC/CFS and (iv) identify its implementing partners for micro assessments under HACT, along with appropriate funding sources to carry out the assessments.

Recommendation 2 BOC to ascertain from UN common guidance on cash transfer the modalities to be applied based on risks noted in macro and micro assessment.

Recommendation 3 To inform the Comptroller about the new HACT threshold of \$500,000 and obtain his approval.

Recommendation 4 The Office should institute clear internal procedures to ensure 1) national counterparts are consulted during the planning phase for each extrabudgetary project and 2) project plans contain a realistic timeline for the signing of Plans of Operations.

Recommendation 5 The Office AO should be instructed to allow obligations only after the Plan of Operations is signed for an extrabudgetary project.

Recommendation 6 The Office should make a submission to the Contracts Committee for approval of contracts related to the Leric Foundation as the total value of engagement with the contractor is likely to exceed US\$100,000. Such submissions should also include justification for waiver from competitive bidding in line with Manual Item 1025.34.

Recommendation 7 The Office should institute procedures to monitor cumulative value of recurring contracts to ensure reporting to the Contracts Committee of cumulative awards of more than \$100,000.

Recommendation 8 The Office should implement the outstanding recommendations of UNDSS on fire safety inspection and building security and safety plans.