



United Nations
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Organisation
des Nations Unies
pour l'éducation,
la science et la culture

Organización
de las Naciones Unidas
para la Educación,
la Ciencia y la Cultura

Организация
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منظمة الأمم المتحدة
للتربية والعلم والثقافة

联合国教育、
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**Internal Oversight Service
Audit Section**

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**Audit of the UNESCO Regional Bureau
for Science and Culture in Europe
(BRESCE), Venice**

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EXECUTIVE SUMMARY

Key Results of the Audit

The UNESCO Regional Bureau for Science and Culture in Europe (BRESCE) generally managed its portfolio of Regular Programme and Extrabudgetary activities in accordance with UNESCO procedures and largely attained planned results. However, the operations of the Office have evolved in recent years and have not been followed adequately by the updating of the overall structures and procedures. There were a number of unclear working arrangements between the Office and the Culture sector operations, with some actions having been taken locally that excluded HQ Culture sector involvement. These findings point to the need to assess and revisit the governance structure of the Office. Any such review should take into account that a substantial contribution comes from the host government. The Office should also intensify fund raising in the field of Natural Sciences.

Since the last audit in 2002, the Venice Office had greatly improved the overall control environment. It was noted that the framework of cooperation with one private donor compromised adherence to UNESCO procedures and needed to be clarified to address this.

Background, Scope and Objective

Internal Oversight Service audited BRESCE in November 2008 to assess its programme management, internal controls, reporting and compliance with UNESCO rules and regulations. This audit covers the period from January 2007 to November 2008.

The audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The methodology was based on a risk assessment conducted during the planning phase of the audit and included review and testing of a judgmental sample of the Office's programme, financial and other records. The auditors also interviewed Office staff, met with representatives of partner organizations and visited project sites.

The UNESCO Venice Office was originally established in 1973 as the UNESCO Liaison Office for the Safeguarding of Venice (Italy). In 1988 the UNESCO Regional Office for Science and Technology for Europe (ROSTE) was also transferred to Venice. ROSTE and the Liaison Office for the Safeguarding of Venice were administratively merged in 1998 and co-located in 2002.

Since March 2006 the Office has been designated as the Regional Bureau for Science and Culture in Europe (BRESCE), focusing on Science and Culture activities in the Member States of South-East Europe. It is also to develop initiatives in favor of Central Europe and the Mediterranean basin in close consultation with the other UNESCO Offices concerned. The Office has an antenna Office in Sarajevo, a project antenna in Tirana and is establishing a project antenna in Ankara.

The current Director of BRESCE (D1) took office on 1 November 2006. At the time of the audit, the Office had 22 staff posts as detailed below.

- Funded from the Regular Programme: one D1, two P5 (one under recruitment), three P3, two P1/P2, one G5, two G4.
- Funded from extrabudgetary sources: two P1/P2, two P2 (ALD), one NOD in Sarajevo antenna, one NOB (ALD) in Tirana antenna (under recruitment), one NOA (ALD) in Tirana antenna (under recruitment), one NOA (ALD) in Ankara antenna (under recruitment), one G5, one G4, one G3.

Office personnel also included six individuals on Service Contracts and four on Special Service Agreements, all funded from extrabudgetary sources.

Financial summary of the Office's Regular Programme is as follows:¹

Programme domain	2006/2007				2008/2009			
	Number of activities	Allocations	Expenditure	Implementation rate, %	Number of activities	Allocations	Expenditure as of 31 Dec 2008	Implementation rate, %
Science	13	352.340	300.492	85,3%	10	250.500	104.767	41,8%
Culture	12	336.492	302.004	89,8%	9	309.780	104.299	33,7%
Support for Country-Level Programming	1	33.500	8.031	24,0%	1	25.000	24.399	97,6%
Joint UN Initiatives	-	-	-	-	2	62.000	61.273	98,8%
Total	26	722.332	610.527	84,5%	22	647.280	294.737	45,5%
Running Costs	-	230.000	195.959	85,2%	-	230.000	93.465	40,6%
Delegated Training Funds	-	14.000	575	4,1%	-	10.300	7.701	74,8%
Carry-over funds from previous biennia	-	-	189.318	-	-	-	136.396	-

Financial summary of the active extrabudgetary projects that were under the responsibility of the Office is as follows:

Programme domain	Number of projects	Allocations (project lifetime)	Allotments (2007-2008)	Revenue (2007-2008)	Expenditure (2007-2008) as of 31 Dec 2008	Implementation rate, %
General (including Office costs)	6	2,462,077	2,329,185	1,386,887	1,895,110	81,4%
Science	6	16,743,981	1,593,905	848,402	1,366,116	85,7%
Social and Human Sciences	1	1,059,759	-	(3,668)	-	-
Culture	55	43,495,421	10,775,423	9,633,772	8,206,282	76,2%
Communication & Information	1	100,000	100,000	100,000	75,879	75,9%
Cross Sectoral	1	583,000	583,000	587,253	355,348	61,0%
Total	70	64,444,238	15,381,513	12,552,646	11,898,734	77,4%

Achievements in Programme Management

- The Regional Bureau established clear objectives and made a detailed submission to the UNESCO Medium Term Strategy for 2008-2013.
- For Regular Programme activities, the Office established clear work plans based on Results Based Management concepts.
- In 2008, the Office submitted to HQ project outlines for the additional programme of extrabudgetary activities.

¹ Financial data from FABS & SISTER in US dollars

- Expenditures were generally consistent with budgets in Regular Programme work plans and extrabudgetary project documents.
- The Office managed significant extrabudgetary funds for Culture programmes in relation to the number of professional staff in the Unit.
- The Office achieved better visibility through regular publications that were quality assured.

Challenges and Opportunities in Programme Management

- Align Office structure and locations with mandate and objectives
- Establish fund-raising plans for Natural Sciences Unit
- Ensure clearance by the Director of Office and the Culture sector of all project documents and donor reports initiated by the Culture Unit
- Ensure consistent use of SISTER in the Office
- Ensure that the changing needs for Office running costs are considered when proposing the future budget to the Steering Committee

Achievements in Internal Control and Compliance

The Office established and maintained effective control procedures in the following areas:

- Financial Management: good oversight of the Office operations by the Administrative Unit, including effective segregation of duties as well as proper obligation and payment procedures.
- Contracts and Supplies Procurement: adherence to contracting procedures including the selection of contractors and suppliers, and establishment and management of contracts (with the exception noted below).
- Travel: preparation and approval of travel orders and travel records, generally accurate and supported payment of travel costs and submission of mission reports.
- General Administration: established procedures for effective functioning of the Office including advanced practices in using IT tools for records management, good maintenance of Office premises and adherence to security recommendations.

Challenges and Opportunities in Internal Control and Compliance

- Clarify the framework of cooperation with the Association of Private Committees for Safeguarding of Venice (APC), with relevant HQ services
- Ensure awareness amongst bank signatories that electronic payments should only be approved when they have access to all supporting documentation
- Ensure that a control mechanism is put in place to record all missions and leave in TULIP

Table of recommendations

Recommendation 1 (BRESCE): Propose via BFC to the Director-General the structure and locations for BRESCE and its Antenna Offices that would best meet operational needs to achieve current and planned objectives.

Recommendation 2 (BRESCE): Document current control processes concerning APC-funded UNESCO procurement action and present to cognizant central services (BOC, ADM and ERC), and to ADG/CLT as signatory of original agreement. Request formal approval of, or suggested modifications to, current control processes.

Recommendation 3 (BRESCE): Establish resource mobilization plans, including various staffing scenarios corresponding to funding levels achieved.

Recommendation 4 (BRESCE): Ensure that draft project documents and donor reports are cleared by the Director of Office and the Culture Sector before submission to donor.

Recommendation 5 (BRESCE): Ensure input of the relevant data in SISTER.

Recommendation 6 (BRESCE): Ensure changes from the approved budget are authorized by the Steering Committee and take the changing needs of the Office into account in proposing the future budget to the Steering Committee.

Recommendation 7 (BRESCE): Inform BOC/TRS whenever possible of the poor service issues with the bank.

Recommendation 8 (BOC): When relevant and appropriate, inquire from other UNESCO field units using Citibank about their experience with the Citibank electronic banking service and to propose appropriate action.

Recommendation 9 (BRESCE): Issue a memo to staff notifying that authorized bank signatories should not approve payment instructions when away from the Office or without having access to an approved and certified disbursement voucher with all relevant supporting documentation (paper or electronic versions).

Recommendation 10 (BOC): Roll out the new FABS FI module to field (as part of the corporate plan). IOS recommends that BRESCE is considered for one of the first rollout phases, given the existing administrative capability in the Office.

Recommendation 11 (BRESCE): Introduce a control mechanism in the Administrative Unit to ensure that all missions and leave of staff members are appropriately recorded in TULIP.

The following table presents our detailed observations, recommendation and action plans.
