



United Nations  
Educational, Scientific and  
Cultural Organization

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

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de las Naciones Unidas  
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la Ciencia y la Cultura

Организация  
Объединенных Наций по  
вопросам образования,  
науки и культуры

منظمة الأمم المتحدة  
للتربية والعلم والثقافة

联合国教育、  
科学及文化组织

## Internal Oversight Service Audit Section

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## Audit of the UNESCO Office in Bangkok

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# EXECUTIVE SUMMARY

## Key Results of the Audit

While the UNESCO Office in Bangkok fulfils its regional role in Education very well, the Office needs to clarify its regional role for the two other programme sectors - Culture, and Social and Human Sciences.

Financial and Administrative controls were generally good; however, inadequate segregation of duties in mail services led to a clear case of suspected fraud.

The Office will need to address the decreasing levels of extrabudgetary funds, streamline administrative processes in view of high levels of administrative staff, and bring budget controls in line with UNESCO's guidelines.

## Background, Scope and Objective

The UNESCO Regional Office in Bangkok was established in 1961 as the Asian Regional Office for Primary and Compulsory Education. Its mission was later extended to cover all divisions of the Education Sector and the countries of the Pacific region. In 2002, the UNESCO office in Bangkok assumed two roles. As the Asia and Pacific Regional Bureau for Education, it is the technical advisory body to all field offices and Member States of the region and the site of regional programmes for the Education Sector. As a cluster office, it is also the principal coordinator of UNESCO activities, across sectors, in Thailand, Myanmar, Laos and Singapore while also supporting UNESCO offices in Viet Nam and Cambodia.

Total expenditure for the Office in the 2006-07 biennium was US\$15.3 million, of which US\$3.7 million was for Regular Programme and US\$11.6 for extrabudgetary projects. For the 2008-09 biennium (through March 2009) the total expenditure was US\$7.2 million of which the Regular Programme accounted for US\$2.7 million and the extrabudgetary for US\$4.5 million. Details on the number of activities, budgets and the expenditures for the 2006-07 and 2008-09 biennium's are presented in Annex I.

The incumbent Director (D2) was appointed in January 2008 and supervises a total of 131 personnel (including 5 vacant posts at the time of the audit). This includes 21 international professionals, 26 general service staff and three national professional officers on established posts. In addition, there are three associate experts and four international professionals on ALD contracts. The Office also engages 74 personnel on service contracts and special service agreements.

As part of the Audit Plan for 2009, the Internal Oversight Service (IOS) audited the UNESCO Bangkok Office to assess its programme management, internal controls, reporting and compliance with UNESCO rules and regulations. The previous IOS audit of the Office took place in 2003 and all recommendations were closed. IOS conducted the audit in March and April 2009 covering the period January 2007 through March 2009. The audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The methodology included a risk-based review and testing of a judgemental sample of the Office's programme, review of financial and other records as well as interviews of selected staff and meetings with representatives of partner organizations. Results of the audit were presented to the Director of the Office and staff at an exit conference on 7 April 2009, and a separate briefing was held on 20 May 2009 for relevant HQ services/sectors with management of the Bangkok Office participating by telephone.

## **Achievements in Programme Management**

The Office fulfilled its regional role for Education as set forth by the Decentralization Accountability Framework, while developing the programme and budget for the 34 C/5. The Office also took part in the recruitment of Education programme specialists for the cluster and country offices in the region. Work plans for the regular programme were established for all programme sectors based on the concept of Results Based Management. Reporting requirements were generally in conformity to project agreements.

## **Challenges and Opportunities in Programme Management**

- Clarify and formally communicate regional roles, responsibilities and accountabilities for the CLT and SHS sectors.
- Prepare a fund raising strategy for extrabudgetary funds as there has been a steady decrease in extrabudgetary funding over the last four years.
- Align Budget practices: A cross-charging and lack of transparency among regular programme and extrabudgetary funds raises financial reporting and control risks. Areas to be addressed include the practices of charging (1) a 15 percent overhead on all regular programme budgets for publication, public information and supplementary running costs and (2) staff costs against extrabudgetary projects on which they do not work.
- Review administrative and support functions: A high ratio of 70 administrative personnel to 56 programme personnel shows opportunity to restructure administrative and support functions.
- Resolution of technical and functional issues related to SISTER: To ensure a single corporate system for programming, budgeting and reporting, SISTER Management committee to consult with the Education sector on the problems faced in reporting and to resolve them. Further training of office staff in the use of SISTER.
- Get clearance from ERC and LA before entering non-standard donor agreements, to reduce compliance, reputational and financial risks to UNESCO.
- Improve monitoring of travel costs to achieve significant savings.

## **Achievements in Internal Control and Compliance**

Administrative and Financial practices were strong and showed continuous improvement.

In Financial Management, the administrative unit of the Office showed good oversight of office operations. Standard operating procedures were developed to cover the main administrative processes to support the programme staff. The administrative unit also provided active advice to programme staff through internal memos on the changes in policies and procedures. Establishment of electronic processes was underway.

For Contracts and Procurement, there were generally good terms of reference, selection procedures for contracts were adhered to and deliverables were monitored. Travel procedures were generally adhered to including planning, authorisations, calculations, monitoring of advances, submission of travel records and mission reports. A yearly travel budget analysis was prepared for management to analyse travel trends and expenditure for the year.

For SC and SSA contracts terms of reference were well defined; there was limited use of SSA contracts for long term assistance and good selection procedures were applied in the selection of SC contractors and performance evaluations were carried out on termination of contracts.

The Information and Knowledge Management Unit had a publications officer and, a six-point publication checklist provided some quality assurance and a system of tracking publications procedures was in place.

The Office had established systems of electronic registers and filing. It adhered to security recommendations made in a Minimum Operational Security Standards (MOSS) assessment. The Office provided administrative support to offices in the region by providing advice and also sending experienced staff to cover for vacant positions for limited duration, participating in interview panels of administrative assistants in the region. The programme units generally appreciated the support of the Administrative Unit and the Information and Knowledge Management Unit.

The Office was actively involved in the operations management team of UN agencies in Bangkok which is a forum to exchange best practices and areas of cooperation between the operations officers of UN agencies. The Office also provided occasional training to other UN agencies.

### **Challenges and opportunities in Internal Control and Compliance**

- Increase supervision of staff and procedures involved in financial transactions.
- Introduce a more transparent process, as well as a proper segregation of duties, for the procurement of mailing services.
- Consult with BOC and BFC on due process to engage a travel agency if so decided.
- Prepare price comparisons when buying tickets for missions.
- Finance SC and SSA contractors from appropriate budget codes.
- Obtain approval of HRM for the addition of non-standard clauses in the Service and Special Service Agreement contracts.
- Use of author contracts for publication activities.
- Align publication procedures with the new ones being developed by BPI.

### **Table of Recommendations**

**Recommendation 1:**

ADG/CLT and ADG/SHS to formally communicate the regional roles, responsibilities and accountabilities of their sectors to the Directors/Heads of Field Offices and relevant Headquarter sectors and services.

**Recommendation 2:**

DIR/BGK to establish and monitor clear objectives and fundraising plans for its extrabudgetary activities.

**Recommendation 3:**

ERC/CFS to help the Office negotiate with donors at their Headquarters level on clauses that are not in UNESCO project agreements where negotiation at the local level is proving difficult.

**Recommendation 4:**

- a. DIR/BGK to clearly define core duties and assess workload of the Office's administrative personnel. Realign the administrative unit around the new SAP processes of MM and TV and identify areas where savings can be achieved.
- b. DIR/BGK to establish internal standards for the ratio of programme professional and administrative personnel for budgeting and monitoring purposes.
- c. DIR/BGK to use staff turnover and flexibilities of SC and SSA contracting to enhance or improve

efficiencies in administrative and support functions.

**Recommendation 5:**

DIR/BGK to align the Office's publication processes to the new publications policy and guidelines, including:

- a. Mandatory use of author contracts;
- b. Modification of the current six-point plan of publications and tracking form to align it to the new guidelines;
- c. Modification of the Publication Officer's terms of reference;
- d. Establishing an internal training plan for programme officers producing the publications; and
- e. Establishing plans and timeframe for the outsourcing of printing services.

**Recommendation 6:**

DIR/BGK to discontinue the practice of charging running costs to regular programme funds and to introduce a rational and systematic method for allocating IKM costs to regular programme budgets in consultation with and with the approval of programme sectors at Headquarters.

**Recommendation 7:**

DIR/BGK to ensure that further training on SISTER is provided to staff in the sectors.

**Recommendation 8:**

DIR/BGK to institute procedures to ensure that required approval of the Contracts Committee is obtained before awarding contracts that, individually or cumulatively, exceed US\$100,000.

**Recommendation 9:**

- a. DIR/BGK to ensure that all SC/SSA contracts have a valid fund reservation that covers the full period of the contract; are financed as direct costs from projects on which the individual is working; and are in accordance with the work plans.
- b. Where non-standard terms and conditions are used in SC and SSA contracts, DIR/BGK to obtain appropriate clearance from HRM.

**Recommendation 10:**

- a. DIR/BGK to introduce a practice of price comparison when procuring airline tickets.
- b. DIR/BGK to introduce procedures allowing timely reimbursement of ticket costs, through travel advance, for tickets purchased through the internet at more favourable prices.
- c. DIR/BGK to consult with BOC to retain a travel agency on site and follow due process of selection..

**Recommendation 11:**

DIR/BGK to strengthen controls of travel costs by (a) developing a mechanism to measure the impact created by missions on programme objectives, and (b) ensuring appropriate documentation of justification before approving travel, including consideration of options such as video and teleconferencing.

**Recommendation 12:**

- a. DIR/BGK to obtain long- or medium-term quotations from a range of service providers, including consideration of joining agreements already in place at other UN agencies in Bangkok.
- b. DIR/BGK to institute procedures where identification of potential service providers, solicitation and receipt of quotations and selection of service provider are not performed by a single individual.