



United Nations
Educational, Scientific and
Cultural Organization

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
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

IOS/AUD/2010/13
Original: English

Audit of the UNESCO Addis Ababa Office

July 2010

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EXECUTIVE SUMMARY

Key Results of the Audit

Internal controls of the Office have generally improved since the prior IOS audit in 2006. However, the Office Director should give immediate priority to bringing on track a \$4.1 million joint programme under UNESCO's leadership. The Culture Sector should provide support and oversight in this regard. As with other heads of UNESCO field offices, the expected results for the Director in Addis Ababa have not yet been established for the current biennium, and this needs to be addressed by HRM and BFC as a priority. The report also points out several administrative areas where further improvements can be introduced. The Addis Ababa Office generally agreed with the recommendations in this report, and IOS will monitor progress until implementation is completed.

Background, Scope and Objective

UNESCO Addis Ababa Office was established in 1956 and is a cluster office to Djibouti and Ethiopia. During the 2008-09 biennium the Office had a Regular Programme budget of \$1.1 million and extrabudgetary resources of \$1.7 million. The Office has 23 personnel that include the Director, 4 international professional staff, 3 national officers, 4 national general service staff and 11 individuals under Consulting and Service Contracts.

The Office's current programmatic focus is Culture and Education. As a step towards Delivering as One, the UN agencies in Addis Ababa have established several joint programmes, with UNESCO as the lead agency for the joint programme in Culture.

The Internal Oversight Service (IOS) audited the UNESCO Addis Ababa Office in April 2010 to provide assurance on the performance, risk management and controls of the Office. IOS assessed the effectiveness and efficiency of programme management, internal controls and compliance with UNESCO regulations, rules and procedures. The scope of the audit included activities undertaken from January 2008 to March 2010. Activities of the Djibouti Antenna Office were audited separately in 2009, and IOS last audited the Addis Ababa Office in June 2006.

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 testing of a sample of projects, contracts, travel and financial transactions related to 2008-2010. The auditors also interviewed UNESCO personnel, members of the National Commission and representatives of other UN agencies, and discussed the issues raised in this report with managers and staff in the UNESCO Addis Ababa Office.

Achievements

The audit concluded that the Office:

- Completed work plans as required by each sector for the 34 C/5 and prepared project documents/proposals for the extrabudgetary projects as per requirements;
- Participated effectively in the preparation of the UN Development Assistance Framework for Ethiopia;

- Converted Special Service Agreements to Service Contracts for personnel working for extended periods;
- Prepared adequate terms of reference for contracts and ensured that payments generally corresponded to contractual terms.

Challenges and Opportunities

For greater effectiveness and appropriate control, the following actions are needed:

- Give priority to resolving implementation delays for \$4.1 million joint programme on Culture;
- Establish the Office Director's expected results for the current biennium;
- Reinforce programme capacity by promptly recruiting for the Office's vacant post in Communication & Information;
- Strengthen financial and administrative controls in several areas.

Table of Recommendations

Recommendation 1: DIR/BFC, in consultation with ERC and Africa Department, to clarify the liaison responsibilities of the Addis Ababa Office and support it with appropriate guidance.

Recommendation 2: DIR/ADI to: (i) in collaboration with ADG/CLT, ensure that high priority is given to bringing the *Harnessing Diversity for Sustainable Development and Social Change* project back on track; (ii) establish an implementation partnership agreement with the implementing partners; and (iii) apply the conditions of payment applicable to the implementation partnership instead of the cash transfer modality under HACT.

Recommendation 3: DIR/ADI to (i) collaborate with ADG/CI and HRM to expedite the recruitment of the Communication and Information Advisor; and (ii) collaborate with ADG/CI and BB to use staff cost savings from the vacant post to finance temporary assistance and maintain continuity and effectiveness of programme implementation.

Recommendation 4: HRM, in consultation with BFC, to find a solution to move the current administrative officer to a new location and take the necessary steps to recruit a replacement as the Administrative Officer for the Addis Ababa office.

Recommendation 5: BFM, in coordination with ED and BFC to (i) review the option of establishing a joint administrative office in Addis Ababa; and (ii) based on this review and consultations, to restructure the administrative functions of IICBA and the UNESCO Addis Ababa Office.

Recommendation 6: DIR/ADI to ensure the following: (i) the Administrative Officer does not approve and certify the same transactions; (ii) BFC clearance is obtained before using another budget code from Addis Office for running cost; (iii) payment requests are signed by the Certifying Officer or designated back up in the Certifying Officer's absence; (iv) reduction in the use of cheque encashment by identifying alternative solutions, e.g. transfers to participants or travellers' cheques.

Recommendation 7.1: DIR/ADI to establish procedures to ensure that (i) durations of contracts are established according to HR Manual policies; (ii) contracts are signed on or before the start of the contract; and (iii) justifications for candidate selection are recorded and retained.

Recommendation 7.2: HRM/POL to consider and address two issues for service contracts: (i) flexibility on the minimum duration of the contract when funding availability is less than 11 months; and (ii) need for more clarity on current guidance for selection procedures.

Recommendation 8: DIR/ADI to instruct the Administrative Officer to provide training to all concerned staff in correct use and administration of financing activities contracts and consulting contracts.

Recommendation 9: DIR/ADI to (i) ensure that UNESCO templates are used for purchase orders and quotation requests; and (ii) develop a suppliers' roster for the office based on assessments of suppliers and use long-term agreements for recurrent procurements.

Recommendation 10: DIR/ADI to (i) ensure that mission reports are completed and submitted along with the travel claims; and (ii) set up a monitoring mechanism to follow up on recommendations and action plans from mission reports to enhance the effectiveness of travel as a means of programme implementation.

Recommendation 11: DIR/ADI to (i) prepare and present to BFC a replacement schedule for vehicles aged over 5 years or above 100,000 kilometres; and (ii) collaborate with DIT and BFM to explore other alternatives to connectivity through the UNECA network. A possible alternative would be to consider joining the UNDP network connection.

Recommendation 12: DIR/ADI to prepare an implementation plan for recommendations of the October 2009 security review and present to BFC.