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**Internal Oversight Service  
Audit Section**

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**Control Self-Assessment of the  
UNESCO Windhoek Office**

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**Auditor:**  
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## **Executive Summary**

The UNESCO Office in Windhoek completed a self-assessment of its internal controls in May 2010, and IOS validated key conclusions of the self-assessment. This joint exercise found that, for the most part, the Office's controls were in place and operating as intended. However, improvements could be made by filling a key post in the Education programme that has been vacant for eight months, strengthening the Office's information technology, ensuring correct use of contracts and addressing training needs of the Office.

### **1) Self-Assessment Objective, Scope and Approach**

As part of the 2010 annual audit plan, the Internal Oversight Service (IOS) conducted a validation of the control-self assessment performed by the UNESCO Windhoek Office in June 2010. This exercise is to provide limited assurance on the effective design and implementation of internal controls and compliance with UNESCO rules and regulations.

The scope of the self-assessment included programme management, financial control, contracting, supply procurement, human resource management, travel and general administration of the Office. The period covered included activities undertaken from 2009 to 2010.

The methodology included control self-assessment techniques recommended by the Institute of Internal Auditors, and IOS validation was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

A control self-assessment questionnaire prepared by IOS was completed by the Office's management and then validated on-site by IOS using walkthrough and limited sampling techniques. The objective of the testing was to verify the existence of controls documented in the questionnaires and to assess the effectiveness of the control design. Through this exercise, the Windhoek Office and IOS jointly identified:

- areas for improvement,
- compensating controls where required, and
- Implementation dates for the action plan

Following our validation, IOS presented detailed results including main issues and agreed action plans to the Windhoek Director and staff.

### **2) Background on Office**

The Windhoek Office is the cluster office for Namibia, Angola, Swaziland, Lesotho and South Africa. The Office has established posts for a programme specialist for Education (P-3), a programme specialist for CLT (P-3), a programme specialist for Science (P-3), a National Programme Officer for SHS (NOA) and programme specialist for CI (P4). At the time of audit, the Education specialist post (P-4) was vacant. The office employs 20 other staff including four fixed term local staffs, one NOA, one NOP (Angola), three ALD (two in Windhoek, one in Angola), one UIS consultant and ten staff under service contracts.

Regular programme funding of the Office totaled USD1.8 million in addition to ongoing extrabudgetary projects of over USD10 million.

### 3) Self-Assessment Results

The self-assessment identified a number of effective compliance and system-based controls. It also revealed a number of opportunities to improve the overall operations of the Office and reinforce certain internal control and compliance.

Opportunities to enhance the internal control environment include the following areas.

#### (i) Additional staffing needs in the Education Unit of the Office should be addressed

Of the total USD11.8 million funds (regular and extrabudgetary) managed by the Windhoek Office, Education projects and activities accounts for 36 percent. Also, the extension of the UNDAF for Namibia is to generate an additional USD2 million in resource mobilization for Education. Although the Office has a programme specialist (P3) in Education, the P4 post has been vacant since November 2009 and this may adversely affect achievement of the Office's objectives.

#### Action Plan:

While the recruitment process for the P4 Programme Specialist in Education is ongoing, efforts should be made by Education Sector and HRM to finalize the process as soon as possible so as not to affect the Office's performance.

#### (ii) The Office's IT system is deficient and needs to be addressed

The roll out of FABS to the field offices and the introduction of new modules and of share-point will require better connectivity in field offices. The Windhoek Office's main IT functions are managed by the local UNDP IT unit. The Windhoek Office has raised the issue of slow connectivity throughout the compound and IOS noted that connectivity was very slow and access to share-point and FABS was inconsistent and unreliable. Without adequate connectivity, daily programmatic and financial management is difficult. Also, the UNDP IT unit has raised the following critical concerns on the UNESCO server:

- No local technical documentation,
- No backup,
- No disaster recovery plan,
- Faulty file-share,
- No automatic software update service,
- UPS sockets overload,
- No data usage quota configured for users,
- Antivirus software not updated.

In addition, the following issues were raised on the UNESCO workstations:

- Several random local user accounts,
- Poorly controlled local administrator accounts,
- User accounts not password protected,
- Smaller switches connected to random points on the LAN to facilitate access points,
- Inadequate fly-leads on the LAN and broken connectors.

Finally, the WAN connection is only 128k to be shared between more than 20 computers. UNDP has proposed that the office share the UNDP VSAT connection.

**Action Plan:**

DIT has purchased a server for the Windhoek Office. It needs to be installed and associated issues as pointed above should be resolved quickly so as to improve connectivity and data security.

**(iii) The Office has a widespread practice of using Financing Activity Contracts in extrabudgetary projects**

As per Administrative Manual Item 7.3, a Financing Activities Contract is concluded by UNESCO to assist a not-for-profit organization in carrying out a specific activity within one of the fields of competence of UNESCO but not directly part of UNESCO's own activities. In Financing Activity contracts, UNESCO's full or partial funding of the activity comes from the Regular Programme and contractors are required to submit a self-certified itemized financial statement together with any required supporting documentation.

The Office has consistently used Financing Activity Contracts in extrabudgetary projects and this practice is not admissible as per the Administrative Manual. Also, the Office did not consistently request justification documentation to support the financial reports. Adequate assurance that the expenditure has been incurred by the contractor in accordance with the agreed work plan is not obtained if final payment is made without receiving a certified financial statement and/or detailed supporting documents.

**Action Plan:**

This issue has been given priority by the Office and Implementation Partnerships agreements are being introduced.

**(iv) Some general administration procedures need improvement**

There are several guidelines within the framework of UNESCO internal controls which provide guidance on effective and efficient management of expenditures and safeguarding the Organization's assets.

To enhance accountability and reduce risks of non-compliance with UNESCO procedures, several elements of the Office's control framework should be strengthened, as follows:

- UNESCO's adoption of new accounting standards (IPSAS) has led to several changes in the IT environment bringing substantial modifications the organization of work processes. In addition, many of the policies, procedures, standards, and guidelines that provide the foundation for operational and information technology processes have been updated. As a result, a training strategy would need to be developed to ensure that all process owners in the Office have the appropriate knowledge to perform their duties.
- The Administrative Officer recorded transactions into FABS and performed bank reconciliations. There was also an instance where the Administrative Officer certified and approved a payment request. Segregation of duties requires that a staff should not record in the system, have custody of the asset and authorize payment. The introduction of SharePoint will help enhance segregations of duties in authorizing, custody and recoding.
- Office drivers maintained car log books on daily basis; however, the review and analysis of fuel consumption and kilometers should be performed regularly.

- The Office needs to establish a procurement plan. A procurement plan would enable the Office to prioritise and benefit from economies of scale.
- The MOSS report concluded that the UN complex reasonably complies with standards however, there are significant issues to be addressed: no screening of parcels, visitors, and vehicles, absence of sufficient emergency exits, inadequate emergency radio communication equipment.

**Action Plan:**

The above issues are being addressed by the Office and UNDSS is preparing a remediation plan to address MOSS issues.

**4) Conclusion**

Management is committed to improvement of the internal control environment and, as previously indicated, has either taken or is planning to take action on the issues reported<sup>1</sup>.

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<sup>1</sup> Annex 1: detail result and action plan of the self-assessment