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AUDIT REPORT ON THE REGIONAL BUREAU FOR CULTURE IN LATIN AMERICA AND THE CARIBBEAN; CLUSTER OFFICE FOR CUBA, DOMINICAN REPUBLIC, HAITI AND ARUBA

SUMMARY

In accordance with Article 12.4 of the Financial Regulations, the External Auditor submits his final findings report on the Regional Bureau for Culture in Latin America and the Caribbean, Havana (Cuba). The short form of this report and the comments by the Director-General are contained in document 199 EX/15 Part II.

Cour des comptes



**EXTERNAL AUDIT
OF THE UNITED NATIONS
EDUCATIONAL, SCIENTIFIC AND
CULTURAL ORGANIZATION**



**FINAL FINDINGS REPORT
ON THE REGIONAL BUREAU FOR CULTURE IN LATIN AMERICA
AND THE CARIBBEAN,
HAVANA (CUBA)**

External Auditor reference: UNESCO-2015-10

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I. OBJECTIVES AND SCOPE OF THE AUDIT

1. A team of two auditors visited the UNESCO Office in Havana from 14 to 25 September 2015. The audit concerned the activities and management of the Office.
2. The Audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI), established by the International Organization of Supreme Audit Institutions (INTOSAI), and in accordance with applicable texts, in particular Article 12 of the UNESCO Financial Regulations and the Annex on the Additional Terms of Reference Governing the Audit.
3. The auditors met all the chiefs of sectoral units as well the National Commission for UNESCO and the United Nations Resident Coordinator in Cuba.
4. Each finding has been discussed with the Office's responsible officers. The final meeting was held with the officer-in-charge¹ of the Office on 25 September 2015. The senior management took cognizance of the draft report and released its findings. Its comments and responses to the audit findings, and also those made by the Headquarters units to which the draft report was sent, have been fully taken into account as warranted in the External Auditor's final position.

II. LIST OF RECOMMENDATIONS

Recommendation No. 1. Take into account the cluster as a whole in subsequent self-assessments.

Recommendation No. 2. Clarify accordingly UNESCO's regional role in Latin America and the Caribbean.

Recommendation No. 3. Prepare a country programme for the Office in Aruba.

Recommendation No. 4. The finance and administration unit should (i) monitor all the resources and expenditure managed by the Office and (ii) keep up-to-date statements of extrabudgetary and allocated funds it uses and how these are used.

Recommendation No. 5. Strengthen the Office's participation in interagency meetings held in the Dominican Republic.

Recommendation No. 6. (i) Reflect on the staffing levels at the Office in Havana, taking into account both the reduction in the Organization's resources and opportunities to use the services of highly qualified local contractual staff, (ii) and report to the Office the list of posts that need to be filled and those that will not be filled, so that it may plan accordingly.

Recommendation No. 7. The replacement of staff whose definitive date of departure is known in advance should be organized at least one year before that date.

Recommendation No. 8. The conclusion of individual consultant contracts must be preceded by a competitive process.

Recommendation No. 9. Establish a training plan following on from the end-2015 staff appraisals, with a view to the main activities for the next biennium.

Recommendation No. 10. Make the selection criteria for co-contractors as objective as possible.

¹ Following the retirement of the Director of the Office, in September 2013 the officer responsible for cultural affairs was appointed "officer-in-charge" of the Office – a post he holds in addition to the former post. The appointment of a new Director happened to be announced by the UNESCO Secretariat during the audit.

Recommendation No. 11. Anticipate and monitor closely customs clearance procedures.

Recommendation No. 12. (i) Ensure centralized monitoring of missions by the finance and administration unit, (ii) ensure the completeness of the documents provided for the monitoring of missions and (iii) appoint a staff member other than the officer-in-charge at the UNESCO Office in Havana to co-sign the officer-in-charge's mission orders.

Recommendation No. 13. Reflection should be initiated on the future of the documentation centre.

Recommendation No. 14. UNESCO should be involved in the second stage of the plan to restore the Segundo Cabo Palace, focused on converting the building into a cultural centre.

Recommendation No. 15 (for the attention of Headquarters). At the beginning of each major project financed by extrabudgetary contributions, give specific written guidance to the Office on the procedures for handling foreign exchange issues that might arise and for applying the levies for the recovery of the costs of managing extrabudgetary contributions.

III. CONTEXT

5. The UNESCO Office in Havana, established in 1950, is the Organization's oldest field office. In 1972, it became the Regional Bureau for Culture in Latin America and the Caribbean. Since 2001, it has also been the cluster office for the Dominican Republic, Aruba and Haiti. As the Office in Port-au-Prince has been strengthened since the earthquake, it serves especially as cluster for the other three countries in which it represents UNESCO.

6. The countries monitored have contrasting socio-economic regimes. Thus, the number of possible suppliers is often more limited in Cuba. In addition, the management of part of the local staff there is subject to specific rules agreed upon with the government. With regard to Aruba, it has a high level of autonomy but is part of the Kingdom of the Netherlands. Furthermore, the island's population² is much lower than that of the other countries. The restoration of diplomatic ties between the United States and Cuba and a degree of liberalization in the country's economy could have repercussions on the Organization's activities, particularly in the light of the development of digital technologies and foreign investment.

7. During the audit, the Office held in its premises a Meeting of Ministers of Culture of the Community of Latin American and Caribbean States, attended by the Director-General.

8. The Regional Bureau for Culture mainly organizes events and provides coordination and expertise. Two of its main activities are organizing the Meetings of Ministers of Culture and maintaining the Internet Portal of Culture of Latin America and the Caribbean. The officer responsible for the Bureau represents the Director-General in two category 2 centres: CERLALC³ and CRESPIAL.⁴

9. In his end-of-mission report of 30 June 2014, the outgoing director drew attention to the improved cooperation between the countries in Latin America and the Caribbean and the possible development of mechanisms with resources dedicated to that end. He concluded that, in the medium term, UNESCO could face competition from other organizations pursuing the same objectives and should in this case rethink, clarify and if necessary adapt its strategy in the region. Following the Meeting of Ministers of Culture of the Community of Latin American and Caribbean States, held in Havana in September 2015 and attended by the Director-General, the officer-in-charge at the time of the audit considered that that risk was low and that UNESCO was still well-positioned to play the role of regional coordinator for culture. It is difficult to take a final position on

² Some 100,000 inhabitants.

³ Regional Centre for Book Development in Latin America and the Caribbean, based in Bogota (Colombia).

⁴ Regional Centre for the Safeguarding of the Intangible Cultural Heritage of Latin America, based in Cusco (Peru).

the issue in a context that may still change. The United Nations Resident Coordinator in Cuba shared this viewpoint.

10. The last self-assessment that was completed relates to 2014. It focuses on the situation in Cuba with regard to issues that require taking the external context into consideration, such as the possibility to use tendering for procurement and relations with non-profit organizations. However, the cluster includes two countries in very different situations.

Recommendation No. 1. Take into account the cluster as a whole in subsequent self-assessments.

Recommendation No. 2. Clarify accordingly UNESCO's regional role in Latin America and the Caribbean.

IV. AUDIT FINDINGS

A. Scope of action of the Office

1. Office missions

11. The Office's missions are outlined in several documents: for past missions, refer to the activity report 2012-2013 (70 pages), and for future missions, refer to the UNESCO Country Programme Documents⁵ for Cuba 2014-2018 and for the Dominican Republic 2013-2017, in English and Spanish, and also a draft work plan for culture in Latin America and the Caribbean for 2016-2021. The draft work plan, which has few target figures⁶ other than those relating to the ratification of the Organization's conventions, was prepared with the States in the region and was submitted to the Meeting of Ministers of Culture held in September 2015.

12. There is, however, no UCPD for Aruba. The Organization considers that Aruba, which is part of a developed State, does not require such a document. This approach is consistent with its standard practice. It is nevertheless worthwhile considering the possibility of preparing a document that does not address development concerns and is not entitled UCPD, but covers the Office's main lines of action in the island.

13. The officer-in-charge must respect the objectives set at the end of 2014 by the Bureau of Strategic Planning (BSP) in cooperation with him and listed in the My Talent performance assessment tool, regarding his Office management missions. There are two additional objectives, proposed by him, in relation to the functions he continues to fulfil simultaneously in his capacity as Chief of the culture unit.

14. Some sectoral units provide very detailed activity reports. This is the case of the culture unit, which provides a regular biannual report. The auditors, however, did not find any recent equivalent for the other sectoral units, whose main activities, in principle, are outlined in the SISTER database, which is kept up-to-date by the regional bureaux.

15. In contrast, the Office as a whole submits an activity report at the end of the biennium. The latest completed biennial report is a well-illustrated, 74 page-long document covering the period 2012-2013.

⁵ UCPD.

⁶ The indicator figures provided for in the work plan should be completed by Member States, in cooperation with the Office in Havana and the other UNESCO Offices in the region.

16. The Office also keeps an up-to-date Internet portal in Spanish, which focuses on its own region, and also the Portal of Culture of Latin America and the Caribbean, available in English and Spanish. While not underestimating the work this would involve, it would be fitting to include some articles in Portuguese or French.

17. This Portal is currently hosted on a server in Canada. The Office would like it to be integrated into the global UNESCO portal. It expects this to result in savings, as it would no longer need to pay for the current server, and to achieve greater visibility.

Recommendation No. 3. Prepare a country programme for the Office in Aruba.

2. Office structure

18. The Office is divided into seven units:

- five sectoral units (education, natural sciences, social sciences, culture, and communication and information, each including one to seven posts);
- two support units (administration and press);
- and a documentation centre open to the public.

19. In the absence of a fixed-term staff member, the “communication and information” and “press” units are currently managed by one person whose contract is renewed every three months.

20. The Office has an antenna in the Dominican Republic with one permanent staff member.

3. Relations between the Office and Headquarters and the other UNESCO Offices

21. Relations with the regional bureaux in Santiago and Montevideo were not the subject of criticism during the audit.

22. The abolition of the department at Headquarters that provided the main point of contact with the field offices has led to the monitoring by the sectoral units of extrabudgetary and allocated funds. The monitoring of some operational activities, such as travel, has been partly taken over by these units. The post of the Finance and Administration Officer remained vacant for two years, from June 2011 to August 2013. The two administrative officers who managed the unit, directly under the auspices of the Director, left: one retired and the other left for another field office. One of the two individuals has not been replaced. Notwithstanding the turnover of Finance and Administration Officers, these developments have reduced the overall visibility of resources of a body that remains medium-sized. For instance, the replies to the external auditors' questions on extrabudgetary and allocated funds thus required a much more specific and significant effort that had been foreseen⁷. Despite repeated requests, it has been particularly difficult to find out the level of extrabudgetary expenditure and funds for 2014-2015 (the finance and administration office was in fact only able to provide the level of extrabudgetary expenditure for this biennium).

23. As the Office's financial data is monitored on a project-by-project basis (and, in the case of extrabudgetary funds, is divided into two applications – *Sharepoint* and *Duo*), it was not possible for the Office to quickly provide the total annual level of extrabudgetary and allocated funds. It is essential that the finance and administration unit monitor all of the Office's resources and expenditure and keep up-to-date statements of all the extrabudgetary and allocated funds it

⁷ Although the main purpose of the service is clearly not restricted to supporting the work of the external or internal auditors!

receives and how these are used. A monthly update of the Office's overall income and expenditure would also be desirable.

Recommendation No. 4. The finance and administration unit should (i) monitor all the resources and expenditure managed by the Office and (ii) keep up-to-date statements of extrabudgetary and allocated funds it uses and how these are used.

4. Relations between the Office and the national authorities

24. The relations with the National Commission and with the Cuban Ministry of Foreign Affairs are described as very good by both the Office and the Cuban National Commission. The National Commission considers that the Office has thus far made significant achievements with scarce resources. It perceives the natural sciences unit as that which had access to the fewest resources, in spite of the importance attached to it by UNESCO.

25. UNESCO was not affected by the reform announced by the Cuban Government in 2012, which provided that local staff must be recruited solely through a State agency.

26. Contacts were more difficult in the Dominican Republic between 2012 and 2014 as the country's National Commission had no Secretary-General. Some senior government officials in the country reportedly believed that the Organization had a preference for one of the two presidential candidates, which the Office formally denies. This difficulty was compounded by the relocation of the National Commission which, until then, had been in an ideal and valued location. According to the officer-in-charge, the situation improved considerably in 2015, following the Director-General's visit to the country and a clarification of procedures with the new National Commission Secretary-General⁸.

27. The Office regularly attends the monthly United Nations interagency meetings held in Cuba. The United Nations Resident Coordinator in Cuba has a very positive image of the Office. However, the Office representative's attendance of the interagency meetings held in the Dominican Republic is irregular: she attended two out of five meetings held in the first half of 2015 and fewer than half of the meetings in 2014.

28. At the interagency level, cooperation takes place in three areas:

- Security, in a region strongly affected by natural disasters (cyclones, in particular):
- standard operating procedures, particularly the definition of a single budget structure as requested by the United Nations Secretariat. While the United Nations Resident Coordinator has no reservations to taking part in a joint endeavour, it should be noted that this issue has never been discussed with the Office auditors;
- the United Nations Development Assistance Framework, which the Office has signed on the understanding that a portion of its activities is not included in the programme.

Recommendation No. 5. Strengthen the Office's participation in interagency meetings held in the Dominican Republic.

⁸

According to the Office, at the beginning she occasionally bypassed the Office in Havana in her relations with the Organization by contacting Headquarters through the delegation in Paris.

B. Office resources

29. Staffing levels at the Office in Havana decreased by 23.25% between 2012 and 2015, falling from 43 to 33 staff members. This decrease initially affected fixed-term staff (-35.71%) and holders of service contracts (-26.66%) and service provider contracts (-40%), while the number of staff members on secondment remained unchanged and the number of consultants increased by one.

30. The decrease in staffing has particularly affected operational services, which represented no more than 54.54% of officials in 2015, against 58.13% in 2012 and 59.45% in 2014.

Table 1. Changes in Office staffing levels from 2012 to 2015

	1 January 2012	1 January 2014	15 September 2015
Fixed-term staff	14	13	9
Service contracts	15	12	11
Consultants	2	2	3
Staff members on secondment	7	7	7
Service provider contracts ⁹	5	3	3
Total	43	37	33

Source: External Auditor, based on data provided by the Office in Havana.

Table 2. Changes in Office staffing allocation, 2012 to 2015

	1 January 2012	1 January 2014	15 September 2015
Operational services	25	22	18
General administration	6	4	5
Support services ¹⁰	12	10	10
	43	37	33

Source: External Auditor, based on data provided by the Office in Havana.

31. Of the 13 theoretical fixed-term posts, nine posts, including four involving non-administrative functions, are filled. Several posts, the abolition of which has not been planned, have remained vacant for long periods. The external audit report regarding the future-oriented employment and skills management policy at the Office in Havana (23 May 2014) highlighted the close relationship between the Office and Headquarters within the framework of formal procedures, but the Office was not involved in reform plans and officials lacked a specifically designated contact person to address concerning their career prospects.

⁹ The employees in question are cleaning staff.

¹⁰ Drivers, guards, maintenance and cleaning staff.

32. The Director of the Office retired, having reached the age limit. The resulting vacancy was still unfilled more than a year later, as the call for applications, launched five months before the Director's retirement date, was unsuccessful and had to be renewed.

33. Despite an agreement reached in February 2014 between Headquarters and the former Director of the Office, the latter and the officer-in-charge took the initiative on several occasions to request Headquarters to fill the vacant posts: in his end-of-mission report of 30 June 2014, the previous Director requested the replacement of a P-2-grade official in the culture unit who had been transferred to Haiti and that of an administrative assistant in the finance and administration unit whose post had been "suspended". In a message of 29 July 2015, the officer-in-charge requested Headquarters to provide the Office with 15 fixed-term posts instead of the current 13 posts (four of which are vacant).

34. These units have succeeded in maintaining their activity despite reduced staff owing to the competence of officials and their comprehensive knowledge of the field, the senior staff having been in office for a long time. Their work is also facilitated by the effective assistance of contract staff and staff members on secondment, referred to below. The contract staff have a high-level of university education, which often makes them over-qualified in relation to the positions they hold; their level of remuneration is low compared with that of officials with international status, but far higher than the average level of local salaries.

35. It would seem appropriate, in the current circumstances, to make the staffing levels within the Office in Havana the subject of a joint study between Headquarters and the Office. The study should take into account both the decrease in the Organization's resources and the potential to make use of the skilled local workforce. At the conclusion of this study, the Office should be informed of the list of posts to be maintained and of those to be abolished so that it may make plans accordingly.

Recommendation No. 6. (i) Reflect on the staffing levels at the Office in Havana, taking into account both the reduction in the Organization's resources and opportunities to use the services of highly qualified local contractual staff, (ii) and report to the Office the list of posts that need to be filled and those that will not be filled, so that it may plan accordingly.

Recommendation No. 7. The replacement of staff whose definitive date of departure is known in advance should be organized at least one year before that date.

36. **The regular budget funds** received by the Office in Havana from UNESCO's regular budget are considerably lower than those received in the 2010-2011 biennium (\$848,000¹¹): actual expenditure reached \$560,591 in 2012-2013 and \$259,718 in 2014-2015¹², according to information provided by the Office.¹³

37. In the area of culture, the Office in Havana supplements these funds through **fund allocations from the Headquarters' regular budget** or from other local offices and regional bureaux to offices and bureaux in the host region. After consulting the national offices, the Office in Havana – which provides regional facilitation – has made proposals to Headquarters for funds to be distributed within the area. These fund transfers amounted to \$582,687 in 2012-2013 and \$685,200 in 2014-2015, according to information provided by the Office.

¹¹ United States dollars.

¹² The expenditure financed from regular budget funds has been supplemented by expenditure financed from funds that the Office receives as part of the system of cost recovery from voluntary contributions (\$71,712 in 2012-2013 and \$39,807 in 2014-2015).

¹³ These figures, and those appearing in subsequent paragraphs, have not been confirmed by Headquarters.

38. **Extrabudgetary funds** are decreasing owing to the completion of a major restoration project of the Segundo Cabo Palace: they fell from \$3.5 million for the biennium 2010-2011 to \$631,213 for the biennium 2012-2013, and to \$140,399 for the biennium 2014-2015.

C. Specific findings on management

1. Staff management

39. Personnel management was extensively addressed by the aforementioned report on forward employment management.

(a) Diversity of status

40. Personnel management is characterized by the diversity of status, which leads to pronounced inequalities in levels of remuneration among officials:

- staff with fixed-term contracts within the meaning of the UNESCO Human Resources Manual (HR Manual) Item 13.3 (fixed term contracts¹⁴);
- individual consultant contracts provided for by Item 13.10 of the UNESCO Human Resources Manual;¹⁵
- service contracts provided for by HR Manual Item 13.9;¹⁶
- service provider contracts (entered into with individual cleaners as there are no cleaning companies in Cuba);
- staff members on secondment from the Cuban Government.

(b) Proliferation of short-term contracts

41. The duration of service contracts is sometimes very short: 10 out of 11 holders of such contracts have had one or more contracts lasting less than six months. One official has only held contracts of about three months since his recruitment in September 2014,¹⁷ with the result that the Office exchanges e-mail messages with Headquarters every quarter to ensure that the necessary funds will be allocated for the renewal of this contract. This situation complies strictly with the provisions of Item 13.9 of the UNESCO Human Resources Manual, but it puts the officials concerned in a precarious situation.

(c) Lack of a competitive process to select individual consultants

42. The files of the three individual consultants actively employed¹⁸ contain no indication that they were subjected to a competitive process before their contracts were signed, in contrast to the files of other officials in the Office, for whose recruitment a genuine competitive process took place and whose applications were subjected to detailed analysis, especially at the final shortlist stage.

43. The absence of consultation is contrary to the provisions of Item 13.10 of the UNESCO Human Resources Manual, which provides for a selection procedure for consultants from among at least three applications.

¹⁴ Staff members holding contracts for a specific period (*temporary staff members*) hold renewable contracts of at least one year (these are normally fixed at two years, unless they are financed through extrabudgetary funds for a shorter period).

¹⁵ Individual consultant contracts are limited to 11 months.

¹⁶ Service contract holders are always recruited locally; their initial contract period must be between one and 12 months; they are renewable for periods of less than 12 months.

¹⁷ One four-month contract, followed by a two-month contract, then three three-month contracts, from September 2014 to November 2015.

¹⁸ Former fellows sent by the Spanish Basque Autonomous Region.

44. One individual consultant has since 2010 held 14 contracts, one after the other, representing a total of \$155,710, without any prior selection procedure. The contracts she has held essentially concern the implementation of the 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions: coordination of promotional activities relating to the cinema in Latin America and the Caribbean entitled “cameras of diversity”, participation in UNESCO’s audiovisual campaigns combating violence against women and AIDS (in cooperation with UNAIDS), a local development project for the creation of jobs by the cultural industries and, incidentally, the supervision of Spanish versions of the journal *Culture and Development*.

45. The Office justifies the absence of a competitive process by citing the local shortage of qualified people in the audiovisual field with experience of the region as a whole, owing to the lack of easy access to the Internet in Cuba, and the successful adaptation to its requirements by the person concerned, who had initially worked in the Office within the framework of the “Basque volunteers” cooperative programme made available by the Spanish Basque Autonomous Region.

46. The consultant appears to be currently working as a permanent staff member in the Office. Moreover, she accepts much lower remuneration than that received in the past (she received through her contracts \$15,900 in 2014 and \$7,500 in 2015, as against \$49,754 in 2010 and \$48,516 in 2011). She is currently working on a single project, funded by Sweden.

47. It is suggested that systematic consultations be organized in the future before any new consultant contracts are concluded in favour of former Basque volunteers, which will allow, if necessary, the absence of a sufficient level of genuine competition to be demonstrated.

Recommendation No. 8. The conclusion of individual consultant contracts must be preceded by a competitive process.

(d) Staff members on secondment

48. Staff members made available by the Cuban Government include one programme specialist, a former ambassador who runs the natural sciences unit, the four staff members in the documentation centre, one receptionist and one driver. Four of these seven staff members are over 70 years old; the Government pays them very low wages, supplemented by a modest amount paid by UNESCO with the fairly informal agreement of the Cuban authorities.

49. This situation is certainly not fully satisfactory. It has the merit of providing the Office with resources that the Organization would probably not be able to, in view of its financial situation.

50. It should be noted that the staff members on secondment are the only ones for whom appraisals are not completed,¹⁹ because there has been no request to do so by UNESCO Headquarters or the Ministry from which they are seconded.

(e) Compensation levels

51. In 2015, the United Nations agencies represented in Cuba conducted a compensation comparison. The prospect of a merger of the two currencies that are used in Cuba was discussed recently but does not seem to be on the agenda in the short term. It is possible that the comparison and reform lead to claims for the reassessment of some compensation levels.

¹⁹ The appraisals of the other staff members have been completed electronically through the applications Perfoweb and MyTALENT.

52. The remuneration of service contract holders was reassessed in March 2015, while remaining, according to the end-of-mission report by the former Director of the Office, below the UNDP²⁰ pay scale.

(f) Appraisal of staff members

53. The last individual staff appraisals were conducted at the end of the 2012 -2013 biennium, in accordance with the standards of the Organization. There was no mid-term review half way through the biennium. In December 2014, on an experimental basis, the officer-in-charge and the Finance and Administration Officer filled in their profiles on the new staff performance application *MyTALENT*. The officer-in-charge plans to conduct the end of 2014-2015 biennium appraisals by the end of 2015.

54. Staff employed under service contracts are subject to yearly appraisals, which are important in the process of contract renewal. The report on the future-oriented employment and skills management of the UNESCO Office in Havana, conducted in 2014, noted that the Director, or his replacement, participated in or conducted all of the appraisals for fixed-term staff, but not for service contract staff. It recommended that in future, in order to broaden the scope of his information and even strengthen his authority, he could countersign the appraisals that he did not conduct himself, which would give him the opportunity to add comments.

(g) Continuing training

55. The Office does not have a training plan for all of its staff members. Headquarters did not earmark funds to that effect during the biennium.

56. Some individual courses were nonetheless followed, in particular by the new Finance and Administration Officer; UNESCO Headquarters has recently offered language training, financed either by the staff members themselves or by the Office. Three staff members expressed an interest. There are also interagency training courses available on common issues such as security and AIDS prevention.

57. Admittedly, some missions, such as workshops with experts from various backgrounds, served an equivalent role. Presentations were made by senior Office staff on topics such as results-based management (RBM). In several areas, however, such as financial and administrative management and the establishment of programmes, specific training is difficult to replace. For this type of training, the Office could make greater use of joint training with other United Nations agencies present in Cuba or, if necessary, propose to the other agencies the development of new training modules.

Recommendation No. 9. Establish a training plan following on from the end-2015 staff appraisals, with a view to the main activities for the next biennium.

2. Management of contracts

58. The auditors examined in detail a sample of 14 contracts for the supply of goods and services. All of the files requested by the auditors were provided by the Office. The following observations were made.

(a) Competition conditions

59. For several contracts, there were no elements in the files demonstrating a call for competition: contract No. 4500197716 signed with the Academy of Sciences of the Dominican Republic for a study on the perception of science and technology among students (\$10,200);

²⁰ United Nations Development Programme.

contract No. 45001999366 with the Trinidad and Tobago Film Festival (\$16,732.87); contract No. 4500260927 with the Dominican College of Journalists (\$15,000 from UNESCO). The partners selected are not necessarily to be challenged. The amounts involved were less than \$20,000.²¹ It is not unusual for the Office to use a number of particularly renowned partners within the limits set by the Organization. However, it is necessary to specify reasons for the choices, particularly when it is possible to operate in open markets such as the Dominican Republic and Trinidad and Tobago. Wherever possible, the selection criteria should include objective elements, which is not always easy. Thus, there were criteria for the selection of the Trinidad and Tobago Film Festival, but they were mainly qualitative; it is therefore difficult for non-experts to assess their relevance.²² It seems, nevertheless, that the festival was directly chosen by Headquarters as part of the operation “Cameras of diversity for a culture of peace”, which should have been mentioned in the file.

60. In the case of contract No. 4500264232 signed with the Eduardo Moreira Ocanto *Grupo Privado Construccion* (Private Construction Group), for repair work on the office premises (\$12,420.26), the Office consulted three companies, but only one actually applied. We find this problem in conjunction with other services, even in market economy countries, where sometimes there is only one possible supplier. This issue is shown, for example, in exchanges between the Office, which was concerned about the call for competition for subcontracted services and the University of the West Indies on the fact that only one of the three travel agents consulted could guarantee the expected service (contract No.10104209) and that there is only one supplier of Xerox toner in Barbados.

61. In the case of contract No. 4500256151 signed with an individual consultant for 29 days' work for \$2,050, the recruitment file, which was moreover incomplete, showed that three candidates were considered. The choice of candidate was justified by the fact that the individual had worked on several issues with the Office since 2006, including as manager of the Flow Regimes from International Experimental and Network Data Sets (FRIEND) programme of the International Hydrological Programme (IHP) in Latin America and the Caribbean (LAC). While this choice is undoubtedly valid, the question remains as to whether, in these conditions, the other two names mentioned in the file were only there as a matter of form.

(b) Ex-post evaluation of contracts

62. Ex-post evaluation is generally carried out by ticking all or some of the boxes provided for this purpose in the relevant form (formerly document 431B).

63. In some files, however, there was no evaluation. This is the case for the following contracts: 4500272814 for office supplies – which is nonetheless for a small amount; 4500272813 with the group Islazul; 4500226722 with an individual consultant; and 4500264232 with the Eduardo Mareira Ocanto Private Construction Group.

64. In the latter case, the contract should have been completed no later than 31 July 2015. It was the only service provider in the construction industry that had responded to the call for tenders, while that industry is currently overcrowded in Cuba. It is therefore difficult to criticize its incompleteness, for the moment at least.

(c) One particular case of conflict with the vendor

65. In a case involving the import of a satellite dish,²³ there was a dispute over the defraying of the storage charges in the customs' bonded warehouses, totalling CUC 6,973.87²⁴ with

²¹ Article 4.1.1. of the United Nations Procurement Manual provides for competition but it does not set a limit; the threshold of \$20,000 chosen here was done so in order to highlight only significant transactions.

²² “Highly qualified management team”, “outstanding and remarkable work done by this counterpart for the organization of the previous film festival”, “most recognized festival within the non-Latin Caribbean”.

²³ Contract No. 4500236209 for \$57,312 of 1 December 2014.

²⁴ Cuban convertible pesos.

AEROVARADERO, the only Cuban agency authorized to store airfreight for customs clearance. The import license was issued by the Cuban authorities 24 days after the deadline, which was far later than expected, in spite of the reminders sent by the UNESCO Office (see letter dated 1 September 2014 sent by the officer-in-charge).

66. The Office considered that it could not afford to continue the dispute with the agency with a monopoly over airfreight entering Cuba and that it could not consider entering into a formal dispute with the national authorities with which it worked daily in a spirit of goodwill. The Office therefore paid the contested bill.

Recommendation No. 10. Make the selection criteria for co-contractors as objective as possible.

Recommendation No. 11. Anticipate and monitor closely customs clearance procedures.

3. Management of procurement

67. The UNESCO Office in Havana uses three joint purchase agreements with the various United Nations agencies in Havana, signed by the representative of the United Nations Development Programme (UNDP) with Air France – KLM, Copa Airlines and the hotel chain “Grupo Hotelero Islazul”. It has two contracts established by UNESCO alone on a global level for the purchasing of computers and certain transmission services. On the other hand, it does not use group purchasing for current supplies, deeming the volumes entailed insufficient to justify the practice.

68. The Office in Havana is then at the crossroads of two group purchasing deals, one organized by Headquarters in Paris with a supplier for all of the Organization’s offices and the other for the United Nations agencies in Cuba, through calls for tender on a geographical basis restricted to this country. It may be worth considering a global call for tenders by the United Nations for all of its agencies for certain products such as computers.

69. Examination of contract No. 4500272813, signed in January 2015 with the hotel chain “Grupo Hotelero Islazul”, confirms that the Office did indeed use the group purchase agreement for the service.²⁵

70. The Office has not established an information technology master plan.

4. Management of assets

71. Well-maintained annual inventories are taken of the assets of the Office in Havana. Their acquisition value at 31 December 2014 stood at \$243,773.89.

72. The Headquarters Agreement of 9 September 1949 provides that the premises (a mansion house built in 1924) made available to the Office “shall be furnished appropriately by the Cuban Government”. A list of the 89 pieces of antique furniture and art concerned was also established. It specifies the location and inventory number of each object but not its value, unknown to the Office and of no practical significance because the property belongs to the Republic of Cuba and is not subject to amortization.

²⁵ A procedural matter concerns this contract: the precise date of the signature is not filled in; the first page simply states “January 2015”.

5. Management of travel expenses

73. Travel expenses have been examined by the external auditors on the basis of the Office's aggregate figures and from a sample of missions.²⁶

(a) Mission monitoring procedures

74. The monitoring of missions is held on paper in the sectoral units, except for those of the Director and the culture unit, which are held on computer.

75. The auditors had to submit a request in order to obtain a comprehensive list for the Office. There is usually no central monitoring of missions by the finance and administration unit and the programme of missions is not pre-established annually but quarterly.

76. A recent mission, from 30 August to 4 September 2015, was omitted.

(b) Evaluation of the missions

77. During the last full year, that is to say 2014, four staff members spent more than 40 days on mission, excluding annual leave and sick leave. The outgoing Director spent 29 days on mission during the first half of 2014. The Chief of the education unit was on mission for 70 days and the Chief of the culture unit, who has combined his duties with those of officer-in-charge from 1 September 2014, was on mission for 64 days.

78. It is difficult to say whether these figures are inevitable or excessive.

79. For these four staff members, travel to Dominican Republic, which forms part of the cluster, seems to be inevitable, even though the Office has a representative in this country. Those missions accounted for 35 days out of 70 for the Chief of the education unit in 2014, but six out of 64 for the Chief of the culture unit, who nevertheless travelled to Dominican Republic for 11 days at the beginning of 2015. A third staff member spent 17 days in the Dominican Republic out of a total of 42 days on mission.

80. In contrast, another staff member who spent 50 days on mission in 2014 did not travel to the Dominican Republic at all. He nevertheless travelled to Haiti four times for a total of 31 days. These figures are partly justified by the preparation of his new assignment to the UNESCO Office in Port-au-Prince, Haiti. These trips nevertheless exceed normal needs for reconnaissance and preparation for his transfer.²⁷

81. Travel by the officer-in-charge/Chief of the culture unit to other countries in the region is linked to the fact that the UNESCO Office in Havana is also the Regional Bureau for Culture in Latin America and the Caribbean. The 45 days spent in Paris in 2015, during two trips three weeks apart,²⁸ seem long, but one of them, from 6 to 26 April 2015, paid by the staff member, was mainly for annual leave and the other, from 13 May to 5 June 2015, which included participation in two three-day seminars, one in Casablanca from 17 to 19 May and the other in Paris, from 1 to 3 June, also included days of annual leave.²⁹

(c) Supporting documents for travel expenses

82. Mission orders are signed by senior Office staff and the Finance and Administration Officer. This process is normal, except in the case of the officer-in-charge, for whom another staff member should co-sign the mission orders.

²⁶ Twenty-two paper files plus the electronically recorded files.

²⁷ According to the Office, she was beginning to conduct missions on behalf of her new posting.

²⁸ Only one of which was paid for by the UNESCO Office in Havana.

²⁹ The staff member concerned said that the solution chosen, in agreement with Headquarters, helped to limit the total expenditure on staff mission costs.

83. The payment orders for the mission expenses that are recorded by computer show the names of the claimant and of the Finance and Administration Officer. They do not, however, bear the reproduction of the handwritten signature of the parties concerned.³⁰

84. The mission reports are not always included in the files³¹ but this is the exception and not the rule.

Recommendation No. 12. (i) Ensure centralized monitoring of missions by the finance and administration unit, (ii) ensure the completeness of the documents provided for the monitoring of missions and (iii) appoint a staff member other than the officer-in-charge at the UNESCO Office in Havana to co-sign the officer-in-charge's mission orders.

A. Management of projects

1. The documentation centre

85. The UNESCO documentation centre in Cuba has several important advantages:

- it is well located, in a separate building adjoining the UNESCO Office in Havana, not far from the University of Havana;
- it has Internet connection, which is rare in Cuba, allowing online access to all the Organization's documentation;
- it houses original documents in Spanish (books and journals published by the Organization);
- it is permanently staffed by four Cuban staff members on secondment who have exceeded the retirement age in European countries,³² but have worked in the area of documentation and information for the Cuban Ministry of Foreign Affairs; they are motivated and proud of their centre and they cost the Office very little.³³

86. Its advantages are tempered by the poor maintenance of the premises and conditions of conservation of the documents, which are likely to deteriorate owing to the tropical heat and humidity and lack of air conditioning, and by the limited space available for visitors. Restoration work, installation of air conditioning and reorganization of the facilities would help to safeguard the existing heritage and increase the centre's footfall, which is limited: during the first eight months of 2015, 428 books, 1,293 journals and 6,256 computerized pages were consulted.

87. The footfall could probably be increased by expanding the centre's vocation to cover other United Nations agencies.

88. It is therefore suggested that reflection should be initiated on the work to be done, and on how to expand the centre's vocation and seek voluntary contributions to fund the studies and works.

³⁰ For the trip to Casablanca by the Chief of the culture unit, for example, and his trip to Dominican Republic from 7 to 17 January 2015.

³¹ See mission to Santo Domingo from 7 to 13 April 2015; mission No. 0024000820 to "elsewhere" in Cuba from 20 to 23 May 2015; mission No. 0024000560 from 31 January to 3 February 2013.

³² There is no mandatory retirement age for Cuban civil servants, who can continue to work and receive their (low) wages unless a doctor declares them unfit for work, according to information provided on the ground.

³³ Wage supplements of \$80 to \$100 per month.

Recommendation No. 13. Reflection should be initiated on the future of the documentation centre.

2. Restoration of the Segundo Cabo Palace

89. The Office played an important role, from 2010 to 2014, in the financial management and monitoring of the restoration of the Segundo Cabo Palace, one of the main historical buildings in Old Havana, which has been on the World Heritage List since 1982. The restoration was provided for by the European Union (EU) Contribution Agreement to an international organization, signed on 4 and 16 November 2009 by both the EU and UNESCO.³⁴

90. The agreement provided for three different results:³⁵

- perfect restoration of the outside of the building (result R1);
- completion of studies on the vision for the future use of the building, destined to become a cultural centre oriented towards exchanges between Europe and Cuba (R2);
- installation of fixtures and provision of furniture and multimedia equipment necessary for receiving the public and the implementation of the activities of the future cultural centre (R3).

91. The supervision of the project was entrusted by the agreement to a management committee comprising representatives of the EU, UNESCO (represented by the Office in Havana) and the Office of the Historian of the City of Havana (OHCH³⁶) and an operational coordination committee, pertaining to the aforementioned management committee and including multiple local authorities. Although it is not explicitly stated in the agreement, the project manager, who awarded the architectural, engineering and construction contracts, was OHCH.

92. Funding was provided mainly by the EU (€1.1 million out of a total €1.265 million), with UNESCO paying €45,000 and OHCH €120,000.

93. The Office played an essential role in the daily financing of the project, making the necessary payments to OHCH as the restoration progressed, after calling up resources from the EU and supplementing them, as appropriate, with UNESCO's contribution.

94. The duration of the project was much longer than expected, but it stayed almost within budget, thanks to the postponement of some of the initially planned results during the restoration.

95. The restored palace was inaugurated on 14 December 2014, after five years' work, while the agreement had provided for a 36-month project. The two-year delay was principally owing to the following factors: the lengthy relocation of the previous occupant of the Palace, the *Instituto Cubano del Libro* (Cuban Book Institute), which did not vacate the premises until June 2010; the delays of some companies, called upon to intervene at other sites; and the difficulties encountered in consolidating the building structure – after considering the installation of 360 micropiles, OHCH abandoned that solution for financial reasons and decided instead to lighten the structure by using a special type of cement and taking measurements (showing its sturdiness thus far).

96. The cost increase incurred by the delays and the consolidation of the building's structure was offset by foregoing during the renovation most of the activities relating to results R2 and R3: these

³⁴ The Organization was represented by the Director of the Division of Cooperation with Extrabudgetary Funding Sources.

³⁵ These three results (R1, R2 and R3) are detailed in Annex 1 of the agreement (pages 7 to 10).

³⁶ Oficina del Historiador de la Ciudad de La Havana (OHCH).

activities were either cancelled or postponed to a subsequent project, as yet undetermined, or co-funded by UNESCO and OHCH, without the financial participation of the EU, for a small part of the equipment for the sixth and seventh contracts of the project (a total cost of €41,381.70). The project therefore only enabled the renovation of the building and the studies for its conversion into a cultural centre, but did not cover the equipment for the centre, contrary to what was initially planned.

97. The total cost of the project was €1,303,625.38 instead of €1.265 million, the difference of €38,625.38 being attributable to the cost of the abovementioned sixth and seventh contracts, which totalled €41,381.70, minus the interest earned on the investment of the project's cash flow at times.

98. The technical and aesthetic success of the restoration of the Segundo Cabo Palace has given significant visibility to UNESCO in Cuba: since its completion, the ambassadors of European Union countries have sought to involve the Organization and its Office in Havana in other projects. In this context, it would be unfortunate if UNESCO were not involved in the second stage of the project (the installation of the facilities and equipment necessary for the cultural centre to function, initially provided for in results R2 and R3), and in its future functioning. It is nonetheless possible that the European Union may sign a contract with OHCH alone, in the amount of around €700,000 to complete the abovementioned second stage.

99. The Office's potential participation would mean that its finance and administration unit should be prepared by Headquarters to participate in such a task.

Recommendation No. 14. UNESCO should be involved in the second stage of the plan to restore the Segundo Cabo Palace, focused on converting the building into a cultural centre.

100. The UNESCO Office in Havana encountered financing difficulties during the project, for a total amount of around \$60,000, for two reasons:

- the exchange rate between the euro (currency of the European funding) and the United States dollar (currency of the building work) fell sharply during the five years of work;
- the amount of the 7% levies taken by the Organization on the successive payments of EU contributions³⁷ (in the framework of its cost-recovery mechanism regarding the management of extrabudgetary contributions) was higher than the Office expected.³⁸

101. The Office therefore had to use around \$60,000 in funds available to it from the regular budget, in order to top up the funds from the European contribution and meet the calls for funds by OHCH to finance the work.

102. It would be very useful in future for Headquarters to strengthen its assistance to field offices that are faced with the management of major projects funded by extrabudgetary contributions and managed in several currencies, by providing them with specific written guidance at the outset of the project on the management of foreign exchange issues that might arise and the application of levies on extrabudgetary contributions. In that connection, Headquarters should appoint a financial focal point to help field offices to resolve their difficulties.

³⁷ The amount, valued at €71,963 in Annex 3 of the EU agreement, amounted ultimately to €71,782.29 (or \$99,524.66), according to the Chief Financial Officer at Headquarters.

³⁸ The total amount of these levies (€71,782.29) was nevertheless slightly lower than that provided for in Annex 3 of the agreement (€71,963), while some partial levies were greater than the amount estimated by the Office (several different interpretations were given to the auditors concerning this situation).

Recommendation No. 15 (for the attention of Headquarters). At the beginning of each major project financed by extrabudgetary contributions, give specific written guidance to the Office on the procedures for handling foreign exchange issues that might arise and for applying the levies for the recovery of the costs of managing extrabudgetary contributions.

3. Implementation of the Convention for the Safeguarding of the Intangible Heritage

103. As a regional bureau, the UNESCO Office in Havana has carried out an important activity in implementation of the Global Strategy for Strengthening National Capacities for Safeguarding Intangible Cultural Heritage, defined in 2009 for the implementation of the 2003 Convention for the Safeguarding of the Intangible Cultural Heritage, ratified by 30 out of the 33 countries of Latin America and the Caribbean.

104. The initiatives of the Office, those of other offices in the region and funds from the Fund for the Safeguarding of the Intangible Cultural Heritage all contributed to the achievement of the following results between 2009 and 2014:

- four inscriptions on the List of Intangible Cultural Heritage in Need of Urgent Safeguarding;
- four inscriptions on the list of best safeguarding practices in this field;
- 27 inscriptions on the Representative List of the Intangible Cultural Heritage of Humanity (in addition to the 40 inscriptions in Latin America and the Caribbean in 2008); three of these new inscriptions³⁹ concerned several countries at the same time.

105. The Office reported on these results by presenting, in 2014, the many cases of safeguarding action for the intangible cultural heritage in the region in issue No. 12 of its journal, “Culture and Development”, which is a very successful example of cultural communication.

106. In addition to the two Internet portals, the Office disseminates information through paper journals such as that mentioned above, with print runs of between 500 and 1,000 copies. Once a document has been drawn up, given the minimal surcharge that would be incurred and the important regional role it could play, the question arises as to the utility of larger print runs (such as 2,000 journals, for example), combined with a dissemination plan in all national offices in the area.

V. ACKNOWLEDGEMENTS

107. The External Auditor extends sincerest thanks to the officer-in-charge of the UNESCO Office in Havana and his colleagues for their cooperation and the accuracy of the information provided.

End of audit findings.

³⁹ The oral heritage and cultural manifestations of the Zápara people (Peru and Ecuador), the Garifuna language, dance and music (Belize, Guatemala, Honduras and Nicaragua) and the cultural heritage of the Aymara people (Bolivia, Chile and Peru).